Objective

- Analyze alternatives to funding the City's Fleet program.
- Identify an alternative way to fund Fleet that will provide some relief for the General Fund.
- Make recommendation of possible solutions

Current Situation

- Fleet meets with Departments and fleet needs/changes are discussed
- Fleet requests are submitted through the budget process
- Fleet requests are approved/denied during budget discussions
- GF makes budgetary contributions at the department level
- Enterprise funds make budgetary contributions at the fund level
- GF cannot continue to support Fleet in its current capacity
- GF has taken contribution “holidays” while Enterprise fuds continue to contribute

What We Looked At

- Buying used
- Eliminate Commuter Trip Reduction Program
- Leasing
- Electric vehicles
- Shrinking fleet
- Sharing vehicles between departments

Recommendation

- Fleet leasing
- No cuts to department’s fleet size
- Accounting change for GF fleet in Dept. 20 (Nondepartmental)

Equity Lease vs. Traditional Lease

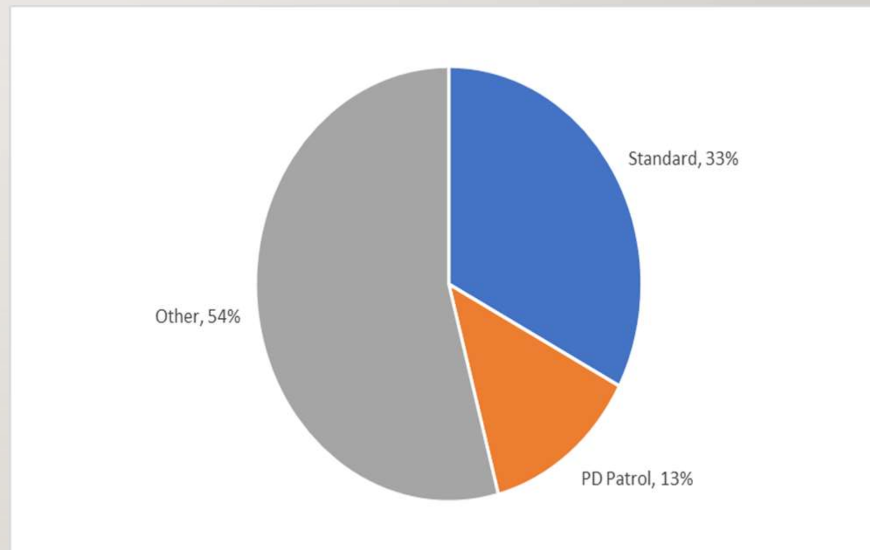
- City retains all rights of ownership/equity
- No mileage restrictions
- No time restrictions
- No wear & tear penalties

Fleet Makeup

Fleet Count

- Standard Fleet 115 (33%)
- PD Patrol 46 (13%)
- Other 190 (54%)
- Total 351

Fleet Percentage



What Does Fleet Leasing Look Like?

Included (approximately 115 Vehicles)

- PD non-patrol vehicles
- Standard fleet – PW, P&R, Pooled vehicles, Mayor’s Office
- Enter into leasing as budget is approved 9 cars in 2021, 2 vehicles in 2022
- Entire standard fleet replaced by 2025

Not Included

- PD Patrol vehicles
- Mowers
- Trailers
- Forklifts
- Tractors

Why Fleet Leasing (Benefits)

- Increase cash flow
- Reduce large fluctuations to fund balance
- Replace the standard fleet by end of 2025
- New vehicles are good for morale
- Maintenance reduced to oil changes/warranty work
- Consider PD Patrol vehicles later
- More nimble
  - Better positioned to transition to e-vehicles
  - Get out of vehicles that do not fit our needs
  - Reduced fleet as recognized

Fun Fact: Enterprise is not in the rental car business. They are really in the secondary car business.

Why This Model Works

- Buy low
- Low miles
- Sell at optimal period

Purchase Example

Vehicle Value	40,000
City Purchasing Power	29,000
Lease Payments (2 yrs.)	(12,000)
Payoff Amount	17,000
Sell Vehicle	31,000
Payoff Amount	(17,000)
Enterprise Fee	(500)
Less Lease Payments (2 yrs.)	(12,000)
Net Income	**$ 1,500**

References

- Spokane City
- Mason County
- Muckleshoot

Resale value
Service
Cash flow

Who Else is Using Enterprise Fleet Leasing

- Bainbridge Island
- Grays Harbor
- Pacific County
- Cowlitz County
- City of Forks
- City of McCleary
- City of Sultan
- City of Vancouver
- 10 + Local School Districts

Worst Case Scenario

- We have the vehicles we would have purchased anyway.
- Exit strategy is the same as how we entered.

Change in Accounting

- Fleet Fund owns all the fleet vehicles and equipment
- Account for GF Fleet in Dept. 20 (Non-departmental)
- Fleet budget will not be assigned to GF departments
- Departments will continue to determine fleet needs
- Fleet operates as pooled cash
- Streamline fund balance
- Eliminate fleet fund balance at the department level (off book tracking)
- Eliminates department reconciliations

Penultimate Slide

Overall, there is not big $ savings

- This program is for funding vehicles
- We would still outfit the vehicles ourselves
- We will still maintain the vehicles in-house
- No reduction in fleet
- Applies to 33% of total fleet
- Primarily this frees up cashflow

Conclusion

Recommendation

- Fleet will continue to be funded at its current level of service
- No cuts to department’s fleet size
- Enhance cashflow by utilize fleet leasing
- General Fund fleet accounting will be maintained in Dept. 20 NonDepartmental