BUDGET AND FINANCE COMMITTEE REPORT relative to the First Construction Projects Report for Fiscal Year (FY) 2015-16.

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

1. CONCUR with the November 10, 2015 actions of the Entertainment and Facilities Committee on this matter.

2. REVISE Item O, 412 Paseo Miramar - Remedial Grading and Drainage, and Attachment 2 of the October 19, 2015 CAO Report as follows:

Replace the following instruction:
Public Works - Bureau of Engineering 412 Paseo Miramar - Remedial Grading and Drainage:

From:  Fund 206/50, Special Gas Tax St. Improv.  
50M5CT, Contingency for Construction  $120,000  
To:  100/40 General Services Department  
001014, Salaries Construction Projects  $120,000  

Total: $120,000  Total: $120,000

With the following instruction:

From:  Fund 206/50, Special Gas Tax St. Improv.  
50M5CT, Contingency for Construction  $150,000  
To:  100/40 General Services Department  
001014, Salaries Construction Projects  $75,000  

To:  Fund 206/50, Special Gas Tax St. Improv.  
Account TBD, 412 Paseo Miramar  $75,000  

Total: $150,000  Total: $150,000

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that transfers, appropriations and expenditure authority totaling $13,986,387 are recommended in this report. Of this amount, $9,246,040 is for transfers, appropriations, and expenditure authority to the General Services Department, $3,740,347 is for other City funds, and $1,000,000 for the Capital Finance Administration Fund. All transfers and appropriations are based on existing funds, reimbursements or revenues. There is an estimated annual impact of $13,000 due to operations and maintenance costs beginning in Fiscal Year 2017-18 for turf maintenance at three Fire Stations as a result of these recommendations (Attachment No. 5 of the CAO report dated October 19, 2015 [attached to the Council file]). Additionally, in its Addendum report, the CAO reports that the transfer of funds from Fire, Animal, and Citywide Public Safety Bond Programs to the Reserve Fund will reimburse the General Fund $481,768.97 for Bureau of

Debt Impact Statement: The CAO reports that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) bonds is a General Fund obligation. The re-authorization to use MICLA financing provided for in the Adopted Budget will cause the City to borrow approximately $29.1 million (includes project costs, costs of issuance, and debt service reserve fund) at a 5 percent interest rate. The total estimated debt service is $46.7 million which includes the borrowing amount and interest ($17.6 million). During the life of the bonds, the estimated average annual debt service is $2.34 million over 20 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance (the CAO cannot fully predict what interest rates will be in the future).

In accordance with the City’s Debt Management Policy, the City has set debt ceilings to use as a guide in evaluating the affordability for future debt. The debt ceiling for non-voter direct debt service as percent of General Fund Revenues is six percent. The City is currently at 4.46 percent. The issuance of the debt from this re-authorization will not impact the City’s debt capacity for non-voter 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 a special meeting held on November 16, 2015, the Budget and Finance Committee considered a report dated October 19, 2015, an Addendum Dated November 10, 2015, and a Communication dated November 16, 2015, from the CAO relative to the First Construction Projects Report for Fiscal year 2015-16. The CAO reports that its report recommends funding adjustments needed to keep construction projects on track and that the financial transactions are for projects in the City’s Capital Improvement Expenditure Program, various recreational facility projects, General Obligation Bond-funded projects and GSD construction projects. Additionally, the Addendum recommends reauthorization of MICLA Financing Included in the 2015-16 Adopted Budget ($23.93 million) and Prior-Year Adopted Budgets ($3.7 million), Reserve Fund Reimbursements from the Fire, Animal and Public Safety Bond Programs for 2014-15 Bureau of Engineering (BOE) Staffing Costs and Accounting Adjustment.

The Entertainment and Facilities Committee considered this matter on November 10, 2015, and approved the recommendations from the October 19, 2015 CAO report and the November 10, 2015 Addendum. On November 16, 2015, after providing an opportunity for public comment, the Budget and Finance Committee considered the matter and concurred with the Entertainment and Facilities Committee’s approval of the recommendations from the CAO report and Addendum (however, Councilmember Blumenfield recused himself from consideration of Item D of Attachment 5 of the CAO report). The Budget and Finance Committee also approved a subsequent recommendation submitted by the CAO relative to an amendment to the First Construction Projects Report to revise Item O of Attachments 2 and 5 of the October 19, 2015 CAO report (412 Paseo Miramar - Remedial Grading and Drainage) to appropriate $75,000 in funding for a geotech study in Council District 11. This matter is now forwarded to the Council for its consideration.
Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

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11/18/15
FILE NO. 15-1240

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