



STAFF REPORT
2/12/2020

TO: Honorable Mayor and City Council Members

FROM: Maritza Martinez, Public Works Director

SUBJECT: Approve agreement between City of Coachella and Enterprise Fleet Management Inc.

SPECIFICS:

- Approve vehicle surplus listing and replacement.
- Approve a Master Equity Lease Agreement between the City of Coachella and Enterprise Fleet Management Inc.
- Approve Maintenance Agreement between City of Coachella and Enterprise Fleet Management Inc.
- Authorize the appropriation of \$50,000 for the leasing of twelve (12) vehicles from Enterprise Fleet Management Inc.
- Authorize appropriation of \$50,000 for the safety lighting and radio equipment for twelve (12) vehicles.

STAFF RECOMMENDATION:

It is recommended that the City Council:

- Approve vehicle surplus listing and replacement.
- Approve a Master Equity Lease Agreement between the City of Coachella and Enterprise Fleet Management Inc. and related documents.
- Approve Maintenance Agreement between City of Coachella and Enterprise Fleet Management Inc.
- Authorize the appropriation of \$50,000 for the leasing of twelve (12) vehicles from Enterprise Fleet Management Inc.
- Authorize appropriation of \$50,000 for the safety lighting and radio equipment for twelve (12) vehicles.

BACKGROUND:

The City of Coachella has historically purchased and owned all fleet vehicles and equipment. 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 owns 57 light and medium duty passenger vehicles; on average the age of these passenger vehicles is 13 years and eight units

exceed 150,000 miles. The city currently has a fleet of 57 passenger vehicles. Below is a snapshot of the age of our fleet.

Year	Quantity	% of Fleet	Age (Years)	150k miles +
< 2000	2	3.5%	20	
2000-2004	16	28%	19-15	5
2005-2009	23	40%	14-10	3
2010-2014	3	5.5%	9-5	
2015 >	13	23%	4 <	

To reduce costs and increase fleet efficiency, staff researched leasing options and found that the implementation of a leasing program can reduce operating costs (maintenance, fuel and repairs). A leasing program will also result in less vehicle downtime since the vehicles are more reliable and have warranties for the duration of the leasing period.

DISCUSSION/ANALYSIS:

Sourcwell is a national cooperative purchasing program whose memberships include 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. Enterprise Fleet Management Inc. (Enterprise) is one of the vendors and has secured a contract (see attached) with Sourcwell through a competitive process for the fleet leasing and management services under Sourcwell Contract No. 060618-EFM.

The City and Enterprise have discussed a vehicle leasing and replacement program that would allow the City to replace fleet vehicles over a five (5) year period beginning fiscal year 2019-2020. Staff is recommending the following twelve (12) units be surplus, replaced and maintenance through the Enterprise lease program in FY 2019-2020; their cumulative value is estimated at \$18,500:

Vehicle #	Year	Make	Model	VIN	Mileage
15	1999	Chevy	S-10	1GCCS14X5XK186797	132,692
27	2002	Chevy	S-10	1GCCS14W328116986	96,606
28	1999	Chevy	S-10	1GCCS14X3XK187351	108,537
40	2002	Chevy	S-10	1GCCS14W328161734	77,144
43	2002	Chevy	S-10	1GCCS14WX28118265	78,645
47	2007	Ford	Ranger	1FTYR14EX7PA86648	148,650
49	2002	Chevy	S-10	1GCCS14W528161458	104,328
55	2002	Chevy	S-10	1GCCS14W328161359	88,726
56	2008	Ford	Ranger	1FTYR14E98PA49270	152,351
58	2006	Ford	Ranger	1FTYR14E26PA49723	185,219
73	2004	Ford	Ranger	1FTYR10E04PA78432	164,514
105	2004	Ford	Ranger	1FTYR10E94PA78431	187,000

Over the past five years the City has replaced three (3) passenger vehicles annually at a cost of approximately \$135,000. The leasing and maintenance costs for FY 2019-2020 for twelve units would be \$70,971.00. The lease costs alone for twelve units is \$66,364, which is about half of the annual costs spent on vehicle replacements.

This 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 (utility bodies, tool boxes, etc.).
- Leasing would provide the opportunity to minimize the amount of large capital outlays necessary for purchasing vehicles.
- The City would establish a more proactive fleet replacement plan to acquire vehicles on a more consistent basis and maintain a newer fleet.

Staff is recommending authorization to appropriate \$50,000 from undesignated reserves for the replacement units identified above; the amount requested is less than the total cost of the lease program reduced by the estimated value of the identified surplus units. Vehicle replacements have been made consistently based on use needs and fleet uniformity; based upon these two qualifiers staff would recommend replacement units for the twelve passenger vehicles listed above be 2020 Ford F-150XL 4x2 SuperCab units. Staff is also requesting appropriation of an additional \$50,000.00 to install safety light bars and radios in the twelve (12) new vehicles proposed.

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 the remaining fleet vehicles on an annual basis and will bring recommendations to City Council for consideration and approval.

FISCAL IMPACT:

For the lease of the identified twelve passenger vehicles staff is requesting authorization to allocated the following funds (totaling \$100,000): \$82,800 from undesignated general fund reserves in account 101-164-90-10-742 (vehicles); \$8,200 from undesignated CWA reserves in account 178-21-120-10-742 (vehicles); \$9,000 from undesignated CSD reserves in account 361-21-120-1-742 (vehicles).

Attachments:

Master Equity Lease Agreement and Indemnity
Maintenance Agreement
Sourcewell Request for Proposal
Sourcewell Award Letter