



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Approve Budget Modification No. 43 in the Amount of \$1,200,000 to Advance Funding for the Early Replacement of Two Fire Engines, and Find that the Action is Exempt from CEQA

#### **BACKGROUND**

The City plans and budgets for the replacement of fleet equipment over a twenty-year horizon. Replacements are funded by annual contributions made by each department based on the fleet inventory used. Equipment is assigned a life and evaluated for replacement once the useful life has expired. It is common for equipment to either fail before the end of its useful life, or to be extended as it is still in working condition and providing the level of service needed.

The budget for fleet replacement resides in the Fleet Services Sub-Fund (an internal service fund). The fund carries a modest reserve to absorb cost volatility where equipment comes above planned cost, or needs to be replaced early.

Currently, there are two fire engines on the schedule for replacement for FY 2017/18. Staff is recommending to advance replacement of two additional fire engines as the manufacturer has gone out of business and fleet maintenance staff are having difficulty obtaining parts to maintain the fire engines requested for replacement.

#### **EXISTING POLICY**

Pursuant to Sunnyvale Charter Section 1305, at any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by affirmative votes of at least four members so as to authorize the transfer of unused balances appropriated for one purpose to another, or to appropriate available revenue not included in the budget.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not require environmental review because it can be seen with certainty that there is no possibility that the action will have a significant effect on the environment. (CEQA Guidelines §15061(b)(3).)

#### **DISCUSSION**

The Department of Public Safety operates numerous fire apparatus throughout the City, including both fire engines and fire trucks. Fire equipment is procured through a formal bid process based on a detailed specification that meets the current needs of the department. As such, equipment from various manufacturers has been procured over the years. Five of the City's fire engines and one rescue unit were purchased from a manufacturer that subsequently went out of business. The City is currently having difficulty finding replacement parts for these vehicles.

Two fire engines originally purchased in 1998 were already budgeted for replacement in the current year. Staff is recommending accelerating the replacement of another two purchased in 2002. Fleet staff will retain one engine to use for parts, and surplus the others. The remaining engine and rescue unit will be rescheduled for replacement within the regular budget process.

### **FISCAL IMPACT**

Replacement of Public Safety fleet equipment is funded by the General Fund. Advancing the funding for replacement will require a transfer from the General Fund to the Fleet Services Sub-Fund as the Fleet Fund Equipment Reserve does not have a large enough balance to fund this replacement and remain balanced in the short term. The impact over the twenty-year plan can be absorbed as the replacement funding that was scheduled for future years will be removed, but there is a fiscal impact in the short- term from transferring monies early. Staff is recommending approval of Budget Modification 43 to transfer funds from the General Fund to the Fleet Services Sub-Fund to advance the replacement of an additional two fire engines.

### **Budget Modification No. 43 FY 2017/18**

	<b>Original</b>	<b>Increase/(Decrease)</b>	<b>Revised</b>
<b>General Fund</b>			
<u>Transfers Out</u>			
Transfer to the General Services Fund, Fleet Services Sub-Fund	\$0	\$1,200,000	\$1,200,000
<u>Reserves</u>			
Budget Stabilization Fund	\$33,232,331	(\$1,200,000)	\$32,032,331
<b>General Services Fund, Fleet Services Sub-Fund</b>			
<u>Transfers In</u>			
Transfer from the General Fund	\$0	\$1,200,000	\$1,200,000
<u>Expenditures</u>			
020700 - Fleet Equipment	\$4,233,589	\$1,200,000	\$5,433,589

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **RECOMMENDATION**

Find that the action is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines §15061(b)(3)) and approve Budget Modification No. 43 in the amount of \$1,200,000 to advance funding for the early replacement of two fire engines.

Prepared by: Timothy J. Kirby, Director of Finance  
Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager