

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

**Agenda Date:** 11/17/08

**Reviewed by:** BP

**SUBJECT:** Authorization of the City Administrator to contract for professional services related to financing pending capital expenditures.

**RESOLUTION:** Resolution 08-71 A RESOLUTION OF THE ALBANY CITY COUNCIL AUTHORIZING THE CITY ADMINISTRATOR TO EXECUTE AGREEMENTS FOR FINANCIAL ADVISING AND FOR LEGAL SERVICES FOR THE PURPOSE OF FINANCING AN AMOUNT NOT TO EXCEED \$5,000,000, FOR THE CONSTRUCTION OF STORM DRAIN AND SEWER IMPROVEMENTS, AND THE PURCHASE OF REAL PROPERTY TO BE USED AS A PUBLIC WORKS MAINTENANCE CENTER

**REPORT BY:** Charlie Adams, Finance and Administrative Services Director  
Beth Pollard, City Administrator

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**STAFF RECOMMENDATION**

That Council approve the Resolution #08-71 to authorize the City Administrator to execute agreements for financial advisory services with Wulff Hansen, and legal services with Jones Hall.

**BACKGROUND**

On July 7, 2008 the City Council adopted Resolution 80-43 authorizing the execution of a financing lease to provide funds of \$2,587,000 towards the construction of storm drain and sanitary sewer improvements on Neilson Street. Due to problems that arose in the financial markets, the approved lease was not executed. As a result, it is necessary that new financing arrangements be established to pay for the construction, which is proceeding as authorized.

The City has long recognized the need to acquire a permanent maintenance facility, and has explored various potential solutions over the last several years. Should acquisition be authorized by the City Council in the foreseeable future, having a financing mechanism in place will assist in the transaction.

## **DISCUSSION/ANALYSIS**

The need to contract with a financial advisor to assist in execution of financing of the storm drain constructions is current and of high priority, as progress payments are already due. While the City is capable of internally financing the project with capital funds on a temporary basis, permanent financing should be arranged immediately, so as not to jeopardize commencement of other approved capital projects.

The resolution presented does not authorize execution of any financing agreements, but it allows the staff to develop proposals for presentation to the Council.

## **SUSTAINABILTY**

Not applicable.

## **FINANCIAL IMPACT**

There is no financial impact from the action taken by this resolution. The City will incur costs of issuance upon entering a sale – leaseback agreement or issuance of certificates of participation, and the fees for advisor and legal services will be included in these costs.

Further actions are anticipated that will provide for lease or bond payments to be made from revenue currently received from the Albany Street Paving and Storm Drain Facility Improvement Tax, and the City of Albany Sewer Service Charges. No new or additional taxes will be required, and no General Fund revenues will be utilized for the lease payments. The full impact of purchase of property for a maintenance center is not currently known, but the general approach would be to apply funds currently used for lease payments for the debt service, resulting in no net impact on the General Fund.

## **ATTACHMENT**

Resolution 08-71