

To: Contra Costa County Housing Authority Board of Commissioners
 From: Joseph Villarreal, Housing Authority
 Date: March 10, 2020



Contra
Costa
County

Subject: ENTERPRISE - HACCC LEASE & FLEET AGREEMENT

RECOMMENDATIONS

APPROVE and AUTHORIZE the Executive Director, or his designee, to execute an agreement with Enterprise FM Trust (Enterprise) to lease vehicles for the Housing Authority of the County of Contra Costa (HACCC) and execute an agreement with Enterprise Fleet Management, Inc. (EFM) to provide scheduled maintenance for the leased vehicles in an amount not to exceed \$350,000 through March 31, 2025.

BACKGROUND

HACCC currently owns and maintains a fleet of 43 passenger, light duty and heavy duty vehicles used by various staff to conduct housing authority business. Of HACCC's current fleet, 94% is 15 years old or more, and many of these vehicles are beyond their intended useful life. Additionally, some of the older vehicles may not meet current standards related to emissions and air quality. Moreover, a number of the vehicles have been vandalized and/or had their catalytic converters removed, while others have had their battery packs die. The cost of replacing the catalytic converters and battery packs is upwards of \$6500 per vehicle. Both maintenance and fuel costs also continue to increase for the older vehicles as their age increases. Overall, HACCC's fleet is less safe to operate, expensive to manage and repair, and emits greater pollution than newer vehicles. Additionally, due to staffing reductions, HACCC has no one to provide adequate fleet management and oversight.

Action of Board On: **03/10/2020** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOICE OF COMMISSIONERS

AYE: John Gioia,
Commissioner

Candace Andersen,
Commissioner

Diane Burgis,
Commissioner

Karen Mitchoff,
Commissioner

Federal D. Glover,
Commissioner

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 10, 2020

Joseph Villarreal, Executive Director

By: June McHuen, Deputy

Contact: 925-957-8028

cc:

BACKGROUND (CONT'D)

HACCC has historically handled vehicle replacement by allocating relatively small portions of one-time funding to purchase a few vehicles at a time. However, due to funding cuts that have occurred over time and staffing reductions, this method no longer makes sense for HACCC. In an effort to address these concerns staff met with Enterprise, which owns and operates the world's largest fleet of vehicles. Under their Governmental Fleet Management Program, HACCC may contract with Enterprise to lease vehicles that include fleet management and support, as well as maintenance services, insurance, etc. HACCC priced a number of vehicle types and opted to proceed with the Toyota Corolla LE for use in the Housing Choice Voucher program and Chevrolet Silverados for our Public Housing maintenance staff.

Staff is proposing that the Board approve a Master Lease Agreement with Enterprise for the immediate replacement of five (5) passenger vehicles and four (4) trucks fitted with tool boxes and heavy duty lift gates and that EFM perform fleet management activities including procurement, disposal and maintenance of these HACCC vehicles. Advantages of using the program include:

- Allowing HACCC to begin an organized replacement of its aging fleet;
- Maximizing cash flow opportunities by making 100% down payments on the leases to minimize the cost over the 60-month term of the lease and creating ongoing monthly payments for scheduled maintenance of the fleet;
- Utilizing the expertise of an Enterprise fleet manager to make recommendations to HACCC regarding available options and ensures HACCC 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 unsafe vehicles. The vehicles will be procured and equipped according to staff needs, then delivered in a turn-key fashion.
- Reducing CO2 emissions from aged vehicles by procurement of new, environmentally friendly equipment
- Reducing the amount of HACCC staff time spent on procurement, disposal, equipping and maintaining the agency's fleet.

Lease cycles for these vehicles will be sixty (60) months. Utilizing this program will provide a consistent, preventive maintenance cycle and substantially reduce repair expenses and potential vehicle downtime. The proposed lease for all vehicles will be an "Open Ended Equity" Lease which at the end of the lease cycle, HACCC will have the option to either continue using the vehicle or exchange the equity in the vehicle for a new replacement vehicle in a renewed lease (likely at a lower cost due to equity transfer). Enterprise will also provide a full maintenance program through their subsidiary, EFM, for all leased vehicles which includes 24-hour roadside assistance (does not cover tires and brakes). The fleet maintenance program can all be outsourced using local and/or preferred vendors to ensure quick access and turnaround for vehicle maintenance. HACCC will work with Enterprise to include local auto service providers in Enterprise's eligible provider network.

The initial vehicles scheduled to be replaced are ones that are no longer operational or that have been stolen. In the coming year, HACCC will need to replace more fleet vehicles, but staff is opting to stagger the leasing of the vehicles in order to minimize the immediate budget impact. HACCC will come back to the Board to receive approval to lease additional vehicles as funding becomes available.

HACCC anticipates that the total cost of the contract to replace the seven vehicles specified

above will not exceed \$350,000 through March 31, 2025. At that time, HACCC will seek to return the vehicles for newer models for another five-year period and return to the Board for approval of a new contract.

FISCAL IMPACT

The Housing Authority's total cost for this service will not exceed \$350,000 through March 31, 2025. Funding for this contract is included in HACCC's current budget using funds provided by the U.S. Department of Housing and Urban Development.

CONSEQUENCE OF NEGATIVE ACTION

Should the Board of Commissioners elect not to award the contract to Enterprise FM Trust and Enterprise Fleet Management, Inc., HACCC will need to re-procure the leasing of vehicles with another vendor. This process would restart the process and likely result in more expensive options than procuring these vehicles at current prices.

CLERK'S ADDENDUM

ATTACHMENTS

Board Order Vehicle Leases

Sedan Stock Quote Sheet

Truck Quote Sheet