



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Sheriff's Office
Department No.: 032
For Agenda Of: 2-9-2021
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Bill Brown, Sheriff's Office
Contact Info: Darin Fotheringham, Sheriff's Office
SUBJECT: Enterprise Fleet Management equity lease agreement

County Counsel Concurrence

As to form:

Risk Management

As to form:

Auditor-Controller Concurrence

As to form: **Yes**

General Services

As to form: **Yes**

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Approve and authorize the Chair to sign the Master Lease Agreement and accompanying Addendum with Enterprise Fleet Management for a term of 5 years, for a total contract amount of \$3,014,700. Delegate to the Sheriff, or designee, the authority to sign individual vehicle lease agreements pursuant to the Master Lease as long as 1) there is concurrence to the individual vehicle lease agreement by County Counsel, Auditor Controller, and Risk Management, 2) Sheriff's Office to provide a report of all signed leases to General Services quarterly, and 3) this delegation is subject to the Board's authority to rescind this delegated authority at any time:
- b) Determine that the above actions are an organizational or administrative activity of the government that will not result in direct or indirect physical changes in the environment and is therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(5) of the CEQA Guidelines.

Summary Text:

The Sheriff's Office currently meets its vehicle needs by participating in the County General Services Vehicle Operations' Internal Service Fund. The vehicles are provided and maintained by the County Vehicle Operations. The Sheriff's Office has 189 Assigned Vehicles that include marked patrol vehicles, specialty use vehicles such as motorcycles and busses, detective vehicles, and administrative vehicles. The vehicles are equipped with emergency lighting and radios for emergency use operations.

The Sheriff's Office has met with Enterprise Holdings and is seeking authority to lease a total of 118 vehicles from Enterprise Holdings to replace a total of 118 vehicles currently leased from General Services. The public private partnership is aligned with Renew '22's "Re-Design How We Work, Re-Balance Our Resources." The proposal will enhance the Sheriff's operational effectiveness by using a greater variety of vehicles to enhance investigative operations. Additionally, the business model of fleet management used by Enterprise Holdings should result in an overall reduction in cost to the Sheriff's Office fleet operations.

Background:

During the Renew '22 internal reviews at the Sheriff's Office, fleet operations were evaluated as an area to Re-Design how the Agency operates and to Re-Balance our Resources. The Sheriff's Office looked for ways to increase the operational efficiency of the fleet, reduce cost, and reduce the environmental impacts of the vehicles it operates. This has included the downsizing of both vehicle size and vehicle engine size. The Sheriff's Office has implemented a pilot program with a Hybrid-Patrol Vehicle. As part of the evaluation, the Sheriff's Office became aware of the Enterprise Holdings leasing programs to governmental agencies. Staff from our agency met with Enterprise Holdings staff and received a proposal. As the proposal was evaluated, additional County Departments became involved in the process to include General Services, Auditor Controller, Risk Management, County Council and the CEO's Office.

The Sheriff's Office operates a total of 189 Assigned Vehicles of which 118 are used in support of investigative services to include undercover operations, administrative, and support staff vehicles. These vehicles are leased from General Services for a period of 36 months depreciation, (specialty undercover vehicles), with the majority of them being depreciated for 72 months. Most of the vehicles remain in service for months to a year or more past the end of the depreciation. They generally are not replaced until they have a minimum of 130,000 to 150,000 miles with some vehicles exceeding 200,000 miles before replacement. General Services has identified older fully depreciated vehicles as having higher maintenance costs and charge a higher per-mile rate for these vehicles. Older and higher mileage vehicles have a lower resale value resulting in higher costs to the County and Sheriff's Office.

The Enterprise Holdings program allows the Sheriff's Office to update the aged fleet in a strategic manner that reduces our overall vehicle costs by an estimate of \$133,300 each year, as compared with the current method of vehicle replacement and maintenance through General Services Fleet Operations. The majority of these savings come from two sources: the extremely low fixed monthly maintenance rates offered by Enterprise Holdings through their extensive number of repair and maintenance shops both locally and nationwide, and the resale program that far exceeds any auction proceeds currently gained through the auction programs utilized by the County. Enterprise Fleet Management resells the vehicles at the conclusion of the equity lease through their direct marketing resale network. The proceeds from the sale of the vehicle are then used to offset or lower the cost of the lease for the replacement vehicle. Advantages to a newer model year fleet also include better fuel efficiency, further reducing the operational costs, lower emissions, improved standardized safety features, and reduced downtime for maintenance and repairs. Enterprise Fleet Management takes advantage of the government discounts offered to the County, but also procures vehicles in higher volume gaining the opportunity for further discounts.

Through the program, Enterprise Fleet Management will obtain price quotes utilizing all discounts available on the classifications of vehicles needed from multiple manufacturers. The Sheriff's Office can then select the model and trim package that best meets the agency's needs, including considerations such as fuel economy and resale value, to obtain the lowest operational cost and best overall value. Once the vehicles have been selected, Enterprise Fleet Management will obtain the vehicle from the manufacturer. The vehicles will be upfitted with all the required equipment necessary to meet the Sheriff's Office operational needs. This will include in most vehicles' emergency lights, siren, Sheriff's two-way radio equipment, and other specialized equipment depending on the specific vehicles use. The vehicles will be delivered turnkey to the Sheriff's Office ready for service. The Sheriff's Office will not be charged for the time that the vehicle is being upfitted prior to taking delivery.

An Enterprise account manager is assigned to assist the agency in maximizing the fleet objectives at no additional charge. The account manager will enable the Sheriff's Office to fully explore the benefits of an equity lease option that allows the agency to only pay for what is used. Traditional dealer leases impose mileage restrictions or have "wear and tear" charges not imposed on the equity lease. The fleet manager will monitor both the Sheriff's Office fleet and the new/used vehicle market making recommendations as to the most economically beneficial time to replace a vehicle which may include an early replacement, prior to the end of the lease, or an extension of the lease on a month by month basis with no mileage restrictions or extra charges. The Sheriff's Office will have full access to the Enterprise Data Warehouse fleet management system that captures and maintains all vehicle history information capable of generating reports at any time.

Enterprise Holdings offers a variety of maintenance packages. We have selected a maintenance plan that includes full maintenance of the vehicles with only tires, brakes, and accident repair excluded. In addition to the local dealerships, there are maintenance facilities available generally throughout the entire County enabling vehicles to be maintained in their operational area. This program will allow for timely and qualified service regardless of the vehicle's location within the County, or even outside the County as needed. Twenty-four-hour roadside assistance is also included. This program will also provide a positive impact to local vendors who will be doing the repair work.

Risk Management was consulted during the review of the proposal. It was determined that there are no additional costs to the County or Sheriff's Office with the transition to Enterprise Fleet Management from General Services. Enterprise Fleet Management vehicles that are damaged will result in the same fiscal liability as a vehicle leased from General Services.

This agreement was sought under a "piggyback" request for proposals through Sourcewell. Sourcewell combines buying power of more than 50,000 government, education, and nonprofit organizations. Sourcewell holds hundreds of competitively solicited cooperative contracts ready for use through its nationwide competitive solicitation efforts. The County of Santa Barbara is a user of Sourcewell.

General Services Purchasing Department has confirmed Enterprise Fleet Management was deemed by Sourcewell as the best proposal that was responsive/responsible and won the award of Fleet Management Services #060618-EFM with Sourcewell. The contract award is valid through July 24, 2022.

The Enterprise Fleet Management proposal was presented to the Debt Advisory Committee, (DAC), on 12-22-2020. After review and discussion, the DAC approved the proposal to move forward for consideration by the Board of Supervisors. During the DAC it was pointed out that Section 19 of the Equity Lease Agreement was a Non-Appropriation section and reads as follows:

19. Non-appropriation: Lessee's funding of this Agreement shall be on a Fiscal year basis and is subject to the annual appropriations. Lessor acknowledges that Lessee is a municipal corporation, is precluded by the County or State Constitution and other laws from entering into obligations that financially bind future governing bodies, and that, therefore, nothing in this Agreement shall constitute an obligation of future legislative bodies of the County or State to appropriate funds for purposes of this Agreement. Accordingly, the parties agree that the lease terms within this Agreement or any Schedules relating hereto are contingent upon appropriations of funds. ...

The recommended actions also include a request for Board delegated authority to the Sheriff to sign individual lease agreements pursuant to the Master Lease Agreement as long as 1) there is concurrence to the individual lease agreement by County Counsel, Auditor Controller, and Risk Management, 2) Sheriff's Office to provide a report of all signed leases to General Services quarterly, and 3) this delegation is subject to the Board's authority to rescind this delegated authority at any time. This type of checks and balances is designated to be a proper delegation of authority by the Board to the Sheriff in accordance with *Golightly v. Molina (2014), 229 Cal.App,4th 1501*.

Performance Measure:

The Sheriff's Office and General Services Fleet Operations have met and agreed upon a performance measure to evaluate the fiscal and operational effectiveness of the Enterprise Holdings proposal vs the General Services Fleet Operations. The performance measure below will be calculated annually, and at the conclusion of the lease term for the class of vehicles.

Like vehicle classes will be compared to ensure an accurate comparison. The cost per mile to operate the vehicle will be calculated using the following data points:

- All build costs and related "True-ups" (credits or additional costs) associated with putting the vehicles into service
- Total miles driven by all vehicles in each classification
 - All vehicles will be grouped together by vehicle classification type that are provided by Enterprise Fleet Management
 - All vehicles will be grouped together by vehicle classification type that are provided by General Services Fleet Operations
- The monthly depreciation or lease charges
- Maintenance and actual fuel costs
 - Enterprise Fleet Management will include actual fuel costs, maintenance plan payments and any other non-covered maintenance/repair expenses directly billed to the Sheriff's Office

- General Services Fleet Operations will include the amount billed for maintenance and fuel as currently billed as a monthly cents per mile and any other maintenance/repair directly billed to the Sheriff’s Office
- Annual down time for vehicles by classification

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund	\$ 342,400.00	\$ 668,100.00	\$ -
State			
Federal			
Fees			
Other:			
Total	\$ 342,400.00	\$ 668,100.00	\$ -

Narrative: The increase in annualized cost is due to the phased rollout of the program each year. The first year of the program will be 54 vehicles, and each subsequent year additional vehicles will be added, reaching the total of 118 vehicles in the fourth year of the program.

Key Contract Risks:

While the automobile industry generally has a 3 to 4 percent cost increase from model year to model year, this cost inflator is an estimate at best. Actual vehicle and fuel cost increases may impact the overall cost to the 5-year agreement.

Staffing Impacts:

Legal Positions: 0

FTEs: 0

There are no staffing impacts to the Sheriff’s Office or General Services Fleet Operations. In the case of SEIU Local 620 the MOU requires that the County give notice of a desire to contract out work performed by Local 620 represented employees only in the months of February, July, and October. To meet the collective bargaining obligations before a decision or arrangements are made, Local 620 was notified of the Enterprise Holdings proposal in July of 2020 by County Employee Relations. Since the proposal will result in no positions being eliminated, there was no objection to the proposal.

Special Instructions:

Please execute the Equity Lease Agreement for Service between the County of Santa Barbara and Enterprise Fleet Management, retain one original, and forward one copy to the Sheriff’s Office, Attn: Commander Darin Fotheringham

Attachments:

- Master Equity Lease - Government
- County of Santa Barbara Indemnity Agreement 12.2020

- County of Santa Barbara – Self-Insurance Addendum – PD and Liability with Retention – Equity 12.2020
- EFM Government Credit Application
- GP2f – County of Santa Barbara Addendum to Equity MLA – FM TRUST 10.2020
- GP2F – County of Santa Barbara Addendum to FM Agreement – 10.2020
- GP2F – County of Santa Barbara Service Agreement – 11.2020
- Maintenance Agreement
- County of Santa Barbara Sheriff’s Office -Fleet Planning Analysis
- Board Contract Summary
- PowerPoint Presentation

Authored by:

Darin Fotheringham, Sheriff’s Commander Operations Support Division EX25732

cc:

APPROVED AS TO FORM:
Santa Barbara Sheriff’s Office

APPROVED AS TO FORM:
Janette Pell
Director of General Services

By: _____
Bill Brown, Sheriff

By: Skip Grey via e-mail

APPROVED AS TO FORM:
Michael C. Ghizzoni
County Counsel

APPROVED AS TO FORM:
Betsy M. Schaffer, CPA
Auditor-Controller

By: _____
Deputy County Counsel

By: _____
Deputy

APPROVED AS TO FORM:
Ray Aromatorio
Risk Manager

By: Ray Aromatoria via e-mail
Risk Manager