

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

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

1. CONCUR with the action taken by the Government Operations Committee on June 11, 2024, attached to Council file No. 23-0842-S5.
2. **INSTRUCT the City Clerk to place on the agenda of the first regular Council meeting on July 1, 2024, or shortly thereafter, the following instructions:**

Recommendation for Council action, subject to the approval of the Mayor, authorize the Controller to transfer \$200,000 as follows: from Fund No. 59V/50, Road Maintenance and Rehabilitation (SB1) Fund Account No. 50YZBG, 1st Street Bridge Over Figueroa Street, total \$200,000; to Fund No. 100/40, General Services Department Account No. 001014, Salaries Construction Projects, \$15,000; and Account No. 003180, Construction Materials , \$185,000; totaling \$200,000.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the recommendations stated in the report include reauthorizations totaling \$231,090,891 million in MICLA financing. There is no additional General Fund impact for operations and maintenance costs as these are administrative actions.

Financial Policies Statement: The CAO reports that the recommendations stated in the 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.

Debt Impact Statement: The CAO reports that 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 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.

Community Impact Statement: None submitted

SUMMARY

At its regular meeting held on June 26, 2024, the Budget, Finance and Innovation Committee considered a CAO report relative to the Sixth CPR for Fiscal Year 2023-24.

After an opportunity for public comment was held, the Committee moved concur with the Government Operations Committee action of June 11, 2024 and approved an amendment to the report introduced by the CAO, as stated 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	ABSENT
MCOSKER	YES
RODRIGUEZ	YES
YAROSLAVSKY	YES

LV 6.26.24

-NOT OFFICIAL UNTIL COUNCIL ACTS-