



Legislation Text

File #: 19-0299, **Version:** 1

Recommendation to receive supporting documentation into the record related to the debt issuance by the Finance Authority of Long Beach; adopt resolution authorizing the issuance of the Lease Revenue Bonds Series 2019A (Public Safety Parking Garage), in a principal amount not to exceed \$13,300,000; and

On December 11, 2018, the City Council adopted Plans and Specification No. RFP PW18-058 for the design and build of a public safety parking garage. The City Council also expressed its intent to issue a bond to finance up to \$13.3 million, for the costs of construction, project management, relocation of the fuel station, preliminary design of a police fleet maintenance facility, and costs associated with issuing a bond.

Additionally, on September 19, 2006, the City Council approved the issuance of the Long Beach Bond Finance Authority Lease Revenue Bonds, Series 2006B (Open Space Refinancing Project). The Series 2006B Bonds were issued to finance the acquisition of land and construction of park improvements. The Series 2006B Bonds are payable from the General Fund and are scheduled to mature in FY 31.

The City proposes to issue the Finance Authority of Long Beach Lease Revenue Bonds Series 2019A (Public Safety Garage). The principal amount of the Series 2019A Bonds will not exceed \$13.3 million and will be payable from the General Fund through FY 39. The bond proceeds will be used to finance the cost of the Public Safety Parking Garage, fund a debt service reserve, and pay the costs of issuance. The City estimates that the Series 2019A Bonds will generate: (1) a true interest cost of 3.20 percent, (2) finance charges of \$275,000, (3) project fund amount of \$10.2 million, and (4) total debt service of \$15.4 million that will begin in FY 20.

The City also purposes to issue the Lease Revenue Refunding Bonds Series 2019B (Open Space Refinancing Project) to refund the Series 2006B Bonds. It is anticipated that refunding the Series 2006B Bonds will save the General Fund approximately \$1.2 million in interest cost savings through the life of the loan. The principal amount of the Series 2019B Bonds will not exceed \$15.35 million and will be payable from the General Fund through FY 31. The bond proceeds will be used to refund the outstanding principal amount of the Series 2006B Bonds and pay the cost of issuance. The City estimates that the Series 2019B Bonds will generate: (1) a true interest cost of 2.71 percent, (2) finance charges of \$295,000, (3) escrow deposit of \$15.1 million, and (4) total debt service of \$17.8 million that will begin in FY 20.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on March 4, 2019 and by Budget Management Officer Rhutu Amin Gharib on March 15, 2019.

City Council action is requested on April 2, 2019 to avoid delays in construction or potential reduction of refunding savings from adverse market conditions.

The Series 2019A Bonds will be used to finance a public safety parking garage and will be secured by lease payment payable by the General Fund through the Debt Service Fund. The annual net cost to the General Fund, beginning in FY 20 through FY 39, will be approximately \$650,000 due to an existing appropriation of approximately \$150,000 currently included in the Police Department budget for parking needs. The annual debt service payment of approximately \$800,000 will be made from the Debt Service Fund (DS 600) by a transfer from the General Fund (GF). The debt service costs will be included as part of the FY 20 budget development process.

The Series 2019B Bonds will also be secured by lease payment payable by the General Fund through the Debt Service Fund. The Series 2019B Bonds will be used to pay-off the Series 2006B Bonds. It is anticipated that refunding the Series 2006B Bonds will generate approximately \$1.2 million in interest cost savings. The annual debt service payment for the Series 2006B Bonds is budgeted in FY 19. The annual debt service payments for the Series 2019B Bonds will be approximately \$1.0 million in FY 20, \$2.1 million from FY 21 through FY 26, and \$870,000 from FY 27 through FY 31.

This recommendation has minimal staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

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JOHN GROSS
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APPROVED:

PATRICK H. WEST
CITY MANAGER