



CITY COUNCIL AGENDA STATEMENT



July 28, 2020

File ID: 20-0302

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE EXECUTION AND DELIVERY OF EQUIPMENT SCHEDULE NO. 02 TO THE MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT WITH BANC OF AMERICA PUBLIC CAPITAL CORP. FOR THE ACQUISITION, FINANCING AND LEASING OF CERTAIN EMERGENCY AMBULANCE TRANSPORT SERVICES EQUIPMENT (TO INCLUDE AMBULANCES, GURNEYS, RADIO EQUIPMENT, AND CARDIAC MONITOR EQUIPMENT) FOR THE PUBLIC BENEFIT WITHIN THE TERMS HEREIN PROVIDED; AUTHORIZING THE EXECUTION AND DELIVERY OF OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AND AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION ALL IN FINAL FORMS APPROVED BY THE CITY ATTORNEY

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

On January 28, 2020 Fire Department staff presented to Council an overview of the plan for Fire Department based ambulance transport. At that time, City Council approved Chula Vista Council resolution 2020-014 directing the City Manager to engage in all necessary administrative actions to implement Fire Department based emergency medical transport services, to begin negotiations for contractual service with the City of Imperial Beach and the Bonita Sunnyside Fire Protection District, and to bring back for City Council consideration, any required Council level implementation actions.

At a subsequent Fire Department presentation to Council on May 12, 2020, City Council approved the following items related to capital purchases: Resolution 2020-103 authorizing a purchase agreement with Republic EVS for purchase of 13 ambulances; Resolution 2020-104 authorizing a purchase agreement with Stryker Medical for gurney systems; Resolution 2020-105 authorizing a sole source purchase agreement with Zoll Medical Corporation for cardiac monitors and autopulse systems; and Resolution 2020-106 authorizing a sole source purchase agreement with Motorola Solutions.

On June 23, 2020 City Council approved steps towards implementing Fire Department operations of the ambulance transport system, to include certain start-up costs that must be funded and the purchasing process for the necessary vehicles and equipment that must be initiated. In order to provide funding for these necessary costs, Council authorized Resolution 2020-152; a temporary loan consisting of \$4,881,710

for phase II startup costs along with \$4,493,100 for capital purchases totaling \$9,374,810 from the available Fire Department Measure A fund balance to the Fire Department’s ALS Transport Fund. At the June 23, meeting, staff advised Council of the intention to secure commercial lease financing and the likelihood of returning to Council for approval of commercial lease financing in lieu of a Measure A fund balance loan of \$4,493,100.

The Fire Department has now secured terms for commercial lease financing of \$4,493,100 from Banc of America Public Capital Corp. (“B of A”) at the rate of 1% over a 5-year period to acquire the necessary Ambulance Transport equipment. This financing will relieve the previously approved loan from the available Fire Department Measure A fund balance. The B of A financing will be provided pursuant to the terms of a Master Equipment Lease/Purchase Agreement being approved under a separate City Council item on tonight’s agenda for the financing of two Pierce Fire Service rigs.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable

DISCUSSION

Capital Purchases

This component of startup costs is the major capital equipment necessary to operate a transport system. Capital purchases comprise the largest portion of the system startup costs and can be classified as one of the four following categories: ambulances, gurney systems, cardiac monitor/resuscitation equipment, and communications equipment. These collective purchases will be obtained through a capital purchase/lease bank loan and be repaid over the first five full years of operations through existing transport baseline budget allocations.

ITEM	Quantity	Total
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Ambulances	13	\$2,815,485
Stryker System	13	\$700,882
Zoll	11	\$747,845
Motorola	13	\$228,888
	Total	\$4,493,100

The table below shows the revised requested loan amounts and available FY21 Measure A-Fire Component fund balance.

ITEM	Source	Total
Phase II Costs	Measure A	\$4,881,710
Capital Purchase Costs	Commercial Loan	\$4,493,100
Total Potential Measure A Loan Amount		\$4,881,710
FY21 Available Measure A-Fire Component fund (1)		\$8,725,214

LOAN DETAILS

The City's Finance Department conducted a competitive process back in February 2020 for lease/purchase equipment finance services. Proposals were solicited from three banks providing such services. B of A was ultimately chosen as the City's preferred lease/purchase finance services provider because of their overall qualifications and the fact that they were offering the lowest interest rate pricing.

The City will receive commercial lease financing from B of A at an interest rate of 1.0% with a five-year repayment term. With the projected revenue from transport, the loan will be repaid well within the first five full fiscal years of operation. The financing will be implemented on B of A's standard lease/purchasing documentation in final forms reviewed and approved by the City Attorney.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Notwithstanding the foregoing, it has been determined by the FPPC that Councilmember Galvez does have a disqualifying conflict of interest on this item as result of her husband's employment with an affiliate of B of A. Accordingly, Councilmember Galvez will need to recuse herself from participating on this item.

Staff is not independently aware and has not been informed by any other City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact to the general fund. The total purchase cost for the ambulances, gurneys, radios, and cardiac monitors is \$4,493,100 and will be funded through commercial lease financing through Bank of America. Repayment of financing is part of the baseline operating budget of the ALS Transport fund. Fire and Finance Departments are recommending acquiring this equipment via a 5-year lease purchase agreement with B of A. The first lease purchase payment is due at completion of the manufacturing process in July of 2021; therefore, no lease payments will be due in FY20/21.

ONGOING FISCAL IMPACT

There is no ongoing fiscal impact to the general fund. The annual lease payments for this lease agreement will be paid from the ALS Transport fund as part of the baseline operating budget. These payments will occur on a bi-annual basis at a 1.00% locked interest rate for the next five years with full payment completed prior to January 2026.

ATTACHMENTS

None