



CITY COUNCIL AGENDA REPORT

MEETING DATE: DECEMBER 6, 2005

ITEM NUMBER:

SUBJECT: RESOLUTION DECLARING INTENT TO REIMBURSE FROM DEBT PROCEEDS FOR THE POLICE FACILITY EXPANSION/RENOVATION PROJECT

DATE: NOVEMBER 18, 2005

FROM: FINANCE DEPARTMENT /ADMINISTRATION DIVISION

PRESENTATION BY: MARC PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: MARC R. PUCKETT (714) 754-5243

RECOMMENDATION:

Approve attached resolution number _____ declaring the City's intention to reimburse expenditures from the proceeds of obligations to be issued by the City for the Police facility expansion/renovation project and directing certain actions with respect thereto.

BACKGROUND:

As part of the Fiscal Year 2005-2006 Adopted Operating Budget, the City Council approved the Police Facility Expansion and Renovation Project. The budget, as adopted, anticipates that the project costs related to the Police facility expansion and renovation would be financed.

The Police facility was constructed in the mid 1960's. At that time, the City was less than half of its current size in population and in developed space and infrastructure. In the last forty years the City's population has more than doubled and the City is now over 97% "built out." As a result, the Police department has had a corresponding growth in service demands. The total department personnel has doubled during the forty year period to meet the increased service demand. However, the available work space to house those additional personnel has not increased. Therefore, this project is necessary to meet those additional space needs of the Police department.

A staff report to award a contract to Meyer and Allen Associates in the amount of \$883,100 for architectural fees will be considered by Council on the December 6, 2005 Council agenda. These fees are directly related to the project costs of the Police facility expansion/renovation project and were considered as part of the total project costs expected to be financed through issuance of debt during the first quarter of 2006.

In order for these costs to be financed as part of the total project costs, the Internal Revenue Service requires that a "reimbursement resolution" be adopted by the City. This resolution allows the City to "reimburse" its General Fund for project costs that were expected to be financed but were paid up to six months prior to the issuance of the debt due to the project timeline or other reasons.

ANALYSIS:

If the City intends to undertake the design, acquisition, construction, and installation of the improvements to the Police facility and expend a portion of the project costs prior to issuance of the related debt, the reimbursement resolution is necessary to allow the expenditures to be considered as part of the total project costs.

This resolution is recommended for adoption solely for the purposes of establishing compliance with the requirements of section 1.150-2 of the Internal Revenue Code. This resolution does not bind the City to make any expenditure, incur any indebtedness or proceed with the financing, acquisition or construction of the improvements to the Police facility. All of the reimbursable expenses to be covered by this resolution have not been made, but could not be made earlier than 60 days prior to the date this resolution is adopted.

ALTERNATIVES CONSIDERED:

No alternatives were considered.

FISCAL REVIEW:

There is no fiscal impact for the adoption of the resolution. However, adoption of the resolution is a requirement to establish compliance with the Internal Revenue Code requirements set forth in section 1.150-2 of the Treasury Regulations. Failure to adopt the resolution will result in the exclusion of any expenditures made prior to entering into the financing arrangement from the amount to be financed related to the Police facility expansion/renovation project.

LEGAL REVIEW:

The attached resolution has been reviewed and approved as to form.

MARC R. PUCKETT
Director of Finance

Attachment:

(1) [Reimbursement resolution number _____ to with the requirements of section 1.150-2 of the Internal Revenue Code.](#)