urpCity of Kansas City, Missouri

Docket Memo

Ordinance/Resolution #: 240926
Submitted Department/Preparer: Finance
Revised 6/10/24

Docket memos are required on all ordinances initiated by a Department Director. More information can be found in Administrative Regulation (AR) 4-1.

Executive Summary

The ordinance requests authorization for the Director of Finance to accept a proposal of Banc of America Public Capital Corp. to finance the acquisition of twelve ambulances and equipment for the Fire Department in the total amount of $5,003,940.00. The ordinance also authorizes the Director of Finance to execute any documents and agreements necessary to complete the financing, estimates and appropriates borrowed funds, designates requisitioning authority, and authorizes the Director of Finance to close project accounts upon completion of the project. Finally, the ordinance declares the intent of the City to reimburse itself for the purchase of ambulances with the federally tax-exempt borrowed proceeds in compliance with federal treasury regulations.

Discussion

On June 2, 2020, the voters approved a one quarter cent (1/4 cent) increase in the Fire Sales Tax, raising the tax from 1/4 cent to one-half-cent (1/2 cent) for the purpose of meeting the capital needs of the Fire Department. The Fire Department has determined that the replacement of the current fleet of Ambulances is of high priority. The Fire Department plans on replacing twelve ambulances in its current fleet on an annual basis, thus establishing a fleet lifecycle of sixty ambulances over five years.

The City financed the purchase of twelve ambulances pursuant to Ordinance No. 200499 passed by City Council on July 9, 2020, twelve ambulances pursuant to Ordinance No. 210534 passed by City Council on June 24, 2021, twelve ambulances pursuant to Ordinance No. 220727 passed by City Council on August 25, 2022 and thirteen ambulances pursuant to Ordinance No. 230804 passed by City Council on September 28, 2023. The City desires to finance the fifth purchase cycle of twelve ambulances plus one replacement ambulance damaged from the 2020 Ordinance No. 200499 purchase.

On May 1, 2020, Banc of America Public Capital Corp. was selected as the Master Lease Purchase Agreement ("MLPA") vendor via a competitive RFP process for a 5-year engagement and approved in Ordinance No. 200273 passed on April 23, 2020. The MLPA sets forth terms, conditions, and contract rates for short-term (no more than 10 years) financings, secured by the assets being financed and the City's pledge of annually appropriating debt service under the Schedule. The contract rate is based upon current market swap rates and a credit spread. Common terms under the MLPA provide for more efficient financing with lower transactions costs than a conventional bond issue. The City retains title to the asset during the term of the Schedule as long as there are no events of default under the MLPA.

Fiscal Impact

1. Is this legislation included in the adopted budget? ☐ Yes ☒ No

2. What is the funding source?
   Fire Sales Tax – Capital Fund 2301
AL-3230-120000-583000 Lease Proceeds; Equip Ls Capital Acquisition $ 5,003,940.00

3. How does the legislation affect the current fiscal year?
   Project appropriations will become available for use in the current fiscal year upon passage of this ordinance.

4. Does the legislation have a fiscal impact in future fiscal years? Please notate the difference between one-time and recurring costs.
   Yes. At a federally tax-exempt interest rate of 3.80% and aggregate principal amount of 5,003,940.00, debt service will begin in FY 2026 and is expected to average $1,104,605.00 per year for 5 years.

5. Does the legislation generate revenue, leverage outside funding, or deliver a return on investment?
   Yes – Revenue is generated through lease financing so the City can replace a portion of the ambulance fleet.

Office of Management and Budget Review
(OMB Staff will complete this section.)

1. This legislation is supported by the general fund. ☐ Yes ☒ No

2. This fund has a structural imbalance. ☐ Yes ☒ No

3. Account string has been verified/confirmed. ☒ Yes ☐ No

4. Additional Discussion (if needed)

   Click or tap here to enter text.

Citywide Business Plan (CWBP) Impact

1. View the Adopted 2025-2029 Citywide Business Plan

2. Which CWBP goal is most impacted by this legislation?
   Public Safety (Press tab after selecting.)

3. Which objectives are impacted by this legislation (select all that apply):

   ☐ Engage the community and community partners to reimagine the system of public safety with a focus on evidence-based approaches for crime prevention, treatment of mental health, emergency response time, and the criminal justice system.
   ☐ Focus on violence prevention among all age groups, placing an emphasis on youth.
   ☐ Increase fairness, justice, and responsiveness of our municipal criminal justice system to support the best possible outcome for offenders and victims of crime.
   ☐ Reduce recidivism through prevention, deterrence, including detention, and re-entry services.
   ☐ Enhance employee recruitment, succession planning, and retention in the police and fire departments with a continued emphasis on diversity.
   ☒ Evaluate and identify areas of opportunity in the emergency response delivery system to ensure the best possible patient outcome.

Prior Legislation

The City financed the purchase of twelve ambulances pursuant to Ordinance No. 200499 passed by City Council on July 9, 2020, twelve ambulances pursuant to Ordinance No. 210534 passed by City Council on June 24, 2021, twelve ambulances pursuant to Ordinance No. 220727 passed by City Council on August 25, 2022, and twelve ambulances pursuant to Ordinance No. 230804 passed by City Council on September 28, 2023.

Service Level Impacts

To provide emergency medical services the ability to transport all Advanced Life Support (ALS) and Basic Life Support (BLS) patient care to treatment facilities within the Kansas City, MO region and surrounding jurisdictions within the Metropolitan region.

Other Impacts

1. What will be the potential health impacts to any affected groups?
   The impact would be to all citizens and visitors of the Metropolitan Kansas City area.

2. How have those groups been engaged and involved in the development of this ordinance?
   N/A

3. How does this legislation contribute to a sustainable Kansas City?
   Newer ambulances will provide more fuel efficiency.

4. Does this legislation create or preserve new housing units?
   No

5. Department staff certifies the submission of any application Affirmative Action Plans or Certificates of Compliance, Contractor Utilization Plans (CUPs), and Letters of Intent to Subcontract (LOIs) to CREO prior to, or simultaneously with, the legislation entry request in Legistar.

   No – CREO's review is not applicable.

   The Master Lease Purchase Agreement, by which BAPCC is financing the City's Fleet Vehicles, was submitted to CREO in 2020 for evaluation and CREO set goals at 0%. The lease counsel contract was evaluated at the time it was entered into in 2010 and no goals were assigned.

6. Does this legislation seek to approve a contract resulting from an Invitation for Bid?

No

7. Does this legislation seek to approve a contract resulting from a Request for Proposal/Qualification (RFP/Q)?

   No.