



Legislation Text

File #: 05-3130, **Version:** 1

Recommendation to authorize City Manager to execute a lease-purchase agreement and related financing documents with Banc of America Leasing & Capital, LLC, for financing of fire apparatus and a life-saving boat, in an amount not to exceed \$5,279,000 payable over a ten-year period. (Citywide)

The City's fleet management program goals are to manage an active acquisition and replacement program in order to ensure the City maintains a viable and efficient vehicle fleet. Thirteen vehicles have been acquired including two fire ladder trucks (as authorized by the City Council on October 5, 2004), ten fire pumpers (as authorized by the City Council on April 19, 2005), and one life saving boat (as authorized by the City Council on September 6, 2005). In each of the three City Council letters requesting authorization to make these purchases, it was communicated that staffs intent was to lease-finance the acquisitions close to the time of delivery. The following table lists the vehicles that were acquired and their purchase price: Total \$ 5,279,000 The City solicited requests for proposals to lease finance the above listed equipment, from twenty-five financial institutions on July 28' 2005. The City received eight responses, and Banc of America Capital Leasing submitted the most favorable ten-year lease rate of 3.4982 percent. This item was reviewed by Chief Assistant City Attorney Heather A. Mahood on August 24, 2005 and Budget Management Officer David Wodynski on August 26, 2005.

The lender has proposed a rate 3.4982 percent for ten years, and committed to locking that rate until September 26, 2005. Although interest rates continue to be at historical lows, they also remain unpredictable and can rise without notice. City Council action on this item is requested on September 6, 2005, as delaying the execution of the financing may result in missing the closing date and increased interest cost.

The total amount to be financed under the Banc of America Leasing & Capital, LLC, agreement is not to exceed \$5,279,000, and will be financed over a ten-year period. The annual debt service payment of \$626,400 is included in the FY 06 Proposed Budget of the Fleet Services Fund (IS 386) in the Department of Public Works (PW). The debt service and ongoing fuel and maintenance costs associated with these vehicles are included in the Fire Department's (FD) General Fund (GP) and Tidelands Fund (TF) budgets.

Approve recommendation.

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[Respectfully Submitted,]