



Legislation Details (With Text)

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Title: ***RESOLUTION - Adopt the 56th Amendment to the Annual Appropriation Resolution No. 2023-185 to reallocate \$500,000 from Fleet Contingency to the Fleet Operations Fund to pay for inventory expense obligations through June 30, 2024 (Requires 5 Affirmative Votes) (Subject to Mayor's Veto)

Sponsors: General Services Department

Indexes:

Code sections:

Attachments: 1. Resolution 56th AAR.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|---------|--------|
| 5/23/2024 | 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 - Adopt the 56th Amendment to the Annual Appropriation Resolution No. 2023-185 to reallocate \$500,000 from Fleet Contingency to the Fleet Operations Fund to pay for inventory expense obligations through June 30, 2024 (Requires 5 Affirmative Votes) (Subject to Mayor's Veto)

RECOMMENDATION

Staff recommends Council adopt the 56th Amendment to the Annual Appropriation Resolution No. 2023-185 to reallocate \$500,000 from Fleet Contingency to the Fleet Operations Fund to pay for inventory expense obligations through June 30, 2024.

EXECUTIVE SUMMARY

The General Services Department would like to request authorization to reallocate the \$500,000 Fleet Operations contingency to pay for inventory expenses through June 30, 2024. The Fleet Operations Fund provides resources to pay for expenses related to the repair, maintenance, and operation of more than 2,600 vehicles. Within this operating budget a \$500,000 contingency is budgeted every year to cover unexpected cost increases. As the cost of vehicle parts inventory 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 FY2024. This action 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.

BACKGROUND

The General Services Department, Fleet Management Division is responsible for maintaining 2,600 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 FY2024 of \$34,483,600 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 vehicle parts Inventory account, the FY2024 budget was set at \$4,612,400. As costs have increased from new multi-year contracts, inflation, and supply chain constraints, the budget has been 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 offset this increase and allow Fleet Management to continue to pay vendors.

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. The City Attorney's Office has reviewed and approved to form.

ENVIRONMENTAL FINDING

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, this item does not qualify as a project as defined by the California Environmental Quality Act.

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 has been included in the FY2024 adopted budget under the operations of the General Services Department.

Attachments:

56th Amendment to the Annual Appropriations Resolution No. 2023-185