

MEMORANDUM

TO: Mayor Prussing

FROM: City Comptroller

RE: Comparison of Costs of Hybrid Vehicle vs. Subcompact

DATE: January 9, 2008

One of the Council and City goals is to reduce the fuel usage of city vehicles. Toward that end, the City has replaced the 2 meter patrol vehicles with hybrid vehicles and has ordered a hybrid vehicle to replace the Ford Taurus in CD. In both these instances, it made sense from both an operational and financial consideration to purchase the hybrid.

The City also needs to replace a subcompact vehicle used by the inspectors in CD. Because the cost of this new Ford Focus subcompact under state purchasing is remarkably low \$12,000 (cost of hybrid under state purchasing is \$24,000), the financial cost of purchasing a hybrid vehicle in this case is considerably higher and there is no operational reasons to purchase the hybrid.

Attached is a spread show showing the present value cost comparison. Even assuming the cost of gas will increase 10% annually (\$7.78/gallon in year 10), the present value of the subcompact is \$15,991 and the present value of the hybrid is \$25,961 or a savings of \$9,970 to purchase the Ford Focus subcompact.

While not abandoning the goal of purchasing more fuel efficient vehicles, my recommendation is to purchase the subcompact in this instance and continue to evaluate every vehicle purchase in the future.

If you agree, do you feel we need to bring this question to the attention of the City Council?

COMPARISON OF HYBRID CAR PURCHASES
01/09/08

PRICE OF HYBRID \$ 24,000
 PRICE OF SUBCOMPACT \$ 12,000
 CURRENT PRICE OF GAS/GALLON \$ 3
 ASSUME GAS PRICE INCREASE 10%.
 ASSUME SUBCOMPACT MILEAGE 25 MPG
 ASSUME HYBRID MILEAGE 30 MPG
 ASSUME SAME REPAIR COST

FOCUS	FOCUS \$ 3.00 PRICE/GAL.	MPG 25 # GAL.	FUEL \$\$	PV FACTOR	PV \$
PURCHASE PRICE			-	-	\$ 12,000
FUEL YR 1	\$ 3.30	132	\$ 436	0.952	415
FUEL YR 2	\$ 3.63	132	\$ 479	0.907	435
FUEL YR 3	\$ 3.99	132	\$ 527	0.864	455
FUEL YR 4	\$ 4.39	132	\$ 580	0.823	477
FUEL YR 5	\$ 4.83	132	\$ 638	0.784	500
FUEL YR 6	\$ 5.31	132	\$ 702	0.746	523
FUEL YR 7	\$ 5.85	132	\$ 772	0.711	549
FUEL YR 8	\$ 6.43	132	\$ 849	0.677	575
FUEL YR 9	\$ 7.07	132	\$ 934	0.645	602
FUEL YR 10	\$ 7.78	132	\$ 1,027	0.614	631
RESIDUAL VALUE = \$2,000			\$ -	0.585	(1,170)
\$7.30/GAL. YR 10 =	10%				\$ 15,991

HYBRID	\$ 3.00 PRICE/GAL.	MPG 30 # GAL.	FUEL \$\$	PV FACTOR	PV \$
PURCHASE PRICE			-	1.00	\$ 24,000
FUEL YR 1	\$ 3.30	110	\$ 363	0.952	346
FUEL YR 2	\$ 3.63	110	\$ 399	0.907	362
FUEL YR 3	\$ 3.99	110	\$ 439	0.864	379
FUEL YR 4	\$ 4.39	110	\$ 483	0.823	398
FUEL YR 5	\$ 4.83	110	\$ 531	0.784	417
FUEL YR 6	\$ 5.31	110	\$ 585	0.746	436
FUEL YR 7	\$ 5.85	110	\$ 643	0.711	457
FUEL YR 8	\$ 6.43	110	\$ 707	0.677	479
FUEL YR 9	\$ 7.07	110	\$ 778	0.645	502
FUEL YR 10	\$ 7.78	110	\$ 856	0.614	526
RESIDUAL VALUE = \$4,000			-	0.585	(2,340)
\$7.30/GAL. YR 10 =	10%				\$ 25,961