

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 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 \$65.00 in 2009/2010 and \$67.00 for 2010/2011, 2011/2012 and 2012/2013. In 2013/2014 this rate is budgeted to increase to \$69.00 an hour.

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 2013/2014.

CURRENT TRENDS AND ISSUES:

The 2012/2013 revised estimate expenditures are \$13,900 more than the budgeted amount. This is primarily due to the addition of \$14,200 in capital outlay to upgrade the underground line leak protection systems on the fuel pumps as required by the Iowa Department of Natural Resources (IDNR) deadline of January 2013.

The 2013/2014 budget is \$15,000 (1.3%) higher than the original 2012/2013 budget primarily due to increases in personal services (\$9,800) and fuel (\$4,400) costs. The budget for 2013/2014 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. This operation is expected to have a surplus (net of inventory) of \$81,086 on June 30, 2013 and \$88,062 on June 30, 2014.

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 2009/2010	Actual 2010/2011	Actual 2011/2012	Estimated 2012/2013	Estimated 2013/2014
Autos, Pickups, Flatbeds Serviced	278	236	235	245	248
Trucks, Buses, Garbage Trucks Serviced	165	153	148	150	154
Heavy Equipment/Tractors Serviced	33	27	24	25	27
Gallons of Gasoline Dispensed	73,869	72,894	71,984	71,309	72,514
Gallons of Diesel Fuel Dispensed	83,503	79,860	70,972	79,467	78,450
Preventative Maintenance Work Orders	1,053	1,099	1,009	1,032	1,048
Emergency Maintenance Work Orders	676	580	407	588	563
Work Orders Completed	1,729	1,679	1,416	1,620	1,611
Total Miles Driven (all vehicles)	1,230,705	1,163,577	1,128,675	1,175,857	1,174,703

RECENT ACCOMPLISHMENTS:

The City continues to use Public Surplus to dispose of vehicles and equipment. Three online auctions were held in 2012 using Public Surplus, one in February, September, and the most recent in November. The auction in February netted the City \$10,204. The auctions in September and November netted the City \$2,740 and \$2,805, respectively.

The Equipment Services Supervisor worked with the Transit Supervisor and the Iowa Department of Natural Resources (IDNR) on a State Clean Diesel Grant through the E.P.A. to reduce diesel emissions on eight transit buses and five dump trucks. Staff solicited bids from vendors for the purchase and installation of the diesel particulate filters, back pressure monitors, the regeneration panel, and related items.

An upgrade to the underground fuel lines was completed in January 2013 as required by the IDNR

OBJECTIVES TO BE ACCOMPLISHED IN 2013/2014:

- * To be proactive on emissions by considering going “Green” with new vehicles including evaluating purchasing either electric or hybrid models of light duty vehicles.
- * To continue training of mechanics on “Green” vehicles including maintenance of electric and hybrid vehicles.

Equipment Services Operations

Fund Statement

	<u>Actual 2010/2011</u>	<u>Actual 2011/2012</u>	<u>Budget 2012/2013</u>	<u>Revised Estimate 2012/2013</u>	<u>Budget 2013/2014</u>
Beginning Balance (Deficit), July 1	\$ (50,946)	\$ 113,864	\$ (27,370)	\$ (69,338)	\$ (74,238)
Revenues					
Charges for Services -					
City Departments	\$ 1,127,767	\$ 1,129,350	\$ 1,189,000	\$ 1,184,400	\$ 1,197,600
Miscellaneous	<u>1,052</u>	<u>844</u>	<u>0</u>	<u>200</u>	<u>0</u>
Total Revenues	<u><u>\$ 1,128,819</u></u>	<u><u>\$ 1,130,194</u></u>	<u><u>\$ 1,189,000</u></u>	<u><u>\$ 1,184,600</u></u>	<u><u>\$ 1,197,600</u></u>
Funds Available	\$ 1,077,873	\$ 1,244,058	\$ 1,161,630	\$ 1,115,262	\$ 1,123,362
Expenditures (1)	<u>1,099,744</u>	<u>1,313,396</u>	<u>1,175,600</u>	<u>1,189,500</u>	<u>1,190,600</u>
Ending Balance (Deficit), June 30	\$ (21,871)	\$ (69,338)	\$ (13,970)	\$ (74,238)	\$ (67,238)
Allowance for Inventory	<u>135,734</u>	<u>155,324</u>	<u>135,734</u>	<u>155,324</u>	<u>155,300</u>
Net Balance, June 30	<u><u>\$ 113,864</u></u>	<u><u>\$ 85,986</u></u>	<u><u>\$ 121,764</u></u>	<u><u>\$ 81,086</u></u>	<u><u>\$ 88,062</u></u>
Increase (Decrease) in Net Balance	\$ 55,249	\$ (27,878)	\$ 13,400	\$ (4,900)	\$ 7,000

1. Expenditures include changes in compensated absences.
2. The labor rate charge for vehicle and equipment maintenance is \$67.00 per hour for 2012/2013. The 2013/2014 budget is based on the hourly rate increasing to \$69.00 per hour which will avoid a fiscal year deficit in this fund. The rate needed may be more or less depending on labor hours billed to departments (budget based on 4,400 billed hours).

Function:
Internal Service

Department:
Public Works

Activity:
Equipment Services Operations

	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
Expenditure Summary						
Personal Services	\$ 278,408	\$ 281,168	\$ 288,000	\$ 287,700	\$ 297,800	3.40%
Commodities	601,506	643,826	648,700	648,700	652,700	0.62%
Contractual Services	205,852	207,876	219,500	219,500	219,800	0.14%
Capital Outlay	978	22,803	4,100	18,300	4,500	9.76%
Transfers	<u>14,500</u>	<u>14,900</u>	<u>15,300</u>	<u>15,300</u>	<u>15,800</u>	3.27%
Total Expenditures	<u><u>\$ 1,101,244</u></u>	<u><u>\$ 1,170,573</u></u>	<u><u>\$ 1,175,600</u></u>	<u><u>\$ 1,189,500</u></u>	<u><u>\$ 1,190,600</u></u>	1.28%
Funding Sources						
Charges for Services	\$ 1,127,767	\$ 1,129,350	\$ 1,189,000	\$ 1,184,400	\$ 1,197,600	0.72%
Other	<u>1,052</u>	<u>844</u>	<u>0</u>	<u>200</u>	<u>0</u>	
Total Funding Sources	<u><u>\$ 1,128,819</u></u>	<u><u>\$ 1,130,194</u></u>	<u><u>\$ 1,189,000</u></u>	<u><u>\$ 1,184,600</u></u>	<u><u>\$ 1,197,600</u></u>	0.72%

	Personnel Schedule					
	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Budget Amount 2013/2014
Full Time:						
Vehicle Maintenance						
Supervisor	1.00	1.00	1.00	1.00	1.00	
Vehicle Mechanic II	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	
Total	4.00	4.00	4.00	4.00	4.00	\$ 197,000
Employee Benefits						<u>100,800</u>
Total Personal Services						<u><u>\$ 297,800</u></u>

	Capital Outlay			
Item		Quantity	Replacement	Amount
Tools for Existing Toolboxes		3 Sets	No	\$ 900
Oil Hose Reels		4	Yes	<u>3,600</u>
				<u><u>\$ 4,500</u></u>