



Commerce City

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Council Communication

File Number: Ord 2358

Agenda Date: 12/6/2021

Version: 1

Status: Agenda Ready

In Control: City Council

File Type: Ordinance

Agenda Number:

AN ORDINANCE AMENDING ORDINANCE NO. 2143 TO INCREASE THE AUTHORIZED TOTAL EXPENDITURE AMOUNT FOR THE LEASING OF VEHICLES UNDER THE CITY'S MASTER LEASE PROGRAM AGREEMENT WITH ENTERPRISE FLEET MANAGEMENT

Summary & Background:

Background

- In 2017, City Council authorized the City to enter into a Master Equity Lease Agreement with Enterprise FM Trust, "Enterprise"
- The purpose of this agreement was to provide for a method to replace vehicles/equipment that had surpassed its cost effective useful life-span with more modern, safer, and efficient vehicles/equipment without incurring significant capital outlay for the purchase of new(er) vehicles/equipment
- The City currently utilizes approximately 135 vehicles leased from Enterprise pursuant to the Agreement in order to carry out and perform various necessary City functions
- The current Agreement's five-year term runs through November 2022 and the total cost for the leasing of vehicles necessary for City operations is currently projected to exceed the \$3,548,125 maximum amount previously authorized by the City Council by end of Feb 2022 (based on revised delivery schedule of 2021 order deliveries)

Fleet Overview

- City operates a fleet of approximately 400 units consisting of passenger cars, pick-ups, light, medium and heavy equipment, parks operations equipment, and large tandem trucks
- Of these 400 units, 224 are lease eligible
- At present - of the 224 lease eligible units
 - o 134 units are currently leased from Enterprise
 - o 17 leased units are on order, model year 2021, yet to be delivered
 - o 31 units scheduled to be leased, starting in 2022
 - o 42 units to remain as City owned

Expenses

- Maximum allowable expenditure under the current authorization is \$3,548,125
- Anticipated total lease program expense through November 2022 is \$5,968,895...breakdown as follows;
 - o \$2,946,693 Expense as of 8 August 2021
 - o \$2,193,875 Projected Expense Aug 2021 - Nov 2022
 - o \$544,180 Projected Expense of 2022 Additions
 - o \$284,237 Contingency
- Past and Projected Vehicle Lease Program Expenditures have been approved through the budget process from 2017 - 2022

Next Steps

- Recommend Approving Proposed Ordinance Amendment (through November 2022)
- Investigate Efficacy of Current Lease/Fleet Program
 - o Utilize 3rd Party Consultant to assist review of current program and provide recommendation on best practices/alternatives to acquire, maintain, & manage fleet to best meet City's current and future needs
- Fleet Options To Consider (post November 2022) include;
 - o Continue w/primarily Leased Fleet
 - o Convert to hybrid (Leased & Owned Fleet)
 - o Convert to primarily City Owned Fleet

Staff Responsible (Department Head): Joe Wilson, Public Works Director

Staff Presenting: David Bebak, Fleet & Facilities Manager

Financial Impact: Total expenditures of the lease program not to exceed \$5,968,985.79

Funding Source: Fleet Fund

Staff Recommendation: Approval of Ordinance Amendment as presented

Suggested Motion:

- First reading: I move to introduce and approve on first reading Ordinance 2358 by Council as seated
- Second reading: I move to approve Ordinance 2358 on second and final reading