

BOARD OF ALDERMEN

ITEM NO. B(5)

AGENDA ITEM ABSTRACT

MEETING DATE: September 17, 2002

TITLE: A Request to Amend FY01-02 Suntrust Installment Purchase Contract to Enable Purchase of Additional Police Vehicle and to Adopt a Budget Ordinance

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>X</u>
ATTACHMENTS: A. Resolution Amending Suntrust Contract B. Budget Ordinance	FOR INFORMATION CONTACT: L. Bingham Roenigk, Assistant Town Manager, 918-7300

PURPOSE STATEMENT

The Board, in adopting the annual fiscal year budget, approves the use of installment purchase (informally known as lease-purchasing financing) funding for numerous vehicles and equipment. Town staff has identified additional lease proceeds in its SunTrust contract that is available for “draw down” to purchase an additional police vehicle. The Board is requested to adopt a resolution amending the installment purchase contract with SunTrust Bank to enable the purchase of the additional police vehicle and to amend the budget to enable the purchase of the vehicle with lease purchase proceeds.

INFORMATION

The Town, in pursuing debt financing for capital items as approved by the Board, occasionally has to borrow funds prior to the actual expense, resulting in the possibility of having excess funds. When this occurs, the Town has several options, one of, which is amending the contract to buy additional pieces of equipment (provided the bank agrees to this). Representatives from Sun Trust Bank have agreed to amend the contract for the vehicle. Another option is applying the excess to reduce the debt payment in the final year of payment. If the excess funds are significant, it is possible (but an unlikely scenario) the Town could prepay the loan with a penalty.

The Town staff recommends amending the SunTrust contract to add the patrol vehicle. This purchase will allow the Police Department to stay with its planned fleet replacement schedule. As the Board may recall, a patrol vehicle was eliminated from the FY02-03 adopted budget in an effort to reduce the proposed tax rate.

A budget ordinance is required to amend the budget to enable the purchase of the vehicle with lease purchase proceeds. There is no impact on the annual lease-purchase installment payment due to the bank.

FISCAL IMPACT: Approving the resolution will allow the Town to continue its fleet program at planned levels and not incur additional costs.

ADMINISTRATION’S RECOMMENDATIONS

Adopt the resolution to amend the SunTrust contract enabling the Town to purchase the vehicle and amend the budget to enable the purchase of the police vehicle.