

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the First Construction Projects Report (CPR) for Fiscal Year (FY) 2024-25

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

1. AUTHORIZE the Controller to:

- a. Transfer \$16,348,288 between Departments and Funds as detailed in Attachment 1 of the August 7, 2024 City Administrative Officer (CAO) report, attached to the Council File.
- b. Transfer \$1,425,000 between accounts within Departments and Funds as specified in Attachment 2 of the August 7, 2024 CAO report, attached to the Council File.
- c. Appropriate \$10,093,042 between accounts within Departments and Funds as specified in Attachment 3 of the August 7, 2024 CAO report, attached to the Council File.
- d. Reimburse, in accordance with Recommendation No. 1, the General Fund within Municipal Improvement Corporation of Los Angeles (MICLA), upon CAO approval and receipt of requesting Departments' labor services, construction materials, and supply invoices 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:
 - i. Madrid Theatre (Item A)
 - ii. Madrid Theatre - Transfer of Expenditures (Item B)
 - iii. Yards and Shops Capital Equipment (Item M)
 - iv. Los Angeles Mall Escalator (Item T)
 - v. North Hollywood Yard (Item U)
 - vi. Raymer Street Yard (Item V)
 - vii. City Hall East Elevator Control (Item W)
 - viii. Access Control Equipment Legacy Replacement (City Hall/Personnel Building) (Item X)
 - ix. Fire Station No. 77 Façade Repair (Item BB)

- x. Security Improvement Projects (Item DD)
 - xi. Metropolitan Detention Center Electric Vehicle (EV) Chargers (Item EE)
 - xii. Worth Street ESD Canopy Project (Item FF) Reauthorization of MICLA Financing for Various Projects (Item K)
2. REAUTHORIZE the use of up to \$16,294,846 in MICLA financing previously approved in the Adopted Budget for the following projects:
- a. Engine Co. 23 Youth Arts Center (\$1.6 million in 2023-24)
 - b. Roger Jessup Childcare Center (\$2.0 million in 2024-25)
 - c. Warner Grand Theatre (\$4.2 million in 2024-25)
 - d. Livability Services Division Harbor Regional Facility (\$0.69 million in 2024-25, Account No. 50AHRF)
 - e. Barnsdall roof capital improvements (\$1.5 million in 2023-24)
 - f. Los Angeles Zoo (LA Zoo) various capital infrastructure projects (\$4.1 million in 2023-24 and \$2.2 million in 2024-25)
3. REAUTHORIZE (Reauthorization of Expired MICLA Financing, Item L) the use of up to \$29,071,602.33 in prior MICLA financing included in the following prior Adopted Budgets:
- a. 2016-17 (\$0.96 million)
 - b. 2017-18 (\$0.78 million)
 - c. 2018-19 (\$0.96 million)
 - d. 2019-20 (\$3.71 million)
 - e. 2020-21 (\$7.85 million)
 - f. 2021-22 (\$14.01 million)
 - g. 2022-23 (\$0.80 million)
4. AUTHORIZE the continued use of the funds detailed above in Recommendation No. 3 beyond the City's MICLA Three-Year Spending Policy.

5. 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 August 7, 2024 CAO report, attached to the Council File, include transfers, appropriations, and authority for expenditures totaling \$27.87 million. This consists of \$11.67 million from various special funds, \$8.43 million in MICLA financing, \$7.50 million in CTIEP funds, and \$0.27 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 these recommendations (Attachment No. 4 of the August 7, 2024 CAO report).

Financial Policies Statement: The CAO reports that the recommendations stated in the August 7, 2024 CAO report, attached to the Council File, comply with the City's Financial Policies in that appropriations for funds are limited to available cash balances needed to fund ongoing maintenance, programming, project shortfalls, and critical operational needs in the current budget year.

Debt Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The issuance of MICLA financing for the reauthorization of CTIEP projects included in this report would cause the City to borrow \$49,847,049 at an approximate five and a half percent interest rate over a period of 20 years. The total estimated debt service for the CTIEP projects is \$82,122,974, including interest of approximately \$32,650,449. The issuance of MICLA financing for Yards and Shops Capital Equipment and Los Angeles Fire Department (LAFD) Fleet Replacement would cause the City to borrow \$4,643,596 at an approximate five and a half percent interest rate over a period of ten years. The total estimated debt service for this equipment is \$6,160,556 including interest of approximately \$1,516,960. During the life of the bonds, the combined estimated average annual debt service is \$4,672,209 over the first 10 years and \$4,056,153 over the following ten years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. The CAO cannot fully predict what interest rates will be in the future. 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 six-percent. The 2024-25 Adopted Budget non-voter-approved debt ratio is 2.66 percent. The issuance of MICLA debt for these projects will not cause the City to exceed the six-percent non-voter-approved debt limit.

Community Impact Statement: None submitted.

Summary:

On August 13 2024, your Committee considered an August 7, 2024 CAO report relative to the First CPR for FY 2024-25. According to the CAO,

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Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA:	YES
HERNANDEZ:	YES
HUTT:	ABSENT

ARL

8/13/24

-NOT OFFICIAL UNTIL COUNCIL ACTS-