



Council Communication

Office of the City Manager

Date

July 14, 2008

Agenda Item No. 34
Roll Call No. 08-
Communication No. 08-398
Submitted by: Allen McKinley, Finance
Director

AGENDA HEADING:

Setting date for Public Hearing for Supplement C-2 to the City's Master Lease-Purchase Agreement for the purchase of various vehicles and equipment for the Public Works Department.

SYNOPSIS:

Setting the date for a Public Hearing on July 28, 2008 to consider lease-purchasing five recycling trucks and 40,000 recycling containers for the Public Works Department. Council will approve the acquisition of the recycling trucks 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 \$3,025,000 plus interest.

Funding Source: 2008-2009 Operating Budget, Page 298, EN151, PWK100119, Curbside Recycling

ADDITIONAL INFORMATION:

The equipment to be purchased via the master lease agreement will allow the City to move to an automated recycling system. To increase the amount of material recycled, the Public Works Department is recommending an automated single-stream recycling program. The convenience of wheeled containers is expected to lead to increased quantities and automated collection is expected to reduce overall program costs over time.

Twenty-two lease supplements totaling \$11,558,650.09 were approved by the City Council under an earlier lease arrangement with Banc of America as a means to provide flexible, affordable financing for City equipment. Under the current lease arrangement with DeLage Landen LLC one lease supplement has been approved and executed by the City Council totaling \$750,000.

The advantages of using the Master Lease-Purchase Agreement include having a credit facility in place that allows financing of equipment on an as-needed basis instead of waiting until the annual general obligation bond issue each June, not incurring issuance costs, and flexibility in the repayment term which can be set for three to ten years, depending on the expected useful life of the equipment. In addition, the debt has been structured to not count against the City's general obligation debt limit.

PREVIOUS COUNCIL ACTION(S):

Date: May 5, 2008

Roll Call Number: 08-794

Action: Master Lease-Purchase Agreement with De Lage Landen Public Finance LLC. (Council Communication No. 08-242) Moved by Vlassis to approve. Motion Carried 6-1.

Date: February 25, 2008

Roll Call Number: 08-317

Action: Issuance of Request for Proposals (RFP) for single-stream recyclables processing. (Council Communication No. 08-081) Moved by Hensley to adopt; refer to the City Manager to schedule a Council workshop to discuss solid waste and recycling. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Hearing and approval of Master Lease Supplement C-2 and award of bids for recycling trucks.

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