



## Agenda Report

July 27, 2015

**TO:** Honorable Mayor and City Council

**THROUGH:** Finance Committee

**FROM:** Department of Transportation

**SUBJECT:** RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE PURCHASE AGREEMENT FOR PARKING METER EQUIPMENT, A LEASE SCHEDULE, A LEASE SCHEDULE ADDENDUM REGARDING SELF INSURANCE, SCHEDULE A-1, A PREPAYMENT SCHEDULE ADDENDUM, A CERTIFICATE OF INCUMBENCY, A PROCEEDS DISBURSEMENT AUTHORIZATION AND RELATED INSTRUMENTS AND OTHER DOCUMENTS IN CONNECTION THEREWITH

### **RECOMMENDATION:**

It is recommended that the City Council adopt a resolution:

1. Authorizing a Lease Purchase Agreement for Parking Meter Equipment in an amount not to exceed \$112,924 with JP Morgan/Chase; and
2. Authorizing the execution and delivery of a Lease Purchase Agreement, a Lease Schedule, a Lease Schedule Addendum Regarding Self Insurance, Schedule A-1, a Prepayment Schedule Addendum, a Certificate of Incumbency, a Proceeds Disbursement Authorization, an Agency Agreement, an Arbitrage Certificate, and other documents in connection thereto; and
3. Authorizing the City Manager or the Director of Finance to execute the documents on behalf of the City; and
4. Find that the proposed actions are exempt from review pursuant to the California Environmental Quality Act (CEQA), pursuant to State CEQA Guidelines Section 15061 (b) (3).

**BACKGROUND:**

Periodically, the City finances capital equipment for various municipal operations within different departments by issuing equipment financings. These financings allow the City to purchase or replace old, inefficient equipment that is fully depreciated with newer, more efficient equipment. The last equipment financing the City Council approved was on July 8, 2013, for the acquisition of parking meter equipment.

On March 23, 2015, the City Council approved the issuance of a purchase order to Cale America, Inc. in an amount not to exceed \$124,000 for the purchase of Multi-Space Parking Meters for Shoppers Lane. The contract with Cale America was exempt from competitive bidding pursuant to the City Charter section 1002(H), contracts with other government entities or their contractors for labor, material, supplies or services. This council action included appropriating \$124,000 from the South Lake Parking Meter Fund to cover the cost of the purchase. The proposed action is to put in place a lease purchase financing agreement for the meter equipment that was purchased, which was part of the plan outlined in the agenda report of March 23, 2015.

The multi-space meters in Shopper's Lane were replaced in early July 2015 as they were unable to accept payments via credit card which negatively affected transient revenue. Replacement of the meters with new Cale pay and display meters will increase transient revenue and reduce the number of fraudulent credit card transactions as credit card validation will now occur at the time of transaction as opposed to during batch mode processing. The additional revenue will offset the cost of the lease payment.

In December 2011, the Finance Department solicited various lenders for lease purchase financing, including local banks in the City of Pasadena, and obtained several bids for Master Lease Equipment financing. The lowest bid in terms of interest rate was received from JP Morgan/Chase Bank. The Department of Transportation secured current five-year financing with the bank in the amount of \$112,924 through an addendum to the existing Master Lease Agreement at the fixed interest rate of 2.47 percent per annum.

Proceeds from this financing will be remitted to the City once the Department of Transportation provides verification of payment of the equipment. Staff anticipates closing the recommended financing and funding the acquisition account in early August 2015, after City Council's approval of the lease financing.

**COUNCIL POLICY CONSIDERATION:**

Authorizing a lease purchase agreement for the parking meter equipment will prevent the Department of Transportation from paying a lump sum amount of \$112,924 which would negatively affect the South Lake Parking fund balance. Instead, this lease agreement will enable the Department of Transportation Parking Division to collect revenues that will offset the principal and interest payments. This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

**FISCAL IMPACT:**

The lease/purchase financing is a Shoppers Lane Meter Fund credit financing; therefore, the Fund is the obligor for the lease payment. The cost for this action is included in the Fiscal Year 2016 operating budget annual lease payment of \$24,148 in account 21724011-810700.

Respectfully submitted,

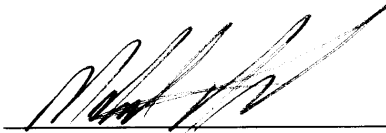
  
for FREDERICK C. DOCK  
Director  
Department of Transportation

Prepared by:



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Management Analyst

Approved by:



MICHAEL J. BECK  
City Manager

Attachments: (14)

- Attachment A – Summary of Lease Attachments
- Attachment B – Lease Schedule
- Attachment C – Lease Schedule Addendum
- Attachment D – Schedule A-1
- Attachment E – Prepayment Schedule Addendum
- Attachment F – Payment Schedule
- Attachment G – Certificate of Incumbency
- Attachment H – Resolution and Declaration of Official Intent
- Attachment I – Judicial Reference Agreement
- Attachment J – Proceeds Disbursement Authorization
- Attachment K – Form of Opinion of Counsel
- Attachment L – Master Lease – Purchase Agreement
- Attachment M – Master Lease - Purchase Agreement Amendment
- Attachment N – IRS Form 8038-G