

BUDGET AND FINANCE COMMITTEE REPORT relative to the Fourth Construction Projects Report (CPR) for Fiscal Year 2020-21.

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

APPROVE the recommendations as found in the City Administrative Officer (CAO) report dated March 30, 2021, attached to the Council file, with the additional recommendations as contained in the addendum from the CAO dated April 7, 2021, attached to the Council file.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$38.19 million are recommended in this report. Of this amount, \$15.59 million is for transfers, appropriations, and expenditure authority for the Bureau of Street Services, \$6.74 million for the CAO, and \$15.86 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 (Attachment No. 6 of the CAO report dated March 30, 2021). In addition, the CAO reports that relative to the recommendations as found in the addendum dated April 7, 2021, attached to the Council file, there is an anticipated General Fund impact in an amount not yet determined for operations and maintenance cost since the facilities impacted are currently not in operation. These costs will be addressed through the City Budget process, at the time the respective facilities are scheduled for completion.

Debt Impact Statement: The CAO reports that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) debt is a General Fund obligation. The issuance of MICLA for the purchase of three miniature Vactor trucks needed to contain, collect, and dispose of wastewater from the Mobile Hygiene Center trailers, which was approved in the 2020-21 City Budget, will cause the City to borrow approximately \$1.41 million at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service is \$1.87 million, including interest of approximately \$460,000. During the life of the bonds, the estimated average annual debt service is \$187,000 over ten years.

In addition, the CAO reports that the issuance of MICLA for the Sixth Street Viaduct project approved in the 2018-19 Adopted Budget but deferred to 2019-20, will cause the City to issue \$11.70 million at an approximate 5.5% interest rate over 20 years. The total combined debt service for the miniature Vactor trucks and Sixth Street Viaduct project is an estimated \$21.45 million, including interest of approximately \$8.34 million. During the life of the bonds, the estimated average annual debt service is \$1.17 million over the first ten years and \$979,000 million over the subsequent ten years.

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 3.13 percent

for 2020-21. The issuance of the debt for this capital equipment will not impact the City's debt capacity for non-voter approved debt as the issuance of debt for the projects is already included in the debt ratio.

Financial Policies Statement: The actions recommended in this report comply with the City's Financial Policies.

Community Impact Statement: None submitted.

**SUMMARY:**

At its regular meeting held on April 12, 2021, the Budget and Finance Committee considered a CAO report dated March 30, 2021, and addendum dated April 7, 2021, attached to the Council file, relative to the Fourth CPR for Fiscal Year 2020-21.

The Information, Technology, and General Services Committee waived consideration of this item.

After providing an opportunity for public comment, the Budget and Finance Committee recommended approval of the recommendations in the CAO report and addendum. This matter is now forwarded to Council for its consideration.

Respectfully Submitted,

**BUDGET AND FINANCE COMMITTEE**

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
BLUMENFIELD:	YES
DE LEÓN:	YES
RODRIGUEZ:	YES
PRICE:	YES

MM 4/12/21 Council file No. 20-1021-S3

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**