

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the Third Construction Projects Report (CPR) for Fiscal Year 2023-24.

Recommendation for Council action, SUBJECT TO APPROVAL OF THE MAYOR:

1. AUTHORIZE the Controller to transfer \$15,313,931.82 between departments and funds as specified in Attachment 1.
2. AUTHORIZE the Controller to transfer \$6,591,186.30 between accounts within departments and funds as specified in Attachment 2.
3. In accordance with Recommendation No. 1, authorize the Controller to reimburse the General Fund from monies within the Municipal Improvement Corporation of Los Angeles (MICLA) upon City Administrative Officer (CAO) approval and receipt of invoices by departments for construction materials and supplies for completed work to include labor services documentation that must contain an hourly breakdown with task codes detailing the completed MICLA eligible work, relative to the departmental accounts designated for the following projects:
  - a. Facilities Improvements: Security Surveillance System (Van Nuys Yard) and Silver Lake Yard Parking Improvement Project (Item J)
  - b. Electric Vehicle (EV) Infrastructure for Yards and Facilities (Item K)
  - c. EV Chargers at Various Locations (Item EE)
  - d. Bureau of Engineering Trailer Capital Repairs – Los Angeles Zoo Department (Item MM)
4. REAUTHORIZE the use of up to \$20,327,000 in MICLA funding authority for various projects and allow use beyond the City's Three-Year Spending Policy.
5. RESCIND the prior Controller's instructions approved by Council as part of the 2023-24 First CPR relative to the appropriation of \$1.1 million in MICLA financing authorized for the Zoo's Adventure Island demolition project.
6. REPROGRAM the use of \$201,382 in MICLA financing provided in the 2022-23 Adopted Budget and later designated for Langur Bridge Repair/Replacement project for structural repairs at the Los Angeles Zoo's Gorilla Tunnel and the Bongo Bridge.
7. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized through this report, as required to implement the intent of those transactions.

Fiscal Impact Statement: The CAO reports that the recommendations stated in the report dated November 30, 2023 include transfers, appropriations, and expenditure authority totaling \$21.90 million consisting of \$3.11 million General Fund, \$1.42 million MICLA, \$1.43 million Capital and Technology Improvement Expenditure Program, \$1.71 million from grant awards, and \$14.23 million of various

special funds. All transfers and appropriations are based on existing funds, reimbursements, or revenues. There is no additional General Fund impact for operations and maintenance costs as a result of these recommendations (Attachment No. 3).

Financial Policies Statement: The CAO reports that the actions recommended in this report include estimated amounts needed to fund ongoing maintenance, programming and operating needs of the projects, which complies with the City's Financial Policies.

Debt Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The transfer of \$250,000 in MICLA funds to Bureau of Street Services (BSS) and General Services Department's (GSD) budgetary accounts (Item J) would cause the City to borrow \$250,000 at an approximate 5.5 percent interest rate over 20 years. The transfer of \$100,000 in MICLA funds to BSS's budgetary accounts (Item K) for the implementation of EV infrastructure and charging stations at the North Hollywood Yard, East Yard, and Cahuenga Pass Yard would cause the City to borrow \$100,000 at an approximate 5.5 percent interest rate over 20 years. The appropriation and transfer of \$446,295 in MICLA funds to GSD's budgetary accounts (Item MM) to fund capital improvements required to create additional staff space for Zoo employees would cause the City to borrow \$446,295 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for these three projects is \$1,333,000, including interest of approximately \$536,000. During the life of the bonds, the estimated average annual debt service is \$67,000 over 20 years.

The appropriation of \$385,724 in MICLA funds to GSD's budgetary accounts (Item EE) for the installation of 12 EV chargers at various locations would cause the City to borrow \$384,724 at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service for these three projects is \$512,000 to include interest of approximately \$126,000. During the life of the bonds, the estimated average annual debt service is \$51,000 over 10 years.

The future of interest rates cannot be fully predicted, therefore actual interest rates are dependent on market conditions at the time of issuance. In accordance with the City's Debt Management Policy, the City has established a debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The 2023-24 Adopted Budget non voter-approved debt ratio is 2.54 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non voter-approved debt limit.

Community Impact Statement: None submitted

**(This item is also referred to the Budget, Finance and Innovation Committee)**

## SUMMARY

At the meeting held on January 23, 2024 your Government Operations Committee considered a CAO report relative to the Third Construction Projects Report (CPR) for Fiscal Year 2023-24.

After an opportunity for public comment was held, the Committee moved to approve the recommendations, as stated above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

GOVERNMENT OPERATIONS COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PADILLA	YES
HERNANDEZ	YES
HUTT	ABSENT

JL 23-0842-S2 01-23-24

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**