
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: April 6, 2004

SUBJECT: **Proposed Capital Improvements to the Fleet/Streets Facility**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Michael Sears

**ADMINISTRATIVE DEPT.
AND CONTACT PERSON:** Department of Public Services
Rick Graham, Director

The Administration has provided the Council an update on the Fleet and Streets Facility (Facility) located between 300 and 400 West, and 800 and 900 South Streets. The facility was included in the Facilities Master Plan in 1994 and was addressed in the Council-funded audit of the Fleet Management Fund in calendar year 2002. Several possible items for reconstruction and reconfiguration were identified in the audit. The audit also recommended that the Department of Public Services conduct a feasibility study of the entire complex. The recommended study would identify ways to reallocate and reorganize the usage of the facility so that both the streets and fleet operations can more efficiently operate.

The transmittal information from the Administration contains the Facility Needs Analysis and Proposal from the consultant who was hired to conduct the feasibility analysis of the facility. The proposed capital improvements necessary for the reconfiguration of the facility have been requested by the Administration in the fiscal year 2004-05 Capital Improvement Program (CIP).

The capital needs at the fleet facility are identified in the current 20 year Inventory of Capital Needs plan and also were identified in the Impact Fee study. The City is collecting impact fees for the reconstruction of the fleet facility. The long range capital replacement plans for the City contemplated repairing or replacing current infrastructure each year. At one time the total cost to replace the City's infrastructure was \$640 million, approximately \$130 million of which was for deferred maintenance. The reconstruction of the fleet facility was included in the deferred maintenance portion of the long range capital plans. The City's policy of allocating 9% of on-going General Fund revenue to deferred maintenance needs was designed to address the \$130 million portion of the City's capital needs. The Administration is consistent in its request for on-going CIP allocation for the fleet facility reconstruction.

The Council might want to review with the Administration whether or not there is sufficient allocation within the 9% appropriation to fully fund the fleet facility reconstruction. Another option that has been proposed by the Administration is the issuance of sales tax revenue bonds. The Council may wish to review the proposed funding options in more detail during the briefing on April 8, 2004 or at a future briefing. The Council may also want to review with the Administration options relating to relocating the fleet facility to another location in the City.

Note: The following information is provided as background information relating to the Fleet Management Fund Audit that was commissioned by the City Council.

The Council contracted with Apex Corporation for the Salt Lake City Fleet Division Management & Performance Review. Apex Corporation completed the review as specified in the contract with the City. Part I results were presented by Apex Corporation during the April 9, 2002 Council work session meeting. Both the presentation and the written report emphasized that although opportunities exist for operation improvement the Fleet Division is well managed.

Responses from the Administration were presented to the Council during a briefing on May 16, 2002. During the briefing, the Public Services Department expressed support for the recommendations in Part I and indicated that they had begun implementing the recommendations. The Council requested that the Administration make a presentation on the implementation in November or December of 2002 so that the Council can get an idea of what progress is being made.

During the May 16, 2002 briefing the Council also instructed Apex Corporation to continue with Part II of the Management & Performance Review. Apex Corporation has provided for Council review the attached final report for Part II of the Management & Performance Review. Part II consists of benchmarking the City's Fleet operation against private shops and developing a set of general implementation strategies and a sample Request for Proposal (RFP) that the City could consider. The RFP would be used if the City decides to outsource the Fleet Division function or engage in a competitive bidding process.

The Part II report did not recommend that the City consider outsourcing, but did suggest an implementation strategy if the City were to engage in outsourcing of current City functions. Other divisions and programs in the City can use the sample management and maintenance RFP that was prepared with slight modification. As the sample RFP is written, it enables the City to evaluate options by seeking proposals for outsourcing all fleet operations.

Apex Corporation has indicated to Council staff that if the City were to pursue outsourcing of any or all of the fleet operations, it would take at least one year for all of the recommendations in Part I to be implemented and that it could take several more months to gather reliable measurement data. The transmittal from the Administration recommends that the implementation of the Part I findings and recommendations continue and that discussion about initiation of an outsourcing plan be delayed until sufficient data is available.

The Council accepted the report from Apex Corporation as final and encouraged the Administration to continue with the improvements suggested in Part I of the Management & Performance Review.

cc: Cindy Gust-Jenson, Rocky Fluhart, Sam Guevara, Rick Graham, Kevin Bergstrom, Lamont Nelson, Steve Fawcett, Gordon Hoskins, Laurie Donnell, Susi Kontgis and Kay Christensen
