



ADMINISTRATIVE REGULATION

Office of the City Manager

Number: AR 308
Sections: 1-7
Effective Date: 2/12/08
Responsible Department: Finance
Amended Date: 2/1/16
Next Review Date: 2/1/21

SUBJECT: EQUIPMENT REPLACEMENT/ CAPITAL OUTLAY REPLACEMENT REQUEST

1. **Purpose:** The City's fleet of vehicles and equipment represents a significant investment in the tools needed to deliver day-to-day services. The purpose of the Equipment Replacement/Capital Outlay Replacement Regulation is to specify the policy and procedures relative to budget preparation and the acquisition of new and replacement capital equipment.
2. **Authority:** Section 601 of the Huntington Beach City Charter.
3. **Application:** This regulation applies to all Huntington Beach City departments.
4. **Definitions:**
 - 4.1. **Equipment Replacement** - Appropriations budgeted for the replacement of rolling stock, movable assets, and/or other equipment with a unit cost of \$10,000 or greater that has reached the end of its lifespan.
 - 4.2. **Capital Outlay** - Expenditures which result in the acquisition of assets with a useful life of two years or greater and unit cost of \$10,000 or more.
 - 4.3. **Computer Equipment** - Computer equipment shall include laptop and desktop computers, servers, routers, software and/or any other equipment identified by the Chief Information Officer (CIO) regardless of unit cost.
5. **Policy:** Requests for the replacement or acquisition of new equipment shall be reviewed according to procedures contained in this regulation.
6. **Responsibilities:**
 - 6.1. The Finance Director shall be responsible for maintaining a current replacement schedule of all city vehicles and equipment. The list shall include the following information: the department responsible for the equipment, date purchased, replacement costs (estimate), value at time of replacement (estimate), anticipated years in service, alternative uses, and the projected replacement date of the equipment. Updated information will be submitted annually to the Finance Director by each department during the budget preparation process.
 - 6.1.1. The Information Services Department will maintain a master list of all computer and computer-related equipment, anticipated replacement dates, as well as coordinate implementation of new and replacement equipment with the various departments.

6.1.2. The Public Works Department will maintain a master list of all vehicles and related equipment, coordinate the replacement equipment schedule with various departments, develop vehicle and equipment specifications, acquire vehicles and equipment, as well as reassign and/or dispose of vehicles and equipment.

7. Procedures:

7.1. Requests for new and replacement vehicles, as well as qualifying equipment, shall be in compliance with the City of Huntington Beach "Capital Outlay" and/or "Equipment Replacement" forms and submitted to the Finance Department during the budget preparation process.

7.1.1 Annual budget requests relating to computers and computer equipment replacement shall be completed by the Information Services Department.

7.1.2 Annual budget requests relating to vehicles and related equipment replacement shall be completed by the Public Works Department.

7.2. The Finance Director or designee will coordinate review of all department equipment requests (both new and replacement) with the Chief Information Officer or Public Works Director, or designees. Approved requests will be budgeted in the Non-Departmental budget with sub-ledger designation identifying the responsible department.

7.3. When a vehicle or piece of equipment is replaced, it shall be declared surplus and be disposed of pursuant to AR 207 Surplus Disposal.

7.4. Equipment may be replaced prior to its scheduled replacement date if warranted by extenuating circumstances. These requests shall be submitted to the Finance Department as they occur. The Finance Director or designee shall review these requests as they arise to verify need and identify funding.

7.4.1. If requested equipment includes computers or computer related equipment, these requests will also be reviewed by the Chief Information Officer or designee.

7.4.2. Vehicle and related equipment will also be reviewed by the Director of Public Works or designee.

7.5. If, after the purchase of replacement equipment, there are budgeted funds remaining, those funds will default to the equipment replacement reserve and can be reallocated within the fund by the City Manager at his/her discretion.

7.5.1 If a scheduled equipment replacement exceeds the amount allotted per the final approved Equipment Replacement list due to sales tax, freight, outfitting and related costs, the requesting department will need to fund the required balance.

7.6. While prudent budgeting and identification of equipment to be replaced is the goal of this administrative regulation, there may be situations where equipment not immediately scheduled for replacement must be purchased to meet the needs of department operations. These requests must be approved by the City Manager and it is understood they will be made in-lieu of the originally scheduled piece of equipment. These types of requests should be made sparingly and are to be discouraged in favor of more methodological review and replacement.

- 7.7. The useful life for each piece of equipment shall be determined by the appropriate department and reviewed periodically by the Finance Department.
- 7.8. All purchases or replacement equipment shall be made by the Fiscal Services Division with the City's procurement statutes and policies.
- 7.9. A capital item that exceeds Five Hundred Thousand Dollars (\$500,000) must obtain City Council approval.



Initiating Department Head



Approved as to Form



Fred A. Wilson, City Manager