

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the 2023-2024 Second Construction Projects Report (CPR) and Addendum.

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

APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated October 23, 2023, and Second CPR Addendum dated October 30, 2023, attached to the Council file.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$34.12 million are recommended in the report. Of this amount, \$9.74 million is for transfers, appropriations, and expenditure authority for the Bureau of Engineering, \$6.19 million for the Bureau of Street Lighting, \$5.64 million for the Bureau of Street Services, \$4.64 million for the Department of General Services, and \$7.91 million for other City Departments. All transfers and appropriations are based on existing funds, reimbursements, or revenues. There is no immediate General Fund impact for operations and maintenance costs as a result of the recommendations contained in Attachment No. 4 of the CAO report dated October 23, 2023. There is no additional impact on the General Fund as a result of the actions recommended in the Addendum.

Debt Impact Statement: The CAO further reports the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) debt is a General Fund obligation. The reauthorization and repurpose of 2020-21 MICLA funding authority to the Reseda Skate Facility Project (Item I in the CAO report dated October 23, 2023) would cause the City to borrow \$686,000 at an approximate 5.5 percent interest rate over 20 years. The issuance of MICLA for the reauthorization of six projects with expired authority beyond the City's Three-Year Spending Policy as listed in Item J below would cause the City to borrow \$6.9 million at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for the Reseda Skate Facility project and the six Item J projects is \$12.7 million, including interest of approximately \$5.1 million. During the life of the bonds, the estimated average annual debt service is \$635,000 over 20 years. The issuance of MICLA to reauthorize \$8 million in 2023-24 MICLA financing for the Pio Pico Library Pocket Park (\$2 million) and the Old Arlington (Washington Irving) Library (\$6 million) projects would cause the City to borrow \$8 million at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for these two projects is \$13.4 million, including interest of approximately \$5.4 million. During the life of the bonds, the estimated average annual debt service is \$670,000 over 20 years. Because future interest rates cannot be fully predicted, 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 an established 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 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.

There is no debt impact to the General Fund as a result of the recommendations in the report as there are no new debt issuance authorizations recommended in the Addendum.

Financial Policies Statement: The CAO reports the actions recommended in the CAO report and Addendum comply with the City's Financial Policies.

Community Impact Statement: None submitted

(Budget, Finance and Innovation Committee waived consideration of the matter)

SUMMARY

At a special meeting held on November 08, 2023, your Government Operations Committee considered the recommendations contained in the CAO report dated October 23, 2023, and Second CPR Addendum dated October 30, 2023, attached to the Council file.

After an opportunity for public comment was held, the Government Operations Committee approved the recommendations in the CAO report and addendum. 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:	YES

CGR 11-08-23 23-0842-S1

-NOT OFFICIAL UNTIL COUNCIL ACTS-

-NOT OFFICIAL UNTIL COUNCIL ACTS-

CGR 11-08-23 23-0842-S1