

STAFF REPORT

Date: September 11, 2019

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: C.2.1. Staff Report (For Possible Action): Public Hearing regarding the issuance of Medium-Term Obligations to fund the Fire Apparatus Replacement Program in an amount not to exceed \$6,500,000.

From: Deborah Lauchner, Director of Finance

Summary: Staff requests Council hold a Public Hearing regarding the issuance of Medium-Term Obligations in an amount not to exceed \$6.5 million in order to fund the Fire Apparatus Replacement Program. The Medium-Term Obligations would be used to finance a portion of the Fire Department Apparatus Replacement Program.

Previous Council Action:

July 24, 2019 - Council adopted a Resolution of Intention to hold a Public Hearing concerning the issuance of Medium-Term Obligations.

During the FY 19/20 budget process, Council discussed this program several times and appropriated \$1.5 million into the program to begin replacing antiquated fire apparatus.

December 12, 2018 - the Finance Director and Fire Chief presented to Council an update on the status of the Fire Department's Apparatus Fleet, along with an analysis of potential mixes of financing and cash funding to reach a sustainable replacement program.

Background: The Fire Department's fleet is rapidly aging and much of the front line apparatus has exceeded its useful life. Best practice for structure engines is to utilize them for 10 years or 100,000 miles, followed by an additional five years as reserve apparatus. The average age of the City's fire engines is 13.8 years (the oldest is 32 years) and the average mileage is over 99,000. In order to replace all of the apparatus that currently exceeds its useful life, 25 pieces of heavy-duty apparatus, the replacement cost would be approximately \$16.4 million in FY 19/20 alone, with additional costs each year after.

Council has appropriated \$1.5 million in FY 19/20 for fire apparatus replacement. Under current fiscal constraints, allocating the remaining funds to the Fire Department this fiscal year is not

feasible nor is the Fire Department advocating for such an approach. Instead, staff requested direction from Council to pursue issuance of Medium-Term Obligations in order to finance a portion of the Fire Apparatus Replacement Program.

Discussion: At least 10 days before the Public Hearing, and in accordance with NRS 350.087, the City published a Notice of Hearing to be held on its intention to issue Medium-Term Obligations. This Public Hearing consists of Council opening the Public Hearing, taking public comment on the item, and then closing the Public Hearing.

Financial Implications: None at this time.

Legal Implications: None

Recommendation: Staff recommends the Council open the Public Hearing, take public comment, and close the Public Hearing, then move to the next agenda item and consider the associated Authorization Resolution for adoption.

Proposed Motion: I move to approve staff recommendation.