



CAPITAL PURCHASES AND EQUIPMENT



Capital Purchases & Equipment

This is the second year for the Capital Purchases and Equipment category. The intention of this section is to begin to reflect the capital purchases and equipment the city makes on an annual basis in the CIP rather than the operating budget. This is a common practice with governments across the nation. Capital Purchases and equipment are important components of the city's service delivery system, which in many cases can reduce operating expenses and extend the life of capital improvements.

The city intends to begin to reflect future capital purchases and equipment in the CIP, including:

- Fleet purchases
- Equipment purchases
- Business and software systems

The city currently defines Capital Purchases as items that have a value of over \$5,000 and a life longer than one year with the exception of computer equipment and copy machines, which have a limit of \$1,000. Exactly which types of capital purchases and equipment will be defined for inclusion in this new category within the CIP has yet to be defined.

FUNDING OVERVIEW

Currently, capital purchases and equipment are mostly found in internal service funds, including the Fleet Replacement Fund, Equipment Replacement Fund, and Computer Replacement Fund. Decisions on how to reflect these expenditures in the capital budget rather than the operating budget are still ongoing and will be presented in future CIP's.

ACCOMPLISHMENTS AND HIGHLIGHTS

Fleet Services has an established goal of purchasing alternative fuel vehicles (AFVs) 90 percent of the time. In 2010 the city met that environmentally sustainable goal with 100% of being AFVs and is expected to meet or exceed the goal in 2011.

The Fire Department will continue to use de-Bruced property tax funding to purchase a new fire pumper in 2011 and based on the May 2011 Operation and Management Assessment of the Fire-Rescue Department may for the first time establish a regular replacement strategy by extending fire apparatus replacement cycles from 10 years to 15 years.

Information technology has set aside \$250,000 a year for the purchase of software replacement and technology needs, which were identified as a "critical deficiency" by the BRC I.

RELATIONSHIP TO GUIDING PRINCIPLES

Numerous city Master Plans include capital purchases and equipment but the needs intended to be addressed primarily include those funded through the General Fund, including Police, Fire, Fleet and Information Technology. The applicable master plans include the Police Master Plan, Fire Master Plan, Fleet Strategic Plan and IT Strategic Plan. Master plans assess future needs and recommend funding strategies to ensure that city operations are both efficient and effective. Similarly, these master plans lay out methods to achieve greater financial and environmental sustainability. This is accomplished through the purchase of newer and often times more energy efficient technologies that enhance productivity while lowering the city's overall carbon footprint.

DEFERRED PROJECTS, CHANGES AND UNFUNDED NEEDS AND PRIORITIZATION

The city is currently unable to fund all capital projects and equipment requests from departments. Departments have provided a list of all their unfunded capital equipment needs for a possible 2011 ballot initiative. As an example, the Police Department has requested in previous budget years the following:

- Police in-car video cameras
- Electronic Ticket Handhelds
- Automated license recognition

If funded, these items will help the Police Department become more effective and efficient in several operational areas. Unfortunately, the funding has not been available to meet the Police Department's requests.

This example is reflective of the unfunded needs across most city departments. Obviously, not all requests can be funded so each year the city funds what it considers the most critical capital needs. In the coming years, the city plans to address capital equipment requests through a prioritization process quite similar to the Priority-Based Budgeting process currently being used to develop the 2012 operating budget. The concept is to fund projects and equipment requests that best serve to achieve community goals. The prioritization process will serve as an important decision making tool to help align limited resources with community outcomes, ensuring that the most critical and effective equipment purchases are made.

This page is intentionally blank

