

C O U N C I L C O M M U N I C A T I O N

TO : THE CITY COUNCIL
FROM : THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE
MAY 16, 1990

SUBJECT: PURCHASE OF AERIAL FIRE TRUCK

PREPARED BY: Assistant City Manager

RECOMMENDED ACTION: Council rescind its action of Tuesday, May 8, 1990 to purchase a fire truck ~~from~~ Pierce Equipment Co. and to adopt Resolution. 90-70 authorizing the purchase of one Emergency-One 75' aerial ladder truck from Emergency-One, Inc. and Federal Signal Leasing Corporation.

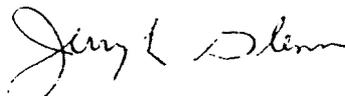
BACKGROUND INFORMATION: I was notified at 10:15 am on May 8, 1990 that the Pierce 75' aerial ladder truck authorized by the City Council, was sold on Monday evening to Clinton Township, Michigan. We knew that the vehicle would be sold to the first entity confirming the sale. At 4:00 p.m. Monday the vehicle had not been sold.

At Tuesday morning's "Shirtsleeve" meeting Chief Hughes notified the Council that he received a proposal from Federal Signal Corporation to sell to the City an Emergency-One 75' aerial ladder truck. This vehicle is comparable to and will meet our needs as well as the Pierce.

There is a fiscal advantage to the purchase of the Emergency-One truck. Even though the initial price is higher, the offered interest rate is lower, thus lowering the overall cost. Secondly, the first payment is due upon receiving the truck, not upon placing the order. Therefore, no appropriation of funds is required for fiscal year 1989-90. The funds for the first payment are included in the 1990-91 budget presently being prepared.

Council is respectfully requested to approve the lease purchase of an Emergency-One 75' aerial ladder truck at a purchase price of \$338,908.81 including tax from Federal Signal Leasing Corporation.

Respectfully submitted,



Jerry L. Glenn
Assistant City Manager

JLG:br

Attachments

COUNC812



Leasing Division

May 8, 1990

Chief Larry Hughes
City of Lodi, CA

Re: Lease/Purchase Financing of a **Emergency One 75'** Mid-Engine Aerial

Dear Chief Hughes:

Emergency One, Inc. and Federal Signal Leasing would be pleased to provide the City of Lodi with financing for its purchase of an E-One 75' Aerial Ladder as follows:

Purchase Price:	\$338,908.81
Downpayment:	<u>(67,781.81)</u>
Net Financed:	\$271,127.00

Term:	5 years
Rate:	7.49%
Annual Payment:	\$66,995.23

The downpayment is due upon delivery and subsequent payments are due annually thereafter (on the anniversary of delivery and acceptance).

In the event you are inexperienced with this form of financing, I would like to point out a few items which may be of interest to you:

- The interest rate charged is simple interest at a fixed rate for the term of the lease. There are no other financing related costs or hidden fees.
- The lease agreement includes a non-appropriation clause. Basically stated, if funds are not appropriated in the City budget in any given fiscal year, the City has no obligation to make further payments and the vehicle is returned to Emergency One. Because of the inclusion of this clause, lease/purchase financing is not considered to be debt and, therefore, no voter approval is required through a bond issuance.
- Article IX of the Agreement addresses the issue of prepayment. The lease is prepayable, without penalty, on any annual anniversary when 90 day's notice is given. The payoff amount would be the then-outstanding principal balance plus accrued interest.

(contd.)

City of Lodi, CA
May 7, 1990
Page Two

Emergency One, Inc. and Federal Signal Leasing offer their customers tailor-made programs to suit their needs today, allowing them financing flexibility for the future at very competitive rates.

We appreciate your interest in our products and would be pleased to offer additional proposals or answer any questions regarding our documentation. We look forward to working with you soon!

Sincerely,



Joanne M. Deegan
Leasing Administrator

Lease No.

PAYMENT SCHEDULE

Lessee: CITY OF LODI, CA

Number and frequency of payments:

Five (5) annual payments in arrears.

Interest computed at 7.49% per annum.

	Payment amount	Payment amount applied to		Purchase price (remaining balance)
		Interest	Principal	
Total sales price				\$338,908.81
Trade-in allowed	\$0.00		\$0.00	338,908.81
Down payment	67,781.81		67,781.81	271,127.00
Payment 1	66,995.23	\$20,307.41	46,687.82	224,439.18
Payment 2	66,995.23	16,810.49	50,184.74	174,254.44
Payment 3	66,995.23	13,051.66	53,943.57	120,310.87
Payment 4	66,995.23	9,011.28	57,983.95	62,326.92
Payment 5	66,995.23	4,668.31	62,326.92	0.00
Totals	\$334,976.15	\$63,849.15	\$271,127.00	

* Balances not paid when due shall be subject to past due interest at the rate of 18% per year or the highest rate permitted by law, whichever is less.

Interest accrues daily, at the rate indicated above, on the outstanding principal balance (listed in "Purchase price" column).

Emergency One, Inc.
"Lessor"

CITY OF LODI, CA
"lessee"

By: _____

By: _____

Title: _____

Title: _____

RESOLUTION NO. 90-70

=====

A RESOLUTION OF THE LODI CITY COUNCIL
RESCINDING ITS PRIOR AUTHORIZATION TO PURCHASE A FIRE TRUCK FROM PIERCE
EQUIPMENT CO., AND AUTHORIZING PURCHASE OF ONE EMERGENCY-ONE 75'
AERIAL LADDER TRUCK FROM EMERGENCY-ONE, INC. AND FEDERAL SIGNAL LEASING
CORPORATION.

=====

RESOLVED, that the Lodi City Council hereby rescinds its
authorization of May 8, 1990 to purchase a fire truck from Pierce
Equipment Co.; and

FURTHER RESOLVED, that the Council hereby authorizes the purchase
of one Emergency-One 75' aerial ladder truck from Emergency-One, Inc.
and Federal Signal Leasing Corporation.

Dated: May 16, 1990

=====

I hereby certify that Resolution No. 90-70 was passed and
adopted by the Lodi City Council in a regular meeting held May 16,
1990 by the following vote:

- Ayes : Council Members - Hinchman, Olson, Pinkerton, Reid and Snider (Mayor)
- Noes : Council Members - None
- Absent: Council Members - None

Althea R. Benche
Althea R. Benche
City Clerk