

SUBMITTED BY: Alejandro Martinez, Finance Director

MANAGEMENT TEAM REVIEW: Ana Urquijo, City Manager

FOCUS AREA: Advanced Infrastructure Development and Improvement

ORGANIZATIONAL IMPROVEMENTS: Equipment

SUBJECT: **FIRST READING of ORDINANCE NO. 23-1161**, an Ordinance of the Mayor and Council of the City of Douglas, Cochise County, Arizona, **AUTHORIZING** the City Manager to **EXECUTE** and **DELIVER** an **INSTALLMENT LOAN AGREEMENT** with **BAYSTONE GOVERNMENT FINANCE**, a division of KS Statebank for purposes of **FINANCING** a **WHEEL LOADER** for the City of Douglas wastewater treatment plant; authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Ordinance; establishing severability of components of Ordinance; and declaring an emergency.

EXECUTIVE SUMMARY:

The City of Douglas Wastewater Treatment Plant was in need of a Wheel Loader for its operations. The Procurement Department was tasked with the process of soliciting bids using the City's own reserves, with the understanding that it would reimburse itself via loan proceeds. The loader was purchased in October 2022.

BACKGROUND:

The City of Douglas procurement department initiated the solicitation of financing of the loader after its acquisition through its sealed bid process in the amount of \$200,333.42. Baystone Government Finance, a division of KS StateBank submitted the bid that had the lowest interest rate and most convenient payment structure with a nominal annual rate of 5.120% for 5 years. Semi-annual principal and interest payments will be \$22,387.86 with a final payment due on 08/15/2027. Loan proceeds will reimburse the city of the funds used to acquire the loader while leveraging financial resources. The Sewer Fund will cover the loan payments within its budgeted debt service line item.

DISCUSSION:

Staff recommends awarding the loan contract in the amount of \$200,334.42 to State Bank for the financing of a wheel loader for the Wastewater Treatment Plant.

FISCAL IMPACT:

Loan payments have been budgeted under the sewer fund's debt service. Total interest cost of \$23,544.18 for 5 years.

Fiscal Year: 2022/2023

Budgeted: Y / N

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE PLACEMENT OF ORDINANCE NO. 23-1161 ON ITS FIRST READING BY NUMBER AND TITLE ONLY AND DECLARING AN EMERGENCY.”

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE FIRST READING OF ORDINANCE NO. 23-1161, AND TO PLACE IT ON SECOND READING BY NUMBER AND TITLE ONLY AND DECLARING AN EMERGENCY.”

“...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE SECOND READING OF ORDINANCE NO. 23-1161 BY NUMBER AND TITLE ONLY AND DECLARING AN EMERGENCY.”