

ORDINANCE NUMBER O- 20021 (NEW SERIES)

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DATE OF FINAL PASSAGE FEB 22 2011

2/15

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SAN DIEGO AUTHORIZING THE MAYOR TO ENTER INTO A MASTER LEASE AGREEMENT WITH CHASE EQUIPMENT FINANCE, INC. FOR THE PURPOSE OF FINANCING THE ACQUISITION OF ESSENTIAL VEHICLES AND EQUIPMENT IN AN AMOUNT NOT TO EXCEED \$22.2 MILLION AND TAKING OTHER ACTIONS IN CONNECTION THEREWITH.

WHEREAS, from time to time the City of San Diego [City] needs to acquire vehicles and equipment for the purposes of providing public services and frequently uses lease-purchase financing to purchase such vehicles and equipment; and

WHEREAS, on September 16, 2010, the City issued a Request for Proposals [RFP] to solicit financing proposals for the acquisition of such vehicles and equipment; and

WHEREAS, the City received three proposals and the City's evaluation committee selected the proposal submitted by Chase Equipment Finance, Inc. [Chase] as providing the most competitive funding rates and meeting all of the terms and conditions required by the City; and

WHEREAS, the City's financial advisor, Public Resources Advisory Group [PRAG], has determined that the rates proposed are competitive based upon current market conditions; and

WHEREAS, the Mayor has determined to enter into a Master Lease Agreement [Agreement] with Chase in an amount not to exceed \$22.2 million to finance the acquisition of vehicles and equipment through a lease-purchase arrangement; and

WHEREAS, the Mayor intends to finance under the Agreement the City's fleet replacement needs as described in Report to the City Council No. 10-157, dated December 8,

2010 [Report], and will seek approval from the City Council prior to financing any vehicles and/or equipment under the Agreement; and

WHEREAS, the Mayor requests approval from the City Council to finance the City's fleet replacement needs as described in the Report; and

WHEREAS, under Charter Section 99, no contract, agreement or obligation extending for a period of more than five years may be authorized except by an ordinance adopted by a two-thirds majority of the City Council, NOW, THEREFORE,

BE IT ORDAINED, by the Council of the City of San Diego, as follows:

Section 1. That the Mayor or the Chief Financial Officer is hereby authorized to execute, for and on behalf of the City of San Diego, a Master Lease Agreement with Chase for the purpose of financing the acquisition of essential vehicles and equipment. The Master Lease Agreement shall be in substantially the form presented to this Council, on file in the Office of the City Clerk as Document No. OO- 20021, with such additions and changes therein as the Mayor or the Chief Financial Officer, in consultation with the City Attorney, shall approve as being in the best interest of the City; provided however that: (i) the acquisition cost of the vehicles and equipment financed under the Master Lease Agreement shall not exceed \$22.2 million, in total, with \$9.6 million to fund the City's fleet replacement needs in Fiscal Year 2011 and \$12.6 million to fund the City's fleet replacement and equipment needs in Fiscal Year 2012; and (ii) the interest rate on any such financed vehicles and equipment shall not exceed six percent (6%) annually.

Section 2. That the City's fleet replacement needs as described in the Report shall be financed under the Agreement.

Section 3. That the Mayor will return to the City Council before financing the acquisition of any additional vehicles and/or equipment under the Agreement.

Section 4. That a full reading of this ordinance is dispensed with prior to its passage, a written or printed copy having been available to the City Council and the public prior to the day of its passage.

Section 5. That this ordinance shall take effect and be in force on the thirtieth day from and after its final passage.

APPROVED: JAN I. GOLDSMITH, City Attorney

By



Brant C. Will
Deputy City Attorney

BCW:jdf:jab
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1/19/11 COR. COPY
Or.Dept:Debt Management

I hereby certify that the foregoing Ordinance was passed by the Council of the City of San Diego, at this meeting of FEB 15 2011.

ELIZABETH S. MALAND
City Clerk

By Cecilia L. Trujano
Deputy City Clerk

Approved: 2.22.11
(date)

Jerry Sanders
JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor