

September 20, 2018

Vendor Questions Regarding
RFP #626 – Fleet Services

*****Please note, the Question and Answer period for this RFP has now closed. These are the final questions being answered for this RFP.**

Vendor Question #1

Would you like these leases to be equity leases or net leases?

RCHSD Clarification Question to Vendor Question #1

Can you explain the difference between an equity and net lease?

Vendor Answer to Clarification Question #1

An equity lease is a finance to a residual book value. There are no wear & tare penalties, there are no mileage restrictions & Racine County retains ownership rights of the vehicle so when we sell the vehicle on your behalf, you are returned the proceeds of the vehicle sale less what is owed to enterprise at the end (the residual book value) These leases are generally higher payment than a net lease but since you retain rights of value of vehicle at the end, they are more cost effective because you get back the overpayment when we sell the vehicle.

A net lease is more like a dealership lease. Also called a close-ended lease, they are fixed mileage, there can be wear & tear penalties and mileage restrictions exist. These types of lease generally have a lower monthly payment up front than the Equity leases however when the provider of these types of leases sell the vehicle, they retain all equity from the sale of the vehicle not Racine County. They are only used by about 5% of our customers who have vehicles that have very predicable mileage patterns & are driven by executives & leaderships of organizations, so we generally do not recommend them.

RCHSD Answer to Question #1

An equity lease is preferred.

Vendor Question #2

If equity leases are desired, what depreciation percentage would you like us to use?

RCHSD Clarification Question #2

What depreciation percentages are recommended for an equity lease?

Vendor Answer to Clarification Question #2

The depreciation percentage we would recommend given a 60 mo. 15,000 mile per year equity lease is 1.35%. Depending on the vehicle you chose, this will leave you with a RBV of around \$3,00-\$3,500 with a fair market value for that vehicle between \$8,000-\$9,000 (again depending on the vehicle you chose). That will give us a good buffer between vehicle value & what is still owned. Racine County would then be entitled to, and receive the different between the RBV and what we sell the vehicle for.

RCHSD Answer to Question #2

Please use 1.35% for the depreciation percentage.

Vendor Question #3

Are you OK with all manufacturers?

RCHSD Answer to Question #3

Yes, provided the vehicles match the specifications required in the RFP.

Vendor Question #4

Can we submit additional documentation outside of what is asked for in the RFP so long as it doesn't identify who we are as a vendor?

RCHSD Answer to Question #4

Yes. Feel free to provide any additional information you feel would be helpful for the evaluation committee to gain an understanding of the services your agency provides.

Vendor Question #5

Should the vehicles be arriving 1/1/19 or is that just when the contracts would begin for our services?

RCHSD Answer to Question #5

The contract will start 1/1/19 and we would expect for the cars to be available 1/2/19 (after the Holiday).