



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 11/08/04  
No.: 04-561  
Agenda Item Type: Resolution  
No.:

Communication

Roll Call

Submitted by: Merrill Stanley, Finance Director

### SUBJECT—

Public hearing for Supplement #B1 to the City's Master Lease-Purchase Agreement for the purchase of 32 various vehicles for the Police Department.

### SYNOPSIS—

Public hearing to consider lease-purchasing 32 vehicles for the Police Department, including squad cars, unmarked sedans, emergency utility vehicles, and vans, and approving execution of necessary documents for Master Lease-Purchase Agreement and Supplement B1.

### 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 Debt Service levy, but 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 2004 Master Lease Agreement with Banc of America Leasing and Capital, LLC, 101 South Tryon St., Charlotte, NC (Douglas H. Bowers, President). 16 lease supplements totaling \$8,559,015.22 have been approved by the City Council under a 1999 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**

<b>Description</b>	<b>Number</b>	<b>Estimated Cost</b>
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.