

**GOVERNMENT OPERATIONS and BUDGET AND FINANCE COMMITTEES REPORT
relative to the Sixth Construction Projects Report (CPR) for Fiscal Year (FY) 2024-25**

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

1. REAUTHORIZE the following:

- a. The use of up to \$5,762,773.09 in Municipal Improvement Corporation of Los Angeles (MICLA) funding from multiple fiscal years for various projects that have expired or will expire and reauthorize continued use of these funds beyond the City's MICLA Three-Year Spending Policy (Council Reauthorization: Expired or Soon-to-be-Expired MICLA Funds - Various Projects (Item A)).
 - b. A total of \$93,735,334 in MICLA funding included in the 2025-26 Adopted Budget for Municipal Facilities projects, as specified in Attachment 1 of the May 29, 2025 City Administrative Officer (CAO) report, attached to the Council File (Council Reauthorization: 2025-26 MICLA Funding of Municipal Facilities Projects (Item B)).
 - c. A total of \$165,252,711 in MICLA funding included in the FY 2025-26 Budget; and, authorize the Department of General Services Department to establish appropriations to purchase fleet and equipment, as specified in Attachment 1 of the May 29, 2025 CAO report, attached to the Council File (Council Reauthorization: 2025-26 MICLA Fleet and Capital Equipment (Item D)).
2. AUTHORIZE the Department of Convention and Tourism Development and/or the CAO to reimburse funds up to \$13,800,000 from the MICLA Commercial Paper Program to vendors such as AEG Management LACC, LLC, as appropriate, to pay for capital improvement projects at the LACC, as specified in Attachment 1 of the May 29, 2025 CAO report, attached to the Council File (Council Reauthorization: 2025-26 MICLA Capital Improvement Projects – Los Angeles Convention Center (LACC) (Item C)).
3. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized in this report, as required to implement the intent of those transactions.
4. AMEND the Fiscal Impact Statement in the May 29, 2025 CAO report, attached to the Council File, to delete the statement and replace with:

The recommendations stated in this report include reauthorizations totaling \$278,550,818 in MICLA funding. There is no additional General Fund impact for operations and maintenance costs as these are administrative actions.

Fiscal Impact Statement: The CAO reports that the recommendations stated in this report include reauthorizations totaling \$278,550,818 in MICLA funding. 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 May 29, 2025 CAO report, attached to the Council File, 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 2025-26 FY.

Debit Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The reauthorization of various projects (Items A, B, and C) would cause the City to borrow \$113.3 million at an approximate 5.5 percent interest rate over a period of 20 years. The total estimated debt service for these projects is \$189.4 million, including interest of approximately \$76.1 million. During the life of the bonds, the estimated average annual debt service is \$9.5 million over a period of 20 years. The reauthorization of MICLA Fleet and Capital Equipment (Item D) approved in the FY 2025-26 Adopted Budget would cause the City to borrow \$165.3 million 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 \$219.2 million, including interest of approximately \$54.0 million. During the life of the bonds, the estimated average annual debt service is \$22.0 million 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 2025-26 Budget non-voter-approved debt ratio is 2.46 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:

On June 3, 2025, the Government Operations (GO) Committee considered a May 29, 2025 CAO report relative to the Sixth CPR for FY 2024-25. According to the CAO, the Sixth CPR for FY 2024-25. This report reauthorizes MICLA funding approved in the FY 2025-26 Budget (Council File No. 25-0600) to ensure funding is available for City Departments to initiate projects and prevent delays in operations at the start of the new fiscal year. This report also includes reauthorizations of prior year MICLA authority that expired (or is soon-to-be expired) and has not been spent within the City's MICLA Three-Year Spending Policy. The total MICLA funding amount for reauthorization is \$278,550,818. After consideration and having provided an opportunity for public comment, the GO Committee moved to recommend approval of the recommendation as detailed in the May 29, 2025 CAO report, as amended.

Subsequently, on June 17, 2025, the Budget and Finance (BF) Committee also considered this matter. After consideration and having also provided an opportunity for public comment, the BF Committee moved to concur with the GO Committee. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

COUNCILMEMBER VOTE

PADILLA:	YES
LEE:	YES
JURADO:	YES

Budget and Finance Committee

COUNCILMEMBER VOTE

YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	ABSENT
McOSKER:	YES
HERNANDEZ:	YES

ARL

6/17/25

-NOT OFFICIAL UNTIL COUNCIL ACTS-