

AGENDA



Recommendation for Council Action

| | | | | | |
|--|---|---------|------|---------------|----------|
| Austin City Council | | Item ID | 8305 | Agenda Number | 94. |
| Meeting Date: | 8/25/2011 | | | Department: | Treasury |
| Subject | | | | | |
| Approve an ordinance authorizing the issuance of \$26,725,000 in City of Austin, Texas, Public Property Finance Contractual Obligations, Series 2011, related documents, and approve related fees. Contractual obligations will be used to finance the purchase of equipment for Communications & Technology Management, Police, Public Works, Transportation, Solid Waste Services, and Austin Water Utility. The financing of this equipment is consistent with the Financial Policies for the non-voter approved debt listed in Attachment A as back-up to this request for Council action. | | | | | |
| Amount and Source of Funding | | | | | |
| \$2,247,667 for the first year debt service requirement and an estimated annual administration fee of \$400 for the paying agent/registrar for the proposed contractual obligation sale is included in the 2011-2012 Proposed Operating Budget of the General Obligation Debt Service Fund. | | | | | |
| Fiscal Note | | | | | |
| There is no unanticipated fiscal impact. A fiscal note is not required. | | | | | |
| Purchasing Language: | | | | | |
| Prior Council Action: | Council approved Reimbursement Resolutions related to this bond issuance on 10/1/09, 8/19/10 and 4/21/11; Council approved the Bond Sale Schedule on 7/28/11. | | | | |
| For More Information: | Art Alfaro, Treasurer 974-7882 | | | | |
| Boards and Commission Action: | | | | | |
| MBE / WBE: | | | | | |
| Related Items: | | | | | |
| Additional Backup Information | | | | | |

Contractual Obligations will be used to finance equipment for several City departments. The financing of equipment is consistent with the Financial Policies for the use of non-voter approved debt listed in Attachment A. See Attachment B for the schedule of equipment costs and useful lives. Annual debt service funding for the Contractual Obligations is to be provided by a combination of property taxes and transfers into the General Obligation Debt Service Fund from issuing departments.

Contractual Obligations do not require voter approval and there is no provision in state law for notice or petition. Contractual Obligations may only be issued for the purchase of personal property. The City generally limits Contractual Obligations to property with a minimum life expectancy of 5 years.

The Contractual Obligation sale totals \$26,725,000, for the following:

- Austin Water Utility capital equipment, \$1,965,000
- Public Safety/Public Works radios, \$7,500,000
- Police Digital Vehicular Video system, \$3,500,000
- Police vehicles and equipment, \$5,135,000
- Public Works capital equipment, \$3,003,000
- Solid Waste Services capital equipment, \$5,622,000

Of the \$26,725,000, \$16,135,000 is to support reimbursement resolutions that have already been approved by Council during previous fiscal years. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure is incurred. The action is required by IRS and U.S. Treasury rules. The City generally submits reimbursement resolution for Council consideration as part of the annual budget adoption in September, the same time as the new capital appropriations are adopted. The remaining \$10,590,000 is associated with equipment included in the proposed 2011-2012 Capital Budget.

Electronic bids will be accepted beginning at 9:30 a.m. Central Daylight Time (CDT) and ending at 10:00 a.m. CDT, on Thursday, August 25, 2011. Bids will be verified by the City's Financial Advisor, Public Financial Management, Inc.

This item is posted for not later than 2:00 p.m. to allow Council action prior to the close of financial markets.

The Debt Service Cost for the \$26,725,000 issuance is estimated as follows:

| | <u>2011-2012</u> | <u>Total Cost over 7 Years</u> | <u>Average Per Year</u> |
|--------------------|------------------|------------------------------------|-----------------------------|
| Principal | \$ 1,535,000 | \$26,725,000 | \$3,817,857 |
| Interest | <u>712,667</u> | <u>4,141,198</u> | <u>591,600</u> |
| Total Debt Service | \$ 2,247,667 | \$30,866,198 | \$4,409,457 |

Of the \$26,725,000 that is being issued, \$16,135,000 is tax supported and \$10,590,000 is self-supporting debt paid by transfers to the General Obligation Debt Service Fund from the operating funds of issuing departments.

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 2010-2011 Amended Capital Budget or is included in the proposed 2011-2012 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> |
|---|-----------------------------|--------------------|--------------------------------------|
| Communications & Technology Management – (\$7,500,000) | | | |
| Mobile Radio Replacements (1,473x) | 7,500,000 | 5 years | 12/01/11 |
| Police – (\$8,635,000) | | | |
| Car, Crown Victoria New (17x) | 447,000 | 7 years | 03/15/12 |
| Car, Crown Victoria Used (157x) | 4,087,000 | 7 years | 03/15/12 |
| Light bar package, marked vehicle (71x) | 200,650 | 7 years | 03/15/12 |
| Light bar package, unmarked vehicle (43x) | 94,600 | 7 years | 03/15/12 |
| Stop Sticks used to stop vehicles by puncturing tires (131x) | 47,029 | 7 years | 03/15/12 |
| Blue Check Extender; attaches to mobile data computer (1x) | 5,220 | 7 years | 03/15/12 |
| Duel Gun Rack; part of console (174x) | 127,020 | 7 years | 03/15/12 |
| Fire Extinguisher Flare Box mounted in truck (17x) | 850 | 7 years | 03/15/12 |
| Extra Microphone kit for new digital camera system (17x) | 5,780 | 7 years | 03/15/12 |
| Mobile Radio new (17x) | 119,000 | 7 years | 03/15/12 |
| Digital Vehicular Video (new digital camera system) – (1x) | 3,500,000 | 10 years | 12/01/11 |
| Public Works - Transportation (\$3,003,000) | | | |
| Dump Truck, 18 CY tri-axle (3x) | 420,000 | 10 years | 03/15/12 |
| Dump Truck, 12 CY with loader (4x) | 680,000 | 10 years | 03/15/12 |
| Dumpt Truck, 6 CY (2x) | 170,000 | 10 years | 03/15/12 |
| Asphalt Paver (1x) | 558,000 | 10 years | 03/15/12 |
| Chipspreader, variable width (1x) | 275,000 | 10 years | 03/15/12 |
| Truck, concrete mixer (1x) | 205,000 | 10 years | 03/15/12 |
| Truck, 12 CY (1x) | 80,000 | 10 years | 03/15/12 |
| Truck, Hot mix patch (2x) | 240,000 | 10 years | 03/15/12 |
| Truck Platform Barricade (1x) | 95,000 | 10 years | 03/15/12 |
| Asphalt Distribution Truck (1x) | 210,000 | 10 years | 03/15/12 |
| Truck Platform Crew Cab (1x) | 48,000 | 10 years | 03/15/12 |
| Tow-behind chipper (1x) | 22,000 | 10 years | 03/15/12 |
| Solid Waste Services (\$5,622,000) | | | |
| Toyota Prais (3x) | 83,000 | 7 years | 12/15/11 |
| Pickup Trucks (11x) | 341,000 | 7 years | 12/15/11 |
| Routing, billing, operational GPSAVL System for fleet (1x) | 1,000,000 | 7 years | 12/15/11 |
| Ford Escape (3x) | 86,000 | 7 years | 12/15/11 |
| Dump Truck/PB Loader (2x) | 314,000 | 7 years | 12/15/11 |
| Sweeper (1x) | 270,000 | 7 years | 12/15/11 |
| Crew Cab Pickup (1x) | 26,000 | 7 years | 12/15/11 |
| Pick/dump bed (1x) | 60,000 | 7 years | 12/15/11 |
| Fully Automated Garbage Trucks (8x) | 2,600,000 | 7 years | 12/15/11 |
| Tonka Truck (1x) | 190,000 | 7 years | 12/15/11 |
| Crane/Roll-off Truck (2x) | 500,000 | 7 years | 12/15/11 |
| Pup roll-off trailer used to carry the dumpster listed below (1x) | 100,000 | 7 years | 12/15/11 |
| 40 Cubic yard roll-off dumpster (1x) | 42,000 | 7 years | 12/15/11 |
| Trailer (1x) | 10,000 | 7 years | 12/15/11 |
| Water Utility (\$315,000) | | | |
| Tractor, Lawn (2x) | 30,000 | 7 years | 12/15/11 |

| | | | |
|---|----------------------------|---------|----------|
| Truck, small service (2x) | 135,000 | 7 years | 12/15/11 |
| Truck, large service (1x) | 150,000 | 7 years | 12/15/11 |
| Wastewater Utility (\$1,650,000) | | | |
| Tow behind cement mixer (1x) | 5,000 | 7 years | 12/15/11 |
| TVGrout Van (1x) | 250,000 | 7 years | 12/15/11 |
| Loader backhoe, medium, Deere (1x) | 105,000 | 7 years | 12/15/11 |
| Truck, Large Service (5x) | 750,000 | 7 years | 12/15/11 |
| Trommel Screener Wildcat (1x) | 250,000 | 7 years | 12/15/11 |
| Truck, Small Service (3x) | 255,000 | 7 years | 12/15/11 |
| Trailer, 6" pump (1x) | 35,000 | 7 years | 12/15/11 |
| TOTAL | <u>\$26,725,000</u> | | |