



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: May 31, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan Grogan, City Manager

PREPARED BY: Qianyu Sun, Director

SUBJECT: Adopt a Resolution Authorizing the City Manager to Enter into a Lease Purchase Arrangement for Two Pumpers with the Western Alliance Bank

BACKGROUND: On January 26, 2021, the City Council adopted a resolution authorizing the purchase of two pumpers with the Golden State Fire Apparatus for not to exceed the amount of \$1.6 million. Council also authorized financing the purchase through California Statewide Community Development Authority (CSCDA). CSCDA informed the City staff that it required one month to complete the financing process. On April 26, the City received the final invoice from Golden State Fire Apparatus and immediately launched the financing process. Unfortunately, CSCDA was not able to obtain financing bids timely as many lenders were holding off while anticipating the Federal Reserve's monetary policy changes. To expedite the financing process, CSCDA recommended the City work with Western Alliance Bank (WAB) directly.

DISCUSSION: WAB is a trusted long-term vendor of CSCDA and provided the City a lease financing rate of 3.35%. To ensure the City receives a competitive rate, staff solicited quotes from three other vendors that are capable of providing equipment lease financing. All quotes received are higher than WAB's proposal. In addition, WAB will charge one-time fees up to \$9,000 to cover the cost of documentation and tax opinion.

FISCAL IMPACT: The lease carries a term of 10 years and annual lease payments will be around \$190,000, starting from FY2022-23. Both the fees and lease payments will be paid with General Fund.

ENVIRONMENTAL IMPACT: There is no environmental impact.

RECOMMENDATION: Adopt a resolution authorizing the City Manager to enter into a lease purchase arrangement for two pumpers with the Western Alliance Bank.

ALTERNATIVES: 1. Do not adopt the resolution and pay the pumpers with cash.

ATTACHMENTS: 1. Resolution