



Legislation Text

File #: 22-2768, Version: 1

STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: December 14, 2022

COUNCIL DISTRICT(S): All

DEPARTMENT: City Controller's Office

EXECUTIVE: Jack Ireland

SUBJECT

A resolution authorizing **(1)** the preparation and the payment of future costs and expenses for the issuances of Equipment Acquisition Contractual Obligations, Series 2023 in an amount not to exceed \$71,600,000; and **(2)** an increase in appropriations in the amount not to exceed \$6,000,000 in the Equipment Acquisition Contractual Obligations, Series 2023 Fund - Financing: This action has no cost consideration to the City (see Fiscal Information for potential future costs)

BACKGROUND

The FY 2022-23 budget included appropriations for the purchase of vehicles, equipment, and technology for various City departments including Police, Fire-Rescue, Information and Technology Services, Equipment and Fleet Management, Sanitation, and Storm Drainage Management. The budget anticipated the use of \$30.5 million in equipment acquisition contractual obligations and \$75.0 million in master lease issuance to finance these budgeted items. To expedite the purchase of the required equipment, the use of equipment acquisition contractual obligations will be increased and offset by a decrease in master lease funding.

To expedite equipment for public safety and other departments, as well as avoid increasing contract costs, the City's Financial Advisors, PFM Financial Advisors LLC, recommend the issuance of equipment acquisition contractual obligations (equipment notes) to finance the purchase of City equipment, in an amount not to exceed \$71,600,000 via private placement with a qualified bank. Utilizing the services of a placement agent, the City competitively solicits the equipment notes and select the most advantageous respondent.

The issuance and sale of the contractual obligations is contingent upon City Council's approval of an Ordinance currently scheduled for consideration and approval by the City Council concurrently with this item on December 14, 2022. Pending City Council approval, the bonds are estimated to close in January 2023.

ESTIMATED SCHEDULE OF PROJECT

Authorize Preparation of Issuance of Bonds	December 2022
Approval of Ordinance	December 2022
Pricing	December 2022
Delivery of Proceeds	January 2023

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Government Performance and Financial Management Committee was briefed on “FY 2022-23 Debt Issuance Overview,” on November 15, 2022.

The Government Performance and Financial Management Committee will be briefed on “Upcoming Bond Sales” on December 13, 2022.

FISCAL INFORMATION

This action has no cost consideration to the City. Payment for cost of issuance is not made unless the bonds are issued. City Council approval of the ordinance authorizing the sale of bonds is scheduled for approval concurrently with this item. The anticipated cost of issuance is \$200,000.00 from bond proceeds.

Attachment I provides an estimate of bond issuance costs for the proposed bonds and the M/WBE participation.