

TRANSPORTATION COMMITTEE and BUDGET, FINANCE AND INNOVATION COMMITTEE JOINT REPORT relative to the 2024-25 First Transportation-Related Construction Projects Report.

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

- 1. APPROVE Recommendations Nos. 1 through 4 and 6 through 7 contained in the City Administrative Officer (CAO) report dated August 1, 2024, attached to the Council file.
- 2. AUTHORIZE the Controller to amend the appropriation for the Sixth Street Viaduct Replacement Project (Item D) in Recommendation No. 1 as follows:

<u>From: Fund 51Q/94, Measure R Local Return Fund</u>	
Account No. 94WM16, Bridge Maintenance Program	<u>\$60,000</u>
<u>To: Fund 100/40, General Services Department</u>	
Account No. 001014, Salaries Construction Projects	\$40,000
Account No. 003180, Construction Materials	<u>\$20,000</u>
Total:	\$60,000

- 3. RESCIND Recommendation No. 5, which authorizes the Controller to reimburse the General Fund and Municipal Improvement Corporation of Los Angeles (MICLA), upon approval of the CAO, City departments' labor costs, construction materials, and supply invoices for completed work for the Sixth Street Viaduct Replacement Project (Item D) as the financial transaction does not use MICLA financing for the inspection support services.

Fiscal Impact Statement: The CAO reports that the recommendations listed in the report and amendment include transfers, appropriations, and authority for expenditures totaling \$38.8 million. This consists of \$29.54 million for grants, \$8 million from various special funds, \$0.06 million in MICLA financing, and \$1.2 million from the General Fund. 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 the recommendations in Attachment 4 of the CAO report.

Financial Policies Statement: The CAO reports that the recommendations stated in the report and amendment comply with the City's Financial Policies in that appropriations of funds are limited to cash and anticipated revenues in the current budget year.

Debt Impact Statement: The CAO reports that issuance of MICLA debt is a General Fund obligation. The issuance of MICLA financing for the Sixth Street Viaduct Replacement Project (Item D) would cause the City to borrow \$60,000 at an approximate 5.5 percent

interest rate over a period of 20 years. The total estimated debt service for this capital improvement project is \$100,400, including interest of approximately \$40,400. During the life of the bonds, the combined estimated average annual debt service is \$5,020 over a 20-year period.

Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future. In accordance with the City 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 six (6) percent. The 2024-25 Adopted Budget non voter-approved debt ratio is 2.66 percent. The issuance of debt for this project will not cause the City to exceed the six percent non voter-approved debt limit.

Community Impact Statement: None submitted.

Summary:

On August 7, 2024 and August 14, 2024, the Transportation Committee and the Budget, Finance and Innovation Committee, respectively, considered an August 1, 2024 CAO report relative to the 2024-25 First Transportation-Related Construction Projects Report and an amendment to the recommendations contained therein. According to the CAO, the report includes transfers totaling \$38.8 million. The recommendations provide sufficient cash flow for construction activities in the Public Right of Way (PROW), offset funding shortfalls, and authorities needed to complete authorized projects utilizing various capital funds. After consideration and having provided an opportunity for public comment, the Committees moved to recommend approval of the recommendations contained in the CAO report as amended by the CAO. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Transportation Committee

COUNCILMEMBER	VOTE
HUTT:	YES
PARK:	ABSENT
HERNANDEZ:	YES
DE LEON:	YES
RAMAN:	YES

RM
8/07/24

Budget, Finance and Innovation Committee

COUNCILMEMBER	VOTE
BLUMENFIELD:	YES
RODRIGUEZ:	YES
MCOSKER:	YES
YAROSLAVSKY:	YES
PARK:	YES

LV

8/14/24

-NOT OFFICIAL UNTIL COUNCIL ACTS-