



Staff Report

TO: City Council
FROM: Sean Thuilliez, Chief of Police
DATE: February 4, 2025
SUBJECT: Request To Approve Service Agreement with Enterprise Fleet Management

Description To improve fleet acquisition and outfitting efficiency by approving the utilization of Enterprise Fleet Management's services.

Background and Analysis:

The Police Department maintains a fleet of 66 vehicles. In the 2023/2024 fiscal year, the department budgeted the purchase of 12 new vehicles, which were ordered in July 2023 and received in November. Eight of these vehicles sat unused for over a year while waiting for emergency equipment outfitting. Four of those vehicles purchased in July 2023 are still waiting for outfitting. The department has purchased six vehicles for the current fiscal year 2024/2025, with similar outfitting delays anticipated.

These prolonged delays reduce the department's efficiency by increasing the demand on the existing fleet while waiting for new vehicles, leading to excessive wear and tear. Additionally, vehicles that remain idle for over a year and a half often require maintenance before they can be put into service, including new batteries and the replacement of deteriorating tires.

This issue is not unique to Beaumont. Due to the nationwide demand, other small law enforcement agencies also face extended delays, with one recently experiencing a nearly two-year wait for vehicle outfitting. Unlike larger organizations, smaller agencies often lack the purchasing power to secure priority services from vendors.

Enterprise, one of the country's largest vehicle purchasers and rental car companies, offers a fleet management service that could help mitigate these delays. With its purchasing volume, Enterprise Fleet Management can provide discounted prices to its customers and coordinate emergency equipment outfitting. They typically receive negotiated priority from local outfitters, with vehicle outfitting completed within 60 to 90 days. On average, vehicles ordered through Enterprise are delivered fully outfitted within six months.

Enterprise has reviewed the Beaumont Police Department's patrol vehicle specifications. Based on current rates (excluding potential discounts applied at the time of purchase), purchasing vehicles through Enterprise's fleet management program could save the City approximately \$4,691 per vehicle. This includes the cost of the vehicle, emergency equipment, outfitting, and licensing (does not include computer and radio), with no payment required until the vehicle is fully delivered and ready for deployment. This program would simplify the procurement process by consolidating multiple vendor payments into a single transaction. Both the Finance Department and the Vehicle Maintenance Supervisor support this proposal due to its efficiency and streamlined process.

The vehicles are acquired through a lease plan, a modified financing structure, with terms ranging from one to five years, depending on departmental needs. The City owns the vehicles at the end of the lease term. Enterprise evaluates fleet age, mileage, maintenance records, and resale value semi-annually to recommend replacements. Enterprise Fleet Management also handles all aspects of the vehicle retirement process, including the removal of equipment and the sale of the vehicle. Profits from the vehicle sales, minus a \$150 service fee, will be applied to the purchase of future replacement vehicles.

Other law enforcement agencies were contacted with various years of service with Enterprise. These agencies included Santa Ana (25 years), Baldwin Park (6 years), Banning (5 years), Irvine, and Oceanside (both one year). All agencies reported positive reviews and recommended the Enterprise Fleet Management program. Four of these agencies use the "Equity Lease" option, where 50% of the vehicles are paid at the time of delivery, and the rest is paid over the course of the lease until recommended retirement. These agencies reported greater savings because the retirement recommendations consider the resale value to be rolled over into the next purchase.

Under the Equity Lease option, where 50% of the vehicle's cost is paid at the time of delivery, the finance charges would be as follows:

Lease Amount	Interest Rate	Term	Total Interest
\$37,180	6.5%	1 year	\$2,416
\$37,180	6.5%	2 years	\$4,833
\$37,180	6.5%	3 years	\$7,250

Enterprise holds a cooperative contract with Sourcewell (Contract No. 030122), which allows the City to take advantage of discounted rates through membership. The Enterprise Fleet Management program is an open-ended (equity) lease structure, and

the City may cancel the service at any time, provided that any outstanding lease balances are paid in full. There are no mileage limits or penalties for buying out of the lease early. The City Attorney has reviewed and approved the service agreement.

Another advantage of partnering with Enterprise Fleet Management is the ability to order vehicles based on their delivery dates, as payment is not required until the vehicles are delivered. For example, once the FY 2025/2026 budget is finalized, the approved number of vehicles can be ordered immediately with delivery scheduled for the new fiscal year. This streamlined process accelerates the acquisition and deployment of fleet resources, ensuring timely availability to meet operational needs.

Fiscal Impact:

A comparison of current vehicle and outfitting costs with Enterprise's quotes indicates potential savings of approximately \$4,691 per vehicle, not including possible dealer and manufacturer rebates. These savings do not factor in lease costs. With a current lease rate of 6.5%, tied to federal interest rates, the overall cost may increase depending on the lease term. While these savings are noteworthy, the timely acquisition and deployment of vehicles to the field is paramount. Ensuring officers have reliable, properly outfitted vehicles when needed is crucial for operational effectiveness and outweighs the potential financial savings.

The Police Department currently contributes annual charges to the Vehicle Internal Service Fund for vehicle replacements. The Finance Department will establish a separate account within the Internal Service Fund for the Enterprise Lease agreement and adjust the budgetary charges to cover the costs of the agreement.

The estimated cost to prepare the report is \$850.

Recommended Action:

Approve the service agreements with Enterprise Fleet Management for procuring, leasing, outfitting, and retiring fleet vehicles;

Authorize the City Manager to sign the Government Credit Application; and

Authorize City staff the ability to purchase and resale vehicles through Enterprise.

Attachments:

- A. Master Lease Agreement with Amendment
- B. Agreement to Sell Customer Vehicles
- C. Consignment Auction Agreement
- D. Government Credit Application

- E. Self-insurance to MLA
- F. Sourcewell Agreement