



13

OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

DONALD E. SPERLING
ASSISTANT TREASURER

CITY OF SACRAMENTO
CALIFORNIA

May 11, 1987
87068TPFlv:blreso

800 TENTH STREET
SUITE ONE
SACRAMENTO, CA
95814-2688

916-449-5318
OPERATIONS

916-449-5168
INVESTMENTS &
ADMINISTRATION

916-448-3139
DEX TRANSCEIVER

Budget & Finance Committee
Sacramento, California

SUBJECT: Resolution to Reimburse City for Costs and Expenses Associated
with Capital Projects from Permanent Financing Proceeds

Honorable Members in Session:

SUMMARY

The attached report to Council recommends that the attached resolution be adopted which would permit all costs and expenses incurred in connection with capital financings to be reimbursed from bond proceeds.

RECOMMENDATION

It is recommended that the Budget & Finance Committee forward to the full Council the attached resolution which provides for the reimbursement of preliminary costs and expenses incurred with a capital financing project.

Respectfully submitted,

THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:

for: JACK R. CRIST, Deputy City Manager

May 26, 1987
All Districts



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Sacramento City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Resolution to Reimburse City for Costs and Expenses Associated
with Capital Projects from Permanent Financing Proceeds

SUMMARY

Under current laws and procedures, costs associated with capital projects cannot be included in bond proceeds unless such costs and expenses are incurred after the Council's intent to proceed with a permanent financing for such capital project. Very briefly, the intent of public financing is not to refinance prior incurred costs. The attached resolution if adopted by Council will permit all costs and expenses incurred in connection with the capital financing to be reimbursed from bond proceeds. It is recommended that Council adopt the attached resolution.

BACKGROUND

When a capital project is authorized for financing, Council adopts a resolution of intent to perform a public financing. From this point forward it is permissible to include all costs incurred in connection with such financing to be paid for or reimbursed from bond proceeds. However, costs incurred prior to the inducement resolution, which generally occurs several months after staff has done preliminary exploratory work, are not permitted to be reimbursed. The attached resolution authorizes and directs the City Treasurer to file with City Council a memorandum concerning each capital project in Sacramento for which reimbursement for fees and expenses will be made. Such memorandum constitutes confirmation by the City Council that it is the intention of Council to include a provision for reimbursement of such fees and expenses from bond proceeds when a permanent financing is ultimately executed. The types of costs that could be included for reimbursement are land costs, preliminary consultant reports, City staff time and costs and internal project management costs if such are authorized.

At the present time those projects that are in the planning stage and may require up-front planning and design expenses are the following:

Community/Convention Center Expansion
Memorial Auditorium
Central Library
Police Sub-station
East End Parking Garage
Animal Control Shelter
Public Safety Center/Administrative Center
New Coolegge Library
Transfer Station
Corporation Yard Planning

FINANCIAL

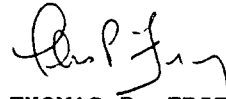
As the resolution is permissive and establishes the intent to reimburse the City General Fund for costs involved in the preliminary planning stages of a capital financing, there is no negative impact. Rather, the intent of the resolution is to provide a funding mechanism to reimburse the General Fund for such costs and expenses that otherwise would have been absorbed up front by the General Fund.

However, in the event that financing cannot be obtained for a project because of adverse markets or other conditions, it will be necessary for the General Fund or the appropriate Enterprise Fund to absorb the initial fees and expenses. Further, it is also recommended that an operating budget be established that identifies the timing and magnitude of these expenses prior to obtaining permanent financing.

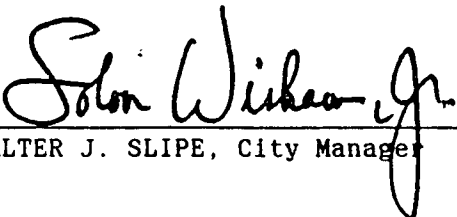
RECOMMENDATION

It is recommended that the Sacramento City Council approve the attached resolution which provides for the reimbursement of preliminary costs and expenses incurred with a capital financing project.

Respectfully submitted,


THOMAS P. FRIERY
City Treasurer

RECOMMENDATION APPROVED:


For: WALTER J. SLIPE, City Manager

June 2, 1987
All Districts

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION TO REIMBURSE CITY FOR COSTS AND EXPENSES ASSOCIATED WITH CAPITAL PROJECTS FROM PERMANENT FINANCING PROCEEDS

WHEREAS, the City of Sacramento is engaged and will continue to be engaged in the acquisition and construction of various municipal projects for the benefit of the City and its inhabitants; and

WHEREAS, prior to the permanent financing of such projects it is necessary to incur substantial fees and expenses in connection with such projects; and

WHEREAS, the City Council desires to establish a procedure to memorialize its intention to provide for the reimbursement of such fees and expenses in connection with the permanent financing of such projects as and when appropriate;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Sacramento that the City Treasurer is directed to file with the City Council a memorandum concerning each City project for which reimbursement for fees and expenses will be made in connection with the permanent financing thereof. Upon City Council approval of the memorandum, it shall constitute confirmation that it is the Council's intention to include the permanent financing reimbursement to the City for allocable staff time and overhead, and for fees and expenses paid to consultants in connection with the acquisition and construction of such project prior to the permanent financing.

PASSED AND ADOPTED by the Council of the City of Sacramento this ____ day of _____, 1987, etc.

Mayor

ATTEST:

City Clerk