



"...meeting community needs...enhancing quality of life."

TO: Finance Committee
FROM: Jeri Ohman, Finance Director
DATE: July 11, 2022
RE: Fuel Costs - Budget vs Actual

Due to increasing fuel prices, actual costs are being monitored by staff. CEA fuel purchases for the first six months of 2022 account for 65% of the budgeted amount, this supplies all City departments except for Valley Transit.

The City purchases fuel at wholesale rates. Staff request quotes each time a purchase is made, typically every couple of weeks. There are amounts in the Reserves and Contingencies budget that are available to offset unexpected increases. Normally, Finance staff will review actual costs compared to budget for the business unit as a whole to determine if reserve amounts need to be allocated. With the current trends, staff will monitor costs throughout the year and determine if action is needed sooner.

Valley Transit temporarily reduced service levels earlier this year due to driver recruitment challenges. Consequently, the temporary service reductions mitigated the escalating fuel costs. The actual costs through June have accounted for 48% of the amount budgeted. Due to the continued bus operator vacancies, it is not anticipated that the suspended services will be restored prior to 2023.