



Los Angeles  
Department of  
Water & Power

RESOLUTION NO. 015 168

BOARD LETTER APPROVAL

Handwritten signature of Philip Leiber in black ink.

PHILIP LEIBER  
Chief Financial Officer

Handwritten signature of David H. Wiggs in black ink.

DAVID H. WIGGS  
Chief Administrative Officer

Handwritten signature of Martin L. Adams in black ink.

MARTIN L. ADAMS  
Senior Assistant General Manager  
Water System

Handwritten signature of Marcie L. Edwards in black ink.

MARCIE L. EDWARDS  
General Manager

DATE: March 10, 2015

SUBJECT: Board Concurrence with Revised Process for Submission of Financing Applications to Joint Powers Authority for Water Financing

**SUMMARY**

At the February 3, 2015 Board of Water and Power Commissioners meeting, the Board adopted a Resolution authorizing the formation of a Joint Powers Authority to be called the "Southern California Public Water Authority", with the two initial members of the JPA being the City of Los Angeles and the City of Burbank. The JPA would be used, starting in the fall of 2015 and subject to additional Board authorization, to finance certain water capital projects for the Los Angeles Department of Water and Power (LADWP).

An ordinance, to be adopted by the City of Los Angeles, would be needed to form the JPA, and such an ordinance was included in the Board materials on February 3, 2015. At the March 4, 2015 Energy & Environment committee meeting of the Los Angeles City Council, LADWP was requested to provide a revision to the Ordinance specifying that each Board Resolution authorizing a financing application to be submitted to the JPA should receive approval of the City Council. The revised Ordinance, attached, provides for this approval process. No other changes to the material approved by this Board on February 3, 2015 are requested.

**RECOMMENDATION**

It is recommended that the Board adopt the attached Resolution to concur with the revised process specifying that each Board resolution authorizing a financing application to be submitted to the JPA should receive approval of the City Council, as set forth in the attached revised Ordinance.

**BACKGROUND**

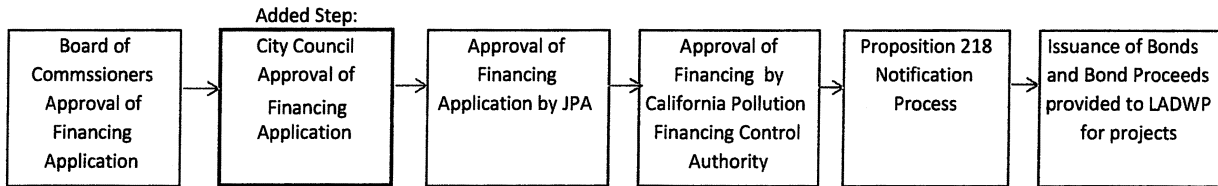
Previous Board letters provided discussion regarding the benefits of using a JPA to finance certain Water System capital projects. Formation of the JPA is a necessary step to obtain the benefits of lower cost financing for these projects.

The most recent Board letter and Resolution indicated that the LADWP Board will be required to approve each financing application through the JPA. The attached revised Ordinance will further specify that each application for financing through the JPA will also require City Council approval, with the inclusion of the following revised language:

Section 4. The Board of Water and Power Commissioners is hereby authorized to ~~apply~~ make applications to the Authority ~~for financing~~ to finance utility projects pursuant to Government Code Section 6588.7 in accordance with the requirements of this Section 4. In the event the Board elects to finance costs of utility projects pursuant to Government Code Section 6588.7(c) subject to the approval of the City Council of The City of Los Angeles. ~~the Board shall adopt a resolution specifying the utility project or projects to be financed by rate reduction bonds and the maximum principal amount, the maximum interest rate and the maximum stated terms of the rate reduction bonds as required by Government Code Section 6588.7(b)(1) and making the findings required by Government Code Section 6588.7(c).~~ The Board shall thereafter submit such resolution to the City Council for approval, and upon City Council approval, shall submit an application to the Authority to finance costs of utility projects specified in the Board resolution with rate reduction bonds.

With the inclusion of the above change, a simplified diagram of the steps that would be involved in the financing process is provided below:

Simplified Overview of Steps in Financing through JPA



**CITY ATTORNEY**

The Office of the City Attorney reviewed and approved the Ordinance as to form and legality.

**ATTACHMENTS**

- Resolution
- Revised Ordinance dated March 4, 2015