



## City Council Agenda Item

**City Council Meeting Date:** May 3, 2022

**TO:** Dean Albro, City Manager

**FROM:** Christie Donnelly, Management Services Director  
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**SUBJECT:** Adoption of Resolution No. 6497(22) Approving Supplemental Appropriations for Fleet Fuel Account for the remainder of FY 2021-22 and for FY 2022-23

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### **Recommendation:**

Staff recommends the City Council adopt Resolution No. 6497(22) approving increased budget appropriations in the amount of \$396,558 for the purpose of purchasing fuel for the City's fleet of vehicles for the remainder of Fiscal Year (FY) 2021-22, and in the amount of \$753,000 for the purpose of purchasing fuel for the City's fleet of vehicles for FY 2022-23 (attached).

### **Background:**

The City includes the estimated cost of fuel for its Fleet operations in each budget cycle. An unexpected, dramatic 70% rise in fuel costs since January 2022 has resulted in the exhaustion of budgeted funds prior to the end of the fiscal year. In addition, due to inflation and continued geopolitical factors, fuel costs are not expected to recover to their budgeted rates within the upcoming fiscal year.

### **Discussion:**

The City's Fleet needs fuel to operate, and the costs of fuel have risen drastically since January 2022. Geopolitical events, coupled with inflation, have led to the unprecedented rise in fuel costs, and the severe impact of these two factors were not foreseen when developing the Biennial Budget FYs 2021-23. The Fleet fund is an internal service fund, which means that its costs are allocated (shared) among all City departments.

### **Fiscal Impact:**

The originally adopted FYs 2021-23 budget for Fleet fuel was \$812,082 annually. The estimated additional appropriations needed for the remainder of FY 2021-22 is \$396,558 and the estimated additional appropriations needed for FY 2022-23 is \$753,000. Because the Fleet fund is an internal service fund, these costs will be allocated (shared)

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Increased Budget Appropriations for Fleet Fuel Account

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among all City funds according to their annualized usage of Fleet vehicles. The impact to the General Fund is estimated at \$140,774 for FY 2021-22 and at \$267,306 for FY 2022-23. The detailed allocation for each City fund is included in Attachment A Resolution No. 6497(22) (attached).

**Conclusion:**

Adoption of Resolution No. 6497(22) will allow for the unexpected increased costs of fuel for the remainder of this fiscal year and for the entirety of next fiscal year.

Respectfully submitted,

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Christie Donnelly, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Dean Albro, City Manager

Attachment: Resolution No. 6497(22)