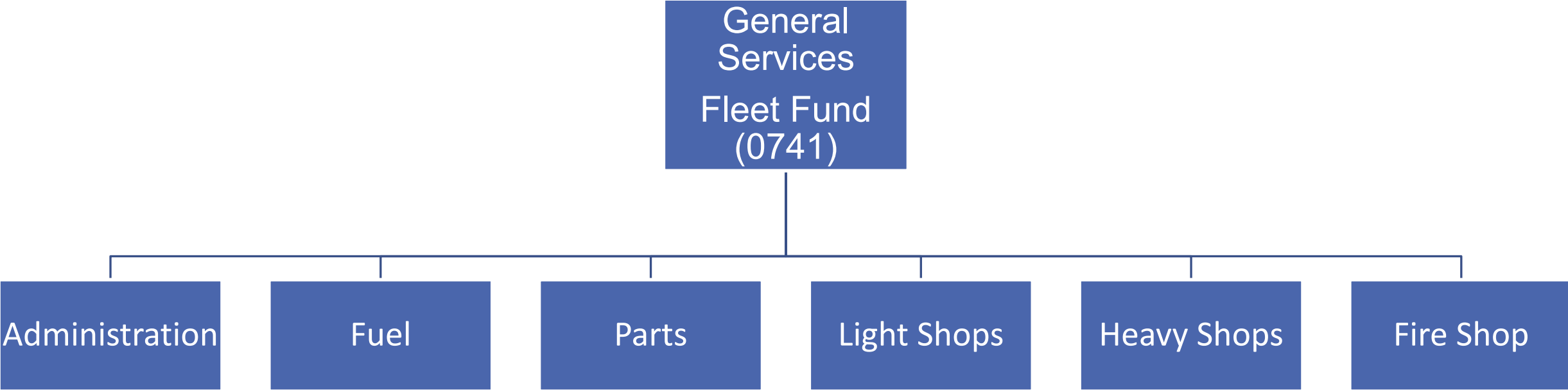


FY26 Budget: General Services

Fleet Services Fund

FY26 Budget Org Chart at Legal Level: General Services - Medium



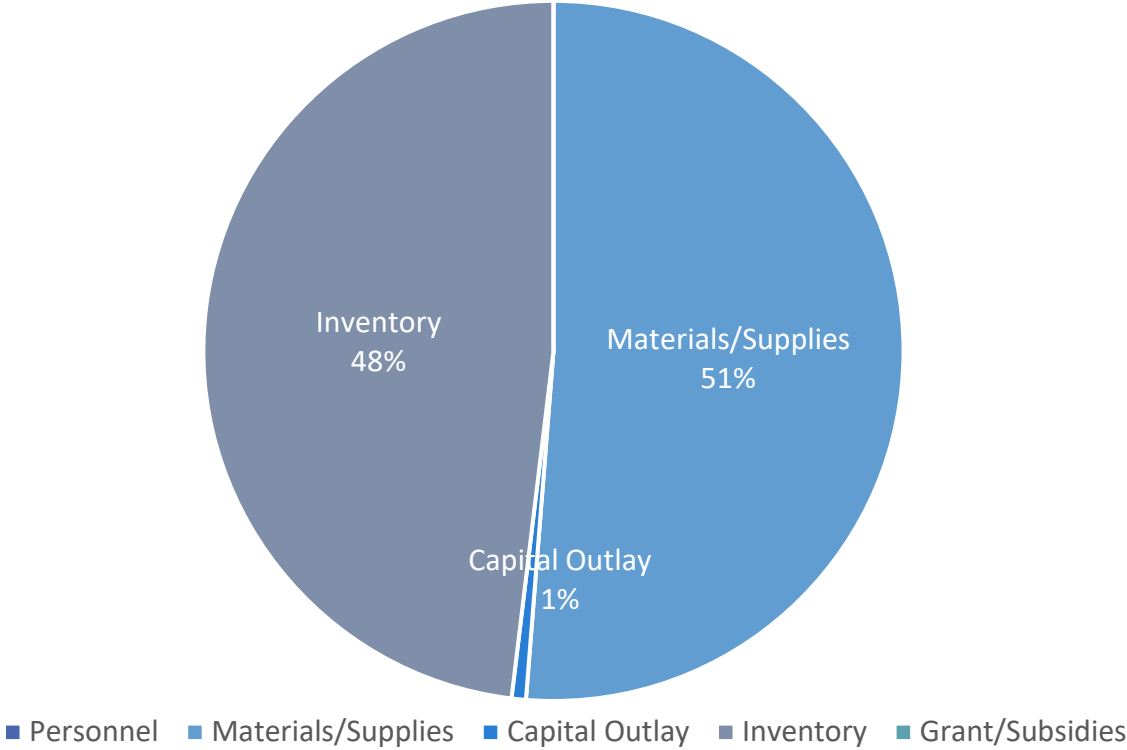
Budget Overview: General Services (Fleet Fund)

Total Requested Budget for the upcoming year

Key Budget Priorities

For FY26, Fleet Maintenance’s essential budget priorities will focus on maximizing vehicle availability by prioritizing repairs and services for critical divisions - with an emphasis on emergency response vehicles for Memphis Fire and Memphis Police, as well as priority support for Solid Waste. Additionally, the division will execute and manage the Capital Acquisition budget to replace aging vehicles essential to core City operations.

Breakdown of Major Spending Categories



Historical Budget Comparison: General Services (Fleet Fund)

Category	FY21 Adopted Budget	FY22 Adopted Budget	FY23 Adopted Budget	FY24 Adopted Budget	FY25 Adopted Budget	FY25 Forecast	FY26 Proposed
Personnel Expenses							
Materials and Supplies	13,448,548	14,059,741	14,059,741	16,084,974	18,183,128	19,353,738	19,416,127
Capital Outlay	394,453	394,453	394,453	737,681	500,000	575,000	250,000
Inventory	14,541,936	14,541,936	15,541,936	17,812,626	18,725,000	18,764,623	18,244,000
Depreciation on Own Funds	96,100	96,100	96,100	96,100	96,100	-	96,100
Total Expenditures	28,481,037	29,092,230	30,092,230	34,731,381	37,504,228	38,693,361	38,006,227
Total Revenues	30,325,742	29,322,771	29,058,245	33,913,882	37,614,907	37,982,082	38,291,463

Key Budget Drivers: General Services (Fleet Fund)

Budget Drivers: Key factors driving the budget change requests

- **Personnel Costs:**

Funded in the General Fund, operational personnel costs are recouped through monthly expense recoveries (journal entries) from the Fleet Fund

- **M&S:** (Inflation or External Costs -- Increase in costs for materials, services, or contracts due to inflation or other economic factors.)

- **Parts**

- Inflation
 - Tariffs

- **Heavy**

- Inflation
 - Tariffs

- **Fire Shop**

- Inflation
 - Tariffs
 - Use of out-of-town vendors

Key Budget Drivers: General Services (Fleet Fund)

Explanation of Changes or Positive Statement of Neutral Budget

- A brief explanation of each driver and why it's important to allocate additional funds.
 - **Fire Shop**
Overtime
Expensively used to keep Fire in compliance of national mandate for reserve units
 - Using outside vendors have become costly as they pass on any increases to customers.
 - Increased wait times, due to use of out-of-state vendors
 - **Parts**
Inventory
 - Inflation
 - Tariffs (reported 25%, May 2025)

Key Budget Drivers: General Services (Fleet Fund)

Operational Cost (Maintenance and Repairs)

- Increasing costs for parts, labor, and outsourced repairs due to inflation.
- Labor has a 25% increase in the past two years.
- Part purchases have increased 55% since 2022
- Professional services higher cost for repairs made by others.
- Labor for outsourced repairs an average \$170.75 per hour (+) service call or wrecker charge.

Key Budget Drivers: General Services (Fleet Fund)

Capital Acquisition (Vehicle Replacement):

- High mileage and aged vehicles increasing downtime and repair costs.
- 2511 Units are outside life cycle and driving up cost and down time.
- Aging fleet requiring more frequent and costly maintenance.

Key Budget Drivers: General Services (Fleet Fund)

57% of the City Fleet vehicles are outside the life cycle.

<u>Assigned</u>		<u>Outside the Life Cycle</u>	
Executive	11	Executive	10
Fire	557	Fire	301
MPD	2086	MPD	1262
Parks	235	Parks	163
Sanitation	364	Sanitation	68
PW	788	PW	465
HR	2	HR	2
GS	221	GS	166
Engineering	105	Engineering	74
Total	4369	Total	2511

Key Budget Drivers: General Services (Fleet Fund)

Fuel Costs

- Fluctuating fuel prices impacting operating budgets.

Division Demands

- Increased demand for vehicle availability to meet expanding service needs (Police, Fire, Sanitation).
 - **Memphis Fire Department Requirements:** 35 Ambulances, 54 Pumpers, 20 Aerial Trucks and 3 Rescues vehicles
 - **Memphis Police Requirements:** 120 Patrol cars per shift 3 shift for a total of 360 cars not including OCU, K9 and other special units.
 - **Sanitation Farrisview Requirements:** 30 Packets, 15 Recycles, 12 Pickers and 27 Bob Trucks.
 - **Sanitation Bellevue Requirements:** 36 Packers, 18 Recycles, 12 Pickers and 30 Bob Trucks.
 - Ambulances, Pumpers and Arial trucks are time consuming to acquire and costly to maintain due to the nature of the vehicles. Most parts are not available at the local vender and have to be special ordered from out of town.

Key Budget Drivers: General Services (Fleet Fund)

Vendor and Supply Chain Challenges

- Delays in vehicle manufacturing, parts availability, and longer lead times driving up costs and extending repair times.
 - **Delays in vehicle manufacturing** – Experience backlog in FY24 and FY25 receiving vehicles due to manufacturing shortages. We are still waiting on vehicles from both fiscal years. (Police Interceptors)
 - It takes 2 to 3 years to have Pumpers and Aerial Trucks for Fire to be built.
 - **Parts availability** – currently we have a few issues receiving parts due to national back order. (Turbo chargers, alternators, fuel pumps, liquid springs, racket pinions and ABS modules)
 - Specialty parts needed for repairs of fire equipment must be made or are on backorder causing delays.
 - **Longer manufacturing lead times driving up costs and extending repair times** – With longer manufacturing leads times (vehicles are not available in the fiscal year ordered), purchase costs are adjusted for the actual purchase price. The vehicle to be replaced must be repaired at a higher cost to keep it in service until the replacement is received.
- Upgrades to vehicle safety features and communications equipment.

Key Budget Drivers: General Services (Fleet Fund)

Labor and Staffing Constraints

- Challenges in recruiting and retaining qualified technicians and fleet staff.
- Rising personnel costs due to market competition for skilled labor.
- Increased overtime and reliance on external vendors to cover vehicle availability.

Proposed New or Budding Initiatives for FY26 General Services (Fleet Fund)

New or Budding Initiative: Mobile Diagnostic Service.

Budget Allocation: \$40,000 (\$20K/each laptop computer)

Timeline: expected rollout time is September 2025

Expected Outcomes: Have a mobile diagnostic service to be used by all Heavy shops to reduce the cost of outside vendor miscellaneous professional services.

Impact: Better diplomacy, faster response times and lower costs.

Challenges and Risks: General Services

- **Rising Fuel Costs**: Fluctuations in fuel prices and the implementation of carbon taxes will continue to impact operating expenses.
- **Labor Shortages**: Attracting and retaining skilled mechanics and drivers will be a persistent challenge, especially with increased demand and retirement rates.
- **Maintenance Costs**: In-service vehicle and equipment maintenance, including spare parts, will face inflationary pressures.
- **Infrastructure Costs**: The rising cost of electrification infrastructure, including charging stations, will be a significant investment for municipalities adopting electric vehicles.
- **Vehicle Acquisition**: Acquiring new vehicles, including those transitioning to electric, will face challenges in both cost and availability.
- **Supply Chain Disruptions**: Supply chain disruptions can impact the availability of spare parts and new vehicles, potentially leading to maintenance delays and increased costs.
- **Cybersecurity**: Protecting fleet management systems and data from cyber threats will become increasingly important as technology becomes more integrated.