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**CITY OF RIVIERA BEACH – MEMORANDUM**

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**TO:** HON. MAYOR, CHAIRPERSON AND CITY COUNCIL

**THROUGH:** JONATHAN EVANS, CITY MANAGER, MPA, MBA, ICMA-CM

**FROM:** NATHAN OSGOOD, CHIEF OF POLICE

**SUBJECT:** **MASTER LEASE AGREEMENT WITH ENTERPRISE FLEET MANAGEMENT**

**DATE:** OCTOBER 7, 2020

**CC:** GENERAL PUBLIC

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**Background:**

The City seeks to enter into an open-end Master Lease Agreement with Enterprise Fleet Management in lieu of a traditional purchase or lease/purchase. Finance introduced the new program as a citywide fleet solution that will allow an organized replacement of the aging fleet. This comprehensive Fleet Management Program includes vehicle acquisition, financing, vehicle customization/upfitting, maintenance, vehicle resale, and asset management software.

By leasing newer vehicles and updating the fleet, the goal is to reduce operational maintenance and fuel costs as newer models are typically much more fuel-efficient. In addition, newer, safer, and more dependable vehicles would be available to support city operations, thereby avoiding downtime, which is presently occurring on a regular basis.

The proposed vehicle lease contract would be for an “Open End” Lease for each vehicle, with terms of 12, 24, 36, 48, or 60 months. For leases with a 48-month term or greater, the City would have the opportunity to purchase the vehicle if it is determined to be a viable option or return the vehicle to Enterprise at no additional costs to the City. Enterprise allows its customers to lease the full cost of the vehicle, including aftermarket upgrades, such as emergency equipment in a police vehicle.



The City is a member of the cooperative purchasing organization, SourceWell (formerly National Joint Powers Authority), a member-focused purchasing cooperative of more than 50,000 member agencies throughout the United States. The City's membership in SourceWell provides access to a purchasing cooperative that streamlines procurement. Currently, Enterprise Fleet Management holds the SourceWell Contract 060618-EFM for Fleet Management.

Enterprise is the largest purchaser of vehicles in the United States, and the City can leverage that buying power to earn additional incentives and savings. Vehicle maintenance is provided at a fixed monthly rate that includes all service and repairs using hundreds of Enterprise's shared network of service shops. Enterprise has a national network of resale experts, and are able to sell vehicles at the best price in the shortest time possible. Some additional advantages of the program include:

- Maximizing cash flow opportunities by creating an ongoing annual payment for fleet services versus funding the entire cost of a vehicle up front.
- Leveraging the expertise of an Enterprise Fleet Manager to make recommendations to the City regarding available options and ensures the City receives the best rebates and bids by utilizing State procurement contracts coupled with experience as the world's largest fleet operator.
- Increasing employee safety, efficiency and satisfaction by enabling quicker replacement of outdated and unreliable vehicles.
- The vehicles will be procured and equipped according to staff needs, then delivered in a turnkey fashion.
- Reducing CO2 emissions from aged vehicles by procurement of new and environmentally friendly equipment.
- Reducing the amount of City staff time spent on procurement, disposal, equipping, and maintaining the City fleet.

The proposed Master Lease Agreement and accompanying Resolution, once approved, will authorize the City Manager to negotiate with Enterprise Fleet Management and to facilitate the ongoing replacement of City vehicles in an amount not to exceed the City's Annual Capital Fleet Budget Allocation.



Some current customers who utilize Enterprise Fleet Management include West Palm Beach Police Department, City of Palm Beach Gardens, Miami Dade School Police Department, City of Hollywood, and Coral Springs.

There is no conflict with any existing City Policy in this Agenda Item.

**Citywide Goals:**

Enhance Government Stewardship and Accelerate Operational Excellence.

**Budget/Fiscal Impact:**

By partnering with Enterprise Fleet Management, it is estimated that the City will reduce maintenance costs by as much as 72 percent upon full implementation of the program. Leveraging an open-end lease maximizes cash flow and recognizes equity from vehicles sold. By shifting from reactively replacing inoperable vehicles to planning vehicle purchases, the City will be able to replace all its vehicles within as little time as five (5) years and save up to \$422,061 over 8 years.

**Recommendation(s):**

Staff recommends approval of the Resolution to lease City vehicles from Enterprise Fleet Services.

**Attachment(s):**

1. Resolution Number 88-20
2. Enterprise Fleet Management Master Lease Agreement
3. Riviera Beach PowerPoint
4. Case Study-Palm Beach Gardens
5. ACH Authorization Agreement