



Legislation Details (With Text)

File #: 17-0019 **Version:** 1 **Name:**
Type: Action Item **Status:** General Agenda
File created: 1/31/2017 **In control:** Town Commission
On agenda: 2/7/2017 **Final action:** 2/7/2017
Title: Approval of Vehicle Purchases FY2016/2017

Sponsors:

Indexes:

Code sections:

Attachments: 1. Belleair Vehicles 2016 2017, 2. logt fund, 3. vehicle savings

Date	Ver.	Action By	Action	Result
2/7/2017	1	Town Commission	adopted	Pass
2/7/2017	1	Town Commission	approved	Pass

Summary

To: Town Commission
From: Micah Maxwell
Date: 1/10/2017

Subject:

Approval of Vehicle Purchase

Summary:

Staff is requesting the Town Commission approve the purchase of vehicles for 2016-2017

Previous Commission Action: The Board approved a Budget Amendment in line with the purchases in January, but staff felt that the Board should have a full understanding of the plan moving forward.

Background/Problem Discussion: Last year the town looked at some alternative purchase options for vehicles, which included a lease purchase plan. In reassessing that issue this year, staff came up with what it believes is a better option. As identified in the previously, staff has suggested that the LOGT fund be the sole purchase point for all vehicle purchases within the General Fund.

This however needs to be coupled with a change in past practices of holding a vehicle for 8-10 years. Staff is recommending that we shift to a five year replacement schedule for vehicles. Doing so would allow for the LOGT to be sustainable long term and would relieve the general fund of all vehicle expenditure obligations by 2020/2021.

What makes this possible is the a review of the annual cost to the town of vehicles over a 5 and 10 year lifecycle. The town took the fair purchase price of a base F150 on the open market over the last 10 years, and the value drops over those ten years (all out years used the value based on the lowest level condition type) to come up with an expected drop in value (estimated value in the year of sale/original fair market purchase price) We then took the fair market purchase price for this years vehicle and multiplied it by the percentage of expected value drop to come up with an expected value. We then took the original fair market price and

subtracted out our discounted purchase to come up with our discount savings. The expected value was then subtracted by the amount of the discount savings to identify the difference between what the town paid originally and the current market value of the vehicle, which was then identified as the value related impact to the town. We used only base model items and assumed that the value drop of add-ons would be consistent with the overall value drop of the vehicle. Additionally, we used the assumption that we would, as our practice has recently been, purchase the 5 year extended warranty for the vehicles. For any vehicles extending outside of the 5 year window, we allocated maintenance costs consistent with industry averages for maintenance. Those vehicles expending beyond 5 years then had their maintenance costs added to their value drop to come up with the overall expense to the town. The result, as seen in the attachment, is an annual savings for on every vehicle reviewed of between \$72.36 and \$1258.35 if we replace every 5 years instead of every ten years. This is due to a lack of required maintenance and depending on the model, a more significant drop in value between years 6 and 10 than between years 1 and 5.

Expenditure Challenges None.

Financial Implications:

The General fund will see an expense of \$33,439, which is the remaining amount of the town's small vehicle loan from last year.

The LOGT fund will see an expense of \$252,353.

The Water fund will see an expense of \$27,457

Recommendation: Staff recommends approval of the vehicle purchases

Proposed Motion I move approval of the town's 2017/2017 vehicle purchases in the amount of \$313,249