



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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September 18, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP FM18-124 and award a contract to Banc of America Public Capital Corporation, of Charlotte, NC, for as-needed lease financing services, in an amount not to exceed \$200,000,000, for a period of five years, with an option to extend the contract for three additional one-year periods, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is requested to enter into a contract (Master Lease Agreement) with Banc of America Public Capital Corporation (BAPCC), to provide the City with lease financing services, on an as-needed basis, to facilitate the acquisition of eligible assets. The Master Lease Agreement allows the City to lease finance assets such as computers, software systems, fire trucks, public safety equipment, and street sweepers in an efficient, low-cost manner. The City will enter into multiple individual lease agreements governed by the Master Lease Agreement. Terms for individual lease financings may range from 3 to 15 years, depending on the useful life of the asset. The interest rate on an individual lease financing will be established through an agreed upon pricing formula, as outlined in the BAPCC RFP response, which consists of a publicly published swap rate index (based on the average life of the lease financing), adjusted to a tax-exempt rate, plus a fixed spread. Each acquisition and related individual lease financing under the Master Lease Agreement must be approved by the City Council.

A Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on July 27, 2018, and 5,620 potential vendors specializing in equipment financing were notified of the RFP opportunity. Of those proposers, 39 downloaded the RFP via the City's electronic bid system. The document was made available from the Purchasing Division, located on the seventh floor of the City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 28 local, minority, and women-owned business groups. Five proposals were received on August 8, 2018. Of those five proposers, none were Disadvantaged Business Enterprises (DBEs), Minority-owned Business Enterprises (MBEs), certified Small Business Enterprises (SBEs), Women-owned Business Enterprises (WBEs), or Long Beach businesses (Local).

A Selection Committee, comprised of staff from the City Treasurer's Office and one consultant, evaluated the proposals on the criteria set forth in the RFP. After evaluation of the proposals, the Selection Committee determined that BAPCC offered the best terms, conditions, and execution for the Master Lease Agreement based on the RFP's criteria, including:

- Contractor/key personnel experience;
- Expertise and availability of key personnel;
- Flexibility in meeting the City's financial needs;
- Financial stability and capability;
- Proposed rates and costs;
- Assets or equipment eligible for financing;
- Discounts/reduction in rates; and,
- Conformance with the terms of the RFP

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download RFP specifications. Through outreach, 637 Long Beach vendors were notified to submit proposals, of which five downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Amy R. Webber and by Budget Management Officer Rhutu Amin Gharib on August 30, 2018.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFP FM18-124 and award a contract concurrently is requested on September 18, 2018, to ensure the continuous availability of financing necessary to support the City's future initiatives.

FISCAL IMPACT

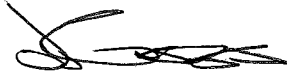
The Master Lease Agreement will be used as a financing vehicle to raise capital for various assets or equipment on an as-needed basis. Usage of the Master Lease Agreement will not exceed \$200,000,000 over the next five years and any extensions. The cost associated with each lease financing will be calculated using the agreed upon formula reflective of the relevant adjusted rate at the time of pricing. City Council approval of each lease financing recommendation remains a requirement and sufficient funds will have to be budgeted by the requesting department to fund the lease obligations under this agreement. There is no local job impact associated with this recommendation.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:


PATRICK H. WEST
CITY MANAGER