

INTERNAL SERVICES FUNDS
EQUIPMENT SERVICES OPERATIONS

GENERAL INFORMATION:

The Equipment Services Operation is accounted for as an Internal Service Fund. This type of fund is established to account for operations which serve other departments of the City. The Equipment Services Operation is responsible for the maintenance and repair of all City vehicles and equipment. Repair and maintenance includes major repairs in addition to routine and preventive maintenance.

Most City departments use the Equipment Services Operation for repair and maintenance of their vehicles in lieu of their own departmental resources. As in a commercial garage enterprise, the Equipment Services Operation is financed by user fees charged to the department for the repair performed. The user fee includes the direct cost of labor, repair parts and an allowance for overhead costs of the operation. The objective of the operation is to insure that user fees for the fiscal year are sufficient to cover the repair costs incurred.

The operation is located at the City's Public Works Facility and includes a centralized fuel system which has assisted the City in eliminating approximately fifteen (15) different stations located throughout the City's facilities. Accountability and accessibility of fuel consumption data have also improved with this system.

A major expenditure in the Equipment Services budget is the purchase of fuel products including gasoline, diesel fuel and oil. These fuel costs plus a per gallon surcharge are charged back to the respective departments as inventories are used.

Labor is the other major cost in this activity, which includes a full time supervisor and three full time mechanics. The hourly charge for labor including overhead costs was \$60.00 in 2008/2009, \$65.00 in 2009/2010, and \$67.00 for 2010/2011. The \$67.00 rate has been maintained for both 2011/2012 and 2012/2013.

In addition to the labor rate charge there is a surcharge on parts, outside services, oil, and tires of 8% of the total cost to a maximum of \$16.00 per charge. A per gallon surcharge has also been applied to fuel dispensed to City vehicles utilizing this operation. This fee is currently \$.30 per gallon. These surcharge fees are budgeted to remain the same for 2012/2013.

CURRENT TRENDS AND ISSUES:

The 2011/2012 revised estimate expenditures are \$82,700 more than the budgeted amount. There were increases in fuel costs (\$30,400), outside services (\$40,000), and capital outlay (\$13,400). The capital outlay allocation was to replace the oil dispensing system.

The 2012/2013 budget is \$64,400 (5.8%) higher than the original 2011/2012 budget primarily due to increased fuel and outside services costs. The budget for 2012/2013 is based on continuation of the current higher fuel prices. As an internal service fund, however, as fuel costs fluctuate, cost increases or decreases are passed on to the various City departments based on their actual fuel usage. After many years of deficits in this fund, this operation is expected to have surpluses (net of inventory) of \$108,364 on June 30, 2012 and \$121,764 on June 30, 2013.

GOAL STATEMENT:

To provide for the maintenance of all City vehicles and major equipment including both preventive and emergency maintenance to assure such equipment can be utilized by the City work force in the most productive and cost efficient manner.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
Autos, Pickups, Flatbeds Serviced	272	278	236	260	261
Trucks, Buses, Garbage Trucks Serviced	161	165	153	192	168
Heavy Equipment/Tractors Serviced	24	33	27	20	26
Gallons of Gasoline Dispensed	66,491	73,869	72,894	73,000	73,000
Gallons of Diesel Fuel Dispensed	90,324	83,503	79,860	80,000	80,000
Preventative Maintenance Work Orders	963	1,053	1,099	1,100	1,100
Emergency Maintenance Work Orders	692	676	580	550	500
Work Orders Completed	1,655	1,729	1,679	1,650	1,600
Total Miles Driven (all vehicles)	1,180,475	1,230,705	1,163,577	1,200,000	1,200,000

RECENT ACCOMPLISHMENTS:

The department's biggest accomplishment this year has been with the use of the Public Surplus online auction service. There seems to be more interest in the items the City is selling, which is bringing in increased revenue.

All department personnel attend training sessions as they are offered.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To be more of a strategic level operation rather than a tactical operation.
- * To better utilize the Equipment Replacement Schedule for replacement of vehicles and equipment.
- * To ensure personnel receive the proper training in an ever-changing profession.
- * To review the Equipment Services operation for "Lean" initiatives. **(Management Agenda High Priority)**

Equipment Services Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance (Deficit), July 1	\$ (75,682)	\$ (50,946)	\$ (20,446)	\$ (21,870)	\$ (27,370)
Revenues					
Charges for Services - City Departments	\$ 1,041,348	\$ 1,127,767	\$ 1,118,100	\$ 1,187,900 (2)	\$ 1,189,000 (2)
Miscellaneous	<u>646</u>	<u>1,052</u>	<u>0</u>	<u>500</u>	<u>0</u>
Total Revenues	<u>\$ 1,041,995</u>	<u>\$ 1,128,819</u>	<u>\$ 1,118,100</u>	<u>\$ 1,188,400</u>	<u>\$ 1,189,000</u>
Funds Available	\$ 966,313	\$ 1,077,874	\$ 1,097,654	\$ 1,166,530	\$ 1,161,630
Expenditures (1)	<u>1,017,258</u>	<u>1,099,744</u>	<u>1,111,200</u>	<u>1,193,900</u>	<u>1,175,600</u>
Ending Balance (Deficit), June 30	\$ (50,946)	\$ (21,870)	\$ (13,546)	\$ (27,370)	\$ (13,970)
Allowance for Inventory	<u>134,146</u>	<u>135,734</u>	<u>134,146</u>	<u>135,734</u>	<u>135,734</u>
Net Balance, June 30	<u><u>\$ 83,201</u></u>	<u><u>\$ 113,864</u></u>	<u><u>\$ 120,600</u></u>	<u><u>\$ 108,364</u></u>	<u><u>\$ 121,764</u></u>
Increase (Decrease) in Net Balance	\$ 24,586	\$ 30,663	\$ 6,900	\$ (5,500)	\$ 13,400

1. Expenditures include changes in compensated absences.

2. The labor rate charge for vehicle and equipment maintenance is \$67.00 per hour for both 2011/2012 and 2012/2013.

Function:
Internal Service

Department:
Public Works

Activity:
Equipment Services Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ 275,600	\$ 278,408	\$ 283,900	\$ 282,200	\$ 288,000	1.44%
Commodities	528,420	601,506	617,500	648,700	648,700	5.05%
Contractual Services	191,454	205,852	180,500	220,100	219,500	21.61%
Capital Outlay	1,246	978	14,400	28,000	4,100	-71.53%
Transfers	14,100	14,500	14,900	14,900	15,300	2.68%
Total Expenditures	\$ 1,010,820	\$ 1,101,244	\$ 1,111,200	\$ 1,193,900	\$ 1,175,600	5.80%
Funding Sources						
Charges for Services	\$ 1,041,349	\$ 1,127,767	\$ 1,118,100	\$ 1,187,900	\$ 1,189,000	6.34%
Other	646	1,052	0	500	0	
Total Funding Sources	\$ 1,041,995	\$ 1,128,819	\$ 1,118,100	\$ 1,188,400	\$ 1,189,000	6.34%

Personnel Schedule						
	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Budget Amount 2012/2013
Full Time:						
Vehicle Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Vehicle Mechanic II	3.00	3.00	3.00	3.00	3.00	
Total	4.00	4.00	4.00	4.00	4.00	\$ 190,900
Employee Benefits						97,100
Total Personal Services						\$ 288,000

Capital Outlay			
Item	Quantity	Replacement	Amount
Tools for Existing Toolboxes	3 Sets	No	\$ 900
Oil Hose Reels	2	Yes	1,000
Scanner Upgrade	1	Yes	1,000
Computer	1	Yes	1,200
			\$ 4,100