

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor's Legislative team with questions

Date of Request: April 18, 2022

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

1. Type of Request:

- Contract/Grant Agreement** **Intergovernmental Agreement (IGA)** **Rezoning/Text Amendment**
 Dedication/Vacation **Appropriation/Supplemental** **DRMC Change**
 Other:

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Authorizes the Manager of Finance to enter into a capital lease purchase transaction, on behalf of the Department of Transportation and Infrastructure, to purchase fleet vehicles in a principal amount not to exceed \$21,250,000.

3. Requesting Agency: Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Hannah Stewart	Name: Kiki Turner
Email: Hannah.Stewart@denvergov.org	Email: Kiki.Turner@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

This resolution seeks approval of a lease purchase agreement for the acquisition of fleet vehicles ("Equipment") on behalf of Department of Transportation and Infrastructure ("DOTI"). The Equipment will be used to replace existing fleet that has reached the end of its useful life.

The Equipment will be acquired through a capital lease purchase transaction in the principal amount not to exceed \$21,250,000. The not to exceed principal amount includes a price increase which may occur prior to the anticipated closing on May 17th due to inflation and supply chain challenges. The City currently anticipates a principal amount of \$20,814,150.15 and full delivery of Equipment in Q1 2024, however contracts are still being negotiated with the vendors and the price will not exceed the parameters authorized in this ordinance. The final amount will be determined on or around filing of the procurement contracts (referenced below), currently anticipated on May 4th. JPMorgan Chase Bank, N.A. ("JPM"), selected via a competitive bid process, will serve as the lessor. The proposed leasing structure will consist of a 5-year lease purchase transaction with annual lease payments of up to approximately \$4,584,281, which will be repaid from the Planned Fleet Fund, that are subject to annual appropriation by City Council. The interest rate will be locked at 2.292% which translates to total interest cost of up to approximately \$1,671,404. Interest cost of \$1,671,404 plus not-to-exceed principal of \$21,250,000 results in a contract total of \$22,921,404.

This capital lease purchase resolution request is being submitted in conjunction with an equipment procurement contract request submitted by DOTI for delivery of the Equipment by 1) Front Range Fire Apparatus, Limited, 2) Hardline Equipment LLC, 3) Kois Brothers Equipment Co., Inc, 4) Neverest Equipment Co., 5) O.J. Watson Company, Inc., 6) Trans-West, Inc., 7) Wagner Equipment Co., and 8) Amrep Manufacturing Company, LLC. Approval of the equipment resolution requests will allow for the procurement of the Equipment, while the lease purchase resolution request will allow for the lease purchase of the Equipment through a transaction with JPM.

6. City Attorney assigned to this request (if applicable): Laurie Heydman

7. City Council District: Citywide

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor's Legislative Team:

Resolution/Bill Number: _____

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Standard Expenditure

Vendor/Contractor Name: JPMorgan Chase Bank, N.A.

Contract control number: FINAN-202262871

Location: Citywide

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** _____

Contract Term/Duration (for amended contracts, include existing term dates and amended dates): 5 years

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
N/A	\$22,921,403.59	\$22,921,403.59

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
N/A	N/A	5-year term (9/30/2027)

Scope of work: This resolution approves the lease purchase of fleet vehicles for DOTI. The acquisition of the Equipment is in the following contracts:

<u>VENDOR</u>	<u>CONTRACT #</u>
FRONT RANGE FIRE APPARATUS, LIMITED	DOTI-202262300-00
HARDLINE EQUIPMENT LLC	DOTI-202262301-00
KOIS BROTHERS EQUIPMENT CO., INC.	DOTI-202262302-00
NEVEREST EQUIPMENT CO	DOTI-202262303-00
O.J. Watson Company, Inc.	DOTI-202262306-00
TRANS-WEST, INC.	DOTI-202262314-00
WAGNER EQUIPMENT CO.	DOTI-202262316-00
AMREP MANUFACTURING COMPANY, LLC	DOTI-202262412-00

Was this contractor selected by competitive process? Yes **If not, why not?** _____

Has this contractor provided these services to the City before? Yes No

Source of funds: Planned Fleet Fund (11804)

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): None

Who are the subcontractors to this contract? None

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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

Executive Summary

A resolution to authorize the Manager of Finance to enter into a capital lease purchase agreement, on behalf of the Department of Transportation and Infrastructure, to purchase fleet vehicles in a principal amount not to exceed \$22,921,403.59.

The Department of Finance is seeking approval to acquire fleet vehicles (“Equipment”) via a lease purchase agreement to be procured from the following vendors: Front Range Fire Apparatus, Limited, Hardline Equipment LLC, Kois Brothers Equipment Co., Inc, Neverest Equipment Co., O.J. Watson Company, Inc., Trans-West, Inc., Wagner Equipment Co., and Amrep Manufacturing Company, LLC, on behalf of Department of Transportation and Infrastructure (“DOTI”). The total cost of the Equipment to be lease purchased will not exceed \$22,921,403.59 (includes principal and interest).

The proposed lease purchase structure will consist of a 5-year capital lease between the City and JPMorgan Chase Bank, N.A. (“JPM”), selected via a competitive bid process. JPM submitted the lowest bid of 2.292% fixed interest per annum, which translates to total interest cost for the City up to approximately \$1,671,404 through 2027. The annual lease payments of up to approximately \$4,584,281 are subject to annual appropriation by City Council and will be repaid from the Planned Fleet Special Revenue Fund. The City may prepay the lease at par, without penalty, on any payment date after an initial 12 months.

This lease purchase agreement is part of a package that will consist of a total of nine (9) resolutions, and it is requested that they be presented as a single project. The resolutions are:

- 1) The above Lease Purchase Agreement, which entails the capital lease purchase with JPM; total lease payments (if all appropriations are made) are approximately \$22,921,404.
- 2) Equipment procurement contracts with the eight (8) vendors as listed on the equipment list below, for the fleet vehicles being leased.

Description of the Equipment purchase:

The fleet vehicles will be replacements of existing fleet that has reached the end of its useful life. The Equipment will include various vehicles as listed below. The approximate useful life range of the Equipment is 6-15 years. The current estimated total cost, prior to a possible price increase, for the fleet vehicles is \$20,814,150.15, comprised of the following:

Vendor	Equipment	Leased Amount
Front Range Fire Apparatus, Limited	1 Pierce Velocity 100’ platform apparatus and 2 Pierce Velocity pumper trucks	\$2,832,935.00
Hardline Equipment LLC	9 Dulevo street sweepers and 25 Dennis Eagle cab and chassis for trash and compost trucks	8,414,151.28
Kois Brothers Equipment Co, Inc	4 Durapack 25-yard high compact rear loaders bodies	518,633.16
Neverest Equipment Co.	1 Mathieu Azura Flex sweeper	234,554.00
O.J. Watson Company, Inc.	13 tandem dump truck bodies and 2 street sweeper bodies	2,147,442.71
Trans-West, Inc.	13 Freightliner tandem plows (cab and chassis), 2 Freightliner street sweepers (cab and chassis), and 4 Freightliner trash tractors	2,471,033.00
Wagner Equipment Co.	1 Caterpillar cold planner, 1 Caterpillar motorgrader, and 1 Caterpillar compact loader	1,294,293.00
Amrep Manufacturing Company, LLC	21 automatic side loader (ASL) bodies	2,901,108.00
TOTAL		\$20,814,150.15

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