

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE** Committee

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to the Financial Plan for the Sixth Street Viaduct Improvement Project.

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

1. NOTE and FILE the joint City Administrative Officer (CAO)/Chief Legislative Analyst (CLA) report dated August 4, 2010 titled "Sixth Street Viaduct Improvement Project - Financial Plan", attached to the Council file.
2. AUTHORIZE a total project budget of \$400,996,227 for the Sixth Street Viaduct Improvement Project as the current budget consistent with the project's Environmental Impact Report.
3. AUTHORIZE the City Engineer to execute and submit an Advanced Construction Process Financial Plan for the Sixth Street Viaduct Improvement Project to the appropriate federal and state authorities for approval (Attachment 1, Exhibit 4 of the CAO/CLA report dated October 18, 2011 attached to the Council file).
4. AUTHORIZE the issuance of up to \$98.5 million in MICLA financing to cash flow the Sixth Street Viaduct Improvement Project with the understanding that all of the City's costs related to this financing will be fully reimbursable from federal and state grants.
5. CONCUR with the City Engineer's execution of the Highway Bridge Program High Cost Commitment Letter required by the State.
6. RESOLVE that the Employment Authority of the four positions listed below, subject to allocation by the Personnel Department and pay grade determination by the CAO, is APPROVED:

<u>No.</u>	<u>Code</u>	<u>Class Title</u>
1	9489-D	Principal Civil Engineering PM III
1	7965-B	Structural Engineer PM 1
1	9184-2	Management Analyst II
1	1368	Senior Clerk Typist

7. INSTRUCT the City Engineer to report back to the City Council prior to the award of the construction contract for this project.
8. AUTHORIZE the CAO to make any technical corrections necessary to implement the intent of the Mayor and the Council.

9. INSTRUCT the City Engineer, CAO, and CLA to contact the congressional delegation for Los Angeles to ensure that funding is forthcoming through the life of the project.
10. INSTRUCT CAO to work with the City Engineer to keep the number of personnel/positions to a minimum until project contracts are signed.

Fiscal Impact Statement: The CAO/CLA report that adoption of this report commits the City to assume financial responsibility for this \$401 million project in advance of annual state and federal reimbursements. The City's financial responsibility decreases each year as reimbursements are made. In the unlikely event that a new federal transportation bill is not approved, the City would be responsible for either completing or canceling the project. To mitigate this financial risk, the City Engineer must report back prior to executing a construction contract for this project.

Debt Impact Statement: The CAO/CLA report that the use of \$98.5 million in MICLA financing will require that the General Fund initially cash flow the interest costs associated with this transaction. The anticipated interest cost of \$8.2 million is included in the total estimated cost of the project of \$401 million. The project's federal and state grant funding sources will fully reimburse the City for these MICLA costs.

Community Impact Statement: None submitted.

(Personnel and Public Works Committees waived consideration of the above matter)

Summary:

At its meeting of November 14, 2011, the Budget and Finance Committee considered a joint CAO/CLA report dated October 18, 2011, relative to the Financial Plan for the Sixth Street Viaduct Improvement Project (Project). The CAO/CLA report that at a September 22, 2011 meeting, the Seismic Governance Committee approved a report from the Bureau of Engineering relative to the Financial Plan for the Project. The CAO/CLA reviewed the report and are transmitting joint recommendations to enable the City to complete the demolition and replacement of the Sixth Street Viaduct over the Los Angeles River. The recommendations include: 1) authority for a total project budget of \$401 million; 2) authority for the City Engineer to submit a financial plan and a letter of commitment to the state and federal government for this project; 3) a request for \$98.5 million in MICLA financing to cash flow project cost reimbursements; and 4) approval of a staffing plan of up to 10 positions with resolution authority needed for four positions in 2011-12.

During Committee consideration, representatives of the Bureau of Engineering, CAO, and CLA provided an overview of the Project and report recommendations, and responded to related questions from Committee members. After further consideration and having provided an opportunity for public comment, three members of the Budget and Finance Committee approved the recommendations contained in the joint CAO/CLA report dated October 18, 2011 and added two instructions as detailed in recommendation numbers nine and ten above. Councilmember Englander voted no. This matter is now submitted to the Council for its consideration.

Respectfully submitted,
BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
CARDENAS:	ABSENT
ENGLANDER:	NO
ROSENDAHL:	YES
KORETZ:	YES

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- NOT OFFICIAL UNTIL COUNCIL ACTS -