

**BOARD OF PUBLIC WORKS
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CITY OF LOS ANGELES

CALIFORNIA



ERIC GARCETTI
MAYOR

**OFFICE OF THE
BOARD OF PUBLIC WORKS**

DR. FERNANDO CAMPOS
EXECUTIVE OFFICER

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012

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FAX: (213) 978-0278

<http://bpw.lacity.org>

November 30, 2022

BPW-2022-0771

The Honorable Mayor Garcetti
City Hall – Room 320
Los Angeles, CA 90012
Attn: Heleen Ramirez

The Honorable City Council
Room No. 395
City Hall

SHORT-TERM LOAN – PUBLIC WORKS TRUST FUND TO THE CONTROLLER'S OFFICE FOR GENERAL FUND CASH FLOW NEEDS

As recommended in the accompanying report from the Executive Officer of the Board of Public Works, which this Board has adopted, the Board of Public Works (Board) recommends that the Mayor and City Council:

1. AUTHORIZE a new \$30,000,000 loan from the Public Works Trust Fund (Fund 834/Dept. 50) to the Office of the City Controller (Fund 100/Dept. 62), to alleviate the City's General Fund short-term cash flow deficits;
2. FIND that the loan proceeds will be deposited into the City's General Fund No. 100 (Dept. 62), which interest is retained by said fund and is also the same fund where interest earned in the Public Works Trust Fund (PWTF) No. 834 is transferred to on an interim basis;
3. APPROVE the waiver of interest assessment;
4. AUTHORIZE the Board of Public Works, Director of Accounting, to transfer \$30,000,000 from available funds within the Public Works Trust Fund (Fund 834/Dept. 50/Debit BSA 1370 – Advance to Other Funds & Credit BSA 1010 – Cash) to the General Fund (Fund 100/Dept. 62/Debit BSA 1010 & Credit BSA 2360 - Advance from Other Funds);

5. AUTHORIZE reimbursement from the General Fund No. 100 (Dept. 62) upon receiving the Property Tax payment by December 23, 2022 and transfer said receipt to the PWTF (Fund 834/Dept. 50/BS TBD) by no later than December 24, 2022; and
6. AUTHORIZE the Board of Public Works, Executive Officer, or designee, to make any technical or accounting updates to the recommendations above to effectuate the intent of the Mayor and City Council.

(C.F. 22-0600-S87)

Fiscal Impact:

Loan disbursement to the City's General Fund will have a \$30 million general fund impact/obligation. If approved by the Board, the PWTF will provide a \$30 million loan to the Office of the City Controller to help address cash flow issues normally experienced by the City's General Fund during the first six months of the fiscal year. In addition, the Office of the City Controller will manage this by borrowing from other special revenue funds in addition to \$300 million from TRAN. If adopted, the loan disbursement from the PWTF will occur by no later than December 9, 2022. All short-term loans, including the recommended loan from the PWTF, will be paid off upon receipt of the City's Property Tax Payments by December 23, 2022.

As of June 30, 2022, pending loans in the PWTF had a total outstanding balance of \$26,684, 14 7. Not included in this amount are approved loans pending disbursement in the amount of \$172,361. This brings the total of the balance from outstanding loans and those approved loans pending disbursement to \$26,856,508. Total deposits in the PWTF, as of June 30, 2022, was \$144,294,611. This equates to an 18.6% Balance-to-Loan Percentage for the PWTF.

Adopted by the Board on November 4, 2022 was a loan to the Board of Public works for the amount of \$15.0 million to the Board to provide front funding for the CA for All Youth Workforce Grant. This increased the outstanding balance to \$41.0 million thus increasing the outstanding balance-to-loan ratio for the PWTF to 29.0%. If this \$30.0 million loan is approved, then this would increase the outstanding loan balance within the PWTF to \$71.0 million thus increasing the balance-to-loan ratio to 49.8%. The Board's balance-to-loan ratio target for the PWTF is at or below 25% but not to exceed 30%. Approval of this loan will put the balance-to-loan ratio 19.8% over its threshold. Due to the short nature of this loan (approximately two weeks), the Board feels that there is little to no risk as disbursement from the PWTF is expected to occur on December 9, 2022 with full repayment to occur within 14 days on December 23, 2022.

Sincerely,



DR. FERNANDO CAMPOS,
Executive Officer, Board of Public Works

BPW-2022-0771
ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles, California
AND REFERRED TO THE MAYOR
NOV 30 2022



RON GALPERIN
CONTROLLER

November 22, 2022

Honorable Members of
The Board of Public Works

SUBJECT: REQUEST FOR A SHORT-TERM LOAN FROM PUBLIC WORKS TRUST FUND TO THE CONTROLLER'S OFFICE FOR GENERAL FUND CASH FLOW NEEDS

RECOMMENDATIONS:

That the Board of Public Works (Board):

1. AUTHORIZE a new \$30,000,000 loan from the Public Works Trust Fund (Fund 834/Dept. 50) to the Office of the City Controller (Fund 100/Dept. 62), to alleviate the City's General Fund short-term cash flow deficits;
2. FIND that the loan proceeds will be deposited into the City's General Fund No. 100 (Dept. 62), which interest is retained by said fund and is also the same fund where interest earned in the Public Works Trust Fund (PWTF) No. 834 is transferred to on an interim basis;
3. APPROVE the waiver of interest assessment;
4. AUTHORIZE the Board of Public Works, Director of Accounting, to transfer \$30,000,000 from available funds within the Public Works Trust Fund (Fund 834/Dept. 50/Debit BSA 1370 – Advance to Other Funds & Credit BSA 1010 - Cash) to the General Fund (Fund 100/Dept. 62/Debit BSA 1010 & Credit BSA 2360 - Advance from Other Funds);
5. Authorize reimbursement from the General Fund No. 100 (Dept. 62) upon receiving the Property Tax payment by December 23, 2022 and transfer said receipt to the PWTF (Fund 834/Dept. 50/BS TBD) by no later than December 24, 2022;
6. AUTHORIZE the Board of Public Works, Executive Officer, or designee, to make any technical or accounting updates to the recommendations above to effectuate the intent of the Mayor and City Council.

TRANSMITTALS

1. Controller Memorandum No 22-17- Request for a Short-Term Loan from Public Works Trust Fund for General Fund Cash Flow Needs
2. Council Action File 22-0600-S87 (Includes City Council and Mayor approval)
3. CAO Report - Issuance and Sale of 2022 Tax and Revenue Anticipation Notes (TRAN) for Fiscal Year 2022-23 in an Aggregate Amount not to Exceed \$2.0 Billion and Interfund Borrowing to Meet Cash Flow Needs

DISCUSSION

Pursuant to C.F. 22-0600-S87, the Council authorized the Controller and the Treasurer to make temporary transfers during Fiscal Year 2022-23, under provisions of Section 340(b) of the City Charter, to alleviate General Fund short-term cash flow deficits. The Controller is requesting a \$30 million short-term loan from the Public Works Trust Fund (PWTF) to the General Fund, from December 9, 2022 to December 23, 2022.

The City's General Fund typically experiences a cash shortage in the first six months of the fiscal year. While expenditures are somewhat even throughout the year, revenue is weighted most heavily to the second six months, resulting in a cash flow deficit in the first half of the fiscal year. The Controller normally manages the cash deficit through a combination of Reserve Fund borrowing under Charter Section 261(i), issuance of Tax and Revenue Anticipation Notes (TRAN), and accelerating or delaying General Fund transfers from/to other funds.

The Controller anticipates borrowing up to \$300 million from special revenue funds in addition to \$300 million from TRAN to address the short-term cash flow deficit in the first half of Fiscal Year 2022-23. All short-term loans will be paid off upon receiving the Property Tax payment by December 23, 2022.

FISCAL IMPACT STATEMENT

Loan disbursement to the City's General Fund will have a \$30 million general fund impact/obligation. If approved by the Board, the PWTF will provide a \$30 million loan to the Office of the City Controller to help address cash flow issues normally experienced by the City's General Fund during the first six months of the fiscal year. In addition, the Office of the City Controller will manage this by borrowing from other special revenue funds in addition to \$300 million from TRAN. If adopted, the loan disbursement from the PWTF will occur by no later than December 9, 2022. All short-term loans, including the

PWTF Loan to General Fund
Board of Public Works
November 22, 2022
Page 3 of 4

recommended loan from the PWTF, will be paid off upon receipt of the City's Property Tax Payments by December 23, 2022.

As of June 30, 2022, pending loans in the PWTF had a total outstanding balance of \$26,684,147. Not included in this amount are approved loans pending disbursement in the amount of \$172,361. This brings the total of the balance from outstanding loans and those approved loans pending disbursement to \$26,856,508. Total deposits in the PWTF, as of June 30, 2022, was \$144,294,611. This equates to an 18.6% Balance-to-Loan Percentage for the PWTF.

Adopted by the Board on November 4, 2022 was a loan to the Board of Public works for the amount of \$15.0 million to the Board to provide front funding for the CA for All Youth Workforce Grant. This increased the outstanding balance to \$41.0 million thus increasing the outstanding balance-to-loan ratio for the PWTF to 29.0%. If this \$30.0 million loan is approved, then this would increase the outstanding loan balance within the PWTF to \$71.0 million thus increasing the balance-to-loan ratio to 49.8%. The Board's balance-to-loan ratio target for the PWTF is at or below 25% but not to exceed 30%. Approval of this loan will put the balance-to-loan ratio 19.8% over its threshold. Due to the short nature of this loan (approximately two weeks), the Board feels that there is little to no risk as disbursement from the PWTF is expected to occur on December 9, 2022 with full repayment to occur within 14 days on December 23, 2022.

Respectfully submitted,



RahoofOyewole (Nov 22, 2022 08:46 PST)

RAHOOF OYEWOLE
Director of Financial Analysis and Reporting
Office of the Controller

APPROVED:



Dr. Fernando Campos For Digital De-La Pena See Sig Below (Nov 22, 2022 09:17 PST)

DR. FERNANDO CAMPOS
Executive Officer
Board of Public Works

PWTF Loan to General Fund
Board of Public Works
November 22, 2022
Page 4 of 4

REVIEWED AND APPROVED BY:



Dr. Fernando Campos For Miguel De La Pena See Sig Br-107 (Nov 22, 2022 (09:17 PST))

MIGUEL DE LA PENA, Director
Office of Accounting

Date: Nov 22, 2022

Report prepared by and for questions related to this report, please contact:
Rahoon Oyewole, Director of Financial Analysis and Reporting at
Rahoon.Oyewole@lacity.org

RO:AL:AO/mv:ml

Signature: 

Email: miguel.delapena@lacity.org

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: October 3, 2022 **MEMORANDUM NO. 22-017**

TO: Dr. Fernando Campos, Executive Officer
Board of Public Works

FROM: Chris Concepción, Chief Deputy Controller  Office of the City Controller Digitally signed by
Christopher Concepcion
Date: 2022.10.03
15:39:11 -07'00'

**SUBJECT: REQUEST FOR A SHORT-TERM LOAN FROM PUBLIC WORKS
TRUST FUND FOR GENERAL FUND CASH FLOW NEEDS**

Pursuant to C.F. 22-0600-S87 (attached), the Council authorized the Controller and the Treasurer to make temporary transfers during Fiscal Year 2022-23, under provisions of Section 340(b) of the City Charter, to alleviate General Fund short-term cash flow deficits. Herewith, the Controller requests your approval of a \$50 million short-term loan from the Public Works Trust Fund (PWTF) to the General Fund, from November 10, 2022 to December 28, 2022.

The City's General Fund typically experiences a cash shortage in the first six months of the fiscal year. While expenditures are somewhat even throughout the year, revenue is weighted most heavily to the second six months, resulting in a cash flow deficit in the first half of the fiscal year. The Controller normally manages the cash deficit through a combination of Reserve Fund borrowing under Charter Section 261(i), issuance of Tax and Revenue Anticipation Notes (TRAN), and accelerating or delaying General Fund transfers from/to other funds.

The Controller anticipates borrowing up to \$300 million from special revenue funds in addition to \$300 million from TRAN to address the short-term cash flow deficit in the first half of Fiscal Year 2022-23. This Office will pay off all short-term loans upon receiving the Property Tax payment at the end of December 2022. Attached, for your reference, is a list of special revenue funds from which the Controller plans to borrow.

We appreciate the consistent support and cooperation we have received from your Office. We look forward to receiving a favorable decision on this loan request with the interest waiver from the Board of Public Works by the end of October. If you have questions about the borrowing process, please contact Rahoof Oyewole of the Controller's Office at (213) 978-7203.

Attachment

HOLLY L. WOLCOTT
CITY CLERK

City of Los Angeles
CALIFORNIA

BPW-2022-0771
OFFICE OF THE
CITY CLERK

PETTY F. SANTOS
EXECUTIVE OFFICER



ERIC GARCETTI
MAYOR

Council and Public Services Division
200 N. SPRING STREET, ROOM 395
LOS ANGELES, CA 90012
GENERAL INFORMATION - (213) 978-1133
FAX: (213)978-1040

PATRICE Y. LATTIMORE
DIVISION MANAGER
CLERK.LACITY.ORG

OFFICIAL ACTION OF THE LOS ANGELES CITY COUNCIL

Council File No.: 22-0600-S87

Council Meeting Date: June 10, 2022

Agenda Item No.: 7

Agenda Description: COMMUNICATION FROM THE CITY ADMINISTRATIVE OFFICER relative to authorizing the issuance and sale of the 2022 Tax and Revenue Anticipation Notes (TRAN) for Fiscal Year 2022-23.(Budget and Finance Committee report to be submitted in Council. If public hearing is not held in Committee, an opportunity for public comment will be provided.)(Click on <http://www.lacouncilfile.com> for background documents.)

Council Action: BUDGET AND FINANCE COMMITTEE REPORT - ADOPTED FORTHWITH

Council Vote:

ABSENT	Blumenfield	YES	Bonin	ABSENT	Buscaino
YES	Cedillo	YES	de León	YES	Harris-Dawson
YES	Koretz	YES	Krekorian	YES	Lee
YES	Martinez	YES	O'Farrell	ABSENT	Price
YES	Raman	ABSENT	Rodriguez	ABSENT	Wesson, Jr.

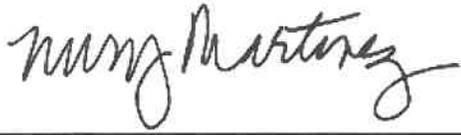
HOLLY L. WOLCOTT
CITY CLERK

Pursuant to Charter/Los Angeles Administrative Code Section(s): 341

FILE SENT TO MAYOR
LAST DAY FOR MAYOR TO ACT

06/10/2022
06/20/2022

APPROVED



6/15/2022

DATE SIGNED

Adopted Report(s) Title

Report from Budget and Finance Committee_06-06-22

BUDGET AND FINANCE COMMITTEE REPORT relative to authorizing the issuance and sale of the 2022 Tax and Revenue Anticipation Notes (TRAN) for Fiscal Year 2022-23.

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

1. ADOPT the attached Authorizing Resolution, and related documents, authorizing the issuance and sale of the 2022 Tax and Revenue Anticipation Notes in an aggregate amount not to exceed \$2.0 billion.
2. AUTHORIZE the Controller and the Treasurer to make temporary transfers from the attached list of funds (Exhibit D) during Fiscal Year 2022-23, attached to the City Administrative Officer (CAO) report, attached to the Council file, in accordance with provisions of Section 340(b) of the City Charter, provided that no such transfers shall be made after the last Monday in April and provided further that the total of such transfers shall not exceed \$300 million.

Fiscal Impact Statement: The CAO reports that the proposed 2022 TRAN financing will result in estimated net savings of \$14.8 million to the General Fund. The estimated total debt service cost is \$1.63 billion, which the City will repay from collected General Fund revenues and taxes. There is no fiscal impact as the 2022-23 Adopted Budget includes sufficient funding for the repayment of the notes and the interest on special revenue fund borrowing.

Financial Policies Statement: The CAO reports that the recommendations in this report comply with the City's Financial Policies as the recommended transactions use current revenues and balances to pay for current operations.

Debt Impact Statement: The CAO reports that there is no impact to the City's debt capacity as this transaction represents a short-term borrowing, which the City will repay within the same fiscal year.

Community Impact Statement: None submitted

SUMMARY

At the special meeting held on June 3, 2022, the Budget and Finance Committee considered a CAO report relative to authorizing the issuance and sale of the 2022 Tax and Revenue Anticipation Notes (TRAN) for Fiscal Year 2022-23.

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

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

MEMBER	VOTE
KREKORIAN	YES
BLUMENFIELD	YES
DE LEON	ABSENT
RODRIGUEZ	YES
PRICE	ABSENT



AS 6/6/22
COUNCIL FILE 22-0600-S87

-NOT OFFICIAL UNTIL COUNCIL ACTS-

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 1, 2022

CAO File No. 0220-05291-1195

Council File No.

Council District: ALL

To: The Mayor
The City Council

From: Matthew W. Szabo, City Administrative Officer



Reference: 2022-23 Budget

Subject: **ISSUANCE AND SALE OF 2022 TAX AND REVENUE ANTICIPATION NOTES (TRAN) FOR FISCAL YEAR 2022-23 IN AN AGGREGATE AMOUNT NOT TO EXCEED \$2.0 BILLION AND INTERFUND BORROWING TO MEET CASH FLOW NEEDS**

RECOMMENDATION

That the City Council, subject to the approval of the Mayor:

1. Adopt the attached Authorizing Resolution, and related documents, authorizing the issuance and sale of the 2022 Tax and Revenue Anticipation Notes in an aggregate amount not to exceed \$2.0 billion, and
2. Authorize the Controller and the Treasurer to make temporary transfers from the attached list of funds (Exhibit D) during Fiscal Year 2022-23, in accordance with provisions of Section 340(b) of the City Charter, provided that no such transfers shall be made after the last Monday in April and provided further that the total of such transfers shall not exceed \$300 million.

SUMMARY

In accordance with the 2022-23 Adopted Budget (C.F. 22-0600), the City Administrative Officer (CAO) requests authority to issue up to \$2.0 billion of Tax and Revenue Anticipation Notes (TRAN) to pay its annual contributions to the Los Angeles City Employees' Retirement System (LACERS) and the Los Angeles Fire and Police Pension Plan (LAFPP) and to alleviate the City's short-term cash flow deficits that occur early in the fiscal year when certain taxes and revenues have not yet been received.

The estimated 2022-23 annual contributions to LACERS and LAFPP is \$636.5 million and \$660.9 million, respectively. This Office is awaiting validation of these amounts from LACERS and LAFPP. Significant changes to the amounts, however, are not expected. The issuance of the TRAN provides the City with the funds to make the annual contributions in July to take advantage of the discount (\$42.9 million). This July payment will allow LACERS and LAFPP to earn additional

City of Los Angeles
Estimated Cash Balances - Interfund Borrowing Funds
As of October 31, 2022
(In Millions)

Fund No.	Fund Name	Estimated Available Cash
300	Library	\$ 40.1
301	Municipal Sports Accounts	30.1
302	Recreation & Parks	314.3
342	Telecom Liq Damage & Lost Fr Fees	32.1
363	Special Parking Revenue	64.8
43K	Proposition K Projects	104.6
48R	Building & Safety Permit Enterprise	282.1
53P	State AB1290	85.9
556	Intergrated Solid Waste Management	36.6
58V	Development Sevices Trust	48.3
59V	Road Maintenance and Rehabilitation Program	195.8
59T	City of Los Angeles Housing Impact	79.2
655	Transportation Grants Fund	41.4
682	Engineering Special Service	54.4
834	Public Work Trust	113.4
	Total	\$ 1,523.1