

# Mayor and Council Communication

DATE: 10/11/22

M&amp;C FILE NUMBER: M&amp;C 22-0825

LOG NAME: 21FY2022BUDGETADJUSTMENT2

**SUBJECT**

(ALL) Authorize Fiscal Year 2022 Budget Adjustments in the Fleet & Equipment Services Fund in the Amount of \$2,012,996.00 by Allocating Projected Current-Year Revenues to Offset Projected Shortfalls, Adopt Appropriation Ordinance, and Amend the Fiscal Year 2022 Adopted Budget

**RECOMMENDATION:**

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Fleet & Equipment Services Fund in the amount of \$2,012,996.00, from unreserved net position, for the purpose of covering unexpected significant increases in fleet outside repair and maintenance, parts and fuel costs; and
2. Amend the Fiscal Year 2022 Adopted Budget.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to recognize additional Fleet & Equipment Services revenue projected to be received by the Property Management Department due to higher than expected fuel, parts and outside repair costs related to increased repair and maintenance of the City's fleet and higher usage and price of fuel during the fiscal year.

**Fleet & Equipment Services Fund** (recommendation 1)

Per Ordinance No. 25073-09 2021 Section 5, the Fiscal Year (FY) 2022 adopted budget for the Fleet & Equipment Services Fund was \$28,612,004.00. An additional appropriation increased the budget by \$2,759,660.00 to \$31,371,664.00 (M&C 22-0600). This M&C recommends an increase in appropriations of \$2,012,996.00 for an adjusted FY2022 budget of \$33,384,660.00.

Expenditure appropriations in the General Operating and Maintenance accounts will increase by \$2,012,996.00. Due to the unexpected significant increase in fuel prices, along with higher than expected consumption, the Fleet Division has forecasted to be over budget by \$1,249,054.00 based on observed usage for June, July and August and the forecasted usage for September. Additionally, there has been greater demand for repair services which resulted in higher than expected costs of \$232,672.00 in parts as well as \$531,270.00 in additional costs for outside vendor repairs during the last quarter of the fiscal year. To balance these increases in expenditures, the use of unreserved net position will be appropriated until revenue is collected from user departments, which is expected to occur by the end of the fiscal year.

Funding is available for appropriation in the net position balance of the Fleet and Equipment Service Fund. The new net position amount after this M&C will be \$1,927,726.90.

The action in this M&C will amend the Fiscal Year 2022 Adopted Budget as approved in connection with Ordinance 25073-09-2021, Section 5. Internal Service Funds, as listed on page 20.

Fund/Department	FY2022 Adopted Budget	Authority	Budget Adjustment	Revised FY2022 Budget
Budget Category				
<b>Equipment Services Fund</b>				
<b>Revenues</b>				
Charges for Services	\$28,501,354.00	M&C 22-0600	\$2,759,660.00	\$31,261,014.00
Use of Money and Property	\$83,279.00			\$83,279.00
Other Revenue	\$16,708.00			\$16,708.00
Sales of Capital Asset	\$3,225.00			\$3,225.00
Salvage Sales	\$7,438.00			\$7,438.00
Use of Fund Balance/Net Position		This M&C Rec 1	\$2,012,996.00	\$2,012,996.00
<b>Total Revenues</b>	<b>\$28,612,004.00</b>		<b>\$4,772,656.00</b>	<b>\$33,384,660.00</b>
<b>Expenditures</b>				
Property Management	\$28,410,210.00	M&C 22-0600	\$2,759,660.00	\$31,169,870.00
		This M&C Rec 1	\$2,012,996.00	\$2,012,996.00
Transfer to General Fund	\$74,869.00			\$74,869.00

Transfer to Capital Fund	\$125,000.00			\$125,000.00
Transfer to IT Refresh Capital	\$1,925.00			\$1,925.00
<b>Total Expenditures</b>	<b>\$28,612,004.00</b>		<b>\$4,772,656.000</b>	<b>\$33,384,660.00</b>

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon the approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, in the Fleet & Equipment Serv Fund. Prior to any expenditure being incurred, the Property Management department has the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** Dana Burghdoff 8018

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Expedited