

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 31, 2018

CAO File No. 0640-01439-0002  
Council File No. 17-0924-S4  
Council District: All

To: Mayor  
Council



From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: 2017-18 Fifth Construction Projects Report

Subject: **2017-18 Fifth Construction Projects Report Addendum**

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**RECOMMENDATIONS**

That the Council, subject to the approval of the Mayor,

1. Replace the Debt Impact statement included as part of the original Fifth Construction Projects Report, dated May 25, 2018 (C.F. 17-0924-S4), with the following:

The issuance of Municipal Improvement Corporation of Los Angeles (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. 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 4.15 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.

2. Authorize the Controller to transfer \$55,150 to fund a site clean-up at a City owned property located at 23270 W. Sherman Way in Council District 12, as follows:

Transfer from: Fund 100/54, Capital Improvement Expenditure Program  
00P046, Citywide Maintenance and Improvements \$55,150

Transfer to: Fund 100/40, General Services Department  
001101 Salaries, Hiring Hall Construction \$24,817  
001121 Benefits, Hiring Hall, Construction 15,442  
003180 Construction Materials 14,891  
Total: \$55,150

3. Authorize the Controller to replace the funding source reflected for the Warner Grand project in Attachment 1 of the Fifth Construction Projects Report (Item H; C.F. 17-0924-S4), as follows:

Change from: 100/40/003040 – Contractual Services

Change to: 100/54/00N285 – Warner Grand Theatre

## **SUMMARY**

On May 25, 2018, this Office released the Fifth Construction Projects Report (CPR) for Fiscal Year 2017-18 that provides a status update for major capital projects and financial transactions needed to fund associated expenses (C.F. 17-0924-S4). This addendum is needed to provide a revised debt impact statement, a technical correction and to address an item with time-sensitivity that was identified subsequent to the release of the Fifth CPR, as follows:

### **General Services Department (GSD) – Real Estate Services CIEP**

An appropriation of \$55,150 in CIEP funds to GSD's budgetary account is recommended to address site conditions at a City owned property located at 23270 W. Sherman Way, in Council District 12. The scope of work includes site clean-up, tree trimming, and removal of dead trees. Council approval is required to appropriate these funds within GSD's budgetary accounts. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as any additional site clean-up activities would be funded through monies authorized in the 2018-19 Adopted Budget for this purpose.*

### **Warner Grand Theatre CIEP**

The Fifth CPR provides a recommendation to transfer a balance of \$43,000 to GSD's budgetary accounts to fund needed improvements at the Warner Grand Theatre. A correction to the Controller's instructions provided in the original report (Attachment 1) is needed to transfer monies from the CIEP funds awarded to the project, instead of GSD's contractual services account that does not have sufficient funding available. Council approval is required to effectuate the substitution of funding sources. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an existing facility.*

## **FISCAL IMPACT**

There is no additional impact on the General Fund as a result of the actions recommended in this report addendum.