

BUDGET AND FINANCE COMMITTEE REPORT relative to the Fourth Construction Projects Report (CPR) for Fiscal Year 2021-22.

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

APPROVE the recommendations of the City Administrative Officer (CAO) as detailed in the Fourth Construction Projects report (CPR) for Fiscal Year 2021-22, dated March 30, 2022, attached to the Council file.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$29.44 million are recommended in this report. Of this amount, \$16.44 million is for transfers, appropriations, and expenditure authority for the Bureau of Engineering, \$5.63 million for the City Administrative Officer, and \$7.37 million is for other City funds. 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 these recommendations (Attachment No. 4).

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

Debt Impact Statement: The CAO reports that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Bonds is a General Fund obligation. The issuance of MICLA for the Sixth Street Viaduct Replacement Project, Fire Voice Radio System and Electric Vehicle Charging Stations, would cause the City to borrow \$22,919,508 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for these projects is \$38,358,000, including interest of \$15,438,000. During the life of the bonds, the estimated average annual debt service is \$1,918,000 over 20 years. 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'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 6.0 percent. The City is currently at 3.35 percent for 2021-22. The issuance of debt for these projects will not impact the City's debt capacity for non-voter approved debt as the issuance of debt for these projects is already included in the debt ratio.

Community Impact Statement: None submitted

SUMMARY

At its regular meeting held on April 11, 2022, the Budget and Finance Committee considered a CAO report relative to the Fourth CPR for Fiscal Year 2021-22.

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

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN	YES
BLUMENFIELD	YES
DE LEON	ABSENT
RODRIGUEZ	YES
PRICE	YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-