



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

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May 19, 2015

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFP FM15-076 and award a contract to Banc of America Public Capital Corporation, of Scottsdale, AZ, to provide master lease services on an as-needed basis, in an amount not to exceed \$111,000,000, for a period of five years, 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 master lease 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, and higher-cost equipment purchases such as fire trucks, in an efficient low-cost manner. The City would enter into multiple individual lease agreements, whose terms will be governed by the Master Lease Agreement. Terms for individual leases may range from three to fifteen years, depending on the useful life of the asset. The interest rates on individual lease agreements are established through an agreed pricing formula, which provides for a fixed interest rate spread over the U.S. Treasury curve of like terms, adjusted to a tax-exempt rate. Rates may be locked-in up to five business days before funding is needed, thereby providing additional pricing flexibility for new acquisitions. Each acquisition and related individual lease under the Master Lease Agreement must be approved by the City Council.

A Request for Proposals (RFP) was advertised in the Press-Telegram on March 23, 2015, and 3,536 potential vendors specializing in equipment financing were notified of the RFP opportunity. Of those proposers, 45 proposers downloaded the specifications via our electronic bid system. The document 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 RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 30 local, minority, and women-owned business groups. Two proposals were received on April 9, 2015. Of those two proposals, 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, evaluated the proposals on the criteria set forth in the RFP. After evaluation of the proposals, the selection committee determined that BAPCC (not a DBE, MBE, SBE, WBE or Local), offered the best terms for the Master Lease Agreement based on:

- Compliance with the RFP specifications of \$111 million in all specified general categories;
- Lowest costly interest rate structure;
- Lease terms of three-years to fifteen years; and,
- No required minimum transaction size.

BAPCC's full compliance with the scope of the RFP will augment the City Treasury's investment services through additional investment oversight, enhanced reporting, application of portfolio optimization software, and enhanced compliance oversight.

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, 386 Long Beach vendors were notified to submit proposals, of which four 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 on April 29, 2015 and by Budget Management Officer Victoria Bell on April 30, 2015.

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFP FM15-076 and award a contract concurrently is requested on May 19, 2015, to ensure the continuous availability of financing necessary to support the City's future initiatives.

FISCAL IMPACT

The total estimated usage of the Master Lease Agreement is \$111,000,000 over the next five years. The cost associated with each draw will depend on interest rates at the time of pricing. City Council approval of each project and lease financing recommendation remains a requirement and sufficient funds will have to be budgeted by the requesting department in order 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