

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0590-00123-0057

Date: July 8, 2020

To: City Council
Budget and Finance Committee

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

Subject: **REPORT BACK ON CAPITAL IMPROVEMENT EXPENDITURE PROGRAM –
TELFAIR MULTIMODAL BRIDGE OVER THE PACOIMA WASH PROJECT
(BUDGET MOTION 31 – C.F. 20-0600-S31)**

RECOMMENDATION

That the City Council note and file this Motion.

DISCUSSION

On June 15, 2020, the Budget and Finance Committee approved Budget Motion Number 31 as amended to instruct the City Administrative Officer to report on whether the remaining \$400,000 required to complete design of the Telfair Multimodal Bridge over the Pacoima Wash Project (Project) is an eligible Municipal Improvement Corporation of Los Angeles (MICLA) expenditure. It should be noted that the requested funding will also fund water-related permits from the appropriate regulatory agencies.

Bridge construction projects are not commonly lease financed projects as their ability to be used as secured assets is unclear and not commonly done. Should MICLA financing be approved for this project, another asset with a value greater than or equal to the project cost would need to be identified

In light of the City's current economic condition and the current unavailability of funds, this Office does not recommend additional MICLA authorizations. Other eligible funding sources such as the General Fund or the Measure M Local Return Fund are fully allocated in the 2020-21 Budget. During the course of the year, funds may become available as a result of savings generated from other capital improvement projects. Should these funds be eligible sources for this Project, the Council may consider transferring these savings as part of the Construction Projects Reports (CPRs) this Office releases during the year.

FISCAL IMPACT STATEMENT

The recommendation to note and file this Budget Motion will have no fiscal impact. If the Motion is approved using MICLA funding, the 2020-21 Budget would need to be amended to include \$400,000 in MICLA funding. If the Motion is approved using other eligible funds, the 2020-21 Budget would fall out of balance by \$400,000.

DEBT IMPACT STATEMENT

The issuance of bonds through the Municipal Improvement Corporation of Los Angeles (MICLA) is a General Fund obligation. The use of additional MICLA financing on eligible expenditures associate with this project would cause the City to borrow an additional \$400,000 at approximately 5.5 percent interest rate over 20 years. The total estimated debt service would be \$670,000, which includes the borrowing amount and interest of \$270,000. During the life of the bonds, the estimated average annual debt service is \$33,000 over 20 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance.

FINANCIAL POLICY COMPLIANCE

The recommendation in this report complies with the City's Financial Policies.

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