



Legislation Text

File #: 18-0594, **Version:** 2

Ordinance No. 18-122 amending Ordinance No. 17-116 (2018 Appropriation Ordinance) for a supplemental appropriation to the General Fund in the amount of \$5,713,000 to provide for the execution of the lease purchase of vehicles and equipment

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

The attached ordinance is a supplemental appropriation to the General Fund in the amount of \$5,713,000 to provide for the revenue and expenditure appropriation associated with the execution of the 2018 lease purchase of vehicles and equipment.

Previous Council Action:

On December 12, 2017, City Council approved the original 2018 budget per Ordinance No. 17-116 (2018 Appropriation Ordinance).

Background:

The Fleet Replacement Strategy that was implemented in 2018 involves the lease-purchase of vehicles and equipment. The financial transaction for the lease involves receiving the total value of the lease purchase as proceeds from the bank, which are recognized as revenue to the City; incurring an expenditure equal to the total value of the lease purchase; and, making yearly installment payments to the bank. The lease transfers ownership of the property to the lessee by the end of the lease term.

The 2018 Budget includes the authority needed for the annual lease payment, but does not include sufficient appropriation authority to account for the full value of the revenue and expenditure associated with the 2018 lease purchase.

The 2019 Budget includes both the full amount needed for the initial execution of a new lease purchase, as well as the annual installment payments.

Financial Implications:

This supplemental appropriation increases the 2018 General Fund revenue and expenditure budget by \$5,713,000. The source of funds is the proceeds from the leasing bank. There is no impact to the fund balance associated with this supplemental appropriation.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The City Council Budget Committee reviewed and recommended this supplemental appropriation request at their special budget review meeting on October 12, 2018.

Alternatives:

N/A

Proposed Motion:

Move to approve the supplemental appropriation to the general fund in the amount of \$5,713,000 for the lease purchase of vehicles and equipment.

A supplemental appropriation to the General Fund in the amount of \$5,713,000 to provide for the execution of the lease purchase of vehicles and equipment