

EQUIPMENT LEASES

I. PURPOSE

The following guideline establishes the justification and utilization of leases versus outright purchase of equipment.

II. DEFINITION:

This guideline shall apply to all City Departments, and applies to all formal bids or quote bid long-term issues, or where more than one (1)-payment will be required over the term of the lease. It does not apply to short-term leases, or where only one (1)-payment will be necessary over the term of the lease.

III. RESPONSIBILITIES:

- A. Signatory responsibilities for long-term leases rest with the City Manager on recommendation of the City Attorney's Office and with the Finance Department.
- B. Prior to signature by the City Manager, the City Attorney's Office will be responsible for viewing any lease.
- C. The Finance Department has the responsibility to advise the City Attorney's Office and the City Manager's Office as to feasibility, bid specifications, cost analysis information or other details available regarding a lease. The Purchasing Division will coordinate all activity regarding leases; purchasing and receiving with all Departments.
- D. Department Directors have the responsibility to approve leasing option versus purchase options upon recommendation of the user division and subsequent findings of the Finance Department and the City Attorney's Office.
- E. User divisions have the responsibility to prepare and submit a Lease Analysis and Feasibility Report whenever leasing is an optional method of procurement. The form must be submitted with formal bid transmittals (\$25,000 or more) or requests for quote (\$1,000-\$24,999.99). Whenever possible, an original lease should be included with the Lease Analysis and Feasibility Report.

IV. POLICY

The City of Little Rock will permit leases if justification of a lease demonstrates that the benefits to the City will meet or exceed the costs, including inherent liabilities, for the lease term. Lease financing due solely to budget constraints requires City Manager approval prior to bid.

Lease agreements, if they extend beyond one (1) fiscal year, must contain a non-appropriation clause and assurances that there is no recourse against the City for failure to renew the lease.

V. PROCEDURE:

- A. User Division: Department will prepare a 'Lease Analysis and Feasibility Report' emphasizing justification and cost analysis. Informal requests from providing sources on lease details or an original lease can support the report. Determine if leasing is the optimal method of procurement. If optimal, forward package including completed report, bid specifications and other available details to the Department Director for review and approval.
- B. Department Director: Review the Lease Analysis and Feasibility Report and available documentation to ensure that the required details are provided. Confirm that justification for lease meets or exceeds the benefits the City will receive over the length of the contract. When leasing remains the preferred option, approve and forward the lease package to the Purchasing Division. Where leasing is not justified, and purchase is the optimal method, forward only purchasing requirements to the Purchasing Division and return lease details to the User Division for retention.
- C. Purchasing Division:
 1. Review lease package to determine that leasing is a viable option based on cost analysis. Make recommendations to the Finance Department Director or his designate for lease option approval.
 2. Where leasing is not justified, return to the User Department Director requesting further justification or that specification be written for purchase.
 3. Where leasing is approved, include standard lease bid specifications with equipment bid specifications. Upon bid opening, submit prevailing vendor's original lease to the City Attorney's Office for review prior to ordering.
 4. Upon City Attorney's action, coordinate lease signatures, commodity order and receiving, including acceptance between the City Manager's Office, User Division, vendor and leasing company.

D. City Attorney: Review original lease and accompanying lease documentation for bid compliance. Modify, reject or approve lease and return package to the Purchasing Division.

Approved:



Bruce T. Moore
City Manager