

# Ordinance No. 240916 Citywide Fleet Vehicle Replacement – Lease Purchase

10/22/2024

Finance, Governance, and Public Safety Committee



## Purpose

- Authorize lease with Banc of America Public Capital Corp., to acquire 110 replacement City vehicles and five expansion vehicles in the aggregate amount of \$13 million
- Estimate and appropriate lease proceeds, designate requisitioning authority, close project funds upon completion and declare intent to reimburse with borrowed proceeds
- To authorize Kutak Rock as lease counsel

# Master Lease Purchase Agreement with Banc of America Public Capital Corp (“BAPCC”)

- Entered into a Master Equipment Lease Purchase Agreement (“Facility”) with Banc of America Public Capital Corporation (“BAPCC”) on May 1, 2020
  - Approved by Ordinance No. 200273
  - Five-year agreement
- Allows the City to finance vehicles and equipment with set contract terms and a contract rate based on current market rates plus a credit spread
- The City pledges to appropriate annual debt payments under the Schedule
- BAPCC takes a security interest in the equipment being financed through filing of a Uniform Commercial Code financing statement

## Background

- Fleet vehicles are currently at 213% of design lifecycle, which is equivalent to 17 years old on an 8-year lifecycle.
- The units targeted are responsive to accessibility, safety, and internal operational needs to facilitate service for our residents in a timely and efficient manner.
- These same units have been vetted for appropriate utilization to assure the requested funds are effectively spent.
- This package will fund EV's, Hybrids and conventionally fueled vehicles. In each application they are the most environmentally friendly we can deploy, per AR 6.5

# Background

- The targeted purchase is comprised of:
  - Forty-four (44) replacement vehicles with two (2) expansion vehicles for Public Works
  - Thirty-nine (39) replacement vehicles for Neighborhoods Department
  - Fifteen (15) replacement vehicles with one (1) expansion vehicle for General Services
  - Six (6) replacement vehicles for Parks and Recreation
  - Three (3) replacement vehicles for the City Manager's Office
  - Two (2) replacement vehicles for the Water Department
  - Two (2) expansion vehicles for CREO
  - One (1) replacement vehicle for Housing

## Financial Impact and Source of Repayment

- Estimated annual debt service payment
  - \$2,120,000 per year
  - Seven-year financing
  - 3.71% interest rate
- Debt service
  - Appropriated in FY25 budget
  - Payments will begin in FY25
- Source of repayment
  - General Municipal appropriations
  - Street Maintenance Fund

# Questions?