

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 31, 2014

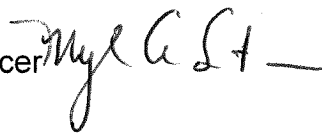
CAO File No. 0670-00039-0002

Council File No. 14-0600

Council District: 9

To: The Budget and Finance Committee

From: Miguel A. Santana, City Administrative Officer



Reference: Council File No. 14-0600

Subject: **Los Angeles Convention and Tourism Development Department –
Re-approval of MICLA Approved Short Term Improvements**

SUMMARY

The 2013-14 and the 2014-15 Adopted Budgets authorize the issuance of short term debt through the Municipal Improvement Corporation of Los Angeles (MICLA) Commercial Paper (CP) Program to finance a list of items that have been authorized as necessary capital improvements to the Los Angeles Convention Center facility. In practice, the City re-approves MICLA authorized items at the point in time at which the operating department, in this case the Los Angeles Convention and Tourism Development Department (LACTD), is prepared to make the expenditure.

The total amount in project costs approved as part of the 2013-14 and the 2014-15 Adopted Budgets is \$9.42 million, which includes \$4 million and \$5.42 million respectively. The LACTD will begin work on the list of improvements within the next six months. The attached list itemizes each approved project (Attachment). Funding in the amount of \$2.0 million is included in the 2014-15 Capital Finance Administration Fund to pay for debt service.

The Office of the City Administrative Officer (CAO) is in the process of selecting a financial advisor to assist with creating a commercial paper program for the Convention Center facility (Convention Center CP Program). Upon creation of the program, all MICLA related expenditures will be transferred to the Convention Center CP Program.

This report is in compliance with the City's Financial Policies.

RECOMMENDATIONS

That the Council and Mayor:

1. Re-approve the use of \$4 million in MICLA financing provided in the 2013-14 Budget as

detailed in the Attachment;

2. Re-approve the use of \$5.42 million in MICLA financing provided in the 2014-15 Budget as detailed in the Attachment;
3. Authorize the Controller to establish one new account with an appropriation of \$9,420,000 million within the MICLA CP Fund No. 298, Department 48, Convention Center Capital Improvements Account, in reference to the Attachment and to expend funds directly from this newly created account;
4. Authorize the Controller to expend these funds upon proper demand of the Los Angeles Convention Center; and,
5. Authorize the City Administrative Officer to make technical corrections, as necessary, to those transactions.

FISCAL IMPACT STATEMENT

The recommendations included herein have no additional impact on the General Fund and are in compliance with the City's Financial Policies. Funds have been budgeted in the Capital Finance Administration Fund to support these costs.

DEBT IMPACT STATEMENT

The cost associated with debt financing \$9.42 million would equate to approximately \$696,000 in annual debt service payments. This assumes a five percent interest rate and a 30 year maturity. The recommendations included herein are in compliance with the City's debt policies.

ATTACHMENT

MAS: DM: 09150020

ATTACHMENT

Convention Center - "High Priority" Capital Improvement Plan

	Description	Approved Fiscal Year	Amount
1	South Hall and Concourse Roof Replacement	2013-14	4,000,000
2	Security Surveillance Replacement Program	2014-15	900,000
3	Electronic Parking Equipment Upgrade	2014-15	1,100,000
4	South Hall Meeting Rooms HVAC Variable Frequency Drive	2014-15	70,000
5	Concourse Hall HVAC System Upgrade	2014-15	150,000
6	West and South Halls Moveable Wall Repairs	2014-15	125,000
7	South Hall and Concourse Public Restroom Entry Vestibule	2014-15	150,000
8	Modernize 411 Theatre	2014-15	500,000
9	South Hall 10" Diameter High Pressure Fire Sprinkler Pipe	2014-15	75,000
10	South Hall Floor Remediation	2014-15	350,000
11	Colortran Dimming System	2014-15	350,000
12	South Hall Cooling Tower Refurbishment	2014-15	450,000
13	Carpet Replacement	2014-15	300,000
14	Escalator and Elevator Repair/Modernization Program	2014-15	300,000
15	Automatic Transfer Switches for DWP Vaults	2014-15	600,000
	TOTAL		9,420,000