

BOARD OF ALDERMEN

ITEM NO. B(2)

AGENDA ITEM ABSTRACT

MEETING DATE: June 14, 2011

TITLE: Request to Approve Equipment and Vehicle Financing

DEPARTMENT: Management Services	PUBLIC HEARING: YES ____ NO <u>X</u>
ATTACHMENTS: Attachment A: Resolution Awarding Financing Contract to SunTrust Bank Attachment B: Summary of Financing Proposals	FOR INFORMATION CONTACT: Arche McAdoo, Finance Director 918-7439 Nancy Emslie, Accounting Officer 918-7306

PURPOSE

To request approval from the Board of Aldermen to enter into an installment financing agreement with SunTrust Banks, Inc. for the purchase of vehicles approved in the FY 2010-11 annual budget.

INFORMATION

Through its capital improvement plan the Town establishes a schedule for the purchase and replacement of vehicles and equipment through lease purchase financing. Funds to purchase specific vehicles and equipment are appropriated each year in the adopted annual budget for financing over a five year loan term. Below is the list of vehicles and equipment approved for purchase in FY 2010-11.

REPLACE OR NEW	DEPARTMENT	VEHICLE DESCRIPTION	COST
Replacement	Public Works	Administration - Mid size Hybrid SUV - Replace vehicle #001	\$ 28,747
Replacement	Public Works	Streets - utility truck - Replace vehicle #042	\$ 46,000
Replacement	Public Works	Streets - pickup - Replace vehicle #043	\$ 22,000
Replacement	Public Works	Solid Waste - boom truck - Replace vehicle #57	\$ 110,000
Replacement	Police	Patrol Vehicle-Replace vehicle #199	\$ 21,175
Replacement	Public Works	L&G - Full Size Truck - Replace #003	\$ 25,000
Replacement	Police	Investigations vehicle #198	\$ 27,280
Replacement	Police	Community Services-Replace vehicle #200	\$ 26,433
Replacement	Police	Community Services-Replace vehicle #201	\$ 26,433
Replacement	Fire	Fire Suppression 4x4 Brush-Truck Replace-#985	\$ 143,330
		TOTAL	\$ 476,399

The Town is not required by law to request proposals to finance these vehicles; however, to make sure that the Town gets a competitive financing rate and terms, a request for financing proposal was distributed to 23 banks and brokers. The following 5 financial firms responded to the request for proposal: SunTrust, RBC, Pinacle Public Finance, US Bank, and Harrington.

In evaluating the proposals the important factors were the effective interest rate offered and the total financing cost. As Attachment B shows, SunTrust's Option 1 proposal offers the most competitive interest rate of 1.555% and financing arrangement for a 5-year term financing.

FISCAL IMPACT

The adopted FY 2010-11 budget includes \$560,500 for the purchase of the above vehicles and equipment. Due primarily to our ability to "piggy-back" on state contracts, the Town was able to realize a budget saving of \$84,101. Rather than borrowing \$560,500 as planned for in the budget, the Town only needs to borrow \$476,399.

RECOMMENDATION

The Board of Aldermen is requested to approve the attached resolution designating the installment purchase contract as tax-exempt obligations of the Town; and award the financing contract to SunTrust for the equipment and vehicle purchases listed above.

