

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 13, 2018

CAO File No. 0220-05291-0305

Council File No.

Council District: All

To: The Council
The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Subject: **Reimbursement Resolution Related to Certain Capital Expenditures in Connection with the Bureau of Sanitation's Solid Waste Operations**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Adopt the attached Resolution declaring the intention to reimburse and/or refund the Solid Waste Resources Revenue Fund from the anticipated Solid Waste Resources Revenue bond issuance for expenditures to be incurred in connection with the Bureau of Sanitation's Solid Waste Operations.

SUMMARY

The City Administrative Officer (CAO) and the Bureau of Sanitation (BOS) are considering an issuance of Solid Waste Resources Revenue Bonds (the Bonds) in an amount not-to-exceed \$150 million. The Bonds would be used to finance capital equipment and capital improvement projects related to the City's solid waste operations, including various vehicles, refuse collection vehicles and equipment, automated containers, and other items as further described in Exhibit A of the attached Resolution. BOS has expended approximately \$8.5 million in advance expenditures from the Solid Waste Resources Revenue Fund No. 508 (SWRRF) for items originally anticipated to be financed by the Bonds, with the intention of reimbursing these expenditures from bond proceeds. The attached Resolution has been prepared in the event that the City elects to issue the Bonds in order to reimburse SWRRF for these expenditures and any additional advances made in connection with the acquisition, construction, and improvement of items as referred to in the Resolution.

This Resolution does not authorize the issuance of the Bonds. Any future issuance would require additional approval from the Council and Mayor. The CAO anticipates releasing a separate report that further details the bond issuance and would include recommended approvals of an Authorizing Resolution and other required financing documents.

This recommendation is in compliance with the City's Financial Policies.

FISCAL IMPACT STATEMENT

Approval of this recommendation will have no impact on the General Fund.

DEBT IMPACT STATEMENT

Approval of this recommendation will have no impact to the City's debt service payments, as this recommendation does not authorize the issuance of any bonds. Any future bond financing related to this recommendation will require additional approval from the Council and Mayor. The annual debt service associated with these bonds would be paid from the Solid Waste Resources Revenue Fund.

Attachments

RHL:DMP:09180187

**RESOLUTION OF THE COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA,
DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF FROM THE
PROCEEDS OF A FUTURE TAX-EXEMPT FINANCING FOR CERTAIN CAPITAL
EXPENDITURES MADE AND TO BE MADE IN CONNECTION WITH THE
BUREAU OF SANITATION'S SOLID WASTE OPERATIONS**

WHEREAS, the City of Los Angeles ("City") is a municipal corporation duly organized and existing pursuant to its Charter and the Constitution and laws of the State of California;

WHEREAS, the Council of the City ("Council") is the governing body of the City;

WHEREAS, the City desires to finance the acquisition, construction, equipping, and improvement of items described in Exhibit A attached hereto and related equipment and facilities in connection with the Bureau of Sanitation's solid waste operations ("collectively, the Projects");

WHEREAS, the City expects to finance the costs of the Projects through the issuance of long-term revenue bonds (the "Debt");

WHEREAS, the City expects to expend moneys (other than moneys derived from the issuance of bonds) on expenditures relating to the costs of the Projects prior to the issuance of the Debt, which expenditures would be properly chargeable to a capital account under general federal income tax principles;

WHEREAS, the City reasonably expects to reimburse certain of such capital expenditures with the proceeds of the Debt;

WHEREAS, the City expects that the maximum principal amount of proceeds of the Debt which will be issued to pay for the costs of the Projects (and related issuance costs) will not exceed \$150,000,000;

WHEREAS, at the time of the reimbursement, the City will evidence the reimbursement in a writing which identifies the allocation of the proceeds of the Debt to the City for the purpose of reimbursing the City for the capital expenditures made prior to the issuance of the Debt;

WHEREAS, the City expects to make the reimbursement allocation no later than eighteen (18) months after the later of (i) the date on which the earliest original expenditure is paid or (ii) the date on which the Projects are placed in service (or abandoned), but in no event later than three (3) years after the date on which the earliest original expenditure for the Projects is paid;

WHEREAS, the City will not, within one (1) year of the reimbursement allocation, use the proceeds of the Debt received in the reimbursement allocation in a manner that will result in the creation of replacement proceeds of the Debt or another issue; and

WHEREAS, this Resolution is intended to be a “declaration of official intent” in accordance with Section 1.150-2 of the Treasury Regulations.

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED by the Council, as follows:

1. This Council finds and determines that the forgoing recitals are true and correct.
2. In accordance with Section 1.150-2 of the Treasury Regulations, the City declares its intention to issue the Debt in a principal amount not to exceed \$150,000,000, the proceeds of which will be used to pay for the costs of the Projects (and related issuance costs), including the reimbursement to the City for certain capital expenditures relating to the Projects made prior to the issuance of the Debt.
3. The expenditures to be reimbursed pursuant to this Resolution have been incurred within 60 days prior to the date of adoption of this Resolution or will be incurred after the date of adoption of this Resolution.
4. This declaration of intent does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Projects.
5. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Left Intentionally Blank]

I hereby certify that the foregoing Resolution was adopted by the Los Angeles City Council at its meeting of April ___, 2018.

HOLLY L. WOLCOTT,
City Clerk

By: _____
Deputy City Clerk

Approved as to Form

MICHAEL N. FEUER, City Attorney

By: _____
Deputy City Attorney

Exhibit A

| <u>Division</u> | <u>Description</u> |
|-----------------|--|
| SRSSD | |
| | Broom Bear Sweeper |
| | Pick up Truck (Half Ton) |
| | Automated Side Loaders |
| | Semi Automated Side Loaders |
| | Front Loaders |
| | Roll Off Trucks (5 SWRRF + 1 MBIF to replace Front Loader) |
| | Pick Up Truck (Half Ton) |
| | Pick Up -Four Door Truck (One Ton) |
| | All Purpose Vehicle |
| | Sedans |
| | Stake Bed Truck |
| | Rear Loaders (MBIF Program) |
| SRPCD | |
| | Truck Tractor |
| | Dump Truck (3 cubic yard) |
| | All Purpose, 4-Dr, 4x4 |
| | Pick-up, 1/2 ton, ext cab, 4x4 |
| | Utility Bed, 1-Ton, Crew Cab, 4x4 w/Air Pak |
| | Pickup, 1-Ton, Crew Cab, 4x4 |
| | Flat Bed, 1-ton, Ext Cab, 4X4, with spray rig |
| | Truck, Roll-Off, with 8-Bins |
| | Backhoe 446 |
| | Large Wheeled Loader |
| | Forklift, 8,000 lbs. |
| | Tractor, Farm |
| | Water Truck, 4000 gal, 6X6 |
| | Caterpillar Track Loader |
| | Mulch Blower |
| | Hydroseeder Trailer |
| | Mulch Trailer |
| | Trommel Screen |
| | Picking Station |
| | Grinder |
| | Power Screen Trommels |
| | Live Bottom Trailer |

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|--------------------------|---|
| | Bagging Machine, Roto Chopper |
| | Wildcat Compost Turner |
| | Conveyor Stacker |
| | Low Boy Trailer |
| <i>CIP</i> | |
| | LCNG Fuel Site Expansion & Modification |
| | LASAN Capital Improvement Projects |
| | Organics Processing Facility (OPF) |
| <i>CONTAINERS</i> | |
| | Automated SR Containers |