

**DEPARTMENT OF FLEET SERVICES
FISCAL YEAR 2025 BUDGET TESTIMONY
APRIL 10, 2024**

INTRODUCTION

Good Morning, President Johnson and Members of City Council. I am Joseph L. Rosati, Commissioner, Department of Fleet Services. Joining me today are Dr. K Wilson, Deputy Commissioner for Administration and John DeLeo, Deputy Commissioner for Operations. I am pleased to provide testimony on the Department of Fleet Services' Fiscal Year 2025 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: The Department of Fleet Services (DFS) ensures that City vehicles and other automotive equipment are available, dependable, and safe to operate so that City departments and agencies can deliver services. DFS is responsible for the acquisition, repair, maintenance, and disposal of all City-owned vehicles and equipment. DFS also fuels City vehicles, as well as vehicles for quasi-City agencies (including the School District of Philadelphia), through its department-operated fuel stations. DFS maintains an active fleet of approximately 6,800 vehicles, including over 700 pieces of specialized equipment. From fire trucks to riding mowers, DFS makes sure that City employees have the vehicles they need to do their jobs and work towards a City that fulfills the Mayor's goal of a safer, cleaner, and greener Philadelphia.

Plans for Fiscal Year 2025

High School Internship Program: In FY25, DFS will continue its high school internship program. During FY25, DFS will enroll 30 students into the internship program. Upon the successful completion of the two-year internship program, these students will be hired as Automotive Apprentices, a permanent civil service position in the City. After two years of successful training, they will be eligible for promotion to Automotive Technician Positions. DFS encourages and focuses on hiring minority students into the internship program, which will help reduce the racial disparity among the automotive technicians. Historically, 88 percent of Fleet's interns have been minority students.

Vehicle Safety and Availability: In FY25, DFS will continue prioritizing the vehicle availability of core mission vehicles, including Radio Patrol Cars, Fire Medic Units, Fire Engines, Fire Tiller Ladder trucks, and Street Compactors at 100 percent as per the Service Level Agreement (SLA) with the operating departments. This strategy will be attained by maintaining scheduled preventive maintenance inspections to reduce unscheduled or breakdown repairs. DFS's work order system will track and monitor vehicle usage and schedule the required preventive maintenance to avoid unscheduled or breakdown repairs. This will enable DFS to enhance vehicle safety and increase vehicle availability for the operating departments as per the SLA. During FY25, DFS plans to maintain the Citywide vehicle availability at a target level of 90 percent. This strategy will enhance vehicle safety and increase vehicle availability for operating departments.

Optimal Vehicle Replacement Strategy: DFS will continue to pursue its Optimal Vehicle Replacement Strategy, which focuses on replacing critical public health and safety vehicles, including vehicles and equipment belonging to the Police, Fire, and Street Departments. This strategy will

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enable DFS to replace aged and inefficient vehicles and equipment with more fuel-efficient and technologically-advanced vehicles. The vehicle and equipment replacement strategy will be in accordance with the City’s Clean Fleet Plan to implement a clean fleet procurement policy and establish a vehicle procurement hierarchy that prioritizes battery electric vehicles, hybrid electric, hybrid, and CNG vehicles. This initiative will enable DFS to continually provide safe and reliable vehicles and equipment to operating departments to better service the city and its residents.

Environmental Initiatives: DFS will continue to support the City’s environmental initiative by purchasing Battery Electric Vehicles (BEV), Hybrid Electric Vehicles (HEV) and Compressed Natural Gas Vehicles (CNG) wherever applicable. The vehicle and equipment replacement strategy will be in accordance with the Philadelphia Municipal Clean Fleet Plan, a strategy to transition the City’s fleet to clean and electric vehicles. DFS will continue the installation of Electric Vehicle Charging Stations to continue to pursue the City’s Clean Fleet Plan and purchase fully electric vehicles for operating departments. Also, DFS will continue the fuel tank replacement capital project to comply with the Pennsylvania State DEP mandates and fuel site regulations.

PROPOSED BUDGET OVERVIEW

General Fund Financial Summary by Class						
	FY23 Original Appropriations	FY23 Actual Obligations	FY24 Original Appropriations	FY24 Estimated Obligations	FY25 Proposed Appropriations	Difference: FY25-FY24
Class 100 - Employee Compensation	\$20,534,432	\$19,228,085	\$21,146,675	\$21,146,675	\$21,146,675	\$0
Class 200 - Purchase of Services	\$5,449,396	\$6,345,115	\$6,430,287	\$7,430,287	\$6,430,287	(\$1,000,000)
Class 300/400 - Materials, Supplies & Equipment	\$44,765,494	\$52,730,853	\$43,035,989	\$59,535,989	\$29,095,098	(\$30,440,891)
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$10,000,000	\$0	(\$10,000,000)
Total	\$70,749,322	\$78,304,053	\$70,612,951	\$98,112,951	\$56,672,060	(\$41,440,891)

Proposed Funding Request:

The proposed Fiscal Year 2025 General Fund budget totals \$56,672,060, a decrease of \$41,440,891 over Fiscal Year 2024 estimated obligation levels. This overall decrease is primarily due to one-time funding for vehicle repair and maintenance services, vehicle parts, and vehicle fuel purchases, along with a significant additional investment in vehicle acquisition funding in FY24 to accelerate the Mayor’s goal of a safer, cleaner, and greener Philadelphia.

The proposed budget includes:

- \$21,146,675 in Class 100, level with FY24. This funding will be allocated to employee salaries and associated Class 100 costs.

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- \$6,430,287 in Class 200, a decrease of \$1,000,000 from FY24 due to the one-time funding for vehicle repair and maintenance services. This funding will be mainly allocated for Heavy Equipment Repairs at \$900,000, \$690,000 for Rental of Vehicle Parking Spaces, \$450,000 for Fuel Distribution Equipment Repair & Maintenance, \$430,000 for various Vehicle Repair Services, \$400,000 for Emergency Tire Recapping Services, \$366,000 for Vehicle Towing Services, \$350,000 for Auto Collision & Light Truck Repairs, \$350,000 for Fire Aerial Apparatus Repairs, \$300,000 for Engine & Transmission Repairs, \$100,000 for Warranty Administration Services, and \$90,000 for Fuel Site Environmental Services.
- \$24,376,353 in Class 300, a decrease of \$4,440,891 from FY24 due to a decrease in vehicle parts and vehicle fuel purchase obligations. This funding will be mainly allocated for \$8,108,000 for Gasoline Fuel, \$6,373,338 for Diesel Fuel, \$5,607,211 for Vehicle Parts, \$1,642,000 for Tire & Tubes, \$1,040,000 for Vehicle Lubricants, \$172,000 for Automotive Paint & Related Supplies, and \$148,000 for Anti-Freeze, Gas & Chemicals purchases.
- \$4,718,745 in Class 400, a decrease of \$26,000,000 from FY24. This funding reduction is mainly due to the one-time funding for vehicle purchases in FY24. This funding will mainly be used to purchase 25 Radio Patrol Cars at a cost of \$1,750,000, 10 Emergency Patrol Wagons at a cost of \$760,000, and 10 unmarked sedans at a cost of \$380,000 for the Police Department, \$408,000 to replace Fire Department Command Vehicles, and \$1.06 million to replace various aged vehicles for all other departments.
- In FY25, Class 800 fund is decreased by \$10,000,000 mainly due to the one-time funding to purchase Fire Department equipment.

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STAFFING LEVELS

The department is requesting 403 budgeted positions for FY25, level with FY24.

Employment Levels (as of December 2023)		
	FY25 Budgeted	Filled as of December 2023
Number of Full-Time Positions	403	334
Number of Exempt Positions	7	7
Number of Executive Positions (deputy level and above)	3	3
Average Salary of All Full-Time Positions	\$59,712	\$61,666
Median Salary of All Full-Time Positions	\$60,590	\$60,990

NEW HIRES

New Hires (from 7/1/2023 to December 2023)			
	Total Number of New Hires	Malayalam	Spanish
Black or African American	11		
Asian	2	1	
Hispanic or Latino	3		1
White	2		
Total	18	1	1

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PROGRAM BASED BUDGETING

Program Name: Fleet Maintenance Services

Program Number: 2502

FY25 Proposed General Fund: \$33,281,879

Program Description: This program includes DFS’s 16 vehicle repair facilities, which are strategically located throughout the city. Employees include skilled shop floor technicians who are responsible for vehicle repair and maintenance services.

FY25 Strategic Goals:

- Maintain vehicle availability Service Level Agreements (SLA) for the City’s core mission vehicles.
- Continue to focus on implementing and adhering to the Scheduled Vehicle Maintenance Program.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Fleet availability - citywide	91.0%	90.00%	90.0%
Percent of SLA met for medic units*	124.7%	100.0%	100.0%
Percent of SLA met for trash compactors**	97.7%	100.0%	100.0%
Percent of SLA met for radio patrol cars***	99.4%	100.0%	100.0%
Fleet availability - police radio patrol cars****	90.3%	88.0%	88.0%
Percent of maintenance performed that is scheduled*****	75.8%	70.0%	70.0%
Percent of maintenance performed that is unscheduled*****	24.3%	30.0%	30.0%

*The SLA is met when 64 of 93 medic units are available. Fleet's Optimal Vehicle Replacement Strategy for medic unit purchases enabled the Department to meet the SLA.

**The SLA is met when 243 of 326 compactors are available for day to day operations.

*** The SLA is met when 664 of 755 RPCs are available.

**** The SLA is met when 664 of 755 or 88% of the budgeted RPC inventory is available on a day-to-day basis.

*****Fleet’s target for this measure is 70.0%, which is the industry standard for the percent of maintenance performed that is scheduled.

***** Fleet’s target for this measure is 30.0%, which is the industry standard for the percent of maintenance performed that is unscheduled.

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PROGRAM BASED BUDGETING

Program Name: Fleet Administrative Services

Program Number: 2504

FY25 Proposed General Fund: \$19,030,936

Program Description: This program provides necessary administrative and financial resources. Key activities include the operation of DFS’s 61 fuel sites, which dispense an average of 6.5 million gallons of fuel per year, not only for City-owned vehicles, but also to vehicles owned by the School District of Philadelphia, the Philadelphia Parking Authority, the Philadelphia Housing Authority, and the Philadelphia Redevelopment Authority. Fuel sites are located across City facilities, including Police, Fire, and Sanitation districts. DFS also operates a Compressed Natural Gas (CNG) station for CNG Street Compactor fueling.

FY25 Strategic Goals:

- Continue DFS’s High School Internship Program and Automotive Apprentice Program.
- Continue DFS’s Environmental Initiatives by purchasing Electric, Hybrid, Hybrid Electric, and CNG vehicles.
- Continue Fuel Tank Replacement and Electric Vehicle Infrastructure Projects through capital projects.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Number of Automotive Apprentices*	3	8	21
Employee turnover ratio**	18.9%	10.0%	10.0%
Number of High School Interns	30	25	30
Fuel Sites Improvements***	0	2	2
Hybrid and Electric Vehicle Additions****	354	200	200
CNG Vehicle Additions	3	3	3

*New High School Interns will graduate in FY2024. They will be enrolled into the Apprentice Program.

**In FY23, the turnover ratio was higher due to increased DROP separations. In FY24 and FY25, DROP projections are lower than FY23.

***Contract and L&I permit issues delayed the Fuel Site Improvement Project in FY23. Two fuel site improvements projects are underway and are expected to be completed before the end of the FY24.

****In FY23, there was a one-time funding addition of \$5.2 million to purchase L&I vehicles, which enabled DFS to purchase 149 Electric / Hybrid vehicles.

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PROGRAM BASED BUDGETING

Program Name: Vehicle Acquisition and Disposal

Program Number: 2510

FY25 Proposed General Fund: \$4,359,245

Program Description: Through this program, DFS develops specifications for vehicles and equipment, initiates the vehicle purchase process, and inspects and accepts vehicles and equipment for deployment. At the end of the vehicle lifecycle, DFS prepares vehicles and equipment for relinquishment, which generates City revenue upon resale.

FY25 Strategic Goals:

- Continue to replace public health and safety vehicles according to the Optimal Vehicle Replacement Strategy.
- Continue to support the City’s Clean Fleet Plan.

FY25 Performance Measures:

Measure	FY23 Actual	FY24 Target	FY25 Target
Median age of vehicle: General Fund (years)*	5.2	4.0	4.0
Median age of vehicle: Water Fund (years)*	4.7	4.0	4.0
Median age of vehicle: Aviation Fund (years)*	5.4	4.0	4.0
Number of Police Radio Patrol cars replaced / purchased	150	150	150
Number of medic units replaced / purchased	15	15	15
Number of trash compactors replaced / purchased	38	30	30
Median age of vehicle: Citywide (years)*	5.1	4.0	4.0
Median age of vehicle: Trash Compactors (years)**	5.3	4.0	4.0
Median age of vehicle: Medic Units (years)***	3.5	3.5	3.5
Median age of vehicle: Police Radio Patrol Cars (years)****	2.7	2.5	2.5
Median age of vehicle: Fire Apparatus (years)*****	5.8	7.5	7.5

*New vehicle purchases in FY24 will enable Fleet to replace aged vehicles. This will help reduce the median age of vehicles moving forward.

** Fleet ordered 38 new compactors in FY23. In FY24, Fleet plans to order 30 more new compactors to replace aged inventory.

*** Fleet's Optimal Vehicle Replacement Strategy enabled the Department to achieve this target.

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****In FY24, 150 new radio patrol cars have been ordered to replenish the aged inventory, which will bring down the median age of RPCs.

*****The FY24 and FY25 targets are based on the Optimal Vehicle Replacement Strategy. The actual in FY23 is low due to recent new equipment additions.

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

Not Applicable.