



REQUEST FOR COUNCIL ACTION

AGENDA DATE: 9-26-22

AGENDA ITEM: Consider approving agreements with Enterprise Fleet Management

PREPARED BY: Tom Pagel, City Administrator

BACKGROUND:

One of the biggest budget challenges for the City is levying for the replacement of vehicles. The City has traditionally owned and maintained vehicles beyond ten years, investing thousands of dollars into each vehicle to keep them running. In addition, on average, the city replaces at least three vehicles per year requiring the need for over \$120k in cash to purchase the vehicles.

In a discussion with Itasca County on the challenges of cash flowing vehicles, they recommended utilizing Enterprise Fleet Management. In working with Enterprise we determined we do a great job of maintaining our fleet and a poor job of managing our fleet. The key to managing the fleet is purchasing the vehicle at a lower government rate and then utilizing the vehicle until its retail value drops down to the government purchase price. This can be anywhere from 3 to 5 years. By managing the fleet in this manner the City will lower the average age of the fleet, reduce operating costs, and maintain a manageable vehicle budget.

Attached is a spreadsheet from Enterprise with a ten-year vehicle management recommendation. In calendar year 2023 it is recommended to change out 15 vehicles. The lease cost is estimated at \$171,525 with a trade-in value of \$114,500. This will result in a net cost to the City of \$57,025.

In order to move forward, the attached agreements must be approved.

REQUESTED COUNCIL ACTION:

Make a motion to approve agreements with Enterprise Fleet Management for the lease, management, and sale of city vehicles.