



## AGENDA MEMORANDUM

Action Item for the City Council Meeting August 15, 2023

**DATE:** August 15, 2023

**TO:** Peter Zanoni, City Manager

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### Municipal Lease Line of Credit

#### **CAPTION:**

Motion authorizing the execution of a five-year master lease-purchase financing agreement with JP Morgan Chase Bank, N.A., of Chicago, Illinois, for annual vehicle and machinery acquisitions of approximately \$19,164,137.81, with no funding required for FY 2023 and future funding subject to budget approval.

#### **SUMMARY:**

The City uses municipal lease purchase financing to fund equipment and rolling stock replacement needs.

#### **BACKGROUND AND FINDINGS:**

As equipment is requisitioned to be purchased, financing for the purchases is provided through this lease line of credit agreement. An estimated \$19,164,137.81 worth of equipment is projected to be purchased over the first year of the five-year period of this agreement. The lease line of credit is the instrument to be used for payment on high dollar capital items over \$50,000; all items over \$50,000 will be presented to City Council for recommendation for an award.

The actual interest rate will fluctuate throughout the term of the contract based on the index rate at the time of the purchase. On August 1, 2023, the interest rate for a 60-month lease was 4.41%. However, once the agreement is in place, it will begin with an interest rate of 4.17%.

**PROCUREMENT DETAIL:**

Finance & Procurement conducted a competitive Request for Proposal to obtain qualified firms to provide a municipal lease line of credit. Three responsive, responsible proposals were received, which were evaluated by the City's evaluation committee. The top two firms were interviewed according to technical and evaluation criteria on the Request for Proposals.

The evaluation committee was comprised of three members from Finance, Budget, and the Assistant Director of Support Services of Solid Waste. Proposals were evaluated against the published criteria in the RFP. The evaluation committee rated each proposer and was scored according to 1) firm's experience, 2) team experience, 3) understanding the project scope, and finalist included 4) price. Final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City. Staff is recommending award to JPMorgan Chase Bank, N.A., as the highest-ranking firm.

**ALTERNATIVES:**

The alternative is not to approve the agreement. However, that would hinder City operations.

**FISCAL IMPACT:**

There is no fiscal impact for FY 2023. The funds are budgeted in multiple City departments in FY 2024.

**FUNDING DETAIL:**

Fund:  
Organization/Activity:  
Mission Element:  
Project # **(CIP Only)**:  
Account:

**RECOMMENDATION:**

Staff recommends approval of the motion as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Master Lease-Purchase Financing Agreement  
Evaluation Matrix Summary