

**Fuel Costs (M. Phair)**

**Recommendation:**

That the October 7, 2005, Asset Management and Public Works Department report 2005PWM101 be received for information.

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Budget	13,599	13,923	18,348
Actual	14,144	16,241	20,278 ( <i>est.</i> )

**Report Summary**

This report outlines budgeted fuel costs, and the projected impact on the City's 2005 performance.

**Previous Council/Committee Action**

At the August 30, 2005, City Council meeting, the following inquiry was made:

"With the significant increase in fuel costs, and with the City owning hundreds of vehicles, I would like the following information:

1. Approximately what did the City (and Police) budget for fuel for the City's vehicles, buses, etc?
2. What is the estimate of the actual costs for 2005?
3. Will the change in costs have an impact on the City's 2005 budget?
4. What impact does Administration foresee on the proposed 2006 budget with rising fuel costs?

I would like this inquiry to return to the appropriate committee."

**Report**

Responses to Questions

1. Approximately what did the City (and Police) budget for fuel for the City's vehicles, buses, etc?

2. What is the estimate of the actual costs for 2005?

The first half of the year had a budget of \$9,174,000, with an actual of \$8,742,000. Fuel consumption for the second half of the year reflects the operation of the new DATS hybrid model service, as well as higher fuel prices. The total fuel cost for 2005 is anticipated to be \$20,278,000.

3. Will the change in costs have an impact on the City's 2005 budget?

The extra \$1,930,000 expenditure forecast is expected to be absorbed within the approved 2005 budget due to strong revenue growth in areas such as investment earnings, franchise fees and transit. It is not expected to require a budget adjustment.

4. What impact does Administration foresee on the proposed 2006 budget with rising fuel costs?

The proposed 2006 budget will incorporate an estimate of fuel costs based upon current expectations. Senior Management Team has also identified a corporate fuel allowance as a contingency to cover further fuel and natural gas increases, if necessary.

**Others Approving this Report**

J. Tustian, General Manager, Corporate Services Department