

RESOLUTION NO. 2017-77

A RESOLUTION OF RADNOR TOWNSHIP, DELAWARE COUNTY, PENNSYLVANIA, APPROVING THE FIVE-YEAR CAPITAL LEASE AGREEMENT WITH CITY NATIONAL CAPITAL FINANCE, LLC FOR THE FINANCING OF THE PURCHASED LOADER AND TWO (x2) DUMP TRUCKS

WHEREAS, the Five Year Capital Program, incorporated into the 2017 Budget, included appropriations for the replacement of one (1) Public Works Highway "Loader" with the purchased 2016 Case 721F-XR Tier 4 Final Emissions Wheel Loader and associated equipment together the Public Works Highway "Loader"; and

WHEREAS, the Five Year Capital Program, incorporated into the 2017 Budget, included appropriations for the replacement of two (2) Public Works Highway "Dump Trucks" with the purchased two (2) 2018 Peterbilt Model 348 Dump Truck Cab and Chassis and two (2) Stainless Steel Beau-Roc SSM4 Municipal Dump Body and associated equipment together the Public Works Highway "Dump Trucks with Plow and Spreader"; and

WHEREAS, the Five Year Capital Program projected financing the replacement vehicle through a five year capital lease at the conclusion of which, the ownership of the vehicle will become the Township's; and

WHEREAS, the Board of Commissioners authorized the purchase of the vehicles referenced herein at the February 13, 2017 via Resolution 2017-20; and

NOW, THEREFORE, be it hereby *RESOLVED* that the Radnor Township Board of Commissioners does hereby authorize the Township to enter into a five year capital lease agreement with City National Capital Finance, LLC at an interest rate of 1.660% APY which results in an annual payment of approximately \$106,806.68, with the first lease payment due on or about January 31, 2018 and annually thereafter until the conclusion of the lease period, at which time the Township will own the equipment outright.

SO RESOLVED this 12th day of June, 2017.

RADNOR TOWNSHIP


By:



Name: Elaine P. Schaeffer

Title: President

ATTEST:



Robert A. Zienkowski
Township Manager / Secretary

Radnor Township

PROPOSED LEGISLATION



DATE: June 5, 2017

TO: Board of Commissioners

FROM: William M. White, Director of Finance

LEGISLATION: Resolution 2017-77, authorizing the financing of three Public Works vehicles:

- One (1) Public Works Highway “Loader”
- Two (2) Public Works Highway “Dump Trucks with Plow and Spreader”

LEGISLATIVE HISTORY:

- (1) The Board of Commissioners authorized the purchase of these vehicles on February 13, 2017, Resolution 2017-20.
- (2) The Five Year Capital Program, incorporated into the 2017 Budget, included capital leases for these three public works vehicles (“Loader Refuse Truck” and “Dump Trucks”). The lease terms projected a five year payment period with a purchase option of \$1 at the end of the financing.

PURPOSE AND EXPLANATION: The purpose of this request is to allow the Administration to finance the three replacement Public Works vehicles approved earlier this year: (1) Public Works Highway “Loader” and (2) Two (x2) Public Works Highway “Dump Trucks with Plow and Spreader” all purchased under PA CoStars contracts with financing of a five year capital lease provided by City National Capital Finance, LLC.

The three Public Works vehicles will be purchase from the following vendors in accordance with the several PA Costars contracts and Resolutions 2017-20:

Loader			
Description	Vendor	Costars Contract	Price
2016 Case 721F-XR Tier 4 Final Emissions Wheel Loader and associated equipment	Eagle Power & Equipment	4400006022	\$199,422.00
Subtotal			\$199,422.00
Dump Truck #1 with Plow and Spreader			
Description	Vendor	Costars Contract	Price
2018 Peterbilt Model 348 4x2 cab and chassis	G. L. Sayre, Inc.	25-017	\$89,439.00
Stainless Steel Beau-Roc SSM4 Municipal Dump Body and associated equipment	Triad Truck Equipment, Inc.	25-060	67,269.00
Subtotal (for Dump Truck #1)			\$156,708.00
Dump Truck #2 with Plow and Spreader			
Description	Vendor	Costars Contract	Price
2018 Peterbilt Model 348 4x2 cab and chassis	G. L. Sayre, Inc.	25-017	\$89,439.00
Stainless Steel Beau-Roc SSM4 Municipal Dump Body and associated equipment	Triad Truck Equipment, Inc.	25-060	66,069.00
Subtotal (for Dump Truck #2)			\$155,508.00
Grand Total all three vehicles			<u>\$511,638.00</u>

On May 26, 2017, the Administration received the following proposals from seven firms for a five year lease term with a purchase option of \$1 at the end of the financing. Please note that figures below are for *THREE* vehicles:

Firm	5 Year	Annual Payment	Total 5 Year
		(5 Years)	
City National Capital Finance, LLC	1.660%	\$106,806.68	\$534,033.40
Provident Bank	2.680%	Not Provided in Proposal	Not Provided in Proposal
Santandar Bank	2.295%	\$108,591.14	\$542,955.70
Susquehanna Commercial Finance	3.050%	\$110,192.69	Not Provided in Proposal
TD Equipment Finance	2.017%	\$107,181.41	\$535,907.05
Trimarc Financing Solutions	4.350%	\$111,222.00	\$556,110.00
US Bancorp	1.983%	\$107,680.20	\$538,401.00

IMPLEMENTATION SCHEDULE: With the Boards authorization, Township Administration will accept City National Capital Finance, LLC's five year lease proposal. The estimated delivery dates of the three vehicles is November 2017. The first lease payment will be due on January 31, 2018 and annually thereafter for five years.

FISCAL IMPACT: The fiscal impact will be an annual obligation of \$106,806.68 to be paid from the Township's Capital Fund (#05) for years 2018 - 2022. The interest expense during the financing period (five years) is \$22,395.40. At the conclusion of the lease term, five years, ownership of the vehicles will be the Township's. If at any point during the lease term, the Board of Commissioners does not appropriate for that particular year's lease payment obligation, the lease contract will be voided with the equipment being forfeited to the financial institution (Non-appropriation Clause).

The Five Year Capital program estimated the aggregate payment for these three vehicles to be \$123,200.00 per year over the five-year term. The actual payments will be \$106,806.68, resulting in a positive variance in the Capital Plan of \$15,519.80 per year from 2018-2022.

Other financing options were considered during the analysis including:

Alternatives	Notes vs. Capital Lease
Operating Lease	More expensive and no ownership at the end of the term
Cash Purchase	Less expensive, but would require more cash than the capital fund has allotted to it for 2017

RECOMMENDED ACTION: The Administration respectfully recommends that the Board authorize the Township to accept City National Capital Finance, LLC's proposal to provide five-year capital lease financing for the purchase of the three Public Works vehicles.