



Milwaukee County

Legislation Text

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From the Director, Department of Transportation and Public Works, and the Airport Director, requesting authorization to enter into lease-to-own agreements for vehicular equipment in cooperation with the Department of Transportation and Public Works Fleet Management Division.

Policy

County Board action is required for clarification of an operational issue of the Airport Division's 2011 Budget.

Background

The Airport Division has found it to be beneficial to enter into leases for selected pieces of vehicular equipment over the past several years. These leases have been structured as "Lease to own" with the final settlement amount typically being one dollar (\$1.00) at the end of the lease term (usually, but not always, forty eight months).

This arrangement has allowed the Airport to maintain a number of typically smaller vans and automobiles used exclusively at the airport. Because the activity is limited to the airport, the leased vehicles are used for 10+ years with relatively low mileage and relatively low maintenance costs.

At the end of the lease term, the airport/county takes title to vehicles that are low in operational costs and allows the airport to rotate vehicle use for appropriate needs and to dispose of an older vehicle.

All leases have been negotiated by the DTPW Fleet division, and this report contemplates that this practice would continue for all future leases.

This arrangement has worked well for the Airport. Airport funds have been used to acquire and maintain the needed number of a variety of vehicles for exclusive airport needs at no expense or obligation of any other County operation.

In July, 2010 an Appropriation Fund Transfer was introduced to the Transportation, Public Works & Transit, and Finance committees, and approved for the lease of specific equipment. (Attachment 1). For technical reasons, this lease agreement was not completed in calendar 2010, and therefore is an open item requiring the carryover of the specified funds.

The 2011 Adopted Operating Budget of Milwaukee County included a new purchasing program which would seem to prevent the Airport from continuing its lease-to-own program for airport

specific vehicles. (Attachment 2, page 5300-2 of the Adopted Operating Budget)

Corporation Counsel has reviewed this matter and has opined that the 2011 Adopted Budget did give the Airport Division the authority to lease (Attachment 3); however, the County Controller believes that a 2011 budget prohibition of leasing negates this authority.

This report and the accompanying resolution seeks to allow the Airport Division to continue to enter into new lease-to-own arrangements when, in concert with the Fleet Division, it makes operational sense to do so.

Recommendation

Airport Staff recommends that the accompanying resolution be adopted to allow for the Airport to enter into appropriate lease-to-own agreements with the cooperation of DTPW Fleet Management division using Airport funding.

Fiscal Note

There is no tax levy impact associated with this action. Funds to pay for these annual lease-to-own agreements have been included in the Airport's Vehicle Lease (6505) account.

Prepared by: Thomas Heller, Airport Accounting Manager

Approved By:

Jack Takerian, Director of
Transportation and Public Works

C. Barry Bateman
Airport Director

Cc: Timothy Schoewe, Corporation Counsel
Timothy Karaskiewicz, Principal Asst. Corporation Counsel
Scott Manske, County Controller

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