



# CITY OF POMONA COUNCIL REPORT

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August 7, 2017

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Darron Poulsen, Water Resources Director

Subject: **Adopt a Resolution Amending the 2017-18 Water Resources Department Operating Budget by: 1) Approving a Carryover of \$352,784 for Vehicles Purchased in Fiscal Year 2016-17 into Fiscal Year 2017-18 due to Delay in Delivery, 2) Appropriating \$230,754 of Available Water Fund and \$122,030 of Sewer Fund Balances**

## OVERVIEW

**Recommendations** - That the City Council adopt a Resolution amending the 2017-18 Water Operating Budget by:

1. Approving the carryover of \$352,784 for vehicles purchased in Fiscal Year 2016-17 into Fiscal Year 2017-18 due to delay in delivery, and
2. Appropriating \$230,754 of available Water Fund Balance and \$122,030 of available Sewer Fund Balance in order to complete the vehicle purchase.

**Fiscal Impact** – The adoption of the resolution will appropriate the FY 2016-17 encumbered carryover amounts, totaling \$352,784 from Water and Sewer Funds in the FY 2017-18 operating budget. The \$352,784 was anticipated to be expended in the FY 2016-17 Budget. As part of the carryover appropriation there is also an added adjustment of under \$3,000 due to sales taxes which were erroneously omitted during the original contract award in April. The total appropriation for this action is \$230,754 from Water Fund Balance and \$122,030 from Sewer Fund Balance. The fiscal impacts to Water and Sewer Operation Budgets are detailed in the table on the following page.

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Account Number	Replacement Unit Number	New Vehicle Make and Model	Cost:
<b>Water Operations</b>			
571-8122-66182-00000	81476	2017 Ford Explorer	\$39,431
571-8123-66182-00000	81495	2017 Ford F-150	35,330
571-8124-66182-00000	81481	2017 Ford F-150	33,963
571-8129-66182-00000	81474	2017 Ford F-250	61,015
	81475	2017 Ford F-250	\$61,015
<b><i>Subtotal Water Cost: \$230,754</i></b>			
<b>Sewer Operations</b>			
581-2522-66182-00000	27015	2017 Ford F-250	\$61,015
	27006	2017 Ford F-250	61,015
<b><i>Subtotal Sewer Cost: \$122,030</i></b>			
<b>TOTAL: \$352,784</b>			

**Previous Related Action** – On April 3, 2017 City Council adopted a resolution amending the 2016-17 Water and Sewer Operating Budgets by appropriating \$305,215 of available Water Fund Balance and \$122,030 of available Sewer Fund Balance; and approved the purchase of vehicles from National Auto Fleet Group in the amount of \$427,245; utilizing National Joint Powers Alliance Contract Agreement number 120716.

## EXECUTIVE SUMMARY

The recommended action will appropriate Water and Sewer Fund Balance to the FY 2017-18 operating budget to complete the purchase of the City's Water Resources Department's (WRD) fleet vehicles. Council approved the purchase of nine (9) vehicles on April 3, 2017 of which two (2) arrived in June, before the end of the FY 2016-17. The remaining seven (7) vehicles are expected to be delivered by the end of August, 2017. The remaining vehicles have a longer delivery time because they are outfitted with lighting and utility beds which are specialized to meet WRD operational needs.

## DISCUSSION

As presented in the April 2017 staff report, City vehicles are generally taken out of service when at least one of the following conditions exists: the vehicle reaches the end of its useful life, the vehicle mileage reaches 90,000 miles for pursuit vehicles, 100,000 miles for sedans and light duty trucks; the vehicle incurs collision damage requiring substantial repair expense relative to replacement cost; or when vehicle maintenance costs become inefficient due to age-related factors, including parts availability, emission control, and mechanic hours.

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All of the vehicles scheduled for replacement meet or exceed the City's adopted Vehicle Replacement Policy criteria. Most of the vehicles have substantial failure issues, are unreliable and require frequent repairs. In many instances, vehicle maintenance costs have become inefficient due to age-related factors, including parts availability, emission control, and increased mechanic hours.

At the end of each fiscal year, there are appropriations that have not been expended and/or have been encumbered during that period due to timing considerations. Although the City Council approved the purchase of nine (9) replacement vehicles, due to manufacturer delivery time and outfitting of the specific utility beds ordered, seven (7) of the nine (9) vehicles purchased were not received by the end of FY 2016-17.

Pomona City Charter, Article X., Financial Procedures, Section 1008, Lapse of Appropriations, states as follows:

Every appropriation, except an appropriation for capital improvement expenditure, shall lapse at the close of the fiscal year. Encumbered funds may be carried to the next fiscal year by resolution as recommended by the City Manager and adopted by the Council. . . The purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation.

The requested approval for carryover and re-appropriation of funds for the purchase of WRD vehicle replacements into the FY 2017-18 Budget will allow the payment to be made once the remaining vehicles are delivered.

Prepared by: Dana Diaz, Program Specialist

Attachment: Resolution