

OHGFOA Annual Conference

September 18th, 2019



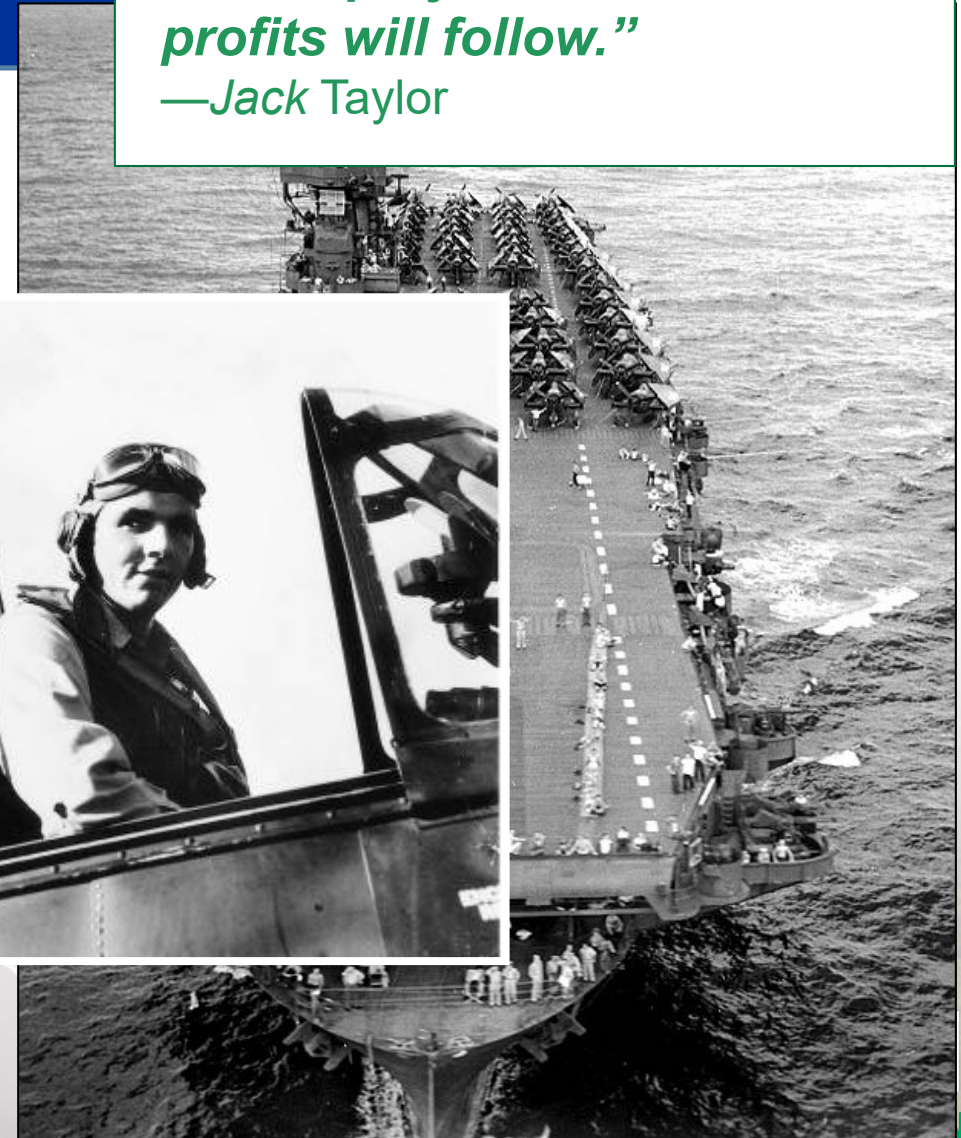
The Importance of Fleet Management to a
Government's Budget


FLEET MANAGEMENT

The Enterprise Story

*“Take care of your customers
and employees first, and the
profits will follow.”*
—Jack Taylor

- The Enterprise story starts in the 40s, when our founder, Jack Taylor, answered the call of duty and joined the Navy during WWII.
- In 1969, Jack re-christened his growing operation "Enterprise" in honor of the aircraft carrier aboard which he served as a decorated Hellcat pilot in World War II.
- Enterprise ranked No. 13 on *Forbes America's Largest Private Companies* still family owned and headquartered in St. Louis, Missouri
- Standard and Poor's Rating Services recently upgraded Enterprise Fleet Management Inc.'s corporate credit rating to BBB from BBB-



Common Challenges In Today's Municipalities

Reduced Revenue



Increased Expenses



Tasked to do
MORE with LESS

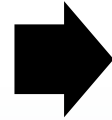


Fleet Analysis Process

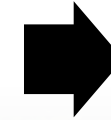
Review Current
Program



Conduct
Analysis



Present
Solution



Execute Plan
Based on
Budget

Typical Government Fleet

- Aged Vehicles
 - 10+ Years Old on Average
- Low Annual Mileage
 - 5,000 – 10,000
- Capital Budget Drives Fleet Replacement
- “Boom and Bust” Cycles Create Higher Demand in Future Years



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Effects of an Aged Fleet

- Safety Concerns
 - Aged Fleet Inventory Typically Lacks Even Basic Safety Features
- Increased Operating Expenses
 - Older Vehicles Typically Cost 2-3 Times As Much To Maintain
- Reduced Resale Values
 - 70%-80% Reduction In Surplus Values vs. Optimal Cycle Point

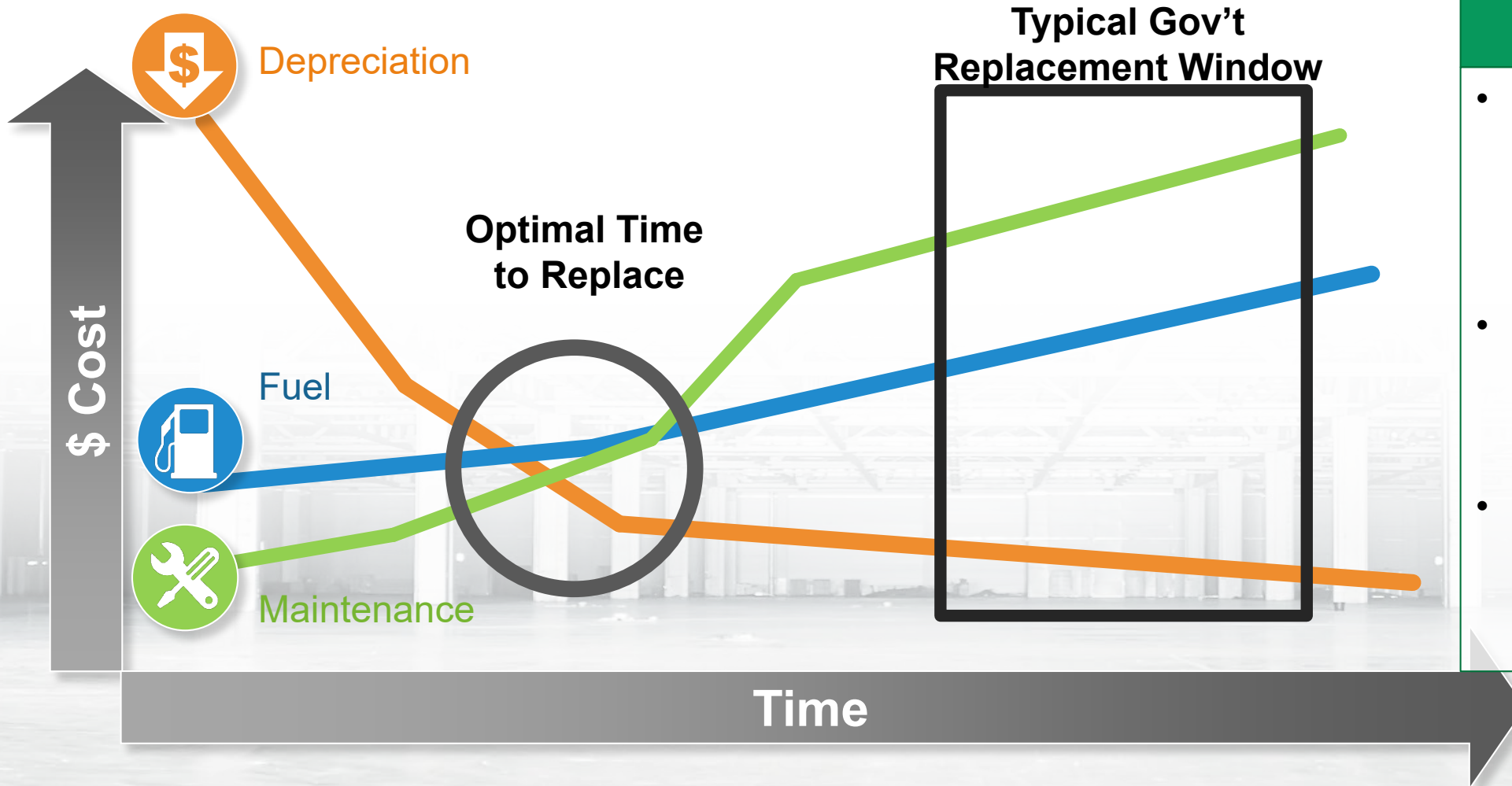
All of these factors lead to a higher total cost of ownership, reduced reliability, and increased safety risks



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Optimal Replacement Cycle



Key Observations

- Maintenance costs in the current replacement window are 2-3x's the costs of vehicles in the optimal range
- Fuel costs are 25% - 30% higher or more depending on vehicle type
- Resale values are 70% - 80% lower at your typical replacement interval vs. optimal

REMARKETING IMPACT



Buy

- Make
- Model
- Trim
- Color
- Engine
- Features

Run

- Damage
- Mileage
- Warranty
- CPO
- Financing
- Right Type

Sell

- Strategy
- Seasonality
- Supply/Demand
- Dealer Direct
- Net Proceeds
- Time to sell

**700 DEDICATED
REMARKETING EMPLOYEES**



**SALES
CHANNELS**

- AUCTION 15%
- DIRECT TO DEALER



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Government Buying Power



2019 Chevrolet 1500 4x4 Double Cab WT

\$36,990

Net Price

← CHEVY'S WEBSITE

STATE CONTRACT

Price

\$25,916

MANHEIM AUCTION RESULTS

VEHICLE	Avg. Odometer	Avg. Sale Price	Capital Outlay
2018 Chevy Silverado 1500 Double Cab	12,945	\$27,400	- \$1,484
2017 Chevy Silverado 1500 Double Cab	15,505	\$25,100	\$816



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Fleet Profile

Fleet Profile

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage
Mid-size Sedan	2	11.3	4,600
Full-size Sedan	55	9.9	8,000
Minivan-Cargo	1	31.5	1,800
Minivan-Passenger	7	12.8	5,300
Full-size Van-Passenger	10	8.6	6,800
1/2 Ton Van Cargo	3	16.6	5,000
3/4 Ton Van Cargo	2	13.3	2,600
Compact SUV 4x4	2	4.6	5,500
Mid Size SUV 4x4	14	10.6	6,100
Full Size SUV 4x4	8	11.4	5,800
Compact Pickup Reg 4x4	2	15.8	5,200
1/2 Ton Pickup Ext 4x4	3	9.6	3,200
3/4 Ton Pickup Reg 4x4	3	16.0	4,600
3/4 Ton Pickup Ext 4x4	8	12.1	11,000
3/4 Ton Pickup Quad 4x4	5	11.0	9,600
3/4 Ton Cab Chassis	1	19.3	800
1 Ton Pickup Quad 4x4	2	9.3	1,900
1 Ton Cab Chassis	2	18.8	1,100
1 1/2 Ton Cab Chassis	1	10.3	1,300
Med Duty Cab Chassis	4	11.8	800
Totals/Averages	135	11.1	6,700

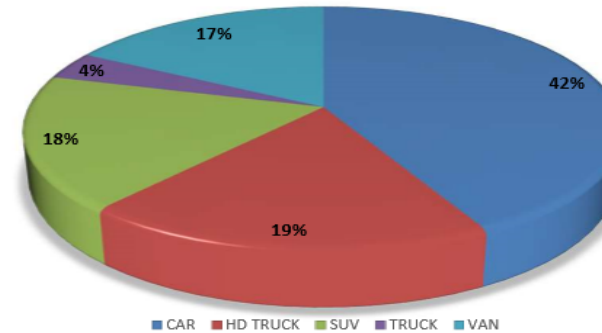
Fleet Replacement Schedule

	2017	2018	2019	2020	2021	Under-Utilized
	0	0	2	0	0	0
	9	11	13	11	11	0
	1	0	0	0	0	0
	4	0	0	1	2	0
	2	2	0	1	5	0
	1	1	1	0	0	0
	1	0	0	1	0	0
	0	0	0	1	1	0
	2	5	2	1	4	0
	1	1	2	3	1	0
	1	1	0	0	0	0
	1	0	1	0	0	1
	1	2	0	0	0	0
	1	4	3	0	0	0
	0	2	2	1	0	0
	1	0	0	0	0	0
	0	0	0	2	0	0
	1	0	0	0	0	1
	0	0	0	1	0	0
	0	0	0	2	0	2
Totals	27	29	26	25	24	4

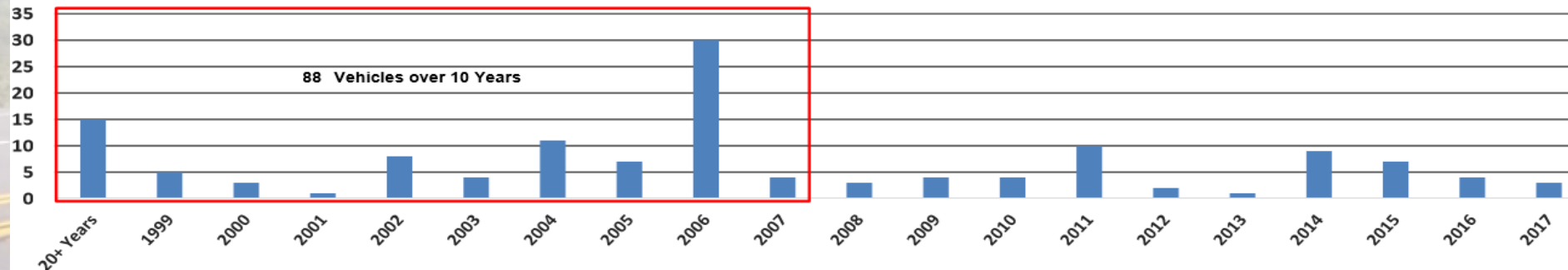
Replacement Criteria

- * Fiscal Year 2017 = 16 years old and older, or odometer over 150,000
- * Fiscal Year 2018 = 13 years old and older, or odometer over 135,000
- * Fiscal Year 2019 = 11 years old and older, or odometer over 115,000
- * Fiscal Year 2020 = 6 years old and older, or odometer over 79,900
- * Fiscal Year 2021 = Remaining Vehicles
- * Underutilized = Annual Mileage less than 600

Vehicle Types



Model Year Analysis



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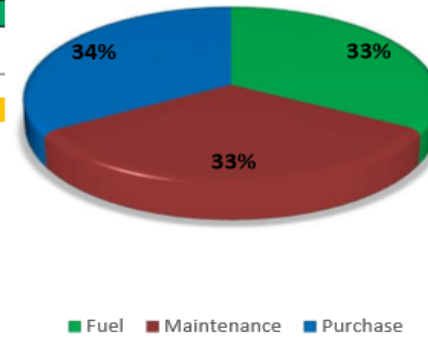
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Fleet Cost Analysis

Current Fleet	135	Fleet Growth	-0.68%	Proposed Fleet	131
Current Cycle	16.00	Annual Miles	6,900	Proposed Cycle	5.00
Current Maint.	\$140.00	Insurance	\$0.00	Proposed Maint.	\$31.54
Fuel Info		MPG	10	Price/Gallon	\$2.50

Fleet Costs Analysis

Fleet Mix			Fleet Cost							Annual	
Fiscal Year	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Maintenance	Insurance	Fuel	Fleet Budget	Net Cash
Average	135	8.4	135	0	229,208	0	226,800	0	226,125	682,133	0
'17	134	27	107	27	0	132,452	189,979	0	201,273	523,704	158,429
'18	133	29	77	56	0	294,110	150,555	0	174,192	618,857	63,276
'19	132	26	50	82	0	434,552	115,036	0	149,504	699,093	-16,960
'20	131	25	24	107	0	570,173	80,818	0	125,381	776,372	-94,240
'21	131	24	0	131	0	491,543	49,582	0	102,784	643,909	38,224
'22	131	27	0	131	0	434,543	49,582	0	102,784	586,909	95,224
'23	131	29	0	131	0	480,913	49,582	0	102,784	633,279	48,854
'24	131	26	0	131	0	476,268	49,582	0	102,784	628,634	53,498
'25	131	25	0	131	0	523,381	49,582	0	102,784	675,747	6,386
'26	131	24	0	131	0	491,543	49,582	0	102,784	643,909	38,223



10 Year Savings	\$390,914	Avg. Sustainable Savings	\$48,437
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Current Fleet Equity Analysis

YEAR	2017	2018	2019	2020	2021
QTY	28	30	27	26	24
RESALE	\$1,000	\$2,000	\$3,500	\$6,500	\$8,500
TOTAL	\$28,000	\$60,000	\$94,500	\$169,000	\$204,000
Estimated Current Fleet Equity**					\$555,500

Summary

10 Year Savings	\$390,914
Estimated Fleet Equity	\$555,500
Net Cash***	\$946,414

Key Objectives

- **Lower average age of the fleet**
 - 65% of the current light and medium duty fleet is over 10 years old
 - Resale of the aging fleet is significantly reduced
- **Reduce operating costs**
 - Newer vehicles have a significantly lower maintenance expense
 - Newer vehicles have increased fuel efficiency with new technology implementations
- **Maintain a manageable vehicle budget**
 - Challenged by inconsistent yearly budgets
 - Currently vehicle budget is underfunded

* Lease Rates are conservative estimates

**Estimated Current Fleet Equity is based on the current fleet "sight unseen" and can be adjusted after physical inspection

***Net Cash is the sum of the 10 year savings from the Fleet Planning Analysis and the Estimated Current Fleet Equity



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Safety

2007

- Front/Side crash test
- Anti-lock brakes
- Airbags



5-Star Safety Ratings
More Stars. Safer Cars.

2012

- Electronic Stability Control
- Lane Departure Warning
- Rear Video



2017

- Forward Collision Warning
- Blind Spot Warning
- Offset-crash test



Where do most of your district's vehicles fall on this timeline?

Final Thoughts: Benefits of Fleet Management

- Lower the Age of your Fleet
- Improve Safety and Reliability
- Increase Cash flow
- Reduce Operational Cost
- Predictable and Manageable Fleet Plan



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Questions

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