

STAFF REPORT



ITEM NO. 20
CITY OF OCEANSIDE

DATE: June 20, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **APPROVAL OF BUDGET APPROPRIATIONS TOTALING \$125,000 FROM VARIOUS CITY FUND RESERVES TO THE FLEET OPERATING ACCOUNT FOR THE PURCHASE OF FUEL**

SYNOPSIS

Staff recommends that the City Council approve budget appropriations totaling \$125,000 from various City fund reserves to the Fleet Operating Account for the purchase of fuel.

BACKGROUND

When the current fuel budget was created, the cost of fuel was roughly 20 percent less than it is today. In April 2006 the City purchased regular fuel at \$2.65 per gallon; in April 2007 the purchase price was \$3.17 per gallon. Given this significant price increase, the fuel budget will not be sufficient to complete FY 2006-07.

ANALYSIS

Fuel price increases have been greater than were expected when the budget was developed. New calculations by staff using historical usage patterns and increasing fuel prices indicate that the fuel account will be exhausted prior to the end of the Fiscal Year. Projections indicate a possible deficit of \$125,000 by fiscal year end. This request for \$125,000 will cover fuel expenses through the remainder of the Fiscal Year and allow for all tanks to be at approximately 95 percent of capacity on July 1.

The fuel budget for FY 07-08 will be reviewed in January, 2008 for a possible increase for the rest of that fiscal year. Due to the continuing escalating fuel prices, it is not possible to predict how much will be needed for the balance of FY 07-08 at this time, but it appears that it will be necessary to raise the fuel budget again next fiscal year.

Staff is also evaluating all low mileage vehicles to determine if the size of the fleet can be reduced or if some of the low mileage vehicles can be re-distributed to other departments in a cost-savings attempt. However, eliminating low-use vehicles will not result in any significant fuel savings.

FISCAL IMPACT

Staff recommends that the City Council approve budget appropriations transferring a total of \$125,000 to the Fleet Services Operating account to allow continued fuel purchases for the remainder of the fiscal year. An analysis of fuel usage by department determined the percentage of the total cost each fund would be charged. The following chart displays the sources of the requested funds, the percentage of total and the amount that each fund will be charged.

Source of Funding	Percentage of Fuel Usage	Funds from Reserves
General Fund Unallocated Fund Balance 101	65.1%	\$81,358
Water Operating Fund 711	12.3%	15,406
Sewer Operating Fund 721	6.4%	7,977
Solid Waste Disposal Fund 731	12.2%	15,196
Gas Tax Fund 213	4%	5,063
Totals	100.0%	\$125,000

COMMISSION OR COMMITTEE REPORT

Does not apply.

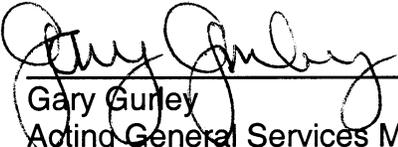
CITY ATTORNEY'S ANALYSIS

City Attorney analysis does not apply.

RECOMMENDATION

Staff recommends that the City Council approve budget appropriations totaling \$125,000 from various City fund reserves to the Fleet Operating Account for the purchase of fuel.

PREPARED BY:



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