



FLOYD COUNTY BOARD OF EDUCATION
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ADDENDUM ITEM

DATE: November 20, 2018

ACTION/DISCUSSION ITEM: Consider/approve lease agreement with Enterprise Fleet Management for the lease of 8 vehicles for the light duty fleet.

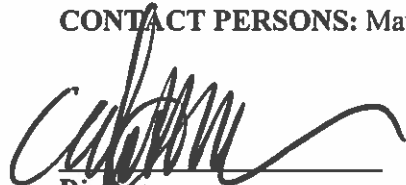
APPLICABLE STATUTE, REGULATION, BOE POLICY: KRS BOE Policy 01.11

BACKGROUND AND MAJOR POLICY IMPLICATIONS: In recent years the district has replaced vehicles in the maintenance, transportation, technology and administrative fleet by including them with the KISTA financing along with bus purchases. This method of financing results in making payments for 10 years on the district's non-bus fleet. The proposed lease is for 5 years, with the option on the trucks to be replaced annually should the market value of the truck result in a refund to the district. Otherwise the trucks will be in the fleet for 5 years also. Enterprise is a nationally known company, uses a national governmental bid, and currently provides vehicles to many county, city and school districts in Kentucky.

FISCAL IMPACT: The District presently has \$75,000 budgeted for vehicles in the 2018-2019 General Fund. This agreement will get the district 8 vehicles for an annual cost of \$48,977.16.

RECOMMENDED ACTION: Approve as presented.

CONTACT PERSONS: Matthew C. Wireman, Director of Finance


Director


Superintendent



FLEET MANAGEMENT

FLEET SYNOPSIS | FLOYD COUNTY SCHOOLS



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Prestonsburg, KY 41653

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FLEET MANAGEMENT

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FLEET SYNOPSIS | FLOYD COUNTY SCHOOLS

Impact of Partnership

BACKGROUND

Location: Prestonsburg, KY

Industry: Education

Total Vehicles: 29 Light Duty

THE SITUATION

Floyd County is looking for a solution to better manage its aging fleet.

- 62% of the current light and medium duty fleet is over 10 years old.
- Older vehicles have higher fuel costs, maintenance costs, and tend to be unreliable.
- It would take about 17.5 years to cycle out the entire fleet at current acquisition rates.

THE OBJECTIVES

Enterprise Fleet Management's proposal is to save resources and budget dollars through a managed vehicle program.

- Utilize an open-end lease* as a funding mechanism, allowing Floyd County Schools to acquire additional vehicles while avoiding a large capital budget outlay.
- Replace aged vehicles with newer models to increase fuel efficiency and reduce maintenance expense. Maintenance and repairs will be outsourced to local businesses to further stimulate economic growth and the integration of more fuel efficient vehicles will reduce carbon footprint.
- Establish a proactive replacement plan that maximizes potential equity at time of resale, reduces operational expenses, and increases safety.

*An open-end lease means there are no early termination, mileage, or abnormal wear and tear penalties. Leases are written to a residual balance to preserve

THE RESULTS

By partnering with Enterprise Fleet Management, it is estimated that Floyd County Schools will reduce maintenance costs by 80%. Leveraging an open-end lease maximizes cash flow and recognizes equity from vehicles sold. Furthermore, we will leverage Enterprises Fleet Management's ability to sell vehicles at an average of 10% above Black Book values. By shifting from reactively replacing inoperable vehicles to planning vehicle purchases, Floyd County Schools will be able to replace 6-8 of its oldest vehicles within a year and save approximately \$26,000.



SAVE \$164,394 IN 10 YEARS 	REDUCE MAINTENANCE COSTS BY 40% 
INCREASED VISIBILITY & TRACKING 	

SUPPORTING EVIDENCE | FLOYD COUNTY SCHOOLS

Floyd County Public Schools - Fleet Planning Analysis

Current Fleet	29	Fleet Growth	0.00%	Proposed Fleet	29
Current Cycle	17.46	Annual Miles	7,800	Proposed Cycle	5.00
Current Maint.	\$125.00	Insurance	\$0.00	Proposed Maint.	\$25.51
Fuel Info		MPG	10	Price/Gallon	\$2.25

Fleet Costs Analysis

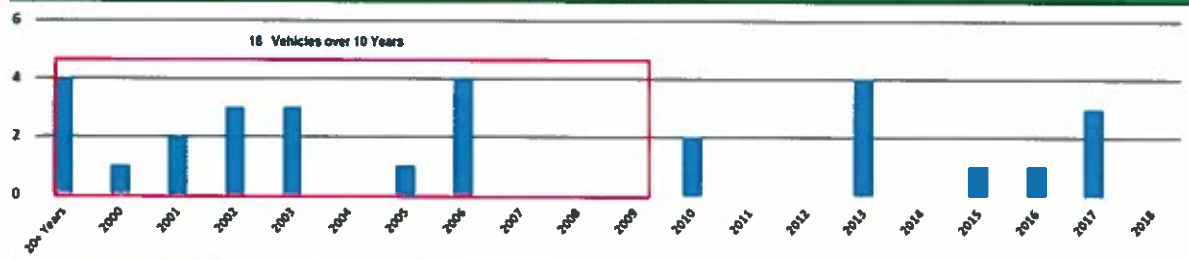
Fleet Mix			Fleet Cost							Annual	
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Maintenance	Insurance	Fuel	Fleet Budget	Net Cash
Average	29	1.7	29	0	40,244	0	43,500	0	50,895	134,838	0
'18	29	6	23	6	0	25,089	36,337	0	46,946	108,372	26,267
'19	29	6	17	12	0	52,232	29,174	0	42,998	124,403	10,235
'20	29	6	11	18	0	78,850	22,910	0	39,049	139,709	-5,070
'21	29	6	5	24	0	109,871	14,847	0	35,100	159,819	-25,180
'22	29	5	0	29	0	94,548	8,878	0	31,809	135,235	-587
'23	29	6	0	29	0	75,750	8,878	0	31,809	118,437	18,201
'24	29	6	0	29	0	84,653	8,878	0	31,809	125,340	9,298
'25	29	6	0	29	0	83,904	8,878	0	31,809	124,591	10,047
'26	29	6	0	29	0	82,662	8,878	0	31,809	133,349	1,289
'27	29	5	0	29	0	84,548	8,878	0	31,809	135,235	-587
10 Year Savings										\$43,894	Avg Sustainable Savings \$7,648



Floyd County Public Schools - Fleet Profile

Fleet Profile				Fleet Replacement Schedule						Replacement Criteria	
Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage	2018	2019	2020	2021	2022	Under-Utilized		
Driven Cargo	2	10.2	8,500	1	0	0	0	1	0	* Based on age and mileage with the oldest vehicles with the highest estimated odometer readings replaced in the first year and each subsequent year until the fleet is replaced over a 5 year period	
1/2 Ton Van Cargo	4	15.8	7,600	1	2	1	0	0	0		
3/4 Ton Van Cargo	6	7.9	7,900	0	0	3	4	1	0	* Underutilized = Annual Mileage less than 2,500	
Compact SUV 4x2	3	12.2	7,500	2	0	0	0	1	0		
Mid Size SUV 4x2	1	18.8	7,600	1	0	0	0	0	0	Vehicle Types	
Full Size SUV 4x4	1	4.7	6,000	0	0	0	1	0	0		
Compact Pickup Est 4x2	1	21.9	7,500	1	0	0	0	0	0	<p>A pie chart showing the distribution of vehicle types in the fleet. The segments are: HD TRUCK (40%, blue), SUV (20%, red), PICKUP (30%, green), and VAN (10%, yellow).</p>	
1/2 Ton Pickup Reg 4x2	1	11.8	7,700	0	0	1	0	0	0		
3/4 Ton Pickup Reg 4x2	5	15.2	7,600	0	4	1	0	0	0		
3/4 Ton Pickup Reg 4x4	3	2.2	7,700	0	0	0	1	2	0		
Totals/Averages	29	11.1	7,800	6	6	6	6	5	0		

Model Year Analysis



CASH OUTLAY | FLOYD COUNTY SCHOOLS

Floyd County Schools Vehicle Replacement Outlay

Year	Make	Model	Trim Level	Equipment	Monthly Payment	Annual Cost
2019	Chevy	Express 2500	Work Van RWD	Adrian Steel General Service (\$2,865)	\$ 447.24	\$ 5,366.88
2019	Chevy	Express 2500	Work Van RWD	Adrian Steel General Service (\$2,865)	\$ 447.24	\$ 5,366.88
2019	Chevy	Express 2500	Work Van RWD	Adrian Steel Locksmith (\$3,966)	\$ 467.02	\$ 5,604.24
2019	Chevy	Express 2500	Work Van RWD	Adrian Steel Plumbing (\$4,032)	\$ 468.22	\$ 5,618.64
2019	Chevy	Express 2500	Work Van RWD	Adrian Steel Electrical (\$3,533)	\$ 459.25	\$ 5,511.00
2019	Chevy	Silverado 1500	Work Truck 4x4 CrewCab 5.75ft Box	None	\$ 518.78	\$ 6,225.36
2019	Chevy	Silverado 1500	Work Truck 4x4 CrewCab 5.75ft Box	None	\$ 518.78	\$ 6,225.36
2019	Chevy	Silverado 1500	Work Truck 4x4 CrewCab 5.75ft Box	None (Superintendent 33k miles/year)	\$ 754.90	\$ 9,058.80
					\$ 4,081.43	\$ 48,977.16

MEDIA & CASE STUDIES | FLOYD COUNTY SCHOOLS



Fiscal court approves leasing new vehicles

Bowling Green Daily News

By Don Sergent

October 24, 2017

Continuing the **Enterprise Fleet Management** program that started last year, Warren County Fiscal Court voted Monday to lease five new patrol vehicles and one detective's vehicle for the Warren County Sheriff's Office and one animal control vehicle.

In a meeting at the Warren County Courthouse, magistrates approved a lease agreement that calls for spending \$5,345.00 a month to lease five Ford Explorers, one Chevrolet Tahoe and one Chevrolet Silverado.

Warren County Treasurer Greg Burrell said the new leased vehicles will replace vehicles with at least 135,000 miles each. By leasing instead of buying, Burrell said, the county is gradually updating a fleet that includes 130 vehicles across all county departments.

"We've had the lease program since last July," Burrell said. "What I was seeing was a fleet that was getting dilapidated. We were driving some vehicles until they fell apart. I thought the leasing program was the way to go."

Burrell said the county was spending nearly \$500,000 a year to purchase and maintain new vehicles. Based on leasing 25 vehicles per year, that expense can be reduced by nearly half, according to **Enterprise** projections. The county replaced 40 vehicles during the fiscal year that ended June 30.

"We have replaced about one-third of our fleet," Burrell said. "At the end of the current fiscal year (in June 2018), we will have replaced two-thirds."

Burrell and Warren County Judge-Executive Mike Buchanan both believe the leasing arrangement has many advantages. The leased vehicles are equipped with GPS technology that allows for tracking location, speed, mileage and other information about each vehicle.

"Each vehicle is monitored," Buchanan said. "It tells us how much gas is being used and how fast they're going. We can determine if a driver is not treating a vehicle well or if they're going outside of where they should be going."

With the newer leased vehicles, Burrell said "our maintenance cost is going down and our fuel efficiency is better."

Burrell said the county is able to sell the older vehicles back and recoup some of the cost of leasing.

In other action Monday, fiscal court approved a report from Warren County Jailer Stephen Harmon about the Oct. 12 Federal Bureau of Prisons Monitoring Inspection Report.

On the day of the monitoring, the Warren County Regional Jail was housing 638 inmates, which is above the capacity of 562. In his response to the inspection report, Harmon wrote: "This (overcrowding) is an ongoing issue that is beyond our control. This is an issue that all jailers in the Commonwealth of Kentucky are coping with."

Harmon said he and his staff are "finding new ways to adapt" to overcrowding.

"We're making adjustments," he said. "We have a lot of inmates on mats on the floor. Our indoor gym is being used as a cell. We have looked at long-term plans of adding bunks."

Fiscal court also approved spending \$20,915.70 to purchase two hydraulic lifts from Wayne Supply to be used at the gymnasiums being built at Ephraim White and Buchanan parks.

Warren County Parks and Recreation Director Chris Kummer said the lifts are needed to do maintenance on the ceiling, lights and curtains at the gyms.

"I think it is a good investment long-term to purchase these," Kummer said. "We'll have a lift at both locations and will not have to move them around."

Kummer's request for adding those two new gyms to the county's contract with Cintas for Automated External Defibrillators was approved as well. For a cost of \$237 per month for two years, the gyms will be equipped with AEDs that are covered under a maintenance agreement.

"This is a lease agreement," Kummer said. "It will be the same as our current agreements at our other gyms. We used to own our own AEDs, but we had to replace batteries and pads regularly. It is more economical to go with a lease instead of doing all the maintenance ourselves."

http://www.bgdailynews.com/news/fiscal-court-approves-leasing-new-vehicles/article_c1d5b70e-0fec-58d4-860f-bf11562e61c3.html

MEDIA & CASE STUDIES | FLOYD COUNTY SCHOOLS

CASE STUDY | DEER PARK INDEPENDENT SCHOOL DISTRICT



School District finds savings and increased productivity with the Enterprise Fleet Management Program.

BACKGROUND

Location: Deer Park, TX
Industry: Government – School District
Total vehicles: 90 vehicles

THE CHALLENGE

Before partnering with Enterprise, Deer Park Independent School District (ISD) had 80+ vehicles ranging from 6 to 15 years of age, causing them to become less reliable and more expensive to maintain. Because vehicles were typically purchased with bond money, it created a pattern of a large number of vehicles needing to be repaired or replaced at the same time. District employees started complaining about the quality of the fleet, and mechanics were spending too much time working on the white fleet instead of buses.

THE SOLUTION

By partnering with Enterprise Fleet Management, Deer Park ISD will upgrade its fleet over a 4-year period by replacing its oldest vehicles first. Once the fleet has been updated, the vehicles will continue to be replaced every five years. A proactive replacement plan will allow the district to capitalize on maximum vehicle resale values. This process will also help streamline the annual transportation budget since the district will be able to predict most vehicle costs.

"By partnering with Enterprise, we have strengthened focus on our students, maximized personnel utilization, and provided our employees with vehicles they are proud to drive."

—Pete Pape, Assistant Superintendent for Business Services

The Deer Park ISD leverages Enterprise's maintenance program. All district vehicles are now repaired by a local service vendor. District mechanics can focus on buses to transport students. District employees have reported that they are more productive and are not waiting as long for repairs.

THE RESULTS

The Deer Park ISD and Enterprise have been partners for three years. Enterprise has yielded over \$300,000 in revenue by selling the district's older vehicles. It has been able to maintain 58 vehicles for half the cost of a mechanic. Enterprise Fleet Management continues to help the district maximize its operations and reduce costs to meet strict budgetary requirements while keeping their vehicles on the road.

To learn more, visit efleets.com or call 877-23-FLEET.



Key Results

**MORE THAN
\$300,000
IN VEHICLE RESALE**



**9X
FASTER
AT REPLACING VEHICLES**

**REDUCED
STAFF OVERHEAD**



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REFERENCES | FLOYD COUNTY SCHOOLS

CURRENT PARTNERS

- Boyd County
- Harlan County
- Carter County
- Garrard County
- Lincoln County
- Green County
- Hopkins County
- Montgomery County
- Edmonson County
- Pulaski County
- Warren County
- Morgan County
- Owen County
- Jackson County

REFERENCES

Below is a list of at least three (3) client/customer references including company name, contact person, and telephone number.

Reference Name

Contact Georgia Heise, Director
Three Rivers District Health Department

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Reference Name

Contact Ed Radjunas, Deputy Judge Executive
Boyd County

Contact Information 606-739-4134
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Reference Name

Contact Greg Burrell, Treasurer
Warren County

Contact Information 270-843-4146
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