

2021 OHGFOA Annual Conference

The Importance of Fleet Management to a Government's Budget



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Poll Question 1

- What was our Company Named After:
 - A. Mission to Mars
 - B. First Ship Across the Atlantic
 - C. Fancy Business Name
 - D. World War 2 Aircraft Carrier



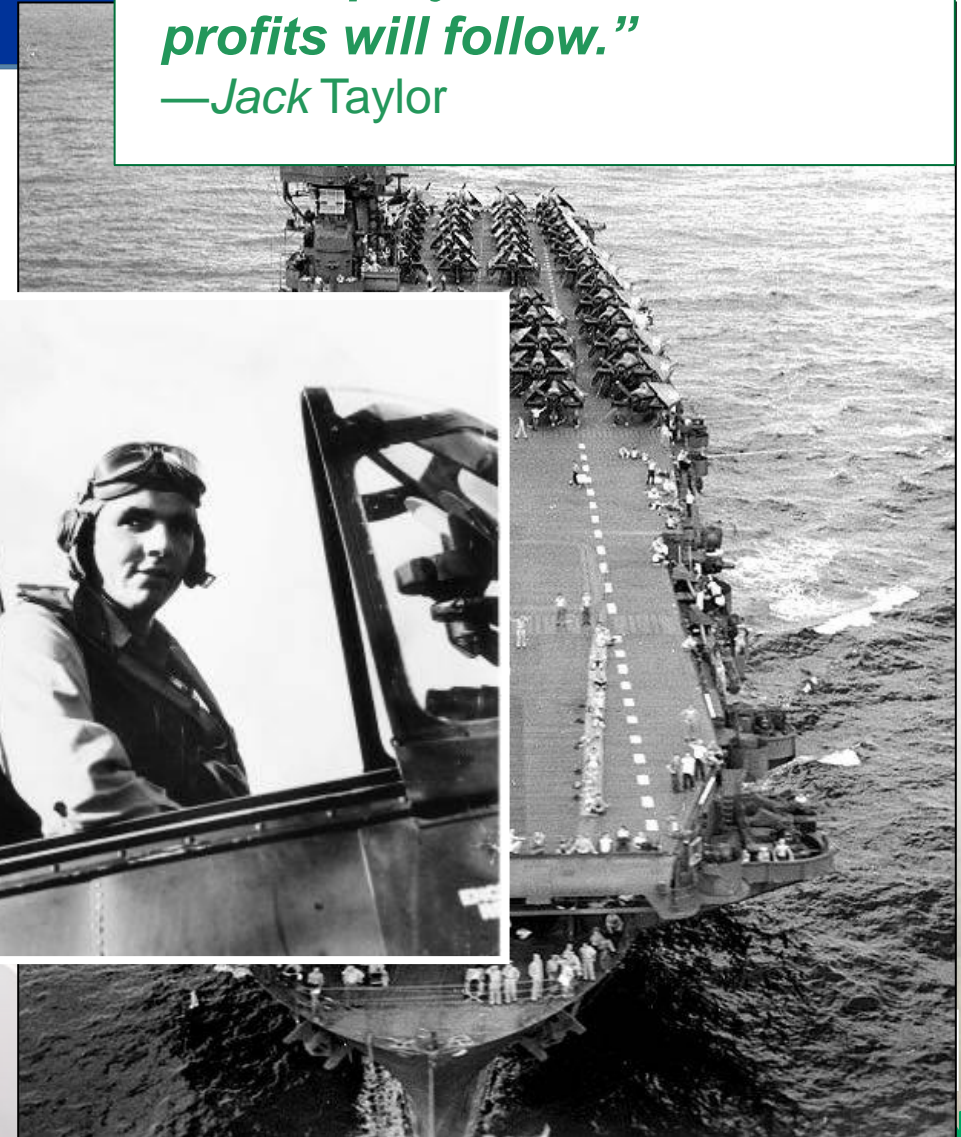
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The Enterprise Story

“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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Poll Question 2

- Do Older Vehicles Cost more in Maintenance Than New Vehicles:
 - A. Yes
 - B. No



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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

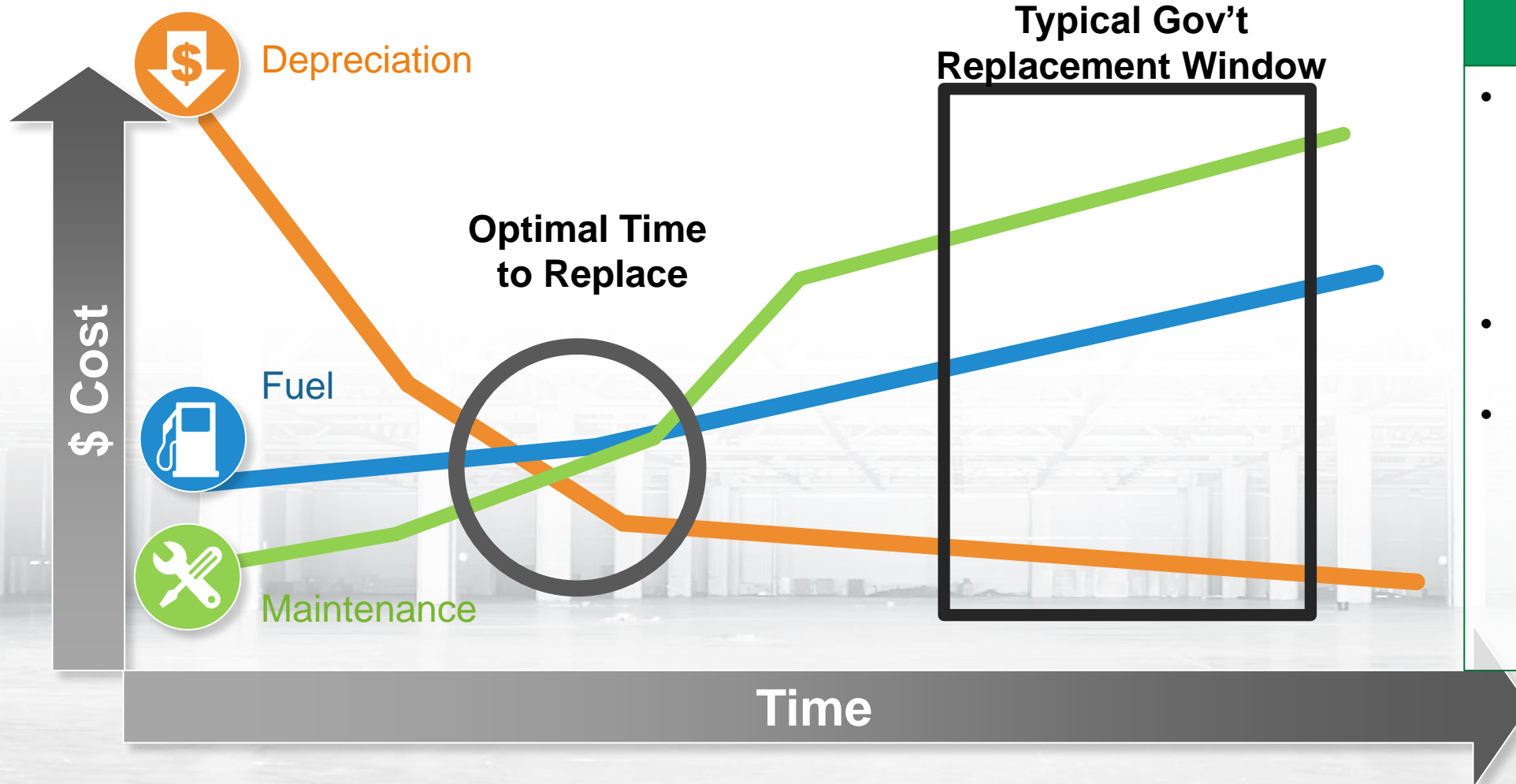
All these factors lead to a higher Total Cost of Ownership, reduced reliability, and increased safety risks



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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 Typically 25% - 30%
- Resale values are 70% - 80% lower at your typical replacement point vs. Optimal

Government Buying Power-



2021 Chevy 1500 WT Double Cab 4x4

\$34,125 Net Price 

← Chevrolet.com

Estimated State Contract

Price: **\$24,325**

MANHEIM AUCTION RESULTS

VEHICLE	Odometer	Sale Price	Capital Outlay
2020 Chevy 1500 Dbl Cab WT 4x4	5,000	\$30,000	-\$5,675
2019 Chevy 1500 Dbl Cab WT 4x4	10,000	\$27,200	-\$2,875
2016 Chevy 1500 Dbl Cab WT 4x4	25,000	\$13,300	\$11,025
2011 Chevy 1500 Dbl Cab WT 4x4	50,000	\$10,900	\$13,425

Poll Question 3

- What do April Showers Bring:
 - A. Dandelions
 - B. Super Tall Grass to Mow
 - C. May Flowers
 - D. Soggy wet Pets

REMARKETING IMPACT

Buy

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

Operate

- 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

Safety

2012

- Electronic Stability Control
- Lane Departure Warning
- Rear Camera (introduced)

2017/ 2018

- Forward Collision Warning
- Blind Spot Warning
-
- Rear Camera (Standard)

2022

- Front Braking and Collision Warning
- Blind Spot warning (Standard)

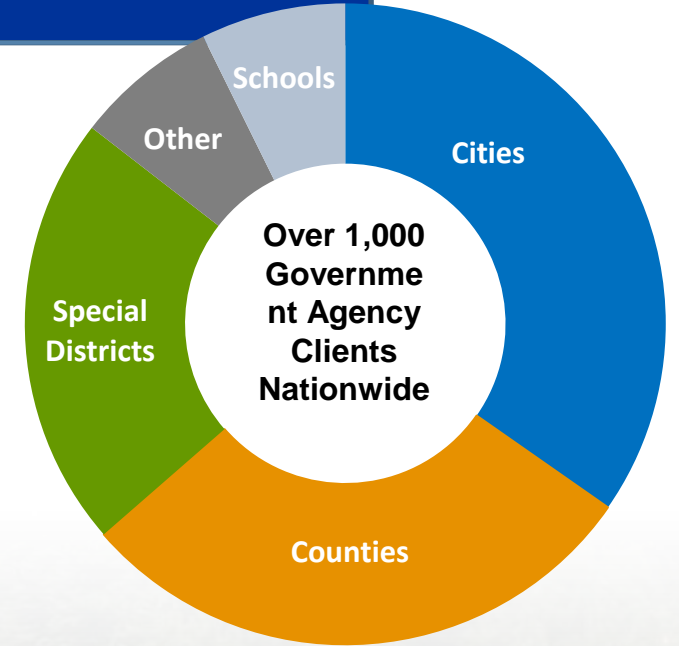
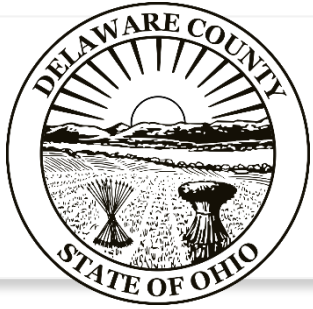
Where do most of your district's vehicles fall on this timeline?



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REFERENCES



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Poll Question 4

- Do Newer Vehicles Sell for more than Older Vehicles?:
 - A. Yes
 - B. No

Fleet Profile

Fleet Replacement Schedule

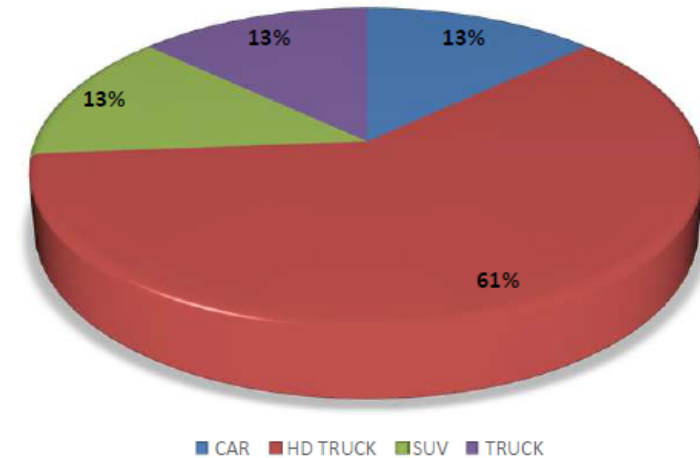
Replacement Criteria

Vehicle Type	# of Type	Average Age (years)	Average Annual Mileage
Mid-size Sedan	5	3.6	13,900
Full-size Sedan	3	6.5	9,900
Compact SUV 4x4	4	3.6	3,400
Mid Size SUV 4x4	2	15.5	5,900
Full Size SUV 4x4	2	2.8	1,300
Compact Pickup Reg 4x4	3	18.7	4,300
Compact Pickup Quad 4x2	1	4.8	3,100
1/2 Ton Pickup Reg 4x2	1	4.8	6,900
1/2 Ton Pickup Ext 4x4	1	2.8	5,400
1/2 Ton Pickup Quad 4x4	2	1.0	100
3/4 Ton Pickup Reg 4x2	7	20.0	4,900
3/4 Ton Pickup Reg 4x4	7	6.1	3,900
3/4 Ton Pickup Ext 4x2	1	1.0	2,700
3/4 Ton Pickup Ext 4x4	2	7.3	6,200
3/4 Ton Pickup Quad 4x4	2	3.8	4,000
3/4 Ton Cab Chassis	1	18.0	5,500
1 Ton Pickup Reg 4x4	1	9.9	6,200
1 Ton Pickup Ext 4x4	2	7.9	4,900
1 Ton Cab Chassis	11	12.4	3,100
1 1/2 Ton Cab Chassis	3	3.3	2,300
Totals/Averages	61	9.1	5,000

2020	2021	2022	2023	2024	Under-Utilized
0	1	0	2	2	0
1	1	0	0	1	0
0	0	0	3	1	0
2	0	0	0	0	0
0	0	0	0	2	0
3	0	0	0	0	0
0	0	0	1	0	0
0	0	0	0	1	0
0	0	0	0	2	0
7	0	0	0	0	0
2	0	0	1	4	0
0	0	0	0	1	0
1	0	0	0	1	0
0	0	0	2	0	0
1	0	0	0	0	0
1	0	0	0	0	0
1	0	0	1	0	0
6	0	1	1	3	0
0	1	0	0	2	0
25	3	1	12	20	0

- * Fiscal Year 2020 = 10 years old and older, or odometer over 100,000
- * Fiscal Year 2021 = 8 years old and older, or odometer over 93,300
- * Fiscal Year 2022 = 6 years old and older, or odometer over 86,600
- * Fiscal Year 2023 = 4 years old and older, or odometer over 79,900
- * Fiscal Year 2024 = Remaining Vehicles
- * Underutilized = Annual Mileage less than 10

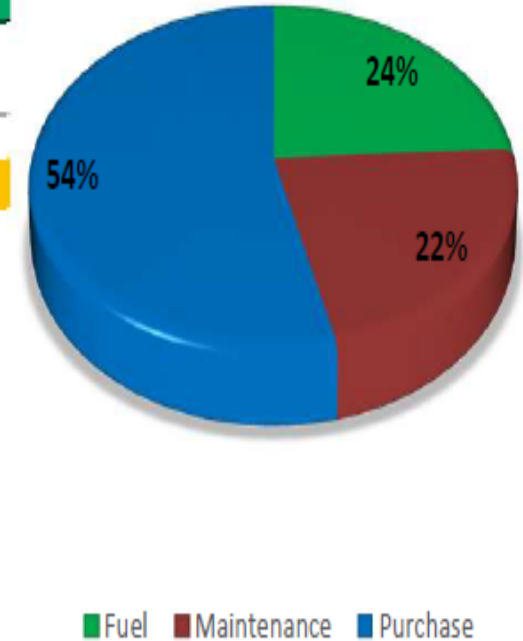
Vehicle Types



Fleet Costs Analysis

Current Fleet	61	Fleet Growth	0.00%	Proposed Fleet	61
Current Cycle	10.00	Annual Miles	5,000	Proposed Cycle	4.74
Maint. Cents Per Mile	\$0.23			Proposed Maint.	\$35.89
Current Maint.	\$95.83	Current MPG	10	Price/Gallon	\$2.50

Fiscal Year	Fleet Mix			Fleet Cost							Annual	
	Fleet Size	Annual Needs	Owned	Leased	Purchase	Lease*	Equity (Owned)	Equity (Leased)	Maintenance	Fuel	Fleet Budget	Net Cash
Average	61	6.0	61	0	170,674	0			70,150	76,250	317,074	0
'20	61	25	36	25	0	140,743	-76,200		52,167	70,000	186,711	130,363
'21	61	3	33	28	0	155,560	-32,000		50,009	69,250	242,820	74,254
'22	61	1	32	29	0	162,013	-22,000	-14,611	49,290	69,000	243,692	73,382
'23	61	15	20	41	0	222,354	-241,000		40,658	66,000	88,013	229,061
'24	61	20	0	61	0	340,164	-435,500	-215,817	26,272	61,000	-223,880	540,954
'25	61	22	0	61	0	340,164		-38,329	26,272	61,000	389,108	-72,035
'26	61	8	0	61	0	340,164		-24,652	26,272	61,000	402,785	-85,711
'27	61	4	0	61	0	340,164		-86,939	26,272	61,000	340,498	-23,425
'28	61	10	0	61	0	340,164		-190,095	26,272	61,000	237,342	79,731
'29	61	22	0	61	0	340,164		-231,234	26,272	61,000	196,202	120,871



10 Year Savings	\$1,067,445
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Poll Question 5

- Do you have a plan in place to figure out what is the right lifecycle for each individual vehicle
 - A. Yes
 - B. No



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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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