



COUNTY OF HUMBOLDT


AGENDA ITEM NO.

C22

For the meeting of: November 14, 2017

Date: October 26, 2017

To: Board of Supervisors

From:  Thomas K. Mattson, Director of Public Works

Subject: Lease/Purchase of Two Ten/Twelve Yard Dump Trucks, Authorization to Enter Into Lease/Purchase Agreements (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Authorize the lease/purchase of two (2) ten/twelve (10/12) yard dump trucks.
2. Authorize the Purchasing Agent to enter into lease/purchase agreements with Umpqua Bank.
(4/5 Vote Required)

SOURCE OF FUNDING:

Roads Heavy Equipment ISF (3540330)


DISCUSSION:

The Humboldt County Public Works, Road Division is requesting authorization to enter into a lease agreement for two (2) ten/twelve (10/12) yard dump trucks. One truck will replace the 1988 Freightliner; Model Number FLC 12064; ten (10) yard dump truck that was declared surplus by your Board on December 13, 2016, due to the high cost of repair. The other truck will replace the 1985 Freightliner; Model number FLC 12064; ten (10) yard dump truck that was declared surplus by your Board on August 9, 2016. It was removed from the fleet to meet the requirements of the Public Fleet On Road Diesel Emission

Prepared by Gordon Sjoquist/Charlotte Merkel

CAO Approval 

REVIEW:

Auditor  County Counsel _____ Personnel _____ Risk Manager _____ Other _____

TYPE OF ITEM:

☒ Consent
☐ Departmental
☐ Public Hearing
☐ Other _____

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT

Upon motion of Supervisor Fennell Seconded by Supervisor Wilson

Ayes Sundberg, Fennell, Bass, Bohn, Wilson
Nays _____
Abstain _____
Absent _____

and carried by those members present, the Board hereby approves the recommended action contained in this Board report.

Dated: 11/14/17

By: _____


Kathy Hayes, Clerk of the Board

Regulations mandated by the State of California. It was not replaced at the time of surplus.

On August 29, 2017, The Public Works Department received two (2) bids for the project. The results for Humboldt County Bid Number 18-001 are as follows:

- #1. Coast County Peterbilt at \$374,987.68
- #2. Western Truck Parts & Equipment, Inc. at \$354,684.04

The #2 bid from Western Truck Parts & Equipment, Inc. failed to meet specifications for back of cab to end of frame, wheels & tires, and Reliance dump box body.

Financial Pacific Leasing, Inc., d.b.a. Umpqua Bank Equipment Leasing & Finance, a subsidiary of Umpqua Bank, has financed previous lease/purchases for Humboldt County Public Works, Road Division and is the most competitive financing option. The amount to be financed for both items, including the sales tax, shipping, and license fee is \$391,752 and the monthly payments will be \$7,102.07. The financing term will be for sixty (60) months.

FINANCIAL IMPACT:

The monthly lease payment for the items of \$7,102.07 was part of the approved budget for FY17/18. Future payments will be budgeted annually during the budget process. The new lease is dependent on when the equipment is received. The monthly dump truck payment of \$7,102.07 will be made from Roads Heavy Equipment (3540330). There is no impact to the General Fund.

This equipment supports the Board's Strategic Framework by managing resources to ensure the sustainability of services that the county provides to the public.

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The board could deny these purchases. This is not recommended because it would result in the continuing shortage of equipment required for road maintenance.

ATTACHMENTS:

1. Lease agreement for the dump trucks.



umpqua bank
equipment leasing & finance

January 30, 2017

Michael Heddinger
County of Humboldt
3130 Jacobs Ave.
Eureka, Ca. 95501

Dear Michael:

I am pleased to present the terms and conditions of our proposal to lease equipment to the County of Humboldt. This letter is not an approval to enter into a lease, nor should it be construed as an offer or commitment to perform any undertaking.

An approval of this proposal may be considered after full review by the appropriate officers of Financial Pacific Leasing, Inc. and Umpqua Bank. Final approval may contain additional or modified terms.

Please indicate your interest in our proposal by signing and returning the enclosed copy of the "Terms and Conditions", along with the Security Deposit, by April 15, 2017. By accepting our proposal, you agree that Umpqua Bank Equipment Leasing & Finance shall not be held liable for any action or inaction stemming from this letter.

Thank you for this opportunity to respond to your needs. We hope that our proposal is both timely and competitive, and we look forward to working with you to successfully fund and close this transaction.

Sincerely,

Brian Hildebrandt
Vice President
1333 N. California Blvd., Suite 545
Walnut Creek, CA 94596
Phone: (925) 949-2865

Terms and Conditions:

Lessor: Financial Pacific Leasing, Inc., d.b.a. Umpqua Bank Equipment Leasing & Finance, a subsidiary of Umpqua Bank or its assigns ("Lessor")

Lessee(s): County of Humboldt

Equipment Financing Vehicle: Municipal Lease-Purchase Agreement

Equipment & Cost: 2- 2018 Peterbilt Dump Trucks \$391,752.00 (the "Equipment"). All Equipment shall be satisfactory to Lessor.

Lease Amount: Not to exceed \$391,752.00 in the aggregate.

Lease Term: Five (5) years

Payments: Sixty (60) payments, payable monthly in arrears.

Lease Rate Factor: 1.8129% of the Equipment's original cost.

The lease rate specified above is based upon the like term (5 years) Federal Reserve Board Swap Rate published by Bloomberg ("Index") at 1.95 % as of 1/27/17. Should the Index increase prior to any lease schedule documentation and commencement, the lease rates shall be adjusted to maintain the economic returns anticipated by Lessor.

Tax Benefits: The lease shall be considered a municipal lease/purchase and qualifies for tax-exempt status. Lessee shall pay all fees, assessments, sales, use, property and other taxes imposed, except those levied on the net income of Lessor by the United States, the State of California or other applicable jurisdiction.

Commencement Date: It is contemplated that the Equipment will be installed and acceptable for Lease Commencement of 12/31/17 and/or on the first or fifteenth day of each month thereafter.

Interim Rent: Interim rent will be payable from the funding date to the Lease Commencement Date at a rate equal to the Lease Rate Factor applied on a per diem basis to the amount funded.

Progress Payments: Lessor will consider periodically disbursing funds to various Equipment vendors under a progress payment agreement (PPA) between Lessor and Lessee. Any funds outstanding under the PPA shall accrue interest from the date of funding to the lease funding date at the 30 day LIBOR rate + 350bp. Such interest shall be calculated 15 days prior to the 1st day of each month and shall be fixed for each monthly period thereafter. Interest shall be payable on the 1st day of each month after initial funding. No interest shall be capitalized into the Equipment cost.

- End of Lease Options:** At the end of the initial lease term, Lessee will have the option to purchase all, but not less than all, of the Equipment for **\$1.00**.
- Expiration of Facility:** All takedowns shall occur prior to **12/31/17** and without extension, the facility shall expire. Lessor shall have no obligation to lease any item of Equipment after said date.
- Net Lease:** All costs of operation, maintenance, taxes, insurance and other affiliated costs will be paid by Lessee as this transaction has been structured as a net lease.
- Insurance:** Lessee will provide evidence of all-risk physical damage and liability insurance coverage in such amounts and with deductibles all as may be required by Lessor. In addition, endorsements and assignments of such policies shall name Lessor (and its assigns) as loss payee and/or additional insured, as may be required by Lessor. All insurance coverage shall be from a carrier acceptable to Lessor.
- Maintenance:** Lessee shall, at its sole cost and expense, maintain the Equipment in compliance with all statutes, laws, ordinances, regulations, standards, and directives (including environmental) by any governmental agency and the Equipment must be maintained in accordance with all manufacturer's suggested and recommended maintenance procedures including preventive maintenance; and such other maintenance and return conditions as the Lessor may require.
- Documentation:** All legal matters and all documentation to be executed in connection with the contemplated lease shall be satisfactory in form and substance to Lessor and counsel to Lessor.
- Costs & Expenses:** Lessee shall be responsible for all fees, costs and disbursements incurred by Lessor in connection therewith, including without limitation, all fees and disbursements of counsel to Lessor (if any), appraisal costs (if any) and all filing and search fees. A documentation fee of \$500 per lease schedule/takedown will be payable by Lessee.
- Security Deposit:** A **\$500.00** security deposit shall be payable to Lessor upon acceptance of this proposal. This security deposit, less all costs and expenses incurred by the Lessor, including but not limited to documentation and attorney's fees, will be refunded should Lessor not offer an approval for this transaction.
- If an approval is extended by Lessor and accepted by Lessee, the security deposit shall convert to an approval fee ("Approval Fee"), which would all be non-refundable if the transaction were not consummated. If the contemplated transaction were consummated, the Approval Fee would be refunded pro-rata (funded amount to the Amount approved) less any costs and expenses incurred by Lessor in connection with this transaction.
- Additional Terms & Conditions:**
- 1) Any non-appropriation clause in the lease shall be satisfactory to Lessor.
 - 2) Anticipated borrowing for 2016 will not exceed \$10,000,000, making

- the lease "Bank Qualified" under section 265(b)(3) of the IRS Code.
- 3) Lessee is a state or political subdivision thereof, within the meaning of Section 103 of the Internal Revenue Code of 1983.
 - 4) Lessor shall receive an Opinion from Lessee's counsel stating that the lease qualifies for tax-exempt financing under IRS guidelines and the Opinion must reference #2 and #3 above.

Confidentiality: Except as required by law, neither the proposal nor its Terms and Conditions will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing. The foregoing confidentiality provisions shall not apply to the disclosure of the federal income tax structure or treatment of the proposed financing.

Authorization: Lessee acknowledges and agrees that Lessor may furnish all Lessee presented information, financials, analysis, and related credit and review materials to its employees, counsel and agents as well as its participants and assigns. Lessee authorize Lessor to contact Umpqua Bank, and all trade suppliers and other references of Lessee, and to order any and all credit checks and investigative reports, all as Lessor deems necessary in connection with the evaluation of the transaction.

This proposal is for discussion purposes only, and is only a general, non-binding proposal on the part of Lessor.

I/We have reviewed the above Terms and Conditions and request the Lessor to pursue underwriting and approval of a commitment for the described lease agreement.

Accepted this 14th day of November 2017

County of Humboldt

By:

Virginia Bass

Printed Name:

Virginia Bass

Title:

Chair