



Staff Report

TO: City Council
FROM: Jennifer Ustation, Interim Finance Director
DATE: August 3, 2021
SUBJECT: **Re-Appropriation of FY21 Unexpended Expenditures and Pre-Approval of Vehicles and Equipment Purchases**

Background and Analysis:

Per the City of Beaumont Financial Management Policy, unexpended appropriations cannot be used in subsequent fiscal years unless re-appropriated by the City Council. Unexpended appropriations result in an increase in fund balance when actual revenues exceed expenditures at the end of the fiscal year. In the case of planned use of reserves, the reserves are left within the fund balance and are available for allocation. Re-appropriation of these funds will allow for the budgetary authorization of the requests below. Attachment A provides a calculation of the estimated ending fund balances.

The FY21 budget included various appropriations for vehicles and equipment which, due to the COVID-19 pandemic, were not available for purchase. Each of these items are still needed by the various departments and City staff requests that the funds be reappropriated due to the extenuating circumstances.

General Fund

On March 16, 2021, City Council approved several one-time allocations of General Fund reserves. Some of these items were not able to be purchased in FY21 and therefore City staff is requesting to re-appropriate these expenditures in FY22. The amounts listed for FY22 have been increased to allow for market conditions and inflation that has become apparent within the last few months. Attachment B provides a description of the vehicle and equipment requested.

Type of Allocation	Prior Approved Amount	Current Request	Council Action Requested
Replacement Vehicles	\$140,500	\$175,000	Amend FY2022 Budget

Parks and Ground Equipment	\$37,000	\$39,799	Amend FY2022 Budget
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On April 6, 2021, City Council approved the purchase of a 2021 Police Interceptor to replace a vehicle that had been converted to a canine patrol. The funding for this vehicle will be transferred in from the Public Safety CFD fund.

Type of Allocation	Prior Approved Amount	Current Request	Council Action Requested
Replacement Vehicle	\$58,400	\$58,400	Amend FY22 Budget

Equipment Replacement Fund

On May 18, 2021, City Council approved a budget amendment to allow for the purchase of needed equipment that had been identified during the FY22 budget process. The items listed in attachment B were not purchased within FY21 and are needed for operations. An adjustment in the amount has been applied to allow for market conditions and inflation.

Type of Allocation	Prior Approved Amount	Current Request	Council Action Requested
Streets Maint. Equipment Replacement	\$150,000	\$165,000	Amend FY22 Budget

The estimated ending fund balance for the Equipment Replacement Fund is \$134,302, therefore, the remaining amount of \$30,698 will need to come from the Equipment Replacement Internal Service Fund.

Equipment Replacement Internal Service Fund

On May 18, 2021, City Council approved the use of the Equipment Replacement Internal Service Fund for the remaining equipment replacement needs that had been identified during the budget process. These amounts have also been increased to allow for market conditions and inflation. One of the pieces of equipment was a chipper, was originally authorized as a smaller unit. This smaller unit has been determined to not be functional and the amount has been adjusted to account for a larger sized chipper.

Type of Allocation	Prior Approved Amount	Current Request	Council Action Requested
Streets Maint. Equipment Replacement		\$30,698	Amend FY2022 Budget
Parks and Ground Equipment	\$40,895	\$71,361	Amend FY2022 Budget

Pre-Approval of Vehicles and Equipment Purchases

Per the City of Beaumont Purchasing Policy, all purchases above \$25,000 are to be brought forward to City Council for approval. As referenced earlier in this report demand and prices for equipment and vehicles have increased due to international and domestic supply chain disruption from the pandemic, especially semi-conductor chips used in numerous vehicle systems. Purchasing these items has become very difficult as supply is limited. City staff is requesting that City Council give the authority to purchase these items within the appropriated budget limits when they become available, as the delay to bring these items to City Council could result in price increases or even the items becoming unavailable. The pre-approval will be limited to the current fiscal year and re-evaluated as market conditions improve.

Fiscal Impact:

The impact of General Fund adjustments is to increase expenditure authority by \$214,799.

The impact of the purchase of a Police Interceptor will increase both the general fund expenditure authority and revenue by \$58,400 and will increase the Public Safety CFD expenditure authority by \$58,400 reducing the Public Safety CFD fund balance by the same amount.

The impact of the adjustments for the equipment replacement will increase expenditure authority in the Equipment Replacement Fund by \$134,302, thereby depleting the remaining balance of the fund. City staff also recommends increasing the expenditure authority of the Equipment Internal Service Fund by \$102,059 which will decrease the Equipment Internal Service Fund by the same amount.

The fiscal impact on the pre-approval of purchases for vehicles and equipment are included within the FY2021-22 budget.

Recommended Action:

Approve the proposed re-appropriation of General Fund expenditures in the amount of \$214,799,
Approve the proposed re-appropriation for purchase of 2021 Ford Police Interceptor in the amount of \$58,400,
Approve the proposed re-appropriation of Equipment Replacement and Equipment Replacement Internal Service Fund expenditures in the amount of \$236,361, and
Provide pre-approval for the purchase of vehicles and equipment within the FY2021-22 budget authority.

Attachments:

- A. Calculations of estimated ending fund balances
- B. General Fund, Public Safety CFD, Equipment Replacement and Equipment Replacement Internal Service Fund budget adjustments.