

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, APPROVAL OF VEHICLE LEASING AND REPLACEMENT PROGRAM WITH ENTERPRISE FLEET MANAGEMENT INC.**

**WHEREAS**, On April 2, 2019, the City Council approved to enter into a 5-year Master Equity Lease Agreement between the City of Commerce (City) and Enterprise Fleet Management Inc. (Enterprise). Continued use of lease agreements with Enterprise can be executed by utilizing cooperative agreement through Sourcewell (formerly NJPA) Contract # 030122 for Fleet Management Services; and

**WHEREAS**, the Sourcewell contract documents meet all State and City requirements for competitive procurement. Transportation staff concluded that supplementing our vehicle replacement purchases with a leasing program is the most efficient way to move the fleet into an industry-standard replacement model timeline; and

**WHEREAS**, Transportation staff has developed a vehicle replacement plan to reduce annual fleet cost by reducing fleet size, converting to 100% electric vehicles when available, establishing a shared motor pool, fleet standardization, evaluating vehicle utilization, and removing low-use vehicles from the fleet. Another benefit to fleet replacement is reduced maintenance and fuel costs. Vehicle average fuel mileage has increased substantially over the last twenty-years, and by simply replacing older vehicles with newer electric and hybrid vehicles, the fleet will decrease fuel and maintenance cost; and

**WHEREAS**, United States vehicle and equipment inventory are at their lowest levels since the global financial crisis of the late 2000's and the shortage of micro-chips and the constantly changing price of materials means that replacement fleet inventory has been difficult to procure, with an 8–12-month delivery date. Currently, vehicle manufacturers will release a limited number of vehicle orders to government fleet agents., and the limited supply of vehicles is often exhausted in a few hours; and

**WHEREAS**, The existing motor pool vehicles are at getting close to the end of the 60-month term, the City has the option to either purchase the vehicles, or enter into a new lease agreement, with the residual value of the vehicles (\$73,046) applied as a credit against the new lease. Transportation staff is recommending the latter; and

**WHEREAS**, additionally, Transportation staff negotiated with Enterprise to purchase the City's low-use vehicles and the vehicles reaching their useful life. Enterprise matched the estimate provided by George Chevrolet, 17000 Lakewood Blvd, Bellflower, CA 90706 Fleet Service Manager: Kevin Rivas. The proceeds from the sale of the surplus vehicles below shall be credit (\$353,500) against the new lease, as well; and

**WHEREAS**, the cost for the proposed lease of vehicles is approximately \$206,473 for FY24 and \$276,928. The cost is pro-rated based on estimated time of delivery based on limited government release of FY24 vehicles. The sale of the City's

surplus vehicles and resale net equity from the existing lease vehicles within the motor pool shall be credited towards the lease payments.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMMERCE DOES HEREBY RESOLVE, DECLARE AND DETERMINE AS FOLLOWS:**

**Section 1.** The City Council of the City of Commerce hereby finds and declares that the foregoing recitals are true and correct, and incorporates them herein as findings and as a substantive part of this Resolution.

**Section 2.** Authorize the City Manager or designee to proceed and execute the proposed lease Agreement and all pertinent documents with Enterprise Fleet Management Inc.; and negotiate any future amendments between the City of Commerce and Enterprise Fleet Management Inc. regarding the vehicle lease program in forms approved by the City Attorney.

**Section 3.** Authorize the Mayor to execute the Resolution for and on behalf of the City of Commerce.

**Section 4.** The City Clerk shall certify to the adoption of this Resolution.

**Section 5.** This Resolution shall take full force and effect immediately upon adoption by the City Council.

**PASSED, APPROVED and ADOPTED this 26<sup>th</sup> day of September, 2023.**

\_\_\_\_\_  
Hugo A. Argumedo, Mayor

ATTEST:

\_\_\_\_\_  
Lena Shumway, City Clerk