



TO: Fruita City Council and Mayor

FROM: Margaret Sell, Finance Director

DATE: February 15, 2022

AGENDA TEXT: Resolution 2022 - 04 - Public Hearing – Approving an amendment to the 2022 Annual Budget with a supplemental appropriation of funds from the capital equipment replacement fund (CERF) reserve for the purchase of a Dump Truck

BACKGROUND

The City maintains a designated reserve for the Capital Equipment Replacement Fund (CERF). An annual amount is allocated to the CERF based on projected replacement costs over the life of the equipment which helps to level out the costs for replacement of existing equipment and maintain a stable funding mechanism for the replacement. An error was made in the estimate of costs for replacement of the 2007 Dump Truck/Plow/De-icer equipment (Unit #4015) in the 2022 budget process and an additional \$162,200 is needed for replacement of this equipment for a total replacement cost of \$252,000.

FISCAL IMPACT

This budget amendment reduces the amount of fund balance designated for capital equipment replacement of \$1.35 million by \$162,200 to an estimated amount of \$1.19 million at 12/31/2022.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The Budget is a financial plan developed for the purpose of allocating resources necessary to implement specific policies and strategies to achieve short- and long-term goals established by the City throughout the year. This budget amendment provides funding for the purchase of capital equipment from the Capital Equipment Replacement Fund (CERF).

OPTIONS AVAILABLE TO THE COUNCIL

- Approve the budget amendment as presented or with amendments
- Take no action on the budget amendment and postpone replacement of the equipment until the 2023 budget cycle.

RECOMMENDATION

It is the recommendation of staff that the Council by motion:

ADOPT RESOLUTION 2022-04 AMENDING THE 2022 BUDGET TO APPROPRIATE AN ADDITIONAL \$162,200 FROM THE CAPITAL EQUIPMENT REPLACEMENT FUND (CERF) DESIGNATED FUND BALANCE IN THE GENERAL FUND FOR REPLACEMENT OF THE 2007 DUMP TRUCK