

	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Actuals	Estimated	Proposed	Projected	Forecast	Forecast	Forecast
Vehicle and Equipment Replacement							
Beginning Fund Balance	\$ 19,728	\$ 20,041	\$ 17,631	\$ 12,062	\$ 11,677	\$ 12,173	\$ 12,834
Revenues							
Interest Earnings	\$ 16	\$ -	\$ 236	\$ 216	\$ 228	\$ 238	\$ 251
Rental Charges - Vehicles	765	653	719	719	741	741	741
Rental Charges - Computers	221	173	214	214	220	220	220
Rental Charges - Radios	20	14	43	43	44	44	44
Rental Charges - Major Equipment	533	729	719	719	740	740	740
Rental Charges - Furniture	82	69	67	67	69	69	69
Other Revenues	26	8	-	-	-	-	-
Total Revenues	\$ 1,662	\$ 1,646	\$ 1,998	\$ 1,978	\$ 2,042	\$ 2,052	\$ 2,065
Expenses							
Vehicle Replacement	\$ 963	\$ 1,384	\$ 4,373	\$ 523	\$ 889	\$ 476	\$ 1,266
Computer Replacement	44	131	1,270	503	236	72	60
Radio Replacement	-	-	274	-	399	-	-
Major Equipment Replacement	93	307	2,040	1,740	376	1,233	283
Furniture Replacement	26	21	64	7	56	20	27
Other Capital Outlay	399	(264)	-	-	-	-	-
Contribution to San Mateo Consolidated Fire Department	-	-	-	-	-	-	-
Total Expenses	\$ 1,525	\$ 1,578	\$ 8,020	\$ 2,773	\$ 1,956	\$ 1,802	\$ 1,637
Transfer In	\$ 410	\$ 410	\$ 704	\$ 410	\$ 410	\$ 410	\$ 410
Transfer Out	\$ 235	\$ 2,888	\$ 250	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 20,041	\$ 17,631	\$ 12,062	\$ 11,677	\$ 12,173	\$ 12,834	\$ 13,673
Reserve for Major Building Component Replacements	\$ 1,640	\$ 2,050	\$ 2,460	\$ 2,870	\$ 3,280	\$ 3,690	\$ 4,100
Remaining Fund Balance	\$ 18,401	\$ 15,581	\$ 9,602	\$ 8,807	\$ 8,893	\$ 9,144	\$ 9,573

Values are shown in thousands.

The Vehicle and Equipment Replacement Fund accounts for charges to user departments to fund the replacement of vehicles and equipment. This includes vehicles, computers, radios, furniture, and other major equipment. Funds for future replacement are collected while vehicles and equipment are in service so that when it is time for replacement, adequate funds are available. Accumulated fund balance in this fund is estimated to be over \$15 million at the end of fiscal year 2021-22. Unlike the Fleet and Building Maintenance Fund, which is entirely an operating fund and doesn't require a significant fund balance, the Vehicle and Equipment Replacement Fund should have a significant fund balance by nature. As noted, funds are collected for future replacement while vehicles and equipment are in use so that those funds are available when the replacement is needed. Because of that, funds will accumulate over time for that replacement.

This fund collects annually from the operating departments, so it is also important that the amount of available fund balance considers this. To that end, a long-term spending plan is an important tool for managing this type of fund. Understanding spending needs over the short- and long-term and factoring in fund balance allows the City to set a collection amount that ensures funding is available when vehicles and equipment need to be replaced, but does not maintain such a large fund balance that creates an unnecessary burden on the other funds, particularly the General Fund. This five-year plan captures the long-term spending plans for each of the replacement categories, and sets future collections to ensure funding for replacements is available and fund balance is set at an appropriate level.

In 2018-19, the City's fire operations were transferred to the San Mateo Consolidated Fire Department (SMC Fire). Replacement funds that had been collected for the City's fire vehicles, apparatus, and equipment were to be transferred to SMC Fire over a three-year period. The first two transfers to SMC Fire were made in 2018-19 and 2019-20. A review of the fund by each member agency determined that the final and third transfer to SMC Fire was not necessary. SMC Fire has established its own Vehicle and Equipment Replacement Fund since, and will use that fund for future fire vehicles and equipment replacement.

In 2020-21, \$2,000,000 was committed as a transfer out to the Capital Projects Fund to fund the replacement of the City's enterprise resource planning (ERP) software. Additional appropriation of \$872,422 was approved for this project in 2021-22, making a total of \$2,872,422.

The five-year plan further captures a portion of the fund balance that is reserved for major building component replacements. Since 2017-18, the General Fund transfers \$410,000 each year to this reserve. As the reserve balance reaches an appropriate level and major building replacement projects are identified, the accumulated funds will be utilized to fund the projects through a transfer to the Capital Projects Fund, and this plan will be updated accordingly.