



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: MARCH 12, 2024**

**FROM: GENERAL SERVICES DEPARTMENT      WARDS: ALL**

**SUBJECT: EARLY TERMINATION OF VEHICLE LEASE CONTRACT NUMBER 6139626  
WITH ENTERPRISE FLEET MANAGEMENT AND PURCHASE OF THE VEHICLE  
FOR THE CURRENT REDUCED BOOK VALUE IN THE AMOUNT OF \$31,198.49.**

## **ISSUE:**

Authorize the early termination of vehicle lease contract number 6139626 with Enterprise Fleet Management and approve the purchase of the vehicle for the current reduced book value in the amount of \$31,198.49.

## **RECOMMENDATIONS:**

That the City Council:

1. Authorize the City Manager, or his designee, to execute the early termination of vehicle lease contract number 6139626 with Enterprise Fleet Management.
2. Approve the purchase of the vehicle for the current reduced book value in the amount of \$31,198.49.

## **BACKGROUND:**

On December 14, 2021, City Council approved a master equity lease agreement with Enterprise Fleet Management, Inc. (Enterprise) for a pilot vehicle replacement program for a four-year term. This pilot program includes the replacement of 37 fleet vehicles, assigned to various city departments, that range from light-duty vehicles such as Ford Ranger pick-up trucks to heavy-duty vehicles such as Ford F350 utility trucks. At the time that this pilot program was approved, the vehicle market was extremely volatile. The supply of vehicles was extremely low, and production had decreased drastically due to global microchip shortages. This resulted in excessive delays in the delivery of the 37 vehicles. One of these vehicles is a 2023 Ford F150 pick-up truck that is assigned to the Library Department (Library) and was received and put into service in May 2023. Staff utilize this vehicle to visit all eight Library locations and perform any necessary cleaning such as graffiti removal by using a commercial grade pressure washer that is stored in the bed of truck.

## **DISCUSSION:**

When the Library Department initially contacted the General Services Department, Fleet Management Division about purchasing a full-size truck, they were informed of the Enterprise vehicle lease pilot program. Due to funding constraints, this seemed to be the best option for the Library Department at the time, as they would only pay a monthly fee for the truck and would receive a new one after four years. However, after waiting for the vehicle to arrive for over a year, American Rescue Plan Act (ARPA) funding became available to purchase vehicles for the Library Department. With this funding, the Library is able to purchase the truck outright, which eliminates the need to increase the General Fund Budget to fund the cost of the lease.

### **ARPA Funding**

The American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds) to aid eligible state, local, territorial, and Tribal governments. These funds may be used to respond to pandemic response needs including mitigation and prevention, provide support to communities and populations most impacted by the COVID-19 pandemic, and to fill revenue shortfalls.

On November 9, 2021, the City Council approved the first allocation of the ARPA Expenditure Plan in the amount of \$36,767,594 and on February 7, 2023, approved the second allocation in the amount of \$36,767,594, bringing the total ARPA funding to \$73,535,188. The second allocation of the ARPA Expenditure Plan continues to address needs as defined by Federal ARPA guidelines. The Library has received \$345,000 of ARPA funding that has been allocated towards the "Safe at your Library" project, which includes the purchase of this new Ford F150 pick-up truck to make library services safer to each resident.

As stated in the Enterprise master equity lease agreement, there are no penalties for early termination of a contract lease and upon termination, the lessee is solely responsible for the reduced book value that is left on the vehicle. The reduced book value is determined by subtracting the monthly depreciation amount from the price of the vehicle at delivery. Per contract 6139626 the reduced book value of the 2023 Ford F150 that is currently assigned to the Library Department is \$31,198.49 and the early termination will only apply to this vehicle.

It is recommended that City Council approve the City Manager, or his designee, to execute the early termination of Enterprise vehicle lease contract number 6139626 and approve the purchase of the vehicle for the reduced book value in the amount of \$31,198.49 using ARPA funding.

This purchase is in accordance with Purchasing Resolution No. 23914, Section 602(p), which states "Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required...(p) When approved by the Manager, the City requires Goods not subject to the bidding requirements of Section 1109 of the City Charter, which are of such a nature that suitable technical or performance specifications describing them are not readily available and cannot be developed in a timely manner to meet the needs of the City, in which case the Manager shall be authorized to negotiate with any Person or Persons for the Procurement thereof upon the price, terms and conditions deemed by the Manager to be in the best interest of the City and in doing so may utilize Informal Procurement or Negotiated Procurement process."

The Purchasing Manager concurs that this purchase is in accordance with Purchasing Resolution No. 23914, Section 602(p).

The Library Director concurs with this report.

## **STRATEGIC PLAN ALIGNMENT:**

The recommended purchase contributes to the City's Strategic Priority No. 1 *Arts, Culture, and Recreation* and Goal No. 1.2 – Enhance equitable access to arts, culture, entertainment, and recreational service offerings and facilities.

The recommended purchase aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This action builds community trust by ensuring that staff have the proper equipment to keep the outside of the library facilities clean and maintained.
2. **Equity** – This action will benefit the entire community as this vehicle is equipped with the equipment needed to improve and maintain the outside appearance of all the library facilities.
3. **Fiscal Responsibility** – To ensure the best costs, this purchase was negotiated exercising existing Purchasing policies from the current Purchasing Resolution 23914.
4. **Innovation** – Using the ARPA funds to purchase this vehicle at a reduced cost is an innovative solution to meet the Library's vehicle needs.
5. **Sustainability & Resiliency** – This action will result in a new vehicle that will be used to keep the outside appearance of the libraries clean and well maintained for many years to come.

## **FISCAL IMPACT:**

The total fiscal impact of the action is \$31,198.49. The funds are budgeted and available in the Grants & Restricted Programs Fund, Library-Neighborhood Services, Federal Operating Grants expenditure account number 8811800-440110.

Prepared by:	Jessica Spiking, Administrative Analyst
Approved by:	Carl Carey, General Services Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form:	Phaedra A. Norton, City Attorney
Attachments:	Enterprise Current Lease Schedule for Contract Number 6139626