



THE CORPORATION OF THE CITY OF VERNON

**INTERNAL M E M O R A N D U M**

**TO:** Will Pearce, Chief Administrative Officer **FILE:** 1280-01  
**PC:** James Rice, Director, Operations **DATE:** March 15, 2022  
Debra Law, Director, Financial Services  
**FROM:** Richard Strobel, Manager, Fleet Services  
**SUBJECT: FLEET – 2022 FORCASTED BUDGET SHORTFALL**

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The 2022 Fleet Services Department approved fuel budget across all departments (does not include RCMP) is \$487,033. This amount was forecast when the 2022 budget was prepared in July of 2021. At that time, the City was paying \$1.37L for gasoline and \$1.26L for diesel. In 2021 the City used a combined 427,200 litres of diesel and gasoline.

Oil and fuel prices have been extremely volatile in 2022. The City is currently (as of March 15) paying \$1.81L for gasoline and \$1.99L for diesel. If fuel pricing continues at these levels for the balance of 2022, the Fleet fuel budget will have an estimated shortfall of \$270,000.

Instability in oil and fuel prices have also resulted in a significant increase in the cost of vehicle parts and supplies. Tire prices alone have increased up to 19% since January 2022. Non-local vendors are also adding additional fuel surcharges to regular purchase prices. If vehicle parts and supply prices remain at current levels for the balance of 2022, the Fleet parts and supplies budget will have an overall estimated 10% shortfall of \$50,000.

To prepare for this potential budget shortfall, Administration is recommending that Council consider allocating \$320,000 of the 2021 unexpended uncommitted balance to address these issues should prices remain high for the remainder of 2022. Administration will report back to Council at the end of 2022 with actual costs and how much, if any, of the allocated funding was required to support Fleet Operations.

**RECOMMENDATION:**

THAT Council receive the memorandum titled "Fleet – 2022 Forecasted Budget Shortfall" dated March 15, 2022 respectfully submitted by the Manager, Fleet Services;

AND FURTHER, that Council direct Administration to allocate \$320,000 for potential 2022 Fleet budget shortfalls relating to increases in fuel, parts, and supplies to be funded by the 2021 Unexpended Uncommitted balance;

AND FURTHER, that Council direct Administration to report back to Council early in 2023 with the actual 2022 Fleet budget costs relating to fuel, parts and supplies.

**Richard  
Strobel**

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