

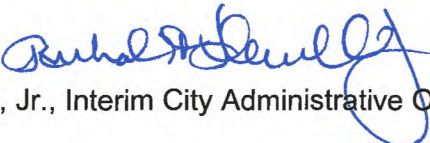
REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

---

Date: March 29, 2017  
To: City Council  
From: Richard H. Llewellyn, Jr., Interim City Administrative Officer  
Subject: **Municipal Improvement Corporation of Los Angeles (MICLA) financing for the New Civic Center Building**

CAO File No. 0640-01386-0000  
Council File No. 14-1604  
Council District: 14



---

### RECOMMENDATIONS

It is recommended that the Council, re-authorize the use of \$10,000,000 in Municipal Improvement Corporation of Los Angeles (MICLA) financing included in the Fiscal Year 2014-15 Adopted Budget for the New Civic Center Building included in the Capital Improvement Expenditure Program.

### SUMMARY

On March 24, 2017, the City Council certified the Environmental Impact Report (EIR) and approved the City's Preferred Alternative - B3, construction of a 753,000 square foot office building. The New Los Angeles Street Civic Center Building will be constructed on the site of the existing Parker Center. The preferred alternative includes the demolition of Parker Center. The Fiscal Year 2014-15 Adopted Budget included the authorization for \$10,000,000 in MICLA financing which is now needed by the Bureau of Engineering to begin demolition work. Re-authorization of the MICLA funds is in accordance with City Debt Management Policy.

### DEBT IMPACT STATEMENT

The issuance of MICLA Bonds is a General Fund obligation. The re-authorization to use MICLA financing for the New Civic Center Building provided for in the 2014-15 Adopted Budget would cause the City to borrow approximately \$10,000,000 at a 5.5 percent interest rate. The total estimated debt service is \$16,740,000 which includes the borrowing amount and interest (\$6,740,000). During the life of the bonds, the estimated average annual debt service is \$837,000 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 4.12 percent. The issuance of the debt from this re-authorization will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for routine capital improvements is already included in the debt ratio.

RHL:jlwv/nrb/smr

Doc ID: 15170062