



TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Chris Lagerbloom, ICMA-CM, City Manager

DATE: February 1, 2022

TITLE: Motion Approving Additional Down Payments for the Lease Agreements of
Twenty-One Harley-Davidson Electra Glide Police Motorcycles with
Harley-Davidson Leasing, Inc. – \$315,000 - (**Commission Districts 1, 2,
3 and 4**)

Recommendation

Staff recommends the City Commission approve the down payments for 21 of 22 Harley Davidson (HD) Motorcycles in the amount of \$15,000 per motorcycle to the selling dealer, Alligator Alley Harley Davidson (TMCAA), in conjunction with the 24-month leases for 22 Harley-Davidson Electra Glide Police Motorcycles with Harley-Davidson Leasing, Inc. (HDLI) for a total amount of \$315,000 (one-time payment).

Background

The City leases Harley-Davidson Police Motorcycles in lieu of purchasing the motorcycles, resulting in reduced maintenance costs and improved cost efficiency. The previous lease agreement ended in October 2020; however, the lease agreement was extended through April 2021 to allow time to issue a formal solicitation, order new motorcycles, and return the 20 previously leased motorcycles.

The Fleet Services Program staff performed a cost analysis and determined it was in the best interest of the City to continue to lease the police motorcycles. The Police Department (PD) is currently using HD motorcycles, and after reviewing motorcycle make and model options, PD proposed to continue specifying the HD brand motorcycles to ensure consistency in training, upfitting, and maintenance.

On October 2, 2020, the Procurement Services Division issued Invitation to Bid No. 12450-813. On October 27, 2020, the bid was extended as only one bid had been received. Staff reached out to Harley-Davidson corporate and local vendors to encourage more bids. On November 5, 2020, the bid opened, and staff received one bid and one no bid. The vendor who submitted the no bid stated lease pricing was not available until January 2021. The low bidder, TMCAA, met all specifications of the bid and was deemed the lowest cost, responsive and responsible bidder. No vendor indicated its status as a Minority Business Enterprise, Women Business Enterprise, or Small Business Enterprise.

HDLI is the exclusive entity from which anyone may lease HD motorcycles. TMCAA is the sole local HD dealer and is the authorized warranty and maintenance provider in closest proximity to Fort Lauderdale. The City owned three older HD motorcycles, valued at \$15,000 total, which were traded in, and the proceeds applied to the new leases. The lease rate is \$347.91 per month per motorcycle and includes upfitting the units with new emergency equipment and storage containers. The leases were approved by Commission vote on December 15, 2020, under CAM 20-0918.

At the time the 24-month leases were negotiated, there was a misunderstanding during negotiations that one single trade in value of \$15,000 would be applied collectively as a down payment to all of the 22 leases instead of to each individual lease, resulting in an underpayment of \$315,000. As a result of the foregoing error, the leases were commercially unreasonable and now have to be rectified and adjusted. This omission was discovered eight months after issuance of the Purchase Order and after the motorcycles were already placed into service. Following negotiations between counsel for TMCAA and the City Attorney’s Office, it was decided the existing leases, without the individual down payments, were not legally defensible and it would be in the City’s best interest to pay the remaining down payments, for a total of \$315,000, to TMCAA and continue the existing leases.

Resource Impact

There will be a current fiscal year impact to the City in the amount of \$315,000 as down payment for the lease of the motorcycles. Funds for the down payment will be available in the FY 2022 Operating Budget in the account listed below contingent upon the approval of the Consolidated Budget Amendment CAM 22-0011.

<i>Funds available as of January 13, 2022</i>					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
583-PBS580103-3307	Fleet Interdepartmental Chg	Services & Materials/ Vehicle Rental	\$595,000	\$178,405	\$315,000
TOTAL AMOUNT ►					\$315,000

Strategic Connections

This item supports the *Press Play Fort Lauderdale 2024* Strategic Plan, specifically advancing:

- The Internal Support Area
- Goal 8: Build a leading government organization that manages all resources wisely and sustainably.
- Objective: Provide safe, well-maintained, and efficient facilities and capital assets.

This item advances the *Fast Forward Fort Lauderdale 2035* Vision Plan: We Are Community.

Related CAM
22-0011

Attachment

Exhibit 1 – Example Lease Agreement – Harley Davidson Leasing

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