



Legislation Text

File #: 15-1305, **Version:** 1

Recommendation to receive supporting documentation into the record and conclude the hearing regarding the issuance of the Finance Authority of Long Beach (FALB) Lease Revenue Bonds, adopt resolution approving the proceedings by the FALB for the issuance of 2016 Lease Revenue Bonds Series A in a total amount not to exceed \$14,500,000, to finance the hazardous materials abatement and demolition of the former County of Los Angeles Courthouse, a storm drain relocation project, and a portion of the costs of the Civic Center project, and approving related documents and actions;

Increase appropriation in the General Fund (GF) in the Citywide Activities Department (XC) in the amount of \$400,000, offset by residual property taxes to transfer into the Debt Service Fund; and

Increase appropriation in the Debt Service Fund (DS 600) in the Citywide Activities Department (XC) in the amount of \$400,000, offset by revenue from the General Fund to pay the debt service. (District 2)

The City proposes to issue 2016 Lease Revenue Bonds Series A (Series 2016A), to finance a portion of the costs for the hazardous materials abatement and demolition of the former County of Los Angeles Courthouse (Courthouse Demo), located at Ocean Boulevard and Magnolia Avenue; the storm drain relocation project, located at 3rd Street and Pacific Avenue (Storm Drain Project); and to assist with both one-time costs and construction costs related to the Civic Center project as follows:

- Not to exceed \$4,150,000 of bond proceeds, along with \$3,055,000 of cash funding from the City, to finance the Courthouse Demo, which will consist of the removal of hazardous materials, demolition of an approximately 330,000 square-foot, steel and concrete, six-story (plus basement) structure, and all related work;
- Not to exceed \$1,700,000 of bond proceeds to finance the storm drain relocation project, which will assist the development project of 222 residential units and 8,500 square feet of commercial lease space, located at 245 West Broadway; and
- Approximately \$8,000,000 of bond proceeds to assist with a portion of the one-time and construction costs related to the Civic Center project.

All projects will be financed through the issuance of Series 2016A by the FALB, as authorized under Article 4 of the California Government Code, in an amount not to exceed \$14,500,000.

This matter was reviewed by Deputy City Attorney Richard Anthony on November 23, 2015, and by Assistant Finance Director Lea Eriksen on November 30, 2015.

City Council action is requested on December 15, 2015, to ensure the timely completion of the remediation and demolition of the former County of Los Angeles Courthouse and reimbursement of City costs.

Beginning FY 17, the average annual debt service payment for the proposed Series 2016A is approximately \$1,700,000, of which \$965,000 is for the Civic Center project and the balance for other projects which will be funded from the RDA residual property taxes received in the General Fund (GF). The term of the proposed lease revenue bonds is not to exceed ten years. Since the debt is being issued in mid-fiscal year, the debt service payment will only be \$400,000 for FY 16. The annual debt service payment for the Series 2016A will be included in the FY 17 budget as a technical adjustment to the budget.

Pursuant to GASB guidelines, all General Fund (GF) debt must be paid out of the Debt Service Fund (DS 600). Therefore, an appropriation increase is requested in the General Fund (GF) in the Citywide Activities Department (XC), in the amount of \$400,000, offset by residual property taxes to transfer into the Debt Service Fund (DS 600).

An appropriation increase is requested in the Debt Service Fund (DS 600) in the Citywide Activities Department (XC), in the amount of \$400,000, offset by revenue from the General Fund to pay the debt service. There is no local job impact associated with this recommendation.

Approve recommendation.

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JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER