



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Sylvia Richards
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DATE: May 13, 2025

RE: Fleet Fund Fiscal Year 2026 Budget

BUDGET BOOK PAGES: 39, 44, 55, 68, 232-239, 313

PROJECT TIMELINE:

Briefing: May 13, 2025

Budget Hearings: May 20 and June 3,
2025

Potential Action: June 10, 2025

ISSUE AT-A-GLANCE

Fleet Services is an Internal Service Fund within the Department of Public Services, consisting of 49 FTEs supporting departments city-wide with vehicle and equipment procurement, maintenance, repair, replacement, fueling and inspection services for over 1,935 vehicles. Fleet employees maintain more than 2,786 pieces of equipment. As an internal service fund, the Fleet Fund operates with money that is paid out of other funds (including the General Fund). The Airport vehicle fleet and funding are managed separately.

The FY2026 proposed budget for the Fleet Fund is \$23.7 million, which is a decrease of \$4,213,163 million or 15.08% as compared to last year. The reductions were largely due to the request for a flat budget from the Administration, but also due to the Council considering FY 26 fleet purchase budget in a FY 25 budget amendment rather than the annual budget to avoid potential impacts from federal tariffs.



Below is the detailed budget proposed Fleet Fund budget for FY2026.

Fleet Fund Class			FY 2026 Mayor		Percentage
Ledgers	FY 2024 Actuals	FY 2025 Adopted	Rec'd	Difference	Change
Revenue & Other Sources					
Maintenance Billings	11,480,600	14,430,440	14,451,959.69	21,519.69	0.15%
Fuel Billings	3,681,690	4,834,205	3,230,912.50	(1,603,292.50)	-33.17%
Sales of Vehicles	543,020	346,750	399,977.00	53,227.00	15.35%
General Fund Transfer for Replacement	12,133,150	5,657,993	5,800,650.00	142,657.00	2.52%
Other Revenue	1,212,300	992,903	42,201.00	(950,702.00)	-95.75%
Debt Proceeds (Financed Equipment Purchases)	0	0		-	
Total Revenue & Other Sources	29,050,760	26,262,291	23,925,700.19	(2,336,590.81)	
Expenses & Other Uses					
Personnel Services	4,792,491	4,831,395	5,842,813.96	1,011,418.96	20.93%
Operating & Maint (Excluding Fuel)	5,329,854	5,928,221	5,604,000.00	(324,221.00)	-5.47%
Fuel Purchases	3,354,089	4,476,680	3,125,612.50	(1,351,067.50)	-30.18%
Charges and Services	1,664,191	3,449,914	2,451,395.99	(998,518.01)	-28.94%
Debt Service and Interest	3,192,761	2,667,129	1,925,033.00	(742,096.00)	-27.82%
Debt (Financed Equipment Purchases)	913,268	0	-	-	
Equipment Purchases (Non-Financed)	9,952,383	4,294,117	4,275,594.00	(18,523.00)	-0.43%
Transfers Out (Debt Service & Other)	290,945	2,061,893	300,052.39	(1,761,840.61)	-85.45%
Capital Other Improvements	(1,698)	238,316	210,000.00	(28,316.00)	-11.88%
Total Expenses & Other Uses	29,488,284	27,947,665	23,734,501.84	(4,213,163.16)	-15.08%
Change in Net Assets	(437,524)	(1,685,374)			

All expense categories show a decrease except for Personnel Services which increased by approximately 21%. Most of the increase is attributed to higher insurance premiums 7.1% and a salary increase of 4.0%.

Fleet Electrification

The Departments of Sustainability and Public Services have provided the Council with their Salt Lake City's Fleet Electrical Vehicle Charging Infrastructure Plan. The plan identifies the future costs and specific details of creating the infrastructure necessary to accomplish the City's goals to reduce greenhouse gas emissions 80% by 2040 by electrifying the Fleet.

As a step towards providing the infrastructure needed for the electrification of the fleet vehicles, the Facilities Division submitted a CIP request for \$1,078,807 million for EV stations at the Public Safety Building (PSB) (CIP Funding Log #38 PSB EV Charging Expansion). The Mayor has approved that request (all three phases).

- ***The Council may wish to schedule a review of the Community Electrified Transportation Study during the upcoming months, including an update on the evaluation of charger fee options and ownership models.***
- ***The Council may also wish to request an estimate of costs to add EV stations at the City & County Building.***

While electric vehicle (EV) purchases have a higher upfront cost, Fleet is confident that increased demand will eventually translate into competitive pricing as more manufacturers enter the EV market. Likewise, Fleet remains committed to the Mayor's and Council's electrification goals. The Fleet budget needs right-sizing to attain those goals according to schedule, as EVs currently cost approximately 40% more than their non-EV counterparts.

However, more importantly, Fleet indicates an investment in electric vehicle charging infrastructure is necessary to purchase more EVs. Currently, the City has 18 chargers for 60 electric vehicles. These chargers are at capacity and so purchase of EVs will become very impractical if more chargers are not built. The Fleet Electrification Study shows that most City facilities will require an upgrade in electric infrastructure to enable them to handle the increased load more EV chargers will create. As mentioned, the Mayor’s Recommended CIP budget proposal for EV chargers at the PSB includes all 3 phases of the project. Upon completion of all 3 phases many Police Department and some Fire light duty vehicles purchased could be electric.

Current EV vs. Non-EV		
<i>Class</i>	<i>Current Non-EV Cost</i>	<i>Current EV Cost</i>
Pickups	\$ 55,000.00	\$ 72,000.00
Compact Sedan Automobiles	\$ 33,000.00	\$ 76,000.00
Cargo Utility Vans	\$ 57,000.00	\$ 68,000.00

Vehicle Purchases and Replacement

Council Members will recall that as part of Budget Amendment No. 5, the Council approved the use of \$5.2 million of one-time funds from Funding Our Future (FOF) to purchase Public Safety and Streets Maintenance Vehicles during the budget amendment instead of the annual budget process due to the uncertainty surrounding federal tariff policy implementation. Additionally, during Budget Amendment No. 2, the Council approved the purchase of additional city Fleet Vehicles (\$3.9 Million one-time from the Fleet Maintenance Fund Balance). (See *Additional Information* at the end of this staff report for charts showing the vehicles purchased).

The information below from Fleet identifies vehicle replacement by department and fund for FY26.

**Vehicle replacement by department, including capital cost and number of vehicles
FY26 Vehicle Replacements**

Department	FOF Public Safety \$4M	FOF Streets \$1.2M	General Fund \$5M	Department Total
CAN			2	2
Fire	4		1	5
Police	29		22	51
Public Lands			5	5
Public Services*		4	8	12
Fund Total	33	4	38	75

*Includes Engineering

Vehicle Cost Comparisons by class

Includes current and EV vs Non-EV.

<i>Class</i>	<i>Current Cost</i>
Utility Trucks	\$ 76,000.00
Sport Utility Vehicles	\$ 45,000.00
Off Road & Construction Wheeled Loaders	\$ 485,000.00

FUNDING GAP AND BACKLOG

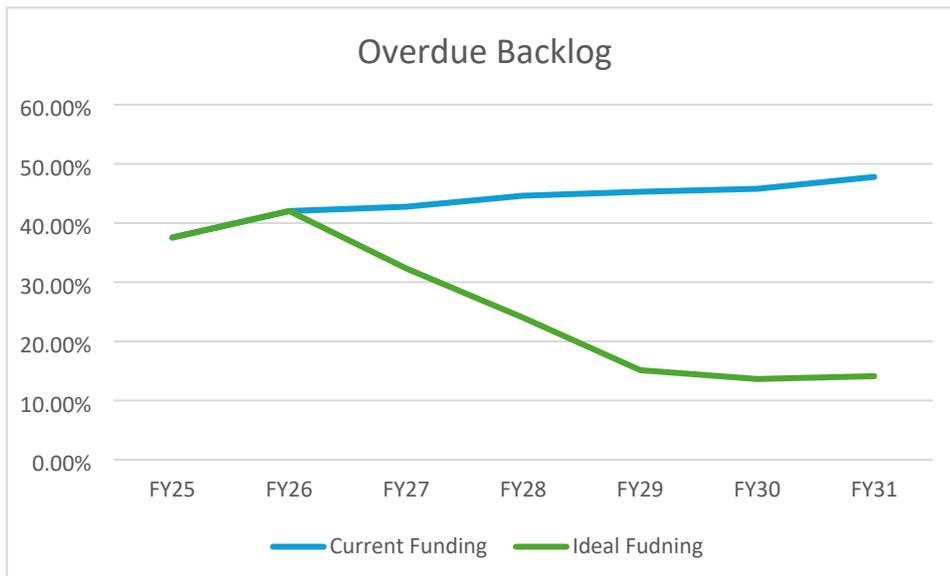
Fleet has provided below an updated 7-year vehicle replacement funding need projections chart which shows a sizeable gap between Current Funding versus Ideal Funding from the General Fund beginning in FY27.

- **The Council may wish to request an estimate of the number of additional vehicles which may be purchased in FY27 assuming the funding gap from the General Fund continues.**

		FY25	FY26	FY27	FY28	FY29	FY30	FY31
Current Funding	General Fund	\$5M	\$5M	\$5M	\$5M	\$5M	\$5M	\$5M
	FOF (PS & Streets)	-	\$5.2M	\$5.2M	\$5.2M	\$5.2M	\$5.2M	\$5.2M
Ideal Funding	General Fund	\$5M	\$5M	\$16.2M	\$16.2M	\$16.2M	\$8M	\$8M
	FOF (PS & Streets)	-	\$5.2M	\$5.2M	\$5.2M	\$5.2M	\$5.2M	\$5.2M

A seven-year projection is applied due to new technologies, (electrification) and pricing uncertainty.

Current projections show Fleet’s backlog for FY31 at 47.79% with current funding, or 14.12% with ideal funding. Reducing the backlog of asset replacements will reduce maintenance costs and downtime significantly and improve Fleet’s return on investment on assets. Fleet has indicated they will continue to strategically consider ways to address the backlog of vehicles due for replacement, and coordinate with departments regarding priorities.



- **Council members may wish to ask if the fleet fund has sufficient vehicles for the next graduating class of Police cadets.**

Additional Information

Metrics: Fleet analyzes mechanic productivity hours, with a goal of maintaining 90% productivity.

Performance Measures	2022 Actual	2023 Actual	2024 Actual	2025 Target	2026 Target
FLEET: Maintain mechanic productivity rate during work hours at 90% or greater	92%	88%	90%	90%	90%

- Fleet has one unfilled mechanic position which has been vacant since April 2025. Active recruitment is in process.
- The Council may wish to note that the city-owned carwash has been decommissioned. Fleet has contracted with an outside vendor that all departments may use to clean their vehicles.
- The division has adjusted/lowered its training budget to better target specific training. This will continue into next year.

Salt Lake City's General Fund Fleet by the Numbers (Department, Number of Asset and Estimated Replacement Value

Data current as of May 8, 2025

Department	# of Assets	Sum of Fleet Value
CAN	75	\$4,006,340.65
Fire	125	\$53,898,349.37
Mayor	1	\$67,013.20
Police	740	\$50,703,796.88
Public Lands	270	\$24,088,057.09
Public Services	311	\$60,214,220.87
Risk MGMT	1	\$69,233.04
Grand Total	1523	\$193,047,011

Historically small equipment was included in these numbers, however as there are significant fluctuations in small equipment not included this year, or in the future.

Vehicle Lease Payment (Replacement Fund only)

Vehicle Lease Payments Schedule (REPLACEMENT FUND only)						
	FY25	FY26	FY27	FY28	FY29	FY30
Lease Principal						
Total Principal	\$2,515,713	\$1,840,639	\$824,502	\$189,798	\$197,538	\$0
Lease Interest	0					
Total Interest	\$151,416	\$84,394	\$36,459	\$13,740	\$6,001	\$0
Total Lease Payments	\$2,667,129	\$1,925,033	\$860,961	\$203,539	\$203,539	\$0

Budget Amendment No. 5 Vehicle Purchases

\$4 Million for Public Safety Vehicles	\$1.2 Million for Street Maintenance Vehicles
<ul style="list-style-type: none"> \$2 million for 26 police hybrid SUVs and 3 police trucks 	<ul style="list-style-type: none"> \$100,000 Ford F550 Dump truck including a plow
<ul style="list-style-type: none"> \$1.3 million for a fire engine pumper \$550,000 for Type 3 wildland truck \$116,000 for two F150 hybrid trucks 	<ul style="list-style-type: none"> \$1.1 million for 3 roll off dump trucks
Note: The Fleet Division monitors electric fire engines for potential future purchases as these are still relatively new on the market and are more expensive upfront.	

Budget Amendment No. 2 purchases

Department	Current Acquire & Capital Cost	Number Of Assets
CED	\$147,980	4
Fire	\$1,900,000	1
Police	\$464,625	5
Streets	\$1,381,834.	5
Grand Total	\$3,894,440	15

BA No. 2 3.9M

Department	Current Acquire & Capital Cost	Number Of Assets
Public Lands	\$41,000	2
Public Services (Streets)	\$761,000	6
Police	\$2.7 million	40
Grand Total	\$3.5 million	48

The remaining \$400,000 will be used for upfit costs of these vehicles

ACRONYMS

EV – Electric Vehicle
 FOF – Funding Our Future
 FTE – Full Time Employee
 FY – Fiscal Year