

**City of Milpitas, California**

**BUDGET CHANGE FORM**

Type of Change	From*		To*	
	Account	Amount	Account	Amount
<b>Check one:</b>  <input type="checkbox"/> <b>Budget Appropriation</b>  <input type="checkbox"/> <b>Budget Transfer</b>	500-3799	\$113,653.87	500-9304851 500-2909	\$103,931 \$9,722.87

Approve a budget appropriation in the amount of \$103,931 to the Equipment Fund Non-departmental FY 2021-22 operating budget for the replacement of two Police vehicles.

**Background:**

The Milpitas Police Department currently manages a fleet of thirty (30) 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 the 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, in order to maintain current service levels and response times.

In September and October of 2021, 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, this maintaining the department's fleet of thirty (30) marked police vehicles.

Municipal Code Section I-2-3.05 Public Agency Purchases, specifically authorizes the Purchasing Agent to purchase supplies or services without complying with the quotation or bidding requirements of the Chapter, and to make such purchases based on an agreement or cooperative purchasing. On July 28, 2021 Sourcewell solicited Request for Proposal (RFP) No. 091521 for "Automobiles, SUVs, Vans, and Light Trucks with Related Equipment and Accessories" On November 4, 2021 contract No.091521-NAF awarded to the National Auto Fleet Group took effect. Sourcewell is a State of Minnesota local government unit and service cooperative created under the laws of the State of Minnesota through legislative authority of Minnesota Statute 123A.21.Feb 24, 2017, that offers cooperative procurement solutions to government entities.(See: attached Not-To-File – Coop.)

**Analysis:**

The total insurance payout for both vehicles is sufficient to cover the cost of two (2) replacement vehicles; the total insurance payout is \$113,653.87 and the total cost for two (2) replacement vehicles is \$103,931.

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 2021-22 operating budget in the amount of \$103,931 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 \$9,722.87 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 \$103,931 to the Equipment Fund Non-departmental fiscal year 2021-2022 operating budget.

Pros: The City would receive the insurance payout for the two vehicles but not incur the expense of purchasing two (2) Police vehicles.

Cons: The Police Department would not be able to replace the two (2) vehicles needed to maintain current service levels.

Reason not recommended: If the vehicles are not replaced, the Police Department would be at risk of not maintaining current service levels and not 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 2021-22 operating budget in the amount of \$103,931 for the purchase of two (2) replacement vehicles. The difference between the insurance payout of \$113,653.87 and the funds needed to purchase the replacement vehicles in the amount of \$9,722.87 will fall to fund balance in the Equipment Fund for future use. Any additional cost associated with the purchase of these two (2) replacement vehicles exceeding this amount can be absorbed by the Police Department’s operating budget.

**California Environmental Quality Act:**

N/A

**Recommendations:**

Approve a budget appropriation in the amount of \$103,931 to the Equipment Fund Non-departmental FY 2021-22 operating budget for the replacement of two Police vehicles.

**Attachments:**

1. Proof of Loss – September 16, 2021
2. Proof of Loss – October 10, 2021
3. Budget change form
4. Note-To-File\_Coop

**Check if City Council Approval required.**

**Meeting Date:** February 15, 2022

<b>Requested by:</b>	<b>Department Head:</b> Jared Hernandez	<b>Date:</b> February 15, 2022
<b>Reviewed by:</b>	<b>Finance Director:</b> Lauren Lai	<b>Date:</b> February 15, 2022

<b>Date approved by City Council, if required:</b>	<b>Confirmed by:</b>
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