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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

SUPPLEMENTAL AGENDA REPORT

2010 OCT 28 PM 2:21

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: FMA/Parking Operations
DATE: November 9, 2010

RE: Report on a Resolution Awarding a Lease Financing to Chase Equipment Finance Inc. in an Amount Not-to-exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) to Acquire Parking Access and Control Systems and Authorizing the Execution and Delivery of a Lease-Purchase Agreement, Escrow Agreement and Related Documents

SUMMARY

On July 6, 2010, the City Council approved Resolution No. 82946 C.M.S., authorizing the City Administrator to enter into an agreement with Scheidt & Bachmann, USA to provide a Parking Access and Revenue Control System (PARCS) to automate the City's largest garages. The Resolution also provided for solicitation of a lease agreement to finance the PARCS project.

On October 8th, after re-advertising a Request for Proposals (RFP) for lease financing to address the lack of responses to the earlier RFP, the City received three bids to provide such financing. The winning bid was provided by Chase Equipment Finance, Inc., a subsidiary of JP Morgan Chase & Co. ("Chase"). The bid provides an interest rate of 2.18%, and results in annual lease payments of \$364,759, for seven and a half years. The annual payment represents over \$37,000 in savings from staff's previous estimate.

The lease financing requires the execution of a Lease Agreement, Escrow Agreement and other associated documents. Under the terms of the bidding process, the financing must close on or before November 30, 2010. Staff has completed negotiations with Scheidt & Bachmann and is prepared to enter into that agreement prior to November 30, 2010. Both the lease financing with Chase and the agreement with Scheidt & Bachmann will be closed simultaneously or with each of them contingent upon the closing of the other agreement.

The attached resolution authorizes the City Administrator to enter into a lease agreement with Chase Equipment Finance, Inc., to provide financing for the PARCS project.

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FISCAL IMPACT

The PARCS project (i.e. garage automation) is estimated to cost a total of \$2.5 million. Since the City does not have available funds to finance this purchase, Chase Equipment Finance, Inc. will provide a seven-and-a-half-year financing at the 2.18% annual interest rate. The June 22, 2010 staff report concerning the PARCS project estimated debt service on the lease to be \$420,000 per year. The annual lease payment is now calculated to be lower, at \$364,759, a reduction of over \$37,000 from the prior estimate. An updated revenue-expense analysis of the PARCS project is provided below. With the lower than expected debt service, the garage automation project is expected to fully pay for itself beginning in Fiscal Year 2011-12. (This assumption is contingent upon a revenue increase of at least \$583,800 annually from the automation).

The lease payments will be made from the Multipurpose Reserve Fund (1750), Parking Division Administration Organization (08911), Capital Lease Obligation Principal Account (58214). Staff will properly budget the anticipated increase in the annual revenue and lease payments in the new biennial budget, for Fiscal Years 2011-2013.

	FY 2010-11	FY 2011-12	Annually FY 2012-13 to FY 2018-19	Cumulative FY 2010-11 to FY 2018-19	Annual After 1 st 8 Years
<i>Annual Change in Revenues and Expenses</i>					
Increase in Revenues from Automation	\$ -	\$ 583,800	\$ 583,800	\$ 4,086,600	\$ 583,800
Less: Previously Budgeted Increase	(100,000)	(100,000)	(100,000)	(800,000)	(100,000)
Less: Lease Payments	-	(364,759)	(364,759)	(2,735,691)	-
Less: Increased Maintenance Costs	-	(81,400)	(81,400)	(\$651,200)	(81,400)
Total Increase (Decrease) in Net Revenues	\$ (100,000)	\$ 37,641	\$ 37,641	\$201,128	\$ 402,400

RECOMMENDATION

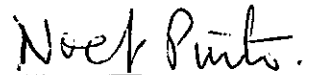
Staff recommends awarding the lease financing to Chase Equipment Finance, Inc. The bid presented by Chase has the lowest interest rate and is most advantageous to the City.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council adopt the attached resolution, awarding a lease financing to Chase Equipment Finance Inc. in an amount not-to-exceed two million five hundred thousand dollars (\$2,500,000) to acquire Parking Access and Control Systems and authorizing the execution and delivery of a Lease Purchase Agreement, Escrow Agreement and related documents.

Respectfully submitted,



Noel Pinto
Parking Operations Manager

Prepared by:
Joe C. Litten, Administrative Services Manager II
Parking Administration

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator

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 10/27/10
City Attorney

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

RESOLUTION AWARDING A LEASE FINANCING TO CHASE EQUIPMENT FINANCE, INC. IN AN AMOUNT NOT-TO-EXCEED TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00) TO ACQUIRE PARKING ACCESS AND CONTROL SYSTEMS AND AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE-PURCHASE AGREEMENT, ESCROW AGREEMENT AND RELATED DOCUMENTS

WHEREAS, on July 6, 2010, the City Council approved Resolution No. 82946 C.M.S. (the "Prior Resolution") awarding a contract to Scheidt and Bachmann USA, Inc., Inc. to provide a Parking Access and Revenue Control System for automation of City garages; and

WHEREAS, on October 8, 2010, staff received bids from qualified lease financing providers in connection with the PARCS financing; and

WHEREAS, the bid submitted by Chase Equipment Finance, Inc. was evaluated and qualified as the lowest effective lease rate; and

WHEREAS, the City Council desires to award the lease financing for lease of the Parking Access and Revenue Control System for automation of City garages to Chase Equipment Finance, Inc., and to authorize the execution and delivery of a Lease-Purchase Agreement, Escrow Agreement and other related documents; now therefore be it

RESOLVED: that the City Council hereby awards the lease financing for the lease of the PARCS for automation of City garages to Chase Equipment Finance, Inc.; and be it

FURTHER RESOLVED: that the term of the lease shall not extend beyond July 15, 2018 and the principal amount to finance the lease of the Parking Access and Revenue Control System for automation of City garages and any cost related to the financing shall not exceed \$2,500,000.00; and be it

FURTHER RESOLVED: that the City Administrator, Director of the Finance and Management Agency or the Treasury Manager, or a designee of any such official, is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver a Lease-Purchase Agreement with Chase Equipment Finance, Inc., and an Escrow Agreement with an Escrow Agent, selected by the Director of the Finance and Management Agency or the Treasury Manager by a competitive process through a Request for Proposals (RFP), in substantially the same form as lodged with the City Clerk, and with such changes as shall be approved by the officer executing the Agreement; and be it

FURTHER RESOLVED: that in the event that Chase Equipment Finance, Inc. for any reason cannot provide the financing, the City Administrator, Director of the Finance and Management Agency or the Treasury Manager, or a designee of any such official, is hereby authorized to execute and deliver the lease-purchase agreement in the same form with the qualified bidder providing the most flexible and favorable terms to the City; and be it

FURTHER RESOLVED: that the City Administrator, Director of the Finance and Management Agency, Treasury Manager and other appropriate officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to consummate the execution and delivery of the documents mentioned herein and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby; and be it

FURTHER RESOLVED: that all actions heretofore taken by the officers and agents of the City Council with respect to the transactions contemplated hereby are hereby ratified, confirmed and approved; and be it

FURTHER RESOLVED, that prior to execution, all contracts and agreements shall be reviewed and approved for form and legality by the Office of the City Attorney and a final copy shall be placed on file in the Office of the City Clerk; and be it

FURTHER RESOLVED: that this Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUNTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California