



Agenda Item:

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COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 10/25/04
04-532

Communication No.:

Agenda Item Type: Resolution
No.:

Roll Call

Submitted by: Merrill Stanley, Finance Director

SUBJECT—

Setting the date of public hearing (November 8, 2004) for Supplement #B1 to the City's Master Lease-Purchase Agreement for the purchase of thirty-two various vehicles for the Police Department.

SYNOPSIS—

A public hearing will be held on November 8, 2004 to consider lease-purchasing thirty-two vehicles for the Police Department, including squad cars, unmarked sedans, emergency utility vehicles, and vans.

FISCAL IMPACT—

The estimated cost for the equipment to be leased is less than \$700,000. 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 lease will be amortized over three years. Funding for the lease payments will be provided by the Police Department budget in the City's General Fund. Even though the General Fund will be responsible for lease payments, the debt will not count against the city's general obligation debt limit because the lease contains an annual appropriation provision.

RECOMMENDATION—

Approval

BACKGROUND—

This is the first lease supplement to be considered under the recently bid Master Lease Agreement with Banc of America Leasing and Capital, LLC, 101 South Tryon St., Charlotte, NC (Douglas H. Bowers, President). The award of the new agreement with Banc of America is also on the October 25, 2004 City Council agenda. Sixteen lease supplements totaling \$8,559,015.22 have been approved by the City Council under an earlier lease agreement with Banc of America as a means to provide flexible, affordable financing for city equipment.

The equipment listed below as a part of this financing will be bid through the City's Purchasing Department. Steps are being taken simultaneously as required to have financing in place when it is time to award bids for the equipment.

Equipment to be Lease-Purchased

Description	Number	Estimated Cost
Squad cars	21	\$462,000
Prisoner wagon	1	20,000
Unmarked mid-size sedans	3	45,000
Emergency utility vehicles	4	92,000
Small passenger van	2	44,000
Large passenger van	<u>1</u>	<u>23,000</u>
Totals	32	\$686,000

The equipment will be lease-purchased over a three-year term. Interest rates will be determined one week prior to closing based on Treasury Note Rates published in the Wall Street Journal, and factored by percentages quoted by Banc of America in their 2004 proposal and included in the 2004 Master Lease-Purchase Agreement.