

Department of Public Safety
Additional Information for AFA & CJPS Committees
Summary of Debt Serviced Payback Savings FY22/23

3/2/21

As part of the budget development process, the Department of Public Safety (DPS) reviewed expenses to determine if changes could be implemented to achieve savings. This review noted that each year DPS receives \$2,111,763 for debt service payback related to the Certificate of Participation (COP) financing used to purchase Maine State Police vehicles. The COP financing process was reviewed, and changes were made to the amount financed, down payment, and payback period. These changes led to budgetary savings in FY22 of \$1,209,957 and in FY23 of \$999,582. These savings were split between the General Fund and Highway Fund Categories.

For FY21, the original plan was to purchase 56 vehicles at a cost of approximately \$2.1 Million (M). We were able to reduce this number to 38 for one year only in part due to the lower number of miles being driven due to COVID-19, without impacting our ability to perform our mission. In the previous three years (FY18, FY19, and FY20) the COP financing was structured to have a large upfront down payment with payback over two years even though statutorily we had authority for a three-year payback. For FY21, the financing amount was reduced from \$2.1 M to \$1.45 M, a down payment was not included in the payback plan, and the repayment period was increased to three years. An extra payment will be made on the FY20 financing in FY21 to increase the amount of savings available in FY22. It should be noted that the vehicle costs and interest rates used for planning purposes may change slightly based on the cost of vehicles and interest rate available at the time of financing.

A language change is also being requested to allow for a 42-month repayment period for FY22/23. The changes made result in savings for FY22/23 only as seen on the attached worksheet. After the initial period of savings, the full \$2.1 M available for debt service payback is once again needed to pay off the financing in place and continue to purchase the vehicles needed by the Maine State Police to perform our mission.