

Memorandum



Date: August 20, 2026
To: Buchanan City Commission
From: Tony McGhee
Subject: Vehicle Lease

Background

In June 2025, the City Commission approved entering into a master lease with Enterprise Fleet Management as part of the City's effort to address an aging vehicle fleet. At that time, staff had identified a significant backlog of replacement needs, including vehicles that had been in service for more than 15 years. Years of deferring vehicle purchases due to budget limitations had created a situation where several high priority replacements needed to be addressed at the same time.

The leasing program gave the City a way to accelerate those initial replacements without requiring the full purchase cost of several vehicles in a single budget year. It also began bringing the overall age and condition of the fleet into a more manageable range while providing predictable costs and more dependable vehicles for daily operations.

As staff has continued working through the fleet, two additional vehicles have now reached the point where they need to be replaced. The first is a dump truck used by the Cemetery Department. The second is a pickup used by the Public Works Department. Both existing vehicles have aged out, and continued reliance on them increases the likelihood of repairs, downtime, and interruptions to the work performed by the two departments.

The cemetery dump truck supports grounds maintenance and material handling throughout the cemetery. The Public Works pickup is used for daily field operations and to move staff, tools, and materials throughout the community. Replacing both units will provide dependable equipment while reducing the time and money required to keep older vehicles in service.

The City moved to a vehicle leasing program last year because the replacement backlog could not be responsibly corrected through the normal purchase of one vehicle

at a time. Leasing allowed the most immediate needs to be addressed quickly while spreading the cost over a predictable schedule.

With the vehicles approved last year and the two replacements in this request, staff believes the City will be in a better position to begin purchasing fleet vehicles again within the next two fiscal years. This is not a recommendation that every future vehicle be leased. The longer term goal is a balanced replacement program that uses purchasing or leasing based on fleet condition, available funding, operating needs, and overall value.

The proposed lease cost includes all maintenance needs for both vehicles through Enterprise, along with the fleet management tools and support included in the City's master lease program. These services provide better information on maintenance, operating costs, vehicle use, replacement timing, and fleet condition. Including maintenance also provides more predictable costs and reduces exposure to unexpected repairs and extended downtime.

Staff is requesting authorization to increase the City's monthly Enterprise lease amount by up to \$2,170 for the two replacement vehicles. Staff is also requesting up to \$8,000 for the initial buildouts and other fees necessary to place the vehicles into service.

Cost Component	Amount	Notes
Additional monthly lease authorization	\$2,170	Maximum monthly increase for both vehicles
Initial buildouts and other fees	\$8,000	One time maximum authorization

Payments will begin only after each vehicle is delivered and accepted. If the final vehicle selections, buildouts, or fees would exceed the amounts authorized by the Commission, staff will return for additional approval before proceeding.

The City has made progress on the oldest and most immediate fleet needs through the leasing program. After this request, staff intends to shift back toward planned vehicle purchases over the next two fiscal years while continuing to evaluate each replacement based on age, condition, use, repair history, and available funding. This approach gives the City flexibility without committing to one financing method for every vehicle.

Recommendation

Staff recommends that the City Commission approve the addition of one cemetery dump truck and one Public Works pickup to the City's existing Enterprise master lease; increase the authorized monthly lease amount by up to \$2,170; authorize up to \$8,000 for initial vehicle buildouts and other fees; and authorize the City Manager to finalize the vehicle selections and execute the applicable lease schedules and related documents. The necessary funding for this activity was included in the approved FY26/27 budget.