MEMORANDUM

TO: The Governing Board

FROM: Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: November 05, 2018

SUBJECT: Agenda Item VI(e): Consideration of resolution authorizing entering into leases with Courtesy Chevrolet Center for two Special Service Package SUVs.

Staff Recommendation: That the Governing Board adopt the attached resolution authorizing entering into leases with Courtesy Chevrolet Center for two Special Service Package SUVs in an amount not to exceed $113,959.20.

Background: In September 2018, MRCA solicited competitive bids for two (2) full size special service package vehicles. The vehicles will be used in support of daily operations of Ranger and executive administration duties. Two bids were received. After careful review staff determined that Courtesy Chevrolet Center of San Diego was the lowest responsible and responsive bidder. Courtesy Chevrolet’s bid, financed through GM Financial, will deliver two 2019 Chevrolet Tahoe 4WD vehicles within 90 days. The lease term is five (5) years at a 4.918% interest rate, with a $1.00 buyout.

Both vehicles to be acquired will replace existing vehicles that will subsequently be disposed of due to age and substantially diminished reliability. Pursuant to the agency’s property disposal policy, vehicles may be sold via advertised public auction or bid, or by a direct sale to parties for Kelley Blue Book value. MRCA vehicles are used for the express purpose of conducting MRCA business, and any other use is expressly prohibited by the Vehicle Usage Policy. Only employees with a valid California Driver’s License who have been put on the agency’s insurance policy may operate MRCA vehicles. If used for commuting to and from an employee’s home, drivers must report such use as taxable income.

Consideration: The total cost amount for both vehicles is $113,959.20.

Fiscal Impact: The lease payments will be made from general funds. A portion of costs may be recovered through the vehicle allocation rate, to the extent that the vehicles are used for eligible purposes. Once the old vehicles are disposed, the lease cost will be offset to some degree by reduced vehicle maintenance costs.