

## ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team

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

Date of Request: **June 15, 2020**

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 Safety to be used by Denver Fire Department, to purchase fire truck apparatus vehicles in a principal amount not to exceed \$3,559,024.92.

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: <a href="mailto:Hannah.Stewart@denvergov.org">Hannah.Stewart@denvergov.org</a>	Email: <a href="mailto:Kiki.Turner@denvergov.org">Kiki.Turner@denvergov.org</a>

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

This resolution seeks approval to lease purchase four fire truck apparatus vehicles ("Equipment") on behalf of Department of Safety to be used by Denver Fire Department ("DFD"). The Equipment will be used to replace existing fleet that has reached the end of its useful life (originally approved as a cash purchase in the City's 2020 Budget which was adopted in November 2019).

The Department of Finance ("DOF") has modified the purchase mechanism, for the 2020 replacement capital equipment for four DFD apparatus, to a capital lease purchase transaction due to the City's current economic condition as a result of the COVID-19 pandemic. The COVID-19 pandemic is having a significant economic strain on the City's revenues, resulting in the need to reduce expenditures. DOF began implementation of several actions to both measure and mitigate the impact of COVID-19 on City operations in the 2020 budget. The modification of the acquisition of the Equipment from direct cash purchase to capital lease purchase allows the City & County of Denver to continue to maintain the replacement schedule for this crucial DFD equipment while reducing the direct fiscal impact to 2020. Leasing allows use of the apparatus over the course of seven years while making annual payments to outright own the apparatus at the end of the lease term, and allows the City & County of Denver to endure the impacts of COVID-19 and maintain city operations to Denver's residents.

The Equipment will be acquired through a capital lease purchase transaction in the principal amount not to exceed \$3,559,024.92. The not to exceed principal amount includes a 3% price increase which may occur on or after August 3, 2020. The City targets closing prior to August 3<sup>rd</sup>, 2020, and thus a principal amount of \$3,455,364.00 is currently anticipated. As an alternative to escrow, the vendor has offered a "pay on order" option versus "pay on delivery" (delivery is anticipated to occur in 12-18 months) in order to recognize additional savings of \$114,500 (savings after August 3, 2020, are to be determined). 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 7-year lease purchase transaction with annual lease payments of approximately \$536,068, 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 1.299% which translates to total interest cost of approximately \$193,452.

This capital lease purchase resolution request is being submitted in conjunction with an equipment procurement contract request submitted by Budget and Management Office for delivery of the Equipment by Front Range Fire Apparatus, Limited. Approval of the equipment resolution request 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: RR20 0602

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-202055028

**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): 7 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	\$3,752,476.81	\$3,752,476.81

  

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
N/A	N/A	7-year term (9/30/2027)

**Scope of work:** This resolution approves the lease purchase of four new fire truck apparatus vehicles for Department of Public Safety to be used by Denver Fire Department. The acquisition of the Equipment is in the following contract DOTI-202054929 (Front Range Fire Apparatus, Limited).

**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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*To be completed by Mayor's Legislative Team:*

Resolution/Bill Number: RR20 0602

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 transaction, on behalf of the Department of Safety to be used by Denver Fire Department, to purchase fire apparatus vehicles in a principal amount not to exceed \$3,559,024.92.**

The Department of Finance is seeking approval to acquire four fire apparatus vehicles ("Equipment") to be procured from Front Range Fire Apparatus, Limited, through a capital lease purchase transaction through Department of Transportation and Infrastructure ("DOTI") on behalf of the Department of Safety ("Safety") to be used by Denver Fire Department ("DFD"). The purchase of the Equipment was originally approved as a cash purchase in the City's 2020 Budget which was adopted in November 2019. The Department of Finance ("DOF") has modified the purchase mechanism, for the 2020 replacement capital equipment for four DFD apparatus, to a capital lease purchase transaction due to the City's current economic condition as a result of the COVID-19 pandemic. The COVID-19 pandemic is having a significant economic strain on the City's revenues, resulting in the need to reduce expenditures. DOF began implementation of several actions to both measure and mitigate the impact of COVID-19 on City operations in the 2020 budget. The modification of the acquisition of the Equipment from direct cash purchase to capital lease purchase allows the City & County of Denver to continue to maintain the replacement schedule for this crucial DFD equipment while reducing the direct fiscal impact to 2020. Leasing allows use of the apparatus over the course of seven years while making annual payments to outright own the apparatus at the end of the lease term, and allows the City & County of Denver to endure the impacts of COVID-19 and maintain city operations to Denver's residents. The total cost of the Equipment to be lease purchased will not exceed \$3,559,024.92.

The proposed lease purchase structure will consist of a 7-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 1.299% fixed interest per annum, which translates to total interest cost for the City of approximately \$193,452 through 2027. The annual lease payments of approximately \$536,068 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 two (2) 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 \$3,752,477.
- 2) Equipment procurement contract with Front Range Fire Apparatus, Limited, the vendor for the four fire truck apparatus vehicles being leased.

Description of the Equipment purchase:

The fire truck apparatus vehicles will be replacements of existing DFD fleet that has reached the end of its useful life. The Equipment will include four fire truck apparatus vehicles consisting of one Pierce Velocity Ascendant Ladder Aerial 107' Ascendant, two Pierce Velocity Pumpers, and one Pierce Velocity Rescue. The approximate useful life of the Equipment is at least 8-years. The estimated total cost for the fire truck apparatus vehicles is \$3,559,024.92, comprised of the following:

Equipment	Cost
1 Pierce Velocity Ascendant Ladder Aerial 107' Ascendant w/Cummins 12 Engine	\$ 1,202,190.25
2 Pierce Velocity Pumper, Med, Alum, Velocity - 500 Water	\$ 1,258,373.66
1 Pierce Velocity Rescue	\$ 1,098,461.01
<b>TOTAL</b>	<b>\$ 3,559,024.92</b>

*To be completed by Mayor's Legislative Team:*