

Appendix 2. Summary of Quantitative / Qualitative Aspects of the Modo Agreement.

Potential Risks and Mitigation Strategies:

Potential Risks / Disadvantages	Mitigation Strategy
<ul style="list-style-type: none"> The vehicles will be used by car share members so the life cycle is reduced to five years instead of the City's average life cycle of 10 years, reducing the value of the vehicles at the end of the three-year term; if the vehicles are cycled out then Modo receives most of the value. 	<ul style="list-style-type: none"> Modo will be responsible for on-going replacement, therefore the City would see increasing benefits if the term extends beyond three years. There is also a benefit in increasing vehicle utilization.
<ul style="list-style-type: none"> Opportunity costs of the program are approximately \$55,100 which is the estimated value of the vehicles if they were owned and used by the City over the three-year term. 	<ul style="list-style-type: none"> Even when opportunity costs are included in the analysis, it is still \$7,390 less expensive (over the three-year term) to use Modo car share compared to the City maintaining its own fleet.
<ul style="list-style-type: none"> Breakeven analysis indicates that it would be more cost efficient for the City to operate its own fleet if Modo increased rates by \$0.10 per km or \$3.65 per hour. 	<ul style="list-style-type: none"> Based on Modo's last five years of rate data, per km rates have decreased by 2.2 per cent and hourly rates have increased on average by 7.8 per cent. If the same trends hold then we expect to remain below the breakeven point for the next three years.
<ul style="list-style-type: none"> Some loss of control regarding the ability to direct how the fleet of vehicles are used and the service provided to the City employees, as the City will no longer own the fleet at City Hall. 	<ul style="list-style-type: none"> Staff will work with Modo and review progress on an annual basis to ensure that the City's needs are still being met.

Potential Benefits:

Financial:

- Estimated savings of \$62,490 in operational costs (over a three-year term) with the Modo program;
- Even when opportunity costs are included in the analysis, it is still \$7,390 less expensive (over the three-year term) to use Modo car share compared to the City maintaining its own fleet;
- If the term extends beyond the expected replacement period (3-5 years), the City will no longer be responsible for replacement costs;
- Eliminates the initial cost of \$83,600 to purchase a new booking software as the current one is no longer supported; and
- Access to car share vehicles when employees fly to Vancouver or Victoria for official city business can reduce costs compared to taxi or car-rental.

Non-Financial Benefits:

- Brings expertise to the car share program because Modo is a well established organization that has been in business for 20 years;
- Aligns with Council priority 'open for opportunity' by providing and expanding a car share program within City limits;
- Aligns with the City's goals of reducing our community's greenhouse gas emissions as well as increasing alternative modes of transportation;
- Eliminates maintenance and administrative requirements of maintaining the fleet vehicles at City Hall;
- Potential for an increase in the number of vehicles available and locations for City staff if the car share program grows;
- Better overall utilization of City vehicles; and
- Reduced demand for parking.