

Response to Questions on the FY 2014 Budget

Request By: Supervisor Foust

Question: Fund 60010, Department of Vehicle Services, has returned \$9,750,000 to the General Fund since FY 2009. In FY 2014, can Fund 60010 transfer \$2 million back to the General Fund?

Response: Over the FY 2009 to FY 2011 timeframe, Transfers Out to the General Fund totaling \$9.75 million were made. Of this total, \$9.0 million was associated with the deferral of the replacement of the majority of the vehicles in the County fleet for two years. When this decision was made, an analysis and discussion of the risks associated with this decision was conducted. The discussion included the risks of an older fleet, increased maintenance costs etc. It was determined that a two-year deferral was the maximum that could be recommended without taking on an unacceptable level of risk and decline in the County fleet. Without this policy decision, which had the effect of permanently extending the replacement criteria of a majority of light vehicles classes by two years, Fund 60010 would not have been in position to transfer significant funds back to the General Fund.

As part of the FY 2014 budget process, a detailed review of all reserve balances in Fund 60010 was conducted. As a result, staff recommended that an increase of \$1.0 million was necessary to support the first year of a multi-year process to gradually increase the annual contributions to the Large Apparatus Replacement Fund and Ambulance Replacement Fund. This funding is in addition to the department dedicating additional grant funds, additional baseline funds and one-time contributions in support of this effort. Additional contributions are required due to increasing cost of vehicles, some fleet growth, and a contribution level that has remained flat since FY 2007. For example, the cost of a ladder/tower truck in FY 2013 is \$1.1 million, compared to \$0.8 million in FY 2008, an increase of approximately 37.5 percent. Likewise, the cost of a rescue truck in FY 2013 is \$750,000 compared to \$468,000 in FY08, an increase of \$282,000 or approximately 60 percent. Without additional funding, the replacement reserves will be depleted in FY 2016. It should be noted that given the current inventory and replacement cycle, the annual contribution should be in the \$5-6 million range for the Large Apparatus Replacement Reserve and approximately \$1 million for the Ambulance Replacement Reserve. The current annual contributions are \$3.1 million and \$0.2 million, respectively.

Other reserves were also analyzed and in some cases utilized to help build the FY 2014 Advertised Budget Plan for Fund 60010. This analysis concluded that balance levels still remaining in Fund 60010 are appropriate and not available to be transferred back to the General Fund.