

# ITEM NO. 23

File No. 24-0918-S1

BUDGET, FINANCE AND INNOVATION COMMITTEE REPORT relative to the Fiscal Year 2024-25 Second Construction Projects Report.

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

1. CONCUR with the action taken by the Government Operations Committee on November 22, 2024, attached to Council file No. 24-0918-S1.
2. ADD and APPROVE the following recommendations, respectively, to the City Administrative Officer (CAO) report dated October 25, 2024, attached to the Council file, as follows:
  - a. Request the Controller to transfer funds in the amount of \$999,341 from the Los Angeles Department of Building and Safety (LADBS) Building Permit Enterprise Fund No. 48R/08, Appropriation Account No. 08A606 – Alterations and Improvement, to the following accounts within the General Services Department Fund No. 100/40, for construction and remodeling of the Marvin Braude mall retail spaces B and C:
    - i. Account No. 001014; Salaries Construction; \$36,897
    - ii. Account No. 001101; Hiring Hall Construction; \$271,347
    - iii. Account No. 001121; Benefits Hiring Hall Construction; \$127,345
    - iv. Account No. 003180; Construction Materials; \$563,752
  - b. Request the Controller to transfer funds in the amount of \$169,159.44 from the LADBS Building Permit Enterprise Fund No. 48R/08, Appropriation Account No. 08A606 – Alterations and Improvement, to the following accounts within the Bureau of Engineering, Fund No. 100/78, for mechanical, plumbing and electrical design services related to the remodel of the Marvin Braude mall retail spaces B and C:
    - i. Account No. 001010; Salaries General; \$96,387.15
    - ii. Revenue Source Code No. 5361; Related Costs Reimbursements – Others; \$72,772.29
  - c. Authorize the CAO to make technical corrections as necessary to the transactions included in this report to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that the recommendations stated in this report include transfers, appropriations and authority for expenditures totaling \$13.06 million. This consists of \$0.70 million from various special funds, \$8.57 million in Municipal Improvement Corporation of Los Angeles (MICLA) financing, \$1.27 million in Capital and Technology Improvement Expenditure Program (CTIEP) funds, \$1.38 million in grant funds, and \$1.14 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 issuance and appropriation of MICLA financing to reauthorize and expend on CTIEP projects included in this report would cause the City to borrow \$8,567,952 at an approximate five and a half percent interest rate over a period of 20 years. The total estimated debt service for the MICLA-financed CTIEP projects is \$14,339,214, including interest of approximately \$5,771,262. The estimated average annual debt service is \$716,963 over a period of 20 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-voter direct debt as a percentage of General Fund revenues is six-percent. The 2024-25 Adopted Budget non-voter-approved debt ratio is 2.66 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 regular meeting held on December 11, 2024, the Budget, Finance and Innovation Committee considered a CAO report relative to the Fiscal Year 2024-25 Second Construction Projects Report.

After an opportunity for public comment was held, the Committee moved to concur with the Government Operations Committee action of November 22, 2024, as well as approve an amendment 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
RODRIGUEZ:	ABSENT
McOSKER:	YES
YAROSLAVSKY:	ABSENT
PARK:	YES

LV 12.11.24

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**