

GOVERNMENT OPERATIONS and BUDGET AND FINANCE
COMMITTEES REPORTS relative to the Fiscal Year 2025-26 Fifth Construction Projects
Report and Addendum.

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

1. AUTHORIZE the Controller to:

- a. Transfer \$2,547,151 between Departments and Funds as specified in Attachment 1 of the April 20, 2026 City Administrative Officer (CAO) report, attached to the Council File.
- b. Transfer \$370,666 between accounts within Departments and Funds as specified in Attachment 2 of the April 20, 2026 CAO report, attached to the Council File.
- c. Appropriate \$465,578 between accounts within Departments and Funds as specified in Attachment 3 of the April 20, 2026 CAO report, attached to the Council File.
- d. 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 with the Departmental accounts designated for the following projects:
 - i. Vision Theatre Phase V (Item B)
 - ii. Barnsdall Art Park, Residence A Phase II (Item C)
 - iii. Southwest Yard - Video Surveillance Camera and Gate Access Project (Item H)
 - iv. Sun Valley Youth Arts Center Art Studio Patio Enclosure - New Gallery (Item I)
 - v. Van Nuys Jail Light-Emitting Diode (LED) Upgrade (Item N)
 - vi. West Los Angeles Municipal Building Switchgear Replacement (Item O)
 - vii. Central Station Car Wash Unit (Item Y)

- e. Transfer \$4,841,193 between Departments and Funds as specified in Attachment 1 of the May 5, 2026 CAO report, attached to the Council File.
2. REAUTHORIZE the use of \$1,500,000 in MICLA funding authority included in the Fiscal Year (FY) 2024-25 Adopted Budget (Council File No. 25-0600) for the Capital Program - Bureau of Street Services; and, AUTHORIZE the Controller to establish an Appropriation Account for this purpose (Item H).
3. AUTHORIZE the CAO to:
 - a. Make technical corrections, as necessary, to the transactions authorized through the April 20, 2026 CAO report, attached to the Council File, as required to implement the intent of those transactions.
 - b. Make technical corrections, as necessary, to the transactions authorized through the May 5, 2026 CAO report, attached to the Council File, as required to implement the intent of those transactions.

Fiscal Impact Statement: The CAO reports that the recommendations stated in the April 20, 2026 CAO report, attached to the Council File, include transfers, appropriations, and authority for expenditures totaling \$3.4 million. This consists of \$0.8 million from various special funds, \$2.0 million in MICLA funds, and \$0.6 million in 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 three facilities currently not in operation: Vision Theatre, and Barnsdall Art Park, Residence A, and Vera Davis McClendon Facility. These costs will be addressed through the City budget process at the time the facilities are scheduled for completion.

The CAO further reports in its May 5, 2026 report that there is no additional impact to the General Fund for operations and maintenance costs as a result of the recommendations contained in the May 5, 2026 CAO report, attached to the Council File.

Financial Policies Statement: The CAO reports that the recommendations stated in the April 20, 2026 CA 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.

The CAO further reports that in regard to its May 5, 2026 report, the recommendations stated in their report comply with the City's Financial Policies in the 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 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.

Community Impact Statement: None submitted.

Summary:

On May 19, 2026, the Government Operations (GO) Committee considered April 20, 2026, May 5, 2026, and May 15, 2026 CAO reports relative to the FY 2025-26 Fifth Construction Projects Report and addendum. According to the CAO, on April 20, 2026, the CAO transmitted the Fifth Construction Projects Report (CPR) for FY 2025-26, which includes recommendations for sufficient cash flow for scheduled acquisition or construction activities, offset funding shortfalls, and authorities needed to complete authorized projects utilizing various capital funds that include: Capital and Technology Improvement Expenditure Program (CTIEP) funds, MICLA funding, and various special fund monies.

On May 6, 2026, the CAO transmitted the FY 2025-26 Fifth CPR Addendum to address time-sensitive alterations and improvements projects for the Los Angeles Public Library. This second addendum is needed to address emergency glass replacement at the Los Angeles Zoo's Gorilla Exhibit identified subsequent to the release of the Fifth CPR Addendum. A transfer in appropriations of \$1,241,398 in MICLA funds to the GSD's budgetary accounts is recommended to replace the structural framing that supports the glass at the Zoo's Gorilla Exhibit due to its deteriorating integrity.

The existing condition of the exhibit glass is compromised to the extent that it creates a safety and welfare issue for the animals, staff and guests, and therefore, has become uninhabitable until the replacement can be completed. The estimated completion of this project is December 2026. Previously reauthorized MICLA funds were not expended in accordance with the Three-Year Spending Policy since the process to develop the scope,

assessment, design, and estimation of the project required timely consultations and analysis given the nature of the project and necessary animal welfare considerations. Council approval is required to appropriate the funds to GSD's budgetary accounts. O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an existing facility. After consideration and having provided an opportunity for public comment, the GO Committee moved to recommend approval of the recommendations contained in the CAO report.

Subsequently, on June 4, 2026, the Budget and Finance Committee also considered this matter and after consideration and having provided an opportunity for public comment, the GO Committee moved to recommend approval of all recommendations contained in the three CAO reports. 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:	ABSENT
HUTT:	YES
McOSKER:	YES
HERNANDEZ:	YES

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6/5/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-