



City of Port Moody

Report to Finance Committee

Date: September 27, 2019
Submitted by: Finance and Technology Department – Financial Services Division
Subject: Municipal Financing Authority – Equipment Financing Loan Authorization

Purpose

To Authorize borrowing from the Municipal Finance Authority (MFA), under section 175 of the *Community Charter*, for the purchase of a fully-equipped Custom Pumper truck and a fully-equipped Custom 100' Tower truck as approved in the 2018-2022 Five-Year Financial Plan.

Recommended Resolution(s)

THAT the Council of the City of Port Moody authorize up to \$1,490,000 to be borrowed, under section 175 of the *Community Charter*, from the Municipal Finance Authority for the purchase of a fully-equipped Custom Pumper truck as recommended in the report dated September 27, 2019 from the Finance and Technology Department – Financial Services Division regarding Municipal Financing Authority – Equipment Loan Authorization;

AND THAT the loan for the Custom Pumper truck be repaid over the estimated useful life of 20 years;

AND THAT the Council of the City of Port Moody authorize up to \$2,287,000 to be borrowed, under section 175 of the *Community Charter*, from the Municipal Finance Authority for the purchase of a fully-equipped Custom 100' Tower truck;

AND THAT the loan for the Custom 100' Tower truck be repaid over the estimated useful life of 25 years.

Background

The 2018-2022 Five-Year Financial Plan included a capital project for the replacement of two pieces of heavy fire apparatus that were reaching the end of their useful life (**Attachment 1**). The equipment, a Custom Pumper truck (Engine 4) and Custom 100' Tower truck (Ladder 1), will go into service in early 2020 as the current units will be 25 and 30 years old. The capital replacement project was approved in 2018 due to the significant lead-time required to order and build this type of specialized equipment.

Discussion

The MFA's Equipment Financing Program requires a certified borrowing resolution. This requirement will be met with the recommended resolutions. As the Equipment Financing program falls under section 175 of the *Community Charter*, the City does not require elector approval for an equipment-financing loan over five years, provided that the City is within the approval-free liability zone (including the new debt servicing costs). This has been confirmed via the liability servicing limit certificate (**Attachment 2**).

Other Option(s)

No alternative funding sources for the replacement of this equipment have been identified.

Financial Implications

The current vehicles are wholly owned by the City and have not been part of the MFA's leasing or equipment financing programs. The MFA's current interest rate for equipment financing is 2.45375%. The annual total cost to be included in the 2020 budget is \$220,000 (**Attachment 3**). This will be partially offset through the use of the Fire Truck Lease Reserve to help smooth the impact over Five years. The net impact to the Fire Rescue operating budget is estimated at \$66,000, although this figure will be fine-tuned through the budget process.

Communications and Civic Engagement Initiatives

The replacement of the two vehicles and the funding strategy were identified in the 2018-2022 Five-Year Financial Plan and discussed during public budget consultations for the 2018 plan.

Council Strategic Plan Objectives

The scheduled replacement of this critical life safety equipment aligns with Council's strategic priority of Healthy City and the objective to ensure Port Moody is a safe place where local government and public safety agencies are prepared to address natural disasters and other emergencies.

Attachment(s)

1. 2018-2022 Five-Year Financial Plan Capital Project Submission.
2. Liability Servicing Limit Certificate.
3. MFA Equipment Financing Loan Estimates.

Report Author

Tyson Ganske, CPA, CGA
Manager of Financial Planning

Report Approval Details

Document Title:	Municipal Financing Authority - Equipment Financing Loan Authorization.docx
Attachments:	- Attachment 1 - 2018 Capital Project Detail Form.pdf - Attachment 2 - Liability Servicing Limit.pdf - Attachment 3 - MFA Lease Estimates.pdf
Final Approval Date:	Oct 29, 2019

This report and all of its attachments were approved and signed as outlined below:

Rosemary Lodge
Manager of Communications and Engagement

Paul Rockwood
General Manager of Finance and Technology

Tim Savoie
City Manager