

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to authorizing the issuance of up to \$271 million of Water System Revenue Bonds by the Los Angeles Department of Water and Power (LADWP) pursuant to Charter Section 609.

Recommendation for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

CONCUR with the Board of Water and Power Commissioners' (Board) action of August 19, 2014, Resolution No. 4882, authorizing the issuance of up to \$271 million of Water System Revenue Bonds pursuant to Charter Section 609 and Los Angeles Administrative Code (LAAC) Sections 11.28.1 through 11.28.9.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is no direct impact on the City's General Fund. Approval of the recommended action will authorize the LADWP to issue \$271 million of Water System Revenue Bonds to finance a portion of its capital improvements program for Fiscal Year (FY) 2014-15. The LADWP estimates that the net impact of this issuance will be to increase debt service costs of the Water Revenue Fund by approximately \$17.5 million annually. The costs of proposed bond issuance are estimated at \$1.34 million, i.e. underwriter's discount; bond and disclosure counsels, financial advisor; ratings agencies fees, and printing costs.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - SEPTEMBER 21, 2014**

**(LAST DAY FOR COUNCIL ACTION - SEPTEMBER 19, 2014)**

Summary:

On September 17, 2014, your Committee considered August 20, 2014 Board and July 21, 2014 CAO reports and Resolution No. 4882 relative to authorizing the issuance of up to \$271 million of Water System Revenue Bonds. According to the CAO, the LADWP is requesting approval of the Resolution No. 4882 (Resolution) which authorizes the issuance of \$271 million in Water System Revenue Bonds, in order to finance a portion of the Water System's FY 2014-15 Capital Improvements Program/The LADWP Water System multi-year Capital Program focuses on critical projects necessary to comply with increasing water quality standards; protect existing water supplies; expand and upgrade the existing water distribution system; and develop new water resources.

The LADWP states that the Resolution is an initial resolution of the Board, which sets forth the purpose for future indebtedness and establishes the maximum limit as to principal, interest costs, and term. The Resolution also provides for the private sale of the bonds to one or more underwriting firms selected by the Board pursuant to City Charter Section 609 (d) and LAAC Section 11.28.4(b) of the Procedural Ordinance. The bonds will be Water System Revenue Fund obligations and will not constitute an obligation of the City or the General Fund. The City Attorney has approved the proposed resolution as to form and legality.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend the Council concur with the Board's August 19, 2014 action. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY AND ENVIRONMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| FUENTES:      | YES         |
| BLEUMENFIELD: | YES         |
| LABONGE:      | YES         |
| HUIZAR:       | ABSENT      |
| KORETZ:       | ABSENT      |

ARL  
9/17/14

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**