FLEET MANAGEMENT

FLEET SYNOPSIS | CITY OF MONTGOMERY

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FLEET SYNOPSIS | CITY OF MONTGOMERY

Impact of Partnership

BACKGROUND

Location: Montgomery, Texas

Industry: Government

Total Vehicles: 24

THE SITUATION

The City of Montgomery is looking for a solution to better manage its aging fleet.

- **<u>25% of the current fleet is over 10 years of age or over 100,000 miles.</u>**
- Older vehicles have higher fuel and maintenance costs, obsolete safety features, and tend to be unreliable.
- **<u>It would take on average 8 years to cycle out the entire fleet at current acquisition pace.</u>**

THE OBJECTIVES

Enterprise Fleet Management's proposal is to save Montgomery resources and budget dollars through a managed vehicle program.

- Utilize an open-end lease* as a funding mechanism, allowing the city to acquire additional vehicles while avoiding a large capital budget outlay.
- Replace aged vehicles with newer models to increase fuel efficiency and reduce maintenance expense.
- Maintenance/repairs will be strategically outsourced to local businesses to further stimulate economic growth.
- Better fuel efficiency will lower spend.
- Establish a proactive replacement plan that maximizes resale equity, lowers operational expenses, and raises safety.

*An open-end lease means there are no early termination, mileage, or wear and tear penalties. Leases are written to a residual balance to preserve cash flow. The city receives full benefits of ownership, as well as net equity from sale at time of disposal.

CLIENT TESTIMONTIAL

"Partnering with Enterprise Fleet Management will let us realize significant cost savings and provide us more dependable vehicles to do work for our residents."

– John Galo, Commissioner of Webb County

THE RESULTS

By partnering with Enterprise Fleet Management, it is estimated that the City of Montgomery will reduce fuel costs by **24% and significantly reduce maintenance costs by 78%.** Leveraging an open-end lease maximizes cash flow and retains equity from vehicles sold emulating an internal replacement fund. Furthermore, City of Montgomery will leverage Enterprise Fleet Management's ability to sell vehicles at an average of 15% above Black Book CVI. By shifting from reactively replacing inoperable vehicles to planning vehicle purchases, City of Montgomery will be able to replace all its vehicles over the course of 5 years. **<u>Over 10 years the City of Montgomery will save an estimated $648,731 net cash positive position when compared to today's current spend</u>**.

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SUPPORTING EVIDENCE | CITY OF MONTGOMERY

SAFETY

13% of the current fleet is over 10 years old and do not contain the most up to date safety features, such as electronic stability control, airbag standardization and anti-lock brake control.

ACCOUNT MANAGEMENT

The City of Montgomery will have a dedicated, local account team to proactively manage and develop your fleet while delivering the highest level of customer service for your day-to-day needs. Our support will allow your staff to focus on their job responsibilities.

- Meeting with you at minimum 2 times a year providing an Annual Client Review & a Fleet Analysis Meeting
- Your Client Strategy Manager will provide ongoing analysis that includes best makes/models, cents per mile spend, total cost of ownership, and replacement recommendations with evidentiary reason.

ANCILLARIES

Enterprise Fleet Management offers a total fleet solution should the city need further evaluation of the fleet including:

- Fuel Card
- Telematics and Devices
- Physical Damage Coverage

TECHNOLOGY

Enterprise Fleet Management's website provides visibility through vehicle tracking, reporting, and metrics. Our website can be customized to view a wide range of data for a comprehensive and detailed look at all aspects of your fleet with the services provided. Our *Mobile App* also allows drivers a wide range of functions.

- **Invoices**- includes lease, maintenance, and ancillaries all in one invoice.
- **Maintenance Utilization**- review the life-to-date maintenance per vehicle.
- **Recall Information**- see which units that are approaching the lease term still have open recalls.
- **License & Registration**- see which plate renewals are being processed by Enterprise, view status.
- **Alerts**- set customizable alerts for oil changes, lease renewals, license renewals, and billing data.
- **Lifecycle Analysis**- see data regarding all transactions for the lifecycle of the entire fleet, with drill-down capability to any specific lease or transaction.

FLEET MANAGEMENT
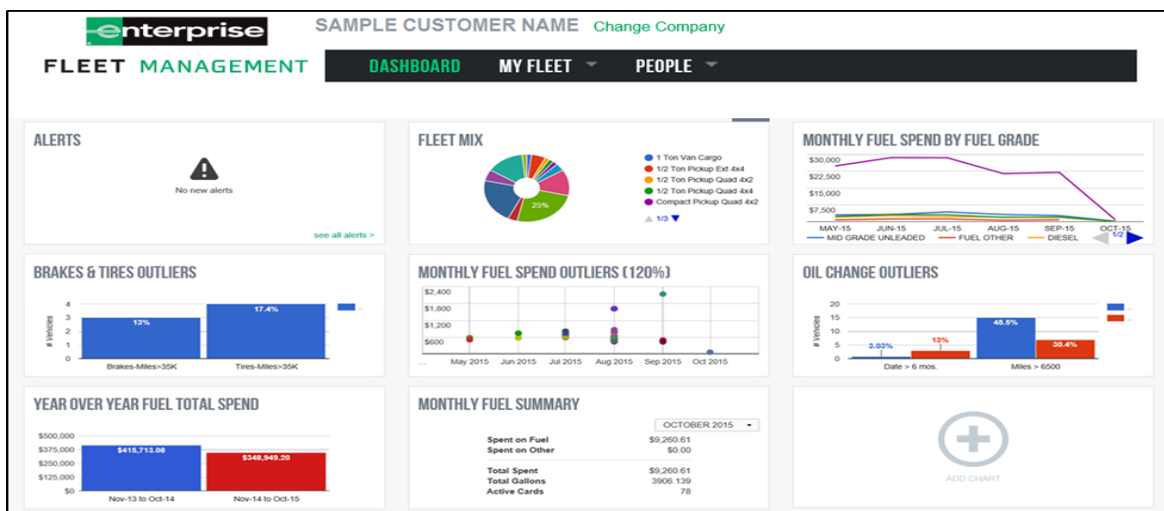
City of Montgomery, Texas
Fleet Profile and Replacement Schedule

Fleet Profile

Vehicle Type	Count	Average Age (years)	Average Annual Mileage
9 Vehicle Types	24	6.0	9900
Mid Size SUV 4x2	1	4.3	8,000
Mid Size SUV 4x4	1	8.3	0
Full Size SUV 4x2	3	2.3	9,700
1/2 Ton Pickup Quad 4x4	4	7.6	11,300
3/4 Ton Pickup Ext 4x4	3	5.7	10,900
3/4 Ton Pickup Quad 4x4	1	4.3	5,400
Full-size Sedan-ERV	2	11.4	7,900
Mid Size SUV 4x4-ERV	3	4.6	9,300
Full Size SUV 4x2-ERV	6	5.8	12,100

Fleet Replacement Schedule

	2024	2025	2026	2027	2028	Under-Utilized	Excluded
	6	2	4	6	6	0	0
Mid Size SUV 4x2	0	0	0	1	0	0	0
Mid Size SUV 4x4	1	0	0	0	0	0	0
Full Size SUV 4x2	0	0	0	0	3	0	0
1/2 Ton Pickup Quad 4x4	1	0	2	1	0	0	0
3/4 Ton Pickup Ext 4x4	0	1	1	0	1	0	0
3/4 Ton Pickup Quad 4x4	0	0	0	1	0	0	0
Full-size Sedan-ERV	2	0	0	0	0	0	0
Mid Size SUV 4x4-ERV	0	1	0	0	2	0	0
Full Size SUV 4x2-ERV	2	0	1	3	0	0	0

Replacement Criteria
* Fiscal Year 2024 = 10 years old and older, or odometer over 100,000
* Fiscal Year 2026 = 8 years old and older, or odometer over 60,000
* Fiscal Year 2027 = 6 years old and older, or odometer over 40,000
* Fiscal Year 2028 = 4 years old and older, or odometer over 20,000
* Fiscal Year 2028 = Remaining Vehicles
1 * Underutilized = Annual Mileage less than 1,000
1

Vehicle Type	Quantity	Avg Age	Avg Annual
SUV	14	4.9	9,840
TRUCK	8	6.5	10,399
CAR	2	11.4	7,915
VAN	0	#DIV/0!	#DIV/0!
Totals/Averages:	24	6.0	9,900

Vehicle Classes 3

Average Odometer 60,391

MODEL YEAR ANALYSIS

Fuel $61,800
Purchase $128,585
Maintenance $74,160
$248,683 Fleet Budget
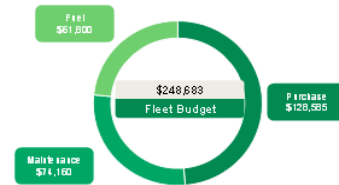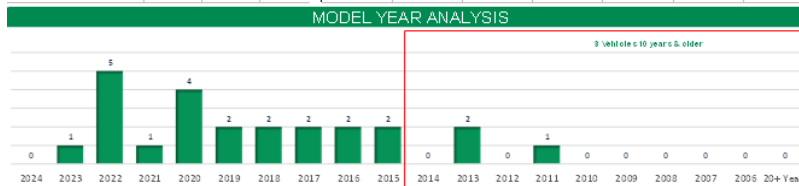
City of Montgomery, Texas
Fleet Planning Analysis

Assumptions

Fleet Analyzed	24
Current Cycle	8.00
Current Maintenance	$257.50
Maint. Cents Per Mile	$0.30
Fleet Growth	0.00%
Annual Miles	10,300
Current MPG	13
Price/Gallon	$3.25

Proposals

Proposed Fleet	24
Proposed Cycle	5.00
Proposed Maintenance	$56.30

	Fleet Mix				Fleet Cost						Annual	
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	24	3.0	24	0	128,585	0	-15,862		74,160	61,800	248,683	0
Year 1 ('24)	24	6	19	5	0	52,416	-49,363		62,088	59,225	124,366	124,317
Year 2 ('25)	24	2	17	7	0	74,748	-13,220		57,259	58,195	176,982	71,701
Year 3 ('26)	24	4	13	11	0	112,191	-59,471		47,601	56,135	156,457	92,226
Year 4 ('27)	24	6	7	17	0	168,789	-100,118		33,114	53,045	154,830	93,853
Year 5 ('28)	24	6	1	23	0	227,297	-109,510	-50,797	18,628	49,955	135,572	113,111
Year 6 ('29)	24	5	0	23	0	227,297		-31,202	15,538	47,380	259,013	-10,330
Year 7 ('30)	24	2	0	23	0	227,297		-39,381	15,538	47,380	250,833	-2,151
Year 8 ('31)	24	4	0	23	0	227,297		-53,883	15,538	47,380	236,332	12,351
Year 9 ('32)	24	6	0	23	0	227,297		-75,639	15,538	47,380	214,576	34,107
Year 10 ('33)	24	6	0	23	0	227,297		-50,797	15,538	47,380	239,418	9,265

SAVINGS

10 Year Savings* $648,731
Net Sustainable Impact* $30,705
*includes total unrealized equity of $110,261

Current Fleet Equity Analysis

YEAR	2024	2025	2026	2027	2028	Under-Utilized
QTY	5	2	4	6	6	0
Est $	$9,873	$6,610	$14,868	$16,686	$18,252	$0
TOTAL	$49,363	$13,220	$59,471	$100,118	$109,510	$0

$331,681
Estimated Current Fleet Equity **

Key Objectives

Lower average age of the fleet
13% of the current light and medium duty fleet is over 10 years old
Resale of the aging fleet is significantly reduced

Reduce operating costs
Newer vehicles have a significantly lower maintenance expense
Newer vehicles have increased fuel efficiency with new technology implementations

Maintain a manageable vehicle budget
Challenged by inconsistent yearly budgets
Currently vehicle budget is underfunded

* Lease Rates are conservative estimates
**Estimated Current Fleet Equity is based on the current fleet "sight unseen"
and can be adjusted after physical inspection
Lease Maintenance costs are exclusive of tires unless noted on the lease rate quote.

ANALYSIS BASED ON ORIGINAL RECOMMENDATIONS FOR CONCEPTUAL SAVINGS AND MAY CHANGE BASED ON FINAL PROPOSAL, CHANGES TO THE MARKET AND OTHER FACTORS

THE TERRELL TRIBUNE
Your Hometown Newspaper

County approves Enterprise to manage vehicle fleet
The Terrell Tribune (Texas)
By Robyn Wheeler
July 11, 2019

Kaufman County Commissioners approved ==Enterprise Fleet Management== to manage the county's vehicles hoping to increase the safety of the vehicles, decrease maintenance expenses per vehicle and get a higher resale value on the vehicles. Enterprise representative Nathan Pickle says fleet maintenance can save the county up to $700,000.

"New vehicles on the road are safer because they have up-to-date safety features,"

The county owns 162 vehicles, purchases nine vehicles a year and keeps those vehicles for an average of 18 years.

Pickle says Enterprise buys and sells over one million vehicles a year and keeps their vehicles for an average of 18 months.

"The older the vehicle, the more it will cost in maintenance and fuel." Pickle said.

Pickle also advised the county keep their vehicles for a maximum of four years.

The county pays $75 per month per car and Enterprise spends $42 per month per vehicle.

Pickle says the county can save $20,000 in maintenance costs in the first year alone.

Enterprise has earmarked 75 county vehicles to be replaced in year one.

Pickle says Enterprise works with more than 90 counties in the state of Texas and the city of Terrell.

The county does not currently have a vehicle maintenance plan.

Commissioners also approved to spend $10,360 to make improvements and finish landscaping at the Garden Learning Center. The center was originally built for rainwater harvesting but has now become an education and recreation center as well. Youth programs and 4-H students go to the center to learn about the environment, best water practices and various insects.

In other news, commissioners:
- approved payroll benefits of $1,224,406.96
- approved claims for payment for $438,440.25
- tabled the petition for the creation of Kaufman County Fresh Water Supply District No. 7 and appointing temporary supervisors and signing order for the same
- approved the final plat for replat of lots 18, 19, 20 of Meadowbrook Acres. The five acre lots will be divided into two 2.5 acre lots.

http://www.terrelltribune.com/news/article_45160178-a414-11e9-b05e-73319bffa7a3.html

County Office of Education Optimizes Fleet By Reducing Average Vehicle Age

Oroville, CA • 51 Vehicles • Government – Education

THE CHALLENGE

Butte County Office of Education grappled with unpredictable maintenance expenses and vehicle safety and reliability concerns due to an aging fleet. Cash purchase methods for new vehicles exacerbated the issue, leaving them unable to cover the costs of replacement vehicles. This ultimately led to extended vehicle hold periods and elevated maintenance exposure.

THE SOLUTION

In partnership with Enterprise Fleet Management, a 10-year vehicle replacement program was established to cover all fleet costs. This comprehensive strategy included all fleet expenses as well as depreciation, maintenance, and fuel. The lease terms allowed vehicles to be replaced more frequently within budget, lowering the average age of the fleet and enhancing the organization's image.

KEY RESULTS

- $12,000/vehicle increase in resale value
- 57% boost in fuel efficiency
- 6-year reduction in average vehicle age

QUOTE

"Enterprise Fleet Management has enabled us to operate a newer, safer fleet at reduced costs. Their leasing structure ensures a consistent replacement cycle and specialized programs have streamlined our operations. We value the dedicated local account support and highly recommend this approach for entities seeking economical fleet management solutions."

– Thomas Flanagan II, Director of Maintenance & Operation

THE RESULTS

Our proactive fleet replacement strategy reduced the average age of vehicles from 11 to 5 years at the Butte County Office of Education. This led to a 16% decrease in maintenance expenses and an increase in fuel economy from 19 to 30 MPG. Equity return per vehicle also soared by 400% due to the regular replacement schedule, from $3,800 to $15,968.

WE HAVE OVER 100 CLIENT SUCCESS STORIES, VISIT EFLEETS.COM/CASE-STUDIES TO DISCOVER MORE.

REFERENCES | CITY OF MONTGOMERY

SAMPLE OF CURRENT LOCAL PARTNERS

Waller County
Washington County
Austin County
Leon County
City of Sealy
City of Bridge City
City of Edna
City of Beaumont
Webb County
Hidalgo County
Ennis County
Harris County
City of Nassau Bay
City of Houston
City of Kemah

City of Navasota
City of La Marque
Blinn College
Prairie View A&M University
Vidor Independent School District
Liberty Independent School District
New Caney Independent School District
Port Neches-Groves Independent School District
City of Alvin
Park Board of Trustees of City of Galveston
City of Katy
City of Angleton

REFERENCES

Below is a list of at least four partner references including location name, contact person, and telephone number. Please let us know when you intend to call so we can give them notice.

Location Name: City of Angleton
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Location Name: City of Katy
Andy Vasquez
-Phone: 210-381-5184
Email: avasquez@cityofkaty.com

Location Name: City of Bridge City
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