



2023 Capital Equipment

City Council Workshop | Finance

9/19/2022

Agenda

- ▶ Overview of Capital Equipment
- ▶ Trends and Asset Data
- ▶ Current Year Process
- ▶ Requests
- ▶ Internal Service Funds
- ▶ Policy Decisions

Capital Equipment

- ▶ Assets with a useful life of 1+ year including:
 - ▶ Computers
 - ▶ Heavy Machinery
 - ▶ Software
 - ▶ Vehicles



Revenue Source



- ▶ General Fund unrestricted reserves
- ▶ Utility unrestricted reserves
- ▶ Utility user fees
- ▶ Facility chargebacks
- ▶ Debt instruments, e.g.
 - ▶ Certificate of Indebtedness
 - ▶ Capital Note
- ▶ Investment earnings
- ▶ Sale of fixed assets



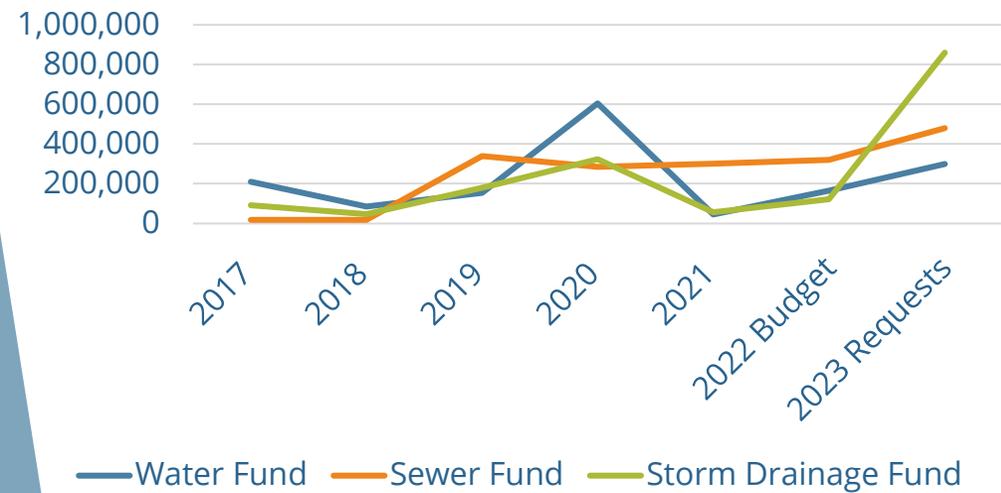
Trends and Asset Data

Section 1 of 3

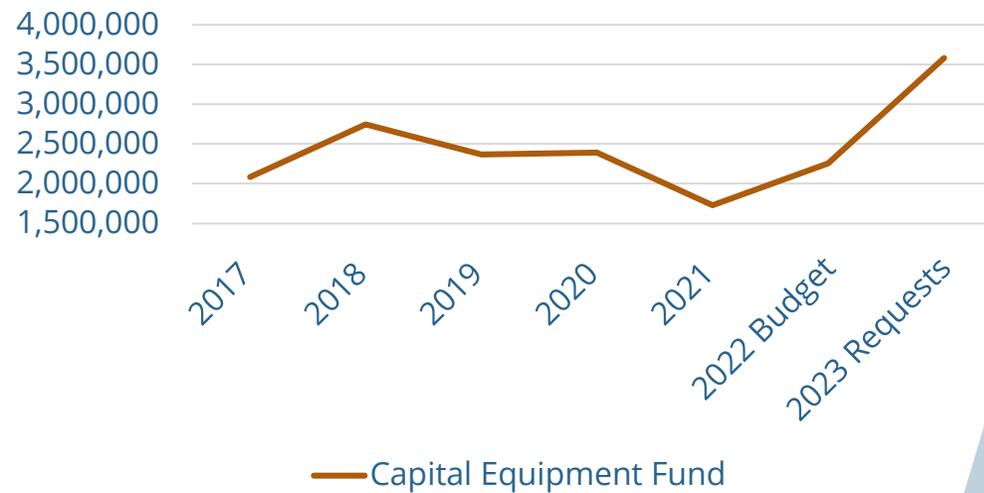
Historical Trends



Utility Capital Equipment Expenditures 2017-2023



General Capital Equipment Expenditures 2017-2023



9/18/2022

Equipment Condition/Age

- ▶ Working towards regular replacement schedule by utilizing the Fleet Rightsizing Study
- ▶ Fleet study analyzed 344 units of vehicles and equipment
- ▶ 44.7% of the units are potentially up for replacement

Point Range	Condition	Number of Units
Under 18 points	Excellent condition	161
18 to 22 points	Good condition	29
23 to 27 points	Qualifies for replacement	39
28 or more points	Needs immediate consideration for replacement	115

Assets Maintained

Water

- 4 water treatment plants
- 21 well houses
- 4 water towers
- 328 miles of water pipe

Sewer

- 32 lift stations
- 248 miles of sanitary pipe

Storm

- 185 miles of stormwater pipe
- 111 miles of ditches

Assets Maintained

Parks

- 755 acres of parks
- 38 park shelters
- 38 playgrounds
- 826 acres of open space
- 79 miles of trails
- 110 miles of sidewalks

Streets

- 297 centerline miles of street
- 612 lane miles of street

Other Buildings & Structures

- 26 buildings and structures

Current Market Conditions

Supply Challenges

- Lack of equipment supply
- Significant delays between ordering and receiving equipment
- Several 2022 purchases have been delayed due to lack of supply

High Inflationary Costs

- All funds 5-year average capital equipment costs are \$2.8 million
- Low inflation (15%): \$3.2 million
- High inflation (30%): \$3.6 million



Current Year Process

Section 2 of 3

Vetting Process

Feasible

- Does the acquisition make sense for Blaine?
- Does this equipment provide greatest efficacy per taxpayer dollar for this work?

Reasonable

- Requests met criteria and each is individually sensible
- Is request in alignment with level of service?

Defensible

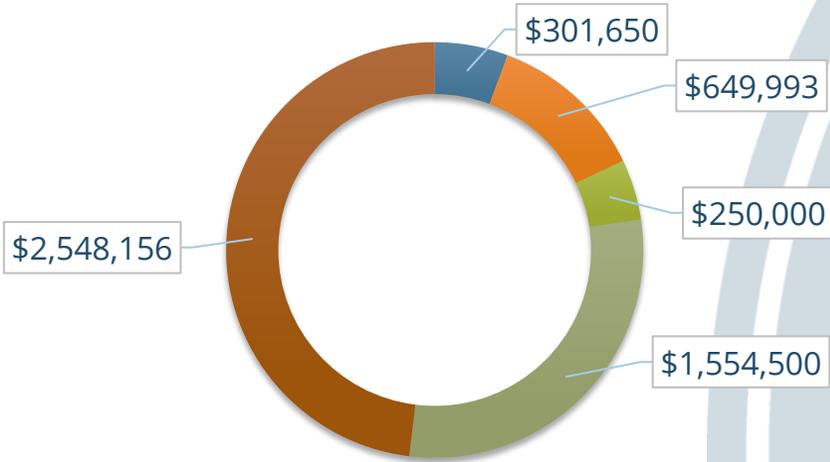
- What data supports the acquisition?
- What are the gains from purchasing the equipment?

Policies and Current Year Process

- ▶ Working towards long range planning and proactive replacement
- ▶ Funds Included (Facilities, Capital Equipment, Water, Sewer, & Storm)
- ▶ Software policy (1st year plus implementation in capital)
- ▶ Vetting Process
 - ▶ Service Level Focus
 - ▶ Reviewed requests under criteria of:
 - ▶ Feasible
 - ▶ Reasonable
 - ▶ Defensible
 - ▶ Data driven

2023 Requests by Type

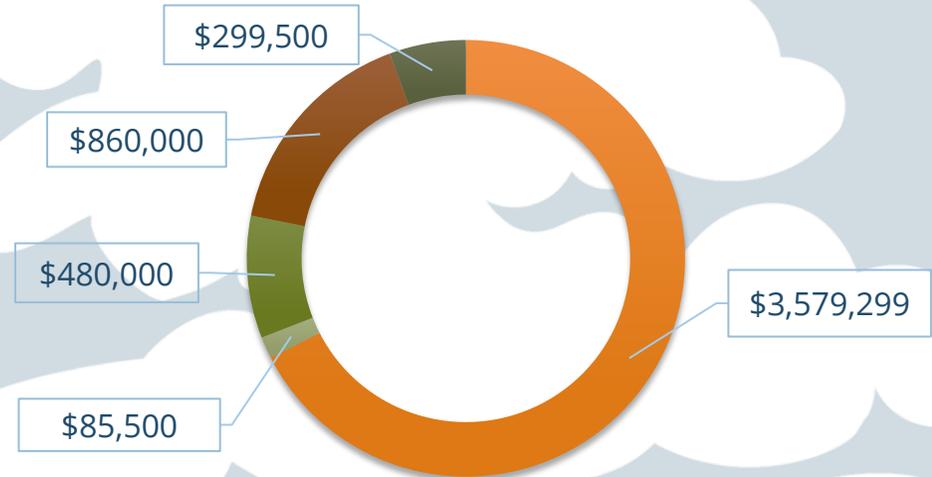
(\$5.3 million total)



- Computers and Related Equipment
- Other Equipment
- Software
- Utility Vehicles and Wheeled Equipment
- Vehicles and Wheeled Equipment

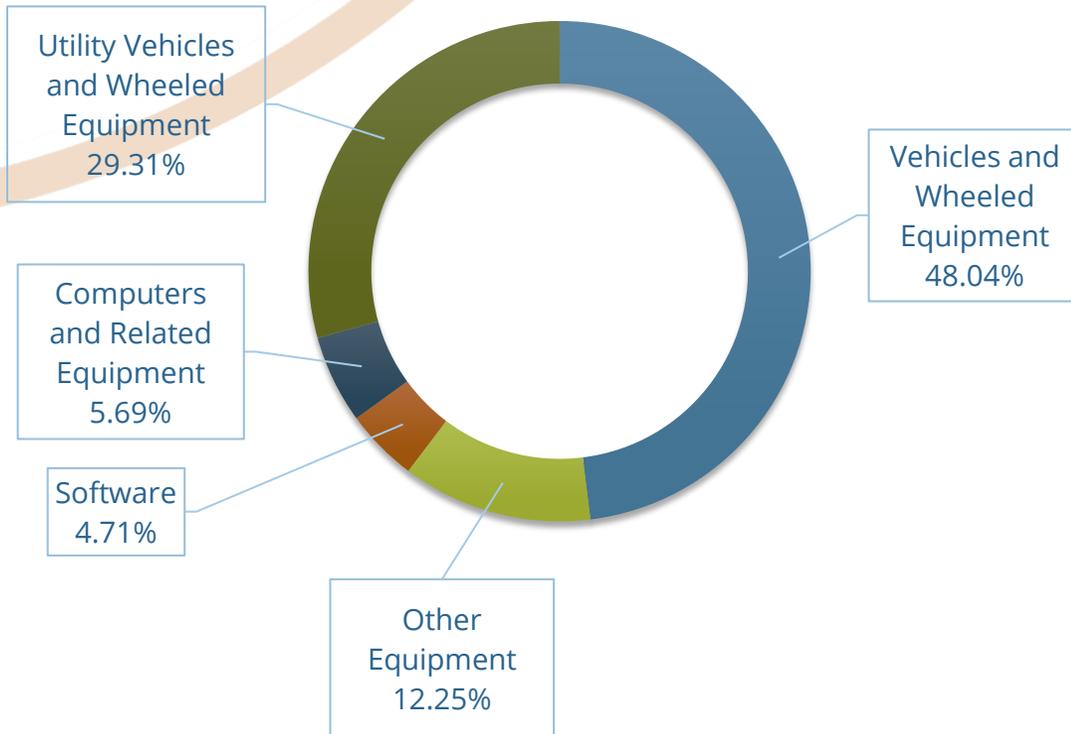
2023 Requests by Fund

(\$5.3 million total)

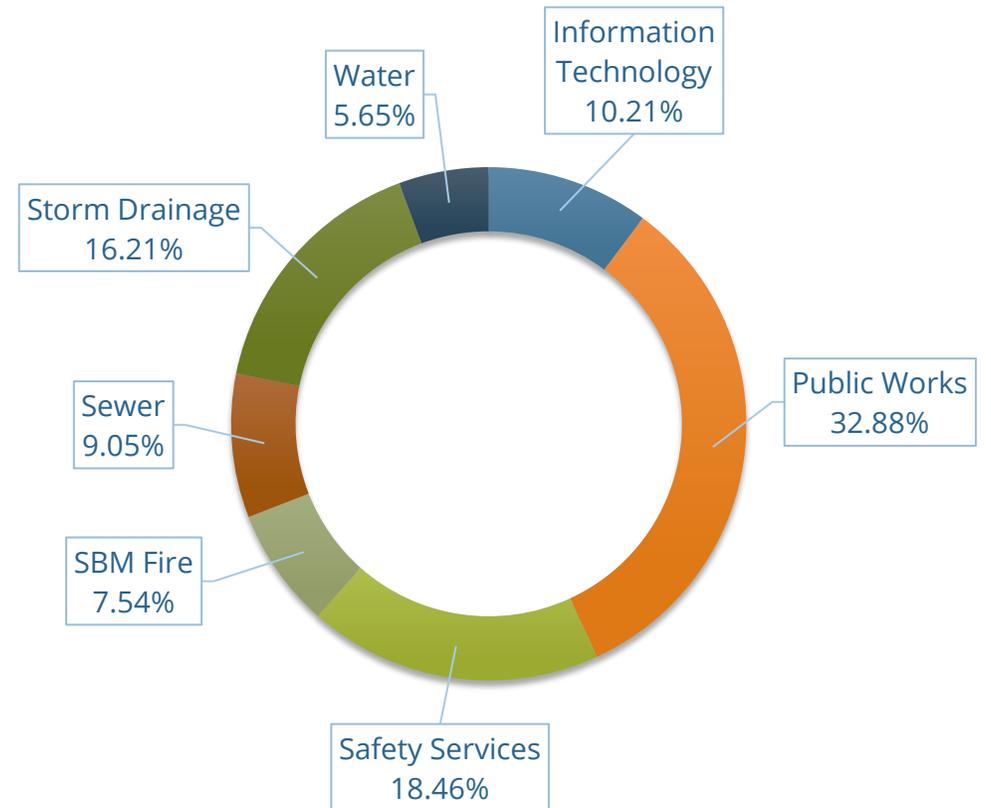


- Capital Equipment Fund
- Sewer Fund
- Water Fund
- Facilities Fund
- Storm Drainage Fund

2023 Requests by Type



2023 Requests by Department

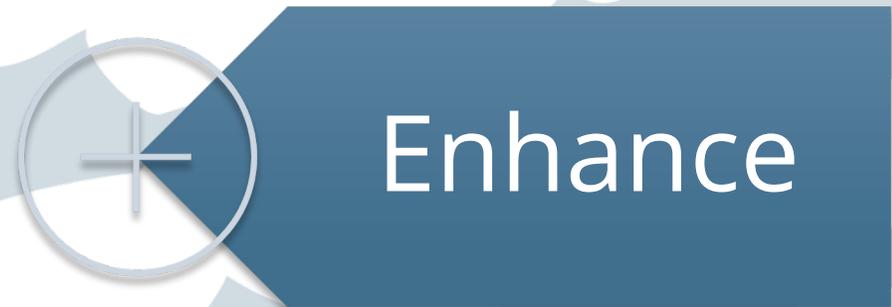


Service Level Focus

Council Established Guidance



Seeking Council Guidance



2023 Department Requests Under Consideration

Council Established Guidance

Seeking Council Guidance

Shift	• Park Maint.	141,000	
	• Sewer	380,000	
	• Streets	92,000	
Restore	• Public Buildings	10,500	
	• Information Technology	250,000	
	• Streets	70,000	
	• Sewer	100,000	
	• Vehicle Maint.	66,000	
Maintain	• Community Standards	50,000	
	• Fire Protection	400,000	
	• Information Technology	291,650	
	• Parks Maint.	300,000	
	• Police	575,381	
	• Public Buildings	75,000	
	• Streets	944,000	
	• Storm Drainage	860,000	
	• Vehicle Maint.	131,000	
	• Water	299,500	
			Enhance
	• Police Armored Vehicle*	180,000	
	• Police E-Bicycle	3,052	
	• Police Patrol Vehicle 5269	66,100	
	• Police Speed Trailers	19,116	

** The police armored vehicle will be presented to council separately at the October 3 workshop*



Where We Are Going

Section 3 of 3

Internal Service Funds



- ▶ Two new funds in 2024:
 - ▶ Fleet Internal Service Fund
 - ▶ IT Internal Service Fund
- ▶ Goal is to capture true costs of these programs
- ▶ Ensures equitable allocations of costs for enterprise-wide services

Notes and Questions for Council

- ▶ October 8 fall retreat – city manager recommended budget
- ▶ 2022 inflationary costs versus adopted budget
- ▶ What additional questions does council have to help us prepare for the council retreat?