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OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

SUPPLEMENTAL AGENDA REPORT

2010 OCT 14 PM 6:33

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: FMA/Parking Operations
DATE: October 26, 2010

RE: **Informational Report Regarding a Resolution Approving Lease Financing For Parking Access and Revenue Control System (PARCS) Equipment.**

SUMMARY

On July 6, 2010, the City Council approved Resolution 82946, 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. The bid provides an interest rate of 2.18%, and results in annual lease payments of \$388,754 for seven years. The annual payment represents \$30,000 in savings from staff's previous estimate.

Under the terms of the bidding process, the lease agreement 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 agreement and the agreement with Scheidt & Bachmann will be closed simultaneously or with each of them contingent upon the closing of the other agreement.

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 the 7-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 \$388,754.14, a reduction of over \$30,000 from the prior estimate. An updated revenue-expense analysis of the PARCS project is provided below. As reported by staff in June 2010, the garage automation project will fully pay for itself in 7 years, and begin generating net revenue to the City in FY 2018-2019. These amounts will be deposited in the Multipurpose Reserve Fund (1750), Transportation Services: Administration Organization (30261), Parking Fee: Offstreet Parking (45312) Account.

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	FY 2010-11	FY 2011-12	FY 2012-13 to FY 2017-18	FY 2010-11 to FY 2017-18	Annual After 1 st 7 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	-	(388,754)	(388,754)	(2,721,279)	-
Less: Increased Maintenance Costs	-	(81,400)	(81,400)	(569,800)	(81,400)
Total Increase (Decrease) in Net Revenues	\$ (100,000)	\$ 13,646	\$ 13,646	\$ (4,479)	\$ 402,400

ACTION REQUESTED OF THE COMMITTEE

This report is informational only. For the City Council meeting of November 9, 2010, staff will be presenting a supplemental report and resolutions requesting that the City Council authorize the City Administrator to enter into a lease agreement with Chase Equipment Finance, Inc., a subsidiary of JP Morgan Chase & Co. to provide financing for the PARCS project.

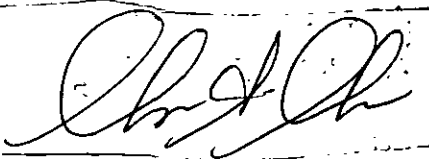
Respectfully submitted,



Noel Pinto
 Parking Operations Manager

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

APPROVED AND FORWARDED TO THE
 FINANCE AND MANAGEMENT COMMITTEE:



Office of the City Administrator

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