

January 22, 2013 Special Meeting

The Special Town Board meeting of the Town of Stony Creek was held on January 22, 2013.

Supervisor Thomas called the meeting to order at 6:47 PM with members present:

Councilwoman Doreen Ryan

Councilman John Thomas

Absent: Councilman Harry Paul Gill

Councilman Nathan Thomas (was called away on an emergency call).

Attorney James Cooper was not required to attend.

The purpose of the meeting is to discuss a lease purchase for a new John Deere 624K loader.

Dave Mattison representative from Nortrax was present to explain the purchase/lease agreement and the financing of this equipment.

Mr. Mattison stated the quote is NYS Contract, it's a 5-year contract and the pricing is fixed. He brought a couple brochures and page 15 of the OGS Contract for the board to see. The options Supt. Bradley and Mr. Mattison discussed are basically the same options of the 2003 624J series the town has. The new loaders are K series. People get confused with the meaning of the letters. The letters mean J was built in a block of time and now K's are being built for a period of time. It's not a big difference between what you have it's just a latest version of it. New technologies, new emissions. Basically the size, the capabilities, it's similar but partially the same. They are giving \$24,000.00 for the 1984 Caterpillar. With the trade difference it comes to \$112,195.00. There are many options. There are more then what he gave the Town Board. He gave the longest term, which is a five-year; you can do it in a shorter term. There are banks that do municipal leasing the rates are comparable. You certainly can reserve the right to say your going to move forward with getting the loader but we are also going to investigate some financing. Mr. Mattison is confident that the board will find it comparable in every way. Councilwoman Ryan asked if the financing is 3.3%? Mr. Mattison stated yes. Deere's current financial rate is 3.3% and that is anywhere from 2-5 year terms. He quoted the five-year option. You can consider something shorter, obvious the shorter you go the higher it drives the payment. Supt. Bradley stated just so they aren't confused, the lease is another term for financing? Mr. Mattison stated yes. After you make the payments you own the machine. He doesn't understand why they call it municipal lease because they aren't like car leases where there is a balloon payment at the end, municipal leasing there are not any balloon payments. Supervisor Thomas stated so it's a municipal purchase. Mr. Mattison stated it's just financing you make one payment per year and you own it at the end. Supt. Bradley stated there is no difference in price if you pay cash except for the interest. Mr. Mattison stated right except for the interest. There is no cost, there is no prepay penalties on the lease. If you 2-years later we entertain that we can upgrade this, a lot of towns are rolling theses because in the State Contract towns buy these loaders from Deere Governmental Sales, you will be buying this for less then we can buy or sell them to a contractor. These machines are \$175,000.00 to \$185,000.00 depending on options in the real world because they turn them, even if they turn them at 10% margins it's \$50,000.00 higher then the town will pay. If you took a five-year lease and a couple years from now he says he will trade you out of that he will give the town a brand new one, two-years newer, new warranty, new tires.

They have gotten towns out of loaders two-years later for the cost of tires would be. It depends on how badly we want the trades. They get into a situation where they say lets go out and see if they can buy some of these loaders because from a dealers standpoint they buy these town trades back and put them in their rental fleet and then they are able to turn them and sell them for much less then what they were buying the two-year old machine. There is no cost for financing, no cost to pay it early and if you pay in full the balance, \$112,195.00. That would be billed for that and needs to be paid within 30 days of delivery. They will send an invoice terms are net 30. Supervisor Thomas asked what the \$112,195.00 is, it shows \$108,228.00 total cost \$132,228.00 on his paperwork. Supt. Bradley stated there was a 3% increase. Mr. Mattison stated they had a 3% increase effective January 1, 2013 total cost is \$136,195.00. This was unavoidable, when State Contract price gets bumped then they have to pass it on. The five-year municipal lease didn't change much its \$24,000.00 and change. Supervisor Thomas stated its \$23,869.00. Mr. Mattison stated its \$24,7something. One annual payment and he has it set up where 30 days before delivery you make the first payment and a year later you would make the second payment. Councilwoman Ryan stated so if we go through this and sell you back the 1984 that would initially be the first payment. Mr. Mattison stated the way it is set up now even if you are trading the machine you would still have that \$24,000.00 payment due at signing, delivery. There is an option to do it in what they called annual advance. There is an annual arrears option where you wouldn't have any money due for a year after. The board agreed that they thought that's what they were going to do. Councilman John Thomas stated they were going to use the trade-in payment of the old loader for the first payment of the year. Mr. Mattison stated he thinks he can still do this. It's still 3.3%. You have \$112,195.00 total balance, the payments in arrears 60 months times 220.54 equals \$27,144.00, which you would not have a payment due until one-year after delivery. That would be payment one and the year after would be payment two. You would have five payments due of \$27,144.00. Mr. Mattison compared a four-year plan; payments would be \$30,437.00, which would be \$1900.00 in savings. Mr. Mattison stated the updated quote tonight is 3% increase for January 1st, but prior to when Case came out two years ago they were tier 3 and went to interim tier 4 and had to have all the emissions put on and their pricing went up \$18,000.00 and so did everyone else's. Everybody has to meet tier 4. People who are buying tier 4's now, two or three years from now when you're looking to purchase off State Contract you will be in good shape. Tier 4 is going to be around for a while and there is always price increases on January 1st. Councilwoman Ryan stated the five-year lease sounds durable. Mr. Mattison stated your under \$25,000.00 your not spending any money until a year from now. You can pay it off if something were to change. If you said lets revisit this, bring Dave back in and say can you change the contact we would rather do this then this. There is flexibility, no processing fee, no prepayment penalties, there is nothing hidden, it's a very straightforward Municipal Lease Purchase Plan. Councilman John Thomas stated all of these have computers on them. Mr. Mattison stated yes, you can go into the monitor and see the hours of usage, idle, forward travel, reverse travel, There is an auto shutdown feature that you can program to idle for a amount of time and shut down on the machine. The machines are coming standard with what's called a jd link its built into the machine, remotely you can sign up for that from your computer, log in and monitor the machine. The new machine has what's called a service advisory remote. You have probably had travel time and mileage from a dealer to come fix a machine in the past, which is very expensive.

They can diagnose from there shop if there is a fault code. They can clear it from a distance or tell the guys how to clear it for some 50¢ part that would cost \$500.00 to send a technician up here to do it. Councilman John Thomas asked about the Warranty. Mr. Mattison stated full machine and one-year unlimited hours. There are other warranties, emissions three-years up to 5000 hours and extended warranties on the power train and hydraulics that the town can purchase. Governmental warranties are not that much money. He doesn't have extended warranties in the quotes; other towns are not buying these warranties. To answer the question you have one-year full machine regardless of what the hour-meter reads, two-years unlimited on the engine and three-years 5000 hours on emissions.

Supt. Bradley asked if it's the engine in the second year is it covered for them to come up here? Mr. Mattison stated the warranty covers parts and labor; they don't cover travel time and mileage. Supt. Bradley stated they do have a trailer to take it down if needed.

Supt. Bradley stated at some point we are going to have to buy another truck so we have to rotate something out between here otherwise we are going to be replacing two things to once. We have a 2003 and 2004 truck right together because we wrecked one. You try to keep them twenty-years you can keep them 50 years but your going to run into problems.

Supervisor Thomas asked the board if they wanted to act or wait until the next board meeting. He would consider making five payment of \$23,942.00 and saving \$800.00 per payment total savings \$4000.00.

Councilwoman Ryan stated that is making a payment this year plus the trade-in. Supervisor Thomas stated yes.

Dale Aldrich stated you are talking \$24,000.00 for the old loader and a payment of \$25,000.00 to start off and then 4 payments of \$23,942.00. Supervisor Thomas stated yes.

Councilman John Thomas stated he agrees with Supt. Bradley that if we don't replace this we are going to end up replacing two things down the road and may not have the funds to do it.

054-13. A resolution was made by Councilwoman Ryan seconded by Councilman John Thomas To enter into a lease/purchase program from Nortrax for the following:

To trade the 1984 Caterpillar 936 loader Serial # 33Z00678 in the amount of \$24,000.00.

To purchase a new John Deere 624K loader Serial # _____ in the amount of \$136,195.00. Total amount due \$112,195.00.

Discussion: financing will be discussed at the next meeting on February 12, 2013

Roll call vote, all in favor

Other Business:

Councilwoman Ryan stated we discussed Dale Colson property.

Supervisor Thomas stated the day they were out doing the well, Mr. Colson showed up with a certificate in a folder and Supervisor Thomas didn't look at it that close and he got thinking about it and went over to Warren County Building Codes and he was told that Mr. Colson had no current building permit and the one he showed him he thinks was from 2001-2002. He doesn't believe he has a building permit or co. he hasn't seen him since then but will need to.

Councilwoman Ryan asked how many residents he has down there. Supt. Bradley stated he wasn't sure he knows he has a trailer but doesn't know if anyone is in it and he has his house.

Councilwoman Ryan asked if the old one was down there. The trailer Ryan Dingman was in is down there, which is torn apart and the other has been demolished.

Councilman John Thomas reported he talked with Supt. Bradley and Supervisor Thomas about getting more insulation in the highway garage. He was looking into one called reflex. They say it's between 3½-17% R-value. It's more likely going to be 3½. It's a product called Prodex which is basically what you have in the ceiling now. You can put it down between the beams and it gives an R-value of 16. It comes with the tape. He is getting it priced out and it will save a lot. Supervisor Thomas stated you should look in to the radiant heat also for a commercial size building whether powered by propane or electric, probably propane. The infrared heat, he was looking on-line and found a company in Detroit that has been doing it for 50 years, heating large buildings, he is sure it's not cheap. Councilman John Thomas stated if you look on-line under Prodex, that's what its called that's the only product that has a high R-value that you can retrofit to an existing building. Councilman John Thomas talked with Charles Wallace, Warren County Building Codes and he is checking the fire rating and the class of it and didn't think there would be a problem with it. He doesn't understand all these commercial buildings they are all the same because they are not an occupied building and they are allowed to get away with it. Supervisor Thomas stated he thinks between the two it won't get away from the oil but it will help.

A motion was made by Councilwoman Ryan seconded by Councilman John Thomas to adjourn the meeting at 7:56 PM. All in favor, motion carried.

Respectfully submitted,

Susan Harrington
Town Clerk