



## CITY OF REDDING, CALIFORNIA

### COUNCIL POLICY

SUBJECT	RESOLUTION NUMBER	POLICY NUMBER	EFFECTIVE DATE	PAGE
EQUIPMENT REPLACEMENT FUND	2001-103	422	07-01-01	1

#### BACKGROUND

The City has established a Replacement Fund to accumulate resources to purchase certain equipment. The purpose of establishing the Equipment Replacement Fund is to manage equipment resources in the most efficient manner possible. To provide departments with the mechanism to manage their equipment and accumulated resources to replace certain equipment, the City needs to establish a formal policy regarding appropriation of funds for equipment.

#### PURPOSE

This policy would authorize department heads, with the City Manager's approval, to transfer funds accumulated in the Equipment Replacement Fund to the originating division's budget where the funds could be expended for equipment.

#### POLICY

The City of Redding has established an Equipment Replacement Fund to accumulate resources to purchase equipment. The Equipment Replacement Fund shall accumulate resources, interest earnings and cash transfers from the various divisions of the City. Except as described below, all cash transfers to the Equipment Replacement Fund need Council approval either in the biennial budget or by amendment to the budget. A separate accounting of each division's transfers in, interest earnings and transfers out will be maintained for the Equipment Replacement Fund.

On occasion, divisions may have the opportunity to receive reimbursement for the use of City owned equipment, such as compensation for damage resulting from equipment used in mutual aid efforts or when a grantor allows the City to bill the grant for City owned equipment on a per-use basis. With prior City Manager approval, these reimbursements may be deposited in the division's Equipment Replacement Fund for future equipment replacement. Transfers pertaining to per-use rental charges that have been charged to a grant will be held in a reserve status until the reimbursement has been received. Once reimbursement is received from the funding agency, the revenue will be transferred administratively to the Equipment Replacement Fund. Per-use rental charges will be generated using rates that do not include profit. The rates used for FEMA related charges should correspond to those approved on FEMA's "Schedule of Equipment Rates". Other approved sources would include the Rental Rate Book maintained by Caltrans.



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No equipment will be purchased directly from the Equipment Replacement Fund. To purchase equipment, cash will be transferred from the Equipment Replacement Fund to the originating division's budget. All cash transfers to the Equipment Replacement Fund, along with the interest earnings, may be transferred back to the originating division's budget and expended for equipment in that division at the request of the department director. Council approval for the appropriation of funds is not necessary if the division's request does not exceed the cash accumulated in the Equipment Replacement Fund.

**PROCEDURE**

Transfers from the Equipment Replacement Fund to the originating division's budget via an appropriation transfer request (reference Council Policy 401).

Amended 05/15/18 by Resolution No. 2018-045