



CITY OF CALISTOGA

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STAFF REPORT

TO: Honorable Mayor and City Council
FROM: Dylan Feik
DATE: December 18, 2018
SUBJECT: Consideration and Authorization for Fiscal Year 2018-19 Vehicle Replacement including Purchase, Acquisition and Disposal through the Enterprise Fleet Management Program.

SIGNATURE:

DYLAN FEIK, City Manager

DESCRIPTION: Consideration and Authorization for Fiscal Year 2018-19 Vehicle Replacement including Purchase, Acquisition and Disposal through the Enterprise Fleet Management Program.

RECOMMENDATION: Adopt Resolution authorizing the City Manager to Execute a Master Equity Lease Agreement and Maintenance Agreement with Enterprise Fleet Management, Inc., for the purchase and replacement of ten (10) City Vehicles.

SUMMARY:

BACKGROUND / DISCUSSION: On November 21st, 2017, the City Council authorized staff to execute a Vehicle Lease-Purchase Program with Enterprise Fleet Management. At that time, the City owned and maintained hundreds of pieces of equipment including 26 vehicles used by City departments to provide public services. The average age of these vehicles was 12.5 years, and many are well-beyond their intended useful life. In addition, the older vehicles do not meet current standards related to air quality and pollution, resulting in elevated CO2 emissions. The current fleet emits approximately 174 tons of CO2 emissions per year.

The City Council authorized replacement of up to six (6) vehicles which only five were replaced as preferred, new vehicle was unavailable for purchase.

As part of the Fiscal Year 2018-19 Budget, staff included replacement of an additional group of seven (7) vehicles. Since the budget was approved, staff has identified three (3) additional vehicles for replacement for a total of 10. They are shown below –

Year	Make	Model	Odometer (2017)	Department
2000	Dodge	Caravan	91,777	Recreation
2008	Ford	F-250 2X2 Supercab	109,585	Streets/Water/Sewer
1997	Ford	Ranger 4X4	110,576	Streets/Water/Sewer
2003	Dodge Ram	Cargo Van (1500 1/2 Ton)	55,000	Parks/Building
2001	Ford	F-350 Truck w/Utility Bed	70,873	Streets/Water/Sewer
2003	Chevrolet	Silverado 2500 W/96" Utility Bed	55,453	Streets/Water/Sewer
2006	Dodge	Charger (Supervisor) Unmarked	45,499	Police Department
N/A	N/A	Police Department - 5th Patrol Car		Police Department-New
N/A	N/A	Boys & Girls Club - 12 Pass. Van	N/A	Boys & Girls Club-New
M/A	N/A	Boys & Girls Club - 12 Pass. Van	N/A	Boys & Girls Club-New

There are seven (7) vehicles with an average age of 15.5 years old with an average odometer reading of 77,966 miles as of 2017 which is when odometers were last read.

Additionally, the Police Department has requested an additional patrol vehicle to add to the fleet. Prior to 2013, the Calistoga Police Department had five (5) patrol vehicles in service. A budget decision was made to eliminate one patrol vehicle and NOT replace it. At this time, the Chief of Police is requesting a vehicle be purchased again to bring the patrol fleet back up to five.

Finally, as a partnership with the Boys & Girls Club of St. Helena & Calistoga, the B&GC has historically used a City-owned van for its programs. They have decided to purchase their own vans (2 total) and Enterprise Fleet Management (EFM) is working with the B&GC and City of Calistoga to purchase the vehicles. Essentially, the City will use its account with EFM to purchase the vehicles at a discounted rate. Boys & Girls Club will pay 100% of the costs of the vehicles to the City.

At this time, staff is proposing the Council consider and approve the purchase and/or replacement of ten (10) City vehicles including procurement of new and disposal of current under the same terms approved by Council on November 21, 2017. Advantages of using the program include –

- Allows the City to continue an organized replacement of its aged fleet
- Maximizes cash flow opportunities by creating ongoing annual payment for fleet services versus funding the entire cost of a vehicle up front
- Utilizes the expertise of EFM to make recommendations to the City regarding available options and ensures the City receives the best rebates and bids by utilizing State procurement contracts coupled with experience as the world's largest fleet operator
- Increases employee safety, efficiency and satisfaction by enabling quicker replacement of outdated and unsafe vehicles. The vehicles will be procured and equipped according to staff needs, then delivered in a turn-key fashion
- Reduces CO2 emissions from aged vehicles by procurement of new, environmentally friendly equipment

- Reduces the amount of City staff time spent on procurement, disposal, equipping and maintaining City fleet.

Costs:

Based on quotes received, the total annual cost to lease vehicles is dependent on the vehicle selected and options selected by City staff. The price range begins at \$560.68/mo. for a minivan, to \$878/mo. for a one-ton pickup with a diesel engine. All pricing is shown on Attachment 3. Enterprise purchases all vehicles at the same, competitive bid price as does the State of California. In addition, Enterprise procurement staff provide information on rebates, discounts and various methods to reduce procurement costs for Calistoga staff.

Enterprise earns its revenue by receiving a 5.05% lease finance charge which is amortized over the term of the lease, as well as a 0.10% management fee. Vehicle leasing costs will be budgeted annually on an ongoing basis from the appropriate funding source (general, water, sewer or other fund), eliminating the need to budget significant amounts of one-time funding for as-needed vehicle replacement needs.

Additionally, the City will utilize Enterprise to dispose of current, City-owned vehicles which are replaced. The seven (7) vehicles are estimated to return \$7,500 in resale value.

FINANCIAL IMPACT:

Funding for the vehicle replacements will come from the unappropriated fund balance. Approximate Initial costs over the next five years is as follows:

Water Operations Distribution Fund 02-4131-4432	\$33,750
Water Operation Treatment Fund 02-4132-4432	\$33,750
Wastewater Operations Collections Fund 03-4141-4432	\$33,750
Wastewater Operations Treatment Fund 03-4142-4432	\$33,750
Equipment Replacement Fund 15-4970-4432	\$156,311

Once vehicle leasing costs are finalized, staff will prepare a recommended budget revision to be considered with the Mid-Year Budget Review to appropriate vehicle costs within the correct fund.

CONSISTENCY WITH CITY COUNCIL GOALS AND OBJECTIVES:

This project is consistent with City Council Goal #3: Establish, improve and maintain City infrastructure; and Goal #4: Create an environmentally-sustainable community.

ATTACHMENTS:

1. Draft Resolution
2. Master Equity Lease Agreement & Maintenance Agreement
3. Final Cost Analysis – 2019 Model Year

RESOLUTION NO. 2018-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE PURCHASE OF TEN VEHICLES THROUGH ENTERPRISE FLEET MANAGEMENT PROGRAM FOR THE CITY, AUTHORIZATION TO DISPOSE OF SURPLUS PROPERTY AND INTENT TO LEASE FINANCE THE VEHICLES

WHEREAS, the City of Calistoga currently has seven (7) vehicles with high mileage and an average age of 15.5 years that are due to be replaced; and

WHEREAS, the Boys and Girls Club of St. Helena and Calistoga and City of Calistoga have a historic partnership and B&GC has requested to purchase two (2) vehicles through the City of Calistoga's participation in the EFM program; and

WHEREAS, the Calistoga Police Department has requested one (1) additional patrol vehicle to enhance response and customer service capabilities of the department including emergency response, special events other activities; and

WHEREAS, the City Council of the City of Calistoga approved purchase of seven vehicles Fiscal Year 2018-19 Budget; and

WHEREAS, due to the especially attractive bid prices offered for the vehicles, plus the change in the types of vehicles to be purchased; and

WHEREAS, the Enterprise Fleet Management program has been beneficial to the City of Calistoga since its approval on November 21, 2017 when the City of Calistoga replaced five (5) vehicles at competitive prices; and

WHEREAS, it is the intent of the City to lease finance these vehicles included in the Fiscal Year 2018-19 Budget; and

WHEREAS, the vehicles that are being replaced will be sold through Enterprise Fleet Management once the replacement vehicles have arrived.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga authorizes the city manager to enter into a lease purchase agreement with Enterprise Fleet Management for replacement of ten (10) vehicles.

BE IT FURTHER RESOLVED that the City Council of the City of Calistoga authorizes the City Manager to execute any necessary documentation and participate in any early payment discounts.

BE IT FURTHER RESOLVED that the City Council of the City of Calistoga intends to lease finance these and the other vehicles included in the Fiscal Year

50 2018-19 Budget and authorizes the City Manager to execute all documents
51 necessary to secure the vehicles.

52
53 **BE IT FURTHER RESOLVED** that the replaced vehicles shall be disposed
54 of upon arrival of the new equipment replacement through Enterprise Fleet
55 Management.

56
57 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of
58 Calistoga at a regular meeting held this **18th day of December 2018**, by the
59 following vote:

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61
62 **AYES:**
63 **NOES:**
64 **ABSTAIN:**
65 **ABSENT:**

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69 **CHRIS CANNING, Mayor**

70 **ATTEST:**
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74 **KATHY FLAMSON, City Clerk**