



Agenda Item:

52

COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 01/09/06
Agenda Item Type: Resolution

Communication No.: 06-002
Roll Call No.:

Submitted by: Merrill Stanley, Assistant City Manager/Finance Director

SUBJECT—

Public hearing for Supplement B-4 to the City's Master Lease-Purchase Agreement for the purchase of 35 various vehicles for the Police Department, and authorizing execution of the supplement.

SYNOPSIS—

This item is the public hearing to consider lease-purchasing 35 vehicles for the Police Department, including squad cars, unmarked sedans, emergency utility vehicles, and vans. A resolution is presented for joint consideration which would authorize execution of the supplement, pending the outcome of the public hearing.

FISCAL IMPACT—

The cost for the equipment to be leased is \$692,978.41, based on bids received. Funding is available in the Debt Service Fund DS001 FIN90540 Acct. 557010 (Principal) and Acct. 556010 (Interest). 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. 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 fourth lease supplement to be considered under the second Master Lease Agreement with Banc of America Leasing and Capital, LLC (101 South Tryon St., Charlotte, NC, Douglas H. Bowers, President), awarded on October 25, 2004 by Roll Call No. 04-2279. Sixteen lease supplements totaling \$8,559,015.22 were approved by the City Council under the first lease agreement with Banc of America as a means to provide flexible, affordable financing for city equipment. Supplements awarded under the second agreement will total \$1,779,075.41, with the addition of Supplement B-4.

The equipment listed below as a part of this financing was bid through the City’s Purchasing Department. Another item on the agenda for January 9, 2006 seeks Council approval to award bids for this equipment simultaneously with the approval of the lease supplement.

Equipment to be Lease-Purchased

Description	Number	Estimated Cost
Squad Cars	24	\$506,136.00
Unmarked large sedans	2	39,258.00
Unmarked mid-size sedans	3	37,633.05
Large special utility vehicle	1	23,773.00
Small pickup trucks	2	33,724.00
All-wheel drive cargo van	1	22,741.96
Front-wheel drive passenger vans	<u>2</u>	<u>29,712.40</u>
Totals	35	\$692,978.41

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.