

GENERAL

Ordinance Fact Sheet

190219

Ordinance Number

Brief Title

Authorizing a lease purchase financing transaction for the acquisition of Neighborhoods and Housing Services vehicles to reassume waste services, and to replace worn, past lifecycle equipment.

Reason

The acquisition will reduce divisional downtime and repair expenses as well as reduce conventional petroleum consumption and improve the City's carbon footprint. Additionally, it allows the City to provide improved service levels in the north and south sections of the city

Reason for Legislation

Authorizing the Director of Finance to accept a proposal and execute all necessary documents and agreements from Bank of America Public Capital Corporation ("BAPCC") to finance the acquisition of City Fleet Vehicles ("Project"); estimating revenue and appropriating \$11,930,500.00 in the 3230 Fund; designating requisitioning authority; authorizing the Director of Finance to close project accounts upon completion; approving Lease Counsel in connection with the transaction; and declaring the intent of the City to reimburse itself from the lease purchase proceeds for certain expenditures.

Sponsor	Randall J. Landes, Director of Finance Earnest Rouse, Director of General Services
Programs, Departments, or Groups Affected	Finance Department, Neighborhoods and Housing Services Department, General Services Department /Fleet Division
Applicants / Proponents	Applicant City Department Finance Department General Services Department/Fleet Division Other
Opponents	Groups or Individuals None Known Basis of opposition
Staff Recommendation	<input checked="" type="checkbox"/> For <input type="checkbox"/> Against Reason Against
Board or Commission Recommendation	By <input type="checkbox"/> For <input type="checkbox"/> Against <input type="checkbox"/> No action taken <input type="checkbox"/> For, with revisions or conditions (see details column for conditions)
Council Committee Actions	<input type="checkbox"/> Do pass <input type="checkbox"/> Do pass (as amended) <input type="checkbox"/> Committee Sub. <input type="checkbox"/> Without Recommendation <input type="checkbox"/> Hold

Discussion (explain all financial aspects of the proposed legislation, including future implications, any direct/indirect costs, specific account numbers, ordinance references, and budget page numbers.)

This ordinance requests authorization to finance the Project with one or more draws upon the Master Lease Purchase Agreement between the City and Bank of America Public Capital Corporation ("BAPCC") for the purpose of acquiring City Fleet Vehicles in an amount not to exceed \$11,930,500.00. The lease term is expected to not exceed more than an eight (8) year period.

The Project proposes to replace approximately 38 Units in Neighborhood and Housing Services Department and add 45 units to the Solid Waste Division. The units targeted for replacement are the vehicles in poorest shape, incurring the most repair expense, or no longer a fit to the current work. The units to expand inventory will facilitate the resumption of solid waste pick up in the City's north and south sections of the city.

The Project will improve the productivity and efficiency of the operating divisions and reduce their operating overheads due to incurring fewer repairs and less equipment downtime. Additionally this formally starts deployment of electric vehicles in the City's passenger car fleet. The equipment targeted is heavily used, well past design lifecycle, mismatched to current need or prone to breakage.

Is it good for the children?
Yes. The equipment being replaced is comprised of older technology vehicles, many of them diesel heavy-trucks averaging 2-4 MPG. Eliminating these older units from the City's inventory and replacing them with modern fuel systems markedly reduces the City's Fleet CO₂, particulate, and NO_x pollutant output. Additionally this improves the City's equipment within-lifecycle metrics of this division, thereby helping to avert health risk associated with sitting trash and/or unsafe buildings due to broken or inoperative equipment. The solid waste expansion further displaces more diesel with CNG as diesel is the fuel that the outsourced services use.

How will this contribute to a sustainable Kansas City?
This project targets older conventionally-fueled equipment which is all out of lifecycle. As the equipment is older, it is compliant only under outdated emissions standards. As a consequence, these units can't run as cleanly as the proposed new equipment. Additionally, where feasible, the City will deploy alternate fuel technologies including compressed natural gas and full electrically operated equipment, reducing pollutants even further than could be realized with modern clean-diesel equipment. These changes will reduce the City's fuel expense and carbon footprint and allow the department to do its work less expensively. This supports the City's ongoing plan to optimize inventory to reduce operating costs and pollutants, and so improves both fiscal and environmental sustainability.

Details

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Policy/Program Impact

Policy or Program Change	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
Operational Impact Assessment	

Finances

Cost & Revenue Projections -- Including Indirect Costs	Total estimated debt service, assuming a 3.799% tax-exempt interest rate over an eight (8) year lease term, is \$13.891 million, or \$1.74 million on an annual basis.
Financial Impact	
Fund Source (s) and Appropriation Account Codes	Source of repayment for debt service is general municipal revenues.

(Use this space for further discussion, if necessary)

Applicable Dates:

Fact Sheet Prepared by:

Name: Mike Buckman
Title: Analyst

Date: 03/15/2019

Reviewed by:

Name: Doug Buehler
Title: City Treasurer

Date: 03/15/2019

Reference Numbers