



City of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: TMP-4821

Submitted Department/Preparer: Finance

Revised 6/10/24

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in [Administrative Regulation \(AR\) 4-1](#).

Executive Summary

Authorizing the Director of Finance to accept a proposal of Banc of America Public Capital Corp (“BAPCC”) to finance the acquisition of Citywide Fleet Replacement Vehicles 2025 (“Project”); authorizing the execution of any and all documents and agreements necessary for the financing; estimating revenue and appropriating \$13,006,500.00 in Fund 3230 the Equipment Lease Capital Acquisition Fund; designating requisitioning authorities; authorizing the Director of Finance to close project accounts upon completion; approving lease counsel in connection with the transaction; and declaring the intent of the City to reimburse itself from the lease purchase proceeds for certain expenditures.

Discussion

The City’s fleet has vehicles that are on average currently at 213% of design lifecycle, which is an average of 17 years old compared to an expected 8-year lifecycle. These vehicles are prone to unscheduled downtime incurred from breakage, resulting in loss of opportunity and additional expense. This ordinance proposes to replace approximately 110 vehicles that serve eight different departments, by entering into a 7-year lease-purchase agreement with BAPCC.

On May 1, 2020, Banc of America Public Capital Corp. was selected as the Master Lease Purchase Agreement (“MLPA”) vendor via a competitive RFP process for a 5-year engagement. The MLPA sets forth terms, conditions, and contract rates for short-term (no more than 10 years) financings, secured by the assets being financed and the City’s pledge of annually appropriating debt service under the Schedule. The contract rate is based upon current market swap rates and a credit spread. Common terms under the MLPA provide for more efficient financing with lower transaction costs than a conventional bond issue. The City retains title to the asset during the term of the Schedule as long as there are no events of default under the MLPA

Fiscal Impact

1. Is this legislation included in the adopted budget? Yes No

2. What is the funding source?

Lease proceeds are estimated and appropriated in this legislation. Debt service is to be paid from the General Fund, Fund 1000, and the Street Maintenance Fund 2060.

3. How does the legislation affect the current fiscal year?

Project appropriations will become available for use in the current fiscal year upon passage of this ordinance. Debt service for the first loan payment to be made from the General Fund and Street Maintenance Fund was appropriated via the fiscal year 2024-25 annual budget.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.

Yes. At a federally tax-exempt interest rate of 3.71% and aggregate principal amount of \$ 13,006,500.00, debt service will begin in FY 2025 and is expected to average \$2,120,000 per year for 7 years.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?

No.

Office of Management and Budget Review

(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. Yes No

2. This fund has a structural imbalance. Yes No

3. Account string has been verified/confirmed. Yes No

Additional Discussion (if needed)

N/A

Citywide Business Plan (CWBP) Impact

1. View the [Adopted 2025-2029 Citywide Business Plan](#)
2. Which CWBP goal is most impacted by this legislation?
Infrastructure and Accessibility (Press tab after selecting.)
3. Which objectives are impacted by this legislation (select all that apply):
 - Engage in thoughtful planning and redesign of existing road networks to ensure safety, access, and mobility of users of all ages and abilities.
 - Enhance the City's connectivity, resiliency, and equity through a better-connected multi-modal transportation system for all users.
 - Build on existing strengths while developing a comprehensive transportation plan for the future.
 - Develop environmentally sustainable infrastructure strategies that improve quality of life and foster economic growth.
 - Ensure adequate resources are provided for continued maintenance of existing infrastructure.
 - Focus on delivery of safe connections to schools.

Prior Legislation

None

Service Level Impacts

The decision to purchase new vehicles can have significant service level impacts across various departments. Upgrading the fleet enhances operational efficiency, reliability, and safety, allowing employees to perform their duties more effectively. New vehicles reduce the risk of breakdowns and costly repairs, minimizing downtime and improving response times for departments that rely heavily on transportation.

However, delays or restrictions in vehicle purchasing could negatively impact service delivery. Aging vehicles may require more maintenance, leading to higher operational costs and reduced productivity. Additionally, inadequate or unreliable transportation resources could hinder the ability to meet service demands, affecting overall performance and customer satisfaction.

In summary, timely acquisition of new vehicles is essential to maintaining high service levels, controlling costs, and ensuring smooth operations across departments

Other Impacts

1. What will be the potential health impacts to any affected groups?

The vehicles being replaced are used in day-to-day City operations in service of our residents. As we propose to replace very old equipment, our City benefits through current availability and selection of more efficient and less polluting equipment . This will reduce the amount of potentially harmful chemicals impacting both the City vehicle maintenance employees and the local environment.

2. How have those groups been engaged and involved in the development of this ordinance?

Fleet Services has engaged the user departments to determine departmental needs and fiscal impact.

3. How does this legislation contribute to a sustainable Kansas City?

The new vehicles in the fleet will offer reduced emissions and greater fuel efficiency to perform City services. These changes result in positive impacts both environmentally and fiscally.

4. Does this legislation create or preserve new housing units?

No (Press tab after selecting)

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5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

No - CREO's review is not applicable (Press tab after selecting)

Please provide reasoning why not:

The Master Lease Purchase Agreement, by which BAPCC is financing the City's Fleet Vehicles, was submitted to CREO in 2020 for evaluation and CREO set goals at 0%. The lease counsel contract was evaluated at the time it was entered into in 2010 and no goals were assigned.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No(Press tab after selecting)

This was accomplished in Ordinance No. 200273 passed by City Council on April 23, 2020.

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?

No(Press tab after selecting)

