



CITY COUNCIL AGENDA REPORT

City of Anaheim FINANCE DEPARTMENT

DATE: NOVEMBER 3, 2015
FROM: FINANCE DEPARTMENT
SUBJECT: AUTHORIZATION TO LEASE APPROVED 800 MEGAHERTZ
COUNTYWIDE COORDINATED COMMUNICATIONS SYSTEM
(CCCS) EQUIPMENT

ATTACHMENT (Y/N): YES ITEM # 19

RECOMMENDATION:

That the City Council, by Resolution:

1. Approve the attached Lease Agreement for the acquisition of previously approved mobile radio equipment related to the 800 Megahertz (MHz) Countywide Coordinated Communications System (CCCS) with Banc of America Public Capital Corp (BAPCC);
2. Authorize and direct the Finance Director and City Clerk, on behalf of the City, to execute and attest the Lease Agreement between the City and BAPCC so long as such Lease Agreement is in substantial conformance with the attached agreement and Updated Summary of Terms and Conditions, attached hereto, as determined by the City Attorney's Office; and
3. Authorize the Finance Director to take such actions as are necessary, advisable, or required to implement and administer the Lease Agreement

DISCUSSION:

On March 17, 2015, the City Council approved an Amendment to the Joint Agreement with the County of Orange for the Operation, Maintenance and Financial Management of the 800 Megahertz (MHz) Countywide Coordinated Communications System (CCCS), as described in the attached agenda report. The 800 MHz communication system allows all police, fire, public works, and marine safety agencies in Orange County to share a common radio system, yet still provide agencies their own unique dispatch and tactical channel in addition to seamless interoperability throughout the County. Anaheim Public Utilities is also included in joint participation. The Joint Agreement with the County calls for the CCCS to be systematically upgraded in phases over the next five years, including replacement of three main components; the backbone equipment, subscriber equipment and dispatch consoles. The Joint Agreement requires the financial participation of all 34 cities as well as the County and participating agencies.

The purchase of replacement consoles was approved on September 15, 2015 and funded through cash on hand as the expenditures were expected and budgeted for in the current fiscal year. Purchase of the remaining equipment needed to complete the City's commitment to this project is expected to take place over the next two fiscal years.

The City can take advantage of a 50% discount in equipment costs and save over \$1,072,000 for a portion of the radios, provided the purchase of the mobile radio equipment is made prior to December 2015. At this time it would be prudent to exercise the purchase of this portion of the mobile radio equipment, which is approximately \$1,100,000 of the \$8,602,800 overall radio costs. As previously approved, the total expected impact of this project to the City is as follows:

Fiscal Year	Component	Estimated Cost
2015/16	Consoles	\$1,928,869
2016/17	Backbone	3,875,572
2016/17	Radios	8,602,800
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Financing options of varying terms were sought from several banks as well as the radio equipment provider, Motorola. After assessing these options and keeping in mind the impact to the General Fund, staff determined a 10-year lease to be most prudent, as the radios are expected to last approximately 10-15 years. While Motorola offers leasing financing options, staff investigated lease pricing offered by other lenders and found that more than \$89,000 in savings could be realized with BAPCC. The lease terms provide for equal semi-annual payments of \$59,921 and reflect an interest rate of 1.98%. Total interest payment costs over the term of the lease are \$116,023.

IMPACT ON BUDGET:

Total annual lease payments to be provided by the General Fund over a ten-year period are \$119,842 and have been included in the City's FY 2015/16 Budget.

Respectfully submitted,

Deborah A. Moreno
Finance Director

Attachments:

1. Resolution
2. Updated Summary of Terms and Conditions
3. Banc of America Public Capital Corp Agreement
4. March 17, 2015 Agenda Report, Item # 10
5. September 15, 2015 Agenda Report, Item #9