



CITY OF DAHLONEGA

City Council Special Called Meeting Agenda

June 20, 2022, 4:30 PM

Gary McCullough Chambers, Dahlonaga City Hall

In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 706-864-6133.

Vision - To be an open, honest, and responsive city, balancing preservation, and growth, and delivering quality services fairly and equitably by being good stewards of Dahlonaga's resources.

CALL TO ORDER AND WELCOME

APPROVAL OF AGENDA

NEW BUSINESS

1. Fleet Replacement by Enterprise

Allison Martin, Finance Director

Mark Buchanan, Public Works Director

ADJOURNMENT

Exploration of Enterprise Fleet as a Financing Tool for the City of Dahlonega's Fleet

Problem statement

The City of Dahlonega operates under a five-year capital improvement program model and has one employee that handles the maintenance of the fleet of City vehicles and equipment. With limited funds for the capital program, the City often keeps vehicles for extended periods of time even when those vehicles begin to incur high maintenance costs.

Proposed solution

One way to update the fleet of vehicles, lower maintenance, and reduce fuel consumption, is to turn over a portion of the fleet every three to five years until they are all on a lease rotation. Allowing a certified company to perform the maintenance under the term of the lease will reduce the burden on City staff and allow the maintenance technician to focus on our equipment and fleet of heavy-duty vehicles. Having a newer fleet also takes advantage of newer safety features, backup cameras, and fuel efficiency. The City would have a set budget for lease payments annually and over the first ten years of the program stands to save over \$500,000. Staff also explored the lease of electric vehicles. At the present time, there is not enough data or use by governments to determine if the purchase of electric vehicles will have the same rate of return as a traditional gasoline/diesel vehicle.

Value

The use of this type of financing model allows the City to purchase vehicles at a greatly reduced cost offered only to governments as they are ordered directly through the order banks enmassed with the rest of Enterprise's customers and pay for the vehicles on a lease payment schedule. The vehicles do not flow through a dealership incurring additional title and doc fees which saves additional taxpayer dollars. When the vehicle reaches the maximum rate of return in the open market, Enterprise will broker the sale of the truck earning a commission of \$475. The City receives the balance of the sales price and can use that to further fund the lease payments on the fleet of vehicles. This model allows the City to maximize the value of the vehicles without having to keep a truck for ten years only to see it grow in maintenance costs and lose residual value. There is a tested and proven market for the vehicles secured under this model and each reference provided has given high praise for the program and how it has freed up dollars for other areas of operational or capital needs.

Final thoughts and next steps

The recommendation of staff is to utilize this financing model and enter into an agreement with Enterprise Fleet for the lease of vehicles and the maintenance of non-CDL vehicles. Staff was made aware that Ford has opened their order banks and there is the possibility that the order banks could close prior to our next regular meeting. Staff requests a special called meeting on this item after the next work session so we can proceed with the planned replacements of the City's existing fleet. Any additions to fleet will be considered as part of the budget process.