



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: Dan Wietecha, City Administrator
Date: October 3, 2022
Item: 2023 Budget Pre-approval of Select Items

Council Actions Requested:

Authorization to begin process for several 2023 budget items.

Background Information:

Regarding the 2023 budget plan, there are supply chain delays that will impact a number of the items included in the proposed budget. We are requesting authority to place orders for a number of items that have extended lead times. Additionally, in some cases, there may be cost savings by ordering prior to year-end.

For context, here are few examples of extraordinary lead times we've seen in 2022.

- Parks ordered new playground equipment for Lake Isabel Park in November 2021. Delivery is not expected until winter 2022-2023.
- Police ordered three new squads in October 2021. Two were into service in June and August 2022, but the hybrid unit has not yet been delivered.
- Public Works has been on lists since September 2021 to receive state bid pricing on pickup trucks for 2022. These lists have not supplied trucks to date and appear unlikely for the remainder of the year.
- Public Works pre-ordered a dump truck in September of 2021 and latest word is that we may receive it in December of 2022.

Fire Dept. – Brush Truck - \$150,000: The 2023 proposed budget includes replacement of our 1997 Brush Truck due to increasing maintenance expenses and safety/reliability concerns. As with other vehicles, an extended lead-time is anticipated.

Fire Dept. – Marshal Pickup - \$60,000: The 2023 proposed budget includes replacement of the 2010 pickup used daily by the Fire Marshal for inspections, fire investigations, and response. The 2010 would be placed into a utility role for response, weekend POC duty officer, replacing a 2002 pickup, which would be retired. In discussions with vendors, we may have already missed opportunity for state-bid pricing on this vehicle.

Fire Dept. – Ambulance - \$300,000: The CIP/CEP projects replacement of an ambulance in 2024. In discussion with the vendor, this is now a 2 year lead time. Indeed, the ambulance we ordered in October 2021 for this year has yet to come in. Although this lead time is extraordinary, it does not require any money down and would be without any penalty if we later cancelled the order.

Parks Dept. – Bobcat Toolcat- \$60,000: The 2023 proposed budget includes replacement of the 2013 utility vehicle. This currently has an 8-12 month lead time.

Parks Dept. – Vehicle - \$35,000: The 2023 proposed budget includes replacement of the 2011 Hyundai Accent. This is the primary vehicle used for recreation programming. It was originally acquired as a forfeiture through the Police Department. As a subcompact car, it really does not fit our needs. Instead, it would be replaced with a small van type vehicle. Lead times and 2023 cutoffs require we order now to secure a vehicle.

Parks Dept. – Toro 5910 Mower - \$134,000: The 2023 proposed budget includes a replacement of this 2013 mower. Toro dealers are unsure if orders made in 2023 will be fulfilled; however, the state contract dealer in Minnesota has four of these slated to be delivered in December of 2022. With preauthorization we can put our name on one of those four. Also important to note, the price has already increased above the \$110,000 budget and is anticipated to increase again in 2023.

Police Dept. – Squad Cars - \$107,000: The 2023 proposed budget includes replacement of 2 squad cars. Telematics on these vehicles score 25.3 and 25.7 points (rating of 23 to 27 qualifies for replacement). These had a very short window to order between September 6 and 9. Staff has already ordered these vehicles. The state bid pricing is 10% over our \$98K budget.

Public Works Dept. – Plow Truck - \$260,000: The 2023 proposed budget includes replacement of a 2007 dump truck complete with plow and wing blades, salt spreader, and on-board telemetry. This had a very short “repeat customer” window to order by September 9. Staff has already ordered this truck; however, being on the preferred order list does not guarantee that we will receive a truck. Also, there is no cost to be on the list or penalty if we do not ultimately purchase the truck.

Public Works Dept. – Pick Up Trucks \$120,000: The 2023 proposed budget are 3 pickup trucks to replace 1997, 2001, and 2003 models in the Streets and Engineering Departments. In discussions with vendors, we may have already missed opportunity for state-bid pricing on these vehicles. We continue to look for opportunities to purchase vehicles in this extreme market and request the authority to move forward with commitments within the proposed 2023 Budget if a pre-ordering window opens up yet in 2022.

Financial Impact:

Total cost is \$926,000 in 2023 and \$300,000 in 2024. Although none of these items are anticipated to require payment until 2023, we presently have cash on-hand that could cover the total cost, so the requested pre-approval can be independent of the property tax levy.

Committee Discussion:

The potential for pre-approvals was noted at the Finance Committee's August 23 budget meeting and the City Council's September 6 budget workshop; however, specific items were not discussed.

Attachments:

N/A