

Communication from Public

Name:

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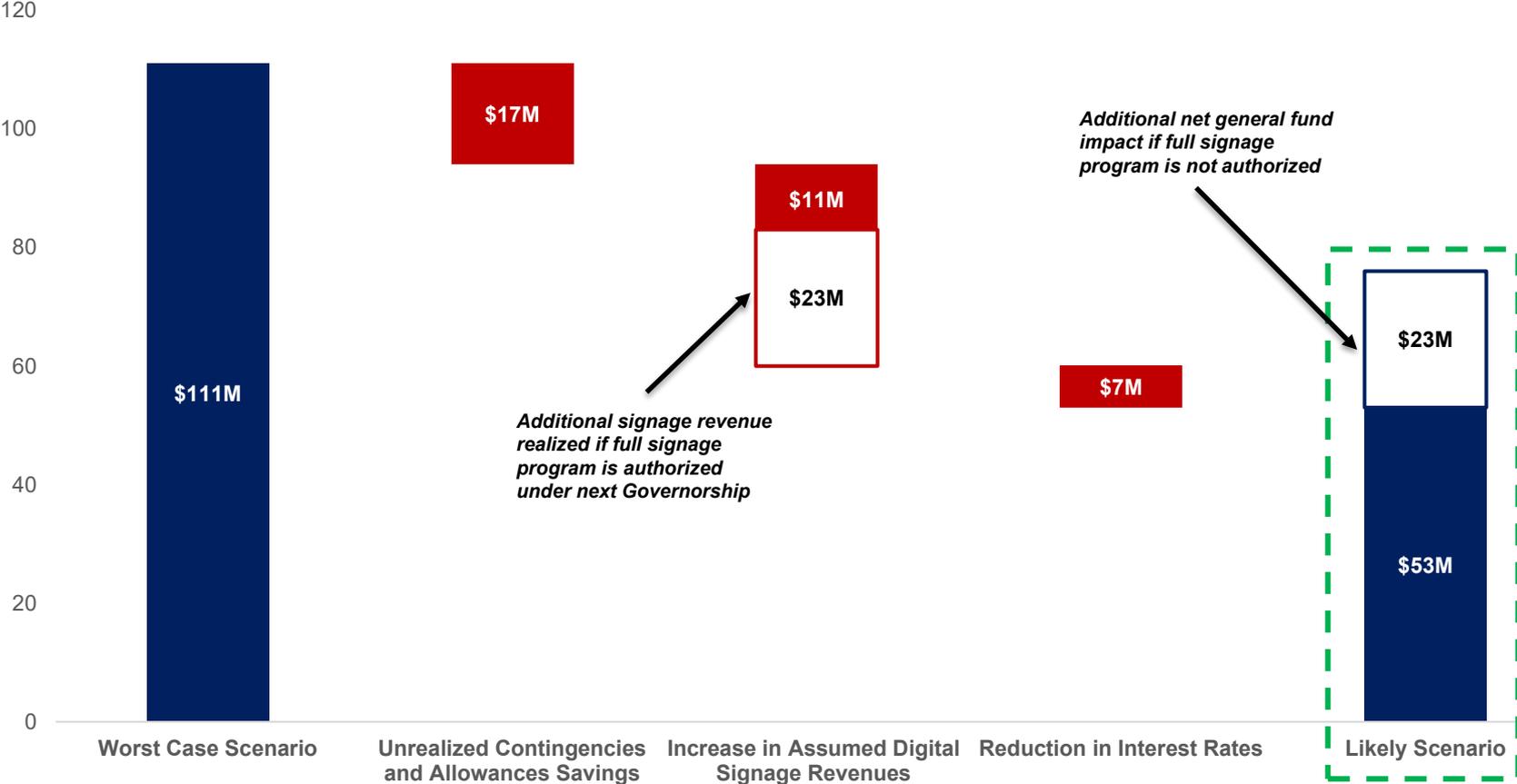
Comments for Public Posting: For consideration by City Council.

NET GENERAL FUND IMPACTS: WORST CASE VS. LIKELY SCENARIO

	Worst Case Scenario (CAO Report)	Likely Scenario	Adjusted Annual Net General Fund Impact ¹
Worst Case Scenario (CAO Report): Net General Fund Impact			\$111M
Expended Contingency for Relief Events	\$204M ²	\$102M ⁶	(\$7M)
Expended Contingency for Change Orders	\$102M ³	\$20M ⁷	(\$5M)
Expended Contingency for Tariffs	\$50M ⁴	\$10M ⁸	(\$3M)
Expended LADWP Allowances	\$236M	\$193M ⁹	(\$3M)
Digital Signage Revenues	\$27M per year ⁵	\$38M - \$61M per year ¹⁰	(\$11M - \$34M)
City Cost of Borrowing	4.84%	~4.50% ¹¹	(\$7M)
Likely Scenario: Net General Fund Impact			\$53M - \$76M

From 1993-2023, the City made annual General Fund contributions of ~\$50 million for LACC bond debt service. Rededicating this inflation-adjusted amount to the expansion project would cover the net General Fund impact of the Project under the “likely scenario”

"LIKELY SCENARIO" NET GENERAL FUND IMPACT



NOTES

1. Contingency and allowance cost savings are converted to a net general annual fund impact by amortizing savings over a 30-year period at the City's cost of financing. All references to "net general fund impact" are in nominal annual average dollars. Totals may not add due to rounding.
2. City's relief event contingency has been sized to equal 10% of construction price (i.e. \$204M).
3. City's change order contingency has been sized to equal 5% of construction price (i.e. \$102M).
4. City's tariff contingency is \$50M.
5. CAO report (8/29) assumed no freeway facing signage for revenue projection purposes.
6. Assumes 50% of Relief Event contingency is utilized, based on extensive site due diligence undertaken and given half of the compensable Relief Events are within the City's control.
7. City-directed change orders should be minimal given that (i) the design has already progressed to 100% design development level, and (ii) large change orders cannot be accommodated within the schedule given the paramount importance of achieving Olympics Readiness.
8. Approximately \$175M - \$235M of APCLA's total construction price is exposed to tariff risk. Per the Project Agreement, 80% of this tariff risk is removed within one month of commercial close, and 100% of this tariff risk is removed by June 2026.
9. Assumes that (i) certain costs (e.g., circuitry and existing substructure relocation) are consistent with recent communication of scope by LADWP and subcontractor pricing feedback, (ii) only a portion of LADWP contingency (50%) for circuits and other cost- and schedule-related contingencies are utilized, and (iii) other cost and assumptions are in line with APCLA's expectations.
10. Low end of signage revenue range assumes on-site advertising for freeway facing signs and off-site advertising for non-freeway facing signs. High end of signage revenue range assumes full signage program is authorized under the next Governorship.
11. Estimated reduction in City's borrowing cost based on reduction in tax-exempt and taxable benchmark rates since initial CAO report.