

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 5, 2024

CAO File No. 0640-01399-0136

Council File No. 22-0842-S5

Council District: All

To: Mayor
Council

From: Matthew W. Szabo, City Administrative Officer 

Reference: City Capital Repair and Infrastructure Projects

Subject: **2023-24 – Sixth Construction Projects Report**

SUMMARY

Our Office is transmitting for your consideration the Sixth Construction Projects Report (CPR) for Fiscal Year (FY) 2023-24, which includes reauthorizations of projects totaling \$231,090,891. The recommendations in the report reauthorize Municipal Improvement Corporation of Los Angeles (MICLA) financing needed to complete projects approved in the 2024-25 Adopted Budget (C.F. 24-0600).

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

Council Reauthorization: 2024-25 MICLA Financing of Municipal Facilities Projects (Item A)

1. Reauthorize a total of \$79,675,333 in MICLA financing included in the 2024-25 Adopted Budget for Municipal Facilities projects, as specified in Attachment 1;

Council Reauthorization: 2024-25 MICLA Capital Improvement Projects - Los Angeles Convention Center (LACC) (Item B)

2. Authorize Department of Convention and Tourism Development (CTD) and/or the City Administrative Officer (CAO) to reimburse funds up to \$22,507,000 from the MICLA Commercial Paper Program (LACC) to vendors such as AEG Management LACC, LLC, as appropriate, to pay for capital improvement projects at the LACC, as specified in Attachment 1;

Council Reauthorization: 2024-25 MICLA Fleet and Capital Equipment (Item C)

3. Reauthorize a total of \$128,908,558 in MICLA financing included in the 2024-25 Adopted Budget, and authorize the General Services Department (GSD) to establish appropriations to purchase fleet and equipment, as specified in the Attachment 1; and,

4. 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.

FISCAL IMPACT STATEMENT

The recommendations stated in this 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.

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 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.

DISCUSSION

This report provides updates on the current activities and financial status of the capital repair and infrastructure programs managed or implemented by City departments that typically includes the Public Works Bureaus and the GSD, along with recommended authorities needed to proceed with scheduled activities, address funding shortfalls, or other implementing authorities required to accomplish the defined scope of work for the respective projects addressed within this report.

A. Council Reauthorization: 2024-25 MICLA Municipal Facilities Projects and Annual Programs
MICLA
Attachment No. 1
Recommendation No. 1

In accordance with Council policies, all projects allocated MICLA financing as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA commercial paper and/or bond proceeds. Approval to authorize a total of \$79,675,333 in MICLA financing is recommended for Municipal Facilities projects funded in the 2024-25 Adopted Budget to address projected cash flow needs. Council approval is required to authorize MICLA financing for the Municipal Facilities projects reflected in Attachment 1. *O&M Fiscal Impact: This General Fund impact for operations and maintenance as this is an administrative action.*

B. Council Reauthorization of 2024-25 MICLA Capital Improvement Projects - LACC Projects
MICLA
Attachment No. 1
Recommendation No. 2

In accordance with Council policies, all projects allocated MICLA financing as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA commercial paper and/or bond proceeds. Approval to reauthorize a total of \$22,507,000 in MICLA financing is recommended for LACC projects funded in the 2024-25 Adopted Budget to address projected cash flow needs. Council approval is required to authorize MICLA financing for Municipal Facilities projects reflected in Attachment 1. *O&M Fiscal Impact: There is no General Fund impact for the operations and maintenance as this is an administrative action.*

C. Council Reauthorization: 2024-25 MICLA Fleet and Capital Equipment
MICLA
Attachment No. 1
Recommendation No. 3

In accordance with Council policies, all projects allocated MICLA financing as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA commercial paper and/or bond proceeds. Approval to authorize a total of \$128,908,558 in MICLA financing is recommended for GSD to purchase new and replacement equipment. Additional authority to

appropriate funding within GSD's budgetary accounts is also recommended to enable the Department to purchase equipment. Council approval is required to authorize MICLA financing for this purpose. *O&M Fiscal Impact: This General Fund impact for operations and maintenance as this is an administrative action.*

By: LaTanya Roux

Administrative Analyst

APPROVED:

City Administrative Officer

MWS:LRR:05240128

Attachment

ATTACHMENT 1

SIXTH CONSTRUCTION PROJECTS REPORT

MICLA REAUTHORIZATION: 2024-25 MUNICIPAL FACILITIES PROJECTS, CAPITAL IMPROVEMENT PROGRAM, AND FLEET/CAPITAL EQUIPMENT

CATEGORY	PROJECT	AMOUNT
Municipal Facilities Projects	Access Control Units Replacement	\$ 1,000,000
	Animal Services Mission Lenel Access Control System	115,004
	Animal Services West Valley Animal Shelter Training Yard Fence	292,567
	Asphalt Plant No. 1 - Phase II	8,368,687
	Boyle Heights Sports Center	5,000,000
	Building Equipment Lifecycle Replacement	2,500,000
	Capital Program - Bureau of Street Services (BSS)	1,500,000
	Capital Program - El Pueblo	841,116
	Capital Program - Public Works Building	1,000,000
	Capital Program - Van Nuys Civic Center	500,000
	Capital Program - Zoo	2,000,000
	Citywide Infrastructure Improvements	1,000,000
	Citywide Roof Capital Repairs	1,800,000
	Citywide Security Improvement Program	2,849,800
	Deferred Maintenance Program	6,888,586
	Electric Vehicle Charger Infrastructure	4,500,000
	Electric Vehicles Infrastructure for Yards and Shops Facilities	2,400,000
	Fire Electric Vehicle Charging Infrastructure	4,500,000
	Fire Frank Hotchkin Memorial Training Center Infrastructure Improvements	900,000
	Griffith Park Recreation Center Pool Replacement and Bathhouse Renovation Project	5,351,998
	Las Palmas Senior Center Renovation and Decarbonization	2,899,680
	MacArthur Park Recreation and Signal Building Phase II Improvements	1,200,000
	Municipal Buildings Energy and Water Management and Conservation	1,566,000
	Overhead Doors, Automatic Gates, and Awnings	1,000,000
	Parking Lots 2 and 7	1,000,000
	Police Electric Vehicle Charger Installation and Power Upgrades	1,000,000
	Police Evidence and Property Management Division (EPMD) Evidence Storage Carousel Replacement	2,417,730
	Police Worth Street Warehouse ESD Canopy Project	315,000
	Public Safety Facilities - Animal Services	320,000
	Public Safety Facilities - Fire	1,591,715
	Public Safety Facilities - Police	1,027,450
	Public Safety Facilities - Police Administration Building	280,000
Sixth Street Park, Arts, and River Connectivity (PARC) Improvement Project	2,000,000	
Slauson Connect Recreation Center	2,500,000	
Space Optimization Tenant Work	2,000,000	

ATTACHMENT 1

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MICLA REAUTHORIZATION: 2024-25 MUNICIPAL FACILITIES PROJECTS, CAPITAL IMPROVEMENT PROGRAM, AND FLEET/CAPITAL EQUIPMENT

CATEGORY	PROJECT	AMOUNT
Municipal Facilities Projects	Stetson Ranch Equestrian Improvements	200,000
	Sylmar Senior Center	2,550,000
	Underground Fuel Storage Tank Sensors at Public Safety Facilities	500,000
	Watts Happening Cultural Center	2,000,000
Subtotal Municipal Facilities Projects		\$ 79,675,333
Los Angeles Convention Center (LACC) Capital Improvement Projects	LACC Airwall Replacement	2,500,000
	LACC Americans with Disabilities Act Remediation	2,000,000
	LACC Electric Boiler Conversion	2,000,000
	LACC Food Service Renovations and Additions	1,000,000
	LACC Gated Perimeter	2,850,000
	LACC Information Technology Network Improvements	419,000
	LACC Mechanical Test Panel - Phase II	605,000
	LACC Waterproofing Upgrades	8,000,000
	LACC Security Surveillance System	2,133,000
	LACC Sump Pump Replacement	1,000,000
Subtotal LACC Projects		\$ 22,507,000
Fleet/ Capital Equipment	Bureau of Sanitation Comprehensive Cleaning and Rapid Engagement (CARE) Vehicles	12,300,000
	Bureau of Street Lighting Vehicles	270,000
	Bureau of Street Lighting Electric Vehicle Charging Stations	1,200,000
	Sixth Street Viaduct Replacement Project - Security Camera Installation	1,440,000
	General Services Department Vehicle Replacement	25,500,000
	Fire Department Vehicle Replacement	51,088,887
	Fire Department Vehicles	7,333,031
	Police Vehicle Replacement	26,656,640
	Information Technology Agency Service Vehicles	960,000
	GSD Yards and Shops - Capital Equipment	660,000
	GSD Printing Press Replacement	1,500,000
Subtotal Vehicles/Equipment		\$ 128,908,558
2024-25 MICLA Projects Total		\$ 231,090,891