



Legislation Text

File #: 18-1096, **Version:** 1

Recommendation to authorize City Manager, or designee, to execute all documents necessary enter into a 15-year lease-purchase agreement and related financing documents with Banc of America Public Capital Corporation, of San Francisco, CA, for the financing of the Advanced Metering Infrastructure Project for the Long Beach Water Department, in an amount not to exceed \$36,000,000, including interest costs and fees. (Citywide)

On November 1, 2018, the Board of Water Commissioners authorized the Long Beach Water Department (LBWD) to proceed with the implementation and financing of the Advanced Metering Infrastructure (AMI) Project.

The AMI Project is an integrated network of smart meters, communication collectors, and data management systems that allow water meters to be read automatically and uploaded electronically. The cost of implementing the AMI Project will be approximately \$27.4 million. Automating the meter reading process will allow LBWD to increase operational efficiencies and achieve annual cost savings of approximately \$1.5 million from the elimination of the manual meter reading contract. The AMI Project will also allow customers to receive personal hourly consumption information by providing usage patterns and facilitate water efficiency and conservation.

City Council approval is requested to execute a 15-year lease-purchase agreement through the City's Master Lease Agreement with Banc of America Public Capital Corporation to finance the AMI Project. The lease-purchase, including cost of issuance, principal and interest, will not exceed \$36,000,000.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on November 14, 2018 and by Budget Management Officer Rhutu Amin Gharib on November 19, 2018.

City Council action is requested on December 11, 2018, to ensure timely implementation of the AMI Project.

The lease-purchase agreement for the AMI Project, including cost of issuance, principal and interest, will not exceed \$36,000,000. The estimated annual lease payment will be approximately \$2.4 million over the next 15 years and will be paid equally from the Water Enterprise Fund (EF 310) and Sewer Enterprise Fund (EF 311) in the Water Department (WA). The lease payments have been budgeted in each fund accordingly for FY 19. The lease payments will be partially offset by the annual cost savings of eliminating the \$1.5 million manual meter reading contract.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

CHRISTOPHER J. GARNER
GENERAL MANAGER OF LONG BEACH WATER DEPARTMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER