



AGENDA MEMORANDUM

DATE: August 28, 2024

TO: Finance & Administration Committee

FROM: Benjamin Haberthur, Executive Director
David Petschke, Chief Financial Officer

SUBJECT: Presentation and Approval of the Payoff of All Vehicles in the Enterprise Fleet Management Lease Program.

PURPOSE:

The purpose of this memorandum is to provide the Committee with information to consider the approval of a final payoff of the nine (9) vehicles currently in the Enterprise Vehicle Leasing Program.

BACKGROUND:

The Commission had previously approved a lease agreement of nine (9) F-150 pickups on July 13th, 2021. The lease agreement appeared to be a fiscally responsible program that would allow the District to purchase vehicles with a government incentive discount between \$1,000 to \$2,000 per vehicle and it would also allow the District to replace vehicles at a minimal cost more frequently which would have minimized the mechanical issues of the current fleet that had a useful life of 10 years at the time.

The District staff has carefully evaluated the fleet management program since that time and due to changes in the program it does not appear fiscally responsible to continue with Enterprise Fleet Management for several reasons:

- The government incentive is no longer offered by Enterprise Fleet Management.
- Enterprise claimed their high purchasing power could guarantee replacement vehicles, but they could not source new or replacement lease vehicles since 2021. This has caused a severe interruption to the vehicle replacement schedules and forced the District to seek other options to procure vehicles through purchasing Co-Ops.
- Lack of communication on vehicle order status and sudden cancellation of orders by Enterprise Fleet Management.
- High interest rates charged to the District for leased vehicles. Currently the lease rates are between 5.23%-5.64% for the vehicles in the program, but recently cancelled orders in the first quarter of 2024 for police F-150 interceptors had an estimated interest rate estimated at 6.78%.
- Additional management fee Charged by Enterprise of \$25.10-\$31.31 per month on each leased vehicle.
- Continued accounting errors and transparency issues with Enterprise Fleet Managements Finance Department.

RECOMMENDATION:

The Commission approved a budgeted amount of \$200,000 in the fiscal year 2025 between North Operations, South Operations and the Natural Resources departments to pay off the existing residual book value for the leased vehicles and to take title and ownership of the vehicles. Staff recommends that the Committee approve the final payoff in the amount not to exceed \$169,080.61 for the nine (9) vehicles currently in the Enterprise Lease Program.

ATTACHMENT:

8/31/2024 - Residual Book Value, Interest, & Enterprise Management Fees