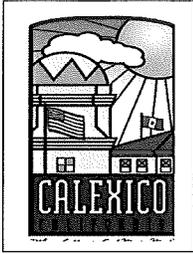


**AGENDA
ITEM**

13



AGENDA STAFF REPORT

DATE: October 17, 2018

TO: Mayor and City Council

APPROVED BY: David B. Dale, City Manager *DB*

PREPARED BY: Gonzalo C. Gerardo, Interim Chief of Police *GCG*

SUBJECT: Authorize the City Manager to Sign a Master Equity Lease Agreement and Related Maintenance Agreement with Enterprise Fleet Management, Inc. for a Period of Thirty-Six (36) Months for Vehicle Lease Program

Recommendation:

It is recommended that the City Council of the City of Calexico authorize the City Manager to Sign a Master Equity Lease Agreement and related Maintenance Agreement with Enterprise Fleet Management, Inc. for a Period of Thirty-Six (36) Months for Vehicle Lease Program.

Background:

The City of Calexico Police Department's Parking Meter/Traffic Control Division currently owns and maintains more than eight (8) vehicles used to provide services to the community daily. The average age of these vehicles is approximately eleven (11) years and many of the vehicles frequently used are well beyond their useful lives. As a result, many vehicles need to be replaced to assure the City's fleet remains safe and efficient while mitigating repair and maintenance costs.

The staff has analyzed and identified four (2) vehicles (new and replacement) needed for the current fiscal year, many of which have been authorized for purchase as part of the FY 2018-19 Adopted Budget:

Parking Meter/Traffic Control	Vehicles	Budgetary Funding
Parking Meter/Traffic Control	(2) GO-4 Meter/Parking Vehicles	PD Parking

**AGENDA
ITEM
13**

Discussion & Analysis:

As a means to assure the City maintains a safe, reliable service fleet while at the same time remains fiscally prudent as new and replacement vehicles are purchased, staff has been working with Enterprise Fleet Management, Inc. (EFM) to determine the viability of the City entering into a vehicle leasing program. EFM provides fleet services to approximately 111 governmental organizations in California and has provided a qualified public bid through The Interlocal Purchasing System (TIPS) purchasing cooperative, which the City may join pursuant to Ordinance No. 1165, Purchasing Policies and Procedures – Cooperative Purchases.

At this time, staff is recommending the City continue the "pilot process" to determine how a leasing program may better serve the City with long-term vehicle needs. The pilot process will involve the recommended procurement of two (2) replacement vehicles using the EFM Leasing Program, the effectiveness, and efficiency of which will be measured and reported back to the City Council at the end of the initial year of the program. Advantages of using a vehicle leasing program include the following:

- Maximizes cash flow opportunities by creating an ongoing level annual payment for fleet vehicles versus having to fund the entire cost of a vehicle up front - freeing up funding for heavier equipment not typically leased;
- Increases employee safety by enabling the City to replace outdated vehicles sooner rather than later, consistent with vehicle replacement best practices; and
- Reduces vehicle-related costs with the ability to phase-in a more modern, fuel-efficient fleet more expeditiously while reducing maintenance costs.

Lease cycles for most vehicles are typically 36 months. Two vehicles will be on the 36-month lease. Utilizing this bid to establish a vehicle lease program with EFM will provide a consistent preventive maintenance cycle and substantially reduce repair expenses and potential downtime. The proposed lease for these vehicles will be an "Open Ended (Equity)" Lease which at the end of the lease cycle, the City will have the option to continue using the vehicle in the citywide fleet (a \$400.00 service charge will be due at the end of the lease for each vehicle) or can exchange the equity in the vehicle for a new replacement vehicle in a renewed lease (likely at a lower cost due to equity transfer). EFM will also provide a "Full Maintenance Program" for all leased vehicles. The Full Maintenance Program will include all necessary vehicle maintenance and 24-hour roadside assistance (does not cover tires and brakes), which can be outsourced using local vendors.

Based on preliminary quotes received, the total annual cost to lease the two (2) vehicles noted above (including maintenance and lease finance charges) is expected to be approximately \$32,840.16 per year. Base costs for the vehicles considered are in line with what the City would typically pay in an outright purchase. Vehicle leasing costs will be budgeted annually on an ongoing basis from the appropriate funds.

Fiscal Impact:

Budgeted Item for Fiscal Year 2018-2019

PD Parking Fund \$32,840.16

Estimated Total \$32,840.16 (12 months)

Coordinated With:

Police Department.

Attachment(s):

1. Fleet Synopsis.
2. Master Equity Lease Agreement - Enterprise Fleet Management Trust.
3. Maintenance Agreement - Enterprise Fleet Management, Inc.

**AGENDA
ITEM**



Open-End (Equity) Lease Rate Quote

Quote No: 4047929

Prepared For: City of Calexico
Dale, David

Date 09/25/2018
AE/AM GJM/AN1

Unit #
Year 2018 Make *GO-4 Model *Interceptor IV
Series *Utility

Vehicle Order Type In-Stock Term 36 State CA Customer# 578021

All language and acknowledgments contained in the signed quote apply to all vehicles that are ordered under this signed quote.

\$ 40,063.60	Capitalized Price of Vehicle ¹
\$ 0.00 *	Sales Tax <u>0.0000%</u> State <u>CA</u>
\$ 567.34 *	Initial License Fee
\$ 0.00 *	Registration Fee
\$ 85.00	Other: (See Page 2)
\$ 0.00	Capitalized Price Reduction
\$ 0.00	Tax on Capitalized Price Reduction
\$ 0.00	Gain Applied From Prior Unit
\$ 0.00 *	Tax on Gain On Prior
\$ 0.00 *	Security Deposit
\$ 0.00 *	Tax on Incentive(Taxable Incentive Total : \$0.00)

Order Information

Driver Name	Pool Driver
Exterior Color	White with All-Black Frame and Accents
Interior Color	
Lic. Plate Type	Exempt
GVWR	0

\$ 40,148.60	Total Capitalized Amount (Delivered Price)
\$ 1,115.25	Depreciation Reserve @ <u>2.7778%</u>
\$ 148.81	Monthly Lease Charge (Based on Interest Rate - Subject to a Floor) ²
\$ 1,264.06	Total Monthly Rental Excluding Additional Services

Additional Fleet Management Master Policy Enrollment Fees

\$ 0.00	Commercial Automobile Liability Enrollment (Estimate Only)
	Liability Limit <u>\$0.00</u>

\$ 0.00	Physical Damage Management (Estimate Only)
---------	--

Comp/Coll Deductible 0 / 0

\$ 0.00	Full Maintenance Program ³ Contract Miles <u>0</u>
	Incl: # Brake Sets (1 set = 1 Axle) <u>0</u>

OverMileage Charge \$ 0.00 Per Mile

Tires 0 Loaner Vehicle Not Included

\$ 0.00 Additional Services SubTotal

\$ 104.28	Sales Tax <u>8.2500%</u> State <u>CA</u>
-----------	--

\$ 1,368.34 Total Monthly Rental Including Additional Services

\$ -0.40 Reduced Book Value at 36 Months

\$ 400.00 Service Charge Due at Lease Termination

Quote based on estimated annual mileage of 6,500
(Current market and vehicle conditions may also affect value of vehicle)
(Quote is Subject to Customer's Credit Approval)
Notes

Enterprise FM Trust will be the owner of the vehicle covered by this Quote. Enterprise FM Trust (not Enterprise Fleet Management) will be the Lessor of such vehicle under the Master Open - End (Equity) Lease Agreement and shall have all rights and obligations of the Lessor under the Master Open - End (Equity) Lease Agreement with respect to such vehicle.

ALL TAX AND LICENSE FEES TO BE BILLED TO LESSEE AS THEY OCCUR.

Lessee hereby authorizes this vehicle order, agrees to lease the vehicle on the terms set forth herein and in the Master Equity Lease Agreement and agrees that Lessor shall have the right to collect damages in the event Lessee fails or refuses to accept delivery of the ordered vehicle. Lessee certifies that it intends that more than 50% of the use of the vehicle is to be in a trade or business of the Lessee.

LESSEE City of Calexico

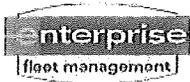
BY _____ TITLE _____ DATE _____

* INDICATES ITEMS TO BE BILLED ON DELIVERY.

¹ Capitalized Price of Vehicle May be Adjusted to Reflect Final Manufacturer's Invoice. Lessee Hereby Assigns to Lessor any Manufacturer Rebates And/Or Manufacturer Incentives Intended for the Lessee, Which Rebates And/Or Incentives Have Been Used By Lessor to Reduce the Capitalized Price of the Vehicle.

² Monthly Lease Charge Will Be Adjusted to Reflect the Interest Rate on the Delivery Date (Subject to a Floor).

³ The inclusion herein of references to maintenance fees/services are solely for the administrative convenience of Lessee. Notwithstanding the inclusion of such references in this [Invoice/Schedule/Quote], all such maintenance services are to be performed by Enterprise Fleet Management, Inc., and all such maintenance fees are payable by Lessee solely for the account of Enterprise Fleet Management, Inc., pursuant to that certain separate [Maintenance Agreement] entered into by and between Lessee and Enterprise Fleet Management, Inc.; provided that such maintenance fees are being billed by Enterprise FM Trust, and are payable at the direction of Enterprise FM Trust, solely as an authorized agent for collection on behalf of Enterprise Fleet Management, Inc.

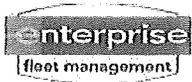


Open-End (Equity) Lease Rate Quote

Quote No: 4047929

Other Totals

Description	(B)illed or (C)apped	Price
Pricing Plan Delivery Charge	C	\$ 85.00
Courtesy Delivery Fee	C	\$ 0.00
Total Other Charges Billed		\$ 0.00
Total Other Charges Capitalized		\$ 85.00
Other Charges Total		\$ 85.00



Open-End (Equity) Lease Rate Quote

Quote No: 4017929

VEHICLE INFORMATION:

2018 *GO-4 *Interceptor IV *Utility - US

Series ID: null

Pricing Summary:

	INVOICE	MSRP
Base Vehicle	\$ 30,840.00	\$ 0.00
Total Options	\$ 8,340.00	\$ 0.00
Destination Charge	\$ 0.00	\$ 0.00
Total Price	\$ 39,180.00	\$ 0.00

SELECTED COLOR:

Exterior: WHITE - White with All-Black Frame and Accents

Interior: -

SELECTED OPTIONS:

CODE	DESCRIPTION	INVOICE	MSRP
AIR	Air Conditioning	\$ 3,720.00	\$ 0.00
BUA	Back-Up Alarm	\$ 195.00	\$ 0.00
BUC	Rearview Mirror with Back-Up Camera and Rear Parking Sensors	\$ 495.00	\$ 0.00
FAN	Cab Fan	\$ 160.00	\$ 0.00
KEY	Extra Set of Keys	\$ 25.00	\$ 0.00
MNL	Parts/Service Manual	\$ 395.00	\$ 0.00
RVM	Full-Length Angled Rearview Mirror	\$ 125.00	\$ 0.00
TAM83	Whelen L31HAFCA LED Amber Beacon, Mounted	\$ 1,045.00	\$ 0.00
TAZ86	Whelen TAZ86 Super 8-LED Traffic Advisor w/ Control Head, Mounted	\$ 1,925.00	\$ 0.00
TIRE	Spare Tire/Rim and Jack Kit	\$ 255.00	\$ 0.00

CONFIGURED FEATURES: