File No. 26-1124

GOVERNMENT OPERATIONS COMMITTEE REPORT relative to the Fiscal Year (FY) 2026-27 First Construction Projects Report.

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

1. AUTHORIZE the Controller to:

    a. Transfer $15,713,221 between departments and funds as specified in Attachment 1 of the August 12, 2026 City Administrative Officer (CAO) report, attached to the Council File.

    b. Transfer $899,847 between accounts within Departments and funds as specified in Attachment 2 of the August 12, 2026 CAO report, attached to the Council File.

    c. Appropriate $16,779,516 between Departments and funds as specified in Attachment 3 of the August 12, 2026 CAO report, attached to the Council File.

    d. Reimburse the General Fund within the Municipal Improvement Corporation of Los Angeles (MICLA) in accordance with Recommendation No. 1a, upon CAO approval and receipt of the Department requesting 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 to the Departmental accounts designated for the following projects:

        i. Sixth Street Viaduct Staff Appropriations (Item A)

        ii. Barnsdall Art Park – Residence A Phase II (Item F)

        iii. Mangrove Building Tenant Improvements (Item R)

        iv. Los Angeles Mall Tenant Improvements - Space 23 (Item S) Yards and Shops Capital Equipment (Item T)

        v. Council Reauthorization: Expired MICLA Funds - Various Projects (Item V)

        vi. Sun Valley Youth Arts Center Art Studio Patio Enclosure - New Gallery (Item Z)

        vii. West Los Angeles Municipal Building Switchgear Replacement (Item AA)

viii. Access Control Replacement Units (Item EE)

2. AUTHORIZE the Board of Public Works (BPW), on behalf of the Bureau of Engineering (BOE), to:

   a. Transfer and appropriate funds of any amount up to the balance within the Engineering Special Services Fund, Fund No. 682/50, Account No. 50SVEI, Stormwater Capture Park Program to BOE, Fund No. 100/78, Account No. 1010 Salaries General and Account No. 1090 Overtime General for FY 2026-27 salaries and overtime expenditures, and to Revenue Source Code 5361 Related Costs Reimbursements – Others for overtime and related costs reimbursements, subject to receipt of appropriate documentation from the BOE.

   b. Reimburse up to the available balance in the Engineering Special Services Fund, Fund No. 682/50, Account No. 50SVEI, Stormwater Capture Park Program to BOE, Fund No. 100/78, Revenue Source Code 5168 Reimbursement of Prior Year Salary for prior years' staffing costs, Revenue Source Code 5161 Reimbursement of Expenditures for prior years' overtime cost, and Revenue Source Code 5331 Reimbursement of Related Costs – Prior Year for prior years' related cost reimbursements, subject to receipt of proper documentation from the BOE.

   c. Transfer and appropriate funds of any amount up to the balance within the Engineering Special Services Fund, Fund No. 682/50, Account No. 50AVMC, LADWP Stormwater Program Implementation to BOE, Fund No. 100/78, Account No. 1010 Salaries General and Account No. 1090 Overtime General for 2026-27 salaries and overtime expenditures, and to Revenue Source Code 5361 Related Costs Reimbursements – Others for overtime and related costs reimbursements, subject to receipt of appropriate documentation from the BOE.

   d. Reimburse up to the available balance in the Engineering Special Services Fund, Fund No. 682/50, Account No. 50AVMC, LADWP Stormwater Program Implementation to BOE, Fund No. 100/78, Revenue Source Code 5168 Reimbursement of Prior Year Salary for prior years' staffing costs, Revenue Source Code 5161 Reimbursement of Expenditures for prior years' overtime cost, and Revenue Source Code 5331 Reimbursement of Related Costs – Prior Year for prior years' related cost reimbursements, subject to receipt of proper documentation from BOE.

3. REAUTHORIZE the following:

   a. The use of up to $30,679,628 in MICLA funding from multiple fiscal years for various projects that have expired and reauthorize continued use of these funds beyond the City's MICLA Three-Year Spending policy; Council

Reauthorization: FY 2026-27 MICLA Funding of Municipal Facilities Projects (Item W).

b. A total of $2,781,289 in MICLA funding included in the FY 2026-27 Adopted Budget for municipal facilities projects; MICLA Los Angeles Convention Center (LACC) Reauthorization for Expired MICLA LACC Authority (Item X).

c. The City Tourism Department (CTD) and/or the CAO to reimburse funds up to $26,028,000 in prior MICLA LACC financing in appropriations that are over three years old, in accordance with the City's Three-Year Spending Policy; Council Reauthorization of FY 2023-24 Expired MICLA Funds – Municipal Building Renovations (Item AA).

d. The use of up to $815,305 in FY 2023-24 MICLA funding authority (Fund No. 298/40, Account No. 40Y48M, "Municipal Building Renovations") and allow the continued use of funds beyond the City's Three-Year Spending Policy.

4. AUTHORIZE the CAO to make technical corrections, as necessary, to the transactions authorized through August 12, 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 this August 12, 2026 CAO report, attached to the Council File, include transfers, appropriations, and authority for expenditures totaling $33.4 million. This consists of $21.0 million from various special funds, $10.1 million in MICLA funds, and $2.3 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 two facilities currently not in operation: Ziegler Estate Childcare Improvement and Barnsdall Art Park, Residence A. These costs will be addressed through the City budget process at the time the facilities are scheduled for completion.

Fiscal Policies Statement: The CAO reports that the recommendations stated in the August 12, 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.

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 V, W and AA) would cause the City to borrow $34,276,223 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 $57.4 million, including interest of approximately $23.1 million. The estimated average annual debt service is $2.9 million over a period of 20 years. The proposed MICLA LACC funding for the capital improvement projects (Item

X) would cause the City to borrow $26,028,000 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 $43.6 million, including interest of approximately $17.5 million. The estimated average annual debt service is $2.2 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 FY 2026-27 Adopted Budget non-voter-approved debt service ratio is 2.41 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 August 18, 2026, your Committee considered an August 12, 2026 CAO report relative to the FY 2026-27 First 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, and the operations and maintenance impact required to accomplish the defined scope of work for the projects addressed within the report. A complete listing of all relevant project along with description and associated costs are included in the report. 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:	ABSENT
JURADO:	YES

ARL
8/18/26

-NOT OFFICIAL UNTIL COUNCIL ACTS-