

**FINANCE MEMORANDUM**  
**#10-25**

**DATE:** September 23, 2010

**TO:** Honorable Mayor Joyce Downing and City Council Members

**FROM:** Bill Simmons, City Manager *WMS*  
Shawn Cordsen, Director of Finance *SC*

**SUBJECT:** Lease Payoff – Sanitation Capital Equipment

**BACKGROUND:**

In October 2009, City Council approved the accelerated purchase of three automated trash trucks. Due to the arrival of the new trucks, in February of this year the City sold three of its older manual units for a combined price of \$496,050. Of the three manual trucks sold, two units were still subject to capital lease obligations, of which the remaining collateral balances were transferred to the new automated units.

**UPDATE:**

The current 2010 Budget contains an estimate of \$150,000 in revenue associated with the sale of assets within the Sanitation Fund. Given the collection of \$496,050 from the sale of the three manual trash trucks an additional \$346,050 of unanticipated revenue has been deposited into the Sanitation Fund.

Upon receiving council approval, the partial use of the unanticipated revenue for purposes of expediting the retirement of the outstanding lease obligations in the amount of \$97,645 was submitted in early September.

Due to the occurrence of the lease payoff, it may be necessary to adopt an appropriation amendment at the end of the year to recognize an additional allocation if the current budget is unable to absorb the additional expenditure.

**STAFF REFERENCE:**

If Councilmembers have any comments or questions, you may contact Shawn Cordsen at [scordsen@northglenn.org](mailto:scordsen@northglenn.org) or at 303-450-8719.