

BUDGET AND FINANCE COMMITTEE REPORT relative to the Fifth Construction Projects Report (CPR) for Fiscal Year (FY) 2017-18.

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

1. TRANSFER \$1,461,862 between departments and funds as specified in Attachment 1 of the City Administrative Officer (CAO) report dated May 25, 2018 relative to the Fifth CPR for FY 2017-18.
2. TRANSFER \$600,000 between accounts within departments and funds as specified in Attachment 2 of the CAO's Fifth CPR for FY 2017-18.
3. Transfer \$827,037 between departments and funds from Proposition G Seismic General Obligation Bond Funds as specified in Attachment 3 of the CAO's Fifth CPR for FY 2017-18.
4. REAPPROVE the use of a total of \$53,842,710 in Municipal Improvement Corporation of Los Angeles (MICLA) financing included in the 2018-19 Budget for annual/ongoing capital programs (\$18,842,710) and individual projects (\$35,000,000) funded in the Municipal Facilities Capital Improvement Expenditure Program, that require access to funds at the onset of 2018-19, as reflected in Attachment 4 of the CAO's Fifth CPR for FY 2017-18.
5. CONFIRM the cancellation of the Highland Avenue Widening – Odin Street to Franklin Avenue Project (Council file [C.F.] No. 09-0099); and, AUTHORIZE the Controller to de-obligate funds and decrease appropriations up to \$1,777,796, within the Los Angeles Department of Transportation, Transportation Grant Fund No. 655/94, Account No. 94NT59, and return the funds to the Metropolitan Transit Authority.
6. AUTHORIZE the Controller to establish a new interest-bearing Fund entitled *Bridge Improvement Program* within Department 50, to receive and disburse authorized project funds, including those received from both the State and Federal governments as reimbursement for projects authorized by Council for the Bridge Improvement Program (BIP), administered by the Board of Public Works, Bureau of Engineering.
7. AUTHORIZE the Controller to establish new accounts within the BIP Fund, No. to be determined (TBD), Department 50, pursuant to instructions to be provided by the CAO, and expend funds directly from these newly created accounts within the project budgeted amounts.
8. AUTHORIZE the Controller, upon proper documentation from the departments and approval of the CAO, to advance up to \$9.23 million from Commercial Paper Fund No. 298 to the BIP Fund No. TBD, through the program duration to be repaid from State and Federal reimbursements.
9. AUTHORIZE a new allocation of MICLA totaling \$1,745,624 for the BIP to reimburse technical staff costs associated with the program upon proper documentation from the departments pursuant to instruction to be provided by the CAO.

10. AUTHORIZE the Controller, in accordance with Attachment 3 of the CAO Fifth CPR for FY 2017-18, to transfer cash from Special Funds to reimburse the General Fund on an as-needed basis upon proper documentation from the departments and approval of the program managers and the CAO.
11. AUTHORIZE the Controller to amend the prior action to allocate \$1,411,786 in Sixth Street Viaduct Improvement Fund monies for associated staff costs, as authorized by Council as part of the 2017-18 Third CPR for FY 2017-18 (Recommendation No. 1, Attachment 1, Item Q; C.F. No. 17-0924-S2), to a revised total of \$1,011,786, to reflect a reduction of \$400,000 to be replaced by Proposition G funds in the same amount (Attachment 3, Item M of the CAO Fifth CPR for FY 2017-18).
12. AUTHORIZE the Controller to rescind the prior action to allocate \$4,805,617 in Proposition G Seismic General Obligation Bond Funds to reimburse staff costs for multiple departments associated with the program, as authorized by Council as part of the 2017-18 Third CPR for FY 2017-18 (C.F. 17-0924-S2; Recommendation No. 3, Attachment 3, Item C).
13. TRANSFER \$55,150 from Fund No. 100/54, Account No. 00P046 entitled *Capital Improvement Expenditure Program*, to Department of General Services (GSD) Fund No. 100/40, to fund a site clean-up at a City owned property located at 23270 West Sherman Way in Council District 12, as follows:

<u>Account</u>	<u>Title</u>	<u>Amount</u>
001101	Salaries, Hiring Hall Construction	\$24,817
001121	Benefits, Hiring Hall, Construction	15,442
003180	Construction Materials	<u>14,891</u>
		Total: \$55,150

14. AUTHORIZE the Controller to replace the funding source reflected for the Warner Grand Project in Attachment 1, Item H of the Fifth CPR for FY 2017-18, as follows:

	<u>Fund</u>	<u>Account</u>	<u>Title</u>
From:	100/40	003040	Contractual Services
To:	100/54	00N285	Warner Grand Theatre

Fiscal Impact Statement: The CAO reports that transfers, appropriations and expenditure authority totaling \$2.88 million are recommended in the Fifth CPR for FY 2017-18 (Attachments 1-3). All transfers and appropriations are based on existing funds, reimbursements or revenues. There is no General Fund impact anticipated in FY 2018-19, due to operations and maintenance costs as a result of these Recommendations (Attachment No. 5).

Additionally, the CAO reports that there is no impact on the General Fund as a result of the actions recommended in its Fifth CPR Addendum dated May 31, 2018 (Recommendations No. 13 and 14 above).

Debt Impact Statement: Pursuant to the revised Debt Impact Statement submitted by the CAO in the Fifth CPR Addendum dated May 31, 2018, the CAO reports that the issuance of MICLA Bonds is a General Fund obligation. The reauthorizations recommended herein would cause the City to borrow \$53,842,710 in MICLA at a 5.5 percent interest rate over 20 years. The total estimated debt service is \$90.1 million, including interest of \$36.3 million. During the life of the bonds, the estimated average annual debt service is \$4.5 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 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 4.15 percent for 2018-19. The recommendations included herein will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for these projects is already included in the debt ratio.

Community Impact Statement: None submitted.

(Information Technology and General Services Committee waived consideration of the above matter)

SUMMARY

At its regular meeting held on June 11, 2018, the Budget and Finance Committee considered the CAO's Fifth CPR for FY 2017-18 dated May 25, 2018, and an Addendum dated May 31, 2018. The CAO reports that the Fifth CPR recommends financial transactions needed to fund scheduled activities for active construction projects funded by various sources that include the City's Capital Improvement Expenditure Program (CIEP), Special Fund monies, and General Obligation Bonds. The report is also responsive to Council instructions to the CAO as part of the 2018-19 budget deliberations to determine options for identifying sufficient funding capacity to purchase a helicopter for the Los Angeles Fire Department utilizing MICLA funds. The Addendum to the Fifth CPR transmits a revised Debt Impact Statement, recommends an appropriation of \$55,150 in CIEP funds to GSD to address site conditions at City-owned property located at 23270 West Sherman Way, and a balance transfer of \$43,000 to GSD to fund needed improvements at Warner Grand Theatre.

After consideration, and after providing an opportunity for public comment, the Budget and Finance Committee approved the recommendations presented in the CAO's Fifth CPR for FY 2017-18 and Addendum. 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:	ABSENT
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW 6/12/18 FILE NO. 17-0924-S4

-NOT OFFICIAL UNTIL COUNCIL ACTS-