



REQUEST FOR COUNCIL ACTION

Title: Enterprise Fleet Management Contract

Preferred Agenda: June 9, 2020

Submitted By: Brandon Neish, Finance Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion X Roll Call ____ Other ____

Relevant Code/Policy:

Towards Council Goal: Goal 2.1: Update and streamline processes
Goal 2.6: Employ sound technology to maximize efficiency

Attachments: Enterprise Fleet Management Master Lease Agreement
Enterprise Assignment Agreement

Purpose of this RCA:

To review the proposal from Enterprise Fleet Management to optimize the City's fleet procurement and disposition.

Background/Context:

The City of Sweet Home has many vehicles across the City in various departments. 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 10 vehicles with considerably different needs and capabilities than Public Works. Finally, City Hall has two vehicles for use by City Hall staff for trainings and meetings.

The City has been working diligently to upgrade its fleet using available resources. Over the past three fiscal year, the City has purchased 12 vehicles to replace aged vehicles. Prior to these purchases, Public Works' "newest" vehicle was 11 years old which results in additional maintenance and overall cost of ownership. With the new vehicles, the City has begun to set aside funds annually which will be used to replace the vehicles at an appropriate time determined by usage and driving style. However, the fleet administration is labor intensive and often results in vehicles being utilized beyond their useful life and minimizes return on investment for the City.

Enterprise Fleet Management would handle the administration of the City's fleet in collaboration with City staff to determine the most appropriate buying and selling points which maximizes the return on City resources for procured vehicles. Each year, Enterprise meets with City staff to review its currently 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. For example, a truck purchased one year might net its maximum value after considering depreciation, original purchase price and any maintenance costs to-date on the vehicle at year three. Under this agreement, Enterprise would present the City with this information and, at the request of the City, take the vehicle and sell it. The City can then use those proceeds to purchase a replacement or return it to the appropriate fund balance.

The City reviewed a Request for Proposals completed by Sourcewell, a self-supporting government organization which helps government, education, and nonprofit agencies operate more efficiently through a variety of solutions. Sourcewell selected Enterprise Fleet Management as a result of the RFP which allows member organizations to sign on similarly using the original RFP and selection criteria.

The Challenge/Problem:

Should the City enter into an agreement with Enterprise for fleet management?

Stakeholders:

- City of Sweet Home community – When the City has an updated fleet, it stretches taxpayer dollars further than investing time and funds into an older vehicle to keep it running. Additionally, the community benefits from department's having the equipment necessary to do their jobs which includes work trucks and the materials they carry to job sites.
- City of Sweet Home staff – Significant staff time is spent on managing a fleet appropriately. Procuring vehicles requires three quotes and working with multiple vendors to determine pricing followed by picking up the vehicles, registering them, preparing them for use, maintaining them and finally, surplusing the equipment which includes an auction to sell the items. Enrollment in an agreement such as this would minimize staff time and maximize budget dollars enabling the departments to do more with less.

Issues and Financial Impacts:

Procuring and maintaining a vehicle can be expensive over the useful life. This setup seeks to maximize the City's return on investment so that overall cost of ownership is less or even nets the City additional resources. Additionally, it frees up staff time to focus on other pressing issues around the city.

Elements of a Stable Solution:

A solution such as this provides the City is maximum efficiency and is effective for all involved.

Options:

1. Do nothing – The City would not enter into this agreement and would continue to procure, maintain and sell vehicles as it currently does.
2. Move to authorize the agreement with Enterprise Fleet Management – This agreement, if approved, would allow Enterprise to manage, in consultation with staff, the fleet which the City operates.
3. Propose amendments to the agreement – Council could suggest amendments to the lease agreement prior to entering into the contract. Staff would return to Enterprise to negotiate the changes and return the agreement to Council at a later date.

Recommendation:

Staff recommends option 2, move to authorize the agreement with Enterprise Fleet Management. Staff believes this is the most efficient in regards to managing its fleet and will result in better pricing options and lower cost of ownership over the term of ownership.