



# GRAND RAPIDS PUBLIC UTILITIES COMMISSION AGENDA ITEM

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**AGENDA DATE:** March 27, 2024

**AGENDA ITEM:** Consider a motion to enter into a lease agreement with Enterprise Fleet Management for non-specialized utility fleet vehicles and allow the General Manager to sign the lease agreements.

**PREPARED BY:** Chad Troumbly, Electric Department Manager  
Jean Lane, Business Services Manager  
Mike LeClaire, Information Systems Manager  
Steve Mattson, Water Wastewater Manager

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## **BACKGROUND:**

The GRPU management team vetted out the Enterprise fleet management program over the last several months and presented the results at the GRPU commission work session on March 13<sup>th</sup>. GRPU will be considered a department under the city of Grand Rapids account, who is already utilizing this leasing program.

The lease is an “open-end lease” which provides for equity lease, flexible terms, no mileage restrictions, no abnormal wear & tear clauses, lessee is responsible for book value at term; lessee keeps vehicle equity at term.

Key reasons for GRPU to enter an open-end equity lease program is (1) lower average age of the fleet; (2) reduce operating costs – new vehicles have lower maintenance costs; (3) maintain a manageable vehicle budget which eliminates budgeting peaks/valleys to a consent annual budget amount; (4) increased safety; (5) better mileage; and (6) program includes buying from the state bid list (pricing) and selling the used vehicles.

There are approximately 13 vehicles that make sense to be part of the lease program. There are enough funds allocated in the budget to cover entering into the lease program for 2024.

## **RECOMMENDATION:**

Approve a motion to enter into a lease agreement with Enterprise Fleet Management for non-specialized utility fleet vehicles and allow the General Manager to sign the lease agreements.