

BOARD OF DIRECTORS MEETING

July 9, 2020

ITEM 8

AUTHORIZATION TO ENTER INTO A LEASE/PURCHASE AGREEMENT FOR THE PROCUREMENT OF FIVE HYBRID POLICE VEHICLES AND RELATED EMERGENCY EQUIPMENT

SUMMARY OF RECOMMENDATION:

Discuss and consider approval to execute a five-year lease/purchase agreement for the procurement and equipping of five (5) Ford hybrid police vehicles for an annual cost of \$65,340 and a total five-year cost of \$326,725.

The approval is specifically for the following:

- Four marked Ford Hybrid Police Interceptor vehicles
 - \$46,077 per vehicle plus \$15,000 per vehicle for emergency equipment and installation
 - Total cost per Vehicle: \$61,077
 - Total cost for 4-Vehicles: \$244,308
- One unmarked Ford Hybrid Police Interceptor vehicle
 - Total cost: \$48,880 plus \$5,000 for emergency equipment and installation
 - Total cost: \$53,880
- Loan fee of \$1,500 and \$6,000 placement fee
- Lease/Purchase for five vehicles are \$5,445 per month at a 2.65% interest rate.

The total cost including equipment, interest and fees is \$326,725. The total cost of the Lease/Purchase plan is \$5,445 per month for five years. At the end of five years, the vehicles and equipment are purchased for \$1.00 per vehicle. The vehicles will have a full 3-year 36,000-mile warranty, plus an additional 2-year 100,000-mile power train warranty. The purchase is through the State and Local Government Sales Program, which is a competitive public low bid.

BACKGROUND

The Kensington Police Department has a fleet of seven police vehicles: five marked patrol vehicles, one detective vehicle, and one administrative vehicle. The vehicles range in age from four years to 18 years and have accumulated mileage ranging from 45,000 to 120,000 total miles. One of the marked vehicles is also used as a training vehicle.

The life cycle of a police vehicle is generally five years or 125,000 miles. All of Kensington PD's vehicles are past their life cycle except for the administrative vehicle. The wear and tear on Kensington's police vehicles are more severe than normal police vehicles due to Kensington's topography and constant stop and go driving on inclines. When the life cycle of a vehicle is expired, the dependability and reliability

significantly decreases, and there is increased repair costs and down time. Patrol vehicles are the officer's "office" and they spend 10-12 hours a day in them. They should be in good condition and reliable.

Repair costs have continued to go up significantly from year to year. The following are the repair costs for the fleet for the last three fiscal years:

- Year 2017/18: \$10,260
- Year 2018/19: \$17,241
- Year 2019/20: \$22,447

The following is a list of the Police Department's vehicles with recommended disposition:

Vehicle #1: Marked police vehicle, 2007 Ford Crown Victoria, 13 years old, and 63,000 miles. **Recommend replacement.**

Vehicle #2: Marked police vehicle, 2014 Ford Police Interceptor, 6 years old, and 60,000 miles. **Recommend replacement.**

Vehicle #3: Marked police vehicle, 2015 Ford Police Interceptor, 5 years old, and 45,000 miles. **Recommend conversion to training vehicle.**

Vehicle #4: Marked police and training vehicle, 2010 Ford Crown Victoria, 10 years old, and 65,000 miles. **Recommend replacement.**

Vehicle #5: Marked police vehicle, 2002 Ford Police Interceptor, 18 years old, and 60,000 miles. **Recommend replacement.**

Vehicle #6: Unmarked Detective vehicle, 2011 Ford Crown Victoria, 9 years old, and 126,000 miles. **Recommend replacement.**

Vehicle #7: Unmarked administrative vehicle, 2016 Ford Taurus, 4 years old, and 63,000 miles. **Vehicle is in good condition. Recommended continued service.**

As indicated above, four marked police and 1 detective vehicle need to be replaced. Vehicle #3 can be converted to a training/extra vehicle, and Vehicle 7 can continue in service.

Staff is recommending that these vehicles be replaced with the Ford Hybrid Police Interceptor, which are police rated vehicles. The Hybrids enable idling without running the engine, and reduce emission by 20,000 pounds of CO² per year. They reduce repair costs due to less engine hours and wear and tear. Each vehicle is projected to save \$2,800 per year in fuel costs or an aggregate \$14,000 per year. This is based on the cost of gasoline at \$2.50 per gallon which is currently lower than market prices of the past few years. With the amount of stop and go driving that is required on Kensington's streets, the Hybrid model is a logical choice to replace the current vehicles. They come with a full 36,000-mile warranty, plus an additional 2-year 100,000-mile power train warranty, which will significantly reduce spending on repairs.

The lease/purchase plan researched by the Finance and Business Manager makes replacing the fleet economical and less burdensome on the budget. A five-year lease on five vehicles at 2.65% interest costs

\$5,445 per month for five years (an aggregate \$65,340 per year). The cost includes the purchase of equipment and installation. At the end of five years, the vehicles may be purchased for \$1.00 per vehicle.

ANALYSIS

In sum, all of the Kensington PD's vehicles, except for the administrative vehicle, are past their life cycle. Not replacing vehicles will increase the down time and maintenance costs of the fleet and decrease dependability and reliability. Staff is therefore recommending that four marked patrol and one detective vehicle be replaced with the Ford Hybrid Police Interceptor. The Hybrid model is economical, enables idling without running the engine, reduces CO² emissions, reduces maintenance and repair costs, and saves fuel costs. There is a six-month wait time from the order to delivery and another two months of installation time provided there are no delays. This means that vehicles recommended for replacement will have almost another year of service by the time the new vehicles are in operation.

RECOMMENDATION

Authorize the General Manager to execute a five-year lease/purchase agreement for the procurement and equipping of five (5) Ford hybrid police vehicles for an annual cost of \$65,340 and a total five-year cost of \$326,725 as follows:

- Four marked Ford Hybrid Police Interceptor vehicles
- One unmarked Ford Hybrid Police Interceptor vehicle
- Loan fee of \$1,500 and \$6,000 placement fee
- Lease/Purchase for Five vehicles are \$5,445 per month at a 2.65% interest rate.

The total cost including equipment, interest and fees is \$326,725. The total cost of the Lease/Purchase plan is \$5,445 per month for five years. At the end of 5-years the vehicles and equipment are purchased for \$1.00 per vehicle. The vehicles come with a full 3-year 36,000-mile warranty plus an additional 5-year 100,000-mile power train warranty. This is a State and Local Government Sales Program which is cheaper than going through a traditional purchasing route.

FISCAL IMPACT:

A five-year lease on five vehicles at 2.65% interest costs \$5,445 per month for five years (an aggregate \$65,340 per year). The cost includes the purchase of equipment and installation. At the end of five years, the vehicles may be purchased for \$1.00 per vehicle.

ATTACHMENTS

1. Patrol vehicle estimates.
2. Detective vehicle estimates.
3. Amortization schedule.
4. Ford Hybrids Savings Calculations

SUBMITTED BY:

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Interim Chief of Police