

City of Milpitas, California

BUDGET CHANGE FORM

Type of Change	From*		To*	
	Account	Amount	Account	Amount
Check one: <input checked="" type="checkbox"/> Budget Appropriation <input type="checkbox"/> Budget Transfer	500-3799	\$ 113,998.56	500-9304851 500-2909	\$96,100 17,900

Approve a budget appropriation in the amount of \$96,100 to the Equipment Fund Non departmental FY 2020-21 operating budget for the replacement of two Police vehicles.

Background:

The Milpitas Police Department currently manages a fleet of twenty-nine (29) marked police vehicles, assigned to various patrol staff throughout the department's 24-7 operation. The City of Milpitas has a contractual obligation under the Milpitas Police Officer Association's (MPOA) Memorandum of Understanding to replace marked patrol vehicles once they acquire 75,000-miles, or up to a maximum extension of 90,000-miles if a marked patrol vehicle is deemed safe and suitable for patrol purposes. It is imperative the number of vehicles in the police department's fleet remains furnished to support mileage requirements and staffing needs to maintain current service levels and response times.

In April and May of 2020, two (2) police vehicles were involved in separate traffic collisions within the course of duties. Both collisions resulted in total losses and subsequent insurance payouts for the actual cash value loss of the vehicles, less the City's insurance deductible of \$5,000 for each incident. This recommended budget appropriation of the total insurance payout to the Equipment Fund Non departmental operating budget would be used to purchase two (2) replacement vehicles, thus maintaining the department's fleet of twenty-nine (29) marked police vehicles.

Analysis:

The total insurance payout for both vehicles is sufficient to cover the cost of two (2) replacement vehicles; the total insurance payout is \$113,998.56 and the total cost for two (2) replacement vehicles is \$96,097.71. However, due to staffing levels and mileage requirements, if this budget appropriation is not approved and the vehicles are not replaced, the current fleet of police vehicles will reach mileage limits faster and there is a risk of insufficient availability of vehicles when other vehicles are out for maintenance or repair. In order for the Police Department to maintain appropriate service levels and response times, replacement of these two (2) patrol vehicles is essential. Therefore, a budget appropriation to the Equipment Fund Non departmental FY 2020-21 operating budget in the amount of \$96,100 for the two (2) totaled vehicles is recommended and would be used to purchase two (2) replacement vehicles. The difference between the insurance payout and the funds needed to purchase the replacement vehicles in the amount of \$17,900 will fall to fund balance in the Equipment Fund for future use.

Policy Alternative:

Alternative 1: Do not approve a budget appropriation in the amount of \$96,100 to the Equipment Fund Non departmental fiscal year 2020-2021 operating budget.

Pros: The City would receive the insurance payout for the two vehicles and not incur the expense of purchasing two police vehicles.

Cons: The Police Department would not be able to replace the two (2) needed vehicles. If the vehicles are not replaced, the police department would be at risk of maintaining current service levels and meeting MOU obligations in respect to vehicle mileage limits.

Fiscal Impact:

Staff recommends approval of a budget appropriation to the Equipment Fund Non departmental FY 2020-21 operating budget in the amount of \$96,100 for the purchase of two (2) replacement vehicles. The difference between the insurance payout of \$113,998.56 and the funds needed to purchase the replacement vehicles in the amount of \$17,900 will fall to fund balance in the Equipment Fund for future use. Any additional cost associated with the purchase of two (2) replacement vehicles exceeding this amount can be absorbed by the Police Department's operating budget.

California Environmental Quality Act:

Not applicable.

Recommendations:

Approve a budget appropriation in the amount of \$96,100 to the Equipment Fund Non departmental FY 2020-21 operating budget for the replacement of two Police vehicles.

Attachments:

1. Proof of Loss – April 28, 2020
2. Proof of Loss – May 26, 2020
3. Budget change form

☐ Check if City Council Approval required.

Meeting Date: October 06, 2020

Requested by:	Department Head: Armando Corpuz	Date: October 06, 2020
Reviewed by:	Finance Director: Walter C. Rossmann	Date: October 06, 2020
Date approved by City Council, if required:		Confirmed by: