



DATE: April 2, 2024

TO: Mayor and City Council

FROM: Director of Finance/Direct of Public Works

SUBJECT: Adopt A Resolution Declaring the City of Hayward’s Intention to Issue Tax-Exempt Obligations and Preserving the Ability for the City to Reimburse Itself for Expenses Associated with the Water Resource Recovery Facility (WRRF) Project.

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) regarding the intention to issue tax-exempt obligations and preserving the ability for the City to reimburse itself for expenses associated with the Water Resource Recovery Facility (WRRF) including a new administration building, facility improvements, and a primary effluent flow equalizer and other associated project costs, Project Nos. 07760, 07786 and 07749, respectively.

SUMMARY

The City is currently undertaking the design, engineering and funding alternatives for the Water Resource Recovery Facility (WRRF) projects, formerly known as Water Pollution Control Facility (WPCF). The City may elect to finance certain portions of its Capital Improvement Program from tax-exempt obligations. Federal tax law allows the City to reimburse itself from the proceeds of tax-exempt obligations for capital costs that the City pays prior to the issuance of such tax-exempt obligations. In order to reimburse itself, the City Council must adopt a resolution stating its intent to reimburse itself should tax-exempt obligations be issued.

BACKGROUND AND DISCUSSION

This item involves consideration of adopting a resolution permitting reimbursements not to exceed \$489,000,000 for costs related to the WRRF projects which are incurred before tax-exempt obligations, if any, are incurred. Costs that are eligible for reimbursement must have been paid no more than 60 days before the adoption of the resolution, and the reimbursement must occur within three years after the eligible costs are paid. The foregoing limitations do not apply to “soft” costs such as preliminary studies and reports.

Adoption of the reimbursement resolution will allow for reimbursement of construction-related costs incurred by the Wastewater Enterprise Fund, which will replenish funds available for ongoing maintenance and operations.

Adopting the reimbursement resolution provides the City with the option to manage the project cash flow and funding options which are anticipated to include existing fund balances, WIFIA loan proceeds, wastewater revenue bond proceeds and potentially other unidentified funding sources. In order to treat prior expenditures as eligible for reimbursement from tax-exempt bond proceeds, the City Council must approve the resolution. Prior to the issuance of any bonds or debt for these projects, staff would need to return to City Council for authorization.

ECONOMIC IMPACT

There is no direct economic impact associated with approving this item.

FISCAL IMPACT

There is no direct fiscal impact to this Resolution as the approval merely states the intent of the City to issue tax-exempt obligations, and not the actual issuance of tax-exempt obligations. Staff will return to Council at a future date with greater detail on fiscal impacts when amounts are more specific to the project and financing necessary to complete it is known. .

STRATEGIC ROADMAP

This agenda item supports the various goals of Council's Strategic Roadmap. The WRRF Improvements Phase II Project will address infrastructure needs and improvements to increase the reliability of the City's treatment plant, and construct process improvements to meet more stringent nutrient limits in accordance with upcoming regulatory requirements, while supporting the goals of the City Council. Specifically, this item relates to the implementation of the following projects:

Confront Climate Crisis & Champion Environmental Justice.

Mitigate Climate Crisis Impacts through Resilient Design and Community Engagement
Project C14b: Implement Shoreline Master Plan, including mitigating sea level rise in the industrial corridor through building requirements and outreach

Invest in Infrastructure.

Invest in Water Supplies, Sanitation Infrastructure & Storm Sewers
Project N19: Update Water Pollution Control Facility Phase II Plan

PUBLIC CONTACT

The agenda for this item was posted in compliance with the California Brown Act.

NEXT STEPS

There are no immediate next steps as this Resolution is merely stating the intent of the City to issue tax-exempt obligations.

Prepared & Recommended by:

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Nicole Gonzales, Director of Finance

Approved by:



Kelly McAdoo, City Manager