

**CITY COUNCIL COMMUNICATION 98-092
MARCH 16, 1998 AGENDA**

SUBJECT:

**LEASE/PURCHASE AGREEMENT WITH
NORWEST INVESTMENT SERVICES, INC.
FOR STORM SEWER EQUIPMENT**

SUBMITTED BY:

**KEVIN RIPER
FINANCE DIRECTOR**

SYNOPSIS –

Public hearing and authorization to institute proceedings to enter into a Lease/Purchase Agreement between the City of Des Moines and Norwest Investment Services, Inc. (Mr. Tim King, President, 608 Second Avenue South, 9th Floor, Minneapolis, Minnesota) in the principal amount of \$411,986.93 for the purpose of paying costs of equipping the Intensified Storm Sewer Maintenance Program of the Public Works Department.

FISCAL IMPACT –

The Lease/Purchase Agreement provides for semi-annual payments of \$35,582.54 over the term of the seven-year Lease Agreement (\$498,155.56 in total). Funds are budgeted within the Stormwater Utility Fund for payment of these monthly amounts in FY1998 and FY1999. The lease provides for a one-year term which is automatically renewed unless rejected and contains a “ non-appropriation” clause, permitting the City to terminate at any time without penalty. The interest rate is 5.28 percent.

RECOMMENDATION –

Authorization to enter into Lease/Purchase Agreement with Norwest Investment Services, Inc.

BACKGROUND –

On March 2, 1998, by Roll Call No. 98-612, Council set the date of hearing for this proposed Lease/Purchase Agreement with Norwest Investment Services, Inc. Additionally, on March 2,

1998, by Roll Call Nos. 98-629 and 98-631, Council approved the award of bids for equipment which totaled \$411,986.93. This equipment is to be used in the Intensified Stormwater Maintenance activity of the Public Works Department.

Questions raised by Council Member Flagg concerning the estimated fee for services by the Ahlers, Cooney, Dorweiler, Haynie, Smith & Allbee, P.C. Law Firm in connection with this Lease/Purchase Agreement are answered in the attached correspondence from the firm. Such service charges are now estimated to be in the range of \$1,525 - \$1,635.

Attachments