



City of Killeen

Legislation Text

File #: PH-18-036B, **Version:** 1

HOLD a public hearing and consider an ordinance amending the FY 2019 Annual Budget and Plan of Municipal Services of the City of Killeen by increasing revenue and expenditure accounts for the purchase of fleet.

DATE: November 13, 2018

TO: Ronald L. Olson, City Manager

FROM: Jonathan Locke, Executive Director of Finance

SUBJECT: Fleet Replacement Budget Amendment

BACKGROUND AND FINDINGS:

Funding for the acquisition of replacement vehicles and equipment was approved as part of the City's FY 2018 Budget process. The Fleet Services Division maintains an annual vehicle and equipment replacement schedule. The criteria used to establish this replacement schedule is based upon available funding, units per category, age, mileage/hours, repair costs, and department/division feedback.

The annual fleet replacement budget for FY 2018 was \$4,444,596. Not all of the vehicles approved to be replaced in the FY 2018 schedule were replaced during the fiscal year. The budgets for these vehicles and equipment must be carried forward into FY 2019. Fleet Services is prepared to procure 18 pieces of fleet that were approved as part of the FY 2018 fleet replacement schedule. The total cost of the fleet is \$1,293,309.

THE ALTERNATIVES CONSIDERED:

- 1.) Defer replacement, which will cause the departments to operate in a reduced resource capacity, incur increased maintenance costs, and lose residual value in the existing vehicles.
- 2.) Replace the vehicles and equipment in order to provide safe and effective delivery of emergency and utility services and achieve the least cost of ownership.

Which alternative is recommended? Why?

The second alternative is recommended to enable departments to accomplish their mission in a safe and cost effective manner.

CONFORMITY TO CITY POLICY:

The City's Financial Governance Policies, Section V. Budget Administration (B)(1) states that City Council may amend or change the budget by ordinance.

FINANCIAL IMPACT:

The \$1,293,309 required to purchase the 18 pieces of fleet is available in the Fleet Services Internal Service Fund. In order to separate capital expenses from operating expenses, the funds must be transferred from the Fleet Services Internal Service Fund to the appropriate capital improvement fund. The budget amendment will allow the funds to be transferred and appropriated as follows:

Transfer from:

Fleet Services Internal Service Fund: \$1,293,309

Transfer to:

Governmental Capital Improvement Fund: \$1,101,613 (16 pieces of fleet)

Water & Sewer Capital Improvement Fund: \$121,650 (1 piece of fleet)

Drainage Capital Improvement Fund: \$70,046 (1 piece of fleet)

Total transfer to amount: \$1,293,309

What is the amount of the expenditure in the current fiscal year? For future years?

The total expenditures associated with the purchase of these vehicles and equipment will be \$1,288,532 in the current fiscal year. There will be no expenditures associated with the purchase of these vehicles in future years.

Is this a one-time or recurring expenditure?

One-time.

Is this expenditure budgeted?

Following the approval of the attached budget amendment.

If not, where will the money come from?

The attached budget amendment.

Is there a sufficient amount in the budgeted line-item for this expenditure?

Following the approval of the attached budget amendment.

RECOMMENDATION:

Staff recommends that City Council approve the ordinance amending the FY 2019 Annual Budget and Plan of Municipal Services.

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance