REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 26, 2026

CAO File No. 0640-01399-0159
Council File No. 25-0874-S5
Council District: All

To: Mayor
The City Council

From: for Matthew W. Szabo, City Administrative Officer Yolanda Chavez

Reference: City Capital Improvements and Infrastructure Projects

Subject: **Fiscal Year 2025-26 – Sixth Construction Projects Report**

SUMMARY

Our Office is transmitting for your consideration the Sixth Construction Projects Report (CPR) for Fiscal Year (FY) 2025-26. This report reauthorizes Municipal Improvement Corporation of Los Angeles (MICLA) funding approved in the FY 2026-27 Adopted Budget (C.F. 26-0600) to ensure funding is available for City departments to initiate projects and prevent delays in operations at the start of the new fiscal year. The 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 $199,467,879.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

<u>Council Reauthorization: Expired or Soon-to-be-Expired MICLA Funds - Various Projects (Item A)</u>

1. Reauthorize the use of up to $6,599,837 in 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;

<u>Council Reauthorization: 2026-27 MICLA Funding of Municipal Facilities Projects (Item B)</u>

2. Reauthorize a total of $65,392,790 in MICLA funding included in the 2026-27 Adopted Budget for Municipal Facilities projects, as specified in Attachment 1;

<u>Council Reauthorization: 2026-27 MICLA Capital Improvement Projects – Los Angeles Convention Center (LACC) (Item C)</u>

3. Authorize the Department of Convention and Tourism Development (CTD) and/or the Office of the City Administrative Officer (CAO) to reimburse funds up to $11,400,000 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;

Council Reauthorization: 2026-27 MICLA Fleet and Capital Equipment (Item D)

4. Reauthorize a total of $116,075,252 in MICLA funding included in the FY 2026-27 Adopted Budget, and authorize the General Services Department (GSD) to establish appropriations to purchase fleet and equipment, as specified in Attachment 1;

5. In accordance with Recommendation Nos. 1 through 4, authorize the Office of the Controller to reimburse the General Fund within MICLA, upon City Administrative Officer (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 aforementioned projects; and,

6. 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.

FISCAL IMPACT STATEMENT

The recommendations stated in this report include reauthorizations totaling $199,467,879 in MICLA funding. There is no additional General Fund impact for operations and maintenance costs as these are administrative actions.

DEBT IMPACT STATEMENT

The issuance of MICLA debt is a General Fund obligation. The proposed MICLA funding for the capital improvement projects (Items A, B, and C) would cause the City to borrow $83,392,627 at an approximate 5.5 percent interest rate over a period of 20 years. The total estimated debt service for these MICLA-funded projects is $139.6 million, including interest of approximately $56.1 million. The estimated average annual debt service is $7.0 million over a period of 20 years.

The proposed MICLA funding for the capital equipment acquisitions (Item D) would cause the City to borrow $116,075,252 at an approximate 5.5 percent interest rate over a period of 10 years. The total estimated debt service for these MICLA-funded capital equipment is $154.0 million, including interest of approximately $38.0 million. The estimated average annual debt service is $15.4 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 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 2026-27 Proposed Budget non-voter-approved debt service ratio is 2.43 percent. The issuance of MICLA debt for these projects will not cause the City to exceed the six percent non-voter-approved debt limit.

FINANCIAL POLICIES STATEMENT

The recommendations stated in this 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 FY 2026-27 fiscal year.

DISCUSSION

This report recommends the reauthorization of new and prior-year MICLA funds to ensure funding is available for expenditure at the beginning of FY 2026-27 to avoid delays in project implementation. Included in the report are project status updates for ongoing active projects and the list of newly approved FY 2026-27 MICLA projects.

A. Council Reauthorization: Expired or Soon to be Expired MICLA Funds - Various Projects MICLA
Attachment No. N/A

Reauthorization of $6,599,837 in MICLA funding that has or will expire under the City's MICLA Three-Year Spending Policy is recommended to allow for the continued use of these funds for various projects included in the table below:

<table>
<tr><th>BFY</th><th>Project Name</th><th>Scope of Work</th><th>Project Delay</th><th>Amount</th></tr>
<tr><td>2018</td><td>Electric Vehicle Charger Infrastructure, 40P25F</td><td rowspan="5">Design, redesign, construction, completion and upgrading of City facilities for Electric Vehicle Charging infrastructure</td><td rowspan="5">Funding was not used within the three-year time frame due to a combination of technical and contractual challenges, manufacturer production shutdowns, product availability constraints, and the need to address continuously evolving regulatory requirements. The contracted vendors (PowerFlex, Incharge, Control Module Inc., and Talisman) are performing a preliminary review of project details and will provide a project timeline once the review is completed.</td><td>$ 97,620.56</td></tr>
<tr><td>2019</td><td>Electric Vehicle Charger Infrastructure, 40R25F</td><td>635,499.19</td></tr>
<tr><td>2022</td><td>Electric Vehicle Charger Infrastructure, 40V25F</td><td>21,704.94</td></tr>
<tr><td>2023</td><td>Electric Vehicle Charger Infrastructure, 40W25F</td><td>2,319,066.05</td></tr>
<tr><td>2024</td><td>Electric Vehicle Charger Infrastructure, 40Y25F</td><td>3,525,945.96</td></tr>
<tr><td colspan="4" align="right">Total:</td><td>$6,599,836.70</td></tr>
</table>

The City's MICLA Three-Year Spending Policy states that MICLA funds that remain unspent for a period longer than three years from the date of availability shall be subject to reversion to pay debt service and/or offset new MICLA projects. Council approval is required to reauthorize MICLA funding for the listed projects. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an administrative action.*

B. Council Reauthorization: FY 2026-27 MICLA Municipal Facilities Projects and Annual Programs
MICLA
Attachment No. 1

In accordance with Council policies, all projects allocated MICLA funding as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA proceeds. Approval to reauthorize a total of $65,392,790 in MICLA funding is recommended for Municipal Facilities projects funded in the FY 2026-27 Adopted Budget to address projected cash flow needs. Council approval is required to reauthorize MICLA funding for the Municipal Facilities projects listed in Attachment 1. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an administrative action.*

C. Council Reauthorization: FY 2026-27 MICLA Capital Improvement Projects - LACC Projects
MICLA
Attachment No. 1

In accordance with Council policies, all projects allocated MICLA funding as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA commercial paper and/or bond proceeds. Approval to reauthorize a total of $11,400,000 in MICLA funding is recommended for LACC projects funded in the FY 2026-27 Adopted Budget to address projected cash flow needs. Council approval is required to authorize MICLA funding for LACC projects listed in Attachment 1. *O&M Fiscal Impact: There is no General Fund impact for the operations and maintenance as this is an administrative action*

D. Council Reauthorization: FY 2026-27 MICLA Fleet and Capital Equipment
MICLA
Attachment No. 1

In accordance with Council policies, all projects allocated MICLA funding as part of the Adopted Budget must be reauthorized by Council prior to expending MICLA proceeds. Approval to reauthorize a total of $116,075,252 in MICLA funding in the FY 2026-27 Adopted Budget is recommended along with authority for GSD to establish an appropriation to purchase the requested vehicles and equipment. Council approval is required to authorize MICLA funding for this purpose. *O&M Fiscal Impact: There is no General Fund impact for operations and maintenance as this is an administrative action.*

By: Christie Hwang
Senior Administrative Analyst

APPROVED:

Yolanda Chavez
for City Administrative Officer

MWS:CMH:05260151

Attachment

ATTACHMENT 1 SIXTH CONSTRUCTION PROJECTS REPORT MICLA REAUTHORIZATION: 2026-27 MUNICIPAL FACILITIES PROJECTS, CAPITAL IMPROVEMENT PROGRAMS, AND FLEET/CAPITAL EQUIPMENT				
CATEGORY	**DEPT.**	**PROJECT**	**AMOUNT**	
Municipal Facilities Projects	40	Access Control Units Replacement	$	2,852,869
	10	Alterations and Improvements Program		181,481
	40	Animal Services Facilities - Turf Replacement		619,395
	50	Asphalt Plant No. 1 - Phase II		316,000
	50	Asphalt Plant No. 1 - Safety Improvements		1,400,000
	50	Boyle Heights Sports Complex		10,510,000
	40	Building Equipment Lifecycle Repl Program		1,115,000
	40	Capital Program - El Pueblo		500,000
	40	Capital Program - Figueroa Plaza Buildings		1,550,000
	40	Capital Program - Public Works Building		1,000,000
	40	Capital Program - Van Nuys Civic Center		500,000
	40	Citywide Infrastructure Improvements		338,027
	40	Citywide Roof Capital Upgrades		1,800,000
	40	Citywide Security Improvement Program		1,004,150
	40	Deferred Maintenance Program		5,518,831
	40	El Pueblo Security Camera Project Phase III		249,760
	30	Hollyhock Roof Replacement		2,838,574
	30	Los Angeles Municipal Art Gallery Improvements		436,320
	50	Manchester Junior Arts Center[1]		4,881,491
	40	Municipal Building Renovations		2,000,000
	40	Municipal Buildings Energy & Water Management & Conservation		2,135,834
	70	Police Davis Lead Remediation (Ventilation System Replacements)		500,000
	70	Police Electric Vehicle Charger Installation & Power Upgrades		1,000,000
	40	Police Station Door Fronts		50,000
	70	Police West Los Angeles Jail		2,000,000
	40	Public Safety Facilities - Animal Services		584,311
	40	Public Safety Facilities - Police		2,124,051
	40	Public Safety Facilities - Police Administration Building		280,000
	40	Revenue Control Equipment for Los Angeles Mall		395,000
	40	Seventh Street New Body Shop		2,110,000
	50	Sixth Street Park, Arts, and River Connectivity (PARC) Impro		1,400,000
	50	Sixth Street Park, Arts, and River Connectivity (PARC) Impro - Security Cameras		330,000
	50	Southeast Valley Roller Rink		1,477,600
	40	Space Optimization Tenant Work		2,000,000
	50	South East Yard Fire Damaged Building		1,604,096
	50	Warner Grand Theatre Phase I and II[2]		880,000
	94	Washington Bus Yard Electrification		910,000
	87	Zoo Habitat Infrastructure		6,000,000
		Subtotal Municipal Facilities Projects	**$**	**65,392,790**

ATTACHMENT 1			
SIXTH CONSTRUCTION PROJECTS REPORT			
MICLA REAUTHORIZATION: 2026-27 MUNICIPAL FACILITIES PROJECTS, CAPITAL IMPROVEMENT PROGRAMS, AND FLEET/CAPITAL EQUIPMENT			
CATEGORY	**DEPT.**	**PROJECT**	**AMOUNT**
Los Angeles Convention Center (LACC) Capital Improvement Projects	48	Electrical Infrastructure	1,850,000
	48	Emergency Generators	700,000
	48	Fire System Infrastructure	1,500,000
	48	IT Infrastructure Upgrade	350,000
	48	Restroom Modernization	7,000,000
		Subtotal LACC Projects	**$ 11,400,000**
Fleet/ Capital Equipment	50	Bureau of Sanitation Livability Services Division Vehicles	1,050,000
	50	Bureau of Street Services - Mini-Profilers	392,800
	50	Bureau of Street Services - Mini-Sweeper	384,000
	50	Yards and Shops - Capital Equipment	200,000
	38	Fire Helicopter Replacement	23,683,130
	38	Fire Radio Repeaters	1,500,000
	38	Fire Vehicle Replacement	27,606,000
	38	Fire Vehicle Replacement - Communications Equipment	4,699,115
	38	Fire Vehicle Replacement - Communications Labor	205,785
	70	Police Helicopter Replacement	9,779,812
	70	Police Radio Network Upgrade - Phase I	5,000,000
	70	Police Vehicle Replacement	41,574,610
		Subtotal Vehicles/Equipment	**$ 116,075,252**
		2026-27 MICLA Projects Total	**$ 192,868,042**

[1] The facility is currently under construction and will be operated by the Department of Cultural Affairs upon completion.

[2] The theatre is currently under construction and expected to open in 2027, at which time any potential non-City use will be determined; although the proposed improvements are MICLA-eligible capital improvements, additional analysis may be required to assess eligibility for tax-exempt financing due to potential private use of the City-owned facility.