

Memorandum



Date: June 23, 2025

To: Buchanan City Commission

From: Tony McGhee

Subject: City Fleet Modernization – Authorization to Enter into Lease Agreement

Background

As part of the City's ongoing efforts to improve operational efficiency and better manage long-term capital planning, staff has conducted a review of the City's vehicle fleet. This review highlighted that many of our existing vehicles are aging and increasingly costly to maintain, with some units exceeding 15 years of service. While vehicle replacement has historically been deferred due to budget limitations, this approach has created a backlog of needs across departments.

To address this, staff is recommending the leasing of the following vehicles:

- Two new police patrol vehicles
- One new pickup truck for the Water Department
- One new general-use pool vehicle for citywide operations

Rationale for Leasing

Leasing vehicles offers several advantages for municipalities, especially in an environment where financial resources are constrained:

1. Leasing allows the City to replace high-mileage, maintenance-heavy vehicles without requiring large upfront capital expenditures. This is particularly important as the City works to manage limited general fund and enterprise budgets.
2. Lease payments will be consistent and predictable, allowing for easier long-term planning and avoiding unexpected repair costs that often come with aging vehicles.
3. Newer vehicles will require significantly less maintenance, and warranties typically cover major repairs. This reduces both direct costs and productivity loss from vehicles being out of service.
4. Police and utility services require dependable vehicles to perform their duties efficiently. Leasing ensures that officers and staff are equipped with modern, safe, and efficient vehicles that can support their operational needs.

5. Entering into lease cycles enables the City to begin aligning its fleet by age and purpose. This strategic approach supports a sustainable replacement schedule over time and helps avoid future spikes in capital needs.

Under the proposed lease, the maintenance of police vehicles will be the responsibility of the City. The maintenance of the Water Department truck and the pool car that will be used for a variety of things are included in the lease. The lease cost also includes fleet tracking devices on these vehicles which are a good management tool which will provide the City extra protection should there be an incident.

Recommendation

Given the aging condition of the City's existing fleet, the rising cost of maintenance, and the flexibility that leasing offers, it is recommended that the City Commission approve the leasing of two new police patrol vehicles, one truck for the Water Department, and one general-use pool vehicle from Enterprise, at a cost not to exceed \$4,000 per month. This approval is contingent upon review and approval of the lease agreement by the City Attorney. The maximum monthly expense is based on estimated pricing, as final vehicle selections have not yet been made.

While leasing typically offers the greatest value when vehicles are ordered directly from the manufacturer, that process can take up to six months and is not practical given the immediate need for these first four vehicles. As a result, Enterprise will secure the vehicles from existing dealership inventory and lease them to the City. The \$4,000 monthly limit reflects the high end of projected lease costs. A sample lease estimate for the Water Department truck is included in Attachment A; actual lease costs may vary based on final vehicle selection but are expected to align with or come in below the projected figures.

Funding for these leases has been included in the FY 2025–26 budget under the appropriate departmental allocations. This leasing approach allows the City to modernize key components of its fleet in a financially responsible manner, ensuring our frontline services are reliable and adequately equipped while beginning to normalize the overall age of our municipal vehicles.

Attachment A



Prepared For: City of Buchanan

Date 07/22/2025
AE/AM RAM

Unit #
Year 2025 Make Chevrolet Model Silverado 1500
Series LT w/1LT 4x4 Crew Cab 6.6 ft. box 157 in. WB
Vehicle Order Type In-Stock Term 60 State MI Customer# 653247

quantity x 1

\$ 52,768.67	Capitalized Price of Vehicle ¹
\$ 0.00	* Sales Tax <u>0.0000%</u> State <u>MI</u>
\$ 103.00	* Initial License Fee
\$ 0.00	Registration Fee
\$ 450.00	Other: (See Page 2)
\$ 0.00	Capitalized Price Reduction
\$ 0.00	Gain Applied From Prior Unit
\$ 0.00	* Security Deposit
\$120.00	* Taxes
\$ 53,218.67	Total Capitalized Amount (Delivered Price)
\$ 798.28	Depreciation Reserve @ <u>1.5000%</u>
\$ 273.51	Monthly Lease Charge (Based on Interest Rate - Subject to a Floor) ²
\$ 1,071.79	Total Monthly Rental Excluding Additional Services
	Additional Fleet Management
	Master Policy Enrollment Fees
\$ 0.00	Commercial Automobile Liability Enrollment
	Liability Limit <u>\$0.00</u>
\$ 0.00	Physical Damage Management
\$ 59.14	Full Maintenance Program ³ Contract Miles <u>50,000</u>
	Incl: # Brake Sets (1 set = 1 Axle) <u>0</u>
\$ 59.14	Additional Services SubTotal
\$ 64.31	Tax <u>6.0000%</u> State <u>MI</u>
\$ 1,195.24	Total Monthly Rental Including Additional Services
\$ 5,321.87	Reduced Book Value at <u>60</u> Months
\$ 495.00	Service Charge Due at Lease Termination

All language and acknowledgments contained in the signed quote apply to all vehicles that are ordered under this signed quote.

Order Information

Driver Name

Exterior Color (0 P) Sterling Gray Metallic

Interior Color Jet Black w/Cloth Seat Trim

Lic. Plate Type Government

GVWR 0

Comp/Coll Deductible 0 / 0
OverMileage Charge \$ 0.0000 Per Mile
Tires 0 Loaner Vehicle Not Included

Quote based on estimated annual mileage of 10,000
(Current market and vehicle conditions may also affect value of vehicle)
(Quote is Subject to Customer's Credit Approval)
Notes

Enterprise FM Trust will be the owner of the vehicle covered by this Quote. Enterprise FM Trust (not Enterprise Fleet Management) will be the Lessor of such vehicle under the Master Open - End (Equity) Lease Agreement and shall have all rights and obligations of the Lessor under the Master Open - End (Equity) Lease Agreement with respect to such vehicle. Lessee must maintain insurance coverage on the vehicle as set forth in Section 11 of the Master Open-End (Equity) Lease Agreement until the vehicle is sold.

ALL TAX AND LICENSE FEES TO BE BILLED TO LESSEE AS THEY OCCUR.
Lessee hereby authorizes this vehicle order, and agrees to lease the vehicle on the terms set forth herein and in the Master Equity Lease Agreement. In the event Lessee fails or refuses to accept delivery of the ordered vehicle, Lessee agrees that Lessor shall have the right to collect damages, including, but not limited to, a \$500 disposal fee, interest incurred, and loss of value.

LESSEE City of Buchanan		
BY	TITLE	DATE

* INDICATES ITEMS TO BE BILLED ON DELIVERY.
¹ Capitalized price of vehicle may be adjusted to reflect final manufacturer's invoice, plus a pre delivery interest charge. Lessee hereby assigns to Lessor any manufacturer rebates and/or manufacturer incentives intended for the Lessee, which rebates and/or incentives have been used by Lessor to reduce the capitalized price of the vehicle.
² Monthly lease charge will be adjusted to reflect the interest rate on the delivery date (subject to a floor).
³ The inclusion herein of references to maintenance fees/services are solely for the administrative convenience of Lessee. Notwithstanding the inclusion of such references in this [Invoice/Schedule/Quote], all such maintenance services are to be performed by Enterprise Fleet Management, Inc., and all such maintenance fees are payable by Lessee solely for the account of Enterprise Fleet Management, Inc., pursuant to that certain separate [Maintenance Agreement] entered into by and between Lessee and Enterprise Fleet Management, Inc.; provided that such maintenance fees are being billed by Enterprise FM Trust, and are payable at the direction of Enterprise FM Trust, solely as an authorized agent for collection on behalf of Enterprise Fleet Management, Inc.

Other Totals

Description	(B)illed or (C)apped	Price
Initial Administration Fee	C	\$ 250.00
Dealer Quoted Delivery	C	\$ 200.00
Courtesy Delivery Fee	C	\$ 0.00
Total Other Charges Billed		\$ 0.00
Total Other Charges Capitalized		\$ 450.00
Other Charges Total		\$ 450.00

VEHICLE INFORMATION:

2025 Chevrolet Silverado 1500 LT w/1LT 4x4 Crew Cab 6.6 ft. box 157 in. WB - US

Series ID: CK10743

Pricing Summary:

	INVOICE	MSRP
Base Vehicle	\$50,908.1	\$54,100.00
Total Options	\$-591.50	\$-650.00
Destination Charge	\$2,195.00	\$2,195.00
Total Price	\$52,511.60	\$55,645.00

SELECTED COLOR:

Exterior:

GXD-(0 P) Sterling Gray Metallic

Interior:

H0U-Jet Black w/Cloth Seat Trim

SELECTED OPTIONS:

CODE	DESCRIPTION	INVOICE	MSRP
1LT	Preferred Equipment Group 1LT	NC	NC
360XM	SiriusXM w/360L Trial Subscription	Included	Included
A2X	10-Way Power Driver Seat w/Lumbar	Included	Included
A68	Rear 60/40 Folding Bench Seat (Folds Up)	Included	Included
AED	Power Front Windows w/Passenger Express Down	Included	Included
AEQ	Power Rear Windows w/Express Down	Included	Included
AKO	Deep-Tinted Glass	Included	Included
AVJ	Keyless Open & Start	Included	Included
AXG	Power Front Windows w/Driver Express Up/Down	Included	Included
AZ3	40/20/40 Front Split-Bench Seat	STD	STD
B30	Color-Keyed Carpeting Floor Covering	Included	Included
B32	Front Rubberized Vinyl Floor Mats	Included	Included
B33	Rear Rubberized-Vinyl Floor Mats	Included	Included
B59_	Remote Start Package	Included	Included
BLUE	Bluetooth For Phone	Included	Included
BTV	Remote Vehicle Starter System	Included	Included
BVT	Chrome Assist Steps	\$637.00	\$700.00
C49	Electric Rear-Window Defogger	Included	Included
C5W	GVWR: 7,000 lbs (3,175 Kg)	STD	STD
CJ2	Dual-Zone Automatic Climate Control	Included	Included
CTT	Hitch Guidance	Included	Included
D31	Inside Rearview Mirror w/Tilt	Included	Included
DLF	Heated Power-Adjustable Outside Mirrors	Included	Included
DP9	Chrome Mirror Caps	Included	Included
ENGCR	TurboMax Engine Credit	\$-1,228.50	\$-1,350.00
G80	Auto-Locking Rear Differential	Included	Included
GU6	3.42 Rear Axle Ratio	Included	Included
GXD_02	(0 P) Sterling Gray Metallic	NC	NC
H0U_01	Jet Black w/Cloth Seat Trim	NC	NC
IOK	Radio: Chevrolet Infotainment 3 Premium System	STD	STD
JL1	Integrated Trailer Brake Controller	Included	Included
K34	Electronic Cruise Control	Included	Included
KA1	Heated Driver & Front Outboard Passenger Seats	Included	Included

CODE	DESCRIPTION	INVOICE	MSRP
KC9	120-Volt Bed Mounted Power Outlet	Included	Included
KI3	Heated Steering Wheel	Included	Included
KI4	120-Volt Interior Power Outlet	Included	Included
KW5	220 Amp Alternator	Included	Included
L3B	Engine: TurboMax	STD	STD
MFC	Transmission: 8-Speed Automatic	Included	Included
N37	Manual Tilt/Telescoping Steering Column	Included	Included
N57	Wrapped Steering Wheel	Included	Included
PAINT	Solid Paint	STD	STD
PCL	Convenience Package	Included	Included
PDU	All-Star Edition	Included	Included
PED	Chevy Safety Assist	Included	Included
Q5U	Wheels: 17" X 8" Bright Silver Painted Aluminum	STD	STD
QBN	Tires: 255/70R17 as BW	STD	STD
QBR	255/70R17 as BW Spare Tire	Included	Included
QK1	Standard Tailgate	Included	Included
QT5	EZ Lift Power Lock & Release Tailgate	Included	Included
STDTM	Cloth Seat Trim	Included	Included
TDM	Teen Driver	Included	Included
TQ5	IntelliBeam Automatic High Beam On/Off	Included	Included
UBI	Dual Rear USB Ports (Charge Only)	Included	Included
UDV	12.3" Multicolor Reconfigurable Digital Display	Included	Included
UE1	OnStar Services Capable	Included	Included
UE4	Following Distance Indicator	Included	Included
UEU	Forward Collision Alert	Included	Included
UF2	LED Cargo Area Lighting	Included	Included
UHX	Lane Keep Assist w/Lane Departure Warning	Included	Included
UHY	Automatic Emergency Braking	Included	Included
UJN	Tire Pressure Monitoring System	Included	Included
UK3	Steering Wheel Audio Controls	Included	Included
UKJ	Front Pedestrian Braking	Included	Included
UQF	6-Speaker Audio System	Included	Included
UTJ	Theft Deterrent System (Unauthorized Entry)	Included	Included
UVB	HD Rear Vision Camera	Included	Included
V76	Front Frame-Mounted Black Recovery Hooks	Included	Included
VV4	Wi-Fi Hot Spot Capable	Included	Included
Z82	Trailer Package	Included	Included
Z85	Standard Suspension Package	STD	STD

CONFIGURED FEATURES:

Body Exterior Features:

Number Of Doors: 4
Rear Cargo Door Type: tailgate
Driver And Passenger Mirror: power remote heated manual folding side-view door mirrors
Convex Driver Mirror: convex driver and passenger mirror
Side Steps: yes
Door Handles: body-coloured
Front And Rear Bumpers: chrome front and rear bumpers with body-coloured rub strip
Rear Step Bumper: rear step bumper
Front Bumper Insert: black front bumper insert
Front Tow Hooks: 2 front tow hooks
Box Style: regular
Body Material: galvanized steel/aluminum body material
: class IV trailering with harness, hitch, brake controller
Grille: grille with chrome bar

Convenience Features:

Air Conditioning: automatic dual-zone front air conditioning
Console Ducts: console ducts
Voice Activated A/C: voice activated air conditioning
Cruise Control: cruise control with steering wheel controls
Power Windows: power windows with front and rear 1-touch down
Remote Keyless Entry: yes remote keyless entry
Illuminated Entry: illuminated entry
Integrated Key Remote: integrated key/remote
Auto Locking: auto-locking doors
Passive Entry: Keyless Open/Keyless Start proximity key
Trunk FOB Controls: keyfob trunk/hatch/door release
Window FOB Controls: remote window controls
Remote Engine Start: keyfob remote start - yes
Steering Wheel: heated steering wheel with manual tilting, manual telescoping
Day-Night Rearview Mirror: day-night rearview mirror
Driver and Passenger Vanity Mirror: illuminated driver and passenger-side visor mirrors
Emergency SOS: OnStar emergency communication system
Front Cupholder: front cupholder
Overhead Console: mini overhead console with storage
Glove Box: locking glove box
Driver Door Bin: driver and passenger door bins
Rear Door Bins: rear door bins
Seatback Storage Pockets: 2 seatback storage pockets
Dashboard Storage: dashboard storage
IP Storage: covered bin instrument-panel storage
Front Underseat Storage Tray: locking front underseat storage tray
Driver Footrest: driver's footrest
Retained Accessory Power: retained accessory power
AC Power Outlet: 1 interior 120V AC power outlet

Entertainment Features:

radio: AM/FM/Satellite with seek-scan
Radio Data System: radio data system
Voice Activated Radio: voice activated radio
Steering Wheel Radio Controls: steering-wheel mounted audio controls
Speakers: 6 speakers
Internet Access: Wi-Fi Hotspot capable internet access
TV Tuner: OnStar Turn-by-Turn Navigation turn-by-turn navigation directions
1st Row LCD: 2 1st row LCD monitor
Wireless Connectivity: wireless phone connectivity
Antenna: fixed antenna

Lighting, Visibility and Instrumentation Features:

Headlamp Type: delay-off reflector LED low/high beam headlamps
Auto-Dimming Headlights: IntelliBeam auto high-beam headlights
Cab Clearance Lights: cargo bed light
Front Wipers: variable intermittent wipers
Rear Window Defroster: rear window defroster
Tinted Windows: deep-tinted windows
Dome Light: dome light with fade
Front Reading Lights: front and rear reading lights
Variable IP Lighting: variable instrument panel lighting
Display Type: analog appearance
Tachometer: tachometer
Voltmeter: voltmeter
Compass: compass
Exterior Temp: outside-temperature display
Low Tire Pressure Warning: tire specific low-tire-pressure warning
Trip Computer: trip computer
Trip Odometer: trip odometer
Lane Departure Warning: lane departure
Front Pedestrian Braking: front pedestrian detection
Following Distance Indicator: following distance alert
Forward Collision Alert: forward collision
Oil Pressure Gauge: oil pressure gauge
Water Temp Gauge: water temp. gauge
Engine Hour Meter: engine hour meter
Clock: digital clock
Systems Monitor: driver information centre
Check Control: redundant digital speedometer
Rear Vision Camera: rear vision camera
Oil Pressure Warning: oil-pressure warning
Water Temp Warning: water-temp. warning
Battery Warning: battery warning
Low Oil Level Warning: low-oil-level warning
Low Coolant Warning: low-coolant warning
Lights On Warning: lights-on warning
Key in Ignition Warning: key-in-ignition warning
Low Fuel Warning: low-fuel warning
Low Washer Fluid Warning: low-washer-fluid warning
Door Ajar Warning: door-ajar warning
Brake Fluid Warning: brake-fluid warning
Turn Signal On Warning: turn-signal-on warning
Transmission Fluid Temperature Warning: transmission-fluid-temperature warning
Brake Pad Wear: brake pad wear

Safety And Security:

ABS: four-wheel ABS brakes
Number of ABS Channels: 4 ABS channels
Brake Assistance: brake assist
Brake Type: DuraLife four-wheel disc brakes
Vented Disc Brakes: front and rear ventilated disc brakes
Daytime Running Lights: daytime running lights
Spare Tire Type: full-size spare tire
Spare Tire Mount: underbody mounted spare tire w/crankdown
Driver Front Impact Airbag: driver and passenger front-impact airbags
Driver Side Airbag: seat-mounted driver and passenger side-impact airbags
Overhead Airbag: curtain 1st and 2nd row overhead airbag
Occupancy Sensor: front passenger airbag occupancy sensor
Seatbelt Pretensioners: front seatbelt pre-tensioners
3Point Rear Centre Seatbelt: 3 point rear centre seatbelt
Side Impact Bars: side-impact bars

Perimeter Under Vehicle Lights: remote activated perimeter/approach lights
Tailgate/Rear Door Lock Type: tailgate/rear door lock included with power door locks
Rear Child Safety Locks: rear child safety locks
Ignition Disable: immobilizer
Security System: security system
Panic Alarm: panic alarm
Tracker System: tracker system
Electronic Stability: StabiliTrak w/Proactive Roll Avoidance electronic stability stability control with anti-rollover
Traction Control: ABS and driveline traction control
Front and Rear Headrests: manual adjustable front head restraints
Rear Headrest Control: 2 rear head restraints

Seats And Trim:

Seating Capacity max. seating capacity of 6
Front Bucket Seats: front split-bench 40-20-40 seats
Front Heated Cushion: driver and passenger heated
Number of Driver Seat Adjustments: 8-way driver and passenger seat adjustments
Reclining Driver Seat: power reclining driver and manual reclining passenger seats
Driver Lumbar: power 2-way driver and passenger lumbar support
Driver Height Adjustment: power height-adjustable driver and passenger seats
Driver Fore/Aft: power driver and passenger fore/aft adjustment
Driver Cushion Tilt: power driver and passenger cushion tilt
Front Centre Armrest Storage: front centre armrest with storage
Rear Seat Type: rear 60-40 split-bench seat
Rear Folding Position: rear seat fold-up cushion
Leather Upholstery: cloth front and rear seat upholstery
Door Trim Insert: vinyl door panel trim
Headliner Material: full cloth headliner
Floor Covering: full carpet floor covering
Cabback Insulator: cabback insulator
Dashboard Console Insert, Door Panel Insert Combination: simulated wood/metal-look instrument panel insert, door panel insert, console insert
Shift Knob Trim: urethane shift knob
LeatherSteeringWheel: leatherette steering wheel
Floor Mats: rubber front and rear floor mats
Interior Accents: chrome interior accents

Standard Engine:

Engine 310-hp, 2.7-liter I-4 (regular gas)

Standard Transmission:

Transmission 8-speed automatic w/ OD and auto-manual