

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to the Fifth Construction Projects Report (CPR) for Fiscal Year 2023-24 (FY 23-24).

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

1. CONCUR with the action taken by the Government Operations Committee on May 14, 2024, attached to Council file No. 23-0842-S4.
2. AMEND and APPROVE the Controller's instructions reflected in Attachment 1 of the City Administrative Officer (CAO) report dated May 3, 2024, attached to Council file No. 23-0842-S4, relative to the FY 23-24 Fifth CPR, for Item T - Fiber Optics Conduit Installation Program, related to the transfer of \$2,811,873.63 from the Digital Inclusion Fund No. 65Q/50 to transfer the amount from Account No. 50W184, Bureau of Street Lighting, to the following accounts in the following amounts:
 - a. \$200,000 to Fund No. 100/84, Account No. 001090
 - b. \$920,000 to Fund No. 300/44, Account No. 003040
 - c. \$1,691,873.64 to Fund No. 65Q/50, account number to be determined, "Universal Broadband Services"
3. ADD and APPROVE the following recommendation to the CAO report dated May 3, 2024, attached to the Council file, respectively, as follows:
 - a. Approve and authorize the Controller to reappropriate up to \$110,132.85, within Fund No. 100/54, Capital and Technology Improvement Expenditure Program (CTIEP) for the following accounts, in order to effectuate instructions provided in the FY 23-24 Fourth CPR (Council file No. 23-0842-S3), Items X, AAA, and ZZZZ:
 - i. Echo Park Skate Park (00P304) - \$ 2,006.50
 - ii. Prop K-Sheldon-Arleta Park (00Y715) - \$2,064.11
 - iii. Mid-Valley (00J031) - \$22,299.38
 - iv. Ord and Yale Developer (00K054) - \$58,347.44
 - v. Drum Barracks Parking Lot (00L091) - \$456.50
 - vi. Celes King Pool & Bathhouse (00L094) - \$23,268.00
 - vii. Whitsett Soccer Complex (00R076) - \$11.62
 - viii. Fire Life Safety Building Sys (00W200) - \$41.67
 - ix. Civic and Community Facilities (00W618) - \$1,637.63
4. AMEND the Debt Impact Statement contained in the CAO report dated May 3, 2024, attached to the Council file, respectively, to replace the second sentence to read as follows: "The authorization of \$3.40 million in Municipal Improvement Corporation of Los Angeles (MICLA) funding for Items A, L, NN, OO, QQ, RR, **WW**, **XX**, and **BBB** would cause the City to borrow \$3.4 million at an approximate five and a half percent interest rate over 20 years." (Revision

incorporated below and bolded)

Fiscal Impact Statement: The CAO reports that the recommendations stated in the report include transfers, appropriations, and authority for expenditures totaling \$25.46 million. This consists of \$11.80 million from various special funds, \$3.64 million in MICLA financing, \$2.57 million in CTIEP funds, and \$7.45 million from the General Fund. All transfers and appropriations are based on existing funds, reimbursements, or revenues. There is no additional General Fund impact for operations and maintenance costs as a result of these recommendations

Financial Policies Statement: The CAO reports that the recommendations stated in this report comply with the City’s Financial Policies in that appropriations for funds are limited to available cash balances needed to fund ongoing maintenance, programming, project shortfalls, and critical operational needs in the current budget year.

Debt Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The authorization of \$3.40 million in MICLA funding for Items A, L, NN, OO, QQ, RR, **WW, XX, and BBB** would cause the City to borrow \$3.4 million at an approximate five and a half percent interest rate over 20 years. The total estimated debt service for these nine MICLA-financed capital improvement projects totaling \$3.40 million is \$5.70 million, including interest of approximately \$2.30 million. During the life of the bonds, the estimated average annual debt service is \$0.30 million over 20 years. Because future interest rates cannot be fully predicted, actual interest rates are dependent on market conditions at the time of issuance. In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability of future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is six percent. The revised 2023-24 Adopted Budget non-voter-approved debt ratio is 2.59 percent. The issuance of MICLA 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 special meeting held on June 7, 2024, the Budget, Finance and Innovation Committee considered a CAO report relative to the Fifth CPR for FY 23-24.

After an opportunity for public comment was held, the Committee moved to concur with the Government Operations Committee action of May 14, 2024, as detailed above, as amended. 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
HARRIS-DAWSON	YES
MCOSKER	ABSENT
RODRIGUEZ	ABSENT
YAROSLAVSKY	YES

LV 6.7.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-