

BUDGET AND FINANCE COMMITTEE REPORT relative to Municipal Improvement Corporation of Los Angeles (MICLA) financing in the amount of \$10,000,000 for the new Civil Center building.

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

1. REAPPROVE the use of \$10,000,000 in MICLA financing included in the Fiscal Year (FY) 2014-15 Adopted Budget for the new Civic Center building included in the Capital Improvement Expenditure Program.
2. INSTRUCT the City Administrative Officer (CAO) to contact FilmL.A., Inc. relative to notifying local film studios of the demolition of the existing Parker Center building in order to gauge their interest in financing and filming its demolition.

Fiscal Impact Statement: None submitted by the CAO. The Chief Legislative Analyst has not completed a financial analysis of this report.

Debt Impact Statement: The CAO reports that 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 FY 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. The CAO advises that it 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.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on April 3, 2017, the Budget and Finance Committee considered a report from the CAO dated March 29, 2017, relative to reauthorization of \$10,000,000 in MICLA financing included in the FY 2014-15 Adopted Budget for the new Civil Center building. The CAO report, attached to the Council file, provides further details and information.

During discussion of the matter, the Committee Vice Chair requested that the CAO contact FilmL.A., Inc. relative to notifying local studios regarding the upcoming demolition of the Parker Center building (to make way for the new Civic Center building) and determine if there is any interest from the studios in possibly financing and filming the demolition.

After consideration, and after providing an opportunity for public comment, the Budget and Finance Committee approved the recommendation in the CAO report as amended to also instruct the CAO to contact FilmL.A., Inc. 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
ENGLANDER:	YES
MARTINEZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW
4/5/17
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-NOT OFFICIAL UNTIL COUNCIL ACTS-