

25A+B

CITY OF SACRAMENTO



CITY MANAGER'S OFFICE
RECEIVED
SEP 28 1983

HOWARD F. ISHIDA
ADMINISTRATOR

DEPARTMENT OF GENERAL SERVICES
SUPPORT SERVICES DIVISION
5730 24TH STREET
BUILDING 4
SACRAMENTO, CA 95822-3699
TELEPHONE (916) 449-5551

September 28, 1983

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Thirty-Six (36) Month Lease/Purchase of One (1) Each Crawler Tractor and One (1) Each Landfill Compactor

SUMMARY AND BACKGROUND INFORMATION

Since the internal review committee of Security Pacific Leasing Corporation has determined that it is not within the company's policy to offer a lease term of sixty (60) days precommitment, the company can no longer finance the acquisition of one (1) each crawler tractor and one (1) each landfill compactor at the originally quoted interest rate of 10.25% (see attached memorandum dated September 26, 1983). Since their revised monthly payment of \$12,500 is now higher than the next bidder, Imperial Municipal Services Group is now considered to be the lowest responsible bidder. This company will finance 100% of the purchase price of the equipment at a 10.35% rate for a term of thirty-six (36) months which equates to a monthly payment of \$12,488.26.

RECOMMENDATION

It is recommended that, pursuant to Section 57.401(c) of the Sacramento City Code, the City Council adopt a resolution suspending formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorize the City Manager to execute the necessary contract with Imperial Municipal Services Group, 7800 East Union Avenue, Suite 400, Denver, Colorado 80237, in the total amount of \$449,683.48 (\$12,488.43 per month for 36 months and a \$100 one-time documentation fee).

Respectfully Submitted,

Howard F. Ishida
Howard F. Ishida
Support Services Administrator

Recommendation Approved:

Walter J. Slipe
Walter J. Slipe, City Manager

APPROVED
BY THE CITY COUNCIL

SEP 28 1983

OFFICE OF THE
CITY CLERK

HFI:jc
5 Attachments plus letter to council
dated 9/21/83 consisting of 9 pages
P. O. #22127

September 28, 1983
All Districts

#

RESOLUTION NO. 83-754

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

September 28, 1983

RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING
FOR THE THIRTY-SIX (36) MONTH LEASE/PURCHASE OF
ONE (1) EACH CRAWLER TRACTOR AND ONE (1) EACH
LANDFILL COMPACTOR AND AUTHORIZING THE CITY
MANAGER TO EXECUTE THE NECESSARY CONTRACT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO, TWO-THIRDS (2/3)
OF ALL MEMBERS VOTING IN FAVOR THEREOF:

That pursuant to Section 57.401(c) of the Sacramento City Code, it has been determined that, in the best interests of the City, the City Council suspend formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorize the City Manager to execute the necessary contract with Imperial Municipal Services Group, 7800 East Union Avenue, Suite 400, Denver, Colorado 80237, in the total amount of \$449,683.48 (\$12,488.43 per month plus \$100 documentation fee).

MAYOR

ATTEST:

CITY CLERK

APPROVED
BY THE CITY COUNCIL

SEP 28 1983

OFFICE OF THE
CITY CLERK



CITY OF SACRAMENTO

RECEIVED
DEPARTMENT OF GENERAL SERVICES

SEP 27 1983
AM 7,8,9,10,11,12,1,2,3,4,5,6 PM

THOMAS P. FRIERY
TREASURER

PHILIP A. BARACH
ASST. TREASURER

OFFICE OF THE TREASURER
800 · 10th STREET SACRAMENTO, CA 95814
SUITE 1 TELEPHONE (916) 449-5318 (Operations)
(916) 449-5168 (Investments)

September 26, 1983

TO: Frank Mugartegui, Director General Services
FROM: Thomas P. Friery, City Treasurer
SUBJECT: Financing of Crawler Tractor and Landfill Compactor - Award Lease to Imperial Municipal Service Group as Opposed to Security Pacific Leasing Corporation

SUMMARY

This correspondence supersedes my recommendation of September 16, 1983. Mr. Eitan Milstein of Security Pacific advised me on September 23, 1983 that the internal review committee of Security Pacific would not authorize the lease term of 60 days pre-commitment to be permissible with the company's policy and Mr. Eitan's authority. The new figure increased their bid from \$12,471.17 per month to approximately \$12,555 per month.

At this point I called the second best bidder, Imperial Municipal Leasing Services who agreed telephonically (documentation to follow) that they will leave their bid with us good until November 22, 1983.

FINANCIAL

By accepting the Imperial Municipal Leasing Services bid, the cost to the City will be approximately \$17 per month plus a \$100 documentation fee or in total \$712 greater over the 36 month period than the Security Pacific Leasing Corporation's original bid.

However, the latter's new bid is \$3,017.88 greater over the 36 month period than the original bid.

RECOMMENDATION

Award the lease to Imperial Municipal Services Group as outlined in their proposal, and

- Forward a \$100 documentation fee payable to Imperial Municipal Services Group and
- Forward copies of the following documents:
 - 1983 Final Official Statement
 - 1980-81 Audited Financial Statements
 - 1981-82 Audited Financial Statements

APPROVED
BY THE CITY COUNCIL

SEP 27 1983
OFFICE OF THE
CITY CLERK

Frank Mugartegui
September 26, 1983
Page 2

The fee and documents should be forwarded to:

Imperial Municipal Services Group
7800 East Union Avenue
Suite 400
Denver, Colorado 80237
Attention: C. Del Baker, Associate

Sincerely,



THOMAS P. FRIERY
City Treasurer

TPF/1v

Attachments (2)

cc: Gene Moore, Asst. Fleet Maint. Supv.
Jack Crist, Director of Finance

IMPERIAL MUNICIPAL SERVICES GROUP

7800 East Union Avenue • Suite 400 • Denver, CO 80237 • (303) 694-1700

September 23, 1983

Mr. Thomas P. Friery
City Treasurer
City of Sacramento
800 Tenth Street, Suite 1
Sacramento, CA 95814

Re: Bid No. 2026
Lease purchase financing for one (1) each landfill compactor
and one (1) each crawler tractor

Dear Mr. Friery:

It was a pleasure talking with you yesterday and I'm quite pleased to hear that Imperial will be awarded the above referenced bid.

As per our conversation, I'm confirming and committing to the extension of the validity of my quote of September 16, 1983, as follows:

Investment Amount	\$388,389.00
Term	3 years
Interest Rate	10.35%
Payment Mode (1st in advance)	Monthly
Payment	\$12,488.43
Monthly Rate Factor	0.032154

In addition, there is a \$100.00 documentation fee required at commencement. This fee may be added to the principal cost of the lease or it can be paid outright. This rate is **valid through November 30, 1983** and is subject to credit approval of the City's last three years financial statements.

Please forward the City's letter of intent and financials to my attention so that I can speed them through review and mail our lease document package to you.

Mr. Friery, thank you for your confidence and consideration.

Sincerely,

Imperial Municipal Services Group, Inc.

C. Del Baker

Charles D. Baker
Associate

CB:sh

RECEIVED

SEP 26 1983

CITY
TREASURER

IMPERIAL MUNICIPAL SERVICES GROUP

7800 East Union Avenue • Suite 400 • Denver, CO 80237 • (303) 694-1700

September 16, 1983

Mr. Thomas ~~P~~ Friery
City Treasurer
City of Sacramento
800 Tenth Street, Suite 1
Sacramento, CA 95814

Re: Bid No. 2026
Lease purchase financing for one (1) each landfill compactor
and one (1) each crawler tractor

Dear Mr. Friery:

At the request of Mr. Phil Berach, Assistant City Treasurer, I am confirming updated rates for the above referenced matter. Mr. Berach asked that these figures be forwarded to your attention.

Investment Amount	\$388,389.00
Term	3 years
Interest Rate	10.35%
Payment Mode	Monthly
(First in Advance)	
Payment	\$12,488.43
Monthly Rate Factor	0.032154

In addition, there is a \$100.00 documentation fee required at commencement. This fee may be added to the principal cost of the lease or it can be paid outright. This rate is valid through October 15, 1983 and is subject to credit approval of the City's last three years' financial statements. The enclosed amortization schedule is for your review.

Upon acceptable review of the City's financial statements, Imperial Municipal Services Group would promptly forward lease documents for City officials signatures. When the acceptance certificate, along with the first months lease payment, is returned to Imperial, we will promptly fund the transaction.

Thank you for the opportunity to be a service to the City of Sacramento. We look forward to hearing from you concerning this and future transactions.

Sincerely,

C. Del Baker

Charles D. Baker
Associate

CB:sh

9-22-83

*Del Baker advised follow
up letter good deal 11-22-83
RJ*

RECEIVED

SEP 19 1983

CITY
TREASURER

EXHIBIT E
SCHEDULE OF PAYMENTS

Pmt	Date-Due	Principal Repayment	Interest	Payment (1)	Taxes Due	Total Payment	Purchase Price
1		12488.43	0.00	12488.43	0.00	12488.43	391497.70
2		9246.04	42.14	9288.18	0.00	9288.18	291497.70
3		7487.47	66.33	7553.80	0.00	7553.80	216497.70
4		6591.54	89.76	6681.30	0.00	6681.30	151497.70
5		5913.09	111.23	6024.32	0.00	6024.32	96497.70
6		5397.88	130.59	5528.47	0.00	5528.47	41497.70
7		4997.55	147.99	5145.54	0.00	5145.54	0.00
8		4660.01	163.50	4823.51	0.00	4823.51	
9		4360.94	177.22	4538.16	0.00	4538.16	
10		4095.99	189.08	4286.07	0.00	4286.07	
11		3860.92	199.08	4059.99	0.00	4059.99	
12		3652.77	207.25	3860.02	0.00	3860.02	
13		3468.59	213.69	3682.28	0.00	3682.28	
14		3305.42	218.41	3526.83	0.00	3526.83	
15		3160.39	221.50	3381.89	0.00	3381.89	
16		3031.62	223.07	3248.69	0.00	3248.69	
17		2917.29	223.23	3130.52	0.00	3130.52	
18		2816.67	221.97	3024.64	0.00	3024.64	
19		2728.00	219.38	2927.38	0.00	2927.38	
20		2650.71	215.46	2836.17	0.00	2836.17	
21		2583.39	210.23	2743.62	0.00	2743.62	
22		2524.67	203.70	2651.37	0.00	2651.37	
23		2473.11	195.97	2561.08	0.00	2561.08	
24		2428.47	187.04	2471.51	0.00	2471.51	
25		2389.54	176.89	2386.43	0.00	2386.43	
26		2356.11	165.51	2301.62	0.00	2301.62	
27		2327.11	152.88	2224.99	0.00	2224.99	
28		2301.54	139.08	2152.62	0.00	2152.62	
29		2278.41	124.10	2084.51	0.00	2084.51	
30		2256.71	107.93	2020.78	0.00	2020.78	
31		2236.54	90.57	1961.17	0.00	1961.17	
32		2217.91	72.01	1905.90	0.00	1905.90	
33		2200.84	52.25	1854.09	0.00	1854.09	
34		2185.34	31.38	1805.72	0.00	1805.72	
35		2171.41	9.41	1760.99	0.00	1760.99	
36		2159.06		1719.86	0.00	1719.86	
37		2148.31		1681.21	0.00	1681.21	
38		2139.16		1645.05	0.00	1645.05	
39		2131.61		1611.28	0.00	1611.28	
40		2125.66		1579.81	0.00	1579.81	
41		2121.31		1550.54	0.00	1550.54	
42		2118.56		1523.47	0.00	1523.47	
43		2117.41		1500.60	0.00	1500.60	
44		2117.76		1480.83	0.00	1480.83	
45		2119.61		1464.16	0.00	1464.16	
46		2122.96		1450.59	0.00	1450.59	
47		2127.81		1440.02	0.00	1440.02	
48		2134.16		1432.45	0.00	1432.45	
49		2142.01		1427.88	0.00	1427.88	
50		2151.36		1426.31	0.00	1426.31	
51		2162.21		1427.74	0.00	1427.74	
52		2174.56		1432.17	0.00	1432.17	
53		2188.41		1439.60	0.00	1439.60	
54		2203.76		1450.03	0.00	1450.03	
55		2220.61		1463.46	0.00	1463.46	
56		2238.96		1479.89	0.00	1479.89	
57		2258.81		1499.32	0.00	1499.32	
58		2280.16		1521.75	0.00	1521.75	
59		2303.01		1547.18	0.00	1547.18	
60		2327.36		1575.61	0.00	1575.61	
61		2353.21		1607.04	0.00	1607.04	
62		2380.56		1641.47	0.00	1641.47	
63		2409.41		1678.90	0.00	1678.90	
64		2440.76		1719.33	0.00	1719.33	
65		2474.61		1762.76	0.00	1762.76	
66		2511.96		1809.19	0.00	1809.19	
67		2552.81		1858.62	0.00	1858.62	
68		2597.16		1911.05	0.00	1911.05	
69		2645.01		1967.48	0.00	1967.48	
70		2696.36		2027.91	0.00	2027.91	
71		2751.21		2092.34	0.00	2092.34	
72		2809.56		2160.77	0.00	2160.77	
73		2871.41		2233.20	0.00	2233.20	
74		2936.76		2309.63	0.00	2309.63	
75		3005.61		2390.06	0.00	2390.06	
76		3077.96		2474.49	0.00	2474.49	
77		3153.81		2562.92	0.00	2562.92	
78		3233.16		2655.35	0.00	2655.35	
79		3316.01		2751.78	0.00	2751.78	
80		3402.36		2852.21	0.00	2852.21	
81		3492.21		2956.64	0.00	2956.64	
82		3585.56		3065.07	0.00	3065.07	
83		3682.41		3177.50	0.00	3177.50	
84		3782.76		3293.93	0.00	3293.93	
85		3886.61		3414.36	0.00	3414.36	
86		3993.96		3538.79	0.00	3538.79	
87		4104.81		3667.22	0.00	3667.22	
88		4219.16		3800.65	0.00	3800.65	
89		4337.01		3939.08	0.00	3939.08	
90		4458.36		4082.51	0.00	4082.51	
91		4583.21		4231.94	0.00	4231.94	
92		4711.56		4387.37	0.00	4387.37	
93		4843.41		4548.80	0.00	4548.80	
94		4978.76		4716.23	0.00	4716.23	
95		5117.61		4889.66	0.00	4889.66	
96		5260.96		5069.09	0.00	5069.09	
97		5408.81		5254.52	0.00	5254.52	
98		5561.16		5445.95	0.00	5445.95	
99		5718.01		5643.38	0.00	5643.38	
100		5879.36		5846.81	0.00	5846.81	
TOTALS:		386389.00	61194.48	449583.48	0.00	449583.48	

(1) Monthly Payments Due in ADVANCE

LESSEE: CITY OF SACRAMENTO
CALIFORNIA

By:

Title:

Date:



CITY OF SACRAMENTO

DEPARTMENT OF GENERAL SERVICES
SUPPORT SERVICES DIVISION
5730 24TH STREET
BUILDING 4

SACRAMENTO, CA 95822-3699
TELEPHONE (916) 449-5551

HOWARD F. ISHIDA
ADMINISTRATOR

September 21, 1983

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Thirty-Six (36) Month Lease/Purchase of One (1) Each Crawler Tractor and One (1) Each Landfill Compactor

SUMMARY

The Fleet Management Division currently has a requirement for the purchase of one (1) each crawler tractor and one (1) each landfill compactor to replace existing similar units currently being used by the Waste Removal Division at the City Landfill. It is recommended that the City Council, in the best interests of the City, suspend formal competitive bidding for the purchase of this requirement.

BACKGROUND INFORMATION

Even though the existing crawler tractor and landfill compactor have both been in need of major repairs, approval for the replacement of these units has not been requested because of the uncertainties raised during the past few years concerning the City's future operation of the Landfill. However, to meet and comply with all applicable health code requirements, it has become necessary to use both units on a daily basis. Consequently, since both units have been in need of repairs, the current high daily usage of both units has been responsible for frequent breakdowns and/or problems.

Since it has become apparent that the City will continue to operate the Landfill for another three (3) to five (5) years or possibly even longer, and since both units are desperately in need of major repairs, informal bids for monthly rental, monthly lease/purchase and outright purchase costs were solicited from fourteen (14) equipment dealers and eleven (11) leasing companies; however, only four (4) bids were received (see attached tabulation). After reviewing and evaluating all of the bids received, it has been determined that the Komatsu D155A-2 crawler tractor for \$194,282.80 and the Caterpillar 826C landfill compactor for \$194,007.56 are both acceptable to the City.

To determine which means of payment (i.e., outright purchase or lease/purchase) would be more beneficial to the City and to see if more favorable terms were available from other financial institutions, assistance from the City Treasurer was requested (see attached memorandum dated September 13, 1983). After soliciting and evaluating additional proposals received from other financial institutions, in addition to those previously received, the City Treasurer has determined that it would

be in the City's best interest to designate Security Pacific Leasing Corporation to finance the acquisition of both units at a rate of 10.25% for thirty-six (36) months at a total monthly cost of \$12,471.17 (see attached memorandum dated September 16, 1983).

FINANCIAL DATA

The total cost for the thirty-six (36) month lease/purchase of this requirement is \$448,962.12. By deferring Equipment #3011 for one (1) year, sufficient funds to cover the first year lease/purchase costs will be available in the Fleet Management Division's current 1983/84 fiscal year budget. Funds to cover the remaining lease/purchase costs will be requested in future budget requests (see attached memorandum dated September 20, 1983).

RECOMMENDATION

It is recommended that, pursuant to Section 57.401(c) of the Sacramento City Code, the City Council adopt a resolution suspending formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorizing the City Manager to execute the necessary contract with Security Pacific Leasing Corporation, 44 Montgomery Street, Suite 523, San Francisco, California 94104, in the total amount of \$448,962.12 (\$12,471.17 per month for 36 months).

Respectfully Submitted,

Howard F. Ishida
Support Services Administrator

Recommendation Approved:

Walter J. Slipe, City Manager

HFI:jc
4 Attachments
P. O. #22127

September 27, 1983
All Districts

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RECOMMENDATION

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Respectfully Submitted,

Howard F. Ishida
Support Services Administrator

Recommendation Approved:

Walter J. Slipe, City Manager

HFI:jc
4 Attachments
P. O. #22127

September 27, 1983
All Districts

ATTACHMENT 1

TOTAL OUTRIGHT PURCHASE PRICE

<u>Bidder</u>	(All prices include 6% sales tax)		<u>Prompt Payment Discount</u>
	<u>Item #1 Landfill Compactor</u>	<u>Item #2 Crawler Tractor</u>	
Tenco	\$194,007.56	\$230,151.44	-0-
Morgan Equipment Company	N/B	\$194,382.80	-0-
Nixon-Egli Equipment Company	\$195,146.00	N/B	-0-

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

September 27, 1983

RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING FOR THE THIRTY-SIX (36) MONTH LEASE/PURCHASE OF ONE (1) EACH CRAWLER TRACTOR AND ONE (1) EACH LANDFILL COMPACTOR AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY CONTRACT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO, TWO-THIRDS (2/3) OF ALL MEMBERS VOTING IN FAVOR THEREOF:

That pursuant to Section 57.401(c) of the Sacramento City Code, it has been determined that, in the best interests of the City, the City Council suspend formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorize the City Manager to execute the necessary contract with Security Pacific Leasing Corporation, 44 Montgomery Street, Suite 523, San Francisco, California 94104, in the total amount of \$448,962.12 (\$12,471.17 per month for 36 months).

MAYOR

ATTEST:

CITY CLERK

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

September 27, 1983

RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING FOR THE THIRTY-SIX (36) MONTH LEASE/PURCHASE OF ONE (1) EACH CRAWLER TRACTOR AND ONE (1) EACH LANDFILL COMPACTOR AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY CONTRACT

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MAYOR

ATTEST:

CITY CLERK



CITY OF SACRAMENTO

DEPARTMENT OF GENERAL SERVICES
EQUIPMENT MAINTENANCE DIVISION
5730 24th STREET SACRAMENTO, CA 95822-3699
BUILDING #5 TELEPHONE (916) 449-5241

September 13, 1983

R. E. MOORE
SUPERINTENDENT

TO: Tom Friery, City Treasurer
FROM: Gene Moore, Fleet Management Superintendent
SUBJECT: LEASE TERMS FOR CRAWLER TRACTOR AND LANDFILL COMPACTOR
COPY TO: Frank Mugartegui, Director of General Services

The Fleet Management Division has a need to replace two pieces of heavy equipment at the City landfill site. The Purchasing Division has solicited bids from various dealers for the required equipment. The outright purchase price for the low bid crawler tractor (Komatsu Model D155A-2) is \$194,382, including tax. The outright purchase price for the low bid landfill compactor (Caterpillar Model 826C) is \$194,007.56, including tax.

Lease terms were also solicited from the equipment dealers and various leasing companies. Only one of the nine companies responded to the bid, and offered 10.50% financing for a three (3) year lease. Attached are the low bids and the leasing terms offered by the two dealers.

I would appreciate your help to see if any of the financial institutions that the City deals with would have any better terms to offer for a thirty-six (36) month lease purchase or loan. The two pieces of equipment have an estimated life of approximately seven (7) to ten (10) years. Both units will carry a full power train warranty for three (3) years or the life of the lease.

The crawler tractor being replaced is a 1965 D-8 Caterpillar Tractor, and the landfill compactor is a 1973 Wagner Model S.F. Funds would be available from the Fleet Management Fund. Due to litigation on our first line crawler tractor and the extremely poor condition of the landfill compactor, the purchase of this equipment is necessary as soon as possible to keep the landfill operational. Due to the uncertainty of whether the City should continue a landfill operation has put us in a situation that requires immediate attention. Any help you can give me to speed this purchase would be greatly appreciated.

Thank you for your help and should you need any further information, please contact me by phone.

A handwritten signature in cursive script that reads "Gene Moore".

Gene Moore
Fleet Management Superintendent

Attachments
GM:m1



CITY OF SACRAMENTO

RECEIVED

SEP 19 1983

THOMAS P. FRIERY
TREASURER

OFFICE OF THE TREASURER
500 J ST. STREET
SUITE 1
SACRAMENTO, CA 95814
TELEPHONE (916) 449-5319 (Operations)
(916) 449-5169 (Investments)

EQUIPMENT MAINTENANCE
DIVISION

PHILIP A. BARACH
ASST. TREASURER

September 16, 1983

TO: Frank Mugartegui, General Services Director
FROM: Thomas P. Friery, City Treasurer
SUBJECT: Financing of Crawler Tractor & Landfill Compactor

SUMMARY

This memo is in response to a question from Fleet Management to assist in determining the most economical method to finance a crawler tractor and landfill compactor for a three year period. We have contacted a number of banks and leasing companies and determined that the best terms available are through Security Pacific Leasing Corp. They are willing to finance 100% of the purchase price at a 10.25% rate for a term of 36 months. At the end of that time period the City will own the equipment free and clear. To assure this financing the City Treasurer requested a Letter of Intent of the favorable terms and conditions for 60 days. It will be necessary to obtain Council approval immediately, i.e., September 27, 1983, and the equipment must be received and in operating order prior to this 60 day elapsed period.

FINANCIAL

Three major banks were contacted as to whether they would have any interest in tax-exempt financings. All three banks declined due to the fact that prior years' operating losses and the current weak economy eliminated their need for tax-free income. A number of leasing companies were contacted, however, which submitted the following bids. In all cases the City would own the equipment free and clear at the end of lease term of 3 years. The total cost of the equipment is \$388,389.

Leasing Companies Contacted
by City Treasurer's Office

<u>Institution</u>	<u>Term</u>	<u>Down Payment</u>	<u>Rate</u>	<u>Monthly Payment</u>	<u>Fee</u>
Security Pacific Leasing	36 Months	-0-	10.25%	\$12,471.17	
Imperial Municipal Services	36 Months	-0-	10.35%	\$12,488.26	\$100
Borg Warner Leasings	36 Months	-0-	10.50%	\$12,514.00	
Interfirst Continental	36 Months	-0-	11.96%	\$12,766.00	
Morgan Equipment	36 Months	\$98,097	9.9%	\$ 9,385.00	

Frank Mugartegui, General Services Director
September 16, 1983
Page 2

All the above leases with the exception of Morgan Equipment are similar in terms. To better evaluate the Morgan Proposal one must take into consideration the lost interest income on the \$97,097 down payment. Assuming that the money is withdrawn from City Pool A which is currently earning in excess of 14%, this would increase the monthly payment by \$3,318 to a total of \$12,703. This equates to approximately a 11.25% real interest cost. Therefore, the Security Pacific proposal would have the lowest cost to the City. In addition, Security Pacific is willing to guarantee the rate for 60 days or until the equipment is delivered if sooner.

RECOMMENDATION

That the City designate Security Pacific Leasing to finance the acquisition of the Crawler tractor and landfill compactor at a rate of 10.25% for 36 months and a monthly cost of \$12,471.17.

Sincerely,



THOMAS P. FRIERY
City Treasurer

TPF/PAB/sb

cc: Gene Moore
Jack Crist

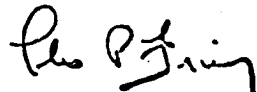
Frank Mugartegui, General Services Director
September 16, 1983
Page 2

All the above leases with the exception of Morgan Equipment are similar in terms. To better evaluate the Morgan Proposal one must take into consideration the lost interest income on the \$97,097 down payment. Assuming that the money is withdrawn from City Pool A which is currently earning in excess of 14%, this would increase the monthly payment by \$3,318 to a total of \$12,703. This equates to approximately a 11.25% real interest cost. Therefore, the Security Pacific proposal would have the lowest cost to the City. In addition, Security Pacific is willing to guarantee the rate for 60 days or until the equipment is delivered if sooner.

RECOMMENDATION

That the City designate Security Pacific Leasing to finance the acquisition of the Crawler tractor and landfill compactor at a rate of 10.25% for 36 months and a monthly cost of \$12,471.17.

Sincerely,



THOMAS P. FRIERY
City Treasurer

TPF/PAB/sb

cc: Gene Moore
Jack Crist



CITY OF SACRAMENTO

DEPARTMENT OF GENERAL SERVICES
FLEET MANAGEMENT DIVISION
5730 24TH STREET SACRAMENTO, CA 95822-3699
BUILDING #5 TELEPHONE (916) 449-5241

R. E. MOORE
SUPERINTENDENT

September 20, 1983

MEMORANDUM

TO: Bob Leland, Assistant Director of Finance
FROM: Gene Moore, Fleet Management Superintendent
SUBJECT: LANDFILL EQUIPMENT REPLACEMENTS
COPIES TO: Frank Mugartegui, Monica Hudson

The Fleet Management Division has a need to replace two pieces of equipment used by the Waste Removal Division at the City Landfill, which are not in the FY 83-84 Replacement Budget. For the last few years the problems associated with this equipment have been discussed during budget preparations, but they have never been added to the Replacement Budget. This was due to the uncertainties of how long the City would operate a landfill. It now appears that we will operate a landfill for three to five years, and possibly longer.

We now have a situation at the landfill that must be corrected as soon as possible, to prevent expensive rental of equipment to keep it open. Equipment #3337, a 1973 Wagner Compactor is in such poor condition that it is beyond economical repair. Equipment #4924 has been removed from service, on advice of the City Attorney, due to litigation. The removal of Equipment #4924 has forced the continuous use of Equipment #3415, a 1965 Caterpillar D-8 crawler tractor, which is a backup unit, and not intended for continuous service.

Both units must be used daily to prevent health code violations and landfill closure. The high usage on these units has caused frequent breakdowns and both are in need of major repairs.

Bids have been received for both pieces of replacement equipment, and I recommend the purchase of the 826C Caterpillar landfill compactor for \$194,007.56, and the Komatsu D155A for \$194,382.00, or a total cost of \$388,389.56.

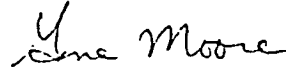
The City Treasurer was asked to contact several financial institutions to obtain the cost of a 36 month lease. It appears we can lease the equipment for 36 months at an annual percentage rate of 10½% (see Treasurer's report). I have projected the lease cost in FY 83-84 to be \$112,240.53, which can be funded by deferring Equipment #3011 for one year. Funds will be included in future budgets to cover the lease payments.

Bob Leland

Page 2

Your approval of this proposal is requested as soon as possible, to prevent the unaccountable repair and high rental cost of replacement equipment while these units are being repaired.

If you have any questions, please contact me at your convenience.



Gene Moore
Fleet Management Superintendent

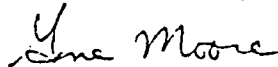
Attachment
GM:m1

110 Bell Rd

Page 2

Your approval of this proposal is requested as soon as possible, to prevent the unnecessary repair and high rental cost of replacement equipment while these units are being repaired.

If you have any questions, please contact me at your convenience.



Gene Moore
Fleet Management Superintendent

Attachment
G4:m1



CITY OF SACRAMENTO

25A&B

DEPARTMENT OF GENERAL SERVICES
SUPPORT SERVICES DIVISION
5730 24TH STREET
BUILDING 4

SACRAMENTO, CA 95822-3699
TELEPHONE (916) 449-5551

HOWARD F. ISHIDA
ADMINISTRATOR

September 21, 1983

CITY MANAGER'S OFFICE
RECEIVED
SEP 21 1983

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Thirty-Six (36) Month Lease/Purchase of One (1) Each Crawler Tractor and One (1) Each Landfill Compactor

SUMMARY

The Fleet Management Division currently has a requirement for the purchase of one (1) each crawler tractor and one (1) each landfill compactor to replace existing similar units currently being used by the Waste Removal Division at the City Landfill. It is recommended that the City Council, in the best interests of the City, suspend formal competitive bidding for the purchase of this requirement.

BACKGROUND INFORMATION

Even though the existing crawler tractor and landfill compactor have both been in need of major repairs, approval for the replacement of these units has not been requested because of the uncertainties raised during the past few years concerning the City's future operation of the Landfill. However, to meet and comply with all applicable health code requirements, it has become necessary to use both units on a daily basis. Consequently, since both units have been in need of repairs, the current high daily usage of both units has been responsible for frequent breakdowns and/or problems.

Since it has become apparent that the City will continue to operate the Landfill for another three (3) to five (5) years or possibly even longer, and since both units are desperately in need of major repairs, informal bids for monthly rental, monthly lease/purchase and outright purchase costs were solicited from fourteen (14) equipment dealers and eleven (11) leasing companies; however, only four (4) bids were received (see attached tabulation). After reviewing and evaluating all of the bids received, it has been determined that the Komatsu D155A-2 crawler tractor for \$194,282.80 and the Caterpillar 826C landfill compactor for \$194,007.56 are both acceptable to the City.

To determine which means of payment (i.e., outright purchase or lease/purchase) would be more beneficial to the City and to see if more favorable terms were available from other financial institutions, assistance from the City Treasurer was requested (see attached memorandum dated September 13, 1983). After soliciting and evaluating additional proposals received from other financial institutions, in addition to those previously received, the City Treasurer has determined that it would

be in the City's best interest to designate Security Pacific Leasing Corporation to finance the acquisition of both units at a rate of 10.25% for thirty-six (36) months at a total monthly cost of \$12,471.17 (see attached memorandum dated September 16, 1983).

FINANCIAL DATA

The total cost for the thirty-six (36) month lease/purchase of this requirement is \$448,962.12. By deferring Equipment #3011 for one (1) year, sufficient funds to cover the first year lease/purchase costs will be available in the Fleet Management Division's current 1983/84 fiscal year budget. Funds to cover the remaining lease/purchase costs will be requested in future budget requests (see attached memorandum dated September 20, 1983).

RECOMMENDATION

It is recommended that, pursuant to Section 57.401(c) of the Sacramento City Code, the City Council adopt a resolution suspending formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorizing the City Manager to execute the necessary contract with Security Pacific Leasing Corporation, 44 Montgomery Street, Suite 523, San Francisco, California 94104, in the total amount of \$448,962.12 (\$12,471.17 per month for 36 months).

Respectfully Submitted,

Howard F. Ishida

Howard F. Ishida
Support Services Administrator

Recommendation Approved:

Walter J. Slise

Walter J. Slise, City Manager

HFI:jc
4 Attachments
P. O. #22127

September 27, 1983
All Districts

25A + B

ATTACHMENT 1

TOTAL OUTRIGHT PURCHASE PRICE

<u>Bidder</u>	(All prices include 6% sales tax)		<u>Prompt Payment Discount</u>
	<u>Item #1 Landfill Compactor</u>	<u>Item #2 Crawler Tractor</u>	
Tenco	\$194,007.56	\$230,151.44	-0-
Morgan Equipment Company	N/B	\$194,382.80	-0-
Nixon-Egli Equipment Company	\$195,146.00	N/B	-0-

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

September 27, 1983

RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING FOR THE THIRTY-SIX (36) MONTH LEASE/PURCHASE OF ONE (1) EACH CRAWLER TRACTOR AND ONE (1) EACH LANDFILL COMPACTOR AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY CONTRACT

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO, TWO-THIRDS (2/3) OF ALL MEMBERS VOTING IN FAVOR THEREOF:

That pursuant to Section 57.401(c) of the Sacramento City Code, it has been determined that, in the best interests of the City, the City Council suspend formal competitive bidding for the thirty-six (36) month lease/purchase of one (1) each crawler tractor and one (1) each landfill compactor and authorize the City Manager to execute the necessary contract with Security Pacific Leasing Corporation, 44 Montgomery Street, Suite 523, San Francisco, California 94104, in the total amount of \$448,962.12 (\$12,471.17 per month for 36 months).

MAYOR

ATTEST:

CITY CLERK

1954

The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, regarding the land in question.

On the 10th day of November, 1954, the following land was surveyed and located:

Section 10, Township 10N, Range 10E, T10N, R10E, S10

Section 11, Township 10N, Range 10E, T10N, R10E, S10

Section 12, Township 10N, Range 10E, T10N, R10E, S10

Section 13, Township 10N, Range 10E, T10N, R10E, S10

Section 14, Township 10N, Range 10E, T10N, R10E, S10

Section 15, Township 10N, Range 10E, T10N, R10E, S10

Section 16, Township 10N, Range 10E, T10N, R10E, S10

Section 17, Township 10N, Range 10E, T10N, R10E, S10

The above land is located in the State of Texas, County of [County Name], and is subject to the following conditions:



CITY OF SACRAMENTO

25A+B

DEPARTMENT OF GENERAL SERVICES
EQUIPMENT MAINTENANCE DIVISION

5730 24th STREET
BUILDING #5

SACRAMENTO, CA 95822-3699
TELEPHONE (916) 449-5241

September 13, 1983

R. E. MOORE
SUPERINTENDENT

TO: Tom Friery, City Treasurer

✓FROM: Gene Moore, Fleet Management Superintendent

SUBJECT: LEASE TERMS FOR CRAWLER TRACTOR AND LANDFILL COMPACTOR

COPY TO: Frank Mugartegui, Director of General Services

The Fleet Management Division has a need to replace two pieces of heavy equipment at the City landfill site. The Purchasing Division has solicited bids from various dealers for the required equipment. The outright purchase price for the low bid crawler tractor (Komatsu Model D155A-2) is \$194,382, including tax. The outright purchase price for the low bid landfill compactor (Caterpillar Model 826C) is \$194,007.56, including tax.

Lease terms were also solicited from the equipment dealers and various leasing companies. Only one of the nine companies responded to the bid, and offered 10.50% financing for a three (3) year lease. Attached are the low bids and the leasing terms offered by the two dealers.

I would appreciate your help to see if any of the financial institutions that the City deals with would have any better terms to offer for a thirty-six (36) month lease purchase or loan. The two pieces of equipment have an estimated life of approximately seven (7) to ten (10) years. Both units will carry a full power train warranty for three (3) years or the life of the lease.

The crawler tractor being replaced is a 1965 D-8 Caterpillar Tractor, and the landfill compactor is a 1973 Wagner Model S.F. Funds would be available from the Fleet Management Fund. Due to litigation on our first line crawler tractor and the extremely poor condition of the landfill compactor, the purchase of this equipment is necessary as soon as possible to keep the landfill operational. Due to the uncertainty of whether the City should continue a landfill operation has put us in a situation that requires immediate attention. Any help you can give me to speed this purchase would be greatly appreciated.

Thank you for your help and should you need any further information, please contact me by phone.

Gene Moore
Fleet Management Superintendent

Attachments
GM:m1



CITY OF SACRAMENTO

25A + B

RECEIVED

SEP 19 1983

OFFICE OF THE TREASURER
800 - 10th STREET
SUITE 1
SACRAMENTO, CA 95814
TELEPHONE (916) 449-5318 (Operations)
(916) 449-5168 (Investments)

EQUIPMENT MAINTENANCE
DIVISION

THOMAS P. FRIERY
TREASURER
PHILIP A. BARACH
ASST. TREASURER

September 16, 1983

TO: Frank Mugartegui, General Services Director
FROM: Thomas P. Friery, City Treasurer
SUBJECT: Financing of Crawler Tractor & Landfill Compactor

SUMMARY

This memo is in response to a question from Fleet Management to assist in determining the most economical method to finance a crawler tractor and landfill compactor for a three year period. We have contacted a number of banks and leasing companies and determined that the best terms available are through Security Pacific Leasing Corp. They are willing to finance 100% of the purchase price at a 10.25% rate for a term of 36 months. At the end of that time period the City will own the equipment free and clear. To assure this financing the City Treasurer requested a Letter of Intent of the favorable terms and conditions for 60 days. It will be necessary to obtain Council approval immediately, i.e., September 27, 1983, and the equipment must be received and in operating order prior to this 60 day elapsed period.

FINANCIAL

Three major banks were contacted as to whether they would have any interest in tax-exempt financings. All three banks declined due to the fact that prior years' operating losses and the current weak economy eliminated their need for tax-free income. A number of leasing companies were contacted, however, which submitted the following bids. In all cases the City would own the equipment free and clear at the end of lease term of 3 years. The total cost of the equipment is \$388,389.

Leasing Companies Contacted
by City Treasurer's Office

Table with 6 columns: Institution, Term, Down Payment, Rate, Monthly Payment, Fee. Rows include Security Pacific Leasing, Imperial Municipal Services, Borg Warner Leasings, Interfirst Continental, and Morgan Equipment.

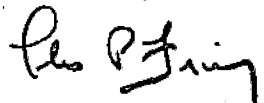
Frank Mugartegui, General Services Director
September 16, 1983
Page 2

All the above leases with the exception of Morgan Equipment are similar in terms. To better evaluate the Morgan Proposal one must take into consideration the lost interest income on the \$97,097 down payment. Assuming that the money is withdrawn from City Pool A which is currently earning in excess of 14%, this would increase the monthly payment by \$3,318 to a total of \$12,703. This equates to approximately a 11.25% real interest cost. Therefore, the Security Pacific proposal would have the lowest cost to the City. In addition, Security Pacific is willing to guarantee the rate for 60 days or until the equipment is delivered if sooner.

RECOMMENDATION

That the City designate Security Pacific Leasing to finance the acquisition of the Crawler tractor and landfill compactor at a rate of 10.25% for 36 months and a monthly cost of \$12,471.17.

Sincerely,


THOMAS P. FRIERY
City Treasurer

TPF/PAB/sb

cc: Gene Moore
Jack Crist



CITY OF SACRAMENTO

25A & B

DEPARTMENT OF GENERAL SERVICES
FLEET MANAGEMENT DIVISION
5730 24th STREET SACRAMENTO, CA 95822-3699
BUILDING #5 TELEPHONE (916) 449-5241

R. E. MOORE
SUPERINTENDENT

September 20, 1983

MEMORANDUM

TO: Bob Leland, Assistant Director of Finance
FROM: Gene Moore, Fleet Management Superintendent
SUBJECT: LANDFILL EQUIPMENT REPLACEMENTS
COPIES TO: Frank Mugartegui, Monica Hudson

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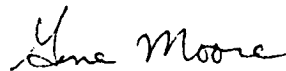
25A ; B

Bob Leland

Page 2

Your approval of this proposal is requested as soon as possible, to prevent the uneconomical repair and high rental cost of replacement equipment while these units are being repaired.

If you have any questions, please contact me at your convenience.



Gene Moore
Fleet Management Superintendent

Attachment
GM:m1