



Legislation Text

File #: Ord 2147, **Version:** 1

AN ORDINANCE AMENDING ORDINANCE NO. 2130 FINALLY ADOPTED AND APPROVED ON AUGUST 7, 2017, RELATING TO THE LEASING OF CERTAIN CITY PROPERTY AND THE EXECUTION AND DELIVERY BY THE CITY OF A SITE LEASE, A LEASE PURCHASE AGREEMENT AND OTHER FINANCING DOCUMENTS IN CONNECTION THEREWITH, AND DECLARING AN EMERGENCY

The purchase of 4A water from SACWSD was authorized by Council on April 3, 2017, by Ordinance 2125, and by Resolution 2017-63 on July 17, 2017. On August 7, 2017, council approved Ordinance 2130, on second reading, authorizing a lease-purchase agreement using the Municipal Service Center as the collateral for \$6.5 million of financing for an additional purchase of 4A water. Ordinance 2130 identified Wells Fargo as the financial institution to provide the financing in the recitals.

After negotiations, Wells Fargo could not provide the financing terms that staff members think are necessary for the City's budgeting certainty. Wells Fargo's terms required a refinancing of the remaining balance at year end at whatever the interest rate would be at that time. That would have required staff time for the refinancing and introduced interest rate risk and was not acceptable. The proposed ordinance substitutes Vectra Bank for Wells Fargo. Because the City used the competitive procurement process for the initial financing solicitation and for a second solicitation by means of an RFP amendment, we proceeded to sole-source placement in response to a proposal from Vectra Bank because the market has demonstrated that competitive procurement could not provide sufficient proposals to meet the City's needs.

The ordinance is proposed as an emergency ordinance so the city can meet the deadline set by SACWSD for the purchase of the 4A water.

Staff Responsible (Department Head): Roger Tinklenberg
Staff Member Presenting : Roger Tinklenberg

Financial Impact : \$6.5 million
Funding Source : Water Acquisition Fee Fund

Staff Recommendation : Approval

Suggested Motion : I move to Introduce and approve Ordinance 2147, as an emergency ordinance, amending Ordinance 2130.