

LEASE AGREEMENTS FOR UNDERCOVER VEHICLES

February 23, 2010

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DISCUSSION

Upon requesting a new contract from Silver Oak Leasing this year, it was explained that the City's business is not their preferred form of business. As a result, they were unwilling to work with us on pricing for the next three years and submitted a renewal contract that raised our monthly rate to \$3,456, an increase of more than \$1,100. This was an average increase of more than \$220 per vehicle per month over the length of the contract. In addition, their bid also included an additional due at signing fee of \$695 plus licensing and registration fees, which they could not quote. Their bid was based upon a total mileage allotment of 45,000 miles per vehicle over the three-year term with an over mileage fee of 50 cents per mile.

The representative at Silver Oak Leasing recommended Crevier Leasing, as they were involved in the original contracting process. Crevier provided a bid of \$3,065.36 per month with \$5,638.05, licensing and registration due at signing. When you factor in the amount due at signing, this is a total monthly expenditure of \$3,221.97 over the length of term of the contract, not counting licensing and registration fees. That is an increase of over \$760 per month over our current contract terms. This contract included 30,000 miles per vehicle over a three-year term. Any mileage in excess of the contract amount would be charged a premium of 50 cents per mile.

Staff researched and found another company that could meet our needs, Enterprise Leasing. Enterprise performs the same function Silver Oak Leasing performed during the last contract term. They purchase the vehicles and lease them to the City for a three-year term. Enterprise has submitted a proposed contract that would lease us the vehicles necessary for \$2,424.13 plus licensing and registration fees. It is estimated the first year of these fees to be approximately \$2,032.22. Those fees will decrease in years two and three due to depreciation of the vehicles. This is an increase of less than \$100 per month over the previous contract's pricing (\$2,332.12 per month). This contract includes 30,000 miles per vehicle and an over mileage premium of 10-12 cents per mile.

The utilization of lease vehicles for a three-year period has been very successful. Investigators are driving reliable vehicles that are selected to blend in with the general public. The vehicles are leased with a 10,000 mile per year (or more) mileage allowance. Any mechanical repairs that may arise are completed under the warranty by the dealer. The possibility of repeat criminal offenders recognizing and identifying the vehicles driven by the investigators is minimized by having the ability to return the vehicle after the three year lease expires. Police staff has identified five vehicles, which will meet the operational needs of the team. City vehicle maintenance staff has approved the acquisition of the five leased vehicles under the existing agreement used for the current leased vehicles.

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FISCAL IMPACT

The monthly lease amounts for the vehicles range from \$433.39 to \$545.84 per month. The five vehicles will cost \$9,696.52 plus registration (estimated at \$2,032.22) for the remainder of the current fiscal year and \$29,089.56 plus registration per year thereafter. This cost is still below the 2007 yearly pre-approved budget amount of \$36,000.00 included in Fund 111. No additional general fund money will be required.

RECOMMENDATION

It is recommended the City Council:

- Approve awarding new three-year vehicle leasing contracts to Enterprise Leasing and authorize the Chief of Police or his designee to execute the agreements.



Joseph M. Polisar
Chief of Police



By: Lt. Ben Stauffer

Attachment

Recommended for Approval



Matthew Ferial
City Manager

Enterprise Leasing						
Plus Licensing Fees (\$2,032.22 estimated descending in years 2 & 3)						
Quantity	Year	Make/Model	Total Miles Included over 3yrs.	Over Mileage Charge	Total Monthly Payment	Total Monthly Pmt Extended
1	2010	Ford F150 XLT Super Crew 5.5ft. Box	30,000	\$0.10	\$433.39	\$426.35
2	2010	Ford Fusion Sport	30,000	\$0.10	\$453.05	\$906.10
2	2010	Dodge Grand Caravan SE	30,000	\$0.12	\$545.84	\$1,091.68
Total Monthly Cost:						\$2,424.13

Crevier Leasing						
Plus \$5,638.05 Due at Signing & Licensing Fees (years 2 & 3 only)						
Quantity	Year	Make/Model	Total Miles Included over 3yrs.	Over Mileage Charge	Total Monthly Payment	Total Monthly Pmt Extended
1	2010	Ford F150 XLT Super Crew 5.5ft. Box	45,000	\$0.50	\$669.77	\$669.77
1	2010	Mazda CX-9	45,000	\$0.50	\$745.79	\$745.79
1	2010	Mazda 6	45,000	\$0.50	\$536.03	\$536.03
1	2010	Ford Fusion Sport	45,000	\$0.50	\$597.65	\$597.65
1	2010	Mazda 5	45,000	\$0.50	\$516.12	\$516.12
Total Monthly Cost:						\$3,065.36

Silver Oak Leasing						
Plus License, Registration and \$695 Acquisition Fee						
Quantity	Year	Make/Model	Total Miles Included over 3yrs.	Over Mileage Charge	Total Monthly Payment	Total Monthly Pmt Extended
1	2010	Ford F150 XLT Super Crew 5.5ft. Box	45,000	\$0.50	\$725.00	\$725.00
1	2010	Mazda CX-9	45,000	\$0.50	\$797.00	\$797.00
1	2010	Mazda 6	45,000	\$0.50	\$66.00	\$667.00
1	2010	Ford Fusion Sport	45,000	\$0.50	\$630.00	\$630.00
1	2010	Mazda 5	45,000	\$0.50	\$637.00	\$637.00
Total Monthly Cost:						\$3,456.00