



CITY OF WASILLA

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COUNCIL MEMORANDUM NO. 90-43

FROM: Mayor Stein

DATE: May 24, 1990

RE: Vehicle Replacement Fund

The administration was asked to provide alternatives for the purchase and replacement of motor vehicles following opposition expressed to the budgeted Vehicle Replacement Fund (VRF).

(A) The budgeted VRF was intended to operate as follows:

- (1) The VRF originated in FY90 budget process as the result of foregoing comprehensive insurance and reserving an amount equal to those premiums for vehicle repair and replacement.
- (2) The goal of the VRF is to reduce the periodic budget impact of vehicle purchases.
- (3) "Vehicle" includes chassis, body, radio, attached equipment, painting and signs.
- (4) Funding sources for the VRF were to be annual contributions from the two enterprise utility funds and three general fund operating departments.
- (5) As proposed in the FY91 budget, contributions would come from:

Municipal Services	415-9355	\$5,000
Property Maintenance	430-9355	5,000
Road Maintenance	431-9355	5,000
Sewer Utility	432-9355	5,000
Water Utility	434-9355	<u>5,000</u>

\$25,000

- (6) Tentative program for replacements, as presented at the April, 1990 budget worksession, is:

<u>Year</u>	<u>Replace</u>	<u>New</u>
FY91	1982 Ford Pickup	1-Ton Pickup (Roads)
FY92	-	Van (Municipal Svcs)
FY93	1984 Flatbed	Pending
FY94	1985 Utility Body	Pending
FY95	1985 Utility Body	Pending
FY96	1985 Utility Body	Pending
FY97	1991 1-Ton	Pending

(7) The City purchasing code (WMC 6.24) requires competitive bidding for purchases over \$10,000 and separate specific Council action to award bids.

(B) The alternative method is to budget for vehicle replacements from a particular fund on an annual basis. This year we need the new one-ton truck for road maintenance. The budget would generally be amended to:

(1) Increase Road Maintenance Account 415-9355 to \$30,000 and relabel it as simply "vehicle replacement".

(2) Zero out Municipal Services	415-9355	\$5,000
Property Maintenance	430-9355	5,000
Sewer Utility	431-9355	5,000
Water Utility	434-9355	5,000

(3) Increase property tax revenue by \$10,000 to reflect loss of utility contributions (mill increase = 0.05 mill).

(4) Transfer \$5,000 now available in VRF to General Fund.

Similar budget provisions will be made next year for the proposed van purchase.



John C. Stein, Mayor

Budget Work Session - April 2, 1990

It is important for the City to plan and make provisions for replacement of vehicles. The normal replacement time should be about seven years for most vehicles. The Administration proposes a method that will not cause a periodic budget "hump" in the overall City budget or within any one department. Five departments (Sewer Utility, Water Utility, Municipal Services, Road Department and Property Maintenance) will each budget five thousand dollars annually for vehicle replacement. The appropriations will be shown as revenue in a new vehicle replacement account. One vehicle will be replaced each year, tentatively on the following schedule:

<u>Replaced</u>	<u>Fiscal Year</u>	<u>Vehicle</u>
	1991	1982 Ford
	1992	New (Van)
	1993	1984 Dodge
	1994	1985 Chevy
	1995	1985 Chevy
	1996	1985 Chevy
	1997	1991
Replacement		