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**CITY ADMINISTRATOR'S OFFICE MEMO**
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**To:** Mayor and City Council

**From:** City Administrator, Kim Downs & Community Development Director Pat Parsley

**Date:** November 11, 2016

**RE: Replacing Community Development Vehicle Unit #600**

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In light of the Mayor's veto of Resolution #16-200 due to his expressed opinion to explore other opportunities in replacing Unit 600, including, exploring purchasing quality used vehicles, which could reduce the City's expenditures for replacing the City vehicle fleet. Resolution #16-200 authorized the purchase of a new 2017 Ford Escape, Unit 600, for the Community Development Department at a total cost not to exceed $9,176.00 from Junge of Center Point.

The City's best practices have been to replace older scheduled vehicles with new vehicles. Staff has reviewed the potential opportunity in purchasing a quality used car. In searching used cars no older than a 2015 with no more than 20,000 miles on Consumer Reports Online there were differing ranges of savings in comparison to the quotes received for the purchase of a new car minus the trade in value of Unit #600. The range consisted of a new car being cheaper by $714 to a saving of $4,580.

At the November 2 council meeting council member Rampulla asked to place Resolution #16-200 back on the agenda but after recent conversations asked to remove it from the November 16 agenda.

I think we can all agree the objective is to trade Unit #600 due to transmission and electrical issues and to replace the vehicle with a reliable vehicle. If it is councils desire to proceed with the purchase of a used car we would ask you to authorize staff to solicit used car quotes for a vehicle not older than a 2015 with 20,000 miles or less. A 2015 allows for low miles and some warranty. Our intention would be to retain this vehicle for no less than 10 years. (see vehicle replacement request form)

In addition, we will evaluate our vehicle replacement policy to include keeping vehicles longer and purchasing used vehicles versus new vehicles. Either of these options could reduce our cost per year by distributing the initial cost over a longer period of time or by reducing the initial cost itself. Knowing the initial cost is not the only cost to consider our research will include-

- Reduced trade in value requiring larger initial outlays
- Increased maintenance cost
- Vehicle safety concerns

Thank you for your consideration.

**CITY OF HIAWATHA**
**VEHICLE REPLACEMENT REQUEST FORM**

Department: Community Development

Fiscal year: FY2017

Scheduled replacement fiscal year: FY2017

Vehicle to be replaced;

2007 Toyota 4-Runner transferred from Police Department in 2010: depreciated value $24,944.00

Vehicle description and justification:

This vehicle is due to be replaced according to our replacement schedule set up in our budget with the finance director. The vehicle's age, use and reliability have factored into this decision. This is a ten year old vehicle which was used by the police department.

The Kelly Blue Book trade-in value for this vehicle is about $12,000. We are intending to replace this vehicle with a used compact size SUV (SUV 1.1-2.2). The vehicle will be multi-purposed including inspection use, hauling signs and equipment, and occasional out of town meetings. This vehicle will complement our present fleet which includes a full size pick-up and a small SUV.

Our request which will be sent to all local dealers as in the past; Junge, Wright, McGrath and CR Toyota, will require all considered vehicles to be white to match our existing fleet and to allow for the placement of the city logo. We will use the DOT-2015 Model Year Vehicle Contract Catalog for minimum specifications. All considered vehicles will be "Certified Pre-owned or new vehicles.

State of Iowa, DOT, and Regents - 2015 Model Year Vehicle Contract Catalog

| Spec # | Contract/ Proposal # | Make | Model | Description |
|---|---|---|---|---|
| SUV 1.1 | Proposal 12323 | Jeep | Cherokee | Small 4 Dr Utility FWD 5-Pass 2WD |
| SUV 1.2 | 4925-15A | Jeep | Cherokee | Small 4 Dr Utility FWD 5-Pass 2WD |
| SUV 2.1 | Proposal 12323 | GMC | Terrain | Small 4 Dr Utility 5-Pass AWD |
| SUV 2.2 | 4940-15 | GMC | Terrain | Small 4 Dr Utility 5-Pass AWD |

We explored Kelly Blue Book for a 2015 Certified Pre-owned Ford Escape. The trading estimate for a 2015 Ford Escape using Kelly Blue Book values for both vehicles yields a price difference of $7,000.

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|---|---|
| Estimated Cost: | $19,000.00 |
| Estimated Trade-in value: | ($12,000.00) |
| Net cost: | $7,000.00 |

Submitted by: Patrick Parsley Date: 11/11/2016 Signature: Patrick Parsley