



925 S. Main Street
Lebanon, Oregon 97355

TEL: 541.258.4212
brandon.neish@lebanonoregon.gov
www.lebanonoregon.gov

MEMORANDUM

Finance Department

To: Mayor Jackola and City Council

May 8, 2024

From: Brandon Neish, Finance Director

Subject: Contracting with Enterprise for City Vehicles

I. INTRODUCTION

The City of Lebanon has many vehicles in various departments, including Public Works, Engineering, and IT. Public Works has the largest fleet from construction assets to work trucks for all aspects of their operations. The Police Department has a fleet of approximately 18 vehicles with considerably different needs and capabilities than other departments.

The City has been working diligently to upgrade its fleet using available resources. However, since the pandemic in 2020, procuring new vehicles has been extraordinarily difficult and costly. An analysis completed recently in partnership with Enterprise shows the City has 26 light and medium-duty vehicles, 58% of which are more than ten years old. As the City's fleet continues to age, more resources are necessary to maintain and operate the vehicles. Additionally, safety features on existing vehicles are minimal. Of the 26 vehicles, all of the vehicles predate backup camera standardization and 11 predate anti-lock brake controls. Finally, fleet administration is labor intensive and costly often resulting in vehicles being utilized beyond their useful life and minimizes return on investment for the City.

II. CURRENT REPORT

To better manage its fleet and maximize resources, staff is proposing a partnership with Enterprise Fleet Management. Enterprise would handle the full administration of the City's fleet, collaborating with City staff to determine the most appropriate buying and selling points, enhancing returns on flipped vehicles. Each year, Enterprise would meet with City staff to review its current fleet and the potential resale value of the vehicles along with the costs associated with replacing those vehicles. The principal objective is to maximize return on investment while continuing to provide the necessary equipment for the departments to continue their operations and objectives.

One example of this program comes from the City of St. Helens. In 2019, St. Helens purchased a medium-duty Ram crew cab pickup for \$27,901. The truck was used for 48 months and sold in 2023 with 36k miles for \$26,500. This means over the four years, the cost of the truck to St. Helens was \$1,401 or \$26 per month (does not include fuel costs). Since this program operates under a lease

THE CITY THAT FRIENDLINESS BUILT

model, the sale proceeds are then used to pay off any remaining balance on the vehicle and excess funds are pumped into the next vehicle.

Another benefit using this program is the release of staff time used to locate, negotiate, procure, maintain, and eventually sell these vehicles. The Fleet Management program with Enterprise handles all steps from procuring/ordering the vehicle direct from automakers, outfitting the vehicles with City requested equipment (toolboxes, head racks, lights, etc.), licenses the vehicles with DMV and delivers them when ready. When the vehicle is due to be sold, Enterprise picks up the vehicle upon dropping off the replacement and sells the original vehicle, absolving City staff from investing staff time in costly auctions that require significant planning and action.

Under this agreement, the City would achieve the following:

- Shorten the current vehicle life cycle from 9.62 to 1.96 years.
- Provide a lower, sustainable fleet cost that is predictable year over year.
- Free up more than \$83k in capital from the surplus of up to 16 vehicles in the first year (fewer vehicles rotated in the beginning would reduce the purported capital infusion).
- Significantly reduce maintenance to an average monthly cost of \$32.60 vs. current \$150.
- Reduce the overall fuel spend through more fuel-efficient vehicles by an estimated 20%.
- Leverage an open-ended lease to maximize cash flow opportunities and recognize equity.
- Recognize an estimated \$700k savings over 10 years in the program.

Currently, there are several cities and counties in Oregon that utilize this program. Nearby, Linn County and the City of Sweet Home use Enterprise for fleet management; other Oregon cities include the cities of Coos Bay, Hermiston, Newport, Stanton, Sandy, and St. Helens.

III. RECOMMENDATION

Staff recommends that the City Council approve the contract with Enterprise Fleet Management and authorize the Interim City Manager to sign the necessary agreements.