

**CITY OF OAKLAND
COUNCIL AGENDA REPORT**

OFFICE OF THE CITY CLERK
CITY OF OAKLAND

2004 MAR 11 PM 12:36

TO: Office of the City Manager
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: March 23, 2004
RE: A RESOLUTION DECLARING THE OFFICIAL INTENT OF THE CITY OF OAKLAND REGARDING CERTAIN CAPITAL EXPENDITURES FOR THE CITY OF OAKLAND'S SEWER SYSTEM TO BE REIMBURSED FROM THE PROCEEDS OF A TAX-EXEMPT OBLIGATION

SUMMARY

The City of Oakland (the "City") has identified various capital projects relating to the City's sewer system, as described in Exhibit "A" attached hereto (collectively, the "Projects"). The City intends to finance the costs of the Projects of the sewer system, plus related costs of issuance, through tax-exempt obligations to be issued by August 2004. Federal tax law requires the City to declare its intention to reimburse various costs if it expects to first spend its funds on a project and later reimburse itself for those expenditures from the proceeds of any future tax-exempt obligations.

FISCAL IMPACTS

Approval of the resolution would allow the City's costs for various capital projects to be reimbursed by proceeds from a tax-exempt obligation to be issued in the future. Currently, the costs of these capital improvement projects are charged against the Sewer Service Fund (Fund 3100).

BACKGROUND

On September 30, 2003, the City Council adopted Ordinance No. 12540 increasing the sewer service charge to fund the costs of improvements to the sewer system and to pay for the operation and maintenance of the sewer system.

KEY ISSUES AND IMPACTS

Treasury Regulations Section 1.150-2 requires that an official declaration must be made if the issuer intends to be reimbursed from tax-exempt bond proceeds, for expenditures incurred and paid prior to the issuance of tax-exempt bonds. A proposed resolution of declaration is attached to this report for adoption by the City Council.

Staff expects to return in June 2004 for City Council consideration of a resolution authorizing the sale and issuance of revenue bonds secured by the increased sewer service charge. At that time, staff will be providing a comprehensive update on the proposed projects, the anticipated schedule

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for implementation, and information on the amount and timing of bond issues to finance the proposed projects.

SUSTAINABLE OPPORTUNITIES

Economic: The approval of the attached resolution will result in a positive economic impact on the City by providing funds for additional capital improvement projects.

Environmental: There are no environmental opportunities associated with the transaction.

Social Equity: The various capital projects may be constructed in disadvantaged areas.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact to disability or senior citizen access following actions under this report.

RECOMMENDATIONS AND RATIONALE

Staff recommends that the City approve the resolution declaring the official intent of the City of Oakland to reimburse certain capital expenditures for the City of Oakland's sewer system from the proceeds of a future tax-exempt obligation.

ACTION REQUESTED OF THE CITY COUNCIL

In order to proceed with this reimbursement of capital improvement costs, Council will need to approve the resolution to declare the City's official intent that certain capital expenditures of the sewer system will be reimbursed from proceeds of a tax-exempt obligation to be issued in the future.

Respectfully submitted,



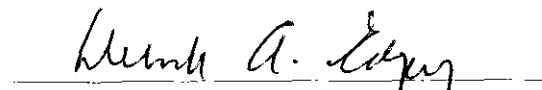
WILLIAM E. NOLAND

Interim Director, Finance and Management Agency

Prepared by:

Joseph T. Yew, Jr.
Treasury Manager

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT AGENCY


OFFICE OF THE CITY MANAGER

Michelle Sinton
CITY ATTORNEY CLERK

*** ATTACHMENT ***

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OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

A RESOLUTION DECLARING THE OFFICIAL INTENT OF THE CITY OF OAKLAND REGARDING CERTAIN CAPITAL EXPENDITURES FOR TO THE CITY OF OAKLAND'S SEWER SYSTEM TO BE REIMBURSED FROM THE PROCEEDS OF A TAX-EXEMPT OBLIGATION

WHEREAS, the City of Oakland ("City") has identified various capital projects relating to the City's sewer system, as described in Exhibit A attached hereto (collectively, the "Projects"); and

WHEREAS, all or a portion of the expenditures relating to the Projects (the "Expenditures") have been paid within the sixty (60) days prior to the passage of this Resolution or will be paid on or after the passage of this Resolution; and

WHEREAS, the City intends to finance the costs of the Projects, plus related closing costs, with the issuance of tax-exempt obligations; and

WHEREAS, Federal tax law requires an issuer of tax-exempt obligations to declare its intention if the issuer expects to spend its funds on a project and later reimburse itself for those expenditures from the proceeds of tax-exempt obligations; and

WHEREAS, the City reasonably expects to reimburse the Expenditures, plus related closing costs, by issuing tax-exempt obligations; and

WHEREAS, the maximum principal amount of tax-exempt obligations which the City will issue and use to reimburse itself for the Projects, plus related closing costs, is \$75,000,000; and

WHEREAS, the requirements of the California Environmental Quality Act (CEQA) of 1970, the Guidelines as prescribed by the Secretary for Resources and the provisions of the Statement of Objectives, Criteria and Procedures for Implementation of the California Environmental Quality Act have been satisfied and that in accordance with the California Code of Regulations the actions authorized by this Resolution are categorically exempt from the provisions of CEQA;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND HEREBY RESOLVES:

SECTION 1. The City reasonably expects to reimburse the Expenditures with proceeds of one or more obligations to be issued by the City or another entity of the City or in which the

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City is a member or which the members of the City Council act as the governing board or whose debt is subject to the approval of the City Council.

SECTION 2. The maximum principal amount of the obligations expected to be issued for the Projects is \$75,000,000.

SECTION 3. This Resolution is a declaration of official intent to reimburse expenditures pursuant to Treasury Regulations Section 1.150-2.

SECTION 4. This Resolution complies with the California Environmental Quality Act.

SECTION 5. All actions of the officers, agents and employees of the City or other entity of the City that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption of this Resolution, are hereby ratified and confirmed.

SECTION 6. This Resolution shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

AYES BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD

City Clerk and Clerk of the Council
of the City of Oakland, California

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REVENUE BOND FUNDED PROJECTS

Fund Project	Project Description	Council District	Demand
3100 C136310	Sewer Replacement in easement 39TH AVE/Merra Street	5	346,815
3100 C157910	Sewer Rehabilitation in MacArthur, 39th Ave, Reinhardt and Madrone St. Area	4	2,400,000
3100 C158010	Sewer Rehabilitation in MacArthur Blvd., 73rd Ave., Sunkist, 75th Ave. Area	6	954,800
3100 C158110	Sewer Rehabilitation in Crest Ave, Michigan Ave, 82nd Ave & MacArthur Blvd	6	1,801,800
3100 C158210	Sewer Rehabilitation in School, Rhoda, Steinmetz & Maple Streets Area	4 & 6	2,090,000
3100 C158310	Sewer Rehabilitation in Vallejo, 67th, San Pablo Ave and 59th St. Area	1	2,400,000
3100 C158410	Mainlake Relief Sewer Mandela Pkwy to Poplar St. Sewer Relief	2, 3	1,560,000
3100 C158510	Mainlake Relief Sewer Poplar St. to Adeline Sewer Relief	3	2,100,000
3100 C165210	Sewer Rehabilitation in 63rd, Occidental, Adeline, 59th St, San Pablo Ave. Area	1	2,101,000
3100 C165910	Sewer Easement off La Cresta Ave between E38th / Hampel	4	228,800
3100 C171010	Sewer Rehabilitation in Crestmont Drive	4	132,180
3100 C171110	Sewer Rehabilitation (Florida, Madeline, Locarno, Oak, Longridge, Skyline)	1, 2, 3 & 4	291,500
3100 C199510	Sewer Rehabilitation Brentwood and Melvin	4	81,510
3100 C200610	Sewer Rehabilitation in Pinehaven and Valley View	4	192,500
3100 C211910	Sewer Replacement in Wood Drive	3	220,431
3100 C212010	Sewer Rehabilitation in E.15th St. from 18th Ave. to 19th Ave.	6	40,056
3100 C219510	On-Call Emergency Repairs	City Wide	750,000
3100 C227310	Rehabilitation of Sewers in Midvale Ave, I-580 FWY, Laurel Ave, Carlsen St Area	4	2,365,000
3100 C227410	Relief Sewer in Beaumont E23rd to I-580	5	100,000
3100 C227510	Mainlake Relief Serwer in Grand, Filbert to Isabella	3	1,364,000
3100 C227610	Mainlake Relief Sewer in Grand, Chestnut to Filbert	3	2,180,000
3100 C227710	Sewer Rehabilitation in Franklin, Broadway, and 11th Area	2 & 3	340,000
3100 C227810	Sewer Rehabilitation in Shetland, Malcolm, Scotia & Skyline Area	7	1,059,000
3100 C228810	Emergency Sewer repairs 03-04	City Wide	2,300,000
3100 C228910	Emergency Sewer repairs 04-05	City Wide	2,300,000
3100 C57410	Sewer Replacement in Elmwood Avenue	5	25,200
3100 C59310	Sewer Rehabilitation in Lakeside, 13th, Alice and Harrison Area	3	2,414,500
3100 C65120	Sewer Rehabilitation Market, 45th, and West	4	1,843,325
3100 C65210	Sewer Rehabilitation in 27th, FWY 580 and Harrison Area	3	1,688,500
3100 C67310	Sewer Rehabilitation in Easement off Nairobi Place	6	275,000
3100 C67410	Sewer Rehabilitation in easement btwn Ashmont & Portal	2	240,000
3100 C72910	Sewer Rehabilitation in Seneca, MacArthur, Stearns Area	7	1,824,900
3100 C74710	Sewer Rehabilitation in Franklin, 12th and Harrison Area	2	937,750
3100 C79110	Sewer Rehabilitation in Skyline, Elysian Fields, Golf Links Rd. Area	7	378,400
3100 C79310	Relief Sewer in MLK Jr. Way from Clay Street to 6th Street Area	3	1,155,000
3100 C79710	Relief Sewer in 29th Ave, E 14th St, 28th Ave	5	1,007,600
3100 C79810	Relief Sewer in Grand Ave from Market to MLK	3	1,620,000
3100 C80010	Relief Sewer in Curran Ave, School St, and Wilson Ave	4	2,009,084
3100 C81310	Relief Sewer in Dimond Ave and Sloan to Dimond Park	4	660,000
3100 C95510	Mainlake Relief Sewer from EBMUD Interceptor to Mandela Parkway	3	804,000
3100 C95810	Sewer Rehabilitation in High St, Hwy 880, 56th Ave, and North of Coliseum Way	6	905,894
3100 C96010	Sewer Rehabilitation & Relief Sewer in Shattuck, 63rd, Adeline Area	1	1,912,020
3100 C96110	Sewer Rehabilitation in E24th St, 17th Ave, E 14th and 13th Ave Area	2	5,587,200
3100 C96210	Sewer Rehabilitation in Crest, 82nd, Golf Links & Blandon Road Area	7	1,449,800
3100 C96310	Relief Sewer in 14th Ave at E 12th St., E 26th St. and E 29th St.	2	488,400
3100	State Revolving Fund Loan Repayment 03-04	1, 2, 6 & 7	916,000
3100	State Revolving Fund Loan Repayment 04-05	1, 2, 6 & 8	916,000

58,757,965