

GENERAL

Ordinance Fact Sheet

Ordinance Number

Brief Title

Authorizes financing for acquisition of fire fleet vehicles and equipment through a master lease purchase schedule ("Schedule").

Details

Reason for Legislation

Legislation authorizes the Director of Finance to execute a lease purchase schedule ("Schedule") under a Lease to finance the Project. The legislation estimates and appropriates the proceeds of the financing, in an amount not to exceed \$2,805,000.00 in order for the Project to commence.

Background

The City Council, under Ordinance no. 150033 authorized the Director of Finance to accept the proposal of BAPCC to provide for financing of the costs of various leased property pursuant to a Lease. The Lease could be utilized for one year and the optional renewal of four (4) additional one year terms.

Project: Acquisition of Fire Fleet Vehicles and Equipment

Justification of the items are summarized below:

The optimal lifecycle for an ambulance cab and chassis is 3.5-4 years. 41 units of the current type III ambulance fleet are 5 and 6 years old and exceed 200,000 miles. The Fire Department received communication from General Motors representatives that the Chevrolet G4500 cutaway chassis with 6.6 Diesel engine is being discontinued and will be accepting purchase orders up to the end of July 2015. The cost to remount an ambulance through the current vendor is approximately \$102,000 each and the cost of a new ambulance of a similar type is approximately \$190,000 each for a total cost of \$8.6 million for the purchase of 45 ambulances. This proposal allows for the remount of up to 45 units at a cost of approximately \$61,916.27 each or a total of \$2.8 million. The Fire Department has a firm offer of \$870,000.00 on current surplus fleet, however this surplus will go out for bid or otherwise follow all City processes for surplus property.

Reason

To provide financing for needed fire fleet vehicles and equipment through a schedule under a Master Equipment Lease/Purchase Agreement with Bank of America Public Capital Corporation ("BAPCC").

Positions/Recommendations

Sponsor	Randall J. Landes, Director of Finance Paul Berardi, Chief of Fire Department
Programs, Departments, or Groups Affected	
Applicants / Proponents	Applicant City Department Fire Department Finance Department Other
Opponents	Groups or Individuals None Known Basis of opposition
Staff Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against
Board or Commission Recommendation	By <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
Council Committee Actions	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold <input type="checkbox"/> Do not pass

Policy/Program Impact

Details
 Annual debt service on the Schedule is estimated at \$587,000 over a five year period at an assumed 1.72% tax-exempt interest rate. Payments will begin in Fiscal Year 2017. It is anticipated that proceeds of the Fire Sales tax will fund debt service appropriations during the term of the Schedule.

The final interest rate will be locked based upon an index formula agreed upon by BAPCC and the City at the time the lease proceeds are drawn.

Is it good for the children? Yes. The Project will acquire needed fire fleet vehicles and equipment to improve and enhance public safety.

How will this contribute to a sustainable Kansas City? Financing of the Project at low tax-exempt interest rates will allow the remainder of the Fire Sales Tax to be used for other needs of the Fire Department.

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	

Finances

Cost & Revenue	Estimated debt service calculated on 07/20/15 assuming one draw of \$2,805,000.00 at an assumed 1.72% tax-exempt interest will be \$ 2,933,367.00 or an annual estimated debt service of \$ 587,000 over a five (5) year term.
Financial Impact	
Fund Source (s) and Appropriation Account Codes	Debt service payment is anticipated to be paid from the Fire Sales Tax.

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:

Name: Dan Grandcolas
Title: Sr. Analyst

Date:

Reviewed by:

Name: Tammy L. Queen
Title: City Treasurer

Reference Numbers