

BUDGET AND FINANCE COMMITTEE REPORT relative to the Fiscal Year 2025-26 Fourth Construction Projects Report (CPR).

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

CONCUR with Government Operations Committee's action of March 3, 2026 in approving the recommendations contained in the City Administrative Officer (CAO) report dated February 25, 2026, attached to the Council file, as amended to add the following recommendations to effectuate the necessary transfers for demobilization of a Tiny Home Village (THV) site in Council District Three (CD 3):

- a. TRANSFER up to \$1,753,865 from the Homeless Efforts - County Funding Agreement Fund No. 63Q/10, Account No. RSRC 4903, Interest Income - Other, to Homeless Efforts - County Funding Agreement Fund No. 63Q/10, Account No. 10T618, Homeless Effort - County Funding Agreement.
- b. APPROVE and APPROPRIATE up to \$1,687,380 from Homeless Efforts - County Funding Agreement Fund No. 63Q/10, Account No. 10T618, Homeless Effort - County Funding Agreement, to the following accounts for demobilization of the THV located at 6073 North Reseda Boulevard, also known as Topham, in CD 3:
  - i. Up to \$89,260 to General Services Department (GSD) Fund No. 100/40, Account No. 001014, Salaries, Construction Projects.
  - ii. Up to \$482,005 to GSD Fund No. 100/40, Account No. 001101, Hiring Hall Construction.
  - iii. Up to \$321,337 to GSD Fund No. 100/40, Account No. 001121, Benefits Hiring Hall Construction.
  - iv. Up to \$794,778 to GSD Fund No. 100/40, Account No. 003180, Construction Materials.
- c. APPROVE and APPROPRIATE up to \$20,000 from Homeless Efforts - County Funding Agreement Fund No. 63Q/10, Account No. 10T618, Homeless Effort - County Funding Agreement, to the Bureau of Engineering Fund No. 682/50, in a new account entitled "CD 3 Topham Demobilization", to support the deconstruction of the Topham THV in CD 3.
- d. APPROVE and APPROPRIATE \$46,485 from Homeless Efforts - County Funding Agreement Fund No. 63Q/10, Account No. 10T618, Homeless Effort - County Funding Agreement, to CAO Fund No. 100/10, Account No. 003040, Contractual Services, to support security costs during the demobilization of the Topham THV in CD 3.

Fiscal Impact Statement: The CAO reports that the recommendations stated in said report include transfers, appropriations, and authority for expenditures totaling \$53.7 million. This consists of \$12.7 million from various special funds, \$36.3 million in Municipal Improvement Corporation of Los Angeles (MICLA) funds, and \$4.7 million in Capital and Technology Improvement Expenditure Program (CTIEP) funds. All transfers and appropriations are based on existing funds, reimbursements, or revenues. There is an unanticipated General Fund impact in an amount not yet determined for operations and maintenance costs of two facilities currently not in operation, a park within Destination Crenshaw and Taxco Theatre. These costs will be addressed through the City budget process at the time the facilities are scheduled for completion.

Financial Policies Statement: The CAO reports that the recommendations stated in said 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 appropriation of MICLA funding for the Active Decarbonization Pilot Projects (Item B in said CAO report) would cause the City to borrow \$0.9 million at an approximate 5.5 percent interest rate over a period of 20 years. The reauthorization of 2022-23 MICLA funding authority to the City Hall Entry Doors Project (Item KK in said CAO report) would cause the City to borrow \$0.6 million at an approximate 5.5 percent interest rate over a period of 20 years. The reauthorization of 2022-23 MICLA funding authority to the West Valley Police Station Heating, Ventilation, and Air Conditioning Replacement Project (Item LL in said CAO report) would cause the City to borrow \$1.0 million at an approximate 5.5 percent interest rate over a period of 20 years. The total estimated debt service for these projects is \$4.2 million, including interest of approximately \$1.7 million. During the life of the bonds, the estimated average annual debt service is \$0.2 million 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 the evaluation of the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is six percent. The 2025-26 Adopted Budget non-voter-approved debt service ratio is 2.40 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 a Special meeting held on March 23, 2026, your Budget and Finance Committee considered the CAO report, dated February 25, 2026, relative to the Fourth CPR for Fiscal Year 2025-26, which details various transfers totaling \$53.7 million to provide sufficient cash flow to offset funding shortfalls needed to complete approved capital repair and infrastructure projects, scheduled acquisitions, and construction activities managed or implemented by various City departments that generally include the Department of Public Works Bureaus and GSD. Sources of project funding include CTIEP funds, special fund monies, grant awards, and MICLA funds. Councilmember Blumenfield introduced a motion, seconded by Councilmember Yaroslavsky, to add recommendations relative to effectuating the necessary transfers for the demobilization of the Topham THV site located in CD 3.

After an opportunity for public comment was held, the Committee moved to concur with the Government Operations Committee's action of March 3, 2026 in approving the recommendations contained in said CAO report, as amended to include the additional recommendations for the demobilization of the Topham THV in CD 3 as detailed above. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
YAROSLAVSKY:	YES
BLUMENFIELD:	YES
HUTT:	YES
McOSKER:	ABSENT
HERNANDEZ:	YES

AXB  
25-0874-S3\_rpt\_bfc\_03-23-26

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**