

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

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

1. REAUTHORIZE the following:
 - a. For Expired or Soon-to-be-Expired Municipal Improvement Corporation Los Angeles (MICLA) Funds - Various Projects (Item A in the May 26, 2026 City Administrative Officer [CAO] report), attached to the Council File): The use of up to \$6,599,837 in MICLA funding from multiple Fiscal Years (FY) 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.
 - b. For the 2026-27 MICLA Funding of Municipal Facilities Projects (Item B in the May 26, 2026 CAO report, attached to the Council File): 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 of the May 26, 2026 CAO report, attached to the Council File.
 - c. For the 2026-27 MICLA Capital Improvement Projects for the Los Angeles Convention Center (LACC; Item C in the May 26, 2026 CAO report, attached to the Council File): Authorize the Department of Convention and Tourism Development (CTD) and/or 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 of the May 26, 2026 CAO report, attached to the Council File.
2. REAUTHORIZE, in connection with the 2026-27 MICLA Fleet and Capital Equipment (Item D in the May 26, 2026 CAO report, attached to the Council File) a total of \$116,075,252 in MICLA funding included in the FY 2026-27 Adopted Budget; and, AUTHORIZE the Department of General Services to establish appropriations to purchase fleet and equipment, as specified in Attachment 1 of the May 26, 2026 CAO report, attached to the Council File.
3. AUTHORIZE, in accordance with Recommendation Nos. 1 through 4 detailed in the May 26, 2026 CAO report, attached to the Council File, the Controller to reimburse the General Fund within 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, relative to the Departmental accounts designated for the aforementioned projects.

4. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized in the May 26, 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 May 26, 2026 CAO report, attached to the Council File, 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.

Financial Policies Statement: The CAO reports that the recommendations stated in the May 26, 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 FY 2026-27.

Debt Impact Statement: The CAO reports that the issuance of MICLA debt is a General Fund obligation. The proposed MICLA funding for the capital improvement projects (Items A, B, and C in the May 26, 2026 CAO report, attached to the Council File) 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.

Community Impact Statement: None submitted.

Summary:

On June 2, 2026, the Government Operations (GO) Committee considered a May 26, 2026 CAO report relative to the FY 2025-26 Sixth Construction Projects Report (CPR). According to the CAO, the Sixth CPR for FY 2025-26 reauthorizes MICLA funding approved in the FY 2026-27 Adopted Budget (Council File No. 26-0600) to ensure funding is available for City Departments to initiate projects and prevent delays in operations at the start of the new FY. 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. 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 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: ABSENT
HUTT: YES
McOSKER: YES
HERNANDEZ: YES

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6/5/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-