

PUBLIC WORKS AND GANG REDUCTION COMMITTEE REPORT, ORDINANCES FIRST CONSIDERATION and RESOLUTION relative to financing and refinancing a loan for the acquisition and installation of various streetlight improvements throughout the City of Los Angeles.

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

1. ADOPT the accompanying RESOLUTION, including various documents required for the execution of the financing, authorizing the execution and delivery of the lease, sublease and purchase and assignment agreements.
2. PRESENT and ADOPT the accompanying ORDINANCE dated February 16, 2016 amending the Los Angeles Administrative Code to add Sections 5.162.38 and 5.162.39 to create two Municipal Improvement Corporation of Los Angeles (MICLA) 2016 Streetlights Financing special funds for the lease financing.
3. PRESENT and ADOPT the accompanying ORDINANCE dated February 16, 2016 providing for the lease/leaseback financing referred to as the MICLA 2016 Streetlights Financing by approving the lease and sublease of certain property consisting of approximately 2,800 streetlight poles and the lamps installed therein and the other related items therein or attached thereto, by the City of Los Angeles, as lessor and sublessee, to and from the MICLA, as lessee and sublessor.
4. REQUEST the Controller to create Account No. 000352 entitled MICLA 2016 Street Lighting in the Capital Finance Administration Fund (Fund 100/53) that will be used to pay for future lease payments.
5. AUTHORIZE the City Administrative Officer (CAO) to make any necessary adjustments consistent with the intent of this action.

Fiscal Impact Statement: The CAO reports that this action will not impact the General Fund. Annual lease payments will be paid from the Street Lighting Maintenance Assessment Fund.

Community Impact Statement: None submitted.

SUMMARY

In a report to the Mayor and Council dated February 17, 2016, the CAO recommends approval of various actions related to financing and refinancing a loan for the acquisition and installation of approximately 28,750 streetlights with light-emitting diode (LED), high voltage conversions, and other related improvements. According to the CAO, the proposed refinancing of approximately \$3 million of an existing loan to the Bureau of Street Lighting from the Department of Water and Power (DWP) is anticipated to generate \$360,000 in present value savings, or 11.1 percent, of the refunded amount. In addition to the refinancing component, the CAO requests authority to borrow approximately \$24 million to provide future funding for the Project. The new-money component will be borrowed at a tax-exempt interest rate of 1.89 percent compared to the 4.97 percent offered by DWP. In total, the use of the requested financing rather than the DWP loan

will result in approximately \$3.4 million of present value savings. The debt service will be paid by the Street Lighting Maintenance Assessment Fund.

Accompanying a report to Council dated February 17, 2016, the City Attorney presents two Ordinances for which approval is required for this action. The first Ordinance provides for the MICLA 2016 Streetlights Financing by approving the lease and sublease of certain property, consisting of certain streetlights with LED and/or high voltage conversion and other related improvements, by the City of Los Angeles to and from MICLA, as the lessee and sublessor. The second Ordinance creates two special funds for the MICLA 2016 Streetlights Financing. The first special fund is an accounting fund to record the accounting transactions for the refunding component of the MICLA 2016 Streetlights Financing to refinance costs associated with the prior acquisition and improvement of certain streetlights with LED and/or high voltage conversion and other related improvements. The second special fund is a construction fund to receive and expend the new money component of the MICLA 2016 Streetlights Financing to finance costs associated with the acquisition and installation of certain additional street lights with LED and/or high voltage conversion and other related improvements.

At its meeting held February 22, 2016, the Public Works and Gang Reduction Committee discussed this matter with representatives of the CAO and the Bureau of Street Lighting. The CAO representative stated that the proposed refinancing will enable the City to take advantage of a lower interest rate. The Bureau of Street Lighting representative stated that LED lights cast a warmer, whiter light while using less energy. Program savings will be used to refurbish and retrofit old light poles with new electric infrastructure. The Public Works and Gang Reduction Committee recommended that Council approve the CAO's recommendations and the accompanying Ordinances.

Respectfully Submitted,

PUBLIC WORKS AND GANG REDUCTION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
MARTINEZ:	YES
PRICE:	YES
O'FARRELL:	YES
RYU:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-