

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: April 7, 2021

CAO File No. 0640-01399-0109
Council File No. 20-1021-S3
Council District: All

To: Mayor
Council



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

Reference: 2020-21 Fourth Construction Projects Report

Subject: **2020-21 Fourth Construction Projects Report - Addendum**

SUMMARY

On March 30, 2021, this Office released the 2020-21 Fourth Construction Projects Report (CPR) that provides updates for major capital projects and associated financial transactions (C.F. 20-1021-S3). This addendum is needed to address time-sensitive items that were identified subsequent to the release of the Fourth CPR.

RECOMMENDATION

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

City Hall Safety Improvements (Item A)

1. Authorize an early reversion of \$308,304.56 disencumbered from a contract purchased order 20-0000499602 to the 2019-20 Fund No. 100, Dept. 70, Account 003040, Contractual Services, and revert the disencumbered amount to the Reserve Fund No. 101 and transfer therefrom to the Unappropriated Balance Fund No. 100 Dept. 58, and appropriate therefrom to Fund 100, Dept. 70, Account 007300, Furniture, Office and Technical Equipment, for the purchase of security equipment for City Hall;

Personnel COVID-19 Workplace Safety Facility Improvements for Public Areas (Item B)

2. Authorize the Controller to transfer \$21,984 to fund COVID-19 workplace safety facility improvements for public counter area retrofit at the Personnel Department's custody medical clinic in the Metro Detention Center, as follows:

From: Fund No. 100, Dept. 54, Capital Improvement Expenditure Program
00T766, COVID Retrofit Public Areas

\$21,984

To:

Fund No. 100, Dept. 40, Account 001101, Hiring Hall Construction \$ 8,562
Fund No. 100, Dept. 40, Account 001121, Benefits Hiring Hall Construction 5,220
Fund No. 100, Dept. 40, Account 003180, Construction Materials 8,202

Total \$ 21,984

Manchester Jr. Arts Center/Vision Theater (Item C)

- 3. Authorize the Controller to transfer \$14,430.50 to fund construction contingency for Phases II, III, and IV of the Manchester Jr. Arts Center/Vision Theater project, as follows:

From: Fund No.424, Dept. 22, Community Development Trust Fund
22A709, Vision Theater **\$14,430.50**

To:
Fund No. 682, Dept. 50, Engineering Special Services Fund
Account TBD, "CDBG Vision Theater" **\$14,430.50**

Sixth Street Viaduct: Park, Arts, River, and Connectivity Improvements (Item D)

- 4. Reauthorize the use of \$11,702,548 in MICLA financing for the construction of the Sixth Street Viaduct Park, Arts, River, and Connectivity Improvements (PARC) project approved in the 2018-19 City Budget and to approve the continued use of these funds beyond the City's MICLA Three-Year Policy in 2022, through the grant closeout date to occur in 2025;

Civic Center Development Program / L.A Street Civic Building Project (Item E)

- 5. Authorize the Controller to reimburse the funding source that was used to front-fund prior year staffing costs for the Los Angeles Street Civic Building Project, subject to approval of the invoice by the City Administrative Officer, as follows:

From:
Fund No. 298, Dept. 50, Municipal Improvements Corporation of Los Angeles
50NTCD, Los Angeles St. Civic Center Building/Parker Center Demo Project **\$285,937.80**

To:
Fund No. 100, Dept. 78, RSRC 5168, Reimbursement of Prior Year Salary **\$279,805.35**
Fund No. 100, Dept. 76, RSRC 5168, Reimbursement of Prior Year Salary **6,132.45**
Total \$285,937.80

- 6. Authorize the City Administrative Officer to make technical corrections, as necessary, to those transactions included in this report to implement the intent of those transactions; and,
- 7. In accordance with Recommendation Nos. 4 and 5, authorize the Controller to reimburse the General Fund with Municipal Improvements Corporation of Los Angeles (MICLA), upon City Administrative Officer (CAO) approval and receipt of requesting department's labor services, construction materials and supplies invoices for completed work, including the Department's labor services documentation that must contain an hourly breakdown with task codes detailing the completed MICLA eligible work, relative to the respective departmental accounts designated for the following projects:

- Sixth Street Viaduct: Park, Arts, River, and Connectivity Improvements (Item D)
- Civic Center Development Program / L.A. Street Civic Building Project (Item E)

FISCAL IMPACT

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.

FINANCIAL POLICIES STATEMENT

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

DEBT IMPACT

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 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 these projects 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.

DISCUSSION

A. City Administrative Officer (CAO) – City Hall Safety Improvements CIEP Attachment Recommendation No. 1

The early reversion of \$308,305 in General Fund monies budgeted within the Capital Improvement Expenditure Program (CIEP) is recommended to avoid loss of funding authorized for purchase of security measures for the City Hall Main Street lobby. As part of the 2019-20 Third Construction Projects Report, these monies were transferred to the Los Angeles Police Department's budgetary accounts to fund the: 1) Purchase and installation of turnstiles in the City Hall Main Street Lobby; and, 2) Addition of an X-Ray Machine in the City Hall Bridge Security Services station (Item No. BBB; C.F. 19-0926-S2). However, in order to proceed with a requisition for purchase of the specialized equipment the current purchase order (No. 20-0000499602) would need to be canceled, which would result in reversion of the funding to the Reserve Fund. Although the early reversion would avoid permanent loss of the funding, it may not be possible to meet year-end deadlines for completing the requisition. Completion of the project is anticipated within six months of completing the requisition. Council approval is required to appropriate the funds to LAPD's budgetary accounts. *O&M Fiscal Impact: There is no anticipated General Fund impact for operations and maintenance as this is an existing facility.*

B. CAO – Personnel COVID-19 Workplace Safety Facility Improvements for Public Areas CIEP Recommendation No. 2

An appropriation of \$21,984 in CIEP funds to GSD's budgetary accounts is recommended to fund COVID-19 workplace safety facility improvements for public counter areas located at the Personnel Department's custody medical clinic in the Metro Detention Center. The scope of work includes construction of permanent floor-to-ceiling and/or counter-to-ceiling barriers. The medical clinic counter is a high-traffic area by nature, with members of both the public/detainees and employees engaged in providing medical services and other City activities. The proposed improvements were previously approved by the Municipal Facilities Committee (MFC) on November 19, 2020, and by Council on February 3, 2021 (C.F. 20-1610). Funding to address improvements at the medical clinic located in the Van Nuys Detention Center will be addressed through a future report once the GSD cost estimate has been finalized. Council approval is required to authorize the appropriation within GSD's budgetary accounts. *O&M Fiscal Impact: There is no anticipated General Fund impact for operations and maintenance as this is an existing facility.*

C. Bureau of Engineering (BOE) – Manchester Jr. Arts Center/Vision Theater Community Development Trust Fund Recommendation No. 3

A transfer of \$14,430 in Community Development Trust Fund monies to the Engineering Special Services Fund is recommended to provide additional contingency funds for construction

activities under the final phases of development phases for the Manchester Jr. Arts Center / Vision Theater project. Subject to Council approval, this transfer in combination with the prior transfer of \$162,150 that was authorized as part of the Fourth Construction Project Report dated March 30, 2021 (Item H; C.F. 20-1021-S3), would provide total construction contingency of \$176,581. This funding was previously committed under Phase I of the project and authorized as part of the 32 Year Consolidated Plan (C.F. 09-2665). The scope of work includes the renovation of a 17,250 square foot historic theater into a modern performing arts venue, with a revised project completion date of January 2022. Council approval is required to appropriate the funds to the Engineering Special Services Trust Fund. *O&M Fiscal Impact: There is an anticipated General Fund impact in an amount not yet determined for operations and maintenance cost since the facility is currently not in operation, however, options to utilize a third-party operator are being explored as one means for reducing ongoing City operational expenses.*

D. Sixth Street Viaduct: Park, Arts, River, and Connectivity Improvements (PARC)

MICLA

Recommendation Nos. 4 and 7

Authority to reauthorize \$11.7 million in Municipal Improvement Corporation of Los Angeles (MICLA) funds is recommended to restore partial funding authority for the Sixth Street Viaduct Park, Arts, River, and Connectivity Improvements (PARC project). In total, this project has received \$25.28 million in MICLA authorization, with \$6.14 million in the original funding retained for the project, and the balance of \$19.14 million deferred for the following purposes: a) \$18.14 million deferred in 2018-19 for the purchase of a Fire helicopter (C.F. 18-0600-S144); and, b) \$1 million deferred through the 2020-21 Financial Status Report as a budget balancing measure (C.F. 20-0600-S84).

Partial restoration of the deferred funding is required in support of an \$8.5 million application for Proposition 68 grant funds. If awarded these monies would be utilized for additional PARC project elements that exceed the project's current overall funding authority, which includes: a children's playground, skatepark, two flexible playfields, and pathways for walking and jogging with bench seating. The Proposition 68 application requires proof of \$17.84 million in contributing MICLA authority no later than July 11, 2021, to be eligible for funding consideration. Subject to Council approval of the \$11.7 million in funding authority recommended for reauthorization, combined with the \$6.14 million in original funding retained for this project would provide the \$17.84 million in MICLA funding commitments required in time to meet the grant requirements. The remaining balance of \$7.44 million in deferred MICLA funds would be recommended for restoration in the future based on the project's cash flow needs prior to initiation of construction activities. If the grant application is successful, completion of the PARC project would need to occur by approximately December 2024, with grant closeout to occur in March 2025. Council approval is required to partially restore the MICLA funding previously authorized for this project. *O&M Fiscal Impact: There is an anticipated General Fund impact in an amount not yet determined for operations and maintenance cost since the facility is currently not in operation. These costs will be addressed through the City Budget process, at the time the facility is scheduled for completion.*

**E. CAO - Civic Center Master Development Program / Los Angeles St. Civic Building
MICLA
Recommendation Nos. 5 and 7**

A reimbursement of up \$285,938 in MICLA Fund monies to the Bureau of Engineering and Bureau of Contract Administration budgetary accounts is recommended to these Departments for costs associated with the Civic Center Master Development Program / Los Angeles Street Civic Building project during 2019-20. As authorized in the 2019-20 Adopted Budget, and pursuant to Council File 14-1604, Mayor and Council approved work on the project, the use of MICLA funding and reimbursement of salaries for work completed on the Civic Center Master Development Program / Los Angeles Street Civic Building Project for the aforementioned departments. Council approval is required to retroactively appropriate the MICLA and reimburse the prior year salary funding to the budgetary accounts of the Departments listed through June 30, 2020. Additionally, the Controller is instructed to reimburse the funding source that was used to front-fund prior year staffing costs, subject to approval of the invoice by the City Administrative Officer. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an administrative action.*

RHL:JDL:05210111