



County of San Mateo

Inter-Departmental Correspondence

Department: GOVERNING BOARD

File #: 19-494

Board Meeting Date: 6/4/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors (Acting as the Governing Board of Commissioners for the Housing Authority)

From: Ken Cole, Executive Director, Housing Authority

Subject: Agreement to Lease Vehicles

RECOMMENDATION:

Acting as the Governing Board of Commissioners for the Housing Authority of the County of San Mateo, adopt a resolution authorizing the Executive Director of the Housing Authority of the County of San Mateo to execute lease schedules and other documents necessary to lease vehicles through Enterprise Fleet Management for a term of 48 months beginning on June 17, 2019 in an amount not to exceed \$137,725.

BACKGROUND:

In 2011, the Housing Authority of the County of San Mateo ("HACSM") had 18 vehicles in its fleet; 12 vehicles were assigned to HACSM's administrative office in Belmont and six vehicles were assigned to its affordable housing and maintenance staff located in Daly City. All the vehicles were purchased and owned by the agency, and by 2012 most of the vehicles were over ten years old. In addition, HACSM no longer required 12 vehicles for its Belmont staff. To reduce the number of vehicles in the fleet, acquire more fuel-efficient vehicles, and produce an overall more economical model for the agency, HACSM researched options other than purchasing vehicles to own and maintain.

After receiving referrals from other housing authorities and public agencies in 2011 and 2012, HACSM contacted Enterprise Fleet Management ("Enterprise") to obtain information on what programs they offered. HACSM completed a cost and utilization analysis to determine the potential cost savings and operational efficiency to change to a lease program. After this review, HACSM determined that a lease program would offer immediate and long-term benefits to the agency.

DISCUSSION:

The program consisted of entering into a lease arrangement with Enterprise that included phasing out the oldest vehicles in HACSM's fleet and drawing on the equity in all the vehicles. In 2012, HACSM disposed of six vehicles through San Mateo County's surplus program. The remaining six vehicles in its Belmont fleet were exchanged through Enterprise with six newly leased vehicles. The

lease program allows HACSM the ability to select the vehicles, features, and accessories that allow staff to do their jobs more efficiently and safely. Maintenance costs are structured into the lease payment with all tracking and scheduling performed by Enterprise. Maintenance is performed by the same local vendors utilized prior to the lease program. At the end of the lease, HACSM has the option to 1) purchase the vehicle from Enterprise for the residual value, 2) sell the vehicle and keep the equity (resale amount less residual value), or 3) sell the vehicle and apply the equity towards a new lease.

HACSM began the lease program with Enterprise as a sole source vendor in 2012; the cost for six vehicles with a 48-month lease term was under \$100,000. HACSM continued the lease program in 2016 with Enterprise as a sole source vendor; HACSM acquired new vehicles and applied the equity towards a new 36-month lease, keeping the amount under \$100,000. With this current Board action, HACSM is proposing to lease six new vehicles for 48 months with Enterprise as a sole source vendor in an amount not to exceed \$137,725, applying the equity towards the new lease. HACSM opted for a longer lease term to acquire vehicles with certain safety features while increasing the monthly payment slightly. For operational purposes, three vehicles are assigned to HACSM staff that conduct unit inspections throughout San Mateo County and the remaining three vehicles are shared vehicles utilized by all Department of Housing staff for various types of appointments and meetings.

The vehicles will be fuel efficient and have standard safety and security features such as rear vision cameras, brake assist, security/panic alarm system, and wireless phone connectivity.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of the Livable Community by enabling HACSM to provide housing subsidies to low-income households while reducing its administrative costs to its overall operations.

FISCAL IMPACT:

There is no net County cost associated with this action. All funds required for this action are paid by HACSM funding.