



City of Rialto

Legislation Text

File #: 21-0754, **Version:** 1

For City Council Meeting [October 26, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Marcus Fuller, City Manager

Request City Council to: (1) Approve the Acquisition of 87 New and Replacement Vehicles at a Total Cost of \$3,917,497 with Lease-Financing Through Enterprise FM Trust, a Delaware Statutory Trust Via a Master Equity Lease Agreement; and (2) Authorize the City Manager to Execute All Related Documents.

(ACTION)

BACKGROUND

The Public Works Fleet Maintenance Division is charged with the responsibility of maintaining safe, reliable, and clean vehicles and equipment, providing mechanical support in a timely manner, and providing service and products that are safe, efficient, and cost effective. The City's Fleet consists of 445 pieces of equipment, machinery/tools and includes 265 vehicles. Of the 265 vehicles, 136 vehicles are allocated to the Police Department, 42 vehicles to the Fire Department, 9 vehicles to the Community Compliance Department and 78 vehicles to the remaining City Departments.

On July 6, 2006, the City Council adopted an Equipment Replacement Policy with replacement based on a certain number of years of service, mileage and maintenance cost varying on the type of vehicle (safety vehicles replaced more frequently vs. general staff vehicles). This policy has been amended to follow the APWA standard that qualifies a vehicle's replacement status based on years in service, mileage, and maintenance cost as follows:

- **Replacement Vehicle Age:** 5-7 years for non-emergency vehicles.
- **Vehicle Mileage:** 75,000- 100,000 Miles
- **Maintenance Cost Vs Vehicle Value:** Maintenance cost exceed 50% of the vehicle purchase value.

Based on this Policy, Staff reviewed the City's existing fleet and identified the range of vehicles requirement replacement.

Staff presented the initial Fleet Assessment report to the Economic Development Committee (EDC) on February 24, 2021; at that time the EDC reviewed the assessment and provided direction.

On August 12, 2021, Staff presented an updated Fleet Assessment report and received additional direction, outlined as follows:

- Retain a domestic vehicle platform as the type of vehicles utilized in the City's fleet.
- Eliminate and reduce underutilized vehicles and fleet size by department with use of electric pool vehicles from MSRC Grant Purchase.
- Review the size of vehicle applications and reduce where applicable.
- Implement Alternative Fuel vehicle or Hybrid vehicle options where applicable.
- Surplus revenue is to be deposited into the General Fund.
- Establish a new standard for vehicle replacement criteria to increase surplus value, minimize maintenance cost and surplus older, obsolete vehicles.

ANALYSIS/DISCUSSION

Based on the Citywide Fleet Assessment study conducted by Staff, it is recommended that the City Council authorize the purchase of 41 vehicles for the Police Department, and 46 vehicles for other City Departments. This staff report will identify the specific vehicles being replaced or added in each of the Departments.

City Administration:

The City Administration has 2 existing vehicles that are 13 years of service and qualify for replacement as listed below, with one vehicle being transferred to another Department.

Unit #	Year	Make/Model
H017	2008	Ford Escape Hybrid
H019	2008	Ford Escape Hybrid
H020	2019	Ford Fusion Hybrid

Units H017 and H019 will be declared surplus and auctioned off. Unit H020 will be kept in service and transferred to another Department. These vehicles will be replaced as follows:

Make/Model	Cost
(3) Ford Escape Hybrid	\$27,368.00
Total Estimated Cost	\$82,104.00

City Clerk's Office:

The City Clerk's Office has 4 existing vehicles that range from 13 to 24 years of service and qualify for replacement as listed below, to be replaced with 3 new vehicles.

Unit #	Year	Make/Model
H001	2008	Ford Escape Hybrid
H002	1997	Ford E350 Club Van
H003	2005	Chevrolet Colorado
H010	1999	Chevrolet 2500 Cargo Van

Unit H010 will be declared surplus with no replacement. Units H001, H002 and H003 will be declared

surplus and replaced with the following new vehicles:

Make/Model	Cost
(1) Ford Ranger	\$22,122.00
(2) Ford Escape Hybrid	\$54,736.00
Total Estimated Cost	\$76,858.00

Finance Department:

The Finance Department, Purchasing and IT Division have 3 existing vehicles that range from 12 to 20 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
H023	2001	Ford Taurus
H024	2009	Ford Escape Hybrid
D006	2002	Chevrolet Venture

These 3 vehicles will be declared surplus and replaced with shared carpool vehicles. This action will only approve purchase of 1 new vehicle assigned to the Finance Department:

Make/Model	Cost
(1) Ford Escape Hybrid	\$27,368.00
Total Estimated Cost	\$27,368.00

Rialto Utilities Authority:

The Rialto Utilities Authority has 1 existing vehicle that has 13 years of service and qualifies for replacement as listed below.

Unit #	Year	Make/Model
E018	2008	Ford Escape Hybrid

This vehicle will be declared surplus and replaced with the following new vehicle:

Make/Model	Cost
(1) Ford Escape Hybrid	\$27,368.00
Total Estimated Cost	\$27,368.00

Community Development:

The Community Development Department has 4 existing vehicles that range from 13-22 years of service and qualify for replacement as listed below, to be replaced with 3 new vehicles.

Unit #	Year	Make/Model
B005	1999	Chevrolet S-10
B007	1999	Chevrolet S-10
B012	2008	Ford F150 Crew Cab
B013	2005	Ford Ranger

Units B005 and B007 will be declared surplus with no replacement. Units B012 and B013 will be declared surplus and replaced with the following new vehicles, including the addition of the 1 new vehicle assigned to the Department:

Make/Model	Cost
(2) Ford Escape Hybrid	\$54,736.00
(1) Ford Ranger	\$22,122.00
Total Estimated Cost	\$76,858.00

Human Resources:

The Human Resources Department has 1 existing vehicle that has 13 years of service and qualifies for replacement as listed below.

Unit #	Year	Make/Model
P001	2008	Ford Escape Hybrid

This vehicle will be declared surplus and replaced with the following new vehicle:

Make/Model	Cost
(1) Ford Escape Hybrid	\$27,368.00
Total Estimated Cost	\$27,368.00

Community Services:

The Community Services Department has 4 existing vehicles that range from 13-25 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
B006	1999	Chevrolet S-10
P002	2008	Ford Escape Hybrid
P003	1996	Chevrolet Astro Van
P027	1997	Ford E350 Club Van

Units B006, P002, P003 and P027 will be declared surplus and replaced with the following new

vehicles:

Make/Model	Cost
(1) Ford Escape Hybrid	\$27,368.00
(1) Ford Transit Van	\$40,105.00
(1) Ford F150 Crew Cab	\$33,564.00
(1) Ford Ranger	\$22,122.00
Total Estimated Cost	\$123,159.00

Maintenance & Facilities Department - Administration:

The Maintenance & Facilities Department (Administration) has 1 existing vehicle that has 23 years of service and qualifies for replacement as listed below.

Unit #	Year	Make/Model
WM005	1998	Chevrolet 1500

This vehicle will be declared surplus and replaced with the following new vehicle, including the addition of the 1 new vehicle assigned to the Department:

Make/Model	Cost
(1) Ford Ranger	\$22,122.00
(1) Ford Escape Hybrid	\$27,368.00
Total Estimated Cost	\$49,490.00

Community Development - Engineering Division:

The Community Development - Engineering Division has 5 existing vehicles that range from 13-20 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
E012	2005	Chevrolet S-10 Blazer
E014	2005	Ford Crown Victoria
E017	2008	Ford Ranger
E021	2004	Ford Crown Victoria
E022	2001	Chevrolet 1500

These vehicles will be declared surplus and replaced with the following new vehicles, including the addition of 3 new vehicles assigned to the Division to accommodate additional staff:

Make/Model	Cost
(3) Ford Escape Hybrid	\$82,104.00
(5) Ford Ranger	\$110,610.00
Total Estimated Cost	\$192,714.00

Maintenance & Facilities - Street Maintenance & Storm Water Division:

The Maintenance & Facilities - Street Maintenance & Storm Water Division has 2 existing vehicles that range from 13-15 years of service that qualify for replacement as listed below.

Unit #	Year	Make/Model
M059	2006	Ford F150 Crew Cab 4wd
M064	2008	Ford F150

Units M059 and M064 will be declared surplus and replaced with the following new vehicles:

Make/Model	Cost
(1) Ford F150 Crew Cab 4wd	\$35,663.00
(1) Ford F250 Service Body	\$39,792.70
Total Estimated Cost	\$75,455.70

Maintenance & Facilities - Traffic Safety Division:

The Maintenance & Facilities - Traffic Safety Division has 4 existing vehicles that range from 13-17 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
N009	2004	Ford F350 Service Body
N011	2005	Ford F350 Service Body
N012	2006	Ford F350 Crew Cab Service Body
N014	2008	Ford F350 Service Body

Units N009, N011, N012 and N014 will be declared surplus and replaced with the following new vehicles:

Make/Model	Cost
(1) Ford F350 Crew Cab Service Body	\$47,427.31
(3) Ford F250 Service Body	\$119,378.10
Total Estimated Cost	\$166,805.41

Maintenance & Facilities - Facilities Division:

The Maintenance & Facilities - Facilities Division has 3 existing vehicles that range from 13- 31 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
J017	2008	Ford F350 Dually Service Body
J023	1990	Chevrolet 2500 Service Body
J024	2005	Ford F150

Units J017, J023 and J024 will be declared surplus and replaced with the following new vehicles, including the addition of 3 new vehicles for additional staff:

Make/Model	Cost
(3) Ford F250 Service Body	\$119,378.10
(3) Ford Ranger	\$66,366.00
Total Estimated Cost	\$185,744.10

Community Services - Park Maintenance Division:

The Community Services - Park Maintenance Division has 4 existing vehicles that range from 13-17 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
A041	2004	Ford F350 Service Body
A044	2004	Ford F150
A048	2008	Ford Ranger
A051	2008	Ford Ranger

Units A041, A044, A048 and A051 will be declared surplus and replaced with the following new vehicles including the addition of 2 new vehicles for additional staff:

Make/Model	Cost
(1) Ford Ranger	\$22,122.00
(1) Ford Escape hybrid	\$27,368.00
(4) Ford F250 Service Body	\$159,170.80
Total Estimated Cost	\$208,660.80

Police Department:

The Police Department has 36 existing vehicles and off-road equipment that range from 3-24 years of service and qualify for replacement as listed below.

Unit #	Year	Make/Model
R607	2007	Ford Crown Victoria
R613	2007	Ford Crown Victoria
R620	2007	Ford Crown Victoria
R7010	2010	Ford Crown Victoria
R7512	2012	Ford Taurus Interceptor
R7212	2013	Ford Explorer Interceptor
R7112	2013	Ford Explorer Interceptor
R7713	2012	Ford Taurus Interceptor
R8513	2013	Ford Taurus Interceptor
R8313	2013	Ford Taurus Interceptor
R8113	2013	Ford Taurus Interceptor
R10016	2016	Ford Explorer Interceptor
R14016	2016	Ford Explorer Interceptor
R11016	2016	Ford Explorer Interceptor
R12016	2016	Ford Explorer Interceptor
R9214	2012	Toyota Camry
R9314	2012	Nissan Maxima
R9514	2014	Ford Taurus Interceptor
R805	2008	Ford Taurus
R6812	2012	Ford Taurus Interceptor
R3011	2011	Ford Taurus Interceptor
R4011	2011	Ford Taurus Interceptor
R807	2007	Ford Taurus
R9815	2014	Ford Mustang
R627*	2007	Ford Crown Victoria
R600*	2007	Ford Crown Victoria
R10015*	2014	Chrysler 300C
R624*	2007	Ford Crown Victoria
R7012*	2012	Ford Taurus Interceptor
R13016*	2016	Ford Explorer Interceptor
R2011*	2011	Ford Taurus Interceptor
R903*	2009	Ford Crown Victoria
R605*	2007	Ford Crown Victoria
R8713*	2013	Ford Explorer Interceptor
R15016*	2016	Ford Explorer Interceptor
R4118*	2018	Ford Explorer Interceptor

These 36 vehicles will be declared surplus and replaced with the following new vehicles, including the addition of 5 new vehicles identified for new staff members:

Make/Model	Cost
(10) Ford Explorer Base	\$344,251.10
(5) Ford Explorer XLT	\$186,855.55
(11) Ford Explorer Interceptor	\$640,159.19
(6) Ford F150 Responder	\$343,376.74
(7) Ford Escape Hybrid	\$214,332.16
(2) Nissan Altima	\$60,328.22
Total Estimated Cost	\$1,789,302.56

*Unit R627, R600, R10015, R624, R7012, R13016, R2011, R903, R605, R8713, R15016 and R4118 are total loss vehicle collisions.

Alternate Fuel Vehicle Policy

In accordance with the recommendation to increase the alternative fuel vehicle utilization within the City's Fleet, a benchmark goal of 20% was established. The requested action includes the new proposed Fleet replacement plan introducing 26 alternative fuel vehicles which consist of 17 Gas/Electric Ford Escape Hybrids and 9 Chevrolet Bolt Full Electric vehicles. This results in an increase of **20.24%** of Alternative Fuel vehicle usage in the City's Fleet, reaching a total compliance of **29.21%**, excluding emergency response vehicles from this percentage, surpassing the original goal of **20%** established by the City Council.

The EDC did recommend the City pursue purchase of new electric trucks and service vans. Staff did contact various dealers, and all dealers stated that there is no governmental pricing being offered at this time, with no confirmed delivery dates. Consumers purchasing electric trucks are paying a deposit for a reservation order through Ford.com, with no estimated time of delivery, at the full MSRP pricing. At this time, Staff recommends waiting for the first model year of electric trucks and service vans to test the market, and for government pricing to be established for these vehicles.

Other vehicles to be acquired in this action are traditional gasoline vehicles, are not offered with a hybrid engine option, and were selected for their specific performance and operational requirements as determined by the respective Department Director. The Fleet Division shall make every effort to incorporate alternate fuel vehicles within the fleet whenever a vehicle is replaced, that is operationally suited for alternate fuel usage, there is a proven track record for the specific type of vehicle being replaced, and the specific "engine family" is approved for use in California by the California Air Resources Board.

National Cooperative Purchasing - Competitive Pricing

Due to the size and scope of this vehicle purchase with 87 vehicles, Staff pursued competitive pricing through two different National Cooperative Purchasing Programs: National Auto Fleet Group (NAFG) and Enterprise Fleet Management. Each of these vendors have a recognized and applicable

Cooperative Purchasing Agreement under which the City may “piggyback” and benefit from the competitive and preferred pricing to governmental agencies. This purchasing program is authorized in the City’s Purchasing Ordinance, section 2.48.210 “General-Cooperative purchasing agreements (“piggybacking”).”

In this case, Staff coordinated with both NAFG and Enterprise and obtained the following pricing on the exact same set of vehicle specifications for both the Police Department vehicles and the Citywide miscellaneous vehicles:

	NAFG	Enterprise	Difference
Police Vehicles (41)	\$1,991,339.27	\$1,789,302.56	\$202,036.71
Misc. Vehicles (46)	\$1,649,958.49	\$1,375,876.01	\$274,082.48
Total Cost Difference			\$476,119.19

Also, to confirm that the cooperative purchase pricing was more competitive than local dealer pricing, Staff obtained quotes from Fairview Ford with pricing based on a County contract for the 46 miscellaneous vehicles, with the total pricing at \$1,476,598 which was less than the pricing provided by Enterprise.

Lease-Purchase Financing

In this case, and to take advantage of historically low financing rates, Staff recommends the City Council authorize the financing of the total vehicle cost of \$3,165,178.57 plus sales tax @ 7.75% of \$245,301.34 for a total cost of \$3,410,479.91 through the lease-purchase financing offered by Enterprise Fleet Management through their national cooperative purchasing program. With a lease-purchase, the sales tax amount is applied on a monthly basis through the term of the lease. Ultimately, the City will receive its sales tax revenue of approximately 13% or \$31,657.79 from this purchase over the term of the lease.

Enterprise is currently offering the City of Rialto financing at a rate of 3.235% (inclusive of a management fee of 0.085%) for the 5-year lease-purchase financing, for a total cost of the vehicles with financing/management fees of \$3,917,496.58.

Staff did compare the financing cost compared to NAFG, and NAFG offers a lower finance rate of 2.29% resulting in a total cost of the vehicles with financing cost of \$3,895,294.35 - at \$22,202.23 below the total cost with Enterprise Fleet Management. However, Staff recommends pursuing the acquisition and financing with Enterprise Fleet Management as it is an open-ended lease allowing the City to payoff the balance owed on the vehicles whenever the City chooses. Moreover, Enterprise Fleet Management offers additional services to the City in coordinating the acquisition of the vehicles and implementation of all the required out-fitting of the various vehicles, with vehicles delivered to the City turn-key and ready for deployment.

Additionally, Enterprise Fleet Management will provide to the City through the Master Equity Lease Agreement the following services:

- Assigned Account Manager & Logistic Coordinator.
 1. Enterprise will assist in overview of the City's fleet to provide recommendations for rotation of vehicles.
 2. Enterprise will manage the sale of the vehicle and department will have options for newer vehicles prior to the five (5) year lease term.
- The structure of the lease provides the ability to recapture sales tax from the resale value of the surplus vehicle.
- An open lease offers the ability to upgrade to electric vehicles when they become available.
- Enterprise has relationships with different dealerships for a wide variety of options (Ideal for Narcotic and Undercover police units).
- Enterprise will sell existing PD fleet vehicles identified for replacement at an estimated value of \$67,000-\$87,000. Based on this evaluation, Enterprise will provide the City with an upfront credit for resale of existing fleet in the amount of \$51,600 which will be applied to the down payment. If the surplus value exceeds the initial credit, a check or credit to the account will be provided to the City from Enterprise.
- At lease term, Enterprise will resell the vehicle at the Reduced Book Value.
 1. Option to replace existing vehicle.
 2. Pay \$1.00 pay off and own the vehicle.

Included as attachments to this staff report is the Master Equity Lease Agreement and related documents with Enterprise Fleet Management that will be necessary to complete the lease-purchase transaction.

ENVIRONMENTAL IMPACT

Pursuant to Section 15378 of the California Environmental Quality Act, the proposed request is not a project. A 'Project' means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A project does not include the creation of government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project, which may result in a potentially significant physical impact on the environment or Organizational, or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY

This action is consistent with Guiding Principle 3A in the General Plan:

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

LEGAL REVIEW

The City Attorney has reviewed and supports this staff report and attached documents.

FINANCIAL IMPACT

Operating Budget Impact

The purchase of new vehicles will help to reduce fleet maintenance costs as older vehicles are replaced with new vehicles. Additionally, these new vehicles will be on warranty and have an extended service contract during the term of the new lease.

Capital Improvement Budget Impact

Funds in the amount of \$300,000 are available in the Capital Projects Fund, Account No. 300-500-7150-3050 for purchase of new vehicles. An initial down payment of \$264,012 is required to cover the cost of outfitting associated with the vehicles.

The 5-year lease financing will result in annual lease payments of \$745,357.94 that will be allocated to the Police Department at \$402,981 and allocated to various City Departments at \$342,377 in future budgets.

The costs for new vehicles will be partially offset by the sale of existing, and scheduled to be surplus, vehicles with an estimated value of \$178,100.

Licensing

Prior to execution of the Professional Service Agreement/Purchase Order/Construction Contract/Amendment, the vendor shall submit a business license application and pay a Business License tax as well as Administration and State fees.

RECOMMENDATION

Staff recommends that the City Council:

- (1) Approve the Acquisition of 87 New and Replacement Vehicles at a Total Cost of \$3,917,497 with Lease-Financing Through Enterprise FM Trust, a Delaware Statutory Trust Via a Master Equity Lease Agreement; and
- (2) Authorize the City Manager to Execute All Related Documents.