



CITY OF LONG BEACH **R-25**

FINANCIAL MANAGEMENT DEPARTMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6200

September 20, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. PA-00311 and award a contract to Spectrum Medical X-Ray Company, of Santa Monica, CA (not an MBE, WBE, or SBE), and execute related lease financing documents with Banc of America Public Capital Corporation, for the purchase and delivery of a Digital X-Ray System for a total amount of \$337,263. (Citywide)

DISCUSSION

City Council approval is requested to authorize the City Manager to execute a contract for the purchase of a new Digital X-Ray System for use by the Human Resources (Occupational Health) and Health and Human Services (Tuberculosis Control) Departments, in the amount of \$337,263. The Occupational Health Program provides pre-employment medical screenings, industrial injury treatment and disability determination for City employees. The Tuberculosis Control Clinics provide x-ray medical evaluation and treatment for the residents of Long Beach with latent tuberculosis (TB) infection and TB disease.

The current x-ray machine is 28 years old and replacing the machine's x-ray tubes are cost prohibitive. In addition, replacement parts are lacking and any major breakdown of this machine will require sending patients to an outside x-ray service provider.

The Digital X-Ray system bid was advertised in the Press-Telegram on October 15, 2010, and 673 potential bidders specializing in x-ray systems were notified. Of those bidders, 16 downloaded the invitation to bid via our electronic bid system. The bid was made available from the Purchasing Division, located on the seventh floor of City Hall and the Division's website at www.longbeach.gov/purchasing. An announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 30 local, minority and women's business groups. Three bids were received on November 18, 2010. Of those three bidders, none were Minority-owned Business Enterprises (MBEs), Women-owned Business Enterprises (WBEs), certified Small Business Enterprises (SBEs), or Long Beach Businesses (Local). Spectrum Medical X-Ray, of Santa Monica, CA (not an MBE, WBE or SBE), is the lowest responsible bidder.

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Authorization is also requested to finance the purchase through the Banc of America Master Lease Agreement approved by City Council on May 10, 2011. Lease financing provides a cost-effective alternative for the replacement of capital assets to meet service demands when funding is not available for an outright purchase.

This matter was reviewed by Deputy City Attorney Amy R. Burton on August 19, 2011 and Budget Management Officer Victoria Bell on August 24, 2011.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. PA-00311 and award a contract concurrently is requested on September 20, 2011 to ensure the contract is in place expeditiously.

FISCAL IMPACT

The total amount to be financed (principal amount) under the Banc of America Public Capital Corporation agreement will not exceed \$310,998 and will be financed over a seven-year period at an estimated 2.20 percent, or \$48,180 annually. Total debt service costs (principal and interest) for the agreement will be approximately \$337,263. Of that amount, none will be paid in FY 11 and payments will start in FY 12. Sufficient funds have been budgeted in the Insurance Fund (IS 390) in the Department of Human Resources (HR) and in the Health Fund (SR 130) in the Department of Health and Human Services (HE) to support this activity. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES



RONALD R. ARIAS
DIRECTOR OF HEALTH AND HUMAN SERVICES



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



PATRICK H. WEST
CITY MANAGER