

Memorandum

To: Honorable Mayor Shetter and members of the Burlison City Council

From: Rhett Clark, Director of Finance

Date: June 1, 2009

Subject: Minute order MO-09-059 authorizing the retirement of the solid waste equipment capital lease purchase agreement with Chase Equipment Leasing dated February 5, 2008, and authorizing the amendment of the 2008-2009 solid waste fund budget for an additional \$206,000.

Council Action Requested:

Council is requested to approve minute order MO-09-059 authorizing the retirement of the solid waste equipment capital lease purchase agreement with Chase Equipment Leasing dated February 5, 2008, and authorizing the amendment of the 2008-2009 solid waste fund budget for an additional \$206,000.

Background Information:

At the February 2, 2009 city council meeting, Public Works Director Aaron Russell outlined the transition plan to private collection of residential solid waste. One aspect of that plan is the disposal of City-owned solid waste equipment.

At the April 20, 2009 Council Meeting, the financial transactions included a memo concerning payment for previously ordered solid waste equipment originally meant to be purchased with proceeds from this capital lease. While that equipment was purchased from replacement funds, previous equipment was purchased using the lease proceeds.

In order to dispose of this equipment, the City must secure clear title by paying off the remainder of the capital lease. The pay-off amount includes a break funding fee of \$20,260 for early retirement.

Board/Citizen Input:

N/A

Financial Considerations:

N/A

Attachments:

Memo included with 4/20/09 financial transactions

Staff Contact:

Rhett Clark

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Memo

To: Honorable Mayor Shetter and members of the Burleson City Council
From: Rhett Clark, Director of Finance
Date: 4/20/2009
Re: Solid waste transition

At the February 2, 2009 city council meeting, Public Works Director Aaron Russell outlined the transition plan to private collection of residential solid waste. One aspect of that plan is the disposal of City-owned solid waste equipment. Some of this equipment, however, is not yet paid for. The purchase of this equipment was also contemplated in the plan.

The financial transactions for this evening's council meeting include a payment to Southwest International Trucks in the amount of \$417,890.04. This will pay for three garbage collection trucks originally planned to be purchased with the proceeds of the capital lease purchase agreement entered into last year. Rather than using the escrowed proceeds of this capital lease, staff is proposing to purchase these trucks from the equipment replacement fund using funds set aside in the past for replacement of solid waste equipment. This will allow the City to more quickly dispose of the equipment.

Staff further proposes that the remaining funds in this escrow account be applied to the balance of the capital lease. After application of the escrow funds, the cost of paying off the lease will be approximately \$200,000. This will have to be paid before the City can dispose of the equipment already received on this lease (there are three other pieces of equipment already purchased with lease proceeds). We will bring an item on the next agenda for Council approval of the lease pay-off. It is anticipated that we will be able to recoup about \$300,000 when the equipment is sold.