

January 20, 2005

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
January 25, 2005

**ADVANCE OF FUNDS TO BAYVIEW IMPROVEMENT DISTRICT FOR PAYMENTS
TO SOUTHERN CALIFORNIA EDISON (SCE) AND VERIZON**

Recommendation

It is recommended that the City Council approve an advance of funds from the Tyco Fund to the Bayview Improvement Fund in the amount of \$800,000 for payments to SCE and Verizon for costs of utility undergrounding.

Background

Quotations from SCE and Verizon are good for 90 days. Payment is due by February 14, 2005 in order to maintain the same cost estimates for the Bayview District.

Analysis

Since the 30-day cash payment period, which began two days after the balloting took place, does not end until February 14, 2005, it is not possible to sell the bonds and close in time to provide funds for the payments to SCE and Verizon. It is therefore recommended that the City advance the funds to the District, charging an interest rate equal to the Local Agency Investment Fund (LAIF) rate in effect at the time. Estimated interest for 20 days would be \$956 at an estimated 2.15% (check issuance to SCE and Verizon will be on 2/10/05.)

In the future, if a longer guarantee period for the estimates cannot be arranged with SCE and Verizon, staff will ask for an advance to be approved, if needed, with the district formation documents.

Respectfully submitted,

Concur:

Viki Copeland
Finance Director

Stephen Burrell
City Manager