

City Staff Report

Original signed by: City Manager Johnson

Report Date: July 23, 2021

Meeting Date: Nov 2, 2021

To: City Manager

From: Director of Corporate & Financial Services

Subject: MFA Equipment Financing for 2021 Equipment.

Purpose

The purpose of this report is to request a resolution from Council to approve the equipment financing through the Municipal Finance Authority (MFA) for the equipment in the 2021 Capital Plan that were to be financed.

Summary

As part of the 2021 Capital Plan, Council approved the purchase of \$1,080,000 of mobile equipment as required by the City's Fleet Replacement Plan. As per the Capital Plan, \$750,000 of the mobile equipment was to be funded using the MFA Equipment Financing Program.

The current interest rate for MFA equipment financing is 0.94%. Due to lower interest rates on payments, it is recommended that only \$500,000 is required from the MFA this year, rather than the original budgeted \$750,000.

Recommendation

THAT the Council of the City of Quesnel authorizes up to \$500,000 be borrowed, under Section 175 of the Community Charter, from the Municipal Finance Authority, for the purpose of purchasing mobile equipment in 2021;

AND THAT the loan be repaid within 5 years, with no rights of renewal.

Statutory Requirements

Community Charter Section 175 – Liabilities under Agreements

Council Policy

Vehicle Replacement Policy – CF12

Financial Implications

These loans will be paid back over 5 years from the equipment reserve fund. This was built into the City's five year financial plan and approved by Council in the 10 year funding model for fleet replacement.

Background

Here is the list of equipment will be purchased in 2021.

Dump Truck	\$187,000
Two ½ Ton Pickups	\$88,000
Wheel Loader	\$320,000
Street Sweeper	\$382,000
Rotary Mower	\$91,000
Equipment Trailer	\$12,000
Total Budget	\$1,080,000