



CITY OF WASHINGTON, ILLINOIS

Finance & Personnel Committee Agenda Communication

Meeting Date: 02-15-2021

Prepared By: Dennis Carr – City Engineer

Agenda Item: Enterprise Leasing Program

Explanation: The City currently funds the Public Works small vehicle fleet at an average 12-year replacement cycle and the Police small vehicle fleet at an average 6-year replacement cycle. With this cycle length, the City purchases the vehicle and sells them with little to no value remaining. Many times, the vehicles will only bring in its value in scrap recycling.

As a vehicle ages, its fuel efficiency decreases and its cost of maintenance increases. Also, new safety measures are implemented in each new model year to incorporate the latest and safest designs which help keep drivers safe and insurance claims lower. The summation of these items increases the net cost of ownership.

The Enterprise program has a shorter cycle length that is designed to maximum the value of the vehicle versus the cost of ownership. The average cycle for the Enterprise program is 4-5 years for Police Vehicles and 5-7 on Public Works vehicles. The larger F350 type vehicles in public works have a longer cycle than those of the F250 and below due to the increase in aftermarket needs.

The cost to purchase a vehicle does not take into account any resale value where the Enterprise vehicle price is set based on future book value and future resale. This creates some initial savings and allows for more vehicles to be leased at the same price as purchased. When the resale value is equal to the cost of ownership, the vehicle is traded in for a new model. The book value is paid off out of the resale and proceeds can be either sent to the City in the form of a Check or can be added as a credit to the Enterprise account and used towards the cost of the next vehicle. The effectiveness of this program is dependent on the continuous resale of assets and their equity.

There are cases where there is good resale data showing that a vehicle can resale for more than the book value earlier than the 5 year turn around. Enterprise will often inform the City of that and the vehicle will be sold early to maximize the return. In some cases, this has proven to be 6-12 months but that is far less common.

Enterprise, with the help of our mechanic, will keep a maintenance record and mileages of the vehicles. With this data and the resale data, Enterprise will manage the City's Fleet in order to keep the fleet as healthy and cost efficient as possible. This is a standalone position in many larger communities but is included in the enterprise program.

While Enterprise is beginning to accept large Plow Trucks into their program, this has not been considered yet by Staff but could be reviewed in the future.

Fiscal Impact: The program shows a net savings over a 10 Year period compared to our traditional approach to replacing through our MERF schedule for both the Public Works and the Police Department. The program shows a net year over year savings once the program is fully implemented for the combination of the Police and Public Works Department to maintain the fleet at a shorter life cycle.

Recommendation/

Committee Discussion Summary: Staff recommends the committee move this item to tonight's City

Council Agenda for approval to enter into an agreement for Enterprise to Manage the replacement of the City's Small Fleet Vehicles.

Action Requested: Move this item to City Council Agenda for approval.

Attachments:

-Enterprise Recommended Replacement Schedule

- PW Fleet Profile
- PW 10 Yr Analysis
- PD Fleet Profile
- PD 10 Yr Analysis

-Balanced Approach Replacement Schedule

- PW Fleet Profile
- PW 10 Yr Analysis
- PD Fleet Profile
- PD 10 Yr Analysis

City of Washington - Fleet Profile

Fleet Profile

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage
Full-size Sedan	1	2.1	4,300
Compact SUV 4x2	1	14.3	3,900
Compact SUV 4x4	1	10.3	8,700
Full Size SUV 4x4	1	7.2	2,800
Compact Pickup Ext 4x2	3	10.2	7,500
1/2 Ton Pickup Ext 4x4	1	8.2	14,800
3/4 Ton Pickup Reg 4x2	6	6.7	6,700
3/4 Ton Pickup Reg 4x4	2	3.6	6,000
1 Ton Cab Chassis	3	9.6	3,300
Totals/Averages	19	7.8	6,300

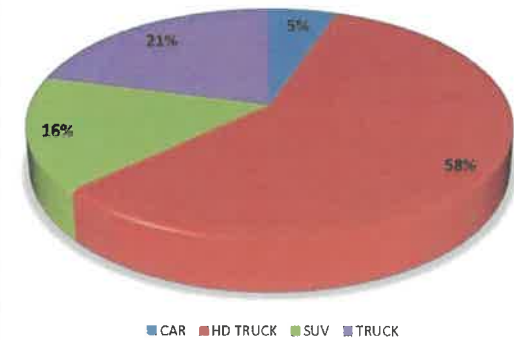
Fleet Replacement Schedule

2021	2022	2023	2024	2025	Under-Utilized
0	0	0	0	1	0
0	1	0	0	0	0
1	0	0	0	0	0
0	0	0	1	0	0
2	1	0	0	0	0
1	0	0	0	0	0
0	2	3	0	1	0
0	0	0	0	2	0
0	0	0	3	0	0
4	4	3	4	4	0

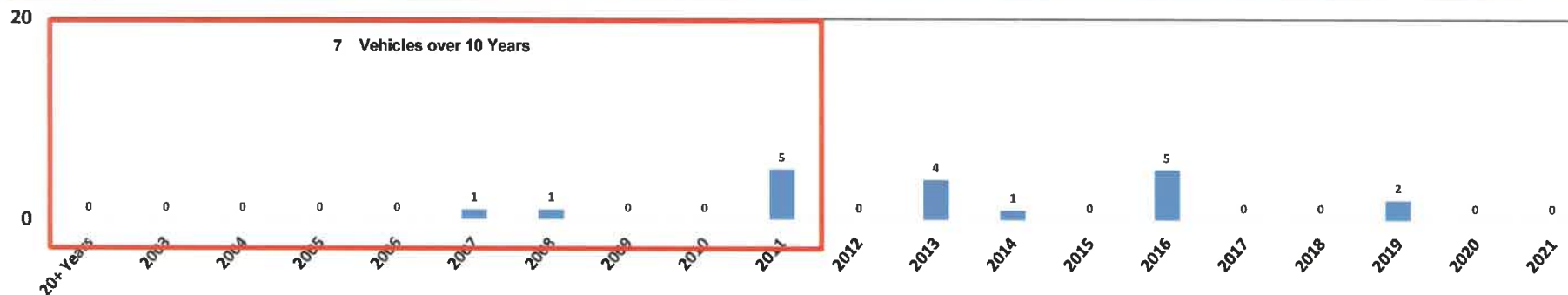
Replacement Criteria

- * Fiscal Year 2021 = 20 years old and older, or odometer over 80,000
- * Fiscal Year 2022 = 20 years old and older, or odometer over 55,000
- * Fiscal Year 2023 = 20 years old and older, or odometer over 30,000
- * Fiscal Year 2024 = 10 years old and older, or odometer over 20,000
- * Fiscal Year 2025 = Remaining Vehicles
- * Underutilized = Annual Mileage less than 2,000

Vehicle Types



Model Year Analysis

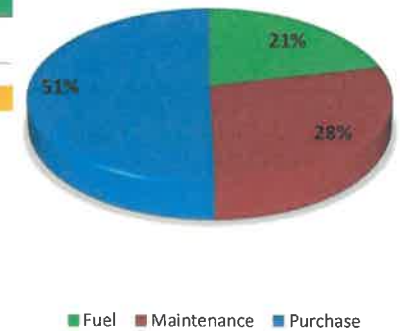


City of Washington - Fleet Planning Analysis

Current Fleet	19	Fleet Growth	0.00%	Proposed Fleet	19
Current Cycle	11.18	Annual Miles	6,300	Proposed Cycle	3.21
Current Maint.	\$115.50			Proposed Maint.	\$30.10
Maint. Cents Per Mile	\$0.22	Current MPG	13	Price/Gallon	\$2.15

Fleet Costs Analysis

Fiscal Year	Fleet Size	Fleet Mix		Fleet Cost							Annual	
		Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	19	1.7	19	0	46,807	0			26,334	19,797	92,937	0
'21	19	4	15	4	0	19,992	-18,875	-20,794	22,235	18,963	21,521	71,416
'22	19	7	11	8	0	38,975	-27,000	-27,847	18,136	18,129	20,393	72,544
'23	19	7	8	11	0	53,436	-31,280	-27,847	15,061	17,504	26,874	66,063
'24	19	8	4	15	0	81,311	-46,060	-48,240	10,962	16,671	14,644	78,293
'25	19	10	0	19	0	101,552	-51,285	-64,916	6,863	15,837	8,050	84,887
'26	19	8	0	19	0	101,552		-48,094	6,863	15,837	76,158	16,780
'27	19	6	0	19	0	101,552		-79,509	6,863	15,837	44,742	48,195
'28	19	9	0	19	0	101,552		-91,223	6,863	15,837	33,029	59,908
'29	19	10	0	19	0	101,552		-49,821	6,863	15,837	74,430	18,507
'30	19	6	0	19	0	101,552		-85,990	6,863	15,837	38,262	54,675
10 Year Savings											\$571,268	
Avg. Sustainable Savings											\$39,613	



Current Fleet Equity Analysis

YEAR	2021	2022	2023	2024	2025	Under-Utilized
QTY	4	4	3	4	4	0
Est \$	\$4,719	\$6,750	\$10,427	\$11,515	\$12,821	\$0
TOTAL	\$18,875	\$27,000	\$31,280	\$46,060	\$51,285	\$0
Estimated Current Fleet Equity**					\$174,500	

* 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.

KEY OBJECTIVES

Lower average age of the fleet

37% 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

Confidential

2/9/2021

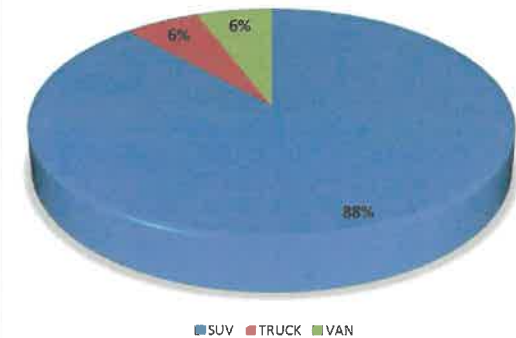
enterprise
FLEET MANAGEMENT

BALANCED APPROACH REPLACEMENT

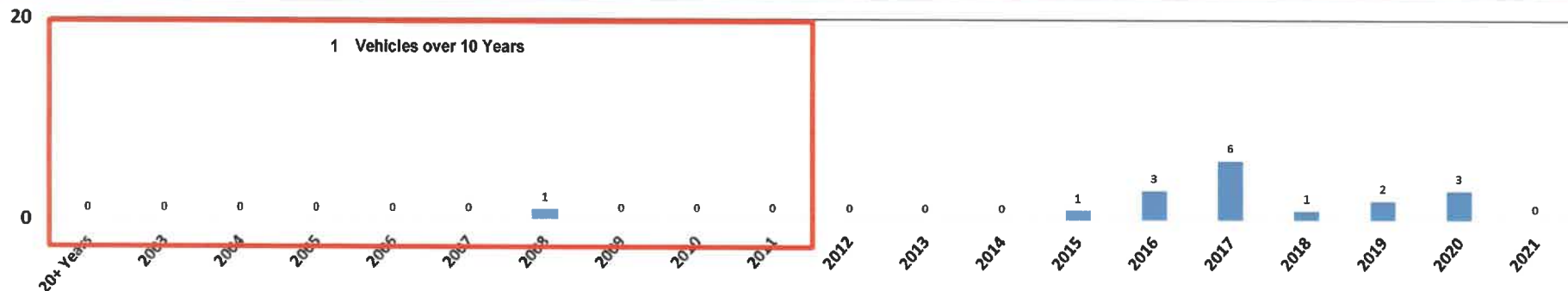
City of Washington - Police - Fleet Profile

Fleet Profile				Fleet Replacement Schedule						Replacement Criteria
Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage	2021	2022	2023	2024	2025	Under-Utilized	
Minivan-Passenger	1	2.1	16,300	0	0	1	0	0	0	* Fiscal Year 2021 = 10 years old and older, or odometer over 100,000
Compact SUV 4x4	2	5.2	11,400	0	2	0	0	0	0	* Fiscal Year 2022 = 10 years old and older, or odometer over 50,000
Mid Size SUV 4x2	1	13.2	10,000	1	0	0	0	0	0	* Fiscal Year 2023 = 10 years old and older, or odometer over 10,000
Mid Size SUV 4x4	11	3.5	19,900	4	2	5	0	0	0	* Fiscal Year 2024 = 10 years old and older, or odometer over 79,900
Full Size SUV 4x4	1	4.2	23,300	0	1	0	0	0	0	* Fiscal Year 2025 = Remaining Vehicles
1/2 Ton Pickup Quad 4x4	1	2.1	23,500	0	0	1	0	0	0	* Underutilized = Annual Mileage less than 2,500
Totals/Averages	17	4.1	18,500	5	5	7	0	0	0	

Vehicle Types



Model Year Analysis

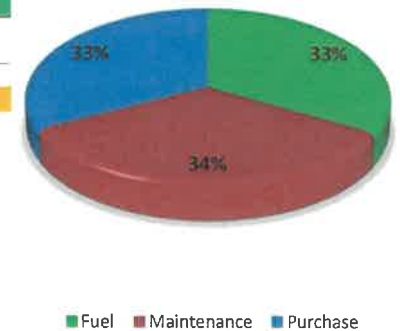


City of Washington - Police - Fleet Planning Analysis

Current Fleet	17	Fleet Growth	0.00%	Proposed Fleet	17
Current Cycle	10.63	Annual Miles	18,500	Proposed Cycle	4.53
Current Maint.	\$339.17			Proposed Maint.	\$98.81
Maint. Cents Per Mile	\$0.22	Current MPG	10	Price/Gallon	\$2.15

Fleet Costs Analysis

Fiscal Year	Fleet Mix			Fleet Cost								Annual
	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	17	1.6	17	0	66,404	0			69,190	67,618	203,211	0
'21	17	5	12	5	0	44,717	-46,075		54,768	65,810	119,219	83,992
'22	17	5	7	10	0	81,786	-73,196		40,347	64,002	112,938	90,273
'23	17	7	0	17	0	141,367	-91,333	-11,528	20,156	61,470	120,134	83,077
'24	17	2	0	17	0	141,367	0	-14,117	20,156	61,470	208,877	-5,666
'25	17	2	0	17	0	141,367	0	-11,233	20,156	61,470	211,761	-8,550
'26	17	5	0	17	0	141,367		-25,723	20,156	61,470	197,271	5,940
'27	17	6	0	17	0	141,367		-23,439	20,156	61,470	199,555	3,656
'28	17	8	0	17	0	141,367		-6,064	20,156	61,470	216,930	-13,719
'29	17	1	0	17	0	141,367		-11,528	20,156	61,470	211,466	-8,255
'30	17	2	0	17	0	141,367		-19,287	20,156	61,470	203,707	-496
10 Year Savings											\$230,250	Avg. Sustainable Savings
												-\$2,575



Current Fleet Equity Analysis

YEAR	2021	2022	2023	2024	2025	Under-Utilized
QTY	5	5	7	0	0	0
Est \$	\$9,215	\$14,639	\$13,048	\$0	\$0	\$0
TOTAL	\$46,075	\$73,196	\$91,333	\$0	\$0	\$0
Estimated Current Fleet Equity**					\$210,603	

* 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.

KEY OBJECTIVES

Lower average age of the fleet

6% of the current light and medium duty fleet is over 10 years old

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2/9/2021

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FLEET MANAGEMENT

BALANCED APPROACH REPLACEMENT

City of Washington - Fleet Profile

Fleet Profile

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage
Full-size Sedan	1	2.1	4,300
Compact SUV 4x2	1	14.3	3,900
Compact SUV 4x4	1	10.3	8,700
Full Size SUV 4x4	1	7.2	2,800
Compact Pickup Ext 4x2	3	10.2	7,500
1/2 Ton Pickup Ext 4x4	1	8.2	14,800
3/4 Ton Pickup Reg 4x2	6	6.7	6,700
3/4 Ton Pickup Reg 4x4	2	3.6	6,000
1 Ton Cab Chassis	3	9.6	3,300
Totals/Averages	19	7.8	6,300

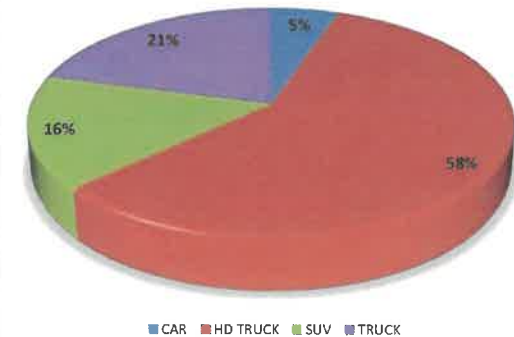
Fleet Replacement Schedule

2021	2022	2023	2024	2025	Under-Utilized
0	0	0	1	0	0
1	0	0	0	0	0
1	0	0	0	0	0
0	1	0	0	0	0
3	0	0	0	0	0
1	0	0	0	0	0
3	0	3	0	0	0
0	0	1	1	0	0
2	0	1	0	0	0
11	1	5	2	0	0

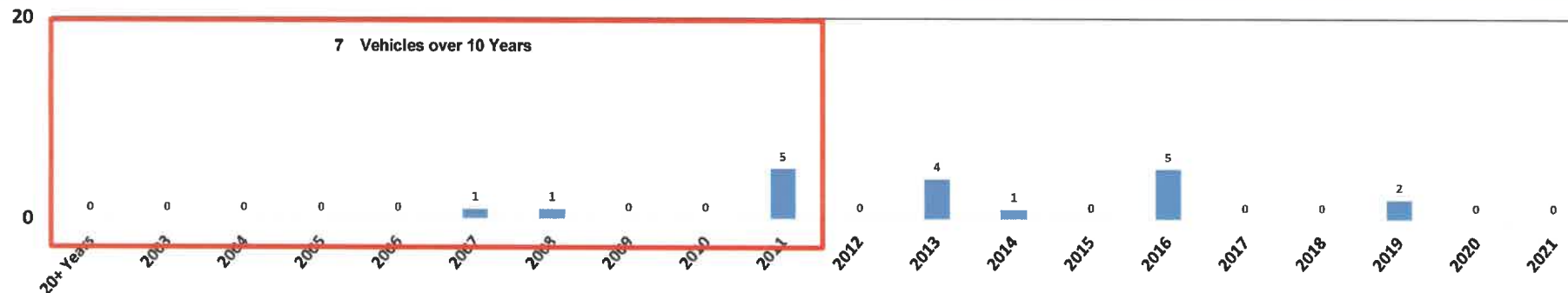
Replacement Criteria

- * Fiscal Year 2021 = 8 years old and older, or odometer over 100,000
- * Fiscal Year 2022 = 6 years old and older, or odometer over 93,300
- * Fiscal Year 2023 = 4 years old and older, or odometer over 86,600
- * Fiscal Year 2024 = 2 years old and older, or odometer over 79,900
- * Fiscal Year 2025 = Remaining Vehicles
- * Underutilized = Annual Mileage less than 2,000

Vehicle Types



Model Year Analysis

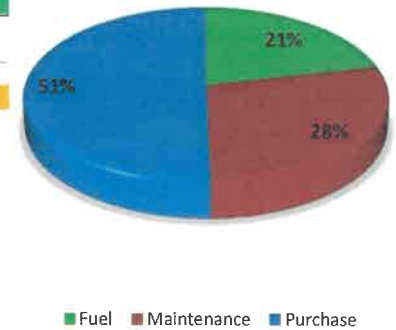


City of Washington - Fleet Planning Analysis

Current Fleet	19	Fleet Growth	0.00%	Proposed Fleet	19
Current Cycle	11.18	Annual Miles	6,300	Proposed Cycle	3.21
Current Maint.	\$115.50			Proposed Maint.	\$30.10
Maint. Cents Per Mile	\$0.22	Current MPG	13	Price/Gallon	\$2.15

Fleet Costs Analysis

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	19	1.7	19	0	46,807	0			26,334	19,797	92,937	0
'21	19	11	8	11	0	56,855	-91,350	-27,847	15,061	17,504	-29,777	122,714
'22	19	5	7	12	0	65,141	-13,095	-27,847	14,036	17,296	55,532	37,406
'23	19	9	2	17	0	91,498	-73,860	-58,436	8,912	16,254	-15,632	108,569
'24	19	9	0	19	0	101,552	-28,718	-40,611	6,863	15,837	54,923	38,014
'25	19	5	0	19	0	101,552	0	-104,794	6,863	15,837	19,458	73,479
'26	19	12	0	19	0	101,552		-68,973	6,863	15,837	55,279	37,658
'27	19	8	0	19	0	101,552		-51,540	6,863	15,837	72,712	20,226
'28	19	6	0	19	0	101,552		-78,183	6,863	15,837	46,069	46,868
'29	19	9	0	19	0	101,552		-68,973	6,863	15,837	55,279	37,658
'30	19	8	0	19	0	101,552		-76,432	6,863	15,837	47,820	45,118
10 Year Savings											\$567,711	
Avg. Sustainable Savings											\$37,506	



Current Fleet Equity Analysis

YEAR	2021	2022	2023	2024	2025	Under-Utilized
QTY	11	1	5	2	0	0
Est \$	\$8,305	\$13,095	\$14,772	\$14,359	\$0	\$0
TOTAL	\$91,350	\$13,095	\$73,860	\$28,718	\$0	\$0
Estimated Current Fleet Equity**					\$207,023	

* 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.

KEY OBJECTIVES

Lower average age of the fleet

37% 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

Confidential

2/9/2021

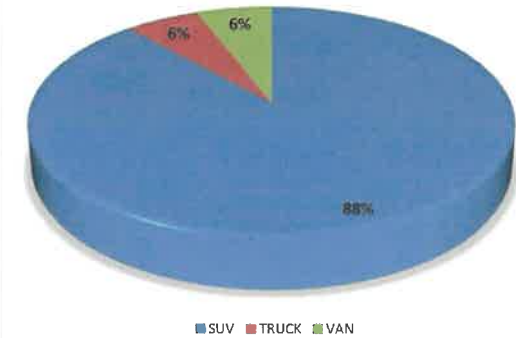
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FLEET MANAGEMENT

ENTERPRISE RECOMMENDED REPLACEMENT

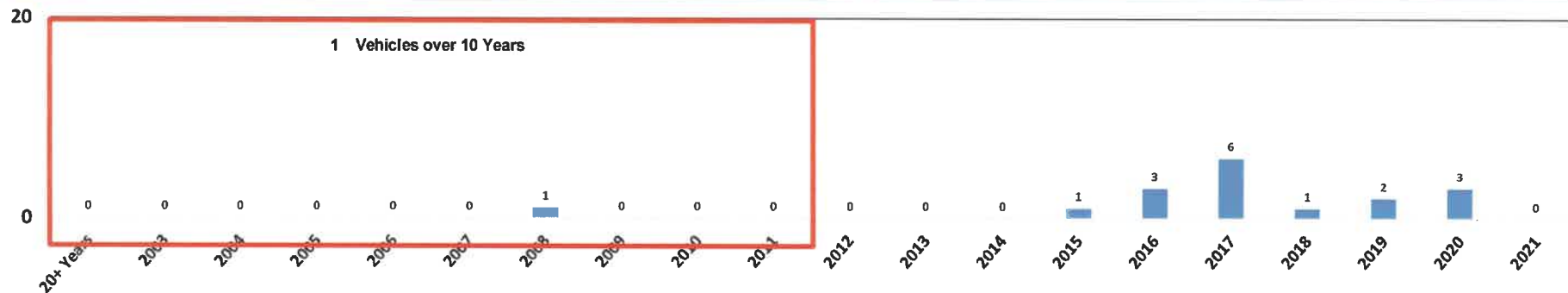
City of Washington - Police - Fleet Profile

Fleet Profile				Fleet Replacement Schedule						Replacement Criteria
Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage	2021	2022	2023	2024	2025	Under-Utilized	
Minivan-Passenger	1	2.1	16,300	0	0	0	1	0	0	* Fiscal Year 2021 = 5 years old and older, or odometer over 90,000
Compact SUV 4x4	2	5.2	11,400	1	1	0	0	0	0	* Fiscal Year 2022 = 4 years old and older, or odometer over 93,300
Mid Size SUV 4x2	1	13.2	10,000	1	0	0	0	0	0	* Fiscal Year 2023 = 3 years old and older, or odometer over 88,600
Mid Size SUV 4x4	11	3.5	19,900	5	2	1	0	3	0	* Fiscal Year 2024 = 2 years old and older, or odometer over 79,900
Full Size SUV 4x4	1	4.2	23,300	1	0	0	0	0	0	* Fiscal Year 2025 = Remaining Vehicles
1/2 Ton Pickup Quad 4x4	1	2.1	23,500	0	0	0	1	0	0	* Underutilized = Annual Mileage less than 2,500
Totals/Averages	17	4.1	18,500	8	3	1	2	3	0	

Vehicle Types



Model Year Analysis

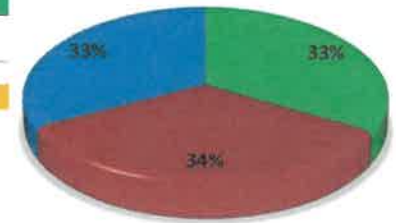


City of Washington - Police - Fleet Planning Analysis

Current Fleet	17	Fleet Growth	0.00%	Proposed Fleet	17
Current Cycle	10.63	Annual Miles	18,500	Proposed Cycle	4.53
Current Maint.	\$339.17			Proposed Maint.	\$98.81
Maint. Cents Per Mile	\$0.22	Current MPG	10	Price/Gallon	\$2.15

Fleet Costs Analysis

Fiscal Year	Fleet Mix			Fleet Cost								Annual	
	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash	
Average	17	1.6	17	0	66,404	0			69,190	67,618	203,211	0	
'21	17	8	9	8	0	67,394	-105,325		46,115	64,725	72,909	130,302	
'22	17	3	6	11	0	91,686	-36,890		37,462	63,640	155,899	47,312	
'23	17	1	5	12	0	101,587	-14,534	-13,517	34,578	63,278	171,392	31,819	
'24	17	4	3	14	0	111,666	-22,151	-6,064	28,809	62,555	174,815	28,396	
'25	17	4	0	17	0	141,367	-23,160	-18,331	20,156	61,470	181,503	21,708	
'26	17	7	0	17	0	141,367		-27,971	20,156	61,470	195,023	8,188	
'27	17	6	0	17	0	141,367		-7,356	20,156	61,470	215,638	-12,427	
'28	17	2	0	17	0	141,367		-8,923	20,156	61,470	214,071	-10,860	
'29	17	2	0	17	0	141,367		-23,458	20,156	61,470	199,536	3,675	
'30	17	6	0	17	0	141,367		-18,331	20,156	61,470	204,663	-1,452	
10 Year Savings												\$246,661	
Avg. Sustainable Savings												-	\$-2,575



Current Fleet Equity Analysis

YEAR	2021	2022	2023	2024	2025	Under-Utilized
QTY	8	3	1	2	3	0
Est \$	\$13,166	\$12,297	\$14,534	\$11,076	\$7,720	\$0
TOTAL	\$105,325	\$36,890	\$14,534	\$22,151	\$23,160	\$0
Estimated Current Fleet Equity**					\$202,060	

* 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.

KEY OBJECTIVES

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FLEET MANAGEMENT

ENTERPRISE RECOMMENDED REPLACEMENT