



# City of Grand Island

Tuesday, November 24, 2020

Council Session

## Item G-24

**#2020-314 - Approving Lease Purchase of a new Street Sweeper and a New Front-End Loader Mounted Snow Heaver for the Streets Division of the Public Works Department**

Staff Contact: John Collins, P.E. - Public Works Director

# Council Agenda Memo

**From:** Shannon Callahan, Street Superintendent

**Meeting:** November 24, 2020

**Subject:** Approving Lease Purchase of a new Street Sweeper and a new Front-End Loader Mounted Snow Heaver for the Streets Division of the Public Works Department

**Presenter(s):** John Collins PE, Public Works Director

## Background

The Streets Division has budgeted funds for a down payment on a new street sweeper and a new snow heaver in the 2020/2021 fiscal year.

The Streets Division's Street Sweeping program consists of four (4) Street Sweepers that sweep the entire City (curb and gutter streets) once in the spring and once in the fall. During summer months a single Street Sweeper is used to sweep routes and other locations as needed. The Street Sweepers are also used to sweep specific areas including downtown before special events and the State Marathon Route.

Unit 246 is a 2003 Elgin Pelican Street Sweeper with over 11,130 hours and a repair cost to purchase price ratio of 0.95. This unit is due for replacement and the new street sweeper will be moved to the front-line position, logging the most hours each year, and the current front-line machine will be used as a seasonal unit.



*Unit 246 – 2003 Elgin Pelican*

The Streets Division uses the front-end loader mounted snow heaver to load trucks with snow to be hauled from the downtown area, on Hwy 30 one-way street system, and on other atrial roadways as needed. Streets owns two snow heavers as there is need for redundancy in case of a breakdown.



*Unit 291 – 1998 Fair Snow Blower*



*Snow Heaver driven by front of the loader blowing snow into the back of a dump truck.*

Unit 291 is a 1998 Fair Front-End Loader Mounted Snow Heaver with 454 hours and a repair cost to purchase price ratio of 0.60. The repair cost to purchase ratio of this unit is fairly low but due to its age it should be replaced.

## **Discussion**

The City of Grand Island City Council approved the use of the National Joint Powers Alliance Buying Group (NJPA), now known as Sourcewell, with Resolution 2014-326.

To meet competitive bidding requirements for a new Street Sweeper, the Streets Division obtained pricing from the (NJPA) Sourcewell Contract No. 122017-FSC awarded to Federal Signal Corporation; with Nebraska Environmental Products of Lincoln, NE assigned as our authorized dealer. Per the Sourcewell Contract the price for a new 2021 Elgin Pelican Street Sweeper, that meets the City's requirements, will be \$230,747.20. Nebraska Environmental is offering \$7,800 as trade-in value of Unit 246 making the net purchase price \$222,947.20.

To meet competitive bidding requirements for a new Front-End Loader Mounted Snow Heaver, the Streets Division obtained pricing from the (NJPA) Sourcewell Contract No. 030619-WAS awarded to Wasau Equipment Company, Inc.; with Nebraska Environmental Products of Lincoln, NE assigned as our authorized dealer. Per the Sourcewell Contract the price for a new 2021 Wasau Snogo front-end loader mounted snow heaver, that meets the City's requirements, will be \$165,729.00. Nebraska Environmental is offering \$1,500 as trade-in value of Unit 291 making the net purchase price \$164,229.00.

Public Works staff is recommending financing these combined purchases of \$387,176.20. Combining the purchase amounts will take advantage the lower interest rate bracket offered for higher financing amounts and eliminate double payment of processing fees.

The capital lease purchase agreement with National Cooperative Leasing (NCL), per Sourcewell (NJPA) Contract No. 011620-NCL, would consist of a one-time payment this fiscal year of \$120,000 followed by five (5) annual payments of \$59,087.97 starting in Fiscal Year 2022. Annual payments would require Council approval with the budget each fiscal year and we anticipate NCL using Santander Bank, N.A. for processing payments.

A summary of recommended purchases and capital lease terms is below.

<b>Street Sweeper:</b>	
Vendor	Nebraska Environmental Products, Sourcewell (NJPA) Contract No. 122017-FSC
Purchase Price	\$230,747.20
Trade-In – Unit 246	\$7,800.00
Net Price	\$222,947.20
<b>Front-End Loader Mounted Snow Heaver:</b>	
Vendor	Nebraska Environmental Products, Sourcewell (NJPA) Contract No. 030619-WAS
Purchase Price	\$165,729.00
Trade-In – Unit 246	\$1,500.00
Net Price	\$164,229.00
<b>Capital Lease Purchase Financing:</b>	
Total Amount Financed	\$387,176.20
Leasing Company	Lease Servicing Center, Inc. dba National Cooperative Leasing; Sourcewell (NJPA) Contract No. 032615-NCL
Bank Institution	Santander Bank, N.A.
Documentation Fee	\$250.00
Advance Payment (this FY)	\$120,000.00
Interest Rate	3.44%
Annual Payments (begin FY 2022)	5 at \$59,087.97
Pay-off Amount	\$1.00
Total Repayment Amount	\$415,439.90

## **Alternatives**

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

## **Recommendation**

City Administration recommends that the Council approve the purchase of a new Street Sweeper and a new Front-End Loader Mounted Snow Heaver from Nebraska Environmental Products of Lincoln, NE for a net purchase price of \$387,176.20 and the lease purchase agreement with National Cooperative Leasing of Alexandria, MN.

## **Sample Motion**

Move to approve the purchase of a new Street Sweeper and a new Front-End Loader Mounted Snow Heaver from Nebraska Environmental Products of Lincoln, NE for a net purchase price of \$387,176.20 and the lease purchase agreement with National Cooperative Leasing of Alexandria, MN.

## Streets Capital Equipment - Debt Schedule

Updated 11/9/2020

<b>Current (Approved)</b>		Last	Current	Next				
	FY	FY	FY	FY	FY	FY	FY	FY
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
2016 Motorgrader	45,723	45,723	45,723					
2017 Mowing Tractors (3)	42,266	42,266	42,267					
2019 Sewer Combo Unit	dp	66,441	66,441	66,441	66,441	66,441		
<b>TOTAL LEASE PURCHASE PAYMENTS</b>	<b>87,989</b>	<b>154,430</b>	<b>154,431</b>	<b>66,441</b>	<b>66,441</b>	<b>66,441</b>	<b>0</b>	<b>0</b>

Downpayments are calculated with initial FY capital purchase budget

<b>Proposed</b>		Last	Current	Next				
	FY	FY	FY	FY	FY	FY	FY	FY
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
2016 Motorgrader	\$45,723	\$45,723	\$45,723					
2017 Mowing Tractors (3)	\$42,266	\$42,266	\$42,267					
2019 Sewer Combo Unit	dp	\$66,441	\$66,441	\$66,441	\$66,441	\$66,441		
Street Sweeper & Snow Blower, Front-End Loader Mounted			dp	\$59,088	\$59,088	\$59,088	\$59,088	\$59,088
<b>TOTAL LEASE PURCHASE PAYMENTS</b>	<b>\$87,989</b>	<b>\$154,430</b>	<b>\$154,431</b>	<b>\$125,529</b>	<b>\$125,529</b>	<b>\$125,529</b>	<b>\$59,088</b>	<b>\$59,088</b>

### PROPOSED

EXISTING, APPROVED

dp = Downpayments are calculated with initial FY capital purchase budget



November 9, 2020

City of Grand Island

**Re: Municipal Lease/Purchase Financing Proposal**

Dear Sir or Madam:

Lease Servicing Center, Inc. dba NCL Government Capital (“NCL”) is pleased to propose to the City of Grand Island the following tax-exempt Lease/purchase transaction as outlined below. Under this transaction, the City of Grand Island would enter into a municipal Lease/purchase agreement with NCL for the purpose of acquiring a Equipment. This transaction is subject to formal review and approval by both the Lessor and Lessee.

**LESSEE:** City of Grand Island

**LESSOR:** Lease Servicing Center, Inc. dba NCL Government Capital & it’s assigns

**EQUIPMENT:** Equipment

**EQUIPMENT COST:** \$382,000.00

**DOWN-PAYMENT:** \$0

**AMOUNT FINANCED:** \$382,000.00

**TERM:** 5 Years

**ANNUAL LEASE PAYMENTS:** 1 @ \$120,000.00  
5 @ \$59,087.97

**RATE:** 3.44%

**FIRST PAYMENT DUE:** At Lease Commencement

**PURCHASE OPTION:** \$1.00

**PRICING:** The Rates and Payments outlined above are locked, provided this proposal is accepted by the Lessee by November 30, 2020 and the transaction closes/funds prior to December 31, 2020. After these days, the final Rate and Payments shall be adjusted commensurately with market rates in effect at the time of funding and shall be fixed for the entire lease term.

**DOCUMENTATION FEE:** \$250 paid to Lessor at closing

220 22nd Ave. E Suite 106 \* Alexandria, MN 56308 \* Telephone 320 763 7600 \* Fax 320 763 9600  
www.nclgovcap.com

**DOCUMENTATION:** Lessor shall provide all of the documentation necessary to close this transaction. This documentation shall be governed by the laws of the State of lessee.

**TITLE / INSURANCE:** Lessee shall retain title to the equipment during the lease term. Lessor shall be granted a perfected security interest in the equipment and the Lessee shall keep the equipment free from any/all liens or encumbrances during the term. Lessee shall provide adequate loss and liability insurance coverage, naming Lessor as additional insured and loss-payee.

**TAX STATUS:** This transaction must be designated as Tax-Exempt under Section 103 of the IRS code of 1986 as amended.

**SOURCEWELL CONTRACT:** NCL has been competitively bid and awarded a contract through Sourcewell (Formerly NJPA).  
**#011620-NCL** NCL's Sourcewell Contract # is 011620-NCL.

We appreciate this opportunity to offer an NCL Financing Solution. Please do not hesitate to contact me if you have any questions at (866) 763-7600. Acceptance of this proposal is required prior to credit underwriting by NCL. Upon acceptance of this proposal, please scan and e-mail to my attention. Thank you again.

Sincerely,

Jake Ost -(866) 763-7600  
[jakeo@nclgovcap.com](mailto:jakeo@nclgovcap.com)

**ACCEPTANCE**

As a duly authorized agent of the City of Grand Island , I hereby accept the terms of this proposal as outlined above and intend to close this financing with NCL, subject to final approval.

ACCEPTED: \_\_\_\_\_ DATE: \_\_\_\_\_

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

PHONE: \_\_\_\_\_

WE ARE PROVIDING THE INFORMATION CONTAINED HEREIN FOR INFORMATIONAL PURPOSES ONLY IN CONNECTION WITH POTENTIAL ARMS-LENGTH COMMERCIAL BANKING TRANSACTIONS. IN PROVIDING THIS INFORMATION, WE ARE ACTING FOR OUR OWN INTEREST AND HAVE FINANCIAL AND OTHER INTERESTS THAT DIFFER FROM YOURS. WE ARE NOT ACTING AS A MUNICIPAL ADVISOR OR FINANCIAL ADVISOR TO YOU, AND HAVE NO FIDUCIARY DUTY TO YOUR OR ANY OTHER PERSON PURSUANT TO SECTION 15B OF THE SECURITIES EXCHANGE ACT OF 1934. THE INFORMATION CONTAINED IN THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS "ADVICE" WITHIN THE MEANING OF SECTION 15B OF THE SECURITIES EXCHANGE ACT OF 1934 AND THE MUNICIPAL ADVISOR RULES OF THE SEC. WE ARE NOT RECOMMENDING THAT YOU TAKE AN ACTION WITH RESPECT TO THE INFORMATION CONTAINED HEREIN. BEFORE ACTING ON THIS INFORMATION, YOU SHOULD DISCUSS IT WITH YOUR OWN FINANCIAL AND/OR MUNICIPAL, LEGAL, ACCOUNTING, TAX AND OTHER ADVISORS AS YOU DEEM APPROPRIATE. IF YOU WOULD LIKE A MUNICIPAL ADVISOR THAT HAS LEGAL FIDUCIARY DUTIES TO YOU, THEN YOU ARE FREE TO ENGAGE A MUNICIPAL ADVISOR TO SERVE IN THAT CAPACITY.

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RESOLUTION 2020-314

WHEREAS, Sourcewell, formerly known as the National Joint Powers Alliance, cooperative purchasing group was utilized to secure competitive bids for a new Street Sweeper and a new Front-End Loader Mounted Snow Heaver and Capital Lease Purchase financing by the Streets Division of the Public Works Department; and

WHEREAS, Sourcewell Contract No. 122017-FSC was awarded to Federal Signal Corporation and authorized Nebraska Environmental Products to offer said contract pricing to the City of Grand Island, Nebraska; and

WHEREAS, Sourcewell Contract No. 030619-WAS was awarded to Wasau Equipment Company, Inc. and authorized Nebraska Environmental Products to offer said contract pricing to the City of Grand Island, Nebraska; and

WHEREAS, Sourcewell Contract No. 011620-NCL was awarded to National Cooperative Leasing; and

WHEREAS, the new equipment options and trade-in terms were negotiated with Nebraska Environmental Products for a net purchase price of \$387,176.20; and

WHEREAS, such amount will be financed by National Cooperative Leasing of Alexandria, MN through a capital lease purchase agreement and payments will be processed through Santander Bank, N.A. ; and

WHEREAS, a documentation fee of \$250.00 will be paid; and

WHEREAS, a down payment of \$120,000.00 will be paid in advance followed by five (5) annual payments of \$59,087.97 and a pay-off amount of \$1.00 ; and

WHEREAS, the total repayment amount for the lease purchase will be \$415,439.90.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the purchase of a new Street Sweeper and a new Front-End Loader Mounted Snow Heaver from Nebraska Environmental Products of Lincoln, NE for a net purchase price of \$387,176.20 is hereby approved.

BE IT FURTHER RESOLVED, that the Mayor or their designee is hereby authorized and directed to execute such lease purchase agreement on behalf of the City of Grand Island and .

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Adopted by the City Council of the City of Grand Island, Nebraska, November 24, 2020.

\_\_\_\_\_  
Roger G. Steele, Mayor

Attest:

\_\_\_\_\_  
RaNae Edwards, City Clerk

Approved as to Form	☐ _____
November 18, 2020	☐ City Attorney