



Equipment Replace Funds Update and Discussion

PRESENTED TO THE POLICY AND VALUATION COMMITTEE ON
JANUARY 22, 2025

Equipment Replacement Fund Purpose

- Objective:

Establish policy and procedures to ensure the availability of funds for replacement

- Vehicles
- Equipment

- Key Goals:

- Stabilize budgeting for future replacements
- Fund ERF-related purchases

- Implementation:

- Facilitate timely replacements and purchases
- Administer the disposition of replaced assets

Overview of Presentation

- Current Status of Equipment Replacement Funds
- Draft Policy
 - Estimated useful life update consideration
 - Options to increase funding levels to a proposed 65% to 75% range goal
 - Debt funding of equipment with replacement cost of \$300,000 or higher
 - Consideration of test case for shorter replacement of certain vehicles
 - Exclusion of non-rolling equipment except generators
- Review Next Steps
- Review Future Steps

Funding Goal

- Recommended Funding Goal of 65% to 75%
- Since replacements are made over several years, no need to reach 100%. The goal is to have adequate funding to meet annual replacement needs.
- Additional Funding Sources
 - Interest Income
 - Auction proceeds from replaced vehicle sales

Proprietary Equipment Replacement Fund

- Number of Assets – 66 (Excludes Sewer Vacuum Truck)
- Purchase Cost – \$2,970,332
- Estimated Current Funding Needed – \$3,122,637
- Estimated Funding Needed at 70% - \$2,185,846
- Estimated Fund Balance at 9/30/2024 – \$491,773
- Funded Ratio – 15.7%
- Funding Shortfall at 70% - \$1,694,073

Proprietary Equipment Replacement Fund

Recommendations

- Consider one-time transfer from Water and Wastewater Fund to bring their portion of funding to 70% (\$1,564,003)
- Current estimated working capital of Water and Wastewater Fund at 9/30/2024 - \$12,045,387 (\$14,241,182 with impact fees)
- Current estimated working capital as % of expenditures - 40%
- Would reduce Water and Wastewater Fund working capital to \$10,481,384 and require a budget amendment
- Would reduce estimated working capital as a % of expenditures to 35%
- Exclusion of non-rolling equipment except for generators

Governmental Equipment Replacement Fund

- Number of Assets – 223 (Excludes equipment over \$300,000 such as - Fire Apparatus, Ambulances, Police Command and Tactical Vehicles, and Streets Track Loader, Paver and Sweeper)
- Purchase Cost – \$8,793,888
- Estimated Current Funding Needed – \$8,551,518
- Estimated Funding Needed at 70% - \$5,986,063
- Estimated Fund Balance at 9/30/2024 – \$5,161,919
- Funded Ratio – 60.4%
- Funding Shortfall at 70% - \$824,144

Replacements in excess of \$300,000



- Number of Assets – 23 (18 Primary, 5 reserve)
- Initial Purchase Cost – of Primary \$6,997,190
- Replacement cost of primary - \$11,280,291
- Does not include equipment that has been ordered, but not yet in service



One sewer vacuum truck is proposed to be replaced in 2025



Two new ambulances are proposed to be purchased in 2026



One paver and one street sweeper are proposed to be replaced in 2026



Four ambulances purchased in 2023, with replacement in 2028



One ladder truck and one brush truck for Fire Station 4 (2029)



One BearCat proposed to be replaced in 2029

Impact on Five-Year CIP

General Government Five Year CIP Plan

GO Bond Projects	2025	2026	2027	2028	2029	Total
Neighborhood Street Rebuilds	\$750,000	\$750,000	\$261,876	\$3,347,953		\$5,109,830
Alsbury Ph. 2 -Hulen to CR1020 (Bridge)	\$5,646,260					\$5,646,260
Police Expansion	\$13,607,500	\$16,409,500				\$30,017,000
SH174 Widening (Schematic & Environmental)		\$750,000				\$750,000
Hulen at Wilshire Intersection	\$200,000	\$1,501,027				\$1,701,027
Hulen Widening (SH174 to Candler) (Design 4 Lanes; Build 2 Lanes)	\$1,800,000	\$6,003,653				\$7,803,653
Elk, Hillside, & FM731- Ped. & Int. Improvements		\$204,871	\$403,834			\$608,705
Fire Station #4			\$2,500,000		\$13,443,000	\$15,943,000
FM 1902 and CR 910 Pedestrian Mobility		\$300,000	\$1,189,901			\$1,489,901
Wilshire Blvd. (SH174) Construction Documents (Hulen to City Limits)			\$1,600,000			\$1,600,000
Fire Station #1	\$1,100,000					\$1,100,000
Police Expansion	\$6,293,000					\$6,293,000
Alsbury Ph. 1B -Candler to Hulen Outside Lanes	\$2,815,444					\$2,815,444
Alsbury Ph. 2 -Hulen to CR1020 (Bridge)	\$2,116,276					\$2,116,276
HULEN 4-LANE EXPANSION (additional costs to GO Bond ST2502)	\$2,267,711	\$11,770,242				\$14,037,953
Elk, Hillside, & FM731- Ped. & Int. Improvements			\$705,749			\$705,749
Additional Pavement Rehab	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,000,000
Quiet Zone at Dobson Street and County Road 714			\$1,045,541			\$1,045,541
Village Creek Parkway Expansion (Tarrant Co. Bond 50% Match)	\$1,660,765					\$1,660,765
Two Fire Engines & Equipment	\$2,600,000					\$2,600,000
Eight Storm Sirens	\$350,000					\$350,000
Two New Ambulances		\$1,326,000				\$1,326,000
One Replacement Sweet Sweeper		\$325,000				\$325,000
One Replacement Paver		\$535,000				\$535,000
Four Replacement Ambulances				\$2,652,000		\$2,652,000
One New Ladder Truck					\$2,438,197	\$2,438,197
One New Brush Truck					\$367,332	\$367,332
One Replacement BearCat					\$350,000	\$350,000
Total all funding sources	\$42,206,956	\$40,875,293	\$8,706,901	\$6,999,953	\$17,598,529	\$116,387,632

Water & Sewer Five Year CIP Plan

Water Projects	2025	2026	2027	2028	2029	Total
Waterline Rehabilitation		\$350,000	\$2,500,000	\$350,000	\$2,500,000	\$5,700,000
Industrial Blvd Pump Station Expansion & Alsbury Pump Station Decommission	\$15,913,678					\$15,913,678
12" Willow Creek Waterline Looping	\$837,619					\$837,619
Hulen Ground Storage Tank Rehabilitation		\$1,506,557				\$1,506,557
8" Village Creek and 8" CR 715 Water Line Looping	\$1,177,838					\$1,177,838
Service Center Detention						\$0
Mountain Valley EST and GST Demolition		\$84,395	\$752,333			\$836,728
16" Hulen Street Waterline	\$464,889	\$5,853,180				\$6,318,069
12" Waterline Loop for Mountain Valley	\$410,248	\$1,072,813				\$1,483,061
Offsite Water Supply from Fort Worth	\$2,193,995	\$13,486,298				\$15,680,293
New AMI / AMI Implementation	\$4,500,000					\$4,500,000
Hulen Pump Station Expansion			\$391,255	\$2,804,349		\$3,195,604
New Mountain Valley 0.75 MG EST			\$475,000	\$3,200,000		\$3,675,000
New 2023 W Masterplan Projects for Design			\$775,000	\$1,300,000		\$2,075,000
New 2023 W Masterplan Projects for Construction				\$3,300,000	\$3,500,000	\$6,800,000
Turkey Peak Elevated Storage Tank Rehabilitation			\$200,211	\$1,437,171		\$1,637,382
Hidden Creek Pkwy Tank Rehab			\$499,993			\$499,993
12" Water Line from Wilshire to John Jones (Future Hulen)				\$256,361	\$1,068,516	\$1,324,877
TOTAL	\$25,498,267	\$22,353,243	\$5,593,792	\$12,647,881	\$7,068,516	\$73,161,699

Sewer Projects	2025	2026	2027	2028	2029	Total
Sewer Line Rehabilitation		\$500,000	\$3,500,000	\$500,000	\$3,500,000	\$8,000,000
Trunk Relief Line (Town Creek Basin Parallel Buildout Interceptors)	\$344,794	\$20,178,034				\$20,522,828
Lift Station Rehabilitations						\$0
SE Tarrant Sewer Erosion Control (aka Sewer Line Protection- Booger Creek Imp.)						\$0
Sewer Line Easement Acquisition- Mockingbird to CR913						\$0
New AMI / AMI Implementation	\$3,000,000					\$3,000,000
New 2023 W Masterplan Projects for Design		\$950,000	\$1,600,000	\$1,300,000		\$3,850,000
New 2023 W Masterplan Projects for Construction			\$5,500,000	\$3,500,000	\$7,350,000	\$16,350,000
Parkview Dr Sewer Upsizing to 10"	\$139,285	\$1,000,558	\$0			\$1,139,843
12" Wastewater line Replacement in Village Creek Basin (Golf Course)	\$178,491	\$1,281,348				\$1,459,839
Sewer Vacuum Truck	\$518,000					\$518,000
TOTAL	\$4,180,570	\$23,909,940	\$10,600,000	\$5,300,000	\$10,850,000	\$54,322,510

Total Water and Sewer Bond Funding	\$29,678,837	\$46,263,183	\$16,193,792	\$17,947,881	\$17,918,516	\$127,484,209
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Governmental Equipment Replacement Fund

Recommendations

- Set contribution levels beginning with FY 25-26 budget to bring funding level to 70% over five years
- Consider pilot program of potential early replacement
- Continue to fund Fire Apparatus, Ambulances, Police Command and Tactical Vehicles and Streets large equipment with debt (term of debt tied to life of asset)
- Exclusion of non-rolling equipment, except generators

Review of Current Useful Life Estimates

- Staff recommends review of estimated useful life tables of vehicles and equipment
- Coordinate review with external auditors
- After internal review by staff and external auditor, return to the City Council to update useful life tables

Test Case of Shorter Replacement Cycle for Certain Vehicles

- Cities receive a governmental discount for vehicle purchases
- General annual mileage (excluding police Tahoe's) is relatively low
- Resale value in 3-4 years from purchase can be close to purchase price (due to discount)
- Maintenance cost low due to warranty
- Consider a test case to sell 3-5 newer vehicles and analyze life cycle costs

Potential Early Replacement Test Cases

Asset #	Vehicle	Department	Purchase Date	Purchase Cost	Current on-line sales price range	Estimated Replacement Cost
923	2022 Chevy Equinox	Police	9/15/2022	\$ 23,442	\$17,500- \$21,600	\$ 32,320
924	2022 Chevy Equinox	Police	9/15/2022	\$ 23,442	\$17,500- \$21,600	\$ 32,320
856	2021 Chevy Silverado 1500	Police	7/15/2021	\$ 41,974	\$36,000 - \$40,000	\$ 50,240
860	2020 Chevy Silverado 3500	Streets	5/19/2022	\$ 45,197	\$39,000 - \$44,000	\$ 73,346
861	2020 Chevy Silverado 3500	Streets	5/19/2022	\$ 45,197	\$39,000 - \$44,000	\$ 73,346
840	2020 Chevy Silverado 3500	Streets	8/14/2020	\$ 44,680	\$39,000 - \$44,000	\$ 73,346

Consideration of Recommendations

- Consideration of Equipment Replacement Funds Policy
- Budget amendment for Water and Wastewater Fund to bring Proprietary Equipment Replacement Fund to 70% of Water Portion
- Five-year goal to bring Governmental Equipment Replacement Fund to 70%
- Continue to replace assets over \$300,000 from debt (Fire apparatus, Ambulances, Police Command and Tactical vehicles, Streets Large Equipment and Sewer vacuum truck)
- Staff review of equipment and vehicle useful life tables
- Potential early vehicle replacement test cases
- Order replacement units in June (cost savings buying current year models and sooner delivery of units)

Next Steps

February 3rd Council Meeting - Report and Presentation

February 17th Council Meeting - Consideration of ERF Policy

February 17th Council Meeting - Consideration of CIP amendment

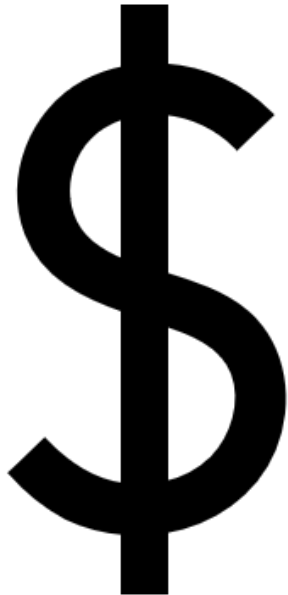
February 17th Council Meeting - Consideration of the purchase of two ambulances

February 17th Council Meeting - Consideration of the purchase of a sewer vacuum truck

February 17th Council Meeting - Consideration of a reimbursement resolution



Future Steps



Evaluate the budgeting strategy of the following expenditure categories:



Computer Equipment



Fire Equipment



Fitness Equipment

QUESTIONS/COMMENTS
