



Legislation Text

File #: 24-1526, **Version:** 1

Department: Management and Budget

Department Head/Elected Official: Daniel Ramos, Executive Director

Regular or Supplemental RCA: Regular RCA

Type of Request: Commercial Paper

Project ID (if applicable): NB001

Vendor/Entity Legal Name (if applicable): N/A

MWDBE Contracted Goal (if applicable): N/A

MWDBE Current Participation (if applicable): N/A

Justification for 0% MWDBE Participation Goal: N/A - Goal not applicable to request

Request Summary (Agenda Caption):

Request for approval of commercial paper funding for Universal Services for the Fleet Vehicles (continuous) project in the additional amount of \$5,000,000 for a total CP funding of \$70,500,000.

Background and Discussion:

Commercial Paper Series D can be used for (1) construction of public works, (2) the purchase of automobiles, equipment and machinery, including computers, materials and supplies for the operation of the County's precincts and departments (3) Professional services, including services provided by engineers, architects, attorneys, auditors, financial advisors, and fiscal agents, in connection with the contractual obligations described in (1) and (2).

Commercial Paper is being requested for the Fleet Vehicles (continuous) project and is expected to be repaid within the next three fiscal years either through bonds, budgetary means or pay-as-you-go sources. This is for approval for allocation of commercial paper for a previously approved project within the previously authorized amount.

HB 1869 compliance confirmed by: Michael James, Special Assistant County Attorney, February 14, 2023.

Expected Impact:

Vehicles, as assets with a medium-term life, should generally be purchased with CIP funds, rather than cash. Using funding sources that match the asset's lifespan allows the County to make better use of its limited resources, freeing up General Fund for departments to use on non-capitalizable operational expenses. It also is a more efficient way of leveraging taxpayer dollars to provide services.

Furthermore, using debt to purchase vehicles allows the County to replace vehicles more quickly, providing safer, higher quality vehicles for County employees to perform their duties and serve constituents as well as

reducing maintenance costs and vehicle maintenance downtime.

Alternative Options:

Harris County could continue to purchase vehicles using Fleet Fund or another paygo source. Any funding like this used on vehicles would not be available for any other uses.

Harris County could choose not to fund last year’s encumbrances with commercial paper. This would lessen the amount of CIP funding needed, but it would require an outflow of nearly \$14 million in cash in the next several months.

Harris County could not carry forward budget from SFY22, but this may unfairly penalize those departments that were unable to place vehicle orders due to unusual market conditions.

Harris County could purchase fewer vehicles. This would also lessen the amount of CIP funds used to purchase vehicles, but it would mean County departments would have to keep older vehicles longer. It would also increase overall maintenance and repair costs, which are higher for older vehicles.

Harris County could purchase more vehicles. This would speed up the replacement of older vehicles, but it could lead to a less regular replacement cycle in the future and less predictability. Furthermore, new vehicle prices are at record highs and used vehicle prices are near record highs. It would be unwise to replace vehicles aggressively under such market conditions.

Alignment with Goal(s):

- Justice and Safety
- Economic Opportunity
- Housing
- Public Health
- Transportation
- Flooding
- Environment
- Governance and Customer Service

Prior Court Action (if any):

Date	Agenda Item #	Action Taken
11/15/22	22	Approval of a reimbursement resolution to allow CIP funds to reimburse non -CIP vehicle expenses, applies to all eligible expenditures made on or after a date 60 days prior to approval.
2/21/23	32	Authorization of \$41,562,716
3/14/2023	23-1418	Request for CP funding in the amount of \$24,000,000 for a total CP funding of \$40,500,000
8/8/2023	23-4406	Request for CP funding in the amount of \$15,000,000 for a total CP funding of \$55,500,000
10/10/2023	23-5762	Request for approval of the Final Investment Memo for an additional incremental authorization of \$33,560,000 for a FY24 authorization of \$41,360,000.

10/31/2023	23-6369	Allocated CP in the amount of \$10,000,000
------------	---------	--

Location:

Address (if applicable): Countywide

Precinct(s): Countywide

Fiscal and Personnel Summary				
Service Name	Current Fiscal Year Cost			Annual Fiscal Cost
	Labor	Non-Labor	Total	Recurring Expense
Funding Sources				
Existing Budget				
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Current Budget	\$	\$	\$	\$
Additional Budget Request (<i>Requires Fiscal Review Request Form</i>)				
Commercial Paper	\$	\$5,000,000	\$5,000,000	\$
Choose an item.	\$	\$	\$	\$
Choose an item.	\$	\$	\$	\$
Total Additional Budget Request	\$	\$5,000,000	\$5,000,000	\$
Total Funding Request	\$	\$5,000,000	\$5,000,000	\$
Personnel (Fill out section only if requesting new PCNs)				
Current Position Count for Service	-	-	-	-
Additional Positions Request	-	-	-	-
Total Personnel	-	-	-	-

Anticipated Court Date: March 26, 2024

Anticipated Implementation Date (if different from Court date):

Emergency/Disaster Recovery Note: Not an emergency, disaster, or COVID-19 related item

Contact(s) name, title, department: Amy Perez, Deputy Executive Director, Office of Management and Budget

Attachments (if applicable): N/A