



# COUNCIL REPORT

**DATE:** April 23, 2024

**CATEGORY:** Consent

**DEPT.:** Public Works

**TITLE:** **Public Works Department Fleet Operating Index—Appropriation**

## **RECOMMENDATION**

Appropriate \$200,000 from the Equipment Replacement Fund to the Public Works Department Fleet Operating Index. (Five votes required)

## **BACKGROUND AND ANALYSIS**

The Public Works Department Fleet Section provides ongoing services to the entire City fleet, including Police, Fire, Community Services, Library, Community Development, and Public Works department vehicles and equipment. The Fleet Operating Index fund provides funding for nine full-time fleet staff as well as fuel, materials, and services needed. Over the last four years, the wholesale price the City pays for diesel and unleaded fuel has increased by 56% and 41%, respectively (see Table 1). Similarly, the materials and services costs for City vehicles and equipment have also increased as shown in Table 2.

**Table 1: Wholesale Fuel Price Comparison**

	<b>December 2019 (Cost/Gallon)</b>	<b>December 2023 (Cost/Gallon)</b>	<b>% Increase</b>
Diesel Fuel	\$2.39	\$3.74	56%
Unleaded Fuel	\$2.73	\$3.85	41%

**Table 2: Parts and Services Cost Comparison**

	<b>Fiscal Year 2019-20 (Actual Costs)</b>	<b>July 2023 to Feb 2024 (Current Costs)</b>	<b>% Increase</b>
Parts and Materials	\$253,256	\$308,056	22%
Services	\$275,910	\$288,524	5%

During this same time, the base budget for fuel, parts, and services has remained at the same funding levels, except for a 6% increase for the current fiscal year. Table 3 provides the history of fleet budgeting for these three items over the last five years, with midyear budget increases required in the past two years. This fiscal year, there have been increased fueling costs as well as additional needs for materials and services to keep the City’s fleet operational. The current funding in the Fleet Operating Index is insufficient to cover the expenses through the remainder of Fiscal Year 2023-24, and an increase of \$200,000 is required to meet the City’s vehicle and equipment needs.

**Table 3: Fiscal Year 2019-20 to 2023-24 Fuel, Parts, and Services Budgeting**

<b>Fiscal Year</b>	<b>Base Budget</b>	<b>Midyear Increases</b>	<b>Adjusted Budget</b>
2023-24	\$1,187,400		\$1,187,400
2022-23	\$1,117,400	\$42,000	\$1,159,400
2021-22	\$1,117,400	\$160,000	\$1,277,400
2020-21	\$1,117,400	\$0	\$1,117,400
2019-20	\$1,117,400	\$0	\$1,117,400

### **FISCAL IMPACT**

The Public Works Department Fleet Operating Index No. 222916 is funded by the Equipment Replacement Fund. An increase in appropriation of \$200,000 is being requested for Citywide fuel, materials, and services funding needs. Staff recommends appropriating \$200,000 from the Equipment Replacement Fund to the Public Works Department Fleet Operating Index No. 222916. There is sufficient available fund balance in the Equipment Replacement Fund for the recommended appropriation.

### **ALTERNATIVES**

1. Direct staff to use other funding sources for fuel, materials, and services funding.
2. Provide other direction.

**PUBLIC NOTICING** — Agenda posting.

Prepared by:

Nick Nakao  
Fleet and Facilities Manager

Reviewed by:

Lisa Au  
Assistant Public Works Director

Approved by:

Edward Arango  
Acting Public Works Director

Audrey Seymour Ramberg  
Assistant City Manager

NN/LL/6/CAM  
911-04-23-24CR  
204068

cc: PWD(A), APWD—Au, FFM, SMA—Doan