

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

R-15

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

October 11, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute all documents necessary with Williams Scotsman, Inc., of Santa Fe Springs, CA (not an MBE, WBE, or SBE), for the purchase of five modular trailers, and execute related lease financing documents with Banc of America Public Capital Corporation for a total amount not to exceed \$320,000. (Districts 4 and 5)

DISCUSSION

The Department of Parks, Recreation and Marine (PRM) currently rents five modular trailers that serve as office and meeting space for the Maintenance Operations Bureau, the Park Ranger staff located in El Dorado East Regional Park, and the recreation staff that work at Pan American Park. Currently, the annual rent on these trailers is \$120,612.

The Scotsman trailers provide a safe and cost-effective workspace for a number of critical functions in the City's Maintenance Operations Bureau. All work orders for park facilities and grounds maintenance are received, processed and scheduled by clerks based in the trailers. Additionally, the customer service phone lines and the Go Long Beach web application for reporting graffiti, vandalism, and needed repairs are processed in these offices. Finally, trailers provide affordable office and meeting space for supervisors in both Parks Grounds and Facilities divisions, as well as the office space for the Bureau Manager and provide restrooms for all field staff, including gardeners, custodians and maintenance employees.

These trailers are expected to remain in good condition for at least ten years, with only minor repairs or maintenance needed during that time. By purchasing these trailers rather than paying rent for them, it is estimated that PRM will save approximately \$283,000 over the next six fiscal years.

Authorization is also requested to finance the lease/purchase through the Banc of America Public Capital Corporation's Master Lease Agreement (Agreement) approved by the City Council on May 10, 2011. Lease/purchase financing provides a cost-effective alternative to facilitate the purchase of essential capital assets, and this purchase was contemplated in the Agreement.

This matter was reviewed by Deputy City Attorney, Gary J. Anderson and Director of Financial Management John Gross on September 27, 2011.

TIMING CONSIDERATIONS

City Council action is requested on October 11, 2011, in order to ensure the cancellation of rental payments, authorize the City Treasurer to fund the lease/purchase allowing the purchase of the modular trailers, and achieve the benefits of the elimination of rent.

FISCAL IMPACT

The total amount to be financed (principal amount) under the Banc of America Public Capital Corporation Lease Agreement will not exceed \$303,000, and will be financed over a five-year period at an estimated 2 percent annual rate. Total debt service costs (principal and interest) will be approximately \$320,000 over the five-year life of the lease/purchase financing. Of that amount, approximately \$58,400 will be paid in FY 12, for a savings of approximately \$62,000 over what would have been paid to rent the same modular trailers. There is no job impact associated with this action.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



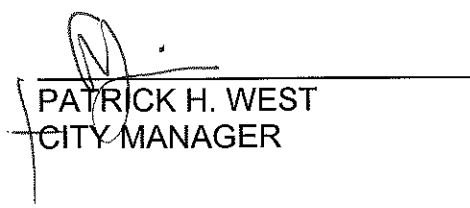
JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT



GEORGE CHAPJIAN
DIRECTOR OF PARKS, RECREATION AND MARINE

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APPROVED:



PATRICK H. WEST
CITY MANAGER