

# City of Ballwin

## Memo

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To: Eric Hanson, City Administrator

From: Thomas H. Aiken, AICP, Assistant City Administrator/City Planner

Date: 9/17/15

Re: Inspection Vehicle Lease

As authorized in the 2015 budget, bids have been solicited for the lease of two vehicles to be used in the Inspections Program. Traditionally, Inspections vehicles have been mid-sized sedans purchased new or hand-me-down police patrol vehicles. The last remaining new-bought car (2005 Dodge Stratus) is ready to be retired from the fleet. Acquisition costs have been the primary reason to convert to hand-me-down police patrol vehicles. The higher fuel and maintenance costs associated with the former police vehicles have not risen to the point of offsetting the cost of purchasing a new vehicle. It was thought that the vehicle lease approach might economically offset the high fuel and maintenance costs of keeping ageing police patrol vehicles in the fleet.

When originally proposed, these lease vehicles were envisioned as hybrids to save money on lifetime fuel consumption, to minimize maintenance since they would be new vehicles and to promote Ballwin's energy efficiency initiatives. As research on lease costs and options was conducted in the process of assembling the RFP documents, it became clear that hybrid vehicles were substantially more expensive than equivalent conventional vehicles. Furthermore, the cost of motor fuel has dropped such that operational savings associated with a hybrid vehicle are less attractive at this time. Fuel will probably go back up in cost and that will make the hybrids comparatively less expensive to operate. Finally, in discussing the matter of the optimum vehicle for their purposes with the inspectors, it was their belief that a pickup truck would be more functional for their needs. They have no use for the extra passenger capacity of a sedan, the cargo capacity of a pickup offers opportunities for dirty or oversized cargo that a sedan does not and a pickup truck generally offers better road obstacle clearance capabilities for off road navigation in undeveloped subdivisions and construction. Although it is not a frequent problem, there have been instances where inspector vehicles have become stuck and had to be towed out of impassible conditions in new developments.

To address all of the issues outlined above, the vehicle lease RFP asked for the submission of lease proposals for a mid-size sedan hybrid, a conventional mid-size sedan and a small pickup truck to allow a comparison. The RFP was for a minimum of 2 vehicles, with a small engine, automatic transmission and a basic trim package. It is a 5 year open ended lease that includes all maintenance except tires and fuel. There are no extra charges for poor condition or mileage above the estimate at the end of the lease. Ballwin can walk away or purchase the vehicle for its estimated residual value. If Ballwin walks away, and the vehicle sells in excess of its estimated residual value, the excess is paid to Ballwin. If it sells for less, it's the leasing agency's problem.

The request for proposal was released on August 26, 2015. It was posted on the Ballwin web page, advertised in the West Newsmagazine and sent to 11 local automobile dealerships (list attached) and Enterprise leasing. Bid submission closed on September 11, 2015. Two proposals were submitted, one from Enterprise Leasing and one from Acme Auto Leasing of North Haven Connecticut. None of the local dealerships responded. I left messages with some of the sales managers of the dealerships in Ballwin to whom the RFP packets were delivered in an attempt to determine why none of them submitted proposals. Most did not return my call, but one sales manager said he passed the RFP to a subordinate who evidently dropped the ball.

The attached table shows the responses received from the two companies that submitted proposals. Clearly the conventionally fueled Chevrolet Cruze, Ford Fusion, Nissan Altima and Nissan Frontier Pickup bids from Enterprise Leasing lead the pack. The least expensive vehicle lease option is the Nissan Frontier pickup truck at \$3,808.97 per year, but the Frontier also has the lowest gas mileage. The Chevrolet Cruze is \$93.66/year more expensive to lease, but has a much shorter delivery time. When the estimated cost of annual fuel consumption is factored in, it is the least expensive of the vehicles to operate overall. I utilized the combined mileage which is provided by the EPA, a \$2.50/gallon gasoline price and an assumption of 8000 miles per year for the vehicles to compute the annual gasoline utilization and cost.

Since a hybrid was originally envisioned as the most desirable vehicle from the perspectives of fuel efficiency and that it enhanced the city's overall energy efficiency philosophy, I looked at the cost differential associated with a hybrid vehicle. The Ford Fusion Hybrid from Enterprise Leasing was the least expensive hybrid option. The vehicle lease is \$5,042.90 / year which is \$1,233.93/year more than the Frontier pickup lease. When gasoline consumption is factored in the frontier is replaced by the Cruze as the lease expensive vehicle. Fusion hybrid is \$107.70/year more expensive per year than the Chevrolet Cruze.

From a pure dollars and cents perspective I recommend the Chevrolet Cruze. It scores average in the Edmunds rating, but not as well in the Consumer Reports rating, it is the least expensive option and it shares the shortest delivery time in the group. If the plus of driving hybrid vehicles with the city logo emblazoned on the side which emphasizes Ballwin's efforts to be energy efficient and conscious is a desirable feature, the Ford Fusion hybrid is nominally more expensive.

Inspection program vehicle lease bid opening 9/11/15

Maker	Model	Body	Engine	Drive	Fuel	Mile Range	Mileage	Cost/Mo	Cost/Yr	Annual Gas Usage	Total Annual Cost	Delivey
Enterprise Leasing												
Nissan	Frontier	Pickup	4cyl	Rear	Gasoline	17/23	19 comb	\$317.41	\$3,808.97	421	\$4,861.47	32 weeks
Chevy	Cruze	Sedan	4cyl	Front	Gasoline	22/35	27 comb	\$375.22	\$3,902.63	296	\$4,642.63	12 weeks
Ford	Fusion	Sedan	4cyl	Front	Gasoline	25/37	29 comb	\$338.36	\$4,060.30	276	\$4,750.30	12 weeks
Nissan	Altima	Sedan	4cyl	Front	Gasoline	27/38	29 comb	\$340.29	\$4,083.48	276	\$4,773.48	16 weeks
Chevy	Colorado	Pickup	2cyl	Rear	Gasoline	20/27	22 comb	\$402.32	\$4,827.86	363	\$5,735.36	31 weeks
Ford	Fusion	Sedan	4cyl	Front	hybrid	44/42	42 comb	\$420.24	\$5,042.90	190	\$5,517.90	12 weeks
Toyota	Prius	Sedan	4cyl	Front	hybrid	44/40	42 comb	\$465.07	\$5,580.80	190	\$6,055.80	24 weeks
Acme Auto Leasing												
Ford	Fusion	Sedan	4cyl	Front	Gasoline	22/37	29 comb	\$425.00	\$5,100.00	276	\$5,790.00	90 days
Ford	F150	Pickup	6 cyl	Rear	Gasoline	18/25	22 comb	\$500.00	\$6,000.00	363	\$6,907.50	90 days
Ford	Fusion	Sedan	4cyl	Rear	Hybrid	44/41	42 comb	\$515.00	\$6,180.00	190	\$6,655.50	90 days

**Jay Wolfe Toyota of West County**

14700 Manchester Road

Ballwin, MO 63011

Phone: (636) 207-3900

**New Car Sales Manager: Mike Bozzi**

**Enterprise Leasing**

29 Hunter Ave.

St. Louis, MO 63124

Phone: 314-889-8441

Megan Jackson

**ELCO Chevrolet**

15110 Manchester Rd, Ballwin, MO 63011

Phone: (636) 227-5333

**New Car Sales Manager: Cort Howard**

**Dean Team Hyundai**

14754 Manchester Rd, Ballwin, MO 63011

Phone:(636) 591-0500

**New Car Sales Manager: Tom Fascetti**

**Bo Beuckman Ford**

15675 Manchester Rd, Ellisville, MO 63011

Phone:(636) 227-5700

**New Car Sales Manager: Mike Bradford**

**Suntrup Kia West County**

14116 Manchester Rd, Ballwin, MO 63011

Phone:(636) 591-2900

**New Car Sales Manager: Jon Chung**

**West County Honda**

15532 Manchester Rd, Ballwin, MO 63011

Phone:(636) 391-6900

**New Car Sales Manager: Dylan Hubler**

**Dean Team Volkswagen of Ballwin**

15121 Manchester Rd, Ballwin, MO 63011

Phone:(636) 227-0100

**New Car Sales Manager: Scott Roberts**

**Bommarito Buick GMC West County**

15736 Manchester Rd, Ellisville, MO 63011

Phone:(636) 391-7200

**New Car Sales Manager: Dennis Schrader**

**Royal Gate Dodge Chrysler Jeep Ram**

15502 Manchester Rd, Ellisville, MO 63011

Phone:(636) 394-3400

**New Car Sales Manager: Don Johnson**

**Bommarito Mazda West County**

15736 Manchester Rd, Ellisville, MO 63011

Phone:(636) 391-0073

**New Car Sales Manager: Tom Phillips**

**Bommarito Nissan West**

14747 Manchester Rd, Ballwin, MO 63011

Phone:(636) 394-0330

**New Car Sales Manager: Gerry Hogan**