



DENVER
THE MILE HIGH CITY

Fleet Capital Lease Overview

Budget & Management Office
Cash, Risk, & Capital Funding
Police Fleet & PW Fleet

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- Overview
- Vehicle Selection—Capital Lease Strategy
- Financing
- Timetable

- Due to difficult economic conditions, the City deferred fleet replacement in previous years, and as a result entered 2014 with a \$90M backlog and with 64% of vehicles beyond useful life (*General Fund vehicles only*).
- To begin to address this backlog, the annual General Fund transfer to the Fleet Replacement Fund increased from \$13.8M in 2013 to \$20.3M in 2014 (up \$6.5M).
- The \$20.3M appropriated in 2014 has been budgeted for \$18M of vehicle and equipment purchases, an existing lease payment, and a pilot operational lease program.

- To further expand capacity, the City is utilizing a capital lease as a one-time, “catch-up” strategy to fund an additional \$20M of vehicle and equipment purchases.
- The 3 strategies in 2014 (purchase, operational lease, capital lease) will reduce the backlog by \$40M (from \$90M to \$50M).
- Key considerations in determining what vehicles/equipment to finance with the capital lease:
 - Vehicles/equipment with high maintenance costs (also maximizes operational savings)
 - Frontline, critical vehicles/equipment deemed essential to City operations



Capital Lease Vehicles/Equipment

Vehicle/Equipment	#	Cost
Police		
Patrol Car	55	\$1,720,125
Solid Waste Management		
Trash/Recycling Truck	43	\$10,718,050
Street Maintenance		
Construction Sweeper	1	\$238,085
Dump Truck	20	\$4,435,700
Loader	2	\$662,616
Motorgrader	2	\$597,192
Semi Tractor	3	\$391,296
Grand Total	126	\$18,763,064

- **Lessee** City and County of Denver
- **Lessor** JP Morgan Chase/Chase Equipment Finance Inc.
- **Amount Financed** \$18,763,064
- **Interest Rate** Not to Exceed 2.50%- fixed
- **Annual Payments (P&I Fund)** \$4 million* (Fleet Replacement subject to annual appropriation by Council
- **Total Principal & Interest** \$20,085,371*
- **Financing Term** 5 Years (can prepay after 2 years)



Tentative Financing Timetable

March 25	Mayor Council
March 26	Filing of Documents
March 31	1 st Reading
April 7	2 nd Reading
April 8	Lock in Interest Rate
April 10	Publication
Week of April 14	Closing/funding