



Memorandum

Date: 5/6/2025
Meeting of: City Council

File No. AM No. 25-069
Type: Consent Item

TO: Members of the City Council
FROM: Mayor Angela Birney
DEPARTMENT DIRECTOR CONTACT(S):

Fire	Adrian Sheppard, Fire Chief	425-556-2201
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DEPARTMENT STAFF:

Fire	Micheal Despain	Interim Deputy Chief
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TITLE:

Approval of a Contract with Leasing2 for the Financing of Fire Apparatus

OVERVIEW STATEMENT:

The Fire Department has placed an order for (1) ladder truck, (1) wildland fire engine, and (3) fire engines for a total of \$6,489,432.88. To assist with spreading this cost over multiple budget cycles, the Fire and Finance Departments would like to enter into a capital equipment lease agreement. The terms of the agreement are 4.92% over 10 years for an annual payment of \$820,889.50. As outlined in the attached contract, Leasing2 will transfer and convey the equipment at the commencement of the lease.

The terms of the agreement are 4.92% over 10 years for an annual payment of \$820,889.50. Following a thorough review of multiple companies' proposed terms, Leasing2 was selected by Fire and Finance as offering the most favorable combination of interest rate and term length.

As outlined in the attached contract, Leasing2 will transfer and convey the equipment at the commencement of the lease.

☒ **Additional Background Information/Description of Proposal Attached**

REQUESTED ACTION:

☐ **Receive Information** ☐ **Provide Direction** ☒ **Approve**

REQUEST RATIONALE:

- **Relevant Plans/Policies:**
Redmond Fire Department - Strategic Plan 2022-2027
- **Required:**
Council approval is required to approve this lease contract

- **Council Request:**
N/A
- **Other Key Facts:**
N/A

OUTCOMES:

The cost of fire apparatus is climbing quickly with inflation. From 2021 to 2024, the cost of fire apparatus climbed by over 8.75% per year. Spreading out future purchases over multiple biennia would exceed the funding allocated to the fire apparatus fund each year and would hinder the Fire Department's ability to place critically needed fire apparatus in service in time to meet the needs of a growing city. To preserve cash flow, the Fire and Finance Departments would like to lease the equipment over 10 years, which allows cash flow to be preserved over the term of the agreement, and the finance costs are much lower than the anticipated purchase price of fire apparatus during the same time.

COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:

- **Timeline (previous or planned):**
N/A
- **Outreach Methods and Results:**
N/A
- **Feedback Summary:**
N/A

BUDGET IMPACT:

Total Cost:

The total funding for these purchases was approved by council during the 2025/2026 biennial budget process, but after further analysis, it was determined that leasing would be a better strategy. The proposed capital equipment lease agreement is for \$6,489,432.88. The terms of the agreement are 4.92% over 10 years for an annual payment of \$820,889.50. This project would spread costs out over 10 years to preserve cash reserves of the same period and purchase much-needed fire equipment at a cost lower than the rate of inflation.

Approved in current biennial budget: ☒ Yes ☐ No ☐ N/A

Budget Offer Number:
N/A

Budget Priority:
Safe and Resilient

Other budget impacts or additional costs: ☐ Yes ☒ No ☐ N/A

If yes, explain:
N/A

Funding source(s):

Fire apparatus fund balance

Budget/Funding Constraints:

Funding must be accepted prior to April 30, 2025, to avoid a higher lease rate.

☐ **Additional budget details attached**

COUNCIL REVIEW:

Previous Contact(s)

Date	Meeting	Requested Action
4/22/2025	Committee of the Whole - Parks and Environmental Sustainability	Approve

Proposed Upcoming Contact(s)

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

Time Constraints:

The contract must be approved prior to April 30, 2025, to avoid a higher lease rate.

ANTICIPATED RESULT IF NOT APPROVED:

A significant amount of cash reserves for fire apparatus will be used this budget cycle.

ATTACHMENTS:

Attachment A: Lease Proposal - Leasing2