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Analysis of Enterprise Lease Program for the Period of January 1, 2018 through December 31, 2024

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Purpose and Scope

This analysis examines cost trends and fleet composition changes associated with Erie County's transition from a vehicle ownership model to an open-ended leasing structure administered through the Enterprise Lease Program.

The review relies on SAP financial records, the Enterprise lease reports that were available, and Fleet Bureau inventory data covering 2012 through 2025. Pre-implementation costs (2012-2018) are compared against post-implementation costs (2019-2025) and against the financial projections presented at the time of legislative approval.

This is a high-level analysis, not a comprehensive study. It identifies observable patterns in spending and fleet composition but does not adjust for inflation, changes in fleet size, or shifts in service levels over time.

Background

On July 26, 2018 (Comm. 14E-45), the Legislature approved replacing the County's traditional vehicle ownership model with an open-ended lease arrangement administered through Enterprise. The program was expected to lower maintenance costs, allow more frequent vehicle replacement, and generate approximately $3.7 million in proceeds from selling off portions of the existing fleet (trade-ins). Implementation began in late 2018, and 2019 was the first full year of operation.

Early in the program, proceeds from vehicle trade-ins were applied directly against lease invoices, reducing the amounts billed. Over the course of 2019, the County shifted to recording those proceeds separately, Enterprise would remit a check and the amount was recorded in a surplus account rather than credited against individual invoices. This was a more standardized approach, but it had a practical downside because the lump-sum payments from Enterprise no longer identified which vehicles were sold or how many and no supporting detail was found in SAP. As a result, vehicle level trade-in data is not available for most of the review period.

Legislative Projections vs. Actual Lease Volume

When the Legislature approved the program, the Department of Public Works projected that the County would lease up to 395 vehicles for the general fleet over ten years and 187 vehicles for the Sheriff's Office over 8 years for a combined total of 582 leased vehicles.

As of December 31, 2025, the County had 552 active leases: 303 for the general fleet and 249 for the Sheriff's Office. The Sheriff's Office has already exceeded its eight-year projection by 62 vehicles with one year remaining. General fleet leasing continues to grow and, if recent growth rates hold, total leased vehicles across both fleets could exceed the original 582-unit projection before the ten-year period ends in 2029.

Chart #1: Number of leases based on projection

# of Leased Vehicles	Projected Inventory	Current # Leases thru 2025	Remaining # Leases in Projection	Remaining years in Projection
General Fleet (10-year projection)	395	303	92	3 years (thru 2029)
Sheriff's Department (8-year projection)	187	249	(62)	1 year (thru 2026)
Total	**582**	**552**	**30**	

Reaching projected scale matters because the original cost projections assumed that trade-in proceeds and reduced maintenance spending would offset a significant portion of lease costs. As discussed below, those offsets did not materialize as anticipated.

Fleet Composition Trends

Erie County's vehicle fleet has grown substantially over the past decade. A 2014 audit of Fleet reported that the County owned 556 vehicles. As of October 1, 2024, Fleet Bureau records indicate a total of 1,227 owned and leased vehicles excluding equipment such as trailers, snowmobiles, and motorcycles. This represents an increase of 671 vehicles, or approximately 121%, over the ten-year period.

The transition to a leasing model shifted vehicle acquisition costs from upfront capital expenditures to recurring operating expenditures. This change may have reduced immediate budgetary constraints associated with vehicle purchases and therefore increased the risk of fleet expansion.

Chart # 2: Vehicle inventory based on Fleet Bureau date thru 10/1/24

	2014			2024			Change
Department	Lease	Own	Total	Lease	Own	Total	2024-2014
Board of Elections		3	3	1	6	7	**4**
Central Police Services		6	6	4		4	**-2**
County Clerk		2	2	7		7	**5**
County Executive			0	1		1	**1**
DISS		1	1	1		1	**0**
District Attorney		17	17	24		24	**7**
DPW		13	13			0	**-13**
Buildings & Grounds			0	22	14	36	**36**
Division of Highways		49	49	105	225	330	**281**
Fleet		98	98	14	2	16	**-82**
Environment & Planning		1	1	1		1	**0**
Health		9	9	3		3	**-6**
Homeland Security		26	26	34	74	108	**82**
Library		9	9		11	11	**2**
Parks		44	44	70	69	139	**95**
Probation		3	3	8		8	**5**
Purchasing			0		3	3	**3**
Senior Services		8	8		18	18	**10**
Sewers		96	96		152	152	**56**
Sheriff's Office		147	147	276	67	343	**196**
Jail Management		7	7			0	**-7**
Social Services		7	7	4	2	6	**-1**
Weights & Measures			0	5	1	6	**6**
Youth Detention		1	1		3	3	**2**
ECMC		9	9			0	**-9**
Total Vehicles	**0**	**556**	**556**	**580**	**647**	**1227**	**671**

Chart #3: Lease vehicle inventory from Enterprise data as of 12/31/25			
# of Leased Vehicles	**2023**	**2024**	**2025**
General Fleet	242	269	303
Sheriff's Department	193	240	249
Total	**435**	**509**	**552**

Data Reliability and Reconciliation Issues

During our review of leased vehicles, we compared the 2024 Fleet Bureau inventory records (580 leased vehicles in 2024) to reports obtained from Enterprise (509 vehicles in 2024). This analysis identified a discrepancy of 71 vehicles between the two sources. (*Refer to charts 2 & 3)*

These inconsistencies are similar to reconciliation issues noted in prior audit work and reflect known inaccuracies in Fleet's inventory records. Specifically:

- Some vehicles were recorded in the system prior to being placed into service; and
- Certain disposed vehicles remained listed as active.

As a result, fleet inventory data should be considered approximate rather than fully reconciled. This limitation does not materially affect the overall trend of significant fleet growth, but it may impact the precision of reported vehicle counts.

Revenue from Disposition of Vehicles (Trade-Ins)

At the time the County's vehicle leasing program was approved by the Legislature, projected revenues from vehicle trade-ins over the 10-year life of the program were estimated at $3,706,427.

Chart #4: Revenue from disposition of vehicles (trade-ins)	
Year	**Revenue from Settled Units (vehicles traded-ins)**
2019	$487,621.46
2020	$619,712.51
2021	$194,486.00
2022	$259,959.67
2023	$337,978.00
2024	$420,376.00
2025	$268,824.48
Total	**$2,588,958.12**
Estimated revenue at time of approval	$3,706,427.00
Difference	**-$1,117,468.88**

For the period 2019 through 2025, County records show actual revenue from the disposition of vehicles, primarily trade-ins, totaling $2,588,958. While actual revenues to date are approximately $1,117,469 below the original 10-year projection, the program remains ongoing through 2029, and additional trade-in revenues are expected during the remaining years if the Legislature elects to continue participation in the leasing program at the current pace. This is particularly relevant given that the Sheriff's Office exceeded the number

of leased vehicles originally projected, which increases overall program costs relative to the assumptions used in developing the original cost and revenue model. As a result, it is premature to conclude whether the final revenues generated under the program will ultimately meet, exceed, or fall below original estimates.

Additionally, there was no evidence of a formal process to periodically reassess and update residual value assumptions or projected trade-in revenues throughout the life of the program.

Trade-in revenue is intended to partially offset vehicle acquisition and leasing costs. Accordingly, monitoring actual revenues against projected amounts throughout the program term is important to ensure long-term financial assumptions remain reasonable, particularly as the Sheriff's Office exceeded the number of leased vehicles originally projected, thereby increasing overall program costs relative to initial planning assumptions.

High-mileage fleet operations, such as those within the Sheriff's Office, may reduce the financial advantages associated with open-end leasing arrangements if residual value assumptions are not achieved. Accordingly, periodic cost-benefit analyses should be performed to evaluate whether leasing remains the most economical fleet management strategy.

Absent accurate and regularly updated projections, County Legislators may not have had complete or reliable information regarding the program's ongoing financial performance. This may have limited the County's ability to:

- Fully evaluate the cost-effectiveness of the leasing program
- Accurately assess fleet size, utilization, and replacement needs
- Make informed, data-driven decisions regarding fleet growth and vehicle replacement

Additionally, the shift to a leasing model may reduce the transparency of long-term financial commitments compared to a capital-based approach, where costs are more apparent during the annual budget process.

Post-Implementation Expenditure Trends

The clearest way to understand the financial impact of the leasing program is to compare what the County spent on vehicles in the seven years before the program (2012-2018) against the seven years after (2019-2025).

1. Lease Payments (General Ledger #545000)

2012–2018:	$ 79,539
2019–2025:	$29,657,670

Lease-related expenditures increased significantly following implementation, representing the most substantial structural change in vehicle-related costs. Prior to the program, lease costs were minimal. After implementation, recurring lease obligations became a major expenditure category.

While capital purchases declined, the increase in lease payments substantially exceeded the reduction in capital spending.

2. Motor Vehicles (General Ledger #561440)

2012–2018:	$1,227,228
2019–2025:	$ 261,017

Direct vehicle purchases declined significantly, consistent with the shift from ownership to leasing.

3. Supplies (General Ledger #505600 & 505650)

2012–2018:	$12,096,224
2019–2025:	$13,805,737

Supply-related expenditures remained generally consistent across the two periods. No reduction in total supply-related spending is observed following implementation of the leasing program.

While leasing agreements typically shift maintenance responsibilities to the vendor, the aggregated general ledger data does not reflect a corresponding decrease in supply-related expenditures.

Fuel costs were reclassified into a separate general ledger account beginning in 2025. For consistency and comparability across both periods, fuel expenditures were included within supplies for this analysis.

4a. Maintenance & Repair (General Ledger #561440)

2012–2018:	$ 67,740
2019–2025:	$197,824

4b. Maintenance Contracts (General Ledger #516030)

2012–2018:	$138,972
2019–2025:	$986,825

Maintenance-related expenditures increased following implementation. While maintenance services are typically incorporated into lease agreements, County recorded maintenance and repair costs did not decline proportionately.

5. Mileage Reimbursement (General Ledger #510000)

2012–2018:	$7.54 million
2019–2025:	$8.52 million

Estimated miles driven, calculated using annual IRS reimbursement rates changed only marginally during this period. The increase in reimbursement costs appears to be related primarily to higher IRS reimbursement rates rather than increased travel activity.

Despite the expansion of the County fleet from approximately 556 to 1,227 vehicles and the increased assignment of take-home vehicles, mileage reimbursement activity for personal vehicle

use did not decline materially. This indicates that the increased fleet size did not correspond to a proportional reduction in employee mileage reimbursement claims.

6a. Cost-per-Vehicle Analysis

To provide a normalized measure of vehicle-related spending that accounts for fleet growth, total expenditures were analyzed on a cost per vehicle basis using approximate fleet size in 2014 and 2024 for their corresponding period.

Chart # 5: Cost-per-vehicle analysis

Period	Total Vehicle-Related Expenditures*	Approximate Fleet Size	Cost per Vehicle
2012–2018 (Pre-Lease)	$ 13,609,703	556 vehicles	$24,478 per vehicle
2019–2025 (Post-Lease)	$ 42,320,115	1,227 vehicles	$34,491 per vehicle

*Does not include mileage reimbursement

On a normalized basis, vehicle-related costs increased following implementation of the leasing program.

- The cost per vehicle increased by approximately $10,012, or 41% percent, between the pre- and post-implementation periods.
- This increase occurred despite the shift from capital purchases to leasing and reflects higher county-wide costs associated with fleet operations.

When normalized for fleet size, the data indicates that the leasing program did not reduce per-vehicle costs over the period reviewed. Instead, both total expenditures and cost per vehicle increased, suggesting that the program's financial impact is driven more by fleet expansion and cost structure changes than by cost reduction efficiencies.

6b. Cost per Vehicle per Year Analysis

To further evaluate cost efficiency over time, total vehicle-related expenditures were normalized by both fleet size and the number of years in each period. This provides a measure of the average annual cost to support one vehicle in service.

Chart # 6: Cost-per-vehicle analysis per year

Period	Total Expenditures*	Approximate Fleet Size	# of years in each period	Cost per vehicle per year
2012–2018 (Pre-Lease)	$ 13,609,704	556 vehicles	7 years	$3,497 per vehicle/year
2019–2025 (Post-Lease)	$ 42,320,115	1,227 vehicles	7 years	$4,927 per vehicle/year

*Does not include mileage reimbursement

The cost per vehicle per year increased significantly following implementation of the leasing program:

- The annualized cost per vehicle increased by approximately $1,430 per vehicle, or 41%.
- This indicates that the cost to maintain each vehicle in the fleet increased even after accounting for fleet expansion and time.

Limitations to Consider for Cost per Vehicle Analyses

This metric should be interpreted with the following limitations:

- It does not account for differences in vehicle type, usage intensity, or service demand across the fleet
- It assumes costs are distributed uniformly across all vehicles
- It does not isolate bundled lease components such as maintenance, warranties, or replacement cycles
- It reflects total system-wide costs rather than marginal cost per additional vehicle

Overall Financial Assessment

Cost Category	2012-2018	2019-2025	Dollar Change	% Change
Lease Payments & Capitalized Costs (GL 545000)	$ 79,539	$ 29,657,670	$ 29,578,131	37186.95%
Motor Vehicle Purchases (GL 561440)	$ 1,227,228	$ 261,017	$ (966,211)	(78.73%)
Maintenance & Repair (GL 506200)	$ 67,740	$ 197,824	$ 130,084	192.03%
Maintenance Contracts (GL 516030)	$ 138,972	$ 986,825	$ 847,853	610.09%
Supplies (GL 505600)*	$ 12,096,224	$ 13,805,737	$ 1,709,513	14.13%
Mileage Reimbursement (GL 510000)	$ 7,543,049	$ 8,520,136	$ 977,087	12.95%
Sub Total Vehicle Costs	$ 21,152,752	$ 53,429,209	$ 32,276,457	153%
Settled Unit Revenue (Trade-Ins)		$ (2,588,958.00)		
Total Vehicle Costs **	**$ 21,152,752**	**$ 50,840,251**	**$ 32,276,457**	**140%**

* Fuel was separated from GL 505600 in 2025, however for consistency, fuel costs were kept in the supply general ledger.

**Totals reflect aggregate spending across reviewed general ledger categories and do not adjust for inflation, fleet size growth, or service-level changes.

The transition to leasing changed how the County pays for vehicles, shifting from periodic capital purchases to ongoing operating expenses, yet the aggregate cost of maintaining a vehicle fleet increased rather than decreased.

The reduction in direct vehicle purchases was substantially smaller than the increase in annual lease payments. Maintenance costs did not decrease as projected. Trade-in proceeds were roughly half of what was projected and mileage reimbursement costs, an indirect measure of whether employees are actually using County vehicles, show no meaningful reduction.

In summary, the available data does not support a conclusion that the lease program has produced overall cost savings during the period reviewed.

Legislative Path Forward

To enhance transparency and ensure fleet growth aligns with operational necessity and fiscal responsibility, the Legislature should consider adopting the following oversight measures to strengthen fleet oversight and budget controls:

1. Annual Department-Level Fleet Breakdown

Require the Fleet Manager to submit an annual report to the Legislature detailing:

- Total vehicles by department
- Leased vs. owned vehicles by department
- Vehicle class and type (e.g., sedan, SUV, pickup, specialty)
- Net additions and reductions by department
- Vehicles scheduled for replacement or disposal
- Location/Assignment

This breakdown should be submitted in advance of budget deliberations to inform policy decisions.

2. Department-Specific Leasing and Purchasing Plans at Budget Time

As part of the annual budget process, require each department to submit:

- A detailed vehicle leasing and purchasing plan
- Justification for any proposed fleet expansion
- Replacement schedule for aging vehicles
- Cost comparison (lease vs. purchase, if applicable)
- Operational need tied to service levels or statutory mandates
- Fleet reduction plan (if deemed necessary by the Legislature)

This ensures that fleet growth is deliberate, reviewed, and justified rather than incremental or automatic.

If cost containment is a legislative objective, fleet reduction strategies should be evaluated alongside expansion requests.

Given that the total fleet size has more than doubled over the past decade and vehicle-related expenditures increased materially following implementation, enhanced legislative oversight during the annual budget process is warranted. Embedding fleet review into the annual budget cycle ensures:

- Fiscal discipline
- Alignment with operational need
- Transparency in departmental growth
- Accountability for both expansion and reduction decisions

Limitations within this report

The review is based on high-level SAP financial data and was designed to identify trends. It does not:

- Reconstruct original cost modeling assumptions
- Adjust for inflation, fuel pricing, or service level changes
- Evaluate non-financial program objectives (e.g., safety, reliability, replacement cycles)
- Isolate all vehicle-related costs at the transaction level

Vehicle expenditures are decentralized across departments, and some general ledger accounts contain mixed activity.

Accordingly, conclusions reflect observable financial patterns rather than a comprehensive total cost-of-ownership determination.