



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council
FROM: Jasper Kruggel, City Administrator
SUBJECT: Capital Lease Equipment Purchases
DATE: For the City Council meeting on Wednesday, January 2, 2019

PURPOSE/ACTION REQUESTED

Consider approving the process and resolution for capital equipment purchases in 2019.

SUMMARY

The City Council approved a budget in 2019, along with a capital equipment plan. In this capital equipment plan, there are a series of items that will be leased. Staff will be using a leasing agent from the state cooperative purchasing connection named Kinetic Leasing.

Staff has developed a process that they feel is transparent regarding the lease procedures for Council and the public to know what we are purchasing. An outline of that process is below:

1. Staff will go to City Council for approval of items that have been included in the capital equipment plan and are ready to lease.
2. Council can choose to approve the lease or not approve the lease.
3. Documentation of lease approvals will be included in the meeting minutes and documented via motion.
4. Once approved, staff will submit appropriate paperwork to Kinetic Leasing for equipment acquisition.
5. At the second meeting in July, City Council will see the first lease payment to Kinetic Leasing.
6. All lease requests have been budgeted for in 2019

The lease terms consist of a seven-year payment plan at which at the end, the City will have the option to purchase each piece of equipment for \$1. At the time of the final payment, staff will make a recommendation to Council as for how to proceed.

Staff has acquired quotes for all items listed in Exhibit A, but the vendors listed may not actually be the vendor used. It was necessary to get official quotes for all of these items, but staff will continue to find the best price for these items to ensure fiscal responsibility.

The rate for this lease is 4.05% and was locked in before the most recent increase in interest rates by the Federal Reserve. A comparable equipment certificate at the current rates would likely be around the 4% interest rate mark. Proceeding with the lease option provides the City more flexibility in the near future for bonding.

RECOMMENDATION

Staff recommending City Council evaluate the process for documenting equipment lease acquisitions and approving the attached resolution.

Category: Professional Services
Vendor: Kinetic Leasing

Recently Funded Municipal Transactions	
 <p>Computers \$184,000 – 48 mo School district</p>	 <p>Police station \$500,000 – 180 mo City</p>
 <p>Grader \$215,000 – 60 mo County</p>	 <p>Grinder \$304,000 – 120 mo County</p>
 <p>Golf carts \$173,000 – 60 mo City</p>	 <p>Building improvement \$450,000 – 96 mo School district</p>
 <p>Building addition \$141,500 – 60 mo School district</p>	 <p>Sewer truck \$165,000 – 84 mo City</p>
 <p>Wheel loader \$90,000 – 36 mo City</p>	 <p>Grader \$274,000 – 72 mo Township</p>

Negotiated Agreement

Kinetic Leasing is contracted by CPC to provide lease financing to the public sector including: county and city municipalities and schools. Kinetic Leasing offers equipment and services financing from \$5,000 up to \$5 million. There is a no-cash-down option with 100% of the project financing.

Member Benefits

- Preferred customer
- No voter referendum needed for leases
- Not subject to legal debt limitations
- Lower transaction costs than bonds
- Easier approval process

How to Order

Contact Austin Young | ayoung@kineticlease.com | 701-476-0221
www.purchasingconnection.org

Overview

Established in 2000, Kinetic Leasing is a general equipment financing company with offices in Marshall, Minnesota, Fargo, North Dakota and West Des Moines, Iowa. It specializes in providing flexible, creative leasing solutions to schools, cities and counties for both new and used equipment.

Kinetic Leasing has financial partnerships with more than 250 banks in the Midwest.

Eligibility

Local government, schools and nonprofits are eligible for the value and cost savings provided through this partnership.

Competitive, Compliant, Convenient

Requests for Proposal (RFP), conducted by CPC, satisfy the competitive solicitation process in Minnesota, South Dakota and North Dakota.

- Minnesota statute §123A.21 and 471.345 subdivision 15
- North Dakota statute §54-40.3 of the North Dakota Century Code
- South Dakota statute §5-18A-37

CITY OF LE SUEUR, MINNESOTA
CITY COUNCIL RESOLUTION **R2019-001**
APPROVAL OF CAPITAL EQUIPMENT LEASE VENDOR

WHEREAS, the City of Le Sueur has adopted a five-year Capital Equipment Plan and included expenditures in its adopted 2019 budget; and,

WHEREAS, Kinetic Leasing is a vendor that is offered through the Minnesota Cooperative Purchasing Connection; and,

WHEREAS, the City of Le Sueur desires to maintain their equipment and vehicle fleet to better serve city citizens of this City.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL THAT:

The City of Le Sueur enters into a lease agreement with Kinetic Leasing for equipment outlined in Exhibit A, totaling \$1,678,389.44. The term of this lease is seven-years, and annual payments to Kinetic Leasing will be made by January 1st starting in 2020 until the lease terms are satisfied as outlined in Exhibit B.

PASSED by the City Council of the City of Le Sueur on this 2nd day of January 2019

ATTEST

City Clerk

Mayor

VOTE: ___ HAGG ___ FAVOLISE ___ HUNTINGTON ___ KIRBY
___ KROGMANN ___ ROHLOFF ___ SULLIVAN

EXHIBIT A

EQUIPMENT

Lessee: City of Le Sueur, Minnesota
 203 South Second Street
 Le Sueur, MN 56058

Date of Lease: December 1, 2018

Lease #: CIT6130-101

The Equipment which is the subject of the attached Lease with Option to Purchase Agreement is as follows:

Installation Site: 203 South Second Street, Le Sueur, MN 56058

QTY.	SERIAL NO.	DESCRIPTION
		Vendor: Crysteel Truck Equipment
2		Service Truck Body (2019 Ford F-250)
1		Grass Rig Cab and Chassis (2019 Ford F-550)
1		2019 Ford F-250 (Service Body)
		Vendor: Ford
2		2019 Ford F-250
1		2019 Ford F-150
1		2019 Ford F-350
		Vendor: Berndt Builders Inc
1		City Hall Remodel
1		HVAC Replacement
		Vendor: IdentiSys
1		City Hall Security / Door Access Management System
1		Fire Door
1		Lock and Conduit Work
		Vendor: Arnold's
1		New Woods BW15.50 Batwing Rotary Cutter
		Vendor: Advanced Power Services
1		Generator
		Vendor: Ditch Witch
1		HX50 Vacuum Excavation System
		• Trailer, VIN -
		SK1550 Mini Skid Steer
		Vendor: RDO-Vermeer, LLC
1	47SS121T6J1029091	2018 Redi Haul Trailer
		Vendor: Midway Ford
1		2019 Ford F-150 Police Responder
		Vendor: Core & Main
1		Inframap System
		Vendor: Hawk Performance Specialties LLC
1		Battery Charger 80 Volt Freoresenent (Zamboni Ice Resurfacer Charger Specs)
		Vendor: Kibble Equipment
1		John Deere 1585 TerrainCut
		• ComfortCab Commercial Front Mower
		• John Deere 72" 7-Iron PRO Commercial Side Discharge

		Mower Deck
		<ul style="list-style-type: none"> • John Deere 60 Heavy-Duty Rotary Broom • John Deere 47" Snow Blower
		Vendor: Nuss Truck & Equipment / Aspen Equipment
1		2019 Mack GR42F9
		<ul style="list-style-type: none"> • Modifications supplied by Aspen Equipment as referenced on Quote: CITY OF LESUEUR-25-HEN-43410-11-33-V1
		Vendor: RDO Equipment Co.
1		John Deere 647 Rotary Tiller
1		John Deere 1025R Sub-Compact Utility Tractor
		Vendor: Hardline Equipment
1		Dulevo 6000 Street Sweeper
		Vendor: RDO Equipment Co.
1		2018 John Deere 624L
1		2019 KRB 21345MH2-0913
1		2019 Henke Manufacturing FVX 12
1		2019 New Make HDS9208 Hitch Doc Hyd Blower
		Vendor: Stepp Mfg
1		Stepp Premix Heater Dump Style 3.0cy (4 ton)
		Vendor: AE2S / Marco
2		SCADA System Upgrade and Network Reconfiguration
		Vendor: Emergency Response Solutions
4		Altair 4XR Multigas Detector
1		Altair Pump Probe
1		Galaxy GX2 Calibration System

Description of Financed Amount:

Cost of above Equipment	\$1,678,389.44
Cost of related charges:	
Transportation	\$ N/A
Physical Modifications (specify)	\$ N/A
Other (Specify)	\$ N/A
Add: Sales or other tax, if applicable	\$ N/A
Net Financed Amount:	\$1,678,389.44

EXHIBIT B

SCHEDULE OF RENTAL PAYMENTS

Lessee: City of Le Sueur, Minnesota
 203 South Second Street
 Le Sueur, MN 56058

Date of Lease: December 10, 2018
 Lease #: CIT6130-101

BASE RENTAL PAYMENTS

Base Rental Payment Date	Base Rental Payment Amount	Interest Portion	Principal Portion	Termination Value
01/01/2020	\$280,607.00	\$70,806.90	\$209,800.10	\$1,495,229.00
01/01/2021	\$280,607.00	\$59,477.74	\$221,129.26	\$1,266,955.00
01/01/2022	\$280,607.00	\$50,522.03	\$230,084.97	\$1,030,691.00
01/01/2023	\$280,607.00	\$41,203.60	\$239,403.40	\$786,158.00
01/01/2024	\$280,607.00	\$31,507.79	\$249,099.21	\$533,067.00
01/01/2025	\$280,607.00	\$21,419.29	\$259,187.71	\$271,117.00
01/01/2026	\$280,607.00	\$10,922.21	\$269,684.79	\$0.00

*After payment of Rental Payment due on such date.