

It's real.

MEMORANDUM

To: Mayor and City Councilmembers
Steve Parker, City Manager

From: Susan Caddell, Director of Finance

Subject: Police Vehicles Lease Purchase

Date: September 30, 2021

During the November 17, 2020 City Council meeting, City Council approved to purchase ten (10) patrol vehicles. Staff is requesting to purchase these vehicles through a four-year lease/purchase with American National Leasing. This is the same financing program we utilized for the past four years to lease purchase vehicles in FY17, FY18, FY19 and FY20. The only difference this year is we are selling some of the Chevrolet Tahoes we purchased through this program in FY17. In FY17, we purchased thirteen (13) vehicles. Since then, one of those vehicles was totaled in an accident and we will be keeping three (3) other of those vehicles and selling the remaining nine (9) vehicles. American National Leasing received bids for the purchase of those vehicles giving us a total of \$171,000. There is still a balance owed on these vehicles of \$72,009 leaving \$98,991. In addition, there is still a balance owed on the three vehicles we will be keeping of \$24,003, leaving \$74,988 to be applied towards the purchase of the new Tahoes.

This lease/purchase is utilized by several departments throughout the country in order to provide an updated fleet and keep the costs for these vehicles within the City's budget. We have made all the lease payments on the current fleet for FY21, which leaves \$88,593 remaining to be used as a down payment for this year's lease/purchase. Once this amount is added to the funds we will receive from the sale of the 2017 Tahoes, we will have \$163,581 to be applied as a downpayment. Attached is a quote, which includes payments on leases from prior year's purchases. This includes the total cost of the police vehicles this year, the down payment amount of \$163,581 (\$16,358 per vehicle), and the interest rate of 2.65%.

Staff is recommending approval of the attached resolution approving a four-year lease purchase agreement with American National Leasing.

Please let me know if you have any further questions.