

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the 2022-23 Fifth Construction Projects Report (CPR).

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

1. APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated May 18, 2023, attached to the Council file.
2. INSERT Recommendation No. 23, to read as follows:

Rescind the prior Controller's instructions from the 2022-23 Fourth CPR Addendum (Council file No. 22-0847-S3, Item G) relative to the renovation of the Old Fire Station No. 54 and replace with instructions for Item BBBB, as needed to address additional costs associated with hazardous material testing and abatement with a revised amount of \$96,499 recommended as part of the transactions reflected in Attachment 1.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$85.44 million are recommended in the report dated May 18, 2023. Of this amount, \$36.55 million is for transfers, appropriations, and expenditure authority for the Bureau of Sanitation, \$24.0 million for the Bureau of Engineering, \$9.32 million for the Department of General Services, \$2.48 million for Bureau of Street Lighting, and \$13.09 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 these recommendations (Attachment No. 4).

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 reauthorization of the Vision Theatre project would cause the City to borrow \$160,439 at an approximate 5.5 percent interest rate over 20 years. The issuance of MICLA for the reauthorization of the Los Angeles Convention Center Expansion project, which requires an additional \$500,000, would cause the City to borrow \$500,000 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for the projects is \$1,105,302, including interest of approximately \$444,863. During the life of the bonds, the estimated average annual debt service is \$55,265 for 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 2023-24 Proposed Budget non voter-approved debt ratio is 2.93 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non-voter approved debt limit.

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

Community Impact Statement: None submitted

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

SUMMARY

At its regular meeting held on June 13, 2023, your Government Operations Committee considered a CAO report relative to the 2022-23 Fifth CPR.

The CPR provides updates on the current activities and financial status of the capital repair and infrastructure programs managed or implemented by City departments that typically includes the Public Works Bureaus and the General Services Department, along with recommended authorities needed to proceed with scheduled activities, address funding shortfalls, or other implementing authorities required to accomplish the defined scope of work for the respective projects addressed within this report.

After an opportunity for public comment was held, the Committee moved to approve the recommendation in the CAO report, as amended, as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

GOVERNMENT OPERATIONS COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|----------------------|--------------------|
| HARRIS-DAWSON: | YES |
| HERNANDEZ: | YES |
| HUTT: | YES |

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-NOT OFFICIAL UNTIL COUNCIL ACTS-