

# **Lease vs. Purchase Analysis**

Finance/Administration Committee

September 22, 2020

# Overview



- Background
- Financial analysis
- Qualitative factors
- Next steps

# What Do We Lease/Rent?



- Procedure 416, Equipment Leases
  - General guidelines for evaluating lease (or rent) versus purchase of equipment
  - Lease or rental agreement longer than one year must have a cost benefit analysis
  - Treasury approves analysis

# Financial Analysis



| <b>Lease</b>                  | <b>Purchase</b>    |
|-------------------------------|--------------------|
| Registration fee              | Registration fee   |
| Processing fee                | Processing fee     |
| Delivery fee                  | Delivery fee       |
| Security deposit              | Purchase price     |
| Taxes                         | Taxes              |
| Monthly payments              | In-service charges |
| Service charge at termination | Resale value       |

Select lowest present value



# Qualitative Factors



- Availability of equipment for lease
- Needed for emergency response
- Acceptable lease contract terms
- Customization for District operations
- Historical functionality/proven technology
- Frequency of use

# Next Steps



- Apply process for equipment purchase/lease decisions
- Incorporate analysis in FY22/23 budget

# Questions

