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## Council Policy and Valuation Committee

**DEPARTMENT:** City Manager's Office  
**FROM:** Harlan Jefferson, Deputy City Manager  
**MEETING:** January 22, 2025

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**SUBJECT:**

Receive a report, hold a discussion, and provide a recommendation regarding the Equipment Replacement Fund (ERF) Policy, which is designed to provide financial stability to the purchase of vehicles and equipment. (*Staff Contact: Harlan Jefferson, Deputy City Manager*)

**SUMMARY:**

The Equipment Replacement Fund (ERF) Policy ensures long-term financial sustainability by stabilizing budgetary impacts associated with replacing aging city vehicles and equipment. By implementing a systematic approach to funding replacements through scheduled contributions from department budgets, the city can avoid unexpected large capital outlays, thereby improving fiscal predictability. This policy also facilitates effective fleet and equipment management, ensuring that the city operates reliable, efficient vehicles and tools while minimizing maintenance costs and operational downtime. Additionally, the ERF enhances financial transparency by clearly delineating the responsibilities of departments and committees involved in equipment procurement and replacement, promoting accountability in resource management.

The ERF Policy consists of several critical components:

1. **Policy Overview** – Establishes the framework for managing and funding replacements, detailing that vehicles and equipment are owned by the ERF and allocated to user departments.
2. **Organizational Responsibilities** – Assigns roles to city departments, the City Council Finance Committee, the Purchasing Division, the Finance Director, the City Manager, and the City Council, each responsible for specific aspects of the program, such as managing contributions, reviewing requests, and approving replacements.
3. **Replacement Request Process** – Outlines the annual process for departments to request vehicle and equipment replacements during the budget cycle, including submission and review of procurement requests by an internal committee.
4. **Replacement Criteria** – Provides guidelines for determining when items qualify for replacement, based on factors like age, mileage, and condition, while also allowing for exceptions in cases of excessive maintenance or total loss.
5. **Replacement Funding** – Defines the funding mechanism, where departments contribute to the ERF based on the estimated replacement cost and expected useful life.

of each item. The policy also specifies how sale proceeds, investment income, and claims are credited to the ERF, ensuring sufficient funds are available for future replacements.

**RECOMMENDATION:**

Staff recommends that the Committee discuss the merits of the draft ERF policy and make a recommendation for the City Council to consider.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

N/A

**REFERENCE:**

N/A

**FISCAL IMPACT:**

N/A

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