



AGENDA REPORT

Finance Department

DATE:	March 15, 2022
TO:	Mayor Butt and Members of the City Council
FROM:	Belinda Brown, Director of Finance Delmy Cuellar, Accounting Manager
Subject:	Contract with Debtbook for Debt and Lease Management Software
FINANCIAL IMPACT:	Funding is included in the FY 2021-2022 Finance Department budget for \$13,500 (01175715-400201).
PREVIOUS COUNCIL ACTION:	Click or tap here to enter text.
STATEMENT OF THE ISSUE:	The Finance Department is seeking approval to purchase debt and lease management software to aid staff in meeting Governmental Accounting Standards Board (GASB) reporting requirements.
RECOMMENDED ACTION:	APPROVE the purchase of DebtBook software using the National Cooperative Purchasing Alliance (NCPA) contract, to aid the City in meeting Governmental Accounting Standard GASB 87 – Accounting for Leases, in an amount not to exceed \$13,500, for a term of one year beginning March 16, 2022 through March 15, 2023, with a possible two year extension, for a total contract amount not to exceed \$40,500 – Finance Department (Belinda Brown 510-620-6740/Delmy Cuellar 510-620-6790).

DISCUSSION:

Every year, the Governmental Accounting Standards Board (GASB) issues new accounting standards that affect how the City reports its financial information. A new standard, GASB 87, was issued to put the value of leases that a government has on its balance sheet and amortize those leases over the term of the lease. The standard applies to any lease agreement where the present value of the future lease payments is greater than \$5,000. It also applies to leases, regardless of whether the City is the lessee or lessor. The only exception is if both parties can terminate the lease within one year. If the lease can be terminated within one year, the lease is considered short-term, and short-term leases are not subject to this standard. GASB 87 also requires the City to work with the vendors to determine the implicit interest rate they are charging on the leases. If the vendor cannot provide the implicit interest rate, the City needs to use the lessee's incremental borrowing rate.

This software also comes with the ability to track the City debt at no additional cost. Currently, the City's debt is tracked in several spreadsheets, and all debt-related documents are stored on a City's network drive. This software will allow much more dynamic debt reporting and the ability to store and track all debt documents. The software will make debt reporting and records more accessible to anyone with access to the software. The GASB will also be issuing a new standard GASB 96 – Subscription-Based Information Technology Arrangements that will be effective as of January 1, 2023. The City will also use this software to implement this standard.

On June 8, 2021, the National Cooperative Purchasing Alliance (NCPA) issued a competitive solicitation for Debt and Lease Management Software and Consulting Services. The contract was awarded to Debtbook on August 16, 2021. This purchase is in compliance with the Richmond Municipal Code Section 2.52.328, Cooperative Procurement, which allows for the City to use cooperative solicitations if it is in the best interest of the City of Richmond.

Staff recommends the approval of the purchase of Debtbook software in an amount not to exceed \$13,500 for the first year, with a possible two-year extension, for a total contract amount not to exceed \$40,500.

DOCUMENTS ATTACHED:

Attachment 1 – Standard Contract