



## Legislation Text

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**File #:** Res. 2021-211R, **Version:** 1

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### **AGENDA CAPTION:**

Consider approval of Resolution 2021-211R, approving an agreement with Enterprise Fleet Management, Inc., through the Texas Interlocal Purchasing System, to provide for the lease and maintenance of eighteen vehicles for use by the Police, Fire, and Public Works Departments and the purchase of miscellaneous equipment in the estimated amount of \$836,906.40; authorizing the City Manager or his designee to execute the agreement on behalf of the City; and declaring an effective date.

**Meeting date:** October 19, 2021

**Department:** Public Works Department - Sabas Avila, Interim Director / Ricky Gee, Fleet Manager

### **Amount & Source of Funding**

**Funds Required:** \$836,906.40 over five years

**Account Number:** 10001280.52111 (Vehicle/Equipment Lease Payment); 21006322.5211; 22006335.52111

**Funds Available:** Annually Budgeted

**Account Name:** Vehicle/Equipment Finance Payments, City Fleet Leasing

### **Fiscal Note:**

**Prior Council Action:** The City first entered into a contract for leased vehicles with Enterprise Fleet Management in 2014.

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

Choose an item.

Choose an item.

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

☐ Economic Development - Choose an item.

☐ Environment & Resource Protection - Choose an item.

☐ Land Use - Choose an item.

☐ Neighborhoods & Housing - Choose an item.

☐ Parks, Public Spaces & Facilities - Choose an item.

☒ Transportation - Choose an item.

☐ Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Choose an item.

### **Background Information:**

With over 438 light vehicles in all departments, the City has previously faced budgetary challenges replacing vehicles according to the adopted replacement schedules. In 2014, the City executed a Fleet Management contract with Enterprise Fleet Management, Inc., through the Interlocal Purchasing System, TIPS, for the leasing of Police Department detective and undercover vehicles. After the successful leasing of the PD vehicles, Enterprise developed a citywide fleet management program to save the City money and provide predictable cost schedules. The City currently leases 209 of the City's 438 light vehicle fleet.

Through the Fleet Management program with Enterprise, light non-pursuit rated vehicles are directly bought from the manufacturer at government pricing or better with all applicable rebates applied. A leasing factor is applied to the purchase price and annual lease payments are set. The City buys aftermarket equipment and the equipment is included in the recurring annual lease amount and is also included in the contracted amount with Enterprise. Vehicles are replaced on an approximate five-year schedule. At the conclusion of the lease or sooner, the vehicles are either sold on the open market and the equity is rolled into the next five-year lease or sold to other municipalities with the revenue from the sale deposited into the City and a new five-year lease entered into with Enterprise. All maintenance is included in the annual lease payment with the exception of tires and Enterprise Fleet Management contracts with local vendors for these services. By moving the routine maintenance out of the City shop, mechanics are able to work on larger equipment repairs that are routinely outsourced. Bringing these repairs in-house has minimized the repair cost and created efficiencies. Fiscal year 2022 is the seventh year that vehicle replacements in the general fund have been leased instead of purchased and the fourth year for the enterprise funds.

A comprehensive study report of the Enterprise Lease program (attached) was conducted by a third-party consultant with final report issued in November 2020. A few points made in the report worth noting:

- Enterprise can purchase vehicles at a significantly lower price; therefore, when comparing leasing a vehicle to the City purchasing the vehicle it is estimated there would be a cost savings
- If purchased instead of leasing vehicles it is anticipated that additional personnel would be needed as the recommendation is one Technician for each 100 vehicles
- City does not have capacity at the garage facility to service all vehicles
- While payments would be eliminated after five years with purchased vehicles, increased maintenance expenses would need to be considered

This contract is brought to City Council each year for the approval of the annual vehicle allocation and contract increase. For FY22, the City will lease sixteen (18) additional vehicles for San Marcos Police, San Marcos

Fire and Public Works departments from Enterprise Fleet Management, Inc., with estimated annual lease payments in the amount of \$167,381.28 per year totaling an estimated \$836,906.40 for the five (5) year period. The 18 vehicles are to be distributed as follows:

- San Marcos Police, 8 replacement's, 7 new
- San Marcos Fire 1 Replacement Vehicle, 1 new
- Public Works 1 new, (faculties maintenance)

**Council Committee, Board/Commission Action:**

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**Alternatives:**

Revert back to purchasing vehicles instead of leasing.

**Recommendation:**

City staff recommends approval.