

Agenda Report

DECEMBER 3, 2001

TO: City Council

FROM: Cynthia J. Kurtz, City Manager

SUBJECT: Resolution of the City Council of the City of Pasadena, California, Declaring Its Intention to Reimburse Itself From the Proceeds of One or More Tax-exempt Financings for Certain Expenditures Made and/or To Be Made in Connection With the Acquisition, Construction and Equipping of Certain Capital Improvements

RECOMMENDATION

It is recommended that the City Council approve:

- Resolution declaring its intention to reimburse itself from the proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and equipping of certain capital improvements within the Light and Power Fund and
- Resolution declaring its intention to reimburse itself from the proceeds of one or more tax-exempt financings for certain expenditures made and/or to be made in connection with the acquisition, construction and equipping of certain capital improvements associated with the Pasadena Center Operating Company

DISCUSSION

On November 5, 2001, the City Council approved a recommendation from the Pasadena Center Operating Company (PCOC) Board to loan PCOC \$1 million to be used for pre-development expenses on the Pasadena Conference Center Expansion. Under the terms of the loan, PCOC will make interest only payments for up to two years and then begin fully amortizing the payments for a five year period. If the results of the predevelopment work support PCOC's belief that an approximate \$52 million capital improvement project is economically feasible, PCOC will return to the City Council with a recommendation to proceed

MEETING OF 12/3/01

AGENDA ITEM NO. 4.A.(4)

with a bond transaction for the full project. If PCOC's recommendation is approved by the City Council, the \$1 million loan will be rolled into the larger bond transaction. In order to permit this to occur, the City Council must adopt a Resolution of Intention, stating its intent to reimburse itself from tax exempt bonds for costs incurred prior to the actual issuance of the bonds.

On November 19, 2001, the City Council adopted the Pasadena Water and Power Strategic Resource Plan (Plan) as recommended by the City Manager. This Plan is in response to recent regional power shortages, energy price volatility, and stricter emissions control requirements recently adopted by the South Coast Air Quality Management District (SCAQMD). The Plan calls for the:

- Replacement of Broadway 1 with a new 45MW combustion turbine
- Replacement of Broadway 2 with a new 45MW combustion turbine
- Retrofit of the Glenarm Gas Turbines with emissions controls

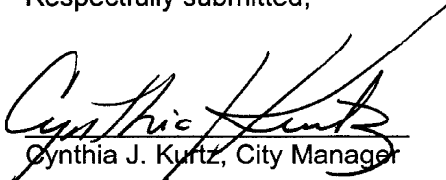
The total projected cost of these projects is estimated to be in excess of \$80 million. Prior to final approvals obtained by the City Council and other oversight organizations, the Department of Water and Power will be incurring expenses associated with these projects. Should the projects ultimately move forward and the Council approve the issuance of tax exempt bonds, the City is required to approve the Resolution of Intention.

In the case of both PCOC and the Department of Water and Power, should the City Council not move forward with any portion of these projects and/or chooses not to issue bonds for these projects, this action will have no fiscal or binding consequences.

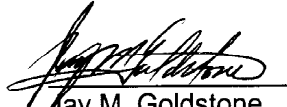
FISCAL IMPACT

There is no specific fiscal impact from this action. This action does not obligate the City Council to approve a bond issue in the future and should the City Council choose not to proceed with a bond issue, all capital project related costs incurred would be paid for out of current cash balances.

Respectfully submitted,


Cynthia J. Kurtz, City Manager

Prepared and
Approved by:


Jay M. Goldstone
Director of Finance