

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the Second Construction Projects Report (CPR) for Fiscal Year (FY) 2024-25

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

1. AUTHORIZE the Controller to:
 - a. Transfer \$5,362,467 between Departments and funds as specified in Attachment 1 of the October 25, 2024 City Administrative Officer (CAO) report, attached to the Council File.
 - b. Transfer \$1,270,538 between accounts within Departments and funds as specified in Attachment 2 of the October 25, 2024 CAO report, attached to the Council File.
 - c. Reimburse, in accordance with Recommendation No. 1, the General Fund within the Municipal Improvement Corporation of Los Angeles (MICLA), upon CAO approval and receipt of requesting Departments' labor services, construction materials, and supply invoices for completed work to include reimbursement for labor services documentation that must contain an hourly breakdown with task descriptions and codes detailing the completed MICLA eligible work, relative to the Departmental accounts designated for the following projects:
 - i. Animal Services Facilities Project, West Valley Animal Shelter Training Yard Fence (Item A)
 - ii. Mission Lenel Access Control System (Item B)
 - iii. Public Safety Improvements – Los Angeles Fire Department (Item Y)
 - iv. Public Safety Improvements – Los Angeles Police Department (Item Z)
2. REAUTHORIZE \$2.2 million in MICLA authority included in the 2024-25 Adopted Budget for the completion of the Vision Theatre Phases 2, 3, 4, 5 project. (Item F).
3. REDUCE appropriations in the amount of \$576,408 in Recreation and Park's Sites and Facilities Fund No. 209/88, Account No. 88Y210, Various Recreation Parks Facilities, to reflect available funds. (Item J).
4. AUTHORIZE the use of MICLA financing in the amount of \$1.8 million for the structural assessment of City Hall East. (Item K)
5. APPROPRIATE \$1.8 million to a new account entitled, "Structural Assessment of City Hall East" within MICLA Commercial Paper Fund No. 298.

6. AUTHORIZE the use of MICLA financing in the amount of \$1.5 million for the Mangrove Lot tenant improvements to fund tenant improvement costs for future City Department. (Item L)
7. APPROPRIATE \$1.5 million to a new account entitled, "Mangrove Lot Tenant Improvements" within MICLA Commercial Paper Fund No. 298.
8. AUTHORIZE the use of MICLA financing in the amount of \$1.5 million for the Unified Command Post to fund tenant improvements for a staff engaged in the strategic planning of large-scale Citywide events. (Item M)
9. APPROPRIATE \$1.5 million to a new account entitled, "Unified Command Post Improvements" within MICLA Commercial Paper Fund No. 298.
10. 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 CAO reports that the recommendations stated in the October 25, 2024 CAO report, attached to the Council File, 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 MICLA financing, \$1.27 million in 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 the October 25, 2024 CAO report, attached to the Council File, is 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. The CAO 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:

On November 22 2024, the Government Operations (GO) Committee considered an October 25, 2024 CAO report relative to the Second CPR for FY 2024-25. According to the CAO, it is transmitting for your consideration the Second CPR for FY 2024-25, which includes transfers totaling \$13.06 million. The recommendations provide sufficient cash flow for scheduled acquisitions or construction activities, project shortfalls, and funding authority needed to complete authorized projects utilizing various capital funds that include: Capital and Technology Improvement Expenditure Program (CTIEP), special fund monies, grant awards, and financing from the Municipal Improvement Corporation of Los Angeles (MICLA). Representatives from the CAO provided an overview of the various activities and answered questions from the Committee members. After consideration and having provided an opportunity for public comment, the GO Committee moved to recommend approval of the recommendation as detailed in the October 25, 2024 CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA: YES
HERNANDEZ: YES
HUTT: YES

ARL
11/22/24

-NOT OFFICIAL UNTIL COUNCIL ACTS-