

**VILLAGE OF ORLAND PARK**  
**TOTAL COST OF OWNERSHIP ANALYSIS**

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**PROJECT:** Utilities Division replacement backhoe  
**DATE:** 12/22/2014

<b>PURCHASE COSTS</b>		Lease	
<b>Initial Costs</b>		<b>Option A</b>	<b>Option B</b>
Acquisition Decision			\$ -
Purchase		\$ 97,747	\$ -
Lease cost p/month X 5 years	\$22,625.50 p/year		113,128
Set-up/Deployment		450	450
Change Management(Training, Orientation, Process Change)		100	100
<b>Subtotal - Initial Costs</b>		<b>\$ 98,297</b>	<b>\$ 113,678</b>
<b>Ownership Costs per Year</b>			
Annual maintenance cost - Estimated		\$ 1,975	\$ 1,975
Gas-gallons used per year X \$3.27 av/p/ga (540 gallons av/p/y)		1,766	1,766
Licensing---included above		-	-
<b>Subtotal - Ownership Costs per Year</b>		<b>\$ 3,741</b>	<b>\$ 3,741</b>
<b>Ownership Costs (over the Lifetime of the Asset)</b>			
<i>Expected Life (in Years) BASED on 60 month lease proposed</i>		<i>5</i>	<i>5</i>
<b>Subtotal - Ownership Costs (over the Lifetime of the Asset)</b>		<b>\$ 18,704</b>	<b>\$ 18,704</b>
<b>Post-Ownership Costs</b>			
Disposal/decommission/lease termination fee		200	500
Purchase cost at end of Lease Term (Residual Value)		-	19,250
<b>*Subtotal - Post-Ownership Costs</b>		<b>\$ 200</b>	<b>\$ 19,750</b>
<b>TOTAL COST OF OWNERSHIP</b>		<b>\$ 117,201</b>	<b>\$ 152,132</b>

Assumptions:

\*Enterprise proposes a residual of \$19,250

Removed "salvage value" because we wouldn't sell asset at the end of 5 years.

Removed "insurance cost" because cost does not change with purchase/lease.

## Buy vs. Lease Car

Make & Model: \_\_\_\_\_

LEASE	BUY
Suggested retail price	<input type="text"/>
Tax, title, etc.	<input type="text"/>
Refundable security deposit	<input type="text"/>
First month's payment	<input type="text"/>
Capital cost reduction payment	<input type="text"/>
	<input type="text"/>
Last month payment in advance?	<input type="text"/>
Payment (if yes)	<input type="text"/>
Selling price at end of lease	<input type="text"/>
Monthly lease payment	<input type="text"/>
Lease term	<input type="text"/>
Discount for present value	<input type="text"/>
	<input type="text"/>
Future value of last payment	<input type="text"/>
Initial costs	<input type="text"/>
Financing costs	<input type="text"/>
Present value of refund	<input type="text"/>
Present value of total costs	<input type="text"/>
	<input type="text"/>
DIFFERENCE	
<small>Note: Positive value favors leasing.</small>	

TAXATION	
Tax bracket	<input type="text"/>
Business use percentage	<input type="text"/>
Sales tax percentage	<input type="text"/>

TAXATION	LEASE	BUY
Title	<input type="text"/>	<input type="text"/>
Fees	<input type="text"/>	<input type="text"/>
Sales tax	<input type="text"/>	<input type="text"/>
Potential financing deduction	<input type="text"/>	<input type="text"/>
Total potential deductions	<input type="text"/>	<input type="text"/>
Potential tax savings	<input type="text"/>	<input type="text"/>

Note: Depreciation deductions may be available that could change the results of this analysis.