



STAFF REPORT
2/24/2021

TO: Honorable Mayor and City Council Members

FROM: Maritza Martinez, Public Works Director

SUBJECT: Approve vehicle leases for FY 2020/21 with Enterprise Fleet Management Inc.

SPECIFICS:

- Approve vehicle surplus listing and replacement for 2020/2021.
- Authorize the City Manager to approve a Lease Rate Quote for lease of eleven (11) Ford F-150 units from Enterprise Fleet Management, Inc.
- Authorize the appropriation of \$60,000 for the leasing of eleven (11) vehicles from Enterprise Fleet Management Inc.
- Authorize and approve appropriation of \$60,000 for the safety lighting and radio equipment for these eleven (11) vehicles.
- Authorize the City Manager, or designee, to complete the WEX Enterprise Fleet Management Application approving use of Enterprise Fleet Management's fuel program.

STAFF RECOMMENDATION:

It is recommended that the City Council:

- Approve vehicle surplus listing and replacement for 2020/2021.
- Authorize the City Manager to approve a Lease Rate Quote for lease of eleven (11) Ford F-150 units from Enterprise Fleet Management, Inc.
- Authorize the appropriation of \$60,000 for the leasing of eleven (11) vehicles from Enterprise Fleet Management Inc.
- Authorize and approve appropriation of \$60,000 for the safety lighting and radio equipment for these eleven (11) vehicles.
- Authorize the City Manager, or designee, to complete the WEX Enterprise Fleet Management Application approving use of Enterprise Fleet Management's fuel program.

BACKGROUND:

The City maintains a fleet of vehicles and equipment for use by various City departments, which include light, medium and heavy-duty vehicles. The City of Coachella has historically purchased and owned all fleet vehicles and equipment. Prior to 2018/19, the City had been replacing three (3) passenger vehicles annually at a cost of approximately \$135,000.

In 2020, the average age of these passenger vehicles was 13 years. Today the average age of these passenger vehicles within the City’s fleet is 10 years. This positive change in the reduced age of the City’s fleet is due to the City Council’s decision, in February 2020, to surplus and replace twelve units with Enterprise Fleet Management and enter into a Master Equity Lease Agreement with Enterprise Fleet Management (EFM). The lease program with EFM will take five years to complete; surplus eleven (11) units each year following 2019/2020. By engaging in the EFM program, the City can achieve and maintain its fleet to have an average age of 3-5 years, which is in line with the shift in the industry within government agencies. Our dedicated Client Strategy Manager is responsible for reviewing our fleet and providing recommendations annually to ensure the best cycling patterns based on the industry’s health. Below is a snapshot of the age of our fleet today.

Year	Quantity	% of Fleet	Age (Years)	150k miles +
2000-2004	9	16%	20-16	1
2005-2009	20	35%	15-11	
2010-2014	4	7%	10-6	
2015 >	24	42%	5 <	

This lease program is an "open-end" lease structure, which would allow the City to replace more vehicles with less upfront capital. Below are highlights of this program:

- No mileage restrictions, no abnormal wear and tear, and no early termination penalties.
- The City has all rights of ownership and can equip some of the vehicles with aftermarket parts.
- Leasing would provide the opportunity to minimize the amount of large capital outlays necessary for purchasing vehicles.
- Proactive fleet replacement plan to acquire vehicles on a more consistent basis and maintain a newer fleet.

DISCUSSION/ANALYSIS:

Sourcewell is a national cooperative purchasing program whose memberships includes government and other entities in various states including California. This cooperative purchasing system enables member entities to purchase on an “as needed” basis from competitively awarded contracts with high performance vendors. EFM is one of the vendors and has secured a contract (see attached) with Sourcewell through a competitive process for fleet leasing, fuel and management services under Sourcewell Contract No. 060618-EFM.

This is the second year of this program, staff is recommending the following eleven (11) units be surplus, replaced and maintenance through the EFM lease program in FY 2020-2021; their cumulative value is estimated at \$26,550:

Vehicle #	Year	Make	Model	VIN	Mileage
#57	2003	Ford	Ranger	1FTYR10E13PA37242	154,350
#100	2004	Ford	Ranger	1FTYR10E24PA78433	133,175
#108	2008	Ford	Ranger	1FTYR14E28PA49269	119,017
#51	2003	Ford	Ranger	1FTYR10E83PA37240	110,729
#54	2003	Ford	Ranger	1FTYR10E33PA37243	111,976
#52	2007	Ford	Ranger	1FTYR14E17PA86649	117,162
#1	2005	Ford	Crown Vic	2FAFP74W55X133087	94,662
#48	2007	Ford	Ranger	1FTYR14E87PA86650	130,487
#41	2006	Ford	Ranger	1FTYR14E96PA49721	115,497
#71	2013	Ford	F150	1FTEX1CM2CFB76928	114,172
#24	2006	Ford	Ranger	1FTYR14E06PA49722	70,681

The above noted vehicle replacements for FY 20/21 are based on vehicle age and mileage. To maintain a standardized fleet staff recommends replacement units for all eleven vehicles be: 2021 Ford F-150XL 4x2 SuperCab units. Staff is recommending authorization to appropriate \$60,000 from undesignated reserves for the replacement units identified above and appropriation of an additional \$60,000.00 to install safety light bars and radios in the eleven (11) new vehicles proposed. The surplused income value of the units, \$26,550, will reduce the net impact once these units are sold; the net fiscal impact to leasing and outfitting the additional units for FY 2020/2021 is estimated at \$93,450, which is still below the annual cost previously spent on new units of \$135,000. At the end of the individual lease term (5 years) the City will have the option to purchase the vehicles at market value. Staff will evaluate the replacement of fleet vehicles on an annual basis and will bring recommendations to City Council for consideration and approval.

EFM's awarded bid by Sourcewell also provides the City access its fueling program, which is accepted at 90% of retail fuel locations throughout the nation and will have no fiscal impact to the City. By using EFM's fuel program the City would have available current fuel usage per city unit, which would provide more data to measure fleet efficiencies. Staff is requesting approval to proceed in Enterprise Fleet Management's fuel purchase program and complete the required application process.

FISCAL IMPACT:

The fiscal impact for leasing and equipping eleven (11) new units from Enterprise Fleet Management is \$93,450. To proceed with the lease and equipment purchases staff is requesting appropriation of a total of \$120,000, the surplused revenue for the old units will decrease the fiscal impact once sale of older units is complete. To lease and equip the eleven new units staff is requesting authorization to allocate the following funds (totaling \$120,000):

For lease of the additional eleven passenger vehicles staff is requesting authorization to allocated the following funds (totaling \$120,000): \$74,800 from undesignated general fund reserves in account 101-164-90-10-742 (vehicles); \$22,600 from undesignated CWA reserves in account 178-21-120-10-742 (vehicles); \$22,600 from undesignated CSD reserves in account 361-21-120-1-742 (vehicles).

Attachments:

Sourcewell Request for Proposal

Sourcewell Award Letter

Lease Rate Quote Approval

Fuel Program Enrollment Form