



Mayor: Mario Garza
Mayor Pro-Tem: Leonardo “Lenny” Sanchez
Commissioners: Adina “Dina” Santillan
Ernesto “Neto” Guajardo
Marco “Markie” Villegas

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SAN JUAN CITY COMMISSION

Location: San Juan Memorial Library
Multipurpose Meeting Room
1010 S. Standard
San Juan, Texas 78589
Monday, April 18, 2022

SPECIAL CALLED MEETING AGENDA 12:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. DISCUSSION AND POSSIBLE ACTION ON ALL THE FOLLOWING MATTERS:

- A.** Discussion and Possible Action Authorizing the City Manager to Enter Into a Master Equity Lease Agreement, Maintenance Agreement, and Maintenance and Fleet Rental Agreement with Enterprise Fleet Management, Inc. to allow for the Future Lease of Vehicles for Several Departments.

IV. ADJOURNMENT

CERTIFICATION

I certify that the above notice of the Special Called Meeting of the City of San Juan is true and correct; and that I posted such notice on the bulletin board. A place convenient and readily accessible to the public on the in accordance with the Texas Open Meetings Act (Tex. Gov’t. Code §551-041 - §551.050).

CITY COMMISSION MEETING AGENDA

APRIL 18, 2022

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BRENDA ESCALANTE

CITY SECRETARY

CITY OF SAN JUAN, TEXAS

CERTIFICATION OF REMOVAL

I certify that the agenda of items to be considered by the City Commission was removed by the City Secretary's Office from the San Juan City Hall bulletin area on the _____ of _____, 2022.

OFFICE OF THE CITY SECRETARY

AGENDA ITEM AND RECOMMENDATION SUMMARY
CITY COMMISSION REGULAR MEETING
APRIL 18, 2022

Discussion and Possible Action Authorizing the City Manager to Enter Into a Master Equity Lease Agreement, Maintenance Agreement, and Maintenance and Fleet Rental Agreement with Enterprise Fleet Management, Inc. to allow for the Future Lease of Vehicles for Several Departments.

STAFF COMMENTS AND RECOMMENDATIONS:

Various departments within the City of San Juan require replacement of aging vehicles. Currently, approximately 32% of the light and medium duty fleet is currently 10 years or older. Based on the current replacement schedule, the non-emergency and emergency of the vehicles would require over 10 years to replace.

Utilizing Enterprise Fleet Management, staff is proposing to lease vehicles to replace the non-emergency and emergency fleet in three (3) years, which will allow for a modern fleet that is dependable, fuel efficient and with low maintenance cost.

RECOMMENDATION:

Based on review by this office, staff recommends authorization for the City Manager to enter into a master equity lease agreement with Enterprise Fleet Management.

PREPARED BY:

Brenda Escalante,
City Secretary

APPROVED BY:

Benjamin Arjona, City
Manager

Prepared For:



Simon Ortega

SENIOR FLEET CONSULTANT

210-852-4510

PHONE

Simon.Ortega@efleets.com

EMAIL



FLEET SYNOPSIS | CITY OF SAN JUAN

THE SITUATION

Current fleet age is negatively impacting the overall budget and fleet operations

- 32% of the light and medium duty fleet is currently 10 years or older
- 7.7 years is the current average age of the fleet
- 10.4 years – time it would take to cycle the entire fleet at current acquisition rates
- Older vehicles have higher fuel/maintenance costs, have increased downtime, loss of productivity, and unreliable

THE OBJECTIVES

Identify an effective vehicle life cycle that maximizes potential equity at time of resale creating a conservative net savings of over \$3,042,672 over 10 years and average sustainable savings of \$308,905 annually.

- Shorten the current vehicle life cycle from 10.4 years to 2.26 years
- Provide a lower sustainable fleet cost that is predictable year over year
- Automate maintenance and data tracking to give better visibility for operating budgets
- Reduce the overall fuel spend through more fuel-efficient vehicles
- Leverage an open-ended lease to maximize cash flow opportunities and recognize equity.

Increase employee safety with newer vehicles

- Currently:
 - 18 vehicles predate Anti-Lock Brake standardization (2007)
 - 40 vehicles predate Electronic Stability Control standardization (2012)
 - ESC is the most significant safety invention since the seatbelt
 - 83 vehicles predate standardization of back up camera (2018)

Piggyback Current Sourcewell Cooperative Services awarded RFP #060618-EFM that addresses the following:

- City of San Juan is currently a member of Sourcewell, member ID # 21403
- Access to all fleet management services as applicable to the needs of the city
- Supports the city's need for fleet evaluation on a quarterly basis assessing costs and reviewing best practices

THE RESULTS

By partnering with Enterprise Fleet Management, it is estimated that the city will increase fuel efficiency by lowering the overall age of the fleet. The city will naturally reduce maintenance cost in the first year on non-emergency and emergency response vehicles. Leveraging an open-end lease maximizes cash flow and recognizes equity from vehicles sold. Furthermore, the city will leverage Enterprises Fleet Management's ability to sell vehicles at an average of 115% above commercial value Index. By shifting from reactively replacing inoperable vehicles to planning vehicle purchases, the city will be able replace 39 of its oldest vehicles within a year, ultimately turning 29% of their vehicles into newer, safer, more efficient models, for less than current capital and operating budgets.

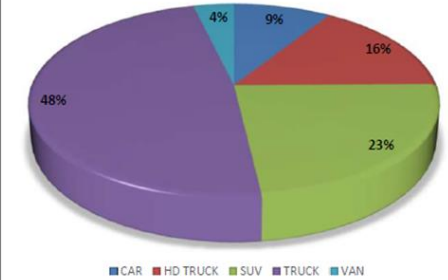
FLEET PLANNING ANALYSIS | CITY OF SAN JUAN

Fleet Profile Fleet Replacement Schedule Replacement Criteria

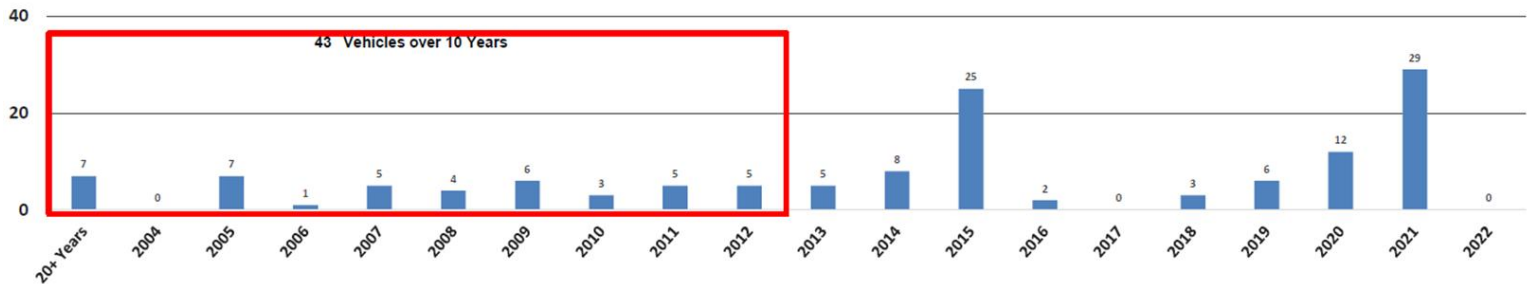
Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage	2022	2023	2024	2025	2026	Under-Utilized
Mid-size Sedan	9	8.1	7,500	2	1	6	0	0	0
Full-size Sedan	3	12.5	10,300	2	0	1	0	0	0
Minivan-Cargo	3	1.7	2,000	0	0	0	0	3	0
1 Ton Van Cargo	2	9.7	4,300	1	1	0	0	0	0
Mid Size SUV 4x2	12	11.2	5,600	7	1	3	0	1	0
Mid Size SUV 4x4	7	7.2	13,400	3	4	0	0	0	0
Full Size SUV 4x2	12	10.7	10,700	11	1	0	0	0	0
Compact Pickup Reg 4x2	5	17.9	7,600	5	0	0	0	0	0
Compact Pickup Ext 4x2	2	1.0	6,900	0	0	0	0	2	0
1/2 Ton Pickup Ext 4x2	5	9.8	7,900	2	1	1	1	0	0
1/2 Ton Pickup Quad 4x2	33	2.5	12,400	2	2	0	4	25	0
1/2 Ton Pickup Quad 4x4	19	8.5	11,000	6	7	2	0	4	0
3/4 Ton Pickup Reg 4x2	5	13.4	9,000	3	0	2	0	0	0
3/4 Ton Pickup Ext 4x4	2	12.7	9,100	2	0	0	0	0	0
3/4 Ton Pickup Quad 4x2	4	1.0	7,100	0	0	0	0	4	0
3/4 Ton Pickup Quad 4x4	4	8.1	14,200	2	0	0	0	2	0
1 Ton Cab Chassis	3	14.9	7,000	2	0	0	0	1	0
1 1/2 Ton Cab Chassis	3	5.4	1,200	1	0	0	0	2	0
Totals/Averages	133	7.7	9,700	51	18	15	5	44	0

* Fiscal Year 2022 = 10 years old and older, or odometer over 100,000
 * Fiscal Year 2023 = 8 years old and older, or odometer over 80,000
 * Fiscal Year 2024 = 6 years old and older, or odometer over 60,000
 * Fiscal Year 2025 = 4 years old and older, or odometer over 40,000
 * Fiscal Year 2026 = Remaining Vehicles
 * Underutilized = Annual Mileage less than

Vehicle Types



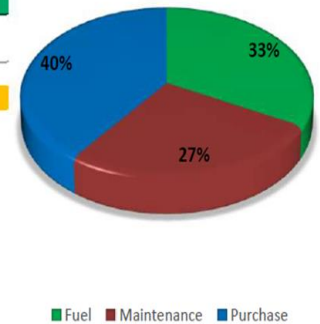
Model Year Analysis



Current Fleet	133	Fleet Growth	0.00%	Proposed Fleet	133
Current Cycle	10.40	Annual Miles	9,700	Proposed Cycle	2.26
Current Maint.	\$160.00			Proposed Maint.	\$45.48
Maint. Cents Per Mile	\$0.20	Current MPG	12	Price/Gallon	\$2.90

Fleet Costs Analysis

Fleet Mix							Fleet Cost				Annual	
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	133	12.8	133	0	378,002	0			255,360	311,774	945,136	0
'22	133	51	82	51	0	381,206	-51,000	-98,612	185,273	287,864	704,730	240,406
'23	133	33	64	69	0	576,450	-36,000	-246,498	160,537	279,425	733,914	211,223
'24	133	54	49	84	0	689,026	-52,500	-190,069	139,923	272,392	858,772	86,364
'25	133	34	44	89	0	738,434	-32,500	-524,748	133,052	270,048	584,286	360,850
'26	133	113	0	133	0	911,600	-374,000	-513,769	72,585	249,419	345,834	599,302
'27	133	76	0	133	0	911,600		-585,214	72,585	249,419	648,390	296,746
'28	133	92	0	133	0	911,600		-461,169	72,585	249,419	772,435	172,701
'29	133	71	0	133	0	911,600		-787,124	72,585	249,419	446,479	498,657
'30	133	110	0	133	0	911,600		-499,004	72,585	249,419	734,599	210,536
'31	133	74	0	133	0	911,600		-654,354	72,585	249,419	579,249	365,887



10 Year Savings	\$3,042,672	Avg. Sustainable Savings	\$308,905
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Current Fleet Equity Analysis

YEAR	2022	2023	2024	2025	2026	Under-Utilized
QTY	51	18	15	5	44	0
Est \$	\$1,000	\$2,000	\$3,500	\$6,500	\$8,500	\$0
TOTAL	\$51,000	\$36,000	\$52,500	\$32,500	\$374,000	\$0
Estimated Current Fleet Equity**					\$546,000	

CASE STUDY | CITY OF SAN JUAN

CASE STUDY | CITY OF FREDERICKSBURG, TX



City lowers fleet maintenance costs by \$127K with Fleet Program.

BACKGROUND

Location: Fredericksburg, TX
Industry: Government
Total vehicles: 75 vehicles

THE CHALLENGE

Each year, the City of Fredericksburg was faced with high vehicle repair and maintenance costs for an aging fleet. The City's 75 vehicles had an average age of 12 years resulting in unexpected maintenance issues each year. The City was spending \$153,300 per year on fleet maintenance, averaging over \$2,000 per truck. Searching for solutions within their budget, the city needed to make managing their vehicles easier, from purchasing to maintenance and driver fueling options.

THE SOLUTION

Enterprise Fleet Management presented a proactive fleet replacement plan to the City of Fredericksburg that would reduce the average age of their fleet by 60% helping reduce operational and maintenance expenses. With integrating newer vehicles into the City's fleet, employees would drive safer, more reliable vehicles with minimal maintenance needs. Long-term, this plan has helped save an average of \$29,284 per year in fleet related expenses.

"We have truly enjoyed the partnership with Enterprise Fleet Management. Things are much easier to manage now, and we are saving money on vehicle maintenance."

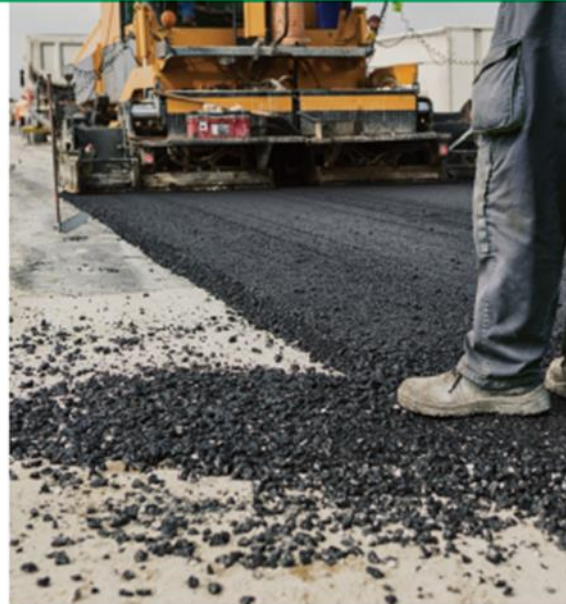
— Brian Peters, Programs Manager

Enterprise Fleet Management also recommended replacing all vehicles owned by the city within a 5-year time frame. This approach will help The City lower maintenance expense from \$153,300 per year to \$26,016 per year.

THE RESULTS

Since their partnership began 4 years ago, Enterprise Fleet Management has helped The City of Fredericksburg transition their fleet vehicles from an average age of 12 years to 4. The City has experienced a significant reduction in costs associated with their fleet program and a decrease in employee downtime. This is due to The City putting their trust in the local Enterprise Fleet Management team's expertise and the fleet planning analytics backing each recommendation. The partnership has given the City visibility into all vehicle costs and budget accordingly.

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



Key Results

MAINTENANCE
LOWERED BY
83%



**SAVED
\$62,052**
OVER THE LAST 2
REPLACEMENT YEARS

5 YEAR
REPLACEMENT PLAN



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PROGRAM RESOURCES | CITY OF SAN JUAN

SAFETY

- **32%** of all vehicles are older than 10 years of age and do not contain the most up to date safety features, such as electronic stability control and airbag standardization and anti-lock brake control.

ACCOUNT MANAGEMENT

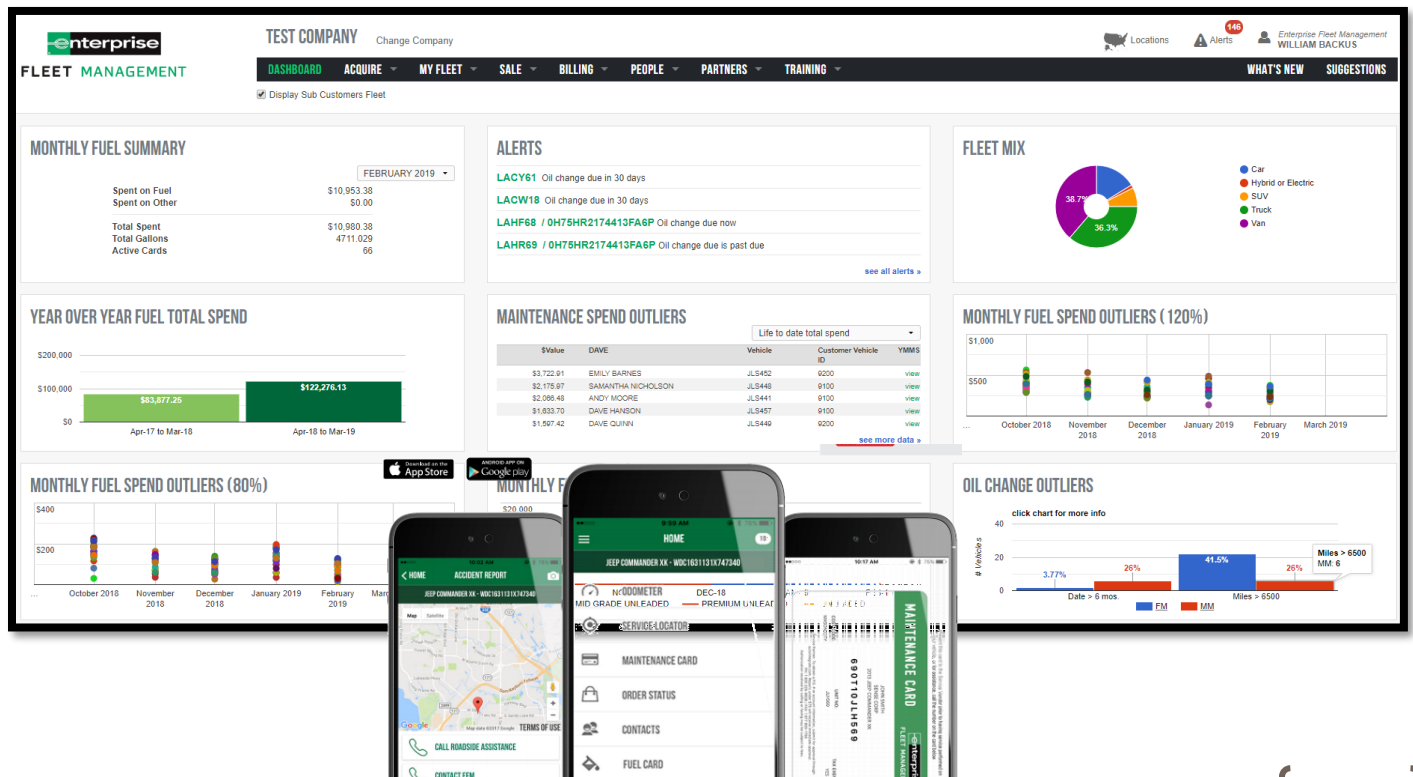
The city will have a dedicated, local account team to proactively manage and develop your fleet while delivering the highest level of customer service to facilitate your day-to-day needs.

- Your dedicated Client Strategy Manager meets with you 3-4 times a year for both financial and strategic planning.
- Your Client Strategy Manager will provide on-going analysis – this will include most cost-effective vehicle makes/models, cents per mile, total cost of ownership, and replacement analysis.

TECHNOLOGY

Enterprise Fleet Management's website provides vehicle tracking, reporting, and metrics. Our website can be customized to view a wide range of data so that you may have a comprehensive and detailed look at all aspects of your fleet and the services provided. Our Mobile App gives drivers all of the convenience and functionality they need.

- **Consolidated Invoices** - Includes lease, maintenance, and any additional ancillaries
- **Maintenance Utilization** - Review the life-to-date maintenance per vehicle
- **Recall Information** - See which units have open recalls
- **License & Registration** - See which plate renewals are being processed by Enterprise and view status
- **Alerts** - Set customizable alerts for oil changes, lease renewals, license renewals, and billing data
- **Lifecycle Analysis** - See data regarding all transactions for the lifecycle of the entire fleet, with drill-down capability to any specific lease or transaction



REFERENCES | CITY OF SAN JUAN

CURRENT PARTNERS

- City of Houston
- City of Pharr
- City of Alice
- City of Victoria
- City of Fredericksburg
- City of Boerne
- City of Rowlett
- City of Waxahachie
- City of Seguin
- City of Beaumont
- City of El Campo
- City of Alpine
- City of San Marcos
- City of Luling
- City of Selma
- City of Kerrville
- City of Cibolo
- City of Pleasanton
- City of Longview
- City of Victoria
- City of Brownsville
- City of Uvalde
- City of Brownwood
- City of Ennis
- Hidalgo County
- Nueces County
- Kerr County
- Burnet County
- Webb County
- Austin County
- Gillespie County
- Washington County
- Lampasas County
- Caldwell County
- Harris County
- Waller County

REFERENCES:

Below is a list of client/customer references including client name, contact person, and telephone number.

Client Name: [City of Houston Fire Department](#)

Business Phone #: (281) 886-9974

Contact Person: Ruy Lozano – Assistant Fire Chief

Client Name: [City of Fredericksburg](#)

Business Phone #: (830) 990-2008

Contact Person: Brian Peters – Public Works Director

Client Name: [City of Pleasanton](#)

Business Phone #: (830) 569-3867

Contact Person: Johnny Huizar – City Manager