

# ORLANDO POLICE DEPARTMENT

## LEASED VEHICLES ANALYSIS AND REVIEW

Exit Conference Date: February 17, 2021

Release Date: April 7, 2021

Report No. 21-05

**City of Orlando**  
**Office of Audit Services and Management Support**

George J. McGowan, CPA  
Director

Co-source Partner  
RSM



## MEMORANDUM OF TRANSMITTAL

**To:** Orlando Rolon, Police Chief

**From:** George J. McGowan, CPA  
Director, Office of Audit Services and Management Support

**Dates:** Exit Conference: February 17, 2021  
Release: April 7, 2021

**Subject:** Orlando Police Department Leased Vehicles Analysis and Review (Report No. 21-05)



The Office of Audit Services and Management Support, with major assistance from our co-source partner RSM, performed an analysis and review of Orlando Police Department's (OPD) Leased Vehicles. The objective of this review was to identify the total cost of ownership for both the OPD vehicles under the current leasing program and those purchased and maintained by the Fleet and Facilities Division. This project was designed to assist OPD management to make their future "lease vs. buy" decisions.

Since 2017, the City has leased 411 OPD vehicles, through existing contracts or Information for Bid (IFB) packages. These vehicles include utility vehicles and sedans. The processes for new vehicle acquisition and replacement through both leasing and purchasing are presented in the attached report. This project resulted in two recommendations for improving the management of the OPD vehicle fleet.

We appreciate the cooperation and courtesies extended by the management of the Orlando Police Department and the other City officials we consulted during this review.

GJM

**C:** The Honorable Buddy Dyer, Mayor  
James P. Young, Deputy Police Chief  
Jody Litchford, Deputy City Attorney  
Christopher McCullion, Chief Financial Officer  
Michelle McCrimmon, Deputy Chief Financial Officer



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# OPD Leased Vehicle Analysis

February 2021

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## EXECUTIVE SUMMARY

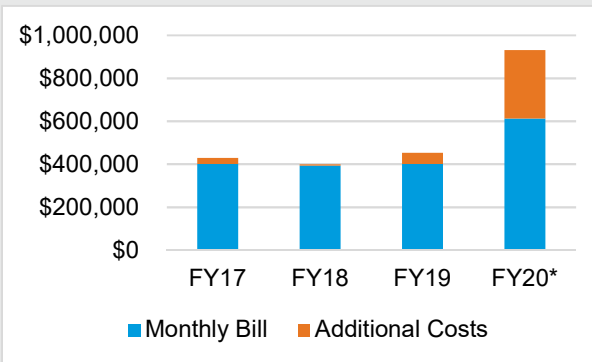
### OPD Fleet Snapshot

The Orlando Police Department (“OPD”) currently utilizes both City-owned and leased vehicles in its fleet, including 1,021 cars, trucks, SUVs, and minivans.

	Leased Vehicles	City-owned Vehicles
	114 (12%)	873 (88%)

### Leasing Spend Overview

OPD’s leasing contractor has provided services for several years. As of 2020, the number of vehicles leased increased, and leasing services was exclusively awarded to Bancorp. See the *Improvement Opportunities* section.



Source: Accounts Payable data for Oct 2016 – June 2020  
 \*FY20 represents Oct 2019 – June 2020

**We would like to thank all City team members who assisted us throughout this review.**

### Qualitative Factors

Both the leasing contractor and the City’s Fleet Management Division (“Fleet”) are responsible for monitoring and providing maintenance and repairs to the vehicles each entity provides to OPD. Because each provider operates differently, OPD weighs the cost and qualitative factors when considering requisitioning leased versus City-owned vehicles. See the *Improvement Opportunities* section.

Qualitative factors	Leased Vehicles	City-owned Vehicles
Fee structure	Lease fees, maintenance, equipment installation included with monthly invoice. Additional charges per occurrence.	Replacement fees charged annually. Maintenance and equipment installation charged per occurrence by journal entry.
Maintenance timing	Same-day for minor maintenance / Replacement vehicle provided for longer maintenance	Maintenance service by appointment / OPD maintains "hold over" replacement vehicles
Target Replacement Rate	24 months	72 – 84 months
Reporting	Monthly costs reported with billing. Additional charges are not accumulated and independently monitored.	Currently no established reporting process between Fleet and OPD.
Fleet age	Vehicle years 2014 – 2020	Vehicle years 2002 – 2020

### Sampled Vehicle Costs

The base vehicle specifications listed in the lease agreement and the City’s purchase contracts are comparable. OPD’s fleet also requires capital purchase of emergency lights and safety equipment. Outfitting costs vary based on the vehicle type and its intended use.

Sample represents most common OPD vehicles	3 Leased Vehicles	3 City-owned Vehicles
Average monthly cost	\$721	\$731
Average maintenance/ other cost for vehicle lifetime	\$272	\$1,289
Average annual cost	\$7,218	\$9,961
Average capital expenses	\$909	\$8,117

## BACKGROUND

The Orlando Police Department (“OPD”) currently utilizes both City-owned and leased vehicles in its fleet, including 987 cars, trucks, SUVs, and minivans. OPD utilizes other forms of transit including motorcycles, bicycles, watercraft, and utility equipment, which are not reflected in the graphs below. The breakdown of leased vehicles by OPD cost center is provided in *Appendix B*.

*Table 2: Summary of OPD Vehicles*

	Leased As of June 2020	City-owned As of June 2020	Total Vehicles
Number of Vehicles	114	873	987
Percent of Population	12%	88%	100%

OPD’s fleet can be subdivided into twelve different vehicle categories. The table below summarizes the quantity and percent of OPD fleet by leased and City-owned vehicles. The detail count of each vehicle category is included in *Appendix C*.

*Table 3: Quantity by Vehicle Category*

Vehicle Category	Leased As of June 2020	% Leased As of June 2020	City-owned As of June 2020	% City-owned As of June 2020	Total Vehicles
Subcompact car	-	-	2	100%	2
Compact car	-	-	10	100%	10
Mid-size car	4	5%	76	95%	80
Full-size car	-	-	255	100%	255
Sports car	4	4%	92	96%	96
Mid-size SUV	37	67%	18	33%	55
Full-size SUV	7	2%	350	98%	357
Minivan	7	47%	8	53%	15
Van	-	-	18	100%	18
Mid-size truck	1	50%	1	50%	2
Full-size truck	54	56%	43	44%	97
<b>Total</b>	<b>114</b>	<b>12%</b>	<b>873</b>	<b>88%</b>	<b>987</b>

## BACKGROUND

### **Leased Vehicles**

OPD currently leases vehicles from The Bancorp, a commercial lending business offering vehicle leasing services. Since 2012, OPD has awarded several contracts for leased vehicles, primarily to two providers, Bancorp and Acme. The most recent contract was awarded in full to Bancorp in 2019 (IFB19-0057) and is effective through May 2021. The contract has the option for two (2) one-year extensions. Bancorp is responsible for monitoring and maintaining the leased vehicles used by OPD, and manages the acquisition, outfitting, maintenance, repair, and disposal of all vehicles provided to the OPD. Key contract provisions include:

- Vehicles are leased on a two-year basis
- Physical location located within 15 miles of the OPD Headquarters, to perform repairs taking less than 1 hour, and serve as a location for vehicle delivery and turn-in.
- Minimum of two (2) unmarked, equipped temporary replacement vehicles provided if a repair will take more than 24 hours.
- Inclusive of labor for equipment installation and uninstallation, vehicle registrations, titles, and State of Florida license plates.
- Inclusive of insurance coverages for leased vehicles.

Before a vehicle can be delivered to OPD, it must include certain specifications and may require additional work to be properly outfitted for service, such as the installation of emergency lights, aftermarket window tint, and other equipment. The equipment installed belongs to OPD, and may be reused for new leased vehicles. In recent years, OPD has shifted to requisitioning more full-size trucks and SUVs over sedan patrol vehicles. The existing emergency equipment was not compatible with the new vehicles ordered and new emergency equipment needed to be purchased and installed. The capital expense for the new equipment is an added cost to the newer leased vehicles.

### **City-Owned Vehicles**

City-owned vehicles are monitored and maintained by the Fleet Management Division (“Fleet”). Fleet is an internal service department which assists other City departments in the selection and procurement of vehicles and maintains the vehicles. Fleet performs approximately 70% of the repairs in-house and bills OPD for labor and materials of work performed. Per the FY2019-20 budget book, the annual proposed expenditure per vehicle was \$7,881. OPD is Fleet’s largest customer, utilizing 43% of Fleet’s vehicles.

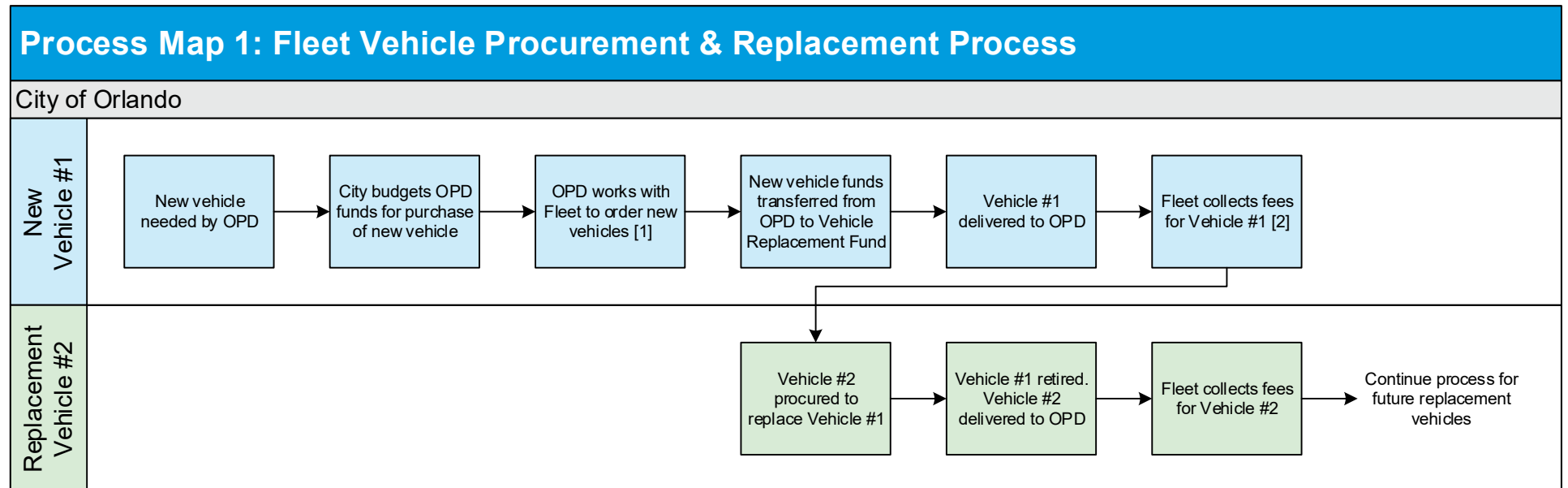
Annually, Fleet charges departments fees for the vehicles in use. These fees include:

- Vehicle Replacement Fee – Used to fund the future purchase of a replacement vehicle. These fees are collected in the Fleet Replacement Fund, a separate account from the General Fund, used specifically for the replacement of City vehicles at the end of their lifecycle.
- Fixed Fee – Applied toward Fleet administrative costs of managing the vehicles
- Maintenance – Costs are incurred per occurrence and include preventative maintenance and repairs to vehicles
- Insurance

As with leased vehicles, City-owned vehicles require additional safety equipment to be installed before the vehicle is delivered to OPD. Fleet purchases all the equipment and performs the installation in-house or contracts with a third party. The safety equipment cannot be reused for new vehicles as the duration of use is greater, leading to more wear and tear on the equipment, and due to equipment specification changes for newer vehicles.

## BACKGROUND

Since 2017, the City replaced 411 OPD vehicles, through existing contracts or Information for Bid (“IFB”) packages. These vehicles include utility vehicles and sedans, with an average purchase cost of \$28,958 per vehicle, based upon three IFB packages. The process for new vehicle acquisition and replacement is summarized in the graphic below:



*Note 1:* Vehicles procured through existing contracts or through new IFB process.

*Note 2:* Annual Vehicle Replacement Fees collected on Vehicle #1 are applied toward future purchase of Vehicle #2 to replace Vehicle #1. Fees also collected for the cost of managing the equipment, insurance, and maintenance.



## ANALYSIS

Leased and City-owned vehicles are charged to OPD differently. Primarily, the leased vehicles are invoiced at a monthly rate, with additional costs separately charged incurred for major repairs or turn-in charges. The City-owned vehicles are charged to OPD monthly with individual charges for repairs and maintenance. The breakdown below outlines the charge structure for the main cost categories:

*Table 4: Summary of Cost Breakdown and Terms*

Cost Description	Leased Vehicles	City-owned Vehicles
Vehicle fee (Lease payments / Fleet replacement fee)	Monthly fee	Monthly fee
Vehicle outfitting (i.e. install and remove emergency equipment)	Included in monthly fee	Separate
Preventative maintenance and minor repairs (i.e. oil changes, battery replacement, tire replacement)	Included in monthly fee	Separate
Major repairs	Separate	Separate
Insurance	Included in monthly fee <i>Note 1</i>	Separate (monthly)
Registration / Plates	Included in monthly fee	Separate (monthly)
Other costs (i.e. capital equipment purchases, added leased months, over mileage, additional equipment installation)	Separate	Separate
Temporary Replacement Vehicles Available	2	<i>Note 2</i>
Target Replacement Rate	24 months	72 – 84 months
Average life of vehicle based upon current inventory / Actual vehicle inventory age range	14 months / 6 – 40 months	63 months / 7 months – 25 years
Timeline for new vehicle delivery	2 – 4 months	4 – 6 months

*Note 1:* City pays for additional insurance on leased vehicles (approximately \$515 per year)

*Note 2:* OPD currently has possession of approximately 33 “hold over” vehicles, which had been replaced but not turned over to Fleet. These are used as spare vehicles.

## ANALYSIS

The common vehicles in OPD's fleet include large trucks, SUVs, and patrol vehicles. The table below compares similar leased and City-owned vehicles based on historical data and actual costs and identifies the average cost of the vehicles for a 12-month period.

On a month-to-month basis, leased and owned costs are similar. Over time the cumulative cost increases as the duration of lease or ownership extends, due to additional required maintenance and repairs.

Table 5: Comparison of Vehicle Costs

Cost Description	Leased Vehicles			City-owned Vehicles		
Make	Ford	Dodge	Dodge	Ford	Ford	Ford
Model	F150	Durango	Charger	F150	Explorer	Taurus
Year	2019	2020	2019	2019	2019	2018
Term/ Lease Length (months) through June 2020	14	6	10	11	12	20
Monthly Cost	\$585	\$588	\$550	\$716	\$860	\$616
Total Maintenance & Repairs for vehicle lifetime [1,2]	\$0	\$0	\$816	\$1,771	\$935	\$1,162
Average 12-month cost	\$7,020	\$7,056	\$7,579	\$10,527	\$11,260	\$8,095
Additional capital / outfitting expenses [3]	\$2,726	\$0	\$0	\$7,078	\$9,988	\$7,284
Term/ Lease Status	Active Vehicle	Active Vehicle	Active Vehicle	Active Vehicle	Active Vehicle	Active Vehicle
Vehicle Category	Full-size truck	Mid-size SUV	Sports car	Full-size truck	Mid-size SUV	Full-size car

Note 1: Bancorp are based on information from the City's Accounts Payable detail of payments remitted to Bancorp.

Note 2: City-owned repair costs are based on a report from Fleet's system of record, FASTER.

Note 3: Outfitting costs vary based on the vehicle type and its intended use. The detail of these costs is included in Appendix A.

## ANALYSIS

### Leased Vehicles

RSM compared OPD's inventory of leased vehicles as of June 2020 to the initial estimate of vehicles needed in IFB19-0057. OPD is leasing seven (7) fewer vehicles than initially estimated. This results in a reduction in the estimated lease cost for a 24-month period by \$275,280 (14%). The table below summarizes the inventory and cost differences by vehicle type:

Table 6: Bancorp Contract to Invoice Comparison

Vehicle Type	IFB19-0057			Leased As of June 2020		Variance - Bid to Actual		
	Est. Qty	Monthly Rate	Total Bid	Vehicle Qty Note 1	Est. Cost	Vehicle Qty	Est. Cost	% Cost Variance
Mid-size car	10	\$550	\$132,000	4	\$52,800	-6	-\$79,200	-60%
Sports Car (Marked)	11	\$989 to \$998	\$262,176	4	\$52,800 Note 2	-7	\$52,800	-80%
Mid-size SUV	35	\$588	\$493,920	37	\$522,144	2	\$84,672	-6%
Full-size SUV	15	\$899	\$323,640	7	\$151,032	-8	-\$172,608	-53%
Minivan	10	\$735	\$176,400	7	\$123,480	-3	-\$52,920	-30%
Mid-size truck	10	\$585	\$140,400	1	\$14,040	-9	-\$126,360	-90%
Full-size truck	30	\$585	\$421,200	54	\$758,160	24	\$336,960	80%
<b>Total</b>	<b>121</b>	<b>-</b>	<b>\$1,949,736</b>	<b>114</b>	<b>\$1,674,456</b>	<b>-7</b>	<b>-\$275,280</b>	<b>-14%</b>

Note 1: The Greater Orlando Aviation Authority (GOAA) utilizes vehicles in OPD's leased program. The cost of these vehicles is fully reimbursed by GOAA and has no cost impact on OPD. As of June 2020, GOAA leased 34 vehicles, detailed in *Appendix B*.

Note 2: As of June 2020, OPD's monthly vehicle cost per sports car at the mid-size car rate of \$550. This rate is reflected in the table above.

## ANALYSIS

OPD's use of leased vehicles has increased over the past several years. We compared the current and prior leased vehicle contracts and identified OPD's leased vehicle fleet estimate increased 34% between contracts, and the associated cost increased 41%. Bancorp's share of the leased vehicle services increased from the prior contract as well. Previously, Bancorp provided just over half of OPD's leased vehicles. With the current contract, Bancorp was selected as the sole service provider, increasing its vehicle count 157% and its award amount by 189%. The tables below summarize this information:

*Table 7: Contract Comparison – Vehicle Count*

Contract	Bancorp/ Mears	Other Vendor	Total
Prior IFB 16-0212	47	43	90
Current IFB 19-0057	121	0	121
Difference	74 (157% increase)	43 (100% decrease)	31 (34% increase)

*Table 8: Contract Comparison – Contract Award*

Contract	Bancorp/ Mears	Other Vendor	Total
Prior IFB 16-0212	\$673,872	\$709,800	\$1,383,672
Current IFB 19-0057	\$1,949,736	\$0	\$1,949,736
Difference	\$1,275,864 (189% increase)	\$709,000 (100% decrease)	\$566,064 (41% increase)

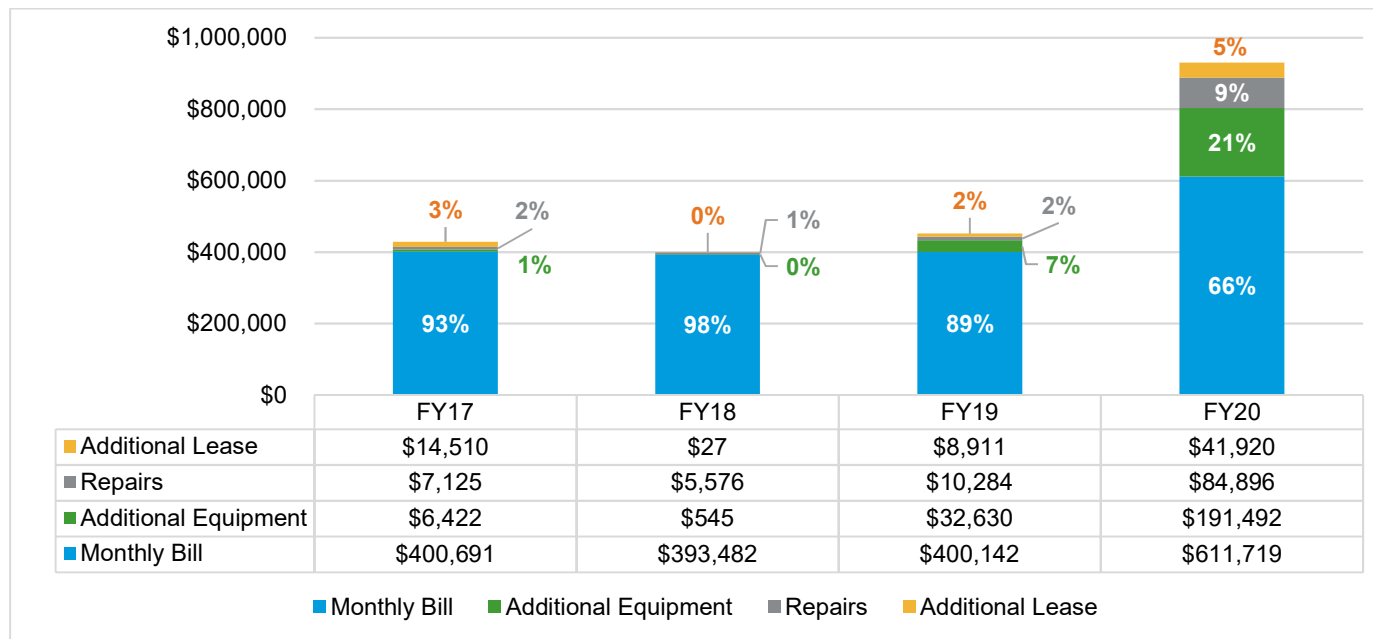
## ANALYSIS

RSM also analyzed the City’s Accounts Payable (“AP”) data from June 2016 through June 2020 for all payments to Bancorp. Referencing the invoice description in the AP record and review of invoice samples, we assigned cost categories to each truncation. The cost categories included the following:

- *Monthly Bill* – Monthly payments for the leased vehicles.
- *Repairs* – Additional maintenance costs not included in the lease payments such as tire replacements, windshield replacements, etc.
- *Additional Equipment* – Capital purchases of new equipment (i.e. emergency lights), installation or removal of emergency lights, windshield tinting, and other equipment installation.
- *Additional Lease* – Additional lease payments for vehicles that are still in use after the original lease period has expired, over mileage, and toll charges.

The table below breaks out each cost category by year. For 2019 and 2020, there is an increase in the amount of additional equipment, repairs, and additional leases costs than prior years. This increase is in part related to new capital purchases of emergency lights and vehicle equipment, discussed earlier in this report. We also identified additional costs for outfitting and repairing vehicles during 2019 and 2020, detailed in *Improvement Opportunity 2*.

Table 9: Bancorp Invoices by Category (October 2016 – June 2020)



Note 1: FY20 represents a nine (9) month period (October 2019 – June 2020).

Note 2: As of 2020, the number of vehicles leased increased, and leasing services was exclusively awarded to Bancorp.

Note 3: The data above excludes GOAA related payables.

## ANALYSIS

### City-Owned Vehicles

Earlier in 2020, a utilization study was performed for City-wide Fleet vehicles. The study took into consideration the age and condition of vehicles, utilization, management resources, and replacement rate. The analysis identified the average age of Fleet vehicle was 8 years, and recommended that the City consider replacing 54% of the current vehicles, based on the condition of the vehicle and its utilization. Applying this rate to OPD's 873 Fleet vehicles, 472 vehicles are recommended to be replaced. Fleet's target vehicle replacement rate is every 72 to 84 months.

The analysis below shows the vehicle type by year range, total vehicle population, and identifies the number of vehicles older than 2018. This allows us to compare to the leased vehicle population, which comprises of vehicles 2018 and newer. This data compliments the utilization study, highlighting 72% of the OPD Fleet vehicles are older than the vehicles available through the lease. As a vehicle ages its maintenance becomes more costly, requiring repairs and replacement of parts from wear and tear.

Table 10: City-owned Vehicle Age Detail

Vehicle Type	City-owned Vehicles Year Range	City-owned Vehicles OPD Total	City-owned Vehicles Older than 2018	% of Vehicles Older than 2018
Subcompact car	2007 - 2018	2	1	50%
Compact car	2002 - 2018	10	8	80%
Mid-size car	2002 - 2020	76	52	68%
Full-size car	2003 - 2018	255	238	93%
Sports car	2007 - 2016	92	92	100%
Mid-size SUV	2010 - 2020	18	9	50%
Full-size SUV	2007 - 2020	350	168	48%
Minivan	2002 - 2015	8	8	100%
Van	2004 - 2019	18	17	94%
Mid-size truck	2002	1	1	100%
Full-size truck	1996 - 2019	43	36	84%
<b>Totals</b>		<b>873</b>	<b>630</b>	<b>72%</b>

## ANALYSIS

### Leased and City-owned vehicles

In addition to the cost components of the vehicles, there are qualitative factors to consider when determining to use leased or City-owned vehicles, or a combination of both. Through discussions with OPD and Fleet, we identified and summarized these components in the table below:

Table 11: Comparison of Vehicle Providers

Leased Vehicles	City-owned Vehicles
<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>Limited liability to OPD for maintenance and upkeep</li> <li>Vendor is contractually obligated to comply with service terms</li> <li>Lease prices are competitively bid</li> <li>Single monthly payment for vehicle, transparent monthly billing</li> <li>Newer vehicle inventory, higher turnover rate</li> </ul>	<p><b>Benefits:</b></p> <ul style="list-style-type: none"> <li>City-owned asset</li> <li>Vehicle prices competitively bid (existing contracts or new IFB)</li> <li>Existing internal tracking program to provide transparency (FASTER)</li> </ul>
<p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>Manual vehicle tracking by OPD, noncumulative data</li> <li>Added or unforeseen costs (i.e. capital expenditures)</li> <li>Contract language vague for some provisions, may result in added charges</li> </ul>	<p><b>Challenges:</b></p> <ul style="list-style-type: none"> <li>Increased outfitting and repair costs</li> <li>Coordination between OPD and Fleet, no internal service agreement to define expectations and deliverables</li> <li>Vehicle service response time is slower than lease provider</li> <li>Older vehicle inventory, longer turnover rate</li> </ul>
<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>Use a comprehensive program as OPD's system of record for both leased and owned vehicles, maintain historical data and accurate vehicle costs, improve transparency of total costs</li> <li>Update future contract language</li> <li>Increased reporting from contractor for total vehicle costs</li> </ul>	<p><b>Recommendations:</b></p> <ul style="list-style-type: none"> <li>Use a comprehensive program as OPD's system of record for both leased and owned vehicles, maintain historical data and accurate vehicle costs, improve transparency of total costs</li> <li>Hold regular coordination meetings</li> <li>Develop an Internal Service Agreement between OPD and Fleet</li> </ul>

Our recommendations are detailed in the Improvement Opportunities section in the following pages.

## IMPROVEMENT OPPORTUNITIES

### 1. Utilize a comprehensive program as OPD vehicle system of record

OPD uses a manual spreadsheet to track leased vehicles. The spreadsheet serves to track currently leased vehicles only, and derives much of its content from Bancorp's monthly invoice reporting. Therefore, the document does not serve as an independent record maintained by OPD. City-owned vehicles are tracked separately by Fleet in FASTER, Fleet's system of record. Utilizing a cumulative, independent tracking mechanism for leased and City-owned vehicles will provide OPD with the means to efficiently monitor its complete population of vehicles. The dataset will allow OPD to validate the accuracy and appropriateness of vehicle costs and also serve as a resource to reference historical data for management decisions.

We recommend OPD's record incorporate the following, at a minimum:

- Unique vehicle identification number (VIN and/or Bancorp asset number) in addition to OPD's unit number. Because OPD uses the same unit number in association with multiple leased assets, it is difficult to effectively monitor the leased vehicle. Using a unique identification number will allow OPD to isolate information associated with a specific asset.
- Charges per vehicle in addition to the monthly lease cost. The invoice number should be linked to the entry.
- Vehicle lease terms, including rate and lease start and end dates. This data will allow OPD to identify in advance when a lease is ending, providing time to decide on renewal options.
- Cumulative data, maintaining information from completed leased vehicles.

To achieve this, we recommend OPD consider using a comprehensive program as its vehicle system of record. Attributes recorded in the system should be cumulative and include metrics such as:

- |                                   |                                 |                                 |
|-----------------------------------|---------------------------------|---------------------------------|
| • Asset number / VIN              | • Parts / materials costs       | • Leased dates start / end      |
| • Asset mileage / hours           | • Labor costs                   | • City replacement / other fees |
| • Dates asset in / out of service | • Sub-vendor costs              | • City owned dates start / end  |
| • Dates service begin / end       | • Leased asset monthly fee      | • Calculated asset end date     |
| • Type / description of service   | • Leased asset additional costs |                                 |

As step in selection of an OPD system of record, we recommend the City consider performing an evaluation on FASTER to validate the data recorded is inclusive of key information to determine whether the system has the capability to capture the appropriate data and is cumulative. For the current state, we recommend OPD coordinate with Fleet to establish a regular reporting process for City-owned vehicles. This will provide a greater transparency of assets and costs and can aid to mitigate information gaps between the departments.



## IMPROVEMENT OPPORTUNITIES

### 1. Utilize a comprehensive program as OPD vehicle system of record

#### Management Response:

We look forward to the possibility of implementing your recommendation to keep better track of our leased car fleet as well as the associated expenses for individual vehicles and drivers.

Management Action Plan: Seek available and economical programs to track our leased vehicle fleet. Any recommendations with this are welcome.

Estimated Completion Date: This will be pending available and allotted funds to bring this to fruition.

Responsible Party: OPD, Leased Vehicles Manager

## IMPROVEMENT OPPORTUNITIES

### 2. Contract language clarifications for current and future agreements

Through our review of Bancorp invoices, the City Accounts Payable record, and discussions with OPD, we noted that Bancorp has charged OPD for repairs and equipment costs in addition to the monthly lease payments, and that these types of charges have increased in 2019 and 2020 as compared to prior years. The most common added costs identified in our review included the following:

- Tire replacement
- Windshield tinting
- Capital purchase of emergency lights
- Installation/ removal of emergency lights
- Turn-in repair costs at completion of lease

The contract specifies which costs are the responsibility of Bancorp and the City. Contract articles relevant to the added charges to OPD are referenced below:

**Article 2.S.** *The Contractor shall provide full maintenance and service, including tire repairs or replacements, oil changes and all other services necessary to keep the vehicles in a safe and first class operating condition during the lease period. The Contractor shall stipulate time periods or mileage intervals when vehicles are due for preventive maintenance. In instances where minor repairs such as wiper blades, light bulb replacement, etc., are required, the Contractor shall authorize the City to obtain such services outside the Contractor's network at the Contractor's expense provided the cost of such repairs does not exceed fifty dollars (\$50.00), at the City's sole discretion.*

**Addendum 2:** *The Contractor shall be responsible for normal wear of tires and road hazard damage. The City shall be responsible for tire damage due to collision with a vehicle or collision with a fixed object.*

**Articles 2.N.5 and 2.O.5.** *Vehicles shall be equipped with ... dark aftermarket window tint. The City shall specify the tint % on a vehicle-by-vehicle basis.*

**Article 2.M.** *The Contractor shall install the specified emergency lights, sirens, and related equipment in all lease vehicles, at no additional cost to the City. The Contractor shall uninstall and reinstall the specified equipment when lease vehicles are traded-out, turned-in, or replaced by the Contractor, at no additional cost to the City.*

**Article 2.R.** *Upon lease turn in, all vehicles shall be inspected by the Contractor and the City. Obvious damage shall be noted on the receipt. The Contractor shall make written notification to the City of any vehicle discovered to have damage upon turn in. Notification of any damage, not readily apparent at the time the vehicle is turned in must be made in writing, not to exceed forty-eight (48) hours, or the 2nd business day, from the turn in time.*

#### Current Billing Process

For a sample of invoices reviewed, we noted OPD was charged for services which appear to be included in the lease costs. Specifically, tire repair and replacement, window tinting, and installation/ removal of emergency lights were separately charged to OPD. By incorporating the use of a cumulative vehicle tracker, as recommended in *Improvement Opportunity 1*, OPD can monitor these costs and determine if the additional charges are appropriate or should be included in the lease cost.

## IMPROVEMENT OPPORTUNITIES

### 2. Contract language clarifications for current and future agreements

#### Future Lease Agreements

For future agreements, we recommend OPD consider modifying the language to address the following:

- *Installation/ Removal of Emergency Lights* – During our review, we identified instances where new emergency lights were installed in leased vehicles, and the old lights were removed. While *Article 2.M* states installation and removal of emergency lights is included in the lease, the contract does not specify whether multiple installations are included for a single vehicle. For future lease agreements, we recommend the City specify if there is a limit to included installation/ removal of equipment, and to what extent, if any, the City is responsible for additional costs.
- *Windshield Tinting* – *Articles 2.N.5 and 2.O.5* state vehicles shall have window tint; however, the contract does not specify if windshields are included in this specification. For future lease agreements, we recommend the City specify which glass on the vehicle shall receive the tint, and define if all tinted glass is included in the lease price.
- *Turn-in Repair Costs* – While the *Article R* does not specifically state that the City is responsible for repairs to vehicles at the conclusion of a lease, the City is being charged for these costs. Repairs included items such as replacement mirrors, body or bumper repairs to dents, damaged seats, and chipped paint. For future lease agreements, we recommend the City specify if the City is responsible for turn-in repair costs, and specify the types of repairs which are covered by the lease and what may be charged as an additional cost to the City.

#### **Management Response:**

We will work to add your recommendations to future contracts that clarify Tire Replacement, Windshield Tinting, and Capital purchase of emergency lights.

## OBJECTIVES, SCOPE, AND APPROACH

### ***Objectives and Scope***

The primary objective of this engagement was to identify the total cost of ownership, including quantitative and qualitative factors, for OPD vehicles under (1) the current leasing program, and (2) the City's Fleet division, in order to provide information to OPD management to assist them in their lease versus buy decision making process.

### ***Approach***

We held an entrance conference with the City's Police Department to discuss the scope and objectives of our work, obtained preliminary data, and established a working arrangement prior to scheduling fieldwork. Our fieldwork and reporting was disaggregated into the following phases:

#### *Phase One: Discovery*

During this phase, we obtained a detailed understanding of OPD's leased vehicle contracting arrangements, historical spend, future spend / compensation arrangement, as well as the City's Fleet division's processes, cost structures and historical cost of outfitting and maintaining City owned vehicles. This was accomplished several means, including:

- Interviews with staff members in OPD responsible for the administration of the leased vehicle program, and procurement and management of the lease contract
- Interviews with City Fleet division personnel
- A review of available documentation including the current lease contract, invoices for leasing and outfitting of leased vehicles, historical and current City Fleet outfitting and maintenance data, mileage/vehicle usage documentation, etc.

After conclusion of discovery procedures, we developed/refined our work plan for phase 2.

#### *Phase Two: Total cost of ownership analysis, including lease vs buy*

In this phase, we analyzed the data previously collected, and performed comparisons between leased and Fleet vehicle costs, taking into consideration the following:

- Procurement process
- Timeline for service, replacements, etc.
- Initial capital, or outfitting costs
- Monthly vehicle fees
- Vehicle maintenance costs
- Overall cost of ownership

#### *Phase Three: Development of recommendations*

During this phase, we worked with OPD and Fleet management to assess the results of analysis performed in phase 2, and worked collaboratively with management to develop a set of recommendations to facilitate improvements to the process, and to identify measures for cost savings into the future.

## APPENDIX A – VEHICLE CAPITAL EXPENDITURE SNAPSHOT

Capital expenditures and outfitting costs vary by vehicle depending on the vehicle type and its intended use. The majority of the leased vehicles are unmarked, and primarily receive emergency lights only. OPD is responsible for the equipment cost, and the labor for installation and uninstallation is included with the lease fee. City-owned vehicles include both unmarked and marked patrol vehicles, which receive additional outfitting and equipment. All equipment and labor costs are billed to OPD.

### Comparison of Vehicle Costs – Capital Expenditures – Sampled Population

Cost Description	Leased Vehicles			City-owned Vehicles		
Make	Ford	Dodge	Dodge	Ford	Ford	Ford
Model	F150	Durango	Charger	F150	Explorer	Taurus
Year	2019	2020	2019	2019	2019	2018
Vehicle Category	Full-size truck	Mid-size SUV	Sports car	Full-size truck	Mid-size SUV	Full-size car
Additional capital / outfitting expenses	\$2,726	\$0	\$0	\$7,078	\$9,988	\$7,284
Emergency lights	\$2,726	-	-	\$3,257	\$4,455	\$4,221
Keyless entry	-	-	-	\$244	\$242	-
Dash/ center console	-	-	-	\$42	\$1,895	\$970
Radio/ siren system	-	-	-	\$865	\$151	-
Custom graphics	-	-	-	-	\$525	\$650
Window tint	-	-	-	\$185	\$180	-
Bedliner	-	-	-	\$425	-	-
Push bumper	-	-	-	-	\$295	\$287
Additional accessories	-	-	-	\$832	\$476	-
Installation fee, shipping	-	-	-	\$1,228	\$1,769	\$1,115

## APPENDIX B – LEASED VEHICLE POPULATION DETAIL

The tables below break out the leased vehicle count and cost by OPD cost center for June 2020.

Vehicle Count	Mid-size car	Sports car	Mid-size SUV	Full-size SUV	Minivan	Mid-size truck	Full-size truck	Total
Total Airport Police GOAA	-	11	4	-	-	-	19	34
Central Patrol Division	-	-	3	-	2	-	3	8
Community Relations Division	-	-	5	-	-	-	5	10
Criminal Investigations Division	-	-	4	1	-	-	12	17
Police Administration	1	-	-	2	-	-	-	3
Police East Patrol	-	-	4	-	-	-	2	6
Police North Patrol	-	-	5	-	-	-	2	7
Police Recruiting	-	1	-	-	-	-	1	2
Police Special Investigations	-	1	2	-	-	-	8	11
Police Special Operations	-	-	3	2	-	-	1	6
Police Support Services	-	-	-	2	-	-	-	2
Police West Patrol	-	-	2	-	-	-	1	3
Professional Standards Division	2	2	2	-	-	1	1	8
Special Enforcement Division	1	-	7	-	5	-	18	31
<b>Total OPD June 2020 Vehicle Count</b>	<b>4</b>	<b>4</b>	<b>37</b>	<b>7</b>	<b>7</b>	<b>1</b>	<b>54</b>	<b>114</b>

Vehicle Cost	Mid-size car	Sports car	Mid-size SUV	Full-size SUV	Minivan	Mid-size truck	Full-size truck	Total
Total Airport Police GOAA	-	\$10,924	\$2,352	-	-	-	\$11,481	\$24,757
Central Patrol Division	-	-	\$1,764	-	\$1,470	-	\$1,755	\$4,989
Community Relations Division	-	-	\$2,940	-	-	-	\$2,925	\$5,865
Criminal Investigations Division	-	-	\$2,352	\$899	-	-	\$7,020	\$10,271
Police Administration	\$550	-	-	\$1,868	-	-	-	\$2,418
Police East Patrol	-	-	\$2,352	-	-	-	\$1,170	\$3,522
Police North Patrol	-	-	\$2,940	-	-	-	\$1,484	\$4,424
Police Recruiting	-	\$550	-	-	-	-	\$585	\$1,135
Police Special Investigations	-	\$550	\$1,176	-	-	-	\$4,680	\$6,406
Police Special Operations	-	-	\$1,748	\$1,484	-	-	\$585	\$3,817
Police Support Services	-	-	-	\$1,798	-	-	-	\$1,798
Police West Patrol	-	-	\$1,176	-	-	-	\$585	\$1,761
Professional Standards Division	\$1,100	\$1,100	\$1,176	-	-	\$585	\$585	\$4,546
Special Enforcement Division	\$550	-	\$4,116	-	\$3,675	-	\$10,530	\$18,871
<b>Total OPD June 2020 Monthly Cost</b>	<b>\$2,200</b>	<b>\$2,200</b>	<b>\$21,740</b>	<b>\$6,049</b>	<b>\$5,145</b>	<b>\$585</b>	<b>\$31,904</b>	<b>\$69,823</b>

## APPENDIX C – VEHICLE POPULATION AND YEAR RANGE

Vehicle Type	Make	Model	Leased Vehicles		City-owned Vehicles	
			Vehicle Count	Vehicle Year Range	Vehicle Count	Vehicle Year Range
Subcompact car	CHEVROLET	BOLT	-	-	1	2018
Subcompact car	TOYOTA	YARIS	-	-	1	2007
Compact car	FORD	FOCUS	-	-	7	2011-2018
Compact car	HONDA	CIVIC	-	-	2	2003-2004
Compact car	SUBARU	IMPREZA	-	-	1	2002
Mid-size car	CHEVROLET	MALIBU	4	2020	14	2012-2015
Mid-size car	FORD	FUSION	-	-	23	2011-2015
Mid-size car	MITSUBISHI	GALANT	-	-	1	2004
Mid-size car	NISSAN	ALTIMA	-	-	11	2019-2020
Mid-size car	TOYOTA	CAMRY	-	-	26	2003-2018
Mid-size car	VOLVO	S40	-	-	1	2009
Full-size car	CHEVROLET	CAPRICE CLASSIC	-	-	3	2011
Full-size car	CHEVROLET	IMPALA	-	-	77	2004-2016
Full-size car	CHRYSLER	200LX	-	-	5	2015
Full-size car	CHRYSLER	300M	-	-	1	2014
Full-size car	DODGE	MAGNUM	-	-	1	2005
Full-size car	FORD	Crown Vic	-	-	135	2003-2011
Full-size car	FORD	TAURUS	-	-	33	2011-2018
Sports car	CHEVROLET	CAMARO	-	-	1	2015
Sports car	DODGE	CHALLENGER	-	-	1	2008
Sports car	DODGE	CHARGER	15	2019	89	2013-2016
Sports car	FORD	MUSTANG	-	-	1	2011
Mid-size SUV	CHEVROLET	TRAVERSE	5	2020	-	-
Mid-size SUV	DODGE	JOURNEY	-	-	3	2014-2015
Mid-size SUV	FORD	ESCAPE	-	-	4	2013-2018
Mid-size SUV	GMC	ACADIA	-	-	1	2011
Mid-size SUV	JEEP	COMPASS	-	-	1	2014
Mid-size SUV	JEEP	GRAND CHEROKEE	6	2020	-	-
Mid-size SUV	JEEP	PATRIOT	-	-	1	2016
Mid-size SUV	NISSAN	PATHFINDER	-	-	1	2010
Mid-size SUV	NISSAN	ROGUE	-	-	7	2016-2020

## APPENDIX C – VEHICLE POPULATION AND YEAR RANGE

Vehicle Type	Make	Model	Leased Vehicles		City-owned Vehicles	
			Vehicle Count	Vehicle Year Range	Vehicle Count	Vehicle Year Range
Mid-size SUV	DODGE	DURANGO	28	2020	2	2012-2013
Mid-size SUV	FORD	EXPLORER	2	2014	293	2007-2019
Full-size SUV	CADILLAC	ESCALADE	-	-	1	2007
Full-size SUV	CHEVROLET	TAHOE	2	2020	51	2012-2020
Full-size SUV	FORD	EXPEDITION	-	-	3	2015-2019
Full-size SUV	GMC	YUKON	5	2020	-	-
Minivan	CHRYSLER	PACIFICA	7	2020	-	-
Minivan	CHRYSLER	TOWN & COUNTRY	-	-	1	2002
Minivan	DODGE	GRAND CARAVAN	-	-	6	2011-2015
Minivan	HONDA	ODYSSEY	-	-	1	2003
Van	FORD	E-150	-	-	6	2004-2013
Van	FORD	E-250	-	-	2	2009
Van	FORD	E-350	-	-	4	2006-2012
Van	FORD	TRANSIT	-	-	6	2017-2019
Mid-size truck	Chevrolet	Colorado	1	2020	-	-
Mid-size truck	NISSAN	FRONTIER LE	-	-	1	2002
Full-size truck	CHEVROLET	SILVERADO	9	2020	1	2008
Full-size truck	DODGE	RAM	16	2019	2	2007-2008
Full-size truck	FORD	F150	16	2019-2020	25	2005-2019
Full-size truck	FORD	F250	-	-	4	2002-2019
Full-size truck	FORD	F350	-	-	6	1999-2017
Full-size truck	FORD	F450	-	-	1	2007
Full-size truck	FORD	F477	-	-	1	1996
Full-size truck	FORD	F550	-	-	1	2016
Full-size truck	GMC	SIERRA	32	2018-2020	-	-
Full-size truck	NISSAN	TITAN	-	-	1	2008
Full-size truck	TOYOTA	TUNDRA	-	-	1	2017
<b>Totals</b>			<b>114</b>		<b>873</b>	





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