



Town of Lake Park Town Commission

Agenda Request Form

Meeting Date: February 04, 2025

Originating Department: Public Works

Resolution No. 12-02-26 – Lease-Purchase Finance Agreement - 2026
Mack TE64R Sanitation Truck with Heil Front End Loader - KS
StateBank - \$376,460

Agenda Title:

Approved by Town Manager: _____ **Date:** _____

Cost of Item: \$376,460.00 **Funding Source:** Sanitation Assessment **Non-Ad Valorem**

Account Number: _____ **Finance Signature:** _____

Advertised:

Date: _____ **Newspaper:** _____

Attachments: Town Resolution

Government Obligation Contract with KS StateBank

Exhibit A – Description of Equipment

Exhibit B – Payment Schedule

Exhibit C – Certificate of Acceptance

Exhibit D – Obligor Resolution

Exhibit E – Bank Qualified Certificate

Please initial one:

Yes, I have notified everyone.

JM Not applicable in this case

Summary Explanation/Background:

The Public Works Department requests the Town Commission's approval of a Government Obligation Contract with KS StateBank to lease-purchase the acquisition of a 2026 Mack TE64R sanitation truck equipped with a 2025 Heil front-end loader body. This vehicle is a critical fleet replacement necessary to

ensure the continued, reliable collection of residential solid waste services throughout the Town of Lake Park.

The purchase of this sanitation vehicle was previously authorized by the Town Commission on October 18, 2023 (Resolution No. 79-01-23) as part of the Town's capital planning and fleet replacement strategy. However, following Commission approval and as a result of the COVID-19 Pandemic, the truck manufacturing industry experienced world-wide supply chain disruptions that resulted in manufacturing constraints and extended production timelines. These conditions created a significant backlog of specialized heavy-duty sanitation equipment nationwide and delayed the Town's ability to obtain delivery of the approved unit within the initially anticipated timeframe.

During the Fiscal Year 2025–2026 Budget process, the Town Commission adopted a Capital Improvement Plan (CIP) identifying the need for continued investment in essential Public Works vehicles and equipment, including the sanitation fleet replacement program, which supports the Town's operational reliability, service delivery standards, and long-term fiscal planning objectives.

As part of implementing the approved CIP and Budget, staff evaluated the various financing options to purchase this essential piece of equipment and it was determined that a municipal lease-purchase structure offered the most fiscally responsible approach.

The various financing options include:

1. Municipal Four (4) Year Lease-Purchase Option (Currently Recommended by Public Works)
2. Short-Term Bank Loan and/or Financing Option (Currently under review)
3. Purchase Utilizing Sanitation Fund Reserve Funding (Currently under review)

Note: In advance of consideration of the four (4) year lease-purchase option to ensure that this is the best option, staff is continuing to evaluate all financing options and costs available to the Town. If a better option presents itself to the Town, this option will be presented for consideration by the Town Commission to ensure the best financing is utilized to purchase this critical truck to ensure the highest levels of sanitation collection services within the Town.

At this time, the Public Works Department is proposing that the Town Commission consider the current proposed four (4) year lease-purchase option that will require four annual payments of \$109,265.76, with the 1st payment beginning on January 22, 2027 and the fourth and final payment due on January 22, 2030. If approved, the total amount financed would be \$376,460 (Total Truck Purchase Price) and would be financed with a 6.25% The proposed lease-purchase option provides a pre-payment penalty that would increase the interest rate to 6.42% if the Town selected a shorter payment term [i.e., three (3) year financing term].

Note: The agreement is structured as a tax-exempt governmental obligation subject to annual appropriation. It does not constitute a general obligation debt of the Town, nor does it pledge ad valorem tax revenues. Payments are intended to be supported by the Sanitation Non-Ad Valorem Assessment, with the General Fund identified as a backup funding source, consistent with Florida municipal finance practices.

The agreement includes standard provisions commonly utilized by Florida municipalities, including a non-appropriation clause, insurance and risk management requirements, maintenance and operational responsibilities, and bank-qualified certification under federal tax law.

Funding to support this proposed four (4) year lease-purchase is available within the Sanitation Fund's adopted Budget and is expected to be included for consideration within future Budget requests.

Note: The Town's Purchasing Code – Section 2-244. Exemptions states:

This division shall not apply to:

1. The procurement of dues and memberships in trade or professional organizations; registration fees for trade and career fairs, subscriptions for periodicals and newspapers; advertisements; insurance brokerage; postage; legal and mediation services; professional medical services; services associated with the purchase or sale of real property; abstracts of title for real property; title searches and certificates; title insurance for real property; real estate appraisal services; water, sewer, telecommunications and electric utility services; copyrighted materials or patented materials including, but not limited to, technical pamphlets, published books, maps, testing or instructional materials; fees and costs of job-related seminars and training; admission fees for parks and entertainment activities included in Town recreational programs;

Additionally, the procurement requirements of the Code do not apply to services that are exempt under Section 287.05, Florida Statutes, including financial and banking services. A lease-purchase or Government Obligation Contract is legally characterized as a financial instrument and financing mechanism, not as the procurement of goods. Competitive procurement requirements apply to the acquisition of the vehicle itself, not to the financing method used to fund the purchase.

The proposed four (4) year lease-purchase option financing was prepared by the proposed financing bank, KS StateBank, and reviewed by the Public Works Director, the Finance Director and the Town Attorney.

The Town has previously worked with the proposed banking firm, KS StateBank [currently maintain two (2) loans with this institution totaling approximately \$530,120.78], and they have provided a quality product and good customer service.

RECOMMENDATION:

I move to adopt Resolution No. 12-02-26 to approve a Lease-Purchase Finance Agreement with KS StateBank to purchase a 2026 Mack TE64R Sanitation Truck with Heil Front End Loader, in the amount of \$376,460; and authorize the Mayor to execute the proposed Four (4) Year Lease-Purchase Agreement.