

**Illinois Heartland Library System**

TO: IHLS Finance Committee
FROM: Leslie Bednar
DATE: April 15, 2020
RE: Enterprise Fleet Management

In August 2019, IHLS staff met with representatives from Enterprise to begin discussions for a proposal for fleet management. After reviewing our current fleet management model with Enterprise, we began to discuss replacement options and analyze future impact. After a series of meetings, it became evident to IHLS staff the benefits of a potential partnership with Enterprise.

In the attached Enterprise Fleet Synopsis, you will find the budget proposal for FY2020 and FY2021 along with a 5-year outlook for the entire IHLS fleet. Our Finance Department completed its own internal analysis of having an IHLS-owned versus Enterprise-owned fleet. Below is a summary of these results.

<u>Cost Analysis of Delivery Van</u>	<u>IHLS Estimate</u>	<u>Enterprise Estimate</u>
Cost to Purchase Van	\$ 30,000.00	\$ 29,325.00
Cost to wrap Van	\$ 1,000.00	included
Cost of maintenance	\$ 1,524.00	\$ 1,448.00
Cost of fuel	\$ 4,740.00	\$ 4,503.00
Maintenance App		\$ 84.00
GPS Tracking Maintenance Fee	\$ 264.00	\$ 288.00
Time Spent and Cost of Website to sell Van	\$ 700.00	included
Total Annual Cost to IHLS	\$ 38,228.00	\$ 35,648.00

Additional cost savings that are not considered in the above table: IHLS staff time for ordering vans, arranging pickup of vans, registering and obtaining the license, and managing the fixed asset. These items will reflect a savings of staff time for both the Operations and Finance Departments.

Other benefits that IHLS staff see value in a future partnership with Enterprise services include:

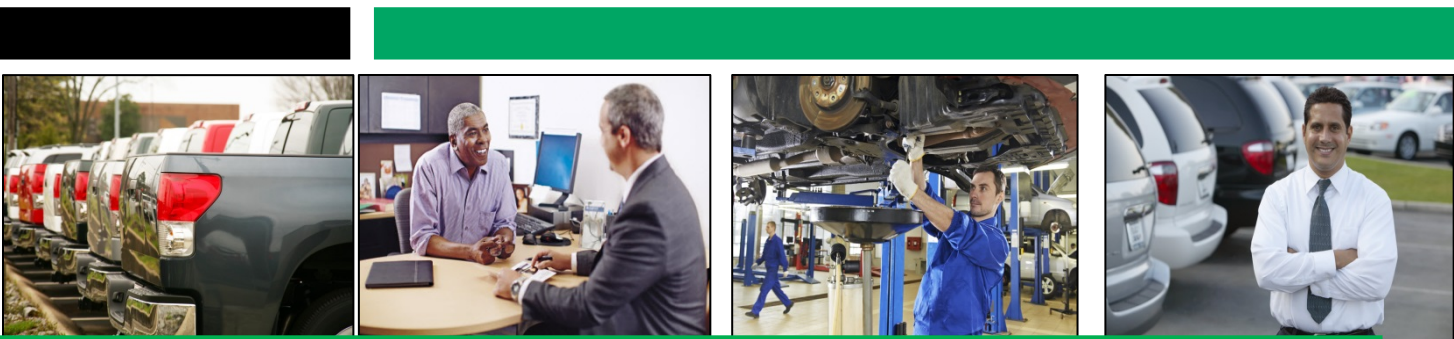
- Enterprise staff's professional skills and expertise in the acquisition and disposal of vehicles to maximize cost savings
- Enterprise purchases are in accordance with the Governmental Joint Purchasing Act
- Utilization of the Enterprise maintenance app for the tracking of vehicle maintenance schedules
- Ease of installation of the Enterprise GPS tracking units

IMAGINING TOMORROW ~ DELIVERING POSSIBILITIES TODAY!

- Time devoted to van route rotation analysis
- Time devoted to arranging van wrap installation
- Enterprise maintenance and fuel preferred vendor discounts
- Budgetary impact of the total number of vehicles needed
- Access to Enterprise vehicle(s) when needed

Based on the Enterprise proposal and our internal analysis, we recommend the board approves signing a master lease agreement with Enterprise Fleet Management effective May 2020. ***This includes utilizing the General Fund for lease agreements for the budgeted FY2020 Capital Fund expenditures of 3 delivery vans and 1 staff vehicle.*** In the future, the lease costs will be reflected in the General Fund budget. IHLS will work in a close partnership with Enterprise to determine the future replacement schedules for minimal budgetary impact. IHLS intends to follow the outlined replacement schedule as listed on the attached Enterprise Fleet Synopsis.

Thank you for your consideration, and please let me know if you have any questions.



FLEET SYNOPSIS | Illinois Heartland Library System



FLEET MANAGEMENT



Illinois Heartland Library System

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Edwardsville, IL 62025

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FLEET MANAGEMENT

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FLEET SYNOPSIS | IHLS

Impact of Partnership

BACKGROUND

Location: Edwardsville, Carbondale, Champaign, IL

Industry: Government Agency

Total Vehicles Currently: 33

THE SITUATION

The Illinois Heartland Library System is looking for a solution to help manage its fleet of cargo vans, box trucks, and staff vehicles. Currently there are a total of 33 vehicles in the IHLS fleet. Through a partnership with Enterprise the current fleet has the potential to be downsized to help reduce vehicle expenses while also providing systems to track maintenance, fuel, vehicle information, and insight to fleet costs. Below is a breakdown of the current fleet.

- 24 cargo vans operating three different annual mileage patterns 75k/ 50k/ 35k
- 7 staff vehicles operating around 15k annual miles
- 2 box trucks operating around 30k annual miles

THE OBJECTIVES

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

- Utilize an open-end lease* as a funding mechanism, allowing IHLS to acquire vehicles while avoiding a large capital budget outlay.
- Continue to replace vehicles with newer models to increase fuel efficiency and reduce maintenance expense. Maintenance and repairs will continue to be outsourced to local businesses to further stimulate economic growth and the integration of more fuel efficient vehicles will reduce the carbon footprint.
- Establish a proactive replacement plan that maximizes potential equity at time of resale, reduces operational expenses, and increases safety.
- Utilize Enterprise's availability to rental cars to reduce the number of staff and spare vehicles.

*An open-end lease is structured to have no early termination, mileage, or abnormal wear and tear penalties. Leases are written to a residual balance to preserve cash flow. The library system receives flexibility of ownership, as well as net equity from sale at time of disposal.

CLIENT TESTIMONIAL

"The Enterprise Fleet Management lease program has not only alleviated some of the maintenance burden placed on our lean fleet maintenance staff and budget, it has also provided a level of flexibility that allows my team to promptly address the City's dynamic fleet needs without sacrificing service."

— Lisa Fowler, Public Works Manager, City of San Marcos

THE RESULTS

By partnering with Enterprise Fleet Management, IHLS will create long term sustainable cost savings and the ability to track and monitor fleet operating expenses.

Leveraging an open-end lease maximizes cash flow and recognizes equity from vehicles sold. Furthermore, IHLS will leverage Enterprises Fleet Management's ability to sell vehicles at an average of 113.5% above Black Book values.



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BUDGET PROPOSAL FY2020 & FY2021 | IHLS

FY2020 Enterprise Fleet Management Total Budget

	Vehicle Category	Number of Vehicles	Monthly Lease Payments	Monthly Maintenance Program	Upfront Aftermarket Cost	Total FY2021 Budget	
FY2020 - Total Fleet Budget	Cargo Van - Transit 350						
	Leased Vehicles	3	\$4,374	\$42	\$0	\$4,416	
	Owned Vehicles	21	\$0	\$294	\$0	\$294	
	Staff Vehicles						
	Leased Vehicles	1	\$1,216	\$132	\$0	\$1,348	
	Owned Vehicles	6	\$0	\$84	\$0	\$84	
	Box Trucks						
	Owned Vehicles	2	\$0	\$28	\$0	\$28	
	33					Annual Enterprise Program Budget Amount:	\$6,170
	Additional Resale Gains (already included in monthly payments):						\$0
2020 Budget with Resale:						\$6,170	

FY2021 Enterprise Fleet Management Total Budget

	Vehicle Category	Number of Vehicles	Monthly Lease Payments	Monthly Maintenance Program	Upfront Aftermarket Cost	Total FY2021 Budget
FY2021 - Total Fleet Budget	Cargo Van - Transit 350					
	Leased Vehicles	7	\$60,740	\$588	\$0	\$61,328
	Owned Vehicles	12	\$0	\$1,008	\$0	\$1,008
	Staff Vehicles					
	Leased Vehicles	1	\$7,296	\$793	\$0	\$8,089
	Owned Vehicles	5	\$0	\$420	\$0	\$420
	Box Trucks					
	Leased Vehicles	1	\$9,348	\$84	\$7,836	\$17,268
	Owned Vehicles	1	\$0	\$84	\$0	\$84
	27			Annual Enterprise Program Budget Amount:		
			Additional Resale Gains (Surplus Vehicles):			(\$10,250)
			Total Budget Estimate:			\$77,947

ADDITIONAL BACKUP FOR BUDGET PROPOSAL

Enterprise Ordered Vehicles - Leased Vehicle Program - Budget 2020 (May & June)

	Ford Transit State Contract 24 mo / 65k	Ford Transit State Contract 30 mo / 55k	Chrysler Voyager Stock Locate 48 mo / 15k	# of months to include: 2
Rolling Resale Gains into New Leases				
Monthly Lease Cost (with Logos and equity rolled)	\$765	\$711	\$608	Total Budget
Monthly Maintenance Program	\$7	\$7	\$66	
Aftermarket Cost due Upon Delivery	\$0	\$0	\$0	
Number of Vehicles	1	2	1	4
Total 2020 Budget Cost (Transits do not incl. actual maintenance costs)	\$1,544	\$2,872	\$1,348	\$5,764

Enterprise Ordered Vehicles - Leased Vehicle Program - Budget 2021

	Ford Transit State Contract 30 mo / 55k	Ford Transit State Contract 48 mo / 30k	Box Truck Gas Factory Ordered 48 mo / 30k	# of months to include: 12
Rolling Resale Gains into New Leases				
Monthly Lease Cost (with Logos and equity rolled)	\$770	\$564	\$779	Total Budget
Monthly Maintenance Program	\$7	\$7	\$7	
Aftermarket Cost due Upon Delivery	\$0	\$0	\$7,836	
Number of Vehicles	3	1	1	5
Total 2021 Budget Cost (Transits do not incl. actual maintenance)	\$27,980	\$6,852	\$17,268	\$52,100

ADDITIONAL BACKUP FOR BUDGET PROPOSAL



Illinois Heartland Library System Fleet List

2020 Budget Surplus Replacement				2021 Budget Surplus Replacement				Surplus vehicles that will not be replaced			
Year	Make	Model Description	Category	Est Annual Mileage	Mileage July 2020	Resale June/July 2020	Resale Nov 2020	Plan	New Term	2021 Monthly Lease Payment	2021 Monthly Maintenance
2017	Ford	Ford Transit T-150	Cargo Van	63,835	209,415	\$7,350	\$5,600	2020	Lease / 24 mo / 65k	\$765	\$7
2017	Ford	Ford Transit T-150	Cargo Van	57,230	187,746	\$7,850	\$6,000	2020	Lease / 30 mo / 55k	\$711	\$7
2017	Ford	Ford Transit T-150	Cargo Van	56,087	183,997	\$7,850	\$6,000	2020	Lease / 30 mo / 55k	\$711	\$7
2017	Ford	Ford Transit T-150	Cargo Van	54,432	174,096	\$8,300	\$7,000	2021	Lease / 30 mo / 55k	\$770	\$7
2017	Ford	Ford Transit T-150	Cargo Van	46,388	148,312	\$9,250	\$7,500	2021	Lease / 30 mo / 50k	\$770	\$7
2015	Chevy	Chevy Express	Cargo Van	28,303	164,631	\$6,500	\$4,500	2021	Lease / 48 mo / 30k	\$564	\$7
2016	Ford	Ford Transit 350 HR van	Cargo Van	50,970	231,771	\$10,500	\$8,000	2021	Lease / 30 mo / 50k	\$770	\$7
2016	Ford	Ford Transit T-150	Cargo Van	42,015	180,431	\$7,250	\$5,500	Surplus			
2013	Ford	Ford E250 Econoline Van	Cargo Van	37,637	253,838	\$3,000	\$2,000	Surplus			
2018	Ford	Ford Transit F-350	Cargo Van	81,226	163,580	\$12,500	\$10,000	Surplus			
2018	Ford	Ford Transit T-350	Cargo Van	75,465	145,480	\$11,250	\$7,500	Surplus			
2015	Chevy	Chevy Express 2500 Cargo Extended	Cargo Van	35,793	199,050	\$5,400	\$3,600	Surplus			
2017	Ford	Ford Transit T-150	Cargo Van	33,840	111,015	\$10,250	\$8,500			\$0	\$7
2018	Ford	Ford Transit F-350	Cargo Van	49,212	99,108	\$14,750	\$12,500			\$0	\$7
2018	Ford	Ford Transit T-350	Cargo Van	38,587	74,387	\$15,500	\$13,000			\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	33,125	18,908					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	35,645	9,832					\$0	\$7
2019	Ford	Ford Transit T-350	Cargo Van	42,131	27,740					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	88,963	115,899					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	91,402	115,522					\$0	\$7
2019	Ford	Ford Transit T-350	Cargo Van	87,603	109,747					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	78,214	99,071					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	71,933	91,115					\$0	\$7
2019	Ford	Ford Transit F-350	Cargo Van	35,801	53,801					\$0	\$7
				54,828	132,021					\$5,062	\$133
2008	Dodge	Dodge Grand Caravan SE	Minivan	11,788	149,277	\$825	\$650	2020	Lease / 48 mo / 15k	\$608	\$66
2008	Dodge	Dodge Grand Caravan SE	Minivan	10,128	144,288	\$825	\$650	Surplus			
2001	Ford	Dodge Caravan	Minivan	7,216	142,607	\$188	\$125				\$7
2015	Ford	Ford Taurus	Sedan	14,900	82,862	\$8,100	\$7,200				\$7
2015	Ford	Ford Taurus	Sedan	14,129	78,574	\$8,150	\$7,200				\$7
2015	Dodge	Dodge Grand Caravan	Minivan	11,141	53,506	\$9,000	\$8,000				\$7
2015	Ford	Ford Taurus	Sedan	5,232	22,032	\$10,350	\$9,200				\$7
				10,648	96,164					\$608	\$101
2015	Ford	Ford F-350 - box truck	Cargo Truck	29,039	161,491	\$11,250	\$9,000	2021	Lease / 48 mo / 30k	\$779	\$7
2018	Ford	Ford F-450 Cargo Truck	Cargo Truck	83,590	189,471	\$15,000	\$12,000				\$7
				56,315	175,481					\$779	\$14
				45,547	127,048						

5 YEAR OUTLOOK | IHLS

Illinois Heartland Library System - Budget Summary - 5 Year Look

	Vehicle Category	Number of Vehicles	Monthly Lease Payments	Monthly Maintenance Program	Upfront Aftermarket Cost	Total Fleet Budget When Fully Implemented
Total Fleet Budget When Fully Implemented	Cargo Van - Transit 350					
	Leased Vehicles	19	\$161,483	\$1,596	\$0	\$163,079
	Owned Vehicles	0	\$0	\$0	\$0	\$0
	Staff Vehicles					
	Leased Vehicles	6	\$42,192	\$4,753	\$0	\$46,945
	Owned Vehicles	0	\$0	\$0	\$0	\$0
	Box Trucks					
	Leased Vehicles	2	\$18,696	\$168	\$0	\$18,864
	Owned Vehicles	0	\$0	\$0	\$0	\$0
27			Annual Enterprise Program Budget Amount:			\$228,888
			Additional Resale Gains (Surplus Vehicles):			
			Total Budget Estimate:			\$228,888

CASE STUDY | CITY OF SAN MARCOS



The City of San Marcos Reduces Costs by 27% and Replaces Aging Vehicles.

BACKGROUND

Location: San Marcos, CA
Industry: Government
Total vehicles: 90 vehicles

THE CHALLENGE

Half of The City of San Marcos' vehicles were operating past their useful life. The City's fleet was deteriorating rapidly, and many of the vehicles needed to be replaced to mitigate escalating repair and maintenance costs. Budget challenges prevented the City from purchasing new vehicles. Major repairs reduced the number of available vehicles, and the City vehicle downtime was significantly affecting its operations. Maintenance costs continued to erode the budget and interfere with the efficiency of City operations.

THE SOLUTION

Enterprise Fleet Management evaluated the City's entire fleet to identify the most cost-effective way to replace its aging vehicles. Ten vehicles were identified as under-utilized and completely removed from service. By implementing an open-ended lease structure, the City was able to replace the remaining ninety vehicles within a three-year period. The program did not require a large initial outlay of funds. The City of San Marcos was not burdened with extensive capital requirements for vehicle replacement, allowing them to replace highly important, heavy-duty and emergency vehicles first.

"The Enterprise Fleet Management lease program has not only alleviated some of the maintenance burden placed on our lean fleet maintenance staff and budget, it has also provided a level of flexibility that allows my team to promptly address the City's dynamic fleet needs without sacrificing service."

— Lisa Fowler, Public Works Manager- Administration & Fleet

The Full Maintenance Program provides a low fixed monthly cost, which is easily budgeted for every year. The program eliminates the need for City resources to work on the light-duty fleet, so the maintenance staff can solely focus on the heavy-duty equipment.

THE RESULTS

The partnership with Enterprise Fleet Management has significantly reduced the portions of the Public Works-Fleet Operations budget and the Vehicle Replacement fund that was affected by the declining condition of the light-duty fleet. The City realized a 27% decrease in the cost to purchase and maintain the light duty fleet. The program will result in a combined fund savings of \$1.1 million over a five-year period.

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

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Key Results

**27%
DECREASE
IN FLEET COSTS**



**RIGHT-SIZED
FLEET BY 10%
FOR BETTER
UTILIZATION**

**REPLACED
90 VEHICLES
OVER A 3-YEAR PERIOD**



PROGRAM RESOURCES | IHLS

SAFETY

On the Enterprise Maintenance Program IHLS will have ASE certified technicians overseeing vehicle maintenance services, costs, and providing recommendations. IHLS will also be notified of manufacturer recalls, vehicles over recommended service intervals, and other safety concerns pertaining to the fleet.

ACCOUNT MANAGEMENT

IHLS 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.

- Meeting with you at minimum 4 times a year- 2 of those are financial planning meetings. These are an Annual Client Review and a Fleet Analysis Meeting.
- Your Account Manager will provide ongoing analysis, which can include best makes/models, cents per mile, total cost of ownership, and replacement analysis.
- Monthly management reports consisting of a single invoice with all charges

ANCILLIARIES

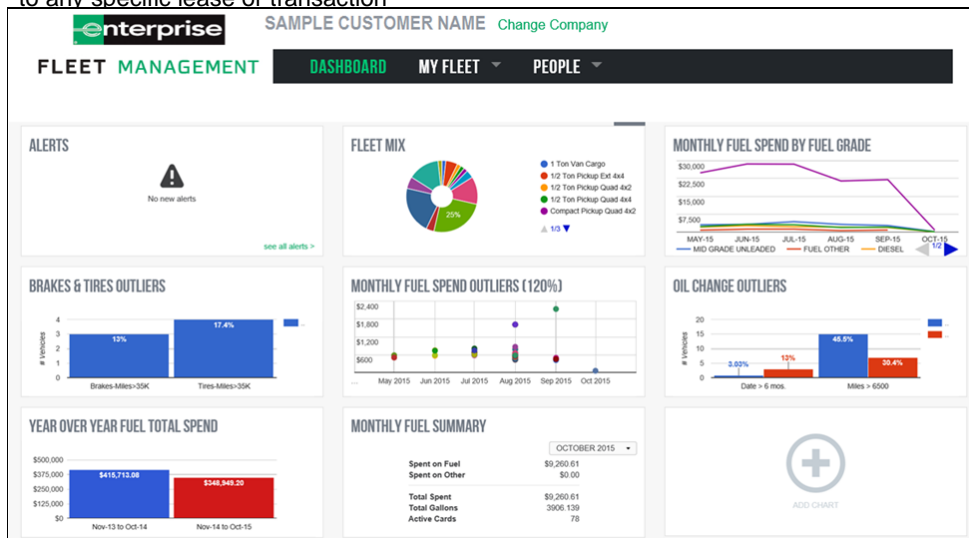
Enterprise Fleet Management has the ability to offer a total fleet solution should the library need further evaluation of the fleet. These can include:

- Telematics Device through Geotab
- Driver Safety Course's
- Physical Damage Coverage

TECHNOLOGY

Enterprise Fleet Management's website provides vehicle tracking, reporting, and metrics. Our website can be customized to view a wide range of data to have a comprehensive and detailed look at all aspects of your fleet and the services provided. Our *Mobile App* also allows drivers a wide range of functions.

- **Invoices**- to include lease, maintenance, and ancillaries- all in one invoice
- **Maintenance Utilization**- review the life-to-date maintenance per vehicle
- **Recall Information**- see which units that are approaching the lease term still have open recalls
- **License & Registration**- see which plate renewals are being processed by Enterprise; 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 | IHLS

CURRENT PARTNERS

- City of Monmouth, IL
- Village of Oak Lawn, IL
- Village of Round Lake Beach, IL
- City of Freeport, IL
- City of Crystal Lake, IL
- Village of Romeoville, IL
- City of Kankakee, IL
- Village of Oak Brook, IL
- Cahokia School District
- St. Louis County Library District

REFERENCES

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

Name: [St. Louis County Library](#)

Business Phone #: 314-994-3300 x 2158

Contact Person: Kris Mooney, Assistant Director, Administration

Name: [Special School District](#)

Business Phone #: 314-989-8199

Contact Person: Lisa Furey, Director of Finance

Name: [Cahokia School District](#)

Business Phone #: 618-332-4705

Contact Person: Arnett Harvey, Chief Financial Officer