

BUDGET AND FINANCE COMMITTEE REPORT relative to the Fifth Construction Projects Reports for Fiscal Year (FY) 2018-19 and related documents.

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

1. CONCUR with recommendations of the Information, Technology, and General Services Committee report dated May 29, 2019 regarding the City Administrative Officer (CAO) report dated May 3, 2019 (attached to the Council File [C.F] No. 18-0829-S4).
2. APPROVE the recommendations of the CAO as detailed in the FY 2018-19 Fifth Construction Projects Report Addendum dated May 28, 2019 (attached to the C.F. No. 18-0829-S4).
3. AUTHORIZE the Controller to transfer \$127,325 within the Department of General Services budgetary accounts as follows:

	<u>Fund</u>	<u>Account</u>	<u>Title</u>	<u>Amount</u>
From:	100/40	RSC 5301	Reimbursement from other Funds	\$127,325
To:	100/40	001101	Hiring Hall Construction	\$9,000
	100/40	001121	Benefits Hiring Hall Construction	6,000
	100/40	003180	Construction Materials	112,325

Fiscal Impact Statement: The CAO reports that transfers, appropriations and expenditure authority totaling \$30.67 million are recommended in the May 3, 2019 CAO report. Of this amount, \$10.96 million is for transfers, appropriations, and expenditure authority to the Department of General Services, \$3.07 million is for Public Works - Bureau of Street Services, and \$16.64 million is for other City funds. All transfers and appropriations are based on existing funds, reimbursements or revenues. There is no immediate General Fund impact for operations and maintenance costs as a result of these recommendations.

Debt Impact Statement: The CAO reports that issuance of MICLA bonds is a General Fund obligation. The reauthorization of MICLA for the Solar Energy Installations Municipal Facilities Project would cause the City to borrow \$8,700,000 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$14,560,000, including interest of \$5,860,000. During the life of the bonds, the estimated average annual debt service is \$728,000 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 Fiscal Year 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.

SUMMARY

At a regular meeting held on June 3, 2019, the Budget and Finance Committee considered the Information, Technology, and General Service Committee Report dated May, 29, 2019 regarding the Fifth Construction Projects Report for Fiscal Year (FY) 2018-19 dated May 3, 2019, the Fifth Construction Projects Report Addendum, and related documents.

After providing an opportunity public comment, the Budget and Finance Committee concurred with the Information, Technology, and General Service Committee, approved the recommendations in the Addendum, and an amendment submitted by the CAO (attached to the C.F. No. 18-0829-S4). 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	YES
BONIN	YES
BLUMENFIELD	ABSENT

AC 6/4/19

-NOT OFFICIAL UNTIL COUNCIL ACTS-