



Council Communication

Office of the City Manager

Date

January 7, 2008

Agenda Item No. 24
Roll Call No. 08-
Communication No. 08-005
Submitted by: Allen McKinley, Finance
Director

AGENDA HEADING:

Setting Date of Hearing for Supplement C-1 to the City's Master Lease-Purchase Agreement for the purchase of various vehicles and equipment for the Public Works Department.

SYNOPSIS:

Recommend approval to schedule a public hearing for January 28, 2008, to consider lease-purchasing six trucks with attachments for the Public Works Department. Council will be asked to approve the acquisition of the vehicles at a subsequent council meeting(s). This action initiates the financing process to align with the anticipated acquisition approvals.

FISCAL IMPACT:

Amount: Not to exceed \$750,000 plus interest.

Funding Source: Fiscal Year 2007-08 Operating Budget, Finance Department – Debt Service Funds, Debt Service Administration, FIN900100, page 155.

ADDITIONAL INFORMATION:

Each year the City replaces a variety of equipment and vehicles that have exceeded their useful lives. In previous years, approximately 30 police units were replaced annually using a lease-purchase funding mechanism while various public works units were replaced out of the equipment replacement fund on a pay-as-you-go basis. This year the police units will be purchased on a pay-as-you-go basis and six Public Works units are recommended for replacement via the lease-purchase arrangement. The useful life of the Public Works equipment is over 10 years and the lease supplement term will be for a period of 7 years. The change in vehicle types to be included in the lease-purchase program is intended to reduce the administrative burden associated with financing the larger number of Police vehicles.

Equipment items to be acquired under the lease-purchase arrangement are:

- 2 - Two-wheel drive – 1-Ton Utility Body Trucks
- 3 - Tandem Axle Dump Trucks with Snow and Ice Control Equipment
- 1 - Single Axle Truck with Vacuum Street Sweeper

More detailed information will be provided on each vehicle to be lease-purchased, including environmental considerations, prior to purchase.

Sixteen lease supplements totaling \$8,589,019.33 were approved by the City Council under an earlier lease arrangement with Banc of America. The lease-purchase method provides flexible, affordable

financing for City equipment. Under the current lease arrangement five lease supplements have been approved and executed by the City Council totaling \$2,969,630.76.

PREVIOUS COUNCIL ACTION(S):

Date: October 25, 2004

Roll Call Number: 04-2279

Action: Approved Master Lease-Purchase Agreement with Banc of America Leasing & Capital, LLC.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Hearing and approval of Master Lease Supplement C-1
Award of bids for various Public Works equipment and vehicles