

To: Mayor and Ross Town Council
 From: Chief Erik Masterson
 Re: Purchase of Police Department Vehicle, Establishing Lease/Purchase Program
 Date: February 3, 2012

I. Summary

Town Council discussion/action to authorize a replacement Police Department vehicle on a 4 year lease/purchase basis, for approximately \$ 12,952.48, from the \$55,000 included in the 2011-12 Equipment Replacement Fund.

II. Introduction

The Police Department plans to retire one vehicle from its fleet in the normal course of the vehicles useful time span of 6 years. The current mileage on this vehicle is 67,000 miles, not including idling time (estimated to triple the actual mileage). The patrol cars are scheduled for replacement prior to the point where because of their age and condition, vehicle downtime and unanticipated repairs and repair costs would become problematic.

The Police department has traditionally purchased the vehicle outright and outfitted the cars through another vendor. Staff proposes that the Town begin a lease/purchase program that allows the vehicle and equipment outfitting to be amortized over a 4 year lease/purchase period.

III. Discussion

The current budget includes \$55,000 for replacement of a patrol vehicle as this vehicle has reached its normal useful life span.

Current Vehicle Inventory

Unit	Year	Make	VIN	Mileage	In Service	Rotation Date	Assigned
621	2011	Ford	3FAHPOGA5BR346129	8K	7/10/2011	2016-2017	Chief
615	2006	FordCV	2FAHP71W16X114664	66K	1/25/2006	2011-2012	
617	2007	FordCV	2FAHP71W97X125252	54K	2/2/2007	2012-2013	
616	2007	FordCV	2FAHP71W77X125251	45K	2/2/2007	2013-2014	
619	2009	Dodge	2B3KA43T89H597461	23K	8/31/2009	2014-2015	
620	2009	Dodge	2B3KA43T99H641791	17K	4/14/2009	2015-2016	

The vehicles are utilized for a six year span for general patrol purposes in a 24 hour a day, 7 day a week operation. The patrol car mileage generally amounts to about 65,000 to 75,000 in this time

span. The miles are in town miles, stopping and starting, which are more demanding miles than freeway miles.

There is increased wear on the steering mechanisms, transmissions and suspension in our vehicle use. There is also wear and breakdown in the interiors of these vehicles over time. The controls, door panels and seats are damaged due to daily use over six years. The Police Department does not generally repair some of these items in the last year of use, as they will soon be replaced.

Extending the life span of these vehicles would most likely increase the need to make repairs to the vehicles interior, as well as unanticipated drive-train breakdowns. The vehicle seats would need to be re-built so as to prevent back injury

Staff recommends the Town authorize the purchase of a new Police Department patrol vehicle. Attached are "out the door" quotes for suitable cars from vendors for illustration purposes, as well as a quote for outfitting the vehicle with emergency equipment.

Lease vs. Purchase

In the current economic climate, municipalities have looked at ways to defer costs for vehicles and a common trend is the lease/purchase option. The lease/purchase costs may be amortized over a 4 year period. At the end of the lease/purchase period the vehicle becomes Town property in the same manner as an outright purchase.

Rather than purchase the vehicle outright through a car dealer, and then outfit the vehicle through a separate vendor with those additional charges, Staff recommends the Town use a one-stop lease/purchase vendor. The vehicle may be purchased and outfitted through a single vendor. There are some cost savings in this all-in-one vendor purchase. The vehicle can be pre-ordered from the factory with some components built in as well as discounts in the outfitting of the vehicle.

This lower cost includes re-using some of the emergency equipment from a vehicle currently in use. The police radio, computer and radar unit can be removed and re-installed in the new vehicle at a considerable cost savings. These components are still serviceable at this point in time.

The costs for the entire purchase and equipment outfitting may be rolled into a single lease/purchase. The cost for a new Dodge Charger with outfitting is estimated at \$39,562.80. The lease/purchase costs are approximately \$10,052.43 per year for the 4 year period. The current life span of the Police Department vehicles is 6 years, so there will be no payment due in the final two years. There is an additional cost (one time, per vehicle) of approximately \$500 for the vehicle graphics and application which is not included in the vendor quote. In the initial lease/purchase, the customer must pay the taxes of \$2,440.05 due at the time of purchase.

Going forward, the Police Department vehicles may be obtained using the lease/purchase system instead of the traditional outright purchase. This allows the Town to defer capital outlay over the next few years. It also allows some savings in purchase and outfitting costs with the one vendor lease/purchase.

Attached are spreadsheets showing the upcoming costs for lease/purchase of new police vehicles for the next few years. These figures are based on current vehicle pricing and outfitting costs and do not include radio, computer, or radar component replacements costs, which may become necessary in upcoming years.

The second spreadsheet shows a regular vehicle replacement, after the initial lease/purchase period, cost schedule associated over the entire fleet life span (6 years). The yearly costs are between \$35,157 and \$43,109 and over the 6 year cycle, average \$39,257, as compared to the current budgeted per year cost of \$55,000.

It is anticipated that there may be some cost savings going forward, as newer cars are replaced with same model vehicles and equipment is able to be re-used due to matching vehicle configuration.

IV. Recommendation

Staff recommends approval to authorize a replacement Police Department vehicle on a 4 year lease/purchase basis, for approximately \$12,952.48, from the \$55,000 included in the 2011-12 Equipment Replacement Fund.

Attachments

1. Lease/Option Purchase example from Priority 1 Public Safety Equipment Installation, Inc for the lease/purchase of a new Dodge Charger police vehicle fully outfitted.
2. Spreadsheet showing costs for purchase of new police vehicles.



Priority 1 Public Safety Equipment Installation, Inc

425 Harbor Blvd. #6, Belmont, Ca 94002

Ph 650-654-9900 Fax 650-654-9947

www.priority1pse.com

January 27, 2012

Chief Erik Masterson
Ross Police Department
33 Sir Francis Drake Blvd.
Ross, Ca 94957

Dear Chief Masterson:

Per our conversation regarding the Lease/Purchase of a marked police patrol vehicle, I have outlined a Lease/Purchase program for a Dodge Charger.

The Lease/Purchase program is funded through Ford Municipal Finance. All required documentation, municipality's first payment to Ford Credit, and delivery of the vehicle(s) and/or equipment must take place by 04/15/2012. Otherwise, rates and payments are subject to change.

The below outlined option is for a 48 month term and includes the strip out and outfitting costs so the vehicle is ready to hit the street when you receive it. Pick-up & delivery is included in the outfitting price. Decaling each vehicle is available at an additional charge.

Option A

One (1) 2012 Dodge Charger with the following options:

EZH 5.7 L HEMI V-8 Engine
29A 5-Speed auto transmission, 4 keys & fobs
WEJ 18" X 7.5" Steel Wheels
TWW P225/60R18 Performance BSW tires
C8x9 Black interior, HD cloth front bucket seats
LNF Driver side spot lamp
LNA Passenger side spot lamp

Vehicle price: \$25,689.00
 Sales Tax: \$ 2,440.05
 Tire Fee: \$ 8.75
 Underwriting Fee: \$ 425.00
 Outfitting: \$11,000.00
 TOTAL: \$39,562.80

<u>Total Amount</u>	<u>No of</u>	<u>Payment</u>	<u>Rate</u>	<u>Factor</u>	<u>Payment</u>
<u>Financed</u>	<u>Payments</u>	<u>Schedule</u>			<u>Amount</u>
\$37,122.75	4	Annual	5.60%	.270789	\$10,052.43

Initial Purchase Costs/ Patrol Cars

Item	Cost
Lease	10,052.43
Tax	2,400.05
Decal	500
Total	12,952.48

Initial 6 Year Lease/Purchase Fleet Schedule

Vehicle	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Unit 1	12,952.48	10,052.43	10,052.43	10,052.43		
Unit 2		12,952.48	10,052.43	10,052.43	10,052.43	
Unit 3			12,952.48	10,052.43	10,052.43	10,052.43
Unit 4				12,952.48	10,052.43	10,052.43
Unit 5					12,952.48	10,052.43
Chief						5,000
Total	12,952.48	23,004.91	33,057.34	43,109.77	43,109.77	35,157.29

Normal Fleet Lease/Purchase Schedule (After Initial Purchase)

Vehicle	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Unit 1	12,952.48	10,052.43	10,052.43	10,052.43		
Unit 2		12,952.48	10,052.43	10,052.43	10,052.43	
Unit 3			12,952.48	10,052.43	10,052.43	10,052.43
Unit 4	10,052.43			12,952.48	10,052.43	10,052.43
Unit 5	10,052.43	10,052.43			12,952.48	10,052.43
Chief	5,000	5,000	5,000			5,000
Total	38,057.34	38,057.34	38,057.34	43,109.77	43,109.77	35,157.29

Costs are based on current pricing figures. Equipment outfitting costs do not include radio replacement costs. We currently re-use radios in the patrol cars as they are serviceable.