



Rollingwood Police Department Proposal for Fleet Rotation and Modernization



April 14, 2021

Chief of Police Jason P. Brady

Administrator Lewis and Esteemed members of the Rollingwood City Council,

Maintaining a modern, functional and safe fleet for the Rollingwood Police Department (RPD) to serve this community is a continuous challenge. The department greatly appreciates our council's decision to provide our latest vehicle. Paying the entire cost of a police vehicle with all necessary accessories and equipment at once can take up a significant percentage of the budget in a given year. For this reason, new police vehicles have not been rotated into the fleet yearly. This causes vehicles to remain in service for many years. In one case a RPD vehicle is approaching a decade of service. At our current rate of replacement, the fleet will have aged significantly more and will require an increased maintenance budget.

This document will describe the current state of our police fleet as well as some considerations regarding the condition of the fleet. In an effort to maintain a newer and more reliable fleet as well as providing a predictable and cost-efficient method to purchase vehicles I will present a possible method to finance needed RPD vehicles.

State of the Rollingwood Police Fleet as of April 14, 2021:

With the exception of the most recent acquisition, the RPD fleet ranges from 5 to 9 years in age.

RW01 – 2020 Ford Explorer (New warrantied vehicle)

808.75 Engine Hours (449.43 idle time)

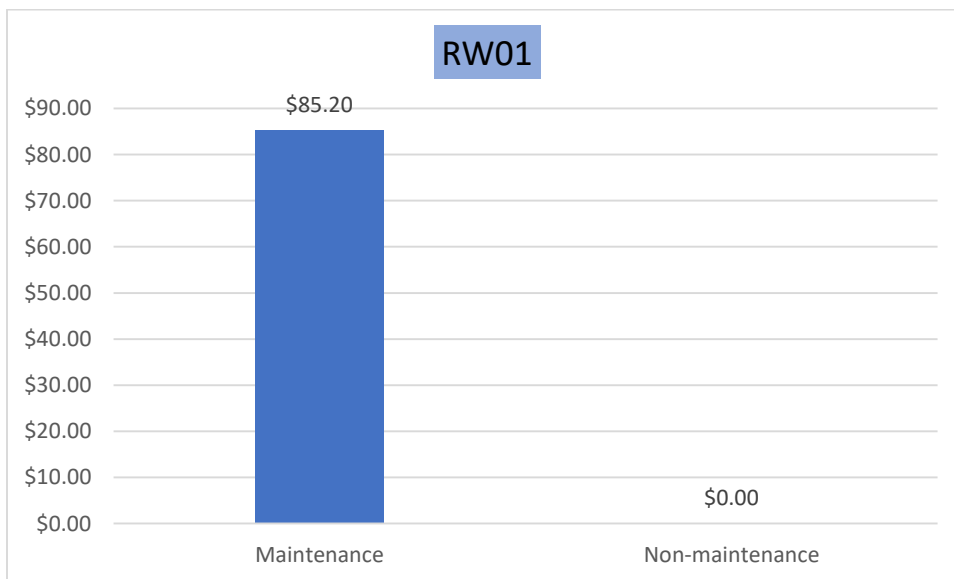
6,561 Actual Miles

26,664 Estimated Miles by Engine Hours *

Maintenance Costs: \$85.20

Non-Maintenance Repair Costs: \$0

Total Lifetime Vehicle Maintenance Costs: \$85.20



RW02 – 2016 Chevrolet Tahoe

6,450.2 Engine Hours

55,558 Actual Miles

212,850 Estimated Miles by Engine Hours *

Maintenance Costs: \$3,010.01

Non-Maintenance Repair Costs: \$2,068.54

Total Lifetime Vehicle Maintenance Costs: \$5,078.55



RW04 – 2014 Chevrolet Tahoe

9,978 Engine Hours

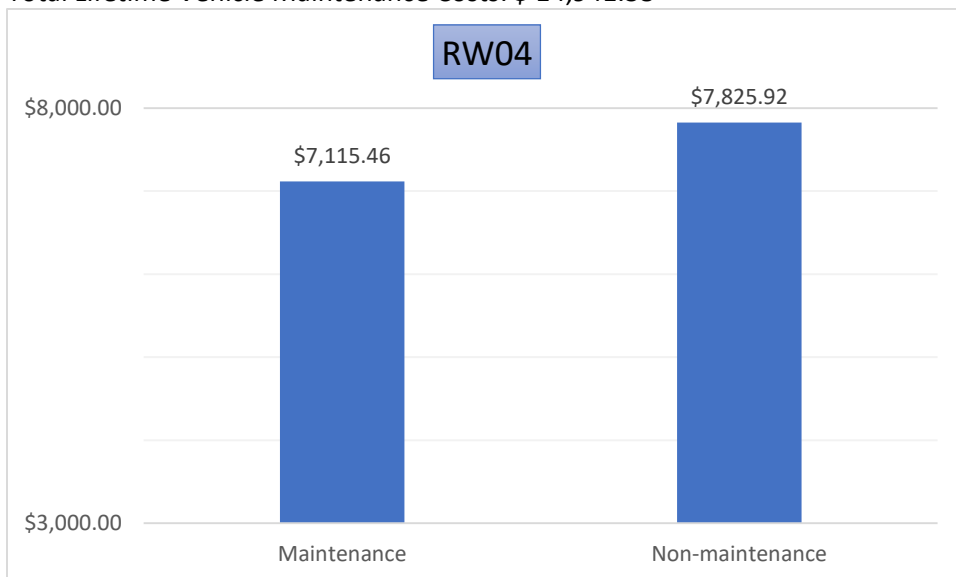
82,348 Actual Miles

329,274 Estimated Miles by Engine Hours*

Maintenance costs: \$7,115.46

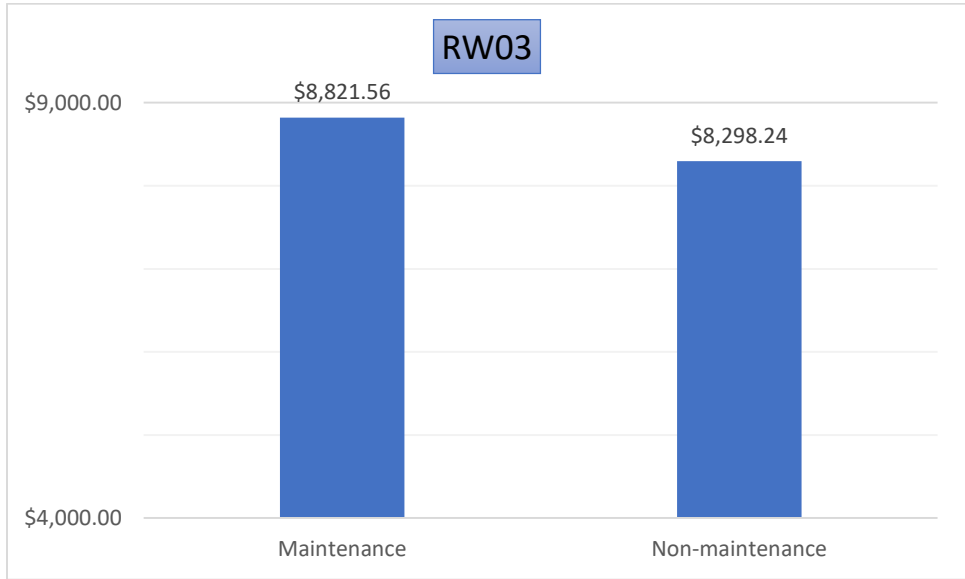
Non-Maintenance Repair Costs: \$7,825.92

Total Lifetime Vehicle Maintenance Costs: \$ 14,941.38



RW03 – 2012 Chevrolet Tahoe

12,784.5 Engine Hours
 104,657 Actual Miles
 421,888 Estimated Miles by Engine Hours *
 Maintenance Costs: \$8,821.56
 Non maintenance Repair Costs: \$8,298.24
 Total Lifetime Vehicle Maintenance Costs: \$17,119.80



*Ford Motor Company states that one hour of time engine time = 33 miles of driving.

Vehicle maintenance expense:

The increasingly aging RPD fleet requires thousands of dollars in maintenance beyond routine service. The repair costs per vehicle listed above are a very conservative estimate as these numbers were acquired from what historical service records could be found. Record keeping practices in past years was less than thorough. Just seven months into this fiscal year, only 10% of the vehicle maintenance budget remains. If this trend continues RPD will certainly exceed the FY 20/21 budgeted \$10,000 vehicle maintenance funds. This budget account should be reserved for occasional new tires, oil changes and the like, not major and continuous mechanical repairs.

Engine Hours:

Many police vehicles spend most of the workday idling in a stationary position, which accumulates higher than normal engine hours vis-a-vis miles traveled. Engine hours refers to the number of hours an engine has been running since it was first manufactured, regardless of whether or not the vehicle is moving. Another way of viewing an engine hour is not only as a measure of time, but also as 100,000 crankshaft revolutions. Excessive engine hour usage creates wear-and-tear on the engine. Ford Motor Company defines idling as follows: Over 10 minutes per hour of normal driving, frequent low speed operation, and sustained heavy traffic less than 25 mph. It is important to note that idle hours include low speed driving and don't mean that the cruiser is sitting still that entire time.

Times that a police cruiser may accumulate idle hours include: 25 mph town road patrols, running

radar, having pulled over a vehicle, accident scenes, while an officer is on a call, details, winter operation, and while searching an area via patrol car. All of those activities require either low speed driving or remaining stationary. Ford Motor Company states that one hour of time engine time = 33 miles of driving.

Safety:

Vehicle death rates per miles traveled has been declining for decades. Cars are becoming increasing safer over time as manufacturers compete with each other to produce better engineered and safer designs as well as meeting increasingly stricter federal safety standards. Manufacturers invest a great deal of time and money to meet and even beat crashworthiness standards set by the federal government. Maintaining a current fleet insures that RPD officers and the motoring public around them benefit from the latest safety designs and features. As an example, the newest police vehicle a 2020 Ford Explorer has a back up camera which helps mitigate one of the most common vehicle accidents categories, backing up. Features such as electronic stability control, fire suppression control, traction control, adjustable pedals, ballistic door panels and side air bags are among the increasingly more common safety features found on new police rated vehicles.

The National Highway Traffic Safety Administration (NHTSA) used the most recent data from the government's Fatality Analysis Reporting System and determined that a greater proportion of deaths among occupants in fatal crashes occurred in older model-year vehicles compared with newer model-year vehicles. In the study, an occupant's injury severity also increases the older a vehicle gets. Older cars are less safe not only due to design issues, but because of stress and wear and tear on the vehicle and all its systems. Loose steering, frame and suspension degradation and other aging/usage effects are beyond the scope of routine maintenance. Police rated vehicles are not simply basic transportation and must remain in a state suitable to operate safely during pursuits, inclement weather, responding to citizens in danger and other emergency driving situations. The safety of our officers and the other motorists on the road must remain of paramount importance.

Mission Readiness:

There is usually at least one RPD vehicle out of service for mechanical reasons at any given time. It is not uncommon for officers to experience mechanical issues while on patrol or responding to a call. This not only creates frustration among officers but diminishes mission readiness and hinders our ability to rapidly respond to citizens when needed. Aside from the expense, replacing water pumps, motor mounts and other major components take vehicles out of service for a considerable amount of time. In law enforcement we strive for redundancy in systems and equipment, being short on patrol ready vehicles takes us in the opposite direction.

The winter ice event of February this year re-enforces the benefits of all wheel drive vehicles. Currently only our Kawasaki Mule ATV and new Ford Explorer have 4 wheel or all-wheel drive capability. Rollingwood Police Department was one of the few agencies that was still able to respond to calls for service in the region during this period of snowed/iced over roads. While our all-wheel drive vehicles performed well, the majority of our remaining two-wheel drive fleet was grounded during the weather event. Replacing these cars with all wheel vehicles will ensure a mission ready fleet during inclement weather as we continue to experience unpredictable climate change.

Aging equipment and accessories:

Not only are the vehicles themselves aging and experiencing malfunctions, the radars, computers, radios, light bars and other essential equipment are also aging. Warranties have expired on all equipment in our 3 older vehicles. The in-car dash cameras in the 3 older vehicles have reached end of life and are no longer supported by the vendor, Coban. Malfunctions and blurry images are becoming more common. Lack of properly recording events could be an issue that might affect the prosecution of a case or increase city liability. The radios in those cars are also reaching end of life and will not be supported by Motorola or authorized vendors after 2023.

Our latest Police vehicle had all equipment professionally installed by CAP Fleet upfitters who warranty their work. They also will come to our location to service the specialized police equipment on the vehicle allowing RPD to keep an officer in-service as opposed to driving to farther locations as is necessary with our three older cars. If the vehicle must be left somewhere for service, then two officers are required go “out of service” to drop off a car for such repairs (one for a ride back). On these older vehicle’s equipment, the installation is questionable and is unprofessional in appearance and performance. The vehicles are plagued with wiring and other issues as a result. We have been forced to purchased numerous car batteries likely due to the improper installation of police related electronics. Several alternators have been fried as well. Finding technicians who can diagnose and work on our electronics in these vehicles has been challenging as well as time consuming. Auxiliary police electronic components must be installed to strict manufacturers specifications and wiring diagrams to ensure reliable performance and prevent damage to the vehicle or equipment. The following pictures demonstrate the type of installation work that was done on our older vehicles.





Recruiting and Retention Considerations:

Recruiting and retaining officers in recent years has been increasingly challenging for law enforcement nationwide. Agencies are actively competing for a dwindling pool of interested applicants. Officers like any other employee look closely at their prospective work environment and conditions. Such factors speak volumes about how much an organization values the employee's safety, comfort, and satisfaction. Much of an officer's 12-hour shift is spent in their "mobile office". A newer model, safe, clean vehicle with the latest equipment is a compelling recruiting tool. Breaking down is not only frustrating and embarrassing, but as mentioned above, compromises our effectiveness. Prospective applicants look closely at an agency's vehicles and equipment. Current officers take note of the condition of vehicles and equipment of neighboring agencies. Several of our vehicles no longer present a professional appearance. Officers take pride in representing the city in the most positive and professional manner. We should provide our officers with proper tools and equipment to best serve this community.

Alternate vehicle purchase method:

Finding \$75,000 at one time to purchase and outfit a police vehicle during any budget year may be a challenging endeavor. Being able to budget a specific and consistent amount of money over a period of several years is a more manageable and desirable budget mechanism. Having a continuous cycle of newer warranted vehicles will better serve our community.

Leasing/Financing:

Financing public sector vehicles and equipment is a growing trend offering flexibility and an affordable way to budget for public safety expenditures. Both Ford and General Motors offers a Fleet Financing and Leasing program for municipalities. Although the word “leasing” is frequently used in some of these programs, it is somewhat of a misnomer as these plans bear little resemblance to a typical consumer car lease. There are no mileage restrictions and the vehicle is typically owned and titled by the agency and remains with the agency at the conclusion of the finance term. According to the association for Governmental Leasing and Financing the benefits of tax-exempt leasing are:

- Preservation of capital dollars for other projects for which leasing is not an option
- Preservation debt limitations does not create long-term debt on the entity's books
- Enables improvement of cash flow
- Incorporates flexible structuring to meet budget needs
- Low rates resulting from tax-exempt basis
- Offers an alternative financing option without voter approval
- Provides project financing (including soft costs)
- Spreads out the cost of an asset over the useful life of that asset or project

This practice means that no major capital outlay is required is required for the acquisition of vehicles and payments can be spread out over terms agreed upon by the city usually between two and five years. The municipal lease is a specially designed contract that do not create general obligation debt. Despite covering several years, the lease payment is generally treated as an operation expense. It is possible to have the first payment deferred for a full year and there is no lien against the equipment.

Mustang Ridge Police Department finances vehicles through a company called Government Capital Corporation. Mustang Ridge PD is currently financing two Chevrolet Tahoe's over three annual payments.

Manor Police Department finances vehicles for five years through Frost Bank and creatively includes the cost of outfitting an officer with each vehicle i.e. a new body camera, body armor, ticket writer etc.

Lock in today's prices:

Purchasing vehicles now locks the city into current prices and negates the effects of inflation or price increases in replenishing the fleet over time. This is true not only for the vehicles, but the computers,

emergency equipment, radars, and camera systems as well. These are all high-tech specialized equipment that increase in price every year.

Lower interest rates:

Financial institutions can provide municipalities with competitive rates. An agency finances costs at a tax-exempt rate and pays no federal income tax on the interest. I received quotes from Government Capital Corporation. In all scenarios a fixed interest rate of 3.34% was offered regardless of how much is financed. Please refer to the following pages to review their proposed financing of Rollingwood police vehicles.



March 29, 2021

Chief Jason Brady
Rollingwood City Hall
(512) 327-1900
jbrady@rollingwoodtx.gov

Dear Chief Brady,

Thank you for the opportunity to present proposed financing for the City of Rollingwood. I am submitting for your review the following proposed structure:

ISSUER:	City of Rollingwood, Texas	
FINANCING STRUCTURE:	Public Property Finance Contract issued under Local Government Code Section 271.005	
EQUIPMENT COST:	\$ 150,000 – Two Police Cars @ \$75k each	
TERM:	<u>4 Annual Payments</u>	<u>5 Annual Payments</u>
INTEREST RATE:	3.34% <i>Fixed</i>	3.34% <i>Fixed</i>
PAYMENT AMOUNT:	\$ 40,682.67	\$ 33,071.81
PAYMENTS BEGINNING:	One year from signing, annually thereafter	

Here are a few of the perks of working with Government Capital:

- Texas based company
 - No liens on your equipment
 - Deferred Payments up to a full year
- We have flexible terms/options and do not require voter approval.

Government Capital is registered with Texas Ethics Commission to be HB 1295 compliant. The above proposal is subject to audit analysis, assumes bank qualification and mutually acceptable documentation. The terms outlined herein are subject to change and rates are valid for fourteen (14) days from the date of this proposal. If funding does not occur within this time period, rates will be indexed to markets at such time.

Our finance programs are flexible and as always, my job is to make sure you have the best possible experience every time you interact with our brand. We're always open to feedback on how to make your experience better. If you have any questions regarding other payment terms, frequencies or conditions, please do not hesitate to call.

Blessings,



Drew Whittington
Client Services
Main: 817-421-5400

The transaction described herein is an arm's length, commercial transaction between you and Government Capital Corporation ("GCC"), in which GCC: (i) is acting solely for its own financial and other interests that may differ from yours; (ii) is not acting as your municipal advisor or financial advisor, and has no fiduciary duty to you with respect to this transaction; and (iii) is not recommending that you take an action with respect to this transaction.



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ISSUER:	City of Rollingwood, Texas	
FINANCING STRUCTURE:	Public Property Finance Contract issued under Local Government Code Section 271.005	
EQUIPMENT COST:	\$ 225,000 – Three Police Cars @ \$75k each	
TERM:	<u>4 Annual Payments</u>	<u>5 Annual Payments</u>
INTEREST RATE:	3.34% <i>Fixed</i>	3.34% <i>Fixed</i>
PAYMENT AMOUNT:	\$ 61,024.01	\$ 49,607.71
PAYMENTS BEGINNING:	One year from signing, annually thereafter	

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ISSUER:	City of Rollingwood, Texas	
FINANCING STRUCTURE:	Public Property Finance Contract issued under Local Government Code Section 271.005	
EQUIPMENT COST:	\$ 300,000 – Four Police Cars @ \$75k each	
TERM:	<u>4 Annual Payments</u>	<u>5 Annual Payments</u>
INTEREST RATE:	3.34% <i>Fixed</i>	3.34% <i>Fixed</i>
PAYMENT AMOUNT:	\$ 81,365.34	\$66,143.62
PAYMENTS BEGINNING:	One year from signing, annually thereafter	

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Deferred Payments:

Finance companies that allow a year deferral before the first payment is due allow agencies to take advantage of accessing these funds immediately without having to wait for the next budget year. No interest is incurring during the deferral period.

Lower Repair Costs and greater resale value:

While the cost of the vehicle is slightly greater when financing due to the interest paid, this will be offset by significant cost savings in repairs and maintenance by allowing the city to reduce money spent on this line item yearly. Merely reducing the current RPD maintenance budget by \$3000.00 a year would cover the interest costs of financing two new vehicles for 5 years. Newer vehicles require less repairs and are covered for a period of time by a manufacturer's warranty. If the city were to continue the financing program indefinitely, rotating police vehicles out of service sooner, the city might also be able to realize a greater sales price for these vehicles at auction.

Proposal:

Having a safe and modern fleet is required in order to provide the best level of service to our community and a safe and desirable working environment for our officers. Towards this end, I propose that the Rollingwood City Council consider the possibility of utilizing financing as described to update and maintain our police fleet. I would be happy to show you our current vehicles and answer any questions that you may have.

Respectfully submitted,

Jason Brady
Chief of Police

References:

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