



TRUCKEE MEADOWS FIRE PROTECTION DISTRICT

STAFF REPORT

Board Meeting Date: December 17, 2019

DATE: December 5, 2019

TO: Truckee Meadows Fire Protection District Board of Fire Commissioners

FROM: Cindy Vance, CFO
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THROUGH: Charles A. Moore, Fire Chief
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SUBJECT: Recommendation to adopt a Resolution authorizing the issuance of Medium-term Obligations in the maximum principal amount of \$4,415,000 under Nevada Revised Statutes ("NRS") 350.087 to 350.095, inclusive (the "Project Act"), and NRS 350.500 to 350.720, inclusive (the "Bond Act"), in order to finance all or a portion of the cost of purchasing fire-fighting equipment, including fire engines and other vehicles (the "Project"), bearing interest at a rate or rates which do not exceed by more than 3% the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received for such medium-term obligations or a negotiated offer is accepted, and maturing within 10 years of the date of issuance thereof, in order to pay the costs of the Project. (All Commission Districts) FOR POSSIBLE ACTION

SUMMARY

Recommendation to adopt an Authorization Resolution , proposing the issuance of Medium-term Obligations in the maximum principal amount of \$4,415,000 under Nevada Revised Statutes ("NRS") 350.087 to 350.095, inclusive (the "Project Act"), and NRS 350.500 to 350.720, inclusive (the "Bond Act"), in order to finance all or a portion of the cost of purchasing fire-fighting equipment, including fire engines and other vehicles (the "Project"), bearing interest at a rate or rates which do not exceed by more than 3% the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received for such medium-term obligations or a negotiated offer is accepted, and maturing within 10 years of the date of issuance thereof, in order to pay the costs of the Project.

PREVIOUS ACTION

May 21, 2019 the Board of Fire Commissioners approved the FY19-20 Final Budget which included the intent to issue debt to finance equipment purchases.

BACKGROUND

The District has identified the need to issue debt to maintain the fire apparatus replacement schedule. The District has developed a five year vehicle replacement plan that includes the purchase of five Type I Engines and three Type 5 Brush Trucks. The current estimated cost to purchase and equip a Type I Engine is \$725,000 with an estimated useful life of 10 years and the current estimated cost to purchase and equip a Type 5 Brush Truck is \$690,000 with an estimated useful life of 15 years.

This replacement plan provides more consistency between apparatus since each group will be built to the same specifications, keeps front line apparatus within a practical useful life, and provides ease of rotation of apparatus from busy to slow stations which helps elongate life of the equipment. This plan also allows for more efficiency in purchasing by limiting the process to once every five years instead of purchasing apparatus every year.

The issuance of medium-term debt obligations would pay 100% of the cost to purchase and equip the planned five Type I Engines and three Type 5 Brush Trucks. The estimated annual interest rate is 2.75% to be repaid over a period of not more than 10 years.

The Bonds shall not be paid in whole or in part from a levy of a special tax which is exempt from the limitations on the levy of ad valorem taxes, but shall be paid from other legally available funds of the District, including, but not limited to, monies anticipated to be available in the District's General Fund. It is anticipated that an estimated range from approximately \$510,667 per year to \$702,188 per year for a period not to exceed 10 years will be available from the District's General Fund, which amount is anticipated to be sufficient for that purpose.

If approved, the taxation packet will be filed with the Department of Taxation, a bond resolution prepared and requests for proposals (RFP) distributed. The best RFP will be selected and brought back to the Board of Fire Commissioners for adoption.

FISCAL IMPACT

If approved, the maximum principal amount of proposed medium-term bond to be sold is \$4,415,000. The proposed obligations are expected to be issued in March of 2020. The maximum annual debt service of approximately \$702,188 is expected to begin in fiscal year 2021. Amounts available in the General Fund are expected to be sufficient to pay the required principal and interest on the obligations.

RECOMMENDATION

Staff recommends that the Board adopt a Resolution authorizing the issuance of Medium-term Obligations in the maximum principal amount of \$4,415,000 under Nevada Revised Statutes ("NRS") 350.087 to 350.095, inclusive (the "Project Act"), and NRS 350.500 to 350.720, inclusive (the "Bond Act"), in order to finance all or a portion of the cost of purchasing fire-fighting equipment, including fire engines and other vehicles (the "Project"), bearing interest at a rate or rates which do not exceed by more than 3% the "Index of Twenty Bonds" most recently published in The Bond Buyer before bids are received for such medium-term obligations or a negotiated offer is accepted, and maturing within 10 years of the date of issuance thereof, in order to pay the costs of the Project.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion could be:

"I move to adopt a Resolution authorizing the issuance of Medium-term Obligations in the maximum principal amount of \$4,415,000."