

Staff Report

The proposed sale of these Contractual Obligations will be used to finance the purchase of equipment included in the 2007-2008 proposed budgets for several departments. This financing transaction for equipment complies with the City's Financial Policies for the use of non-voter approved debt, as described in Attachment A. See Attachment B for the schedule of equipment costs and useful life. The annual debt service funding for the Contractual Obligations will be provided by a combination of property taxes and transfers into the General Obligation Debt Service Fund from issuing departments.

The debt obligations will be competitively bid with all members of the City's two underwriting teams. Bids will be verified by the City's Financial Advisor, Public Financial Management, Inc.

This item has been posted for not later than 2:00 p.m. in order to take advantage of the financial markets.

The Debt Service Cost for the \$9,755,000 issuance is estimated as follows:

	<u>2007-2008</u>	<u>Total Cost over 10 Years</u>	<u>Average Per Year</u>
Principal	\$ 455,000	\$ 9,755,000	\$ 975,500
Interest	<u>276,392</u>	<u>1,992,010</u>	<u>199,201</u>
Total Debt Service	\$ 731,392	\$ 11,747,010	\$1,174,701

The \$9,755,000 being issued is self-supporting debt paid by transfers to the General Obligation Debt Service Fund.

ATTACHMENT A
FINANCIAL POLICIES

POLICY

1. It is the City's priority to fund capital expenditures with cash or voter approved debt. However, non-voter approved debt may be used for capital expenditures as an alternative to lease/purchase or other financing options if capital expenditure is:
 - * Urgent,
 - * Unanticipated,
 - * Necessary to prevent an economic loss to the City,
 - * Revenue generating, resulting in an economic gain to the City within a reasonable time, or
 - * Approved and budgeted for financing in the annual budget, and
 - * Non-voter approved debt is the most cost effective option available.

STATUS

The equipment was included in the 2006-2007 Amended Capital Budget or is included in the proposed 2007-2008 Capital Budget. Contractual Obligations provide the most cost-effective option available.

POLICY

2. The average maturity of non-voter approved debt shall not exceed the average life of the capital items financed.

STATUS

It is anticipated that this issue of Contractual Obligations will have an average maturity of less than five years. The minimum life of the equipment is in excess of five years.

POLICY

3. Capital items financed with non-voter approved debt shall have a value of at least \$10,000 and life of at least four years.

STATUS

All items are in compliance.

ATTACHMENT B

DESCRIPTION OF PERSONAL PROPERTY TO BE FINANCING

<u>Description</u>	<u>Approximate Cost</u>	<u>Useful Life</u>	<u>Approximate Delivery Date</u>
Fire			
Fire Truck - Pumpers (Basic Unit) (5x)	2,425,000	7 years	03/15/08
Fire Truck – Pumpers with Quint Ladders (2x)	1,610,000	7 years	03/15/08
Public Works - Transportation			
Truck, platform crew cab, dump bed (1x)	42,000	7 years	10/15/07
Backhoe Loader (1x)	37,500	7 years	10/15/07
Truck, platform crew cab F-650 w/ motor grader, air compressor (2x)	165,000	7 years	10/15/07
Truck, dump 12 CY (5x)	390,000	7 years	10/15/07
Vibratory Roller, 25" (1x)	40,000	7 years	10/15/07
Vibratory Roller, Walk Behind (1x)	14,000	7 years	10/15/07
Truck, concrete volumetric 6CY w/ 1-lift axle (1x)	208,000	7 years	10/15/07
Crack Sealer (2x)	100,000	7 years	10/15/07
Truck, hot mix patch, PTO comp (1x)	115,000	7 years	10/15/07
Pneumatic Roller (rplc w/ dbl drum 41" roller) (1x)	45,000	7 years	10/15/07
Truck, pickup, ½ ton extended cab (1x)	25,000	7 years	10/15/07
Truck, platform crew cab F-450, fixed bed (1x)	38,500	7 years	10/15/07
Wheel Loader, 2.25 CY, John Deere (1x)	135,000	7 years	10/15/07
Vacuum Street Sweeper (1x)	145,000	7 years	10/15/07
Water Utility			
Truck, Utility, 4WD Jimmy (1x)	28,000	7 years	12/15/07
Truck, Service (7x)	395,000	7 years	12/15/07
Truck, Propane (3x)	96,000	7 years	12/15/07
Truck, Platform, Navistar (1x)	75,000	7 years	12/15/07
Trailer, Sludge (1x)	82,000	7 years	12/15/07
Truck, Tractor, Navistar (2x)	150,000	7 years	12/15/07
Van, Cargo/Window (3x)	168,000	7 years	12/15/07
TLB, Medium (5x)	275,000	7 years	12/15/07
Truck, Dump (5x)	360,000	7 years	12/15/07
Forklift, Toyota (1x)	25,000	7 years	12/15/07
Truck, ¾ ton 4x2, Fleet (2x)	52,000	7 years	12/15/07
Pickup, Ext Cab, (6x)	172,000	7 years	12/15/07
SUV, Escape Hybrid (3x)	78,000	7 years	12/15/07
Prius Hybrid (3x)	75,000	7 years	12/15/07
Rhino 10ft. Mowing Deck (1x)	15,000	7 years	12/15/07
Beltec Auger (1x)	15,000	7 years	12/15/07
Polaris Ranger E FI 6x6 (1x)	20,000	7 years	12/15/07
WACHS Trailer, Mounted (1x)	24,000	7 years	12/15/07
1-ton Service Body Truck (1x)	53,000	7 years	12/15/07
Man-Lift, 40ft. Reach (1x)	15,000	7 years	12/15/07
Wastewater Utility			
Truck, Service (2x)	110,000	7 years	12/15/07
Truck, Pickup (2x)	64,000	7 years	12/15/07
Single Axle Covered Cargo (2x)	5,000	7 years	12/15/07
Portable Generator (2x)	100,000	7 years	12/15/07
Gator – Electric Cart (4x)	48,000	7 years	12/15/07
Platform, GMC (3x)	270,000	7 years	12/15/07
SUV, (4x)	116,000	7 years	12/15/07
Arrowboard, Wanco (3x)	23,000	7 years	12/15/07
TLB, Medium, Deere (2x)	110,000	7 years	12/15/07
Backhoe, Track, Case (1x)	200,000	7 years	12/15/07
Loader, Medium, Deere (1x)	95,000	7 years	12/15/07
Roller, Trench, Wacker (2x)	70,000	7 years	12/15/07
Loader, 744H, 5yd. (1x)	325,000	7 years	12/15/07
Truck, Dump, Navistar (3x)	216,000	7 years	12/15/07
Trailer, Sludge (1x)	82,000	7 years	12/15/07
TLB, Compact, BobCat (1x)	55,000	7 years	12/15/07
Trailer, Detachable, Goosen (1x)	60,000	7 years	12/15/07
SUV, Hybrid 4x4 (1x)	26,000	7 years	12/15/07
Godwin 4" Hydraulic Sub (1x)	12,000	7 years	12/15/07
6" Heidra 150v Vortex(1x)	40,000	7 years	12/15/07
One 185 CFM Diesel (1x)	20,000	7 years	12/15/07
TOTAL	<u>\$9,755,000</u>		