



Illinois Heartland Library System

TO: IHLS Executive Committee
 FROM: Leslie Bednar
 DATE: January 13, 2022
 RE: Enterprise Fleet Management Update

Background

In April 2021, IHLS staff presented an update of the Enterprise Fleet Management model. A portion of that update included concerns that we shared with Enterprise staff. These concerns included the overall leasing model, pricing, and expectations for a continued partnership. Since that update, we have witnessed multiple occurrences of the same concerns, as well as several staff changes with our account representatives at Enterprise.

After reviewing our current fleet management model with Enterprise, and then receiving excessive proposals of future fleet replacements, we initiated internal replacement discussions and analyzed future impact of a continued partnership. After a series of meetings, it became evident to IHLS staff that fleet management should be handled internally.

Findings

The Finance Department completed its own internal analysis of the benefits that were presented to IHLS prior to when the partnership began versus the current reality. Below is a summary of those results.

<u>Cost Analysis of Delivery Van</u>	<u>Enterprise Estimate Prior to Partnership</u>	<u>Updated Enterprise Costs</u>
Cost to Purchase Van	\$ 29,325.00	\$ 33,163.51
Cost to wrap Van	Included	Not included, capitalized in the total price of the van
Cost of maintenance	\$ 1,448.00 * Enterprise predicted a 5% savings over current pricing	No savings. Some charges are higher because we had to switch vendors. Not all of our previous vendors wanted to switch the Enterprise platform for invoice submission. There have also been some "processing fees" with certain transactions
Cost of fuel	\$ 4,503.00 * Enterprise predicted a 5% savings over current pricing	Minor amount saved. Most of the vendors that we were told would qualify for the fuel discount, do not qualify, because they are a franchise and not corporate owned

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Maintenance App	\$ 84.00	Price as expected
GPS Tracking Maintenance Fee	\$ 288.00	We have not switched over to their GPS tracking method
Time Spent and Cost of Website to sell Van	Included	Price as expected

Additional cost savings not considered in the above table that were originally presented as a benefit to IHLS were: IHLS staff time for ordering vans, arranging pickup of vans, registering and obtaining the licenses, and managing the fixed assets. These items were expected to reflect a savings of staff time for both the Operations and Finance Departments.

These items listed above have not been a time or monetary savings for the Operations and Finance Departments. All the benefits listed above have been a time-consuming process. The order specifications have been reviewed with three new sets of Enterprise representatives within a two-year period. The delivery of vans was not as expected and fees were associated with the delivery. The first set of vans were incorrectly titled with incorrect license plates, and the management of the assets has become more complex than it was previously.

The finance team also completed a comprehensive vehicle replacement analysis for having an IHLS-owned versus Enterprise-owned fleet. Below is a summary of these results.

<u>Average Cost of Van per Year</u>	
IHLS Owned	\$ 5,735.25
Enterprise Leased	\$ 6,918.27

<u>Estimated Future Vehicle Expense/ Yr</u>	FY2022	FY2023	FY2024	FY2025	FY2026	Total
IHLS Owned*	\$ 144,934	\$ 150,732	\$ 94,057	\$ 358,669	\$ 135,642	\$ 884,034
# of Vehicles Replaced	5	5	3	11	4	
Enterprised Leased**	\$ 81,771	\$ 237,949	\$ 262,267	\$ 275,257	\$ 260,088	\$ 1,117,332
# of Vehicles Leased	9	24	26	25	23	

*Estimated future values following van replacement at 200,000 mile schedule

**Estimated future values following the current Enterprise replacement schedule

IHLS has had some positive takeaways during our partnership with Enterprise.

- IHLS realized the potential of van resale values
- IHLS moved to a lower-priced F150 van to fit our needs
- IHLS reduced the total number of vans in our fleet saving on insurance and maintenance costs

Based on the internal analysis, we recommend the board approves to dissolve the partnership with Enterprise Fleet Management. ***IHLS will not lease any additional vehicles with Enterprise and will continue the monthly payments until the current leases are fulfilled.***

Thank you for your consideration, and please let me know if you have any questions.