

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE REPORT relative to the Third Construction Projects Report (CPR) for Fiscal Year 2021-22.

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

APPROVE the recommendations of the City Administrative Officer (CAO) as detailed in the Third CPR for Fiscal Year 2021-22, dated February 9, 2022, and Addendum, dated February 10, 2022, attached to the Council file.

Fiscal Impact Statement: The CAO states in said CAO CPR that transfers, appropriations, and expenditure authority totaling \$27.16 million are recommended in said CAO CPR. Of this amount, \$8.28 million is for transfers, appropriations, and expenditure authority for the Bureau of Sanitation, \$7.79 million for the Department of General Services, and \$11.09 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 the recommendations as stated in said CAO CPR (Attachment No. 4 of said CAO CPR).

The CAO states in said CAO Addendum that transfers, appropriations, and expenditure authority totaling \$119,028 are recommended in said CAO Addendum. The entire \$119,028 is for transfers, appropriations, and expenditure authority for the Bureau of Engineering. 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 the recommendations as stated in said CAO Addendum.

Debt Impact Statement: The CAO states in said CAO CPR that the issuance of Municipal Improvement Corporation of Los Angeles (MICLA) Bonds is a General Fund obligation. This issuance of MICLA for the Traffic Signal Safety Project and the Crenshaw Boulevard Parking Lot Project would cause the City to borrow \$5,307,436 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for these projects is \$8,882,000, including interest of \$3,575,000. During the life of the bonds, the estimated average annual debt service over 20 years is \$444,000. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. The CAO 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 3.35 percent for 2021-22. The issuance of debt for these projects will not impact the City's debt capacity for nonvoter approved debt as the issuance of debt for the projects is already included in the debt ratio.

The CAO states in said CAO Addendum that the issuance of MICLA debt is a General Fund obligation. The issuance of MICLA for the Los Angeles Convention Center Expansion Project's increased financial advisory and legal services would cause the City to borrow an additional aggregate amount up to \$500,000 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service is \$837,000, including interest of approximately \$337,000. During the life of the bonds, the estimated average annual debt service is \$42,000 over 20 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. The CAO 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 3.35 percent for 2021-22. The issuance of debt for this project will not impact the City's debt capacity for non-voter approved debt as the issuance of debt for the project is already included in the debt ratio.

Financial Policies Statement: The CAO states that the actions recommended in said CAO CPR and Addendum comply with the City's Financial Policies.

Community Impact Statement: None submitted

(Budget and Finance Committee waived consideration of the above matter)

SUMMARY

At the meeting held on February 17, 2022, your Information, Technology, and General Services Committee considered a CAO report and Addendum relative to the Third CPR for Fiscal Year 2021-22.

After an opportunity for public comment was held, the Committee moved to approve the CAO's recommendations, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

INFORMATION, TECHNOLOGY, AND GENERAL SERVICES COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
RAMAN	YES
BLUMENFIELD	YES
PRICE	YES

ME 2/17/22

-NOT OFFICIAL UNTIL COUNCIL ACTS-