

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the Fiscal Year (FY) 2025-26 Fourth Construction Projects Report.

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

1. AUTHORIZE the Controller to:

- a. Transfer \$19,997,909 between Departments and funds as specified in Attachment 1 of the February 25, 2026 City Administrative Officer report (CAO), attached to the Council File.
- b. Transfer \$26,445,549 between accounts within Departments and funds as specified in Attachment 2 of the February 25, 2026 CAO report, attached to the Council File.
- c. Appropriate \$7,289,677 between accounts within Departments and funds as specified in Attachment 3 of the February 25, 2026 CAO report, attached to the Council File.
- d. In accordance with Recommendation No. 1 of the February 25, 2026 CAO report, reimburse 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, in connection to the Departmental accounts designated for the following projects:
  - i. Active Decarbonization Pilot Projects (Item B in the February 25, 2026 CAO report, attached to the Council File)
  - ii. Facilities Security and Safety – Alabama Yard Fencing (Item M in the February 25, 2026 CAO report, attached to the Council File)
  - iii. Los Angeles Convention Center (LACC) Expansion and Modernization Project (Item Q in the February 25, 2026 CAO report, attached to the Council File)
  - iv. Deferred Maintenance Program – Main City Hall Chiller Replacement Labor Cost (Item AA in the February 25, 2026 CAO report, attached to the Council File)
  - v. El Pueblo Security Camera Project Phase II (Item BB in the February 25, 2026 CAO report, attached to the Council File)

- vi. Middle Zoo Adaptive Reuse Project (Item TT in the February 25, 2026 CAO report, attached to the Council File)
- vii. Gorilla Transfer Chute (Item VV in the February 25, 2026 CAO report, attached to the Council File)
- e. Establish a new interim MICLA appropriation in the amount of \$889,281 within the MICLA Fund No. 298/50, Account titled “Decarbonization Pilot Project Contingency” (Item B in the February 25, 2026 CAO report, attached to the Council File).
- f. Establish appropriations as detailed in Item Q in the February 25, 2026 CAO report, attached to the Council File, for the LACC Expansion and Modernization Project.
- g. Disencumber up to \$250,000 from 2024-25, Fund No. 100/54, Account No. 00A941, “Deferred Maintenance Program”, revert, and reappropriate the same amount to the current year 2025-26, Fund No. 100/54, Account No. 00C941, “Deferred Maintenance Program”.
- h. Disencumber up to \$135,000 from 2023-24, Fund No. 100/54, Account No. 00Y941, “Deferred Maintenance Program”, revert, and reappropriate the same amount to the current year 2025-26, Fund No. 100/54, Account No. 00C941, “Deferred Maintenance Program”.
- i. Disencumber up to \$198,000 from 2024-25, Fund No. 100/54, Account No. 00ABAA, “Building Hazard Mitigation Program”, revert, and reappropriate the same amount to the current year 2025-26, Fund No. 100/54, Account No. 00CBAA, “Building Hazard Mitigation Program”.
- j. Disencumber up to \$50,000 from 2024-25, Fund No. 100/54, Account No. 00A073, “Municipal Buildings Energy & Water Mgmt.”, revert, and reappropriate the same amount to the current year 2025-26, Fund No. 100/54, Account No. 00C941, “Deferred Maintenance Program”.
- k. Disencumber up to \$35,674 from 2024-25, Fund No. 100/54, Account No. 00C941, “Deferred Maintenance Program”, revert, and reappropriate the same amount to the current year 2025-26, Fund No. 100/54, Account No. 00C941, “Deferred Maintenance Program”.

2. REAUTHORIZE the following:

- a. Use of up to \$600,000 in 2022-23 MICLA funding authority (Fund 298/40, Account No. 40W45M, “City Hall Entry Doors”) that has expired, and authorize the continued use of these funds beyond the City’s MICLA Three-Year Spending Policy (Item KK in the February 25, 2026 CAO report, attached to the Council File).

- b. Use of up to \$1,034,000 in 2022-23 MICLA funding authority (Fund 298/40, Account No. 40W46M, “West Valley Police Station”) that has expired, and authorize the continued use of these funds beyond the City’s MICLA Three-Year Spending Policy (Item LL in the February 25, 2026 CAO report, attached to the Council File).
  - c. Authority to appropriate an additional amount of \$965,526 within the 2025-26 MICLA Fund No. 298/38, Account No. 38C300 – Fleet Replacement, to provide additional funding for the acquisition of one Simplex Belly Water Tank for a Leonardo AW139 Medium-Duty Helicopter authorized in the 2025-26 Adopted Budget (Item OO in the February 25, 2026 CAO report, attached to the Council File).
  - d. Authority to reprogram MICLA savings from equipment purchase adopted in the 2024-25 budgets to purchase replacement vehicles (Item PP in the February 25, 2026 CAO report, attached to the Council File).
3. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized through the February 25, 2026 CAO report, attached to the Council File, as required to implement the intent of those transactions.

**(Also referred to the Budget and Finance Committee)**

Fiscal Impact Statement: The CAO reports that the recommendations stated in the February 25, 2026 CAO report, attached to the Council File, 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 MICLA funds, and \$4.7 million in Capital and Technology Improvement Expenditure (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 the February 25, 2026 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 current budget year.

Community Impact Statement: None submitted.

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 the February 25, 2026 CAO report, attached to the Council File) 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 the February 25, 2026 CAO report, attached to the Council File) 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 the February 25, 2026 CAO report, attached to the Council File) 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.

#### Summary:

On March 3, 2026, your Committee considered a February 25, 2026 CAO report relative to the FY 2025-26 Fourth Construction Projects Report. According to the CAO, its 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 Department of General Services, 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. Representatives from the CAO and other relevant City entities provided an overview of the various infrastructure projects being proposed and responded to questions from the Committee members. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CAO report. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Government Operations Committee

**COUNCILMEMBER VOTE**

PADILLA: YES

LEE: YES

JURADO: ABSENT

ARL

3/3/26

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**