

## REPORT FROM

# OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: March 13, 2019

CAO File No. 0640-01399-0097

Council File No. 18-0829-S2

Council District: All

To: Mayor  
Council

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

Reference: 2018-19 Third Construction Projects Report

Subject: **2018-19 Third Construction Projects Report Addendum**

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## SUMMARY

On March 6, 2019, this Office released the Third Construction Projects Report (CPR) for Fiscal Year 2018-19 that provides a status update for major capital projects and financial transactions needed to fund associated expenses (C.F. 18-0829-S2). This addendum is needed to address time-sensitive items that were identified subsequent to the release of the Third CPR.

## RECOMMENDATIONS

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

1. 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:

From: Fund 100/54, Capital Improvement Expenditure Program

00R371, Bureau of Street Services	\$172,000
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To:

Fund 100/32 – ITA, Account No. 001100, Salaries, Hiring Hall	\$ 3,662
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Fund 100/78, BOE, Account No. 003040, Contractual Services	<u>168,338</u>
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Total: \$172,000

2. Reapprove the use of a total of \$1.3 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing included in the 2018-19 Adopted Budget for the Solar Energy Installation Municipal Facilities Project funded in the Municipal Facilities Capital Improvement Expenditure Program;

3. 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 approved in the 2016-17 Adopted Budget by the same amount, from the current level of \$3.5 million to a revised total of \$4.8 million;
4. Authorize the Controller to appropriate \$1.3 million to a new account within MICLA CP Fund No. 298, Department 50, Account TBD – LAPD MTD Solar Array Project; and,
5. Authorize the City Administrative Officer to make technical corrections, as necessary, to those transactions included in this report to implement Mayor and Council intentions.

## **DISCUSSION**

### **A. Bureau of Street Services- Trailer Relocations**

#### **CIEP**

##### **Recommendation No. 1**

Appropriations totaling \$172,000 in CIEP funds budgeted for Bureau of Street Services (BSS) yards and shops facilities is recommended to fund costs associated with relocating 10 modular office units to a City-owned site located at 850 North Mission Road, which will serve as a replacement site for the BSS yard displaced by the demolition and reconstruction of the Sixth Street Viaduct project. The Phase I scope of work includes delivery costs to relocate the modular units, security monitoring for three months including associated communication service requests, utility services for the design and installation of four light poles and a contingency factor, with an estimated completion date of June 2019. The Phase II scope to configure the modular trailers and complete all associated site work will proceed once design is complete and the necessary permits have been obtained, with full project completion anticipated within a 12- to 18-month period. Council approval is required to appropriate the funds to BOE's and ITA's budgetary accounts. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is a replacement facility.*

### **B. Police Department (LAPD) - Motor Transport Division (MTD) Solar Array Project**

#### **MICLA**

##### **Recommendation Nos. 2, 3, and 4**

Authority is requested to repurpose \$1.3 million in MICLA funds authorized for the Solar Energy Installation Municipal Facilities project to address a funding shortfall for the MICLA funded LAPD MTD Solar Array Project. A total of \$10 million was authorized in the 2018-19 Adopted Budget for this project to fund solar installations at four facilities that are not ready to proceed with construction activities until 2019-20. However, the LAPD MTD Solar Array project is ready to proceed into construction in the current year, subject to the allocation of \$1.3 million in additional funding to address the project shortfall. The scope of the LAPD MTD Solar Array project includes design, and installation of a solar array canopy on the roof of the MTD garage located at 260 South Main Street, with an estimated project completion date of June 2020. In accordance with Council policies, all projects proposed for MICLA financing must be approved by Council before expending MICLA

commercial paper and/or bond proceeds. Authority is also requested to reapprove the \$1.3 million in MICLA funding recommended for transfer. Council approval is needed to authorize the recommended repurposing and reauthorization of funds. *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 in the current fiscal year as a result of the actions recommended in this report addendum.

## **DEBT IMPACT**

The issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Bonds is a General Fund obligation. This reauthorization of MICLA for the Solar Energy Installation Municipal Facilities project approved in the 2018-19 Adopted Budget would cause the City to borrow \$1,300,000 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$2,175,000, including interest of \$875,000. During the life of the bonds, the estimated average annual debt service is \$109,000 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 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.

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