

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.***
Incomplete request forms will be returned to sender which may cause a delay in processing.*

Date of Request: March 10, 2014

Please mark one: **Bill Request** or **Resolution Request**

1. Has your agency submitted this request in the last 12 months? If yes, please explain:

Yes **No**

2. Title: *(Include a concise, one sentence description – please include name of company or contractor and contract control number - that clearly indicates the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc.)*

An ordinance to authorize the Manager of Finance to provide financing through a capital lease purchase transaction on behalf of Public Works to acquire fleet totaling an amount not to exceed \$18,763,065.

3. Requesting Agency: Department of Finance

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Guadalupe Gutierrez
- **Phone:** 720-913-9370
- **Email:** lupe.gutierrez@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Guadalupe Gutierrez
- **Phone:** 720-913-9370
- **Email:** lupe.gutierrez@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable:

This ordinance seeks approval to finance the acquisition of fleet through a capital lease purchase transaction on behalf of the Department of Public Works. The total cost of the equipment to be financed is \$18,763,065. The equipment will be provided by various vendors and Chase Equipment Finance will serve as the lessor to the City. The proposed structure will consist of a five-year lease purchase transaction with annual lease payments of approximately \$3.9 million that are subject to annual appropriation by City Council. The interest rate will be set at closing but will not to exceed 2.50% and total interest cost of \$1.32 million.

This capital lease ordinance is being submitted in conjunction with seven (7) zero dollar equipment contract requests submitted by the Department of Public Works with various vendors for delivery of the actual fleet. Approval of the equipment ordinance requests will allow for the procurement of the fleet, while the lease purchase ordinance request would allow for the funding the fleet through a lease purchase transaction with Chase.

***Please complete the following fields: (Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:**
- b. **Duration:** 5 year lease
- c. **Location:** vehicles will be used by Public Works and Safety
- d. **Affected Council District:** All
- e. **Benefits:** Allows for the replacement of vehicles that have outlived their useful life
- f. **Costs:** Interest expense associated with the lease will not exceed \$1,322,608

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain.No

To be completed by Mayor’s Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____



CITY AND COUNTY OF DENVER

DEPARTMENT OF FINANCE

CASH RISK AND CAPITAL FUNDING
201 WEST COLFAX AVE.
DENVER, COLORADO 80202
PHONE: (720) 913-5500

Michael B. Hancock
Mayor

Executive Summary

An ordinance to authorize the Manager of Finance to provide financing through a capital lease purchase transaction to acquire fleet for the Department of Public Works totaling \$18,763,065.

The Department of Finance is seeking approval to fund the acquisition of fleet (to be procured from various vendors) through a capital lease purchase transaction on behalf of the Department of Public Works. The total cost of the fleet to be financed will not exceed \$18,763,065.

The proposed financing structure will consist of a five-year capital lease between the City and Chase Equipment Finance, who was selected via a competitive process. Chase submitted the low bid of 1.359% interest to finance a total principal amount of \$18,763,065. The actual ordinance will contain a “Not to Exceed” rate of 2.5% because the interest rate will not be “locked-in” until closer to closing. The maximum amount of interest that the City would pay through 2019 at the 2.5% rate is \$1,322,608. The lease payments are subject to annual appropriation by City Council. The City may prepay the lease without penalty on any payment date, 24-months after closing.

This lease financing agreement is part of a package that will entail total of (8) ordinances, and it is requested that they be presented as a single project. The ordinances are:

- 1) The above financing agreement, which entails the capital lease financing with Chase. Total principal and maximum interest not to exceed \$20.1 million.
- 2) Zero dollar agreements with the seven following Vendors*:

COLORADO KENWORTH, INC.
OJ WATSON COMPANY, INC.
POWER EQUIPMENT COMPANY
RUSH TRUCK CENTERS OF COLORADO, INC.
SPRADLEY/BARR FORD, INC.
TRANSWEST FREIGHTLINER, LLC
WAGNER EQUIPMENT CO.

**Vendors for the equipment that is being financed*

This ordinance request is being submitted to comply with the City’s Charter which requires Council approval of any agreement in excess of \$500,000.

Description of the Fleet purchase:

The fleet purchases are part of a catch-up effort to address fleet needs of the City that had been delayed as a result of the economic downturn. Public Works along with the Budget Management Office, undertook a comprehensive assessment of the City’s fleet needs and identified a list of vehicles, prioritized by the following criteria: 1) essentiality to the safety of City operations 2) cost of maintaining vehicles with outlived useful lives.

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