

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to the Fourth Construction Projects Report (CPR) for Fiscal Year 2022-23.

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

1. CONCUR with the Government Operations Committee action of the February 28, 2023.
2. REPLACE Controller’s instructions reflected in Attachment 1 of the 2022-23 Fourth CPR, attached to the City Administrative Officer’s (CAO) report dated January 25, 2023, attached to the Council file:

- a. For item QQ – City Council Chambers in its entirety, as needed to correct for an inadvertent error as follows:

From:

<u>Fund No. 100/54, Capital Technology Improvement Expenditure Program (CTIEP)</u>	
00V793, Space Optimization Tenant Work	\$ <u>13,089.00</u>

To:

<u>Fund No. 100/40, General Services Department</u>	
001014, Salaries Construction Projects	\$ 11,876.00
003180, Construction Materials	<u>1,213.00</u>
Total	<u>\$ 13,089.00</u>

- b. For item UU – Getty House Tenant Improvements in its entirety, as needed to correct for an inadvertent error, as follows:

From:

<u>Fund No. 100/54, CTIEP</u>	
00V793, Space Optimization Tenant Work	\$ <u>75,669.00</u>

To:

<u>Fund No. 100/40, General Services Department</u>	
001014, Salaries Construction Projects	\$ 5,578.00
001101, Hiring Hall Construction	30,680.00
001121, Benefits Hiring Hall Construction	19,523.00
003040, Contractual Services	11,230.00
003180, Construction Materials	<u>8,658.00</u>
Total	<u>\$ 75,669.00</u>

3. AUTHORIZE the Controller to transfer \$1,908,216 between Departments and Funds as specified in Attachment 1 of the 2022-23 Fourth CPR Addendum, attached to the CAO report dated March 9, 2023, attached to the Council file.
4. AUTHORIZE the Controller to transfer \$1,422,000 between accounts within Departments and Funds as specified in Attachment 2 of the 2022-23 Fourth CPR Addendum, attached to the CAO report dated March 9, 2023, attached to the Council file.

5. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized through this report, as required to implement the intent of those transactions.
6. AUTHORIZE the Controller, in accordance with Recommendation Nos. 1 and 2, to reimburse the General Fund with Municipal Improvement Corporation of Los Angeles (MICLA), upon CAO approval and receipt of requesting Departments' labor services, construction materials, and supplies invoices for completed work, including the Departments' 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 project(s):
 - a. Space Optimization, City Hall East P-4 (Item E)
7. AUTHORIZE the Bureau of Engineering (BoE) to execute a cooperative agreement, and any other agreement, with Caltrans required to implement the Potrero Canyon Pacific Coast Highway Pedestrian Bridge Project to ensure that the intent of Council Motion (C.F. 22-0713) is effectuated.
8. Rescind the prior Controller's instructions provided in Attachment 1 of the 2022-23 Fourth CPR (Item No. KKK) and to replace those instructions with the correct breakdown of accounts as provided in Attachment 1 of the 2022-23 Fourth CPR Addendum (Item H)

Fiscal Impact Statement: The CAO reports that transfers, appropriations, and expenditure authority totaling \$55.83 million are recommended in the CAO report. Of this amount, \$21.68 million is for transfers, appropriations, and expenditure authority for the Bureau of Sanitation, \$8 million for the Los Angeles Zoo Department, \$7.38 million for the Department of Transportation, \$4.86 million for the Bureau of Street Lighting and \$13.91 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.

The CAO reports in the addendum that the transfers, appropriations, and expenditure authority totaling \$3.33 million are recommended in the CAO report. Of this amount, \$772,000 is for transfers, appropriations, and expenditure authority for the CAO, \$601,502 for BoE, \$531,688 for General Services Department, and \$1,425,026 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.

Financial Policies Statement: The CAO reports that the actions recommended in the CPR and addendum to the CPR comply with the City's Financial Policies.

Debt Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The issuance of MICLA for the reauthorization of CTIEP projects included in this report would cause the City to borrow \$16,572,785 at an approximate 5.5 percent interest rate over 20 years. The total estimated debt service for the CTIEP projects is \$27,740,000, including interest of approximately \$11,167,000. The issuance of MICLA for the Bureau of Sanitation Automated Litter Bin Deployment Vehicles would cause the City to borrow \$2,800,000 at an approximate 5.5 percent interest rate over 10 years. The total estimated debt service for the vehicles is \$1,700,000, including interest of approximately \$420,000. During the life of the bonds, the combined estimated average annual debt service is \$1,807,000 over the first 10 years and \$1,387,000 over the following 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 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 percent. The 2022-23 Adopted Budget non voter-approved debt ratio is 2.97 percent. The issuance of debt for these projects will not cause the City to exceed the six percent non voter-approved debt limit.

The CAO reports in the addendum that there is no debt impact to the General Fund as a result of the recommendations in the addendum as there are no new debt issuance authorizations recommended.

Community Impact Statement: None submitted

SUMMARY

At its regular meeting held on March 13, 2023, the Budget, Finance and Innovation Committee considered a CAO report and addendum relative to the Fourth CPR for Fiscal Year 2022-23.

Representatives from the CAO provided an overview of the item and read technical amendments into the record. After an opportunity for public comment was held, the Committee moved to concur with the Government Operations Committee, as amended, and approve the addendum. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET, FINANCE AND INNOVATION COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD	YES
PRICE	YES
YAROSLAVYSKY	YES
MCOSKER	YES
RODRIGUEZ	YES

AS 3/13/23

-NOT OFFICIAL UNTIL COUNCIL ACTS-