



# Memorandum

**Meeting Details:** July 24, 2024

**Prepared For:** Hon. Mayor Brooks & Board of Commissioners

**Staff Contact:** Andrew Laflin, Finance Director

**Subject:** Enterprise Fleet Management Vehicle Purchases

---

## **Background**

The City of Madeira Beach (City) entered into lease agreements with Enterprise Fleet Management (Enterprise) for the following vehicles:

- 2019 Chevrolet Silverado – Parks Department
- 2019 Ford Transit-350 – Recreation Department
- 2019 Chevrolet Equinox – Parking Department (Purchased by the City in April 2023)
- 2019 Chevrolet Silverado 1500 LD – Sanitation Department
- 2019 Chevrolet Silverado 1500 LD – Sanitation Department
- 2019 Chevrolet Silverado 1500 LD – Recreation Department

These agreements were setup as equity leases, which provides rights for the lessor to convey ownership of the vehicles to the lessee during or at the expiration of the lease term. Based on the structure of these lease contracts, the City has the following options:

- The City purchase the vehicles from Enterprise at the Residual Book Value denoted within Exhibit A for each vehicle.
- The City extends the lease term until Net Book Value (Delivered Price less Accumulated Depreciation) equals \$0, at which point the City would incur a monthly service fee of approximately \$25 to continue the lease indefinitely
- The City request that Enterprise sell the vehicles on behalf of the City and remit the net sales proceeds to the City for each vehicle sold

Because these vehicles have sufficient remaining useful life, the Parks, Recreation, and Sanitation departments request that the City purchase the vehicles and maintain until such time they should be sold and replaced.

**Fiscal Impact**

To purchase each vehicle, the total cost would approximate \$5,000 or less per vehicle, with the exception of the 2019 Ford Transit-350, which would cost approximately \$6,700 or less, depending on the timing of the purchase request to Enterprise.

**Recommendation(s)**

Staff recommends purchasing the remaining vehicles from Enterprise Fleet Management.

**Attachments**

- Exhibit A – Enterprise Fleet Management Amortization Schedule