



## Staff Report

**TO:** City Council  
**FROM:** Jennifer Ustation, Finance Director  
**DATE:** August 16, 2022  
**SUBJECT:** Completion of Rental Agreement on Vector and Patch Trucks

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### Background and Analysis:

On December 5, 2017, the City Council approved to purchase a patch and vector truck by means of a lease purchase agreement with Providence Capital Funding, Inc. A deposit and doc fee in the amount of \$12,555 was sent to Prudential in December 2017 and a down payment of \$128,444 was paid to Providence in April 2018. The agreement was then transferred to Alliance Funding Group (Alliance) as a rental agreement beginning in June 2018, with payments concluding on June 1, 2022. The City has been making the payments to KS StateBank per the rental agreement signed with Alliance Funding Group. The City was notified in July 2022, that the agreement had concluded and that notification had not been received by Alliance for plans on continuing the agreement or purchasing the vehicles and therefore, per the agreement, the rental payments due automatically renewed.

Per the agreement, the City can choose to finalize the purchase by paying Alliance the fair market value of the equipment as determined by Alliance, renew the rental agreement for a period not less than 12 months, or let the agreement automatically renew for one year at the current lease payment.

City staff has assessed the condition of the equipment and determined that both the vector and patch truck are in excellent condition with very low hours of use and have a substantial amount of remaining life. The costs to continue the rental payments over the remaining useful life of the equipment are expected to far exceed the cost to finalize the purchase of the equipment at the market value provided in the quote obtained by Alliance.

A lease payment was made in July and has been applied to the payoff quote provided as Attachment A. The total amounts paid to date for the equipment are provided in the table below:

Deposit and Doc Fee	\$12,555.00
Down Payment	\$128,444.00
Rental Agreement	\$567,876.96
Payoff Quote including July Rental Payment	\$212,426.98
<b>Total Cost</b>	<b>\$921,302.94</b>

**Fiscal Impact:**

The payoff quote totals \$212,426.98 for both the patch and vector truck. Rental payments totaling \$38,340 have been included in the Streets Maintenance Department FY23 budget. A budget amendment will be brought forward to City Council in October to include the payoff in available unprogrammed revenues within the General Fund budget for the remaining \$178,086.98.

**Recommended Action:**

Approve \$212,426.98 payment to Alliance Funding Group for payoff of vector and patch truck.

**Attachments:**

- A. Alliance Funding Group Payoff Quote
- B. Alliance Funding Group Rental Agreement