



# City of Culver City

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## Staff Report Details (With Text)

**File #:** 20-170      **Version:** 2      **Name:** CC - Adoption of a Resolution Approving the Reimbursement of City Funds Expended on Sewer Capital Improvement Projects from Bond Proceeds

**Type:** Resolution      **Status:** Consent Agenda

**File created:** 8/14/2019      **In control:** City Council Meeting Agenda

**On agenda:** 8/26/2019      **Final action:**

**Title:** CC - Adoption of a Resolution Declaring its Intention to Issue Tax-Exempt Obligations and Approving the Reimbursement of City Funds Expended on Sewer Capital Improvement Projects from Bond Proceeds, if Issued.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 2019-08-26 \_ATT\_ Proposed Resolution.pdf

Date	Ver.	Action By	Action	Result
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**CC - Adoption of a Resolution Declaring its Intention to Issue Tax-Exempt Obligations and Approving the Reimbursement of City Funds Expended on Sewer Capital Improvement Projects from Bond Proceeds, if Issued.**

**Meeting Date:** August 26, 2019

**Contact Person/Dept:** Charles D. Herbertson, Public Works Director/City Engineer

**Phone Number:** 310.253.5630

**Fiscal Impact:** Yes ☒ No ☐

**General Fund:** Yes ☒ No ☐

**Public Hearing:** ☐      **Action Item:** ☐      **Attachments:** ☒

**Commission Action Required:** Yes ☐ No ☒      **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (08/21/19);

**Department Approval:** Charles D. Herbertson, Public Works Director/City Engineer (08/14/19)

### RECOMMENDATION

Staff recommends the City Council adopt a resolution declaring its intention to issue tax-exempt obligations and approving the reimbursement of City funds expended on sewer capital improvement projects from bond proceeds, if issued.

## **BACKGROUND/DISCUSSION**

The City is currently undertaking its sewer capital improvement program on a pay-as-you-go basis, and the costs thereof are being paid by the City from its sewer system operations fund (Sewer Enterprise Fund 204). Capital projects costs of these funds are also paid from eligible impact fees.

The City may elect to finance certain portions of its sewer capital improvement program from the proceeds of tax-exempt obligations. Federal tax law allows the City to reimburse itself from the proceeds of future tax-exempt obligations for capital costs that the City pays prior to the issuance of such tax-exempt obligations. In order to reimburse itself, the City Council must adopt a resolution stating its intent to reimburse itself should tax-exempt obligations be issued.

Stradling Yocca Carlson & Rauth, the City's Bond Counsel, has prepared a resolution permitting reimbursement of not to exceed \$11,700,000 for costs related to the current sewer capital improvement program which are incurred before tax-exempt obligations, if any, are incurred. Costs that are eligible for reimbursement must have been paid no more than 60 days before the adoption of the resolution, and the reimbursement must occur within three years after the eligible costs are paid. The foregoing limitations do not apply to "soft" costs such as preliminary studies and reports.

Adoption of the reimbursement resolution will allow for reimbursement of capital-related costs incurred by the sewer system operations fund, which will replenish funds available for ongoing capital projects, maintenance and operations.

The adoption of the reimbursement resolution does not obligate the City to issue bonds; rather, it preserves the ability of the City to reimburse itself from bond proceeds should tax-exempt bonds be issued in the future.

## **FISCAL ANALYSIS**

Adoption of the Resolution will enable the City to reimburse itself for a portion of its sewer capital costs incurred prior to the issuance of tax-exempt obligations, if any. If the City issues tax-exempt obligations and applies a portion of the proceeds thereof to reimburse itself, the sewer operations funds will be replenished for ongoing capital projects, operations and maintenance.

## **ATTACHMENTS**

1. 2019-08-26\_ATT\_Proposed Resolution

## **MOTION**

That the City Council:

1. Adopt a resolution declaring its intention to issue tax-exempt obligations and approving the reimbursement of City funds expended on sewer capital improvement projects from bond proceeds, if issued;

2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the City Manager to execute the documents on behalf of the City.