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To: [redacted], President & [redacted], C.F.O.
From: Alanna Hagedorn, [redacted]
Date: March 27, 2021
Subject: Proposal to Research Electric Vehicles

[redacted] will soon be in the market to update a portion of the company's vehicle fleet and looking to purchase 38 cars and 10 Sports Utility Vehicles (SUVs) to replace the current, 2012 models. The increasing demand for [redacted] services and the worsening traffic in the Virginia, Delaware, and Maryland metropolitan areas have led to pressure in finding the most cost-effective cars to supplement the current vehicle fleet. It is my understanding that electric vehicles could offer cost savings for the company as well as a more efficient and environmentally sustainable way to reach our expanding customer demands. I am requesting permission to research electric vehicles and examine the viability of adding them to our fleet.

Current Costs
Service representatives commuting to customer sites across three states can be expensive with gas and the associated car maintenance costs.

Cost factors to consider include:

- Average gas price: $3.09 (EIA, 2021)
  - A steady increase in fuel prices since May 2020 (EIA, 2021)

- Each customer service representative travels an average of 200 miles per day
  - Average of five calls per day, each call averages 40 miles round trip

- The service representatives have seen longer commutes because of worsening traffic
  - Heavy traffic decreases a vehicle's fuel efficiency
  - Idling increases gas and oil usage leading to more frequent tank refills and oil changes

- The average mileage for the existing fleet of cars is 125,000–135,000 miles per car

- The company has spent an average of $16,000 per year on vehicle maintenance over the past three years
  - As cars age, maintenance costs typically increase

Potential Improvements
Adding electric vehicles into our existing fleet could offer the company long-term cost savings and improved environmental sustainability.

Supporting factors include:

- Federal tax breaks and state incentives for electric vehicles as a “green” initiative

- Lower maintenance costs
  - Newer cars require less maintenance
  - Electric vehicles have fewer parts to maintain

- Increased vehicle longevity

- Reduced carbon emissions
  - This data can be shared as part of the company’s annual sustainability plan

Recommendations
It is in the company’s best interest to further research the current (2021) electric vehicle offerings. We know that electric vehicles are more expensive to purchase as manufacturing costs are higher and the customer demand is lower than with traditional vehicles. A cost analysis should be conducted to determine if the initial cost of purchasing electric vehicles is worth the long-term cost savings. Electric vehicles may offer annual savings in gas usage, maintenance costs, and government incentives. The vehicles can also enhance the company’s environmental sustainability effort which is important to our customers and employees. Many companies are not willing to emphasize sustainability and long-term savings over the initial vehicle price. This challenge could offer [redacted] a competitive advantage.

Conclusion
Electric vehicles have the potential to save [redacted] money while also expanding the company’s customer base. Customers want to support an environmentally and socially responsible company, and incorporating electric vehicles is one way [redacted] can make a clear and strong effort. If you have any questions or concerns, I would love to speak with you about this exciting opportunity.