


Livermore Area Recreation and Park District

Staff Report

TO: Chair Furst and Board of Directors

FROM: Mathew Fuzie, General Manager 

PREPARED BY: Bruce Aizawa, Parks and Facilities Manager

DATE: July 10, 2019

SUBJECT: Consideration of Light Vehicle Lease Program

RECOMMENDATIONS: That the District consider a Master Lease Agreement for a Fleet Management Program in order to be more efficient and effective with the operations and maintenance of light duty vehicles.

BACKGROUND: The District currently owns and maintains 43 light duty vehicles used by various District divisions to provide services to the Livermore community. 46.5% of the fleet is over 10 years old and many of the vehicles are well beyond their intended useful life. In addition, some of the older vehicles may not meet current standards related to air quality and pollution, resulting in elevated CO2 emissions. The District has historically handled vehicle replacement by allocating relatively small portion of one-time funding to purchase a few vehicles at a time. Both maintenance and fuel costs also continue to increase for the older vehicles as their age increases. Overall the District's fleet is less safe to operate, expensive to manage and repair, and emits greater pollution than newer vehicles. Additionally, the District lacks professional expertise in adequate fleet management and oversight, such as providing recommendations on replacement schedules and vehicle types.

In an effort to address these concerns, Staff met with Enterprise Fleet Management, INC ("Enterprise") which owns and operates the world's largest fleet of vehicles. Under their Governmental Fleet Management Program, the District may contract with Enterprise to lease vehicles which may include fleet management and support, as well as maintenance services, insurance, etc. The District may choose to have Enterprise deliver a base vehicle with equipment to be added by the District, or to price a fully outfitted vehicle with graphics and equipment. At this time, staff is proposing the Board of Directors consider a Master Lease Agreement with Enterprise for the immediate replacement of twenty (20) light duty fleet vehicles and that Enterprise perform fleet management activities including procurement, disposal and maintenance of these District vehicles.

Advantages of using the Fleet Management Program include:

- Allowing the District to begin an organized replacement of its aging fleet
- Maximizing cash flow opportunities by creating ongoing annual payment for fleet services versus funding the entire cost of a vehicle up front
- Utilizing the expertise of an Enterprise fleet manager to make recommendations to the District regarding available options and ensures the District receives the best rebates and bids by utilizing State procurement contracts coupled with experience as the Worlds' largest fleet operator
- Increasing 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.
- Reducing CO2 emissions from older vehicles by procurement of new, environmentally friendly equipment
- Reducing the amount of the Districts staff time spent on procurement, disposal, equipping and maintaining the Districts fleet.

Lease Cycles for most vehicles are sixty (60) months. Utilizing this program will provide a consistent, preventive maintenance cycle and substantially reduce repair expenses and potential vehicle downtime. The proposed lease for all vehicles will be an "Open Ended Equity" Lease which at the end of the lease cycle, the District will have the option to continue using the vehicle in the District fleet (a \$400 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). Enterprise will also provide a full maintenance program for all leased vehicles which includes 24-hour roadside assistance (does not cover tires and brakes) which can all be outsourced using local and/or preferred vendors. The District will work with Enterprise to include local auto service providers in Enterprise's eligible provider network.

Replacement of the Districts older vehicles would also result in a significant reduction in annual greenhouse gas emissions. . The twenty (20) initial vehicles to be replaced are the oldest and least environmentally friendly vehicles in the District's fleet.

CONCLUSION: Staff recommends entering into a Master Lease Agreement and Maintenance Agreement with Enterprise Fleet Management to manage the District's fleet of light duty trucks and vehicles.

FISCAL IMPACT: Initially the program will replace twenty (20) District vehicles that are over 10 years old at an estimated cost to the District of \$148,270 (including leased vehicle maintenance) within the 2019/2020 fiscal year. Replacements of the remainder of the fleet through the 10 year fleet plan will provide an estimated savings of \$430,538 to the District.