



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: November 8, 2022

Subject: 2023 Equipment Certificate

The City's current five year Equipment Certificate, issued in 2018, is set to conclude at the end of 2022. It is time for the City Council to identify projects for inclusion in the 2023 Equipment Certificate.

The following projects were identified by staff for possible inclusion in the 2023 Equipment Certificate.

Source	Project #	Priority	2023	2024	2025	2026	2027	Total
2023 Equipment Certificate								
Standing Desk/Active Mat	01	4	1,150	1,150				2,300
Ergonomic Chairs	02	3					7,500	7,500
Computer Equipment	03	1		150,000				150,000
Bobcat Replacement	22	2	40,000					40,000
Parks Mower	23	2	60,000					60,000
One-ton truck with plow	24	2		60,000				60,000
Front End Loader with Plow and Wing	25	3		250,000				250,000
Full Body Protection Armor	47	2	14,000				56,000	70,000
Photocopier	58	2					30,000	30,000
Code Inspector Vehicle	60	2	13,000					13,000
2023 Equipment Certificate Total			128,150	461,150			93,500	682,800

These projects were included in the 2023-2027 CIP the City Council reviewed at the October work session.

Staff is seeking direction on the Equipment Certificate, particularly how to finance the Certificate. With the recent increase in interest rates and the lack of identified projects for 2025 and 2026, staff would like to seek discussion on internally financing the Equipment Certificates, with funding coming from an annual CIP levy. Internally financing the certificate would save the City approximately \$28,000 in issuance costs, as well as over \$80,000 in interest expense.

The City Council has included \$176,500 in the 2023 preliminary levy for the Equipment Certificate. Taking that amount over five years would generate \$882,500. In addition, staff believes it will be able to carry over approximately \$100,000 from the 2018 Equipment Certificate

for the 2023-2027 projects. The difference between fund balance, revenues and planned expenditures will be used to build fund balance with the eventual goal of eliminating the need to issue five-year equipment certificates in the future.

This strategy is the same strategy the cities of Blaine, Mounds View and Spring Lake Park are using to eliminate the need to issue debt for SBM Fire Department capital expenditures. I believe that, with proper discipline, this is an effective strategy for funding the City's capital equipment needs as well.

Staff is seeking feedback on the proposed project list and the financing method.

If you have any questions, please don't hesitate to contact me at 763-784-6491.