

CITY COUNCIL
COMMUNICATION:

03-202

AGENDA:

MAY 5, 2003

SUBJECT:

SUPPLEMENT NO. 12
TO MASTER LEASE-
PURCHASE
AGREEMENT FOR
REFUSE CARTS

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM 64-B

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Public hearing and approval of Supplement No. 12 to the City's Master Lease-Purchase Agreement for the purchase of 55,000 refuse carts to be used by the Public Works Department.

FISCAL IMPACT —

The cost for the equipment to be leased is \$2,190,100 plus interest; however, there is no fiscal impact on the City's General Fund. All costs associated with this financing will be paid by the City's Solid Waste Enterprise Fund. The cost for each lease-purchase financing is determined based on an interest rate computed as a fixed percentage of the Treasury Note Index. The actual interest rate is set based on the lowest applicable U.S. Treasury security of like maturity as published in the Wall Street Journal at the close of business five business days before the date of the Supplement.

RECOMMENDATION —

Approval.

BACKGROUND —

On November 1, 1999, by Roll Call No. 99-3389 and 99-3425, the City Council approved the selection of Banc (sic) of America Leasing & Capital, LLC (317 - 6th Avenue, Des Moines; Hugh McColl Jr., Chairman and CEO) as the City's Master Lease-Purchase provider for a three-year term with two one-year renewal options. There have been ten lease-purchase actions under this contract involving equipment purchased for the Airport, Solid Waste, and Stormwater Utility. The Supplement is the document issued under the Master Lease-Purchase Agreement for each financing. The total cumulative amount for all lease-purchase supplements equals \$4,670,207.75. Supplement No. 11, in the amount of \$393,690, is awaiting Council approval.

The acquisition of the refuse carts to be leased under this agreement is a major step in the automation of solid waste collection. This lease supplement is related to the cart purchase approved at the April 21, 2003 Council meeting by Roll Call No. 03-933.

<u>Supplement No.</u> <u>Source</u>	<u>Amount</u>	<u>Fund</u>
1 Stormwater	\$161,000.00	

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	2	359,739.00	Airport
	3	499,119.00	Airport
	4	331,955.00	Airport
	5	806,457.00	Airport
	6	354,656.00	Solid
Waste			
	7	81,268.75	Solid
Waste			
	8	934,722.00	Solid
Waste			
	9	805,345.00	Airport
	10	<u>335,946.00</u>	Solid
Waste			
	Total	\$4,670,207.75	

The City is currently authorized to utilize \$6,000,000 in lease-purchase financing. Supplement No. 11 will bring the total utilized to \$5,063,867.75. Supplement No. 12 would result in a total of \$7,263,867.75, which exceeds the amount currently authorized. In addition, planned lease-purchases during Fiscal Year (FY) 2004 include \$1,030,000 in Airport equipment and \$523,000 for Solid Waste. This would bring our total lease-purchase needs to nearly \$9,000,000. Therefore, we will seek authorization for a total of \$9,000,000 in Master Lease capacity along with this supplement.

