

Public Hearing: January 14, 2008

F A C T S H E E T

TITLE: Full Maintenance Lease for two (2) articulated frame four-wheel drive wheel loaders for use by the Public Works & Utilities Street Maintenance Operations in construction, maintenance and snow removal projects.

SPONSOR: Public Works & Utilities

OPPONENTS: Unknown

STAFF RECOMMENDATION: For

OTHER DEPARTMENTS AFFECTED:

None

APPLICANT: Public Works & Utilities

REASON FOR LEGISLATION: To accept and approve a five year/3,500 hour full maintenance lease agreements with a buy out option between the City of Lincoln and Merchants Capitol Resources, Inc. to provide two (2) articulated frame four-wheel drive loaders for use by the Public Works & Utilities Street Maintenance Operations in construction, maintenance and snow removal projects.

D I S C U S S I O N

In leasing this equipment we are controlling our depreciation and maintenance liability through a fixed residual or buy out cost and full machine maintenance agreement. It also allows us the ability to completely evaluate all factors associated with securing equipment at the lowest overall cost prior to making a purchase commitment. By making a purchase evaluation at the end of the lease term all pertinent information required to make an informed decision is available. This will result in our ability to acquire wheel loaders with very limited depreciation, maintenance and loss production exposure.

POLICY OR PROGRAM CHANGE: None

COST OF TOTAL PROJECT: \$63,853.10 (\$31,926.55 per unit)

SOURCE OF FUNDS: Street Maintenance Operations/Fleet Services

CITY: \$63,853.10

NON CITY: None

BENEFIT COST:

FACT SHEET PREPARED BY: Jim Chiles, Street Maintenance Operations/Fleet Services

REVIEWED BY: Director of Public Works & Utilities