



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager and Doris Sorum, City Clerk
SUBJECT: Amendment of TPU Fleet Services Ordinance
DATE: June 24, 2020/Council 7/7/2020

SUMMARY AND PURPOSE:

An ordinance amending the existing Department of Public Utilities Fleet Services Fund Ordinance (Ordinance 23295) to transfer TPU operating division fleet assets to the TPU operating divisions for funding flexibility while maintaining the purchasing and maintenance responsibilities within TPU Fleet Services.

BACKGROUND:

This department’s recommendation is based on the need to amend Ordinance 23295, approved on December 11, 1984, that established a Department of Public Utilities Fleet Services Fund (Fleet Fund). Each utility division has contributed to and utilized the Fleet Fund for the acquisition and maintenance of fleet equipment used in utility operations. It is in the best interest of our customers and citizens to amend the existing ordinance to align it with modern operating and accounting practices, increase fiscal responsibility, and provide greater flexibility in purchasing future fleet assets.

This amendment will allow the TPU Fleet Services Department to continue managing and maintaining the equipment for all divisions and establishing appropriate rates to cover other fleet operating expenses. All equipment owned or leased by the Department of Public Utilities and not exclusively used by the Power, Water, or Rail divisions will continue as an asset of TPU Fleet Services. The amendment to this ordinance will allow all other equipment to become an asset of the division that acquired it. The transfer of assets will take place prior to December 31, 2020 to accommodate year-end accounting procedures. Any unused capital reserves contributed to the Fleet Fund will be transferred back to the division that contributed it. An adequate reserve fund will be established and maintained to support the ongoing operations of TPU Fleet Services.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

This recommendation has been developed by a cross functional group of TPU Fleet Services customers called TPU’s Fleet Advisory Committee. The operating divisions are the most impacted by this amendment and each division supports this change. It will allow for greater funding flexibility benefiting all of our customers.

ALTERNATIVES:

Presumably, your recommendation is not the only potential course of action; please discuss other alternatives or actions that City Council or staff could take. Please use table below.

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Keep existing ordinance in place		Antiquated funding practices remain in place limiting fiscal flexibility for operating divisions.



2. Develop new ordinance to replace existing ordinance		Time consuming process with little additional benefit to organization.
3.		

STAFF/SPONSOR RECOMMENDATION:

We recommend amending the TPU Fleet Services Ordinance to allow for greater fiscal flexibility and continuing ongoing purchasing and maintenance practices within TPU Fleet Services.



FISCAL IMPACT:

Please provide a short summary of the fiscal impacts associated with the grant, agreement, policy action, or other action.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
1.			
2.			
TOTAL			

What Funding is being used to support the expense?

Are the expenditures and revenues planned and budgeted in this biennium's current budget?

YES

The current biennium budget will not be affected.

Are there financial costs or other impacts of not implementing the legislation?

YES

The operating divisions have to fund all vehicle purchases using operating revenues and are not able to utilize capital funding for vehicle purchases.

Will the legislation have an ongoing/recurring fiscal impact?

YES

Assets that are currently in the TPU Fleet Services will be transferred to the operating divisions prior to December 31, 2020.

Will the legislation change the City's FTE/personnel counts?

No

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ATTACHMENTS:

- Ordinance 23295