

GOVERNMENT OPERATIONS and BUDGET, FINANCE AND INNOVATION
COMMITTEES' REPORT relative to the 2023-24 First Construction Projects Report.

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

APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated August 14, 2023, attached to the Council file.

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$26.75 million are recommended in its report. Of this amount, \$11.91 million is for transfers, appropriations, and expenditure authority for the Bureau of Street Services, \$5.87 million for the Department of General Services, \$3.75 million is for transfer, appropriation and expenditure authority for Los Angeles Police Department and \$5.22 million 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 (CAO report dated August 14, 2023, Attachment No. 4).

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

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 Municipal Facilities Capital Improvement Projects approved in the 2023-24 and 2021-22 Adopted Budgets would cause the City to borrow \$131,406,967 at an approximate 5.5 percent interest rate over 20 years. The issuance of MICLA for the reauthorization of Municipal Facilities/Los Angeles Convention Center (LACC) Capital Improvements Projects with expired authority beyond the City's Three-Year Spending Policy would cause the City to borrow \$26,035,717 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for the 2023-24 Municipal Facilities and LACC Capital Improvement Projects is \$263,493,966, including interest of approximately \$106,051,282.

During the life of the bonds, the estimated average annual debt service is \$13,174,698 over 20 years. The issuance of MICLA for the reauthorization of capital equipment acquisitions for various City departments approved in the 2023-24 and 2022-23 Adopted Budget would cause the City to borrow \$97,572,391 at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service for the capital equipment acquisitions is \$129,447,114, including interest of approximately \$31,874,723. During the life of the bonds, the estimated average annual debt service is \$12,944,711 over 10 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 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 Adopted Budget non voter-approved debt ratio is 2.54 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non voter approved debt limit.

Community Impact Statement: None submitted

SUMMARY

At its regular meeting held on August 22, 2023, your Government Operations Committee considered a CAO report dated August 14, 2023, relative to the 2023-24 First Construction Projects Report. After an opportunity for public comment was held, the Committee moved to approve the recommendations in the CAO report attached to the Council file.

Subsequently, the Budget, Finance and Innovation (BFI) Committee considered the CAO report on September 13, 2023. After an opportunity for public comment was held, the BFI Committee moved to concur with the Government Operations Committee and approve the recommendations in the CAO report, attached to the Council file.

This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,
GOVERNMENT OPERATIONS COMMITTEE BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PADILLA:	YES
HERNANDEZ:	YES
HUTT:	YES

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
HARRIS-DAWSON:	YES
YAROSLAVSKY:	ABSENT
McOSKER:	YES
RODRIGUEZ:	YES

9-13-23 MM 23-0842

-NOT OFFICIAL UNTIL COUNCIL ACTS-