



Agenda Item: Resolution

Title: Reimbursement Resolution 2021-43 to Pay for Equipment Expenditures and Seek Reimbursement from Tax Exempt Lease Proceeds

Recommended Council MOTION:

Move to approve Resolution 2021-43, authorizing the City of Laramie, Wyoming to enact a Reimbursement Resolution to pay for equipment expenditures and seek reimbursement from proceeds of one or more tax exempt leases for fiscal year 2022, and authorize the Mayor and City Clerk to sign.

Administrative or Policy Goal:

The Finance department must bid and contract with banking authorities for capital lease financing, which can cause a timing delay or issue with departments bidding and taking delivery of equipment.

Background:

Large equipment purchases are often financed by a capital lease with an option to purchase (i.e. a lease purchase). To obtain the best possible rate for these financing transactions, the City solicits bids from authorized depositories of public funds. After receiving bids, City staff compare offers and select the financing package with the lowest overall cost. Upon selection, the financing contract is prepared by the lender and reviewed by the City. The agreement is then ready for Council review and approval; at the minimum, this process takes six weeks to coordinate from the point of issuing the bid to Council approval.

The process for capital lease financing requires a consideration of timing, and it is sometimes difficult to match the actual timing of the equipment delivery with the Council’s approval of the lease agreement and subsequent closing date. To remove some of the timing constraints, the City uses a Reimbursement Resolution, which allows the City to pay the vendor for equipment and then reimburse itself with lease proceeds. This reimbursement process allows more flexibility for City staff and accommodates the Council meeting schedule.

We are recommending that you allow this proposal to be in place for certain equipment bid and purchased in fiscal year 2022, as well as purchase commitments in fiscal year 2021 that are delivered in fiscal year 2022.

The Finance department will only utilize the reimbursement process when necessary. The reimbursement resolution requires a stated maximum amount, and we are recommending \$3,690,000 over the biennium for all funds. The items currently scheduled for lease purchase financing are listed below, but the City may elect to finance additional equipment if necessary:

General Fund

Unit 211 Dump Truck - \$276K
Unit 961 Mower - \$133K

Wastewater Fund

Unit 303 Sewer Truck Trailer – \$233K
Unit 329 Sewer Jet - \$428K
Unit 353 Dump Truck - \$184K

Solid Waste Fund

Unit 676 Garbage Truck - \$384K
Unit 677 Garbage Truck - \$411K
Unit 601 Scraper - \$865K
Unit 678 Garbage Truck - \$371K
Unit 602 Track Loader - \$405K

Legal/Statutory Authority:W.S. 15-1-702, IRS Code 103

BUDGET/FISCAL INFORMATION:**REVENUE**

Source	Amount	Type
Fees/Charges for Service		
Grants for Projects		
Loans on Project		
Other	\$3,690,000.00	Lease revenues pertaining to all funds
Total	\$3,690,000.00	

EXPENSE

Proposed Project Cost.

Project Budget	Amount	Funds
Project Cost		
Lease purchases	\$3,690,000.00	Lease Purchase Equip Expenditures - All Funds
Grants for Project		
Other/Outside Projects		
City's Amount		
Contingency	0%	\$0.00
Total Amount	\$0.00	Nets (cost of lease finance/ principal reimbursed)

Responsible Staff:Jennifer Wade, ASDD
Malea Brown, COOAttachments:
Resolution 2021-43