



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #

Submitted Department/Preparer: Finance

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Authorizing the Director of Finance to accept a proposal of Banc of America Public Capital Corp (“BAPCC”) to finance the acquisition of City Fleet Vehicles for the General Services, Health, and Neighborhoods Departments; authorizing the execution of any documents and agreements necessary; estimating and appropriating \$2,252,250.00 in Fund No. 3230, designating requisitioning authorities; authorizing the Director of Finance to close project accounts upon completion; and declaring the intent of the City to reimburse itself for certain expenditures.

Discussion

The City’s fleet has vehicles that are on average at 177% of design lifecycle, which is an average of 14 years on an expected 8-year lifecycle. These vehicles are prone to unscheduled downtime and expenditures, resulting in additional cost. This ordinance proposes to replace approximately 78 vehicles that serve three different departments, by entering into an eight (8) year lease-purchase agreement with BAPCC.

On May 1, 2020, Banc of America Public Capital Corp. was selected as the Master Lease Purchase Agreement (“MLPA”) vendor via a competitive RFP process for a 5-year contract. The MLPA sets forth terms, conditions, and contract rates for short-term (no more than 10 years) financings, secured by the assets being financed and the City’s pledge of annually appropriating debt service. The contract rate is based upon current market swap rates and a credit spread. Common terms under the MLPA provide for more efficient financing with lower transaction costs than a conventional bond issue. The City retains title to the asset during the term of the Schedule as long as there are no events of default under the MLPA.

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

Debt service will begin in Fiscal Year 2025 and will be funded from allocations from the FY2025 budget from each affected department.

3. How does the legislation affect the current fiscal year?

The ordinance makes appropriations available in FY2024 for the purchase of the vehicles.



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- 4. Does the legislation have fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes. At a federally tax-exempt interest rate of 5% and aggregate principal amount of 2,252,250, debt service will begin in FY2025 and is expected to average \$343,315 per year for 8 years.

- 5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

Purchasing newer vehicles will reduce downtime and operating costs and increase overall responsiveness of municipal services.

Office of Management and Budget Review

(OMB Staff will complete this section.)

- 1. This legislation is supported by the general fund. Yes No
- 2. This fund has a structural imbalance. Yes No

Additional Discussion (if needed)

This ordinance makes appropriations available in the current fiscal year (FY24) for the lease-purchase of fleet vehicles and will result in the appropriation of scheduled debt service funding of approximately \$251,000 in the General Fund and \$93,000 in the Health Levy Fund per year, respectively. This will total approximately \$343,000 per year over the next eight fiscal years (FY25-FY32).

Citywide Business Plan (CWBP) Impact

View the [FY23 Citywide Business Plan](#)

Which CWBP goal is most impacted by this legislation?

Infrastructure and Accessibility (Press tab after selecting.)

Which objectives are impacted by this legislation (select all that apply):

- Enhance the City's connectivity, resiliency, and equity through a safe, efficient, convenient, inclusive, accessible, sustainable and better connected multi-modal transportation system
- Develop environmentally sound and sustainable infrastructure strategies that improve quality of life and foster economic growth
- Increase and support local workforce development and minority, women, and locally-owned businesses



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- Engage in efforts to strategically invest in the City's infrastructure and explore emerging technologies
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Prior Legislation

Service Level Impacts

Failure to replace these vehicles will negatively impact resident services provided by both the Health Department and Neighborhoods Department, up to and potentially including delinquent inspections and duplicated scheduling due to equipment breakage. The current state of the General Services Department vehicles impacts the department's ability to respond to our internal clients, perhaps slowing down or impeding delivery of our services and their operations.

Other Impacts

1. What will be the potential health impacts to any affected groups?

The new fleet vehicles should have much lower emissions and greater fuel efficiency. The newer vehicles will require far fewer repairs than the vehicles being replaced. This will reduce the amount of potentially harmful chemicals impacting both the City vehicle maintenance employees and the local environment.

2. How have those groups been engaged and involved in the development of this ordinance?

Municipal Fleet has engaged the user departments to determine departmental needs and fiscal impact.

3. How does this legislation contribute to a sustainable Kansas City?

The new vehicles in the fleet will offer reduced emissions and greater fuel cost efficiency to perform city services. These changes result in positive impacts both environmentally and fiscally.

4. Does the ordinance/resolution include Civil Rights antidiscrimination requirements in compliance with the Code of Ordinances (Chapter 38, titled "Civil Rights")?

We would be using local automotive dealers to procure the vehicles who were established as vendors in observance of those codes.



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5. Has the ordinance/resolution been submitted for review of economic equity & inclusion requirements in compliance with the Code of Ordinances (Chapter 3, titled "Contracts and Leases")?

The Master Lease/Purchase Agreement by which BAPCC is financing the City's Fleet Vehicles was submitted to CREO in 2020 for evaluation and CREO set goals at 0%. The lease counsel contract was evaluated at the time it was entered into in 2010 and no goals were assigned.