

MEMORANDUM

TO: Lead Asset Manager

FROM: A. Valenti, Chief Financial Officer

DATE: October 26, 2023

SUBJECT: Financial Parameters for Electric Street Sweeper Fleet Proposal

Following our discussion, this memo confirms the financial parameters for your preliminary analysis of the proposed electric street sweeper fleet replacement.

- **Initial Investment (Year 0 Outlay):** The total cost to purchase five new electric sweepers, including charging infrastructure, is **\$1,250,000**.
- **Project Lifespan:** The useful life of the new fleet is estimated to be **7 years**.
- **Discount Rate:** For capital projects of this nature, the city uses a standard discount rate of **8%** to account for the cost of capital and project risk.

Please use these figures in conjunction with the projected annual cash flows provided by the operations team to calculate the NPV, IRR, and Payback Period. I look forward to your recommendation.