

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
FINANCE DEPARTMENT**

TO: Mayor and City Council

FROM: Milo Nitschke, Director, Finance Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; Daniel Cardenas, Director, Environmental Services; Janie Cantu, Director, Purchasing & General Services; Lauren O'Conner, City Attorney's Office; City Clerk; File

SUBJECT: Tax-Exempt Lease Purchase Financing of Specialized Garbage Containers

DATE: April 8, 2004

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the execution of an Equipment/Lease Purchase Agreement between the City of San Antonio and Banc of America Leasing & Capital, LLC at an interest rate of 2.67% for a term of 60 months for \$317,000 for the purchase of equipment items to include specialized garbage containers, and to pay the costs of financing; and enacts other provisions incident and related to the subject and purpose of this Ordinance.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

An Automated Refuse Collection pilot program was approved by the City Council to be implemented in Fiscal Year 2004. As part of the pilot program, the City is purchasing 7,600 ninety-six (96) gallon sized carts and 200 sixty-four (64) gallon sized carts for automated collection.

On February 17, 2004, the City released a Request for Tax-Exempt Lease Purchase Bid for the above mentioned equipment for a total of \$317,000 including costs of financing for a period of 60 months. The Lease Purchase Agreement is to be awarded to the bidder whose bid produced the lowest total interest cost to the City and whose terms and conditions of the Lease Purchase Agreement were consistent with the City's objectives. Evaluation of the interest cost for bid purposes was calculated assuming delivery of funds on April 20, 2004. The first interest payment is payable on May 1, 2004 and principal and interest payments thereafter are calculated in equal quarterly payments commencing August 1, 2004.

On March 2, 2004, seven (7) bids were received and the results are as follows:

<u>Firm</u>	<u>Rate</u>	<u>Total Interest Cost</u>
1. Banc of America Leasing and Capital LLC	2.670%	\$22,944.27
2. Wells Fargo Brokerage Services, LLC	2.980%	25,668.60
3. Ashford Capital Corporation	3.325%	28,715.18
4. Koch Financial Corporation	3.640%	31,510.34
5. Frost National Bank	3.740%	32,400.38
6. Municipal Services Group	4.730%	41,281.52
7. Baystone Financial Group	4.940%	43,181.64

Banc of America Leasing and Capital LLC submitted the low bid with a bid of 2.670% for 60 months with a total interest cost of \$22,944.27 with lease purchase payments due on a quarterly basis. The funds will be deposited into a Restricted Bank Account pending final acceptance of the equipment, and invested in the interim with interest earnings accruing to the benefit of the City. Payment for the equipment will not be made to the respective vendors until final acceptance is given in writing by the Environmental Services Department, City Finance Department and Banc of America Leasing and Capital LLC. Final acceptance of all equipment is anticipated on or before June, 2004.

POLICY ANALYSIS

The proposed selection of Banc of America Leasing and Capital LLC to provide lease purchase financing for the aforementioned equipment is consistent with the Fiscal Year 2004 Adopted Budget, the City's bidding policies and previous actions to obtain similar financings.

FISCAL IMPACT

Lease purchase payments are budgeted and are proposed to be appropriated on an annual basis. Payments will be made on a quarterly basis to Banc of America Leasing and Capital LLC, commencing on or about May 1, 2004.

The proposed payment schedule assuming delivery of funds on April 20, 2004, is as follows:


<u>Fiscal Year</u>	<u>Annual Payment</u>
2004	\$ 17,242.90
2005	67,937.13
2006	67,937.13
2007	67,937.13
2008	67,937.13
2009	50,952.85
Total	\$339,944.27

SUPPLEMENTAL COMMENTS

The disclosure required by the City's Ethics Ordinance for Banc of America Leasing and Capital LLC is attached.

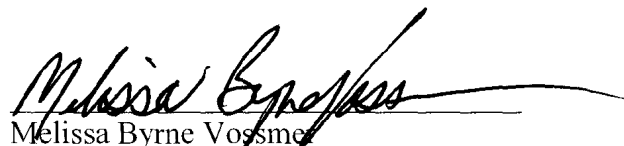
COORDINATION

This action has been coordinated with the departments of Finance, Purchasing & General Services, Environmental Services, Office of Management and Budget, the City Attorney's Office and the City's Bond Counsel.

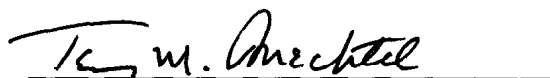


Milo D. Nitschke
Director, Finance Department

Approved:



Melissa Byrne Vossmer
Assistant City Manager



Terry M. Brechtel
City Manager

CITY OF SAN ANTONIO

City Attorney's Office

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

☒ NO

2. Have you or any member of your Firm been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

☒ NO

3. Have you or any member of your Firm been involved in any litigation with or filed a claim against the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

☒ NO

If you have answered "YES" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

City of San Antonio

Discretionary Contracts Disclosure*

*For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.*

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

Not Applicable

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Not Applicable

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

Not Applicable

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Not Applicable

(3) the identity of any **lobbyist** or **public relations firm** employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

Not Applicable

¹ A **business entity** means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

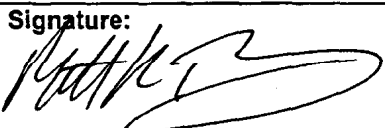
Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current or former member of City Council*, any *candidate for City Council*, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None Made		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: Associate Leasing Specialist Company: Bancor America Leasing & Capital LLC	Date: 3/1/04

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.