

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

Request for approval to issue a purchase order to Alan Jay Chevrolet, in the amount of \$268,782.15, pursuant to Florida State Contract No. 02-10-0826, for the purchase of twenty-one (21) 2003 Chevrolet Cavalier vehicles.

Issue:

Whether to approve the issuance of a purchase order pursuant to Florida State Contract No. 02-10-0826.

Item Summary/Recommendation:

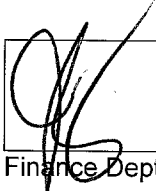
The twenty-one (21) 2003 Chevrolet Cavaliers are replacement vehicles currently being leased. The 36 months lease will expire on 4/30/03. After careful analysis of "Buying versus Leasing", it is our recommendation to purchase vehicles rather than lease. Our recommendation is based on the current costs and low residual values on automobiles. These vehicles will be funded by the Fleet Management Replacement Fund and will be used by various departments such as Building, Property Management, Information Technology and Parks and Recreation.

The Administration recommends approving the issuance of a purchase order.

Advisory Board Recommendation:

N/A


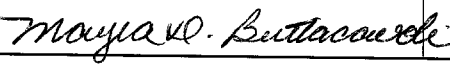

Financial Information:

Source of Funds:	Amount	Account	Approved
 Finance Dept.	1	\$268,782.15	510.1780.000673 Fleet Management Replacement Fund
	2		
	3		
	4		
	Total	\$268,782.15	

City Clerk's Office Legislative Tracking:

Andrew E. Terpak

Sign-Offs:

Department Director	Assistant City Manager	City Manager
 Andrew E. Terpak	 Mayra V. Buttacorelli	 Alan Jay

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AGENDA ITEM C2D
DATE 2-26-03

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.miamibeachfl.gov



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: February 26, 2003

From: Jorge M. Gonzalez
City Manager

A handwritten signature in black ink, appearing to read "Jorge".

Subject: **REQUEST FOR APPROVAL TO ISSUE A PURCHASE ORDER TO ALAN JAY CHEVROLET, IN THE AMOUNT OF \$268,782.15, PURSUANT TO FLORIDA STATE CONTRACT NO. 02-10-0826, FOR THE PURCHASE OF TWENTY-ONE (21) 2003 CHEVROLET CAVALIER VEHICLES.**

ADMINISTRATION RECOMMENDATION

Approve the issuance of a purchase order.

BID AMOUNT AND FUNDING

\$268,782.15 Fleet Management Replacement Fund 510.1780.000.673

ANALYSIS

All vehicles are recommended to be purchased pursuant to Florida State Contract No. 02-10-0826.

The twenty-one (21) 2003 Chevrolet Cavaliers are replacement vehicles currently being leased. The 36 months lease will expire April 30, 2003. After careful analysis of "Buying vs. Leasing", it is our recommendation to purchase vehicles rather than lease at this time.

The cost of leasing a vehicle is \$236 per month which equates to \$8,496 over the lease term of 36 months. The cost of purchasing a vehicle for \$11,583 less a residual value estimated at \$4,800 at the end of 36 months is \$6,783 per vehicle. The City will recognize a cost savings of \$1,713 per vehicle.

If the City were to lease a vehicle for two consecutive 36 month leases at an estimated \$236 per month, the cost to the City would be \$16,992. In this scenario, if the City was to purchase the vehicle initially at the \$11,583 cost, and had a residual value of \$1,000 at the end of the 72 months, the City would recognize a cost savings of \$6,409 per vehicle.

With the purchase of a 5 year/75,000 mile extended warranty costing \$670 per vehicle, the city would still reflect an overall savings \$5,739 per vehicle.

The vehicles will be funded by the Fleet Management Replacement Fund. The new Cavaliers will be used by various departments such as Building, Property Management, Information Technology and Parks and Recreation.

The administration recommends that the City Commission approve the purchases against the Florida State Contract No. 02-10-0826.

JMG/MDB/GL/AET/mlo

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2003 Chevrolet Cavalier - Lease Analysis

022003 1850

36 Month Closed End Lease

Lease cost: @ \$236.00 per month *

Lease cost: @ \$236.00 per month (2nd lease - back to back)**

Direct Purchase by the City

Direct Purchase Price

Less: Residual Value

Lifecycled cost to the City

Direct Purchase In-Service 36 Months	36 Month Lease	Direct Purchase In-Service 72 Months	2 Consecutive 36 Month Leases
\$11,583	\$8,496	\$11,583	\$8,496
-\$4,800		-\$1,000	\$8,496
\$6,783	\$8,496	\$10,583	\$16,992

Lease versus Purchase

The cost of a lease per vehicle

The cost of a direct vehicle purchase minus the residual value

Total Cost savings per vehicle if vehicle is purchased

\$8,496
\$6,783
\$1,713

\$16,992
\$10,583
\$6,409

Total cost savings if the 21 vehicles are purchased

\$35,973
(36 months)

\$134,589
(72 months)

* 36 month closed end lease with option to purchase. Factory Warranty 3/36. No maintenance, some repairs are included.

** Assumption is the second lease rate remains the same. There is no guarantee of this rate.

*** This amount does not reflect damages and unacceptable conditions identified when the vehicles are returned at the end of the lease.

Historically these vehicles are in service for 72 months and have required minimal repairs and maintenance, due to the type of vehicle usage. Extended warranties can be purchased for 5years/75,000 mi for approx. \$670.00 which will further reduce our repair cost during the life of the vehicle. Routine maintenance