



Legislation Details (With Text)

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Title: ***RESOLUTION - Approving the reallocation of \$500,000 from the Fleet Operations Fund contingency to pay fuel expenses (Subject to Mayor's Veto)

Sponsors: General Services Department

Indexes:

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Attachments: 1. Resolution

Date	Ver.	Action By	Action	Result
5/11/2023	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

FROM: BRIAN BARR, Director
General Services Department

BY: CLIFF TRAUGH, Administrative Manager
General Services Department

SUBJECT

***RESOLUTION - Approving the reallocation of \$500,000 from the Fleet Operations Fund contingency to pay fuel expenses (Subject to Mayor's Veto)

RECOMMENDATION

Staff recommends Council approve the attached Resolution which authorizes the reallocation of \$500,000 from the Fleet Operations Fund contingency to pay for anticipated fuel expense obligations through June 30, 2023.

EXECUTIVE SUMMARY

On February 27, 2023, the General Services Department issued a Memorandum with the purpose of informing Council the department's forecast of the average fuel price of unleaded gasoline, diesel, and liquid natural gas will exceed budget expectations. Due to the City's high volume of fuel consumed, even a small variance in fuel prices can quickly become a significant dollar value. Therefore, the General Services Department would like to request authorization to reallocate the \$500,000 Fleet Operations contingency to pay for fuel expenses through June 30, 2023. The Fleet Operations Fund provides resources to pay for expenses related to the repair, maintenance, and operation of more than 2,400 vehicles. Within this operating budget a \$500,000 contingency is budgeted every year to cover unexpected cost increases. As the cost of fuel, labor, and parts has increased due to inflation and market instability, the Fleet Operating Fund has begun to run low on appropriations and will require the use of the contingency appropriations to continue to pay vendors through the end of FY2023.

BACKGROUND

The General Services Department, Fleet Management Division is responsible for maintaining 2,400 active vehicles and equipment for the City of Fresno. This includes vehicle acquisition, whole life maintenance, fueling, and end of life disposal. Fleet management serves the city departments by providing dependable like new transportation to support their needs and service responsibilities. This is done by scheduling and performing preventative maintenance, identifying and making repairs when needed, and replacing equipment in a timely manner.

To accomplish this mission, the Fleet Management Division has a budget for FY2023 of \$29,737,600 for the operation of the maintenance shops, as well as nine fuel stations throughout the city. Within this operating budget a \$500,000 contingency is budgeted every year to cover unexpected cost increases. For the three fuel accounts: unleaded gasoline, diesel, and liquid natural gas, the FY2023 budget was set at \$8,983,700. As fuel costs have increased from inflation, foreign wars, and supply chain constraints, the budget for fuel is forecasted to exceed appropriations before the end of the year. The General Services Department has identified the need to utilize the \$500,000 contingency to help offset this increase and allow us to continue to pay our vendors for fuel.

Per previous Council preference, any transfer of contingency amounts to operating accounts is required to be brought before Council for approval. The Budget Office has approved this reallocation and recommends Council to approve.

ENVIRONMENTAL FINDING

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, the award of this contract does not qualify as a project.

LOCAL PREFERENCE

This item does not involve public contracting; therefore, local preference is not applicable.

FISCAL IMPACT

This item does not increase expenditure authority or appropriations. It is a reallocation of contingency appropriations to allow for payment of invoices generated through the repair and maintenance activities of the Fleet Management Division. The \$500,000 contingency is included in the FY2023 adopted budget under the operations of the General Services Department.

Attachments:
Resolution