

December 18, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute an amendment to the Second Amended and Restated Lease Agreement with the Southeast Resource Recovery Facility Authority, to extend the term of the lease agreement and to modify payment provisions. (District 1)

DISCUSSION

In 2003, the Southeast Resource Recovery Facility (SERRF) Authority issued the \$120,235,000 Lease Revenue Bonds, Series 2003 A and B (Series 2003 Bonds). The Series 2003 Bonds were issued to refund the Series 1995 Bonds and to finance infrastructure improvements to SERRF. This financing required a lease agreement between the City and the SERRF Authority. In December 2018, the lease agreement is set to expire due to the maturity of the Series 2003 Bonds.

To continue the City's operation of the SERRF facility, City Council approval is requested to amend the lease agreement with the SERRF Authority and extend the lease term on a month-to-month basis, including an adjustment to the monthly rent to reflect the payoff of the Series 2003 Bonds. Due to the maturity of the Series 2003 Bonds, the annual rent to be paid by the City for use of the leased property is \$1.00. This lease agreement may be terminated by either party upon a 90-day advance written notice. All other terms of the current agreement will remain unchanged.

This matter was reviewed by Deputy City Attorney Amy R. Webber on December 3, 2018 and by Revenue Management Officer Geraldine Alejo on November 30, 2018.

TIMING CONSIDERATIONS

City Council action is requested on December 18, 2018, as the existing lease agreement will expire in December 2018.

FISCAL IMPACT

The annual base rent for the City's continued operations at SERRF is \$1.00. Annual rent is paid through a transfer from the City's SERRF Fund (EF 331) to the SERRF JPA FUND (EF 339). There is sufficient appropriation in the SERRF Fund (EF 331) in the Long Beach Energy

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Resources Department (ER) to support annual payments. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted.



ROBERT DOWELL
DIRECTOR OF ENERGY RESOURCES

APPROVED:



PATRICK H. WEST
CITY MANAGER