

BOARD OF ALDERMEN

ITEM NO. B(2)

AGENDA ITEM ABSTRACT

MEETING DATE: June 21, 2005

TITLE: Request to Approve Equipment and Vehicle Financing

DEPARTMENT: Management Services	PUBLIC HEARING: YES ___ NO <u>x</u>
ATTACHMENTS: A: Resolution Awarding Financing to SunTrust Bank B: Budget Amendment C: Analysis of Proposals Submitted by Banks	FOR INFORMATION CONTACT: Judy Weller, 918-7302

PURPOSE

Annually, the Board of Aldermen, through its capital improvement plan, approves a schedule that provides for the purchase and replacement of vehicles and equipment through lease purchase financing. The Board of Aldermen is requested to adopt a resolution designating the installment purchase contracts for items listed below as tax-exempt obligations of the Town. This resolution represents the installment financing planned and budgeted for FY04-05. A budget amendment is needed to reflect the adjustments needed for lease purchase financing.

INFORMATION: The Town solicited a financing proposal to banks for a total of \$500,280. The Town is not required by law to request proposals but does so to ensure competitive financing. A request for proposal to finance these purchases was submitted to 9 banks and brokers; eight responded. The list of items to be financed over a three-year loan term includes:

Vehicles	Amount
Patrol Vehicles (5)	\$ 105,850
Police – Investigations (1)	\$ 20,250
Police – Patrol -PC workstations for vehicles (3)	\$ 25,630
Recreation-Playground Equipment - Baldwin	\$ 44,000
Recreation-Van w/wheelchair lift (1)	\$ 36,000
Backhoe – PW Streets (1)	\$ 63,774
Dump Truck w/snowplow – PW Streets (1)	\$ 78,500
1-Ton Utility Truck – PW Streets (1)	\$ 44,766
Utility Workman – PW Landscaping	\$ 21,575
Town Manager – Cable Equipment for Board Room	\$ 44,766
Planning – Pickup Truck (1)	\$ 15,169
Total Vehicles & Equipment	\$500,280.

Of primary importance in evaluating the proposals were the effective interest rates offered and the total financing cost. Analysis of the proposals reveals that SunTrust offers the most competitive interest rate of 3.08% and most competitive financing arrangement. Thus, the Town, with Board approval, will be entering into a lease-purchase contract with SunTrust Bank for the installment purchase financing town purchases over a three-year period. The Town, due to savings in equipment and vehicle purchases overall, is borrowing \$19,102 less than budgeted. The lower cost of equipment as well as lower than anticipated interest rates have resulted in a lower annual debt payment, representing a savings of \$13,111.

One notable project that was not financed this year is the purchase of the fire pumper truck (\$350,000) that has been delayed for the FY05-06 lease financing.

STAFF RECOMMENDATION

The Board of Aldermen is requested to introduce and approve the attached resolution designating the installment purchase contracts as tax-exempt obligations of the Town, award the financing contract to SunTrust Bank for the equipment and vehicle purchases listed, and authorize the Finance Officer to execute the financing. In addition, the Board is requested to approve a budget amendment reflecting the overall savings of the installment financing.