



Legislation Text

File #: 2024-410, Version: 1

Contract No. 2305121
Fleet Management Services
O&M

Agenda of: December 11, 2024
Item No.: **2024-410**
Amount: \$13,547,985.35

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey, P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: December 6, 2024

RE: **Contract No. 2305121**
Fleet Management Services
Vendor: Enterprise Fleet Management
Status: New Contract

MOTION

Upon recommendation of Cheryl Porter, Chief Operating Officer - Water and Field Services, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), authorizes the Chief Executive Officer (CEO) to **enter into Contract No. 2305121, "Fleet Management Services" with Enterprise Fleet Management, at a cost not to exceed \$13,547,985.35 for a duration of five (5) years;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

GLWA operates a fleet of approximately 375 vehicles, with around 360 in continuous operation. Currently, fleet maintenance is managed through the Enterprise Fleet Management (EFM) contract. The proposed new contract would leverage Enterprise's expertise and extensive network to enable GLWA to access fleet and maintenance services, acquire new vehicles through a self-funded

financing when cost-effective, procure vehicle fueling services, and manage the disposal of vehicles at the end of their service life.

JUSTIFICATION

1) Competitive Bid

GLWA currently purchases its fleet acquisition and maintenance services from Enterprise Fleet Management. A RFP was issued and two (2) proposals were received, (Enterprise Fleet Management and Element Fleet), both vendors were graded and scored. As illustrated by the attached Total Cost of Ownership (TCO) report prepared by Plante Moran, and the scoring in Bonfire, Enterprise Fleet Management continues to score higher and shows a lower cost of ownership for vehicles. Enterprise Fleet Management is the recommended proposer to be awarded this contract.

2) Fleet Management Flexibility

The Enterprise Fleet Management contract gives GLWA several flexible options to manage its fleet:

a) Maintenance Only

Enterprise will provide maintenance services on vehicles currently owned by GLWA. In addition, should GLWA elect to purchase its own vehicle (See Section 2d, below) Enterprise will continue to maintain those vehicles as well.

b) Short-Term Rental

Enterprise is one of the largest vehicle rental companies in the United States servicing retail and wholesale customers. GLWA will be able to rent vehicles for short-term projects or one-time uses at Enterprise's fleet rates.

c) Self-Funded Financing

Enterprise offers GLWA the ability to procure vehicles using self-funded financing. Under such circumstances the vehicle would be sold to GLWA for the reduced book value of one dollar (\$1.00) at the end of the term.

d) Purchase

As a large fleet management company, Enterprise enjoys competitive pricing advantages. Similarly, GLWA can obtain competitive pricing on its own behalf. The Enterprise Contract allows GLWA to purchase vehicles directly if Enterprise is unable to obtain a better price for the Utility. Vehicles purchased directly by GLWA or by Enterprise for GLWA, will be maintained through the large network of repair facilities within the Enterprise network.

3) Enhanced Fleet Management

a) Fleet Data

As a large fleet manager, Enterprise has large volumes of market data available and will assess that data, as well as vehicle specific data, to make recommendations on how to maximize the value of GLWA's fleet. These recommendations will include data such as possible sale price based upon residual value, maintenance, history, and other factors. GLWA ultimately retains the ability to accept or reject Enterprise's recommendation.

b) Vehicle Disposal

As a large fleet manager, Enterprise is not only involved in the procurement of vehicles for corporate fleets, the maintenance of corporate vehicles, but also oversees the sale or disposition of the vehicles through direct sale or auction. If Enterprise and GLWA agree that a vehicle in the GLWA fleet is to be sold, Enterprise will recommend a price for that vehicle. GLWA may accept that price or determine an alternative minimum price. Once a minimum price is established, Enterprise will act as GLWA's agent to maximize the ultimate sale price for the vehicle. Proceeds from the sale of decommissioned vehicles would then be recouped by GLWA.

c) Fueling

Currently, GLWA maintains fueling facilities at GLWA facilities (water plants and WRRF). Given the large size of the fleet it maintains, Enterprise will provide GLWA with fleet rate discounted pricing at service stations throughout southeastern Michigan. This means that GLWA team members working in the field or assigned to Central Services Facility (CSF), will typically be able to obtain fuel at a fleet rate within a mile or two of their location. This will not only save time, but the purchase will be tracked by vehicle and team member, providing GLWA with additional data for its fleet management services.

d) Telematics

1. Enterprise partners with Geotab providing Comprehensive Fleet Tracking

Real-Time GPS Tracking: Provides precise, up-to-date location data, enabling efficient route optimization and real-time decision-making.

Detailed Trip History: Offers insights into past trips for audits, planning, and dispute resolution.

2. Data-Driven Insights

Advanced Reporting: Generates customizable reports on fleet performance, driver behavior, fuel usage, and maintenance needs.

Predictive Maintenance: Tracks vehicle diagnostics to predict and prevent breakdowns, reducing downtime and repair costs.

3. Fuel Efficiency and Cost Savings

Fuel Usage Analysis: Identifies areas of inefficiency and opportunities to reduce fuel consumption.

Idling Reports: Highlights excessive idling to minimize unnecessary fuel waste.

The Enterprise Fleet Management contract will provide GLWA with continued support with vehicle acquisition and maintenance but will supply GLWA with greater data, flexibility, and benchmarks to utilize in its fleet management decisions.

FINANCIAL PLAN IMPACT

Summary: The proposed contract with Enterprise Fleet Management encompasses both Operations & Maintenance and Improvements & Extensions expense. Sufficient funds will be provided in the financial plan for this contract.

Funding Source: Operations & Maintenance (O&M), Improvements and Extensions (I&E) Budget

Cost Center(s): Fleet Operations 882422

Expense Type(s):

Operations & Maintenance (O&M) Contractual Operating Services (617900)

Improvements and Extensions (I&E) Capital Outlay over \$5k(I&E-Capitalized) (901100)

Estimated Cost by Year and Related Estimating Variance: See table below.

Fiscal Year

Amount

FY 2025 Budget (Prorated)	\$ 1,400,000.00
FY 2026 Financial Plan	2,800,000.00
FY 2027 Financial Plan	2,800,000.00
FY 2028 Financial Plan	2,800,000.00
FY 2029 Financial Plan	2,800,000.00
FY 2030 Financial Plan (Prorated)	<u>1,400,000.00</u>
Financial Plan Forecast	\$ 14,000,000.00
Proposed Contract Amount	<u>\$ 13,547,985.35</u>
Variance (positive/ (negative))	\$ 452,014.65

COMMITTEE REVIEW

This item was presented to the Operations and Resources Committee at its meeting on December 11, 2024. The Operations and Resources Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between GLWA and DWSD.