



# **City of Grand Island**

**Tuesday, November 23, 2010**

**Council Session**

## **Item G19**

**#2010-336 - Approving Financing for Heavy Duty Rescue Pumper  
Truck**

**Staff Contact: Troy Hughes**

# **Council Agenda Memo**

**From:** Troy Hughes, Fire Chief  
Mary Lou Brown, Finance Director

**Meeting:** November 23, 2010

**Subject:** Financing for Heavy Duty Rescue Pumper Truck

**Item #'s:** G-19

**Presenter(s):** Troy Hughes, Fire Chief

## **Background**

The Fiscal Year 2010/2011 budget, as approved, included the purchase of a heavy duty fire pumper truck. This truck will remove two trucks from front line duty at Fire Station 3, a 1990 Ford pumper and a 1997 Freightliner rescue truck. Neither of these trucks has the capability to cover all the duties required of it; crews must jump back and forth between the two trucks depending upon the nature of the call.

The General Fund Capital Budget included \$69,000 related to the purchase of this truck. The financing assumption for budget planning purposes was a 10 year lease purchase with the purchase price estimated at \$550,000.

A Request for Proposal (RFP) has been issued related to the truck. Also included in the RFP is a request for financing. The City has identified that either a capital lease or a tax exempt loan will be considered.

## **Discussion**

Council action is necessary prior to moving forward with the analysis of and determination of the best financing option. Either the capital lease or the tax free loan will be recorded in the City's financial statements as debt. If a capital lease is agreed upon, the value of the lease payments will be recorded as debt. If a loan agreement is entered into, the amount borrowed will be recorded as debt.

Once the truck and its price have been determined, the financing options will be evaluated and the best option determined. The recommended financing option will be brought forward, most likely in December.

## **Alternatives**

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

1. Approve the financing for the truck and resulting incremental debt that will be recorded on the City's financials.
2. Postpone any decision regarding the financing.
3. Deny the request to incur debt related to the purchase of the truck.

## **Recommendation**

City Administration recommends that Council approve the Resolution to incur debt related to the purchase of the heavy duty pumper truck.

## **Sample Motion**

Move to approve the Resolution to incur debt related to the purchase of the heavy duty pumper truck.

RESOLUTION 2010-336

WHEREAS, the Fire Department plans to purchase a heavy duty rescue pumper truck as included in the approved Fiscal Year 2010/2011 budget; and

WHEREAS, the purchase requires the issuance of debt, either through a capital lease or a tax free loan; and

WHEREAS, Council approval is required prior to proceeding with debt issuance;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that:

The consideration of either a capital lease or a tax exempt loan related to the purchase of a heavy duty rescue pumper truck is hereby approved.

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Adopted by the City Council of the City of Grand Island, Nebraska, November 23, 2010.

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Margaret Hornady, Mayor

Attest:

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RaNae Edwards, City Clerk