

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the Sixth Construction Projects Report (CPR) for Fiscal Year 2023-24.

Recommendation for Council action:

APPROVE the recommendations contained in the City Administrative Officer (CAO) report dated June 5, 2024, attached to the Council file.

Fiscal Impact Statement: The recommendations stated in this report include reauthorizations totaling \$231,090,891 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing. There is no additional General Fund impact for operations and maintenance costs as these are administrative actions.

Debt Impact Statement: The issuance of MICLA debt is a General Fund obligation. The reauthorization of certain Municipal Facilities capital improvement projects approved in the 2024-25 Adopted Budget would cause the City to borrow \$79,675,333 at an approximate 5.5 percent interest rate over a period of 20 years. The issuance of MICLA for the reauthorization of the entirety of Los Angeles Convention Center (LACC) capital improvement projects would cause the City to borrow \$22,507,000 at an approximate 5.5 percent interest rate over a period of 20 years. The total estimated debt service for the 2024-25 Municipal Facilities projects and LACC capital improvement projects is \$171,010,984, including interest of approximately \$68,828,651. During the life of the bonds, the estimated average annual debt service is \$8,550,550 over a period of 20 years. The issuance of MICLA for the reauthorization of capital equipment acquisitions for various City departments approved in the 2024-25 Adopted Budget would cause the City to borrow \$128,908,558 at an approximate 5.5 percent interest rate over a period of 10 years. The total estimated debt service for the capital equipment acquisitions is \$171,020,108, including interest of approximately \$42,111,550. During the life of the bonds, the estimated average annual debt service is \$17,102,011 over a period of 10 years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We 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 2024-25 Adopted Budget non-voter-approved debt ratio is 2.63 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 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 2024-25 budget year.

Community Impact Statement: None submitted

(Referred to the Government Operations Committee and Budget, Finance and Innovation Committee)

SUMMARY

At the meeting held on June 11, 2024, your Government Operations Committee considered a CAO report relative to the Sixth Construction Projects Report (CPR) for Fiscal Year 2023-24.

After an opportunity for public comment was held, the Committee approved the recommendation, 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>
PADILLA	YES
HERNANDEZ	YES
HUTT	YES

JL 23-0842-S5 6-11-24

-NOT OFFICIAL UNTIL COUNCIL ACTS-