

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE REPORT relative to the First Construction Projects Report (CPR) for Fiscal Year 2022-23.

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

APPROVE the recommendations of the City Administrative Officer (CAO) as detailed in the First CPR for Fiscal Year 2022-23, dated July 25, 2022, and Addendum, dated July 29, 2022, attached to the Council file.

Fiscal Impact Statement: The CAO states in said CAO CPR that transfers, appropriations, and expenditure authority totaling \$9.23 million are recommended in said CAO CPR report. Of this amount, \$4.52 million is for transfers, appropriations, and expenditure authority for the Bureau of Engineering, \$1.77 million for the CAO, \$1.3 million for Department of General Services (GSD), and \$1.64 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 of said CAO CPR).

The CAO states in said CAO Addendum that transfers, appropriations, and expenditure authority totaling \$1.94 million are recommended in said CAO CPR report. Of this amount, \$1.94 million is for transfers, appropriations, and expenditure authority for the GSD. 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.

Debt Impact Statement: The CAO states in said CAO CPR that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Bonds is a General Fund obligation. The issuance of MICLA for the reauthorization of Municipal Facilities Capital Improvement Projects approved in the 2022-23 Adopted Budget would cause the City to borrow \$116,637,030 at an approximate 5.5 percent interest rate over 20 years. The issuance of MICLA for the reauthorization of Los Angeles Convention Center (LACC) Capital Improvement Projects with expired authority beyond the City's Three-Year Spending Policy would cause the City to borrow \$2,284,000 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for the 2022-23 Municipal Facilities and LACC Capital Improvement Projects is \$199,020,000, including interest of approximately \$80,099,000. During the life of the bonds, the estimated average annual debt service is \$9,951,000 over 20 years. The issuance of MICLA for the reauthorization of capital equipment acquisitions for various City departments approved in the 2022-23 Adopted Budget would cause the City to borrow \$69,650,537 at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service for the capital equipment acquisitions is \$92,400,000, including interest of approximately \$22,749,000. During the life of the bonds, the estimated average annual debt service is \$9,240,000 over 10 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 2022-23 Adopted Budget non voter-approved debt ratio is 2.97 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non voter-approved debt limit.

The CAO states in said CAO Addendum that there is no debt impact to the General Fund as a result of the recommendations in said CAO Addendum as there are no new debt issuance authorizations recommended.

Financial Policies Statement: The CAO states that the actions recommended in said CAO CPR and Addendum comply with the City's Financial Policies.

Community Impact Statement: None submitted

(Budget and Finance Committee waived consideration of the above matter)

SUMMARY

At the meeting held on August 4, 2022, your Information, Technology, and General Services Committee considered a CAO report and Addendum relative to the First CPR for Fiscal Year 2022-23.

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

Respectfully Submitted,

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
RAMAN	YES
BLUMENFIELD	YES
PRICE	YES

ME 8/4/22

-NOT OFFICIAL UNTIL COUNCIL ACTS-