



FINANCE

To: Mayor and Town Council
From: Chris Landrum, Finance Director
Through: Mario Canizares, Town Manager
Bob Scott, Deputy Town Manager
Re: Establishing Loan Terms for Cart Purchase

Town Council Meeting – September 26, 2023

Strategic Visioning Priority: 4. Provide Excellent Municipal Services

Agenda Item:

Consider and act upon a resolution establishing loan terms between the Utility Fund and the Solid Waste Fund for financing the purchase of solid waste and recycling carts.

Description of Agenda Item:

At the June 27, 2023, meeting Council approved the award of all Solid Waste and Recycling services to Republic Services. As part of that award, the Town Council authorized the purchase of 95-gallon trash and recycling containers through Republic Services. As the second largest Solid Waste hauler in the nation, their nationwide purchasing power allowed them to offer a price of \$50 per container and \$5 for assembly and distribution. This is lower than other proposers and what the Town could likely obtain through competitive bidding.

Given that the Solid Waste Fund was only established in FY 2023, and that the current residential rate does not include any extra amount for Town administrative expenses, there is not sufficient fund balance to pay for this initial cart purchase. With the start of the new solid waste contract, \$2 for cart repayment and \$0.80 for administrative expenses have been built into the residential solid waste rates.

The Town plans to buy approximately 34,000 carts which will replace the current contractor's cart inventory and provide for one and a half to two years' population growth. To provide for adequate working capital until the new solid waste rates begin, the loan would be \$2 million. Key terms would be a) maximum ten-year term, b) no early repayment penalty, c) monthly payment beginning the end of April 2024, and d) 5.25% annual interest rate.

Budget Impact:

The Utility Fund will have more than adequate working capital after the loan. Loan repayment has been budgeted in the Solid Waste fund.

Legal Obligations and Review:

Terrence Welch of Brown & Hofmeister, L.L.P., has approved the attached documents as to form and legality.

Attached Documents:

1. Resolution
2. Cart Renderings
3. Accepted Materials List
4. Trash Day Checklist

Staff Recommendation:

Town staff recommends the Town Council approval of a resolution establishing loan terms between the Utility Fund and the Solid Waste Fund to finance purchase of solid waste and recycling carts.

Proposed Motion:

I move to approve a resolution establishing loan terms between the Utility Fund and the Solid Waste Fund to finance purchase of solid waste and recycling carts.