



CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

AGENDA ITEM

Report: Introduction of the Ordinance Authorizing Issuance of Electric Revenue Bonds.

1. Ordinance authorizing issuance of Electric Revenue Bonds 2024 Second Series.

COUNCIL ACTION

Item Type: Action Item

Approved for May 21, 2024 **calendar**

EXECUTIVE SUMMARY

Glendale Water and Power's (GWP) financial plan intends to issue revenue bonds in three tranches of approximately \$166 million each. The first tranche of \$166.9 million was issued in February 2024, the second tranche is expected to be issued in August 2024, and the third tranche is expected to be issued in August 2025. The funds will be used primarily to support the Grayson Repowering Project, as well as provide funding as necessary for the Scholl Biogas Renewable Generation Project, City-Owned Solar Projects, and certain distribution system improvements as they relate to the City's Zero-Carbon Energy initiatives.

RECOMMENDATION

Approve the herein-requested actions to authorize staff to proceed with the preparation and issuance of the Electric Revenue Bonds 2024 Second Series by introducing the Ordinance authorizing the issuance of the bonds.

ANALYSIS

GWP is currently in the process of constructing the Grayson Repowering Project, the Scholl Canyon Landfill Biogas Renewable Generation Project, and to acquire and/or construct, as necessary, certain improvements to the City's electric public utility, such as 4kV to 12kV feeder upgrades, solar generation facilities installed on city properties, substation improvements, meter upgrades, vault replacement and transmission and distribution improvements and pole replacements. As GWP does not have unrestricted cash reserves to fund these efforts and they cannot be funded through operations alone, GWP proposes to issue debt in the form of electric revenue bonds. GWP intends to issue approximately \$500 million of revenue bonds. The first issuance of \$166.9 million closed in February 2024, and the next issue is scheduled to close in August 2024. The third issuance is planned to close in August of 2025.

Additionally, the electric revenue bonds will provide funds to make a deposit to a debt service reserve fund, and to pay the costs of issuance of the New Money Bonds. The maximum debt service is projected to increase to approximately \$32.7 million after the second bond issuance and projected to increase to approximately \$42.9 million after the third bond issuance.

STAKEHOLDERS/OUTREACH

Not Applicable.

FISCAL IMPACT

The issuance of the revenue bonds is projected to increase interest cost approximately \$4.0 million in fiscal year 2025, and issuance costs are estimated to be \$500,000. Future expenses have been requested as part of the annual budget process.

ENVIRONMENTAL REVIEW

Not applicable for the action requested as the action does not involve a project for the purposes of California Environmental Quality Act.

CAMPAIGN DISCLOSURE

Not Applicable.

ALTERNATIVES

Alternative 1: Choose not to authorize the actions requested and recommended in this report, in which case the second series of bonds will not be issued and several capital projects including, but not limited to, the Grayson Repowering Project will need to be suspended.

Alternative 2: Consider any other alternative not proposed by staff.

ADMINISTRATIVE ACTION

Submitted by:

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Prepared by:

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Approved by:

Roubik R. Golanian, P.E., City Manager

EXHIBITS / ATTACHMENTS

None.