

ITEM 6
MANAGER'S REPORT NO. 69
COUNCIL MEETING 87/11/09

RE: LEASING OF CARS FOR PUBLIC HEALTH NURSES

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER DATE: 1987 11 04
FROM: DIRECTOR FINANCE
RE: LEASING OF CARS FOR PUBLIC HEALTH NURSES

RECOMMENDATION:

1. THAT a contract be awarded to the lowest bidder, Westminster Auto Leasing Ltd., to lease 54 cars for a total period of 42 months at a total cost of \$408,693.60 with the actual cost subject to the interest rate in effect at time of ordering and final payments based on actual number of kilometers driven.

REPORT

Background

Commencing 1985 January 01 the Corporation assumed the responsibility for administering the Public Health Nurses Program in Burnaby. This program is funded by the Provincial Government. Part of the responsibility that the Corporation has is to provide the nurses with transportation. Traditionally the nurses have been provided with leased cars to be used for performing their daily duties in the Municipality. The nurses as an additional taxable benefit, are allowed to take their cars home and use them for personal transportation during non working hours. The nurses pay for the gasoline and the Corporation provides insurance coverage.

Since 1985 January 01, the Corporation has leased Chevettes for the nurses, which have proven to be very satisfactory for the intended purpose. The Corporation currently leases a total of 56 cars. The lease for 34 of these units expires 1988 January 31, another 20 units will come up for renewal at various dates between 1988 March 07 and August 15 with the remaining two (2) units not expiring until 1990 June.

Proposal Call

On 1987 September 21 the Purchasing Agent issued a proposal request for leasing 54 cars. A total of 17 requests were sent out including every interested automobile lease company in Burnaby and some outside Burnaby who had expressed interest. Nine companies responded by closing time and provided a total of 17 proposals.

The proposal request called for a 36 month full maintenance lease for compact or subcompact basic cars with automatic transmission, rear defrosters and AM radios. The proposal call also clearly stated that the criteria for selecting the successful bidder included, but was not necessarily limited to cost, reliability, suitability of the car for the intended purpose, convenience of service location and extent of service available.

Evaluation and Selection Process

A detailed cost analysis of each proposal was compiled to arrive at the total cost for a 36 month period. Each proposal was evaluated based on using common criteria factors to ensure a fair comparison. A tabulation of the summary of proposals received is attached (Attachment A).

From this summary we picked the three lowest proposals and prepared a more detailed evaluation, a copy of which is also attached (Attachment B). The lowest bidder Westminster Auto Leasing Ltd. submitted as part of their proposal an alternate price for a 42 month lease. Because the 42 month lease provided a savings we asked the other two low bidders to also give us an alternate price for the 42 month lease. The alternate prices are included on Attachment B. All three bidders based their proposal on the prime interest rate in effect at the time of their proposal. Each bidder has subsequently provided the amount to be added or subtracted from their base price for every one percent of change to the prime rate. This adjustment is reflected in the evaluation as shown on attachment B.

Usage

The average number of kilometers per year has been about 15,000 per car. The proposal from Westminster Auto Leasing Ltd. calls for an additional charge for every kilometer driven over 60,000 during the lease term. Although the lease agreement states that final payments will be based on the actual number of kilometers driven, we anticipate any cost adjustment for total kilometers to be minimal because only a few cars will be driven more than 60,000 kilometers.

Interest

The total costs shown on the attached tabulation are based on a prime interest rate of 10% and are subject to change depending on the interest rate at time of ordering. Indications are that the prime rate will be lower. For every 1% change in the prime rate the total cost for the recommended 42 month lease will change by \$13,394.00.

Past Experience

Westminster Auto Leasing Ltd. has supplied the Corporation with about 16 leased cars during the past three years. The remainder of the leased cars were supplied by Wolfe Chevrolet Oldsmobile Ltd. Both companies have performed satisfactorily. Westminster Auto Leasing Ltd. are currently expanding their service facilities in Burnaby and we are confident that the level of service will continue to be to our satisfaction.

Summary

We are recommending a 42 month lease instead of 36 because of the substantial savings of \$37,875.60 which will be realized. We do not anticipate that the extra 6 months to the lease period will result in additional down time of the cars because of the low number of kilometers driven on average. Westminster Auto Leasing Ltd. is the low bidder for both the 36 and 42 month lease options. In addition to being the low bidder they also meet all the selection criteria and are considered the best choice overall.

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Westminster Auto Leasing Ltd. offered, for the same price, either a Sprint or Micra. Both of these cars are imported from Japan with the Sprint being marketed by General Motors and the Micra by Nissan.

The Purchasing Agent and the Administrative Assistant, Health Department test drove both cars and concurred that the Micra was the more suitable and is therefore the recommended unit. The Nursing Supervisors also agree with the decision to recommend the Micra.

It is recommended that a contract be awarded to the lowest bidder, Westminster Auto Leasing Ltd. to lease 54 cars for a total period of 42 months at a total cost of \$408,693.60 with the actual cost subject to the interest rate in effect at time of ordering and final payments based on actual number of kilometers driven.

The Director Administrative and Community Services concurs with the above recommendation.



Howard Karras
DIRECTOR FINANCE

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cc: Director Administrative and Community Services

ATTACHMENT "A"

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FOR LEASING OF CARS FOR PUBLIC HEALTH NURSES

SUMMARY OF PROPOSALS RECEIVED

TYPE OF VEHICLE	TOTAL COST FOR 36 MONTHS	COST PER MONTH	TOTAL COST	54 VEHICLES
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Canadian Vehicle Teasing

Ducck Motors Leasing Ltd.

Howard Carter Lease Ltd.

Jim Pattison League

NEW WEST NISSAN LTD.

Transportation Base Systems Inc.

Westminster Auto Leasing Ltd.

Wolfe Chevrolet Oldsmobile Ltd.

\$232.14	Nissan Micra 2 D.H.	Nissan Micra 4 D.H.
242.74		
\$267.23	Ford Escort L 2 D.H.	Ford Escort L 4 D.H.
294.35	Dodge Omni	Pontiac Firefly 2 D.H.
268.67		Pontiac Firefly 4 D.H.
257.21		
269.13		
\$197.96	Chevrolet Sprint 2 D.H.	Chevrolet Sprint 4 D.H.
209.09		
197.96	Nissan Micra 2 D.H.	Nissan Micra 4 D.H.
209.09		
209.09	Chevrolet Sprint 4 D.H.	Chevrolet Sprint 4 D.H.
197.96		
209.09	Nissan Micra 2 D.H.	Nissan Micra 4 D.H.
209.09		
209.09	Chevrolet Sprint 4 D.H.	Chevrolet Sprint 4 D.H.
209.09		
209.09	Nissan Micra 2 D.H.	Nissan Micra 4 D.H.
209.09		
209.09	Chevrolet Sprint 4 D.H.	Chevrolet Sprint 4 D.H.
209.09		
218.63	Chevrolet Sprint 4 D.H.	Chevrolet Sprint 4 D.H.
218.63		
235.59	Chevrolet Cavalier 2 D.H.	Chevrolet Cavalier 4 D.H.
235.59		
239.83	Chevrolet Cavalier 4 D.H.	Chevrolet Cavalier 4 D.H.
239.83		

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LEASE COMPANY	WESTMINISTER AUTO LEASING LTD.	WOLFE CHEVROLET OLDSMOBILE LTD.	MORREY NISSAN			
Vehicle Offered	Sprint/Micro	Sprint/Micro	Sprint	Sprint	Micro	Micro
(1) Base Monthly Price	\$165.50	\$149.50	\$168.50	\$158.50	\$191.18	\$199.36
Monthly Maintenance	21.25	21.25	23.75	23.75	Incl.	Incl.
Cost of Courtesy Car	1.50	1.50	2.00	2.00	n/c	n/c
(2) Cost Adjustment To Compare All Costs Based On 10% Prime Interest Rate	-2.50	-2.25	-3.25	-2.50	0	0
6% Provincial Sales Tax	11.15	10.20	11.46	10.91	11.47	11.96
Total Monthly Cost Per Vehicle	\$196.90	\$180.20	\$202.46	\$192.66	\$202.65	\$211.32
Total Cost For 54 Vehicles For Duration Of Lease	\$382,773.60	\$408,693.60	\$393,582.24	\$436,952.88	\$393,951.60	\$479,273.76

Service Location	4937 Regent St. Burnaby	1515 Boundary Rd. Burnaby	4451 Lougheed Hw. Burnaby	Hours of Service:	Mon - Fri, 7:30 - 5:30 Sat 8:30 - 4:00 (Starting Spring, 1988)	Mon - Fri, 7 am - Midnight Sat 8:30 - 4:30 For Any Hours Shop Is Closed
Emergency Bass Credit Card						
Manager's Report No. 69						
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(1) Based on a 10 1/2% prime interest rate for Westminister and Wolfe Chevrolet and 10% for Morrey Nissan.

(2) These figures were provided by the bidder.

