



CONTRA COSTA COUNTY FIRE PROTECTION DISTRICT

MEMORANDUM

TO: Finance Committee
Supervisor Mary N. Piepho, Chair
Supervisor Federal D. Glover, Vice-Chair

FROM: Jeff Carman, Fire Chief 
Lewis Broschard, Assistant Fire Chief 

SUBJECT: Consideration of Light Vehicle Leasing and Maintenance Program

DATE: 2/18/14

Recommendations

1. APPROVE recommendation to implement a light vehicle lease program with Enterprise Fleet Management for procurement, maintenance, and management of the Fire District light vehicle fleet.
2. DIRECT the Fire Chief to prepare a staff report on the committee's recommendation.

Background

The Fire District operates a fleet of approximately 80 light vehicles to fulfill its emergency response and support functions including supply, maintenance, and facilities, as well as administration and fire prevention activities. The fleet has been significantly reduced in size from over 100 light vehicles since 2010. Historically, the Fire District purchased light vehicles and maintained them with private sector vendors. With very few exceptions, there have been no purchases made or replacements scheduled to the aging light vehicle fleet since 2007. The majority of our light vehicles are in excess of County replacement guidelines for age and/or mileage and are presenting increased costs for operation, fuel, and unpredictable maintenance. Reliability of our emergency response and support functions is compromised because of increased age and maintenance issues.

The management of the light vehicle fleet was coordinated and performed by a dedicated position that was eliminated in 2010 due to budget cuts. This function is now performed by the Fire Marshal as an additional adjunct duty.

The Fire District has researched several innovative programs in the public and private sector for the replacement, maintenance, and management of our light vehicle fleet. Due to the quantity of vehicles needing replacement, coupled with insufficient capital to meet this need, a long-term leasing strategy is proposed. The leasing concept will provide acquisition of light vehicles with no initial capital outlay and manageable monthly leasing costs. In addition, the leasing program includes a maintenance program which will dramatically reduce our annual maintenance costs and eliminate unpredictable costs in the future. The

maintenance program allows for flexibility and convenience in locating and selecting vendors for routine maintenance.

The proposed program includes a fleet management component with online fuel consumption tracking, consultation on appropriate and economical vehicle selection based on anticipated needs and use, and monitoring of maintenance programs and service intervals for compliance with the manufacturer's recommended service for each vehicle.

Fiscal Impact

The estimated \$275,000-\$350,000 annual cost of the proposed program at full implementation would be funded within the authorized operating budget of the Fire District. Full implementation of the proposed program would result in estimated light vehicle fleet maintenance savings of approximately \$80,000 per year annually as well as provide predictable annual costs to support, maintain, and replace the light vehicle fleet in subsequent years.

Vehicles would be replaced on a 60-month cycle to maximize resale value by the vendor and increase equity in our plan while minimizing long term leasing costs. The District would have the option of purchasing the vehicles at the end of their 60-month lease or returning them to the vendor for resale and replacement.

The other procurement and maintenance programs available to the District are more costly and do not help us solve our light vehicle fleet management issues. Maintenance would not be as efficient or as streamlined in either of the alternative programs. Replacement of vehicles in these alternative programs would occur on a 120 month cycle, as opposed to a 60 month cycle, increasing maintenance costs and reducing reliability.

We researched three options for fulfilling our long-term light vehicle fleet procurement, maintenance and management as part of our due diligence. The three options studied are compared in the table below:

	Traditional Purchasing	County ISF	Enterprise Lease Program
Initial Capital Outlay	\$1,950,000	\$1,950,000	None
Replacement Capital Outlay	\$1,950,000	None	None
Maintenance	\$110,000 annually	None	\$30,000 annually
Lease Payment	None	\$314,736 annually	\$275,000 annually
Mileage Costs	None	\$175,284 annually	None
Replacement Term	10 yrs	10 yrs	5 yrs
Upfitting	Same	Same	Same
Fuel	Same	Same	Same
Estimated annual costs yr 1-5*	\$486,236.00	\$926,256.00	\$305,000.00
Estimated annual costs yr 5-9	\$110,000.00	\$490,020.00	\$305,000.00
Estimated annual costs yr 10-15**	\$486,236.00	\$490,020.00	\$305,000.00
Total 15 year cost:	\$5,412,360.00	\$9,531,480.00	\$4,575,000.00
Fleet Turnover (in 15 years):	Once	Once	Three times

- *Initial capital outlay using a lease-purchase program for years 1-5 in the Traditional Purchasing and ISF model
- **Replacement capital outlay using a lease-purchase program for years 10-15 in the Traditional Purchasing model

Service Contract

Enterprise Fleet Management has existing contracts, awarded through competitive bid processes, with several local government agencies throughout California. The West Contra Costa County Unified School District contract can be used as a "piggy-back" contract. This has been discussed with County Purchasing as a viable method to establish a contract with Enterprise Fleet Management. This same contract was used by several agencies to procure services with Enterprise Fleet Management.

Conclusion

The District needs to use innovative programs to fulfill our operational and capital needs. The recent Fitch study discussed funding capital, including fleet and infrastructure needs, as a high priority for the District. This program allows the District to take advantage of a creative strategy for filling part of our overall capital needs. As part of embracing innovative programs we are recommending the Enterprise leasing program for our light vehicle fleet. This program has the lowest cost of operation, streamlined maintenance, online fuel consumption tracking, increased reliability with reduced life cycles, and includes an active fleet management component.