

**CORRECTED COMMITTEE REPORT**

BUDGET AND FINANCE COMMITTEE REPORT relative to the Third Construction Projects Report for Fiscal Year (FY) 2018-19.

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

1. AMEND Attachment 1 and 2 of the Third Construction Projects Report for FY 2018-19 (attached to Council file [C.F.] No. 18-0829-S2) to remove item KK from Attachment 2 and include Item KK in Attachment 1; and, AUTHORIZE the Controller to transfer the funds as follows:

	<u>Fund</u>	<u>Account Title</u>	<u>Amount</u>
From:	209/88	88G227 East Wilmington Greenbelt	\$1,245,302
To:	100/40	003040 El Pueblo L2 Restrooms	\$300,000
	100/87	003160 Zoo Tapir Repairs	\$43,000
	100/87	003040 Zoo LED Lighting	\$902,302

2. TRANSFER \$11,603,410 between departments and funds as specified in Attachment 1 of the Third Construction Projects Report for FY 2018-19 (attached to C.F. No. 18-0829-S2).
3. TRANSFER \$35,373,667 between accounts within departments and funds as specified in attached 2 of the Third Construction Projects Report for FY 2018-19 (attached to C.F. No. 18-0829-S2).
4. TRANSFER \$5,820,957 between departments and funds from Proposition F and Q General Obligation Bond Funds as specified in Attachment 3 of the Third Construction Projects Report for FY 2018-19 (attached to C.F. No. 18-0829-S2).
5. TRANSFER \$9,144,494 between departments and funds as specified in Attachment 4 of the Third Construction Projects Report for FY 2018-19 (attached to C.F. No. 18-0829-S2).
6. AUTHORIZE the Controller to reimburse the General Fund with Municipal Improvements Corporation of Los Angeles (MICLA) and General Obligation Bond (GOB) funds for the following items, upon City Administrative Officer (CAO) approval; receipt of requesting department's labor services; construction materials and supplies invoices for completed work to the respective departmental accounts for the following projects; and, the department's labor services documentation for reimbursement must contain an hourly breakdown with tasks codes detailing the completed MICLA and/or GOB eligible work:
  - a. City Hall ITA Server Room Upgrade (Item C).
  - b. CD 8 Constituent Center (Item Q).
  - c. Police Administration Building and Public Safety Capital Repairs (Item Z).
  - d. Yards and Shops Acquisition Cost (Item OO).

- e. Yards and Shops Environmental and Escrow Costs (Item PP).
  - f. Bridge Improvement Program (Item RR).
  - g. Los Angeles Street Civic Center Building Project / Civic Center Master Development Plan (Item TT).
  - h. Proposition F Staff Cost Appropriation (Item W).
  - i. Proposition F North Central Animal Service Center (Item WW).
  - j. Fire Station 39 (Item XX and YY).
  - k. Edward M. Davis Training Facility Range Shade Structure (Item ZZ).
7. TRANSFER \$50,000 from the CAO contractual services Fund No. 100/10, Account No. 003040, to a new account entitled *Glendale Lemoyne Feasibility Study* within the Public Works, Bureau of Engineering (BOE) Special Services Fund, Fund No. 682/50, Account to be determined, for a feasibility studies for identifying options for combining affordable housing with recreational amenities for City-owned property located at 1140-1152 North Glendale Boulevard and 1149-1155 North Lemoyne Street.
  8. REAPPROVE the use of \$1,000,000 in MICLA financing, which was included in the FY 2018-19 Adopted Budget, Council District Eight Constituent Center Interior project funded in the Municipal Facilities Capital Improvement Expenditure Program.
  9. AUTHORIZE the BOE to transfer funds of any amount up to the balance of the Prop 1C-Crenshaw Blvd Account, Fund No. 100/54, Account No. 00R638, to any City Department and any appropriation account for the purpose of implementing the Grant.
  10. INSTRUCT the Los Angeles Housing and Community Investment Department and/or the BOE and REQUEST the Controller to deposit all proceeds from the Prop 1C Grant for Crenshaw Boulevard to the Capital Improvement Expenditure Program (CIEP), Prop 1C-Crenshaw Blvd Account, Fund No. 100/54, Account No. 00R638.
  11. INSTRUCT the BOE to reimburse the General Fund \$2.5 million upon completion of the implementation of the Prop 1C-Crenshaw Blvd Grant.
  12. AUTHORIZE the Controller to reduce the appropriation in MICLA Bond Fund No. 26X/50, Account No. 50MCON, Construction for the Sixth Street Viaduct project by \$3,547,702.59, from the current level of \$11,340,944 to a revised appropriation of \$7,793,241.41; and, ESTABLISH a new appropriation of \$3,547,702.59 within MICLA CP Fund No. 298/50, Account to be determined, Sixth Street Viaduct Construction.
  13. AUTHORIZE the substitution of \$10 million in MICLA funds, authorized in the FY 2018-19 Adopted Budget, with an appropriation of \$10 million to a new account utilizing MICLA bond proceeds available within the MICLA Bond Fund No. 26X/40, Account to be determined, Yards and Shops Acquisition, in order to utilize the existing bond proceeds on

the potential acquisition of a new yards and shops facility and allow negotiations to proceed in good faith, with final approval to proceed with the acquisition, subject to Council approval of the proposed deal points as part of a subsequent report.

14. AUTHORIZE the repurposing of \$450,000 in MICLA bond proceeds available within Fund No. 26X, to provide additional funding for environment review, closing costs, and other related expenses associated with the acquisition of a new yards and shops facility, as follows:
  - a. Yards and Shops Acquisition Fund No. 26X/40, Account to be determined, in the amount of \$50,000.
  - b. Yards and Shops Acquisition Fund No. 26X/40, Account to be determined, in the amount of \$400,000.
  
15. AUTHORIZE the Controller, to reduce the *not-to-exceed* MICLA authority for the Bridge Improvement Program Fund No. 60J, which receives advances from the MICLA Commercial Paper Fund No. 298 (attached to C.F. 17-0924-S4) and is repaid from State and Federal reimbursements, by \$3,832,059, from the current level of \$9,230,000 to a new *not-to-exceed* amount of \$5,397,941, through the program duration.
  
16. AUTHORIZE the Controller, upon the transfer of the remaining bond proceeds and interest earnings, to closeout the Proposition K Funds as follows:
  - a. 43N Proposition K Bonds Match Fund.
  - b. 43P Landscaping and LT Asses Series 2000.
  - c. 44S Landscaping and LT Asses Series 2001.
  - d. 46A Landscaping and LT Asses Series 2002.
  
17. AUTHORIZE the Controller to transfer expenditures totaling \$980,935.99 from MICLA Fund No. 298/50, Account No. 50NPAT, New Fire Station 39, to the Proposition F Fire and Animal Facilities Bond Fund No. 16D/50, Account No. 5050Y059 Van Nuys FS 39; and, reduce the appropriation level for the MICLA Fund No. 298/50, Account No. 50NPAT by \$18,982,018, from the current appropriation level of \$19 million to a revised balance of \$17,982.
  
18. AUTHORIZE the Controller to transfer \$172,000 to fund relocation of modular office units and associated site work to provide work space for the Bureau of Street Services operations displaced by the demolition and reconstruction of the Sixth Street Viaduct project, as follows:

	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
From:	100/54	00R371	Bureau of Street Services	\$172,000
To:	100/32	001100	Salaries, Hiring Hall	\$3,662
	100/78	003040	Contractual Services	\$168,338

19. REAPPROVE the use of \$1.3 million in MICLA financing, which was included in the 2018-19 Adopted Budget, for the Solar Energy Installation Municipal Facilities Project funded in the Municipal Facilities Capital Improvement Expenditure Program.
20. APPROVE the transfer of MICLA funding authority in the amount of \$1.3 million, by reducing the authorized MICLA authority for the Solar Energy Installation Municipal Facilities from the current level of \$10 million to a revised MICLA authority of \$8.7 million, and increase the approved MICLA authority for the LAPD MTD Solar Array project, which was approved in the FY 2016-17 Adopted Budget by the same amount, from the current level of \$3.5 million to a revised total of \$4.8 million.
21. AUTHORIZE the Controller to appropriate \$1.3 million to a new account within MICLA Fund No. 298/50, Account to be determined, Los Angeles Police Department MTD Solar Array Project.
22. AUTHORIZE the CAO to make technical corrections to this report, as necessary, to those transactions included in this report to implement the Mayor and Council's intentions.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditures totaling \$61.94 million are reflected in Recommendation Nos. 1-17 of this report. Of this amount, \$27.28 million is for transfers, appropriations, and expenditure authorities to the Public Works - Bureau of Sanitation; \$10.4 million is for General Services Department; and, \$24.26 million is for other City funds. All transfers and appropriations are based on existing funds, reimbursements, or revenues. The CAO further reports that Recommendations Nos. 18 - 22 have no impact on the General Fund.

Debt Impact Statement: The CAO reports that the issuance of MICLA Bonds is a General Fund obligation. The reauthorization of MICLA for the Council District 8 Constituent Service Center project, approved in the 2018-19 Adopted Budget, would cause the City to borrow \$1 million at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$1.67 million, including interest of \$670,000. During the life of the bonds, the estimated average annual debt service is \$84,000 over 20 years. The CAO further reports, the reauthorization of MICLA for the Solar Energy Installation Municipal Facilities project, approved in the 2018-19 Adopted Budget, would cause the City to borrow \$1.3 million at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$2.175 million, including interest of \$875,000. During the life of the bonds, the estimated average annual debt service is \$109,000 over 20 years.

The CAO advises that 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 FY 2018-19. The issuance of the debt for this project will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for this project 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 April 1, 2019, the Budget and Finance Committee considered the Third Construction Projects Report and addendum, a status update for major capital improvement projects and financial transactions needed to fund associated expenses, for Fiscal Year (FY) 2018-19. The CAO presented the report and answered the Committee's questions relative to the report.

During consideration, the CAO reported that, if the recommendations are approved, the transfers, appropriations and expenditure will total \$61.94 million, which would include a \$27.28 million in transfers, appropriations, and expenditure authority to the Public Works - Bureau of Sanitation; \$10.4 million to the Department of General Services; and, \$24.26 million to other City funds. Additionally, the transfers and appropriations are based on existing funds, reimbursements, or revenues, and there would not be an immediate General Fund impact for operations and maintenance costs.

After providing an opportunity for public comment, the Budget and Finance Committee approved the recommendations of the CAO report with technical amendments to the attachment 1 and 2. This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN	YES
PRICE	YES
KORETZ	ABSENT
BONIN	YES
BLUMENFIELD	ABSENT

AC 18-0829-S2 4-1-19

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**