



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

**WILLIAM T FUJIOKA**  
Chief Executive Officer

November 26, 2012

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **REPORT ON PROPOSED BOND FINANCING FOR FUTURE CAPITAL PROJECTS AND COUNTY BOND CAPACITY (ITEMS NO. 11, 20, AND 21, AGENDA OF NOVEMBER 20, 2012; ITEM NO. 29, AGENDA OF NOVEMBER 27, 2012)**

On November 20, 2012, your Board requested a schedule of projects that would require bond financing in the next two years, a budgetary forecast that reflects projected debt service payments on proposed and future projects, and an updated schedule on the County's bond capacity. In response to your request, my office, in collaboration with the Treasurer and Tax Collector, has prepared the attached Debt Service Projection (Projection) for the General Fund, Hospital Enterprise Fund, and Fire Protection District.

The attached Projection provides a 10 year schedule of current debt service payments, estimated debt service payments on projects for which the Board has previously authorized future bond financing and those the Board will consider in the next two years. The projection also calculates the ratio of projected annual debt service payments to the Final Adopted 2012-13 County Budget and each year thereafter, assuming annual increases of 1.0 percent and 2.0 percent.

Based on the attached Projection, the proposed and future bond financing levels are well within the County's bond capacity and will have a minimal impact on the County's budgetary forecast.

*"To Enrich Lives Through Effective And Caring Service"*

*Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only*

## **Bonding Capacity and Budgetary Forecast**

As reflected in the attached Projection, bond financing all currently estimated project costs, would result in the issuance of approximately \$6.4 billion in future bonds and increase annual debt service costs to \$301.2 million in 2022-23. At that level, the ratio of the debt service payment to the presumed amount of the Final Adopted Budget in that year (Debt Ratio) would be 1.41 percent if an annual increase in the budget of 1.0 percent is assumed or 1.28 percent if the budget increased 2.0 percent per year. Both ratios are well within the 2.0 percent Debt Ratio the County traditionally views as a maximum debt guideline. Within the maximum 2.0 percent Debt Ratio, the County could increase its annual debt service payment to \$427.3 million in 2022-23, which equates to approximately \$3.0 billion in additional debt.

In terms of the budgetary forecast, we are preliminarily projecting an ongoing budgetary shortfall of \$150.4 million in 2013-14. A surplus of \$164.9 million, however, is forecast for 2015-16, which is expected to decline to \$157.1 million in 2017-18. The attached Projection reflects an increase in annual debt service costs of \$15.6 million, commencing in 2016-17, at which time adequate resources are anticipated to be available.

## **Proposed Future Projects**

Approximately \$2.3 billion in potential projects that will require bond financing are currently under development and pending approval by the Board. Such projects include:

- a Data Recovery Center to provide secure redundancy to the Countywide Data Center project;
- rehabilitation of the Music Center's Plaza and Dorothy Chandler Pavilion;
- replacement of the Men's Central Jail with a 3,456 bed detention facility (a reduction from 5,086) to house high-security inmates who are ineligible for alternative programs;
- development of the Rancho Los Amigos south campus to replace and consolidate existing administrative space for various County departments;

Each Supervisor  
November 26, 2012  
Page 3

- consolidation of the Rancho Los Amigos north campus to comply with SB 306 seismic requirements for inpatient facilities and address inefficiencies and obsolescence of existing outpatient facilities;
- development of an electronic health record system for the Department of Health Services; and
- replacement of the Fire District's current headquarters which is endangered by deteriorating site conditions.

In addition, a number of projects have been requested or identified as "high priority" by individual Board offices and have been included on the attached Projection. Development of these latter projects has recently been initiated and any information regarding program, cost, or schedule is, at best, preliminary.

My staff will be briefing your budget deputies on Monday, November 26, 2012, at 4:00 p.m. on the attached debt service projection. Your staff may also contact Jan Takata at (213) 974-1360 with any questions.

WTF:RLR  
DJT:mda

Attachment

c: Executive Office, Board of Supervisors  
County Counsel

**DEBT SERVICE PROJECTION  
GENERAL FUND, HOSPITAL ENTERPRISE FUND, AND FIRE PROTECTION DISTRICT  
CURRENT AND PROPOSED BOND FINANCED PROJECTS**

**CURRENT DEBT SERVICE: 11/01/12**

Project Outstanding Annual  
Cost Principal 12/2012 Debt Service

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

**I. Projects Bond Financed 1991 - 2009**

	Subtotal	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>General Fund</b>												
Sheff Training Academy	3,774,814	877,677	875,780	873,487	869,858	868,989	0	0	0	0	0	0
Disney Parking Garage	76,222,569	16,244,138	16,904,038	17,593,025	18,300,969	19,043,156	19,814,394	20,624,681	21,454,019	22,321,744	23,224,363	24,171,488
Music Center Improvements	2,780,589	769,000	770,000	763,000	751,000	0	0	0	0	0	0	0
Sheff Headquarters	7,015,900	2,498,738	2,498,775	0	0	0	0	0	0	0	0	0
Emergency Operations Center	5,453,943	1,961,000	1,958,000	1,935,000	3,136,500	0	0	0	0	0	0	0
Lynwood Regional Justice Center	22,565,000	10,390,675	10,395,525	10,280,925	3,009,000	0	0	0	0	0	0	0
Twin Towers	21,350,000	9,807,225	9,807,275	11,350,884	3,009,000	889,000	0	0	0	0	0	0
Berry Nilcott Juvenile Hall	4,233,232	973,000	971,000	960,000	947,000	0	0	0	0	0	0	0
Mira Loma Medium Security Facility	0	117,650	0	0	0	0	0	0	0	0	0	0
Pitchess Laundry Expansion	0	65,500	0	0	0	0	0	0	0	0	0	0
Pitchess Visitors Center	0	168,800	0	0	0	0	0	0	0	0	0	0
Registrar Recorder Headquarters	0	864,475	0	0	0	0	0	0	0	0	0	0
Temple City Sheriff Station	0	286,450	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>143,396,057</b>	<b>45,025,328</b>	<b>44,181,393</b>	<b>43,736,331</b>	<b>27,014,327</b>	<b>20,801,145</b>	<b>19,814,394</b>	<b>20,624,681</b>	<b>21,454,019</b>	<b>22,321,744</b>	<b>23,224,363</b>	<b>24,171,488</b>

**Hospital Enterprise Fund**

Harpou/UCLA Primary Care & Diagnostic Ctr	4,132,745	1,484,754	1,484,907	1,465,768	6,059,461	0	0	0	0	0	0	0
MLK: Trauma Center	27,043,745	6,211,313	6,208,619	6,136,200	0	5,684,932	0	0	0	0	0	0
MLK: Pediatric Trauma	196,823	103,085	102,987	0	0	0	0	0	0	0	0	0
Rancho: Jacqueline Perry Inpatient Building	158,387,921	4,384,216	4,383,663	4,336,223	4,283,418	0	0	0	0	0	0	0
Rancho: Parking Structure	5,912,774	1,636,035	1,637,827	1,618,160	1,599,837	0	0	0	0	0	0	0
Rancho: Site Utilities	1,313,681	687,303	688,139	0	0	0	0	0	0	0	0	0
LAC+USC Marerago Parking Structure	9,360,484	2,591,340	2,592,333	2,562,376	2,529,417	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>206,348,173</b>	<b>17,098,046</b>	<b>17,098,475</b>	<b>16,118,727</b>	<b>14,471,133</b>	<b>5,684,932</b>	<b>19,814,394</b>	<b>20,624,681</b>	<b>21,454,019</b>	<b>22,321,744</b>	<b>23,224,363</b>	<b>24,171,488</b>

**Total** **349,744,230**

**Projects Bond Financed in 2010 and 2012**

<b>General Fund</b>												
Coroner Expansion	29,253,150	2,055,748	2,055,748	2,604,939	2,605,014	2,604,291	2,603,369	2,603,399	2,605,538	2,593,911	2,578,580	2,561,863
Patrol Hall Rehabilitation	47,238,562	3,319,662	3,319,662	4,206,507	4,205,628	4,205,460	4,203,955	4,204,020	4,204,245	4,188,699	4,163,957	4,136,946
Hall of Justice	243,869,919	7,570,854	7,331,680	11,664,879	11,414,220	11,150,628	10,878,855	10,608,588	10,332,378	9,967,823	9,548,682	9,110,541
<b>Subtotal</b>	<b>320,361,631</b>	<b>12,946,264</b>	<b>12,707,090</b>	<b>18,476,325</b>	<b>18,225,862</b>	<b>17,960,379</b>	<b>17,696,169</b>	<b>17,416,007</b>	<b>17,140,161</b>	<b>16,750,433</b>	<b>16,291,229</b>	<b>15,809,350</b>

**Hospital Enterprise Fund**

Olive View ERT/B Unit	54,431,159	3,825,117	3,825,117	4,846,994	4,847,134	4,845,788	4,844,054	4,844,129	4,844,398	4,826,475	4,797,966	4,766,842
Olive View SB1953	22,423,503	1,575,798	1,575,798	1,996,771	1,996,829	1,996,275	1,995,560	1,995,591	1,995,698	1,988,319	1,976,574	1,963,752
Harpou/UCLA Surgery/ER	341,091,021	11,984,985	11,984,985	15,186,763	15,186,763	15,182,984	15,177,560	15,177,766	15,178,696	15,122,473	15,033,147	14,935,629
Harpou/UCLA SB1953	52,597,686	3,696,271	3,696,271	4,683,727	4,683,861	4,682,561	4,680,865	4,680,958	4,681,208	4,663,899	4,636,350	4,606,275
High Desert MAACC	136,960,000	0	0	6,525,600	8,958,000	8,860,800	8,860,600	8,860,500	8,862,000	8,861,375	8,858,375	8,857,625
MLK MAACC	166,725,000	0	0	7,944,000	10,785,000	10,782,700	10,784,600	10,784,675	10,785,175	10,784,050	10,782,925	10,781,175
MLK Data Center	5,295,000	0	322,566	334,525	336,450	337,750	338,850	339,225	338,850	338,225	337,350	336,225
<b>Subtotal</b>	<b>779,523,369</b>	<b>21,082,171</b>	<b>40,014,241</b>	<b>41,518,380</b>	<b>46,995,037</b>	<b>46,688,858</b>	<b>46,681,099</b>	<b>46,682,964</b>	<b>46,686,915</b>	<b>46,584,816</b>	<b>46,422,687</b>	<b>46,253,523</b>

**Fire Protection District**

Fire Station 128	4,600,000	0	290,015	291,475	293,750	290,550	292,250	293,300	293,675	293,800	293,675	293,300
Fire Station 132	7,440,000	0	471,987	474,325	469,850	469,850	469,550	473,225	470,850	473,100	469,975	471,475
Fire Station 150	11,540,000	0	731,467	732,200	730,450	732,450	734,050	734,125	732,625	730,625	733,000	734,625
Fire Station 156	6,850,000	0	436,436	436,825	432,800	433,100	433,200	432,450	435,700	433,575	436,075	433,200
<b>Subtotal</b>	<b>30,430,000</b>	<b>0</b>	<b>1,929,915</b>	<b>1,934,825</b>	<b>1,926,950</b>	<b>1,925,950</b>	<b>1,929,050</b>	<b>1,933,100</b>	<b>1,932,850</b>	<b>1,931,100</b>	<b>1,932,725</b>	<b>1,932,600</b>

**Total Projects Bond Financed in 2010 and 2012** **1,130,315,000**

**III.**

<b>Total Current Debt Service</b>												
General Fund	463,757,698	57,971,592	56,888,483	62,212,656	45,240,189	38,761,524	37,500,563	38,040,668	38,594,180	39,072,177	39,515,592	39,990,838
Hospital Enterprise Fund	995,871,542	38,180,217	57,112,716	57,637,107	61,166,170	62,373,790	46,681,099	46,682,864	46,686,915	46,584,816	46,422,687	46,253,523
Fire Protection District	30,430,000	0	1,929,915	1,934,825	1,926,950	1,925,950	1,929,050	1,933,100	1,932,850	1,931,100	1,932,725	1,932,600
<b>Total</b>	<b>1,480,059,230</b>	<b>96,151,809</b>	<b>115,931,114</b>	<b>121,784,588</b>	<b>108,333,309</b>	<b>93,061,264</b>	<b>86,110,712</b>	<b>86,656,652</b>	<b>87,213,945</b>	<b>87,588,093</b>	<b>87,871,004</b>	<b>88,166,961</b>



III. Pending Board Approval: Board Requested Projects

General Fund	Project Cost	Bond Size	Annual Dbt Svc	Year																
				2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23						
a. John Anson Ford Theater Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b. East Los Angeles Sheriff Station	45,000,000	53,100,000	3,035,244	0	0	0	3,035,244	0	0	0	0	0	0	0	0	0	0	0	0	0
c. LAC+USC Med Ctr. 150 Bed Inpatient Annex	TBD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. DPW/Alcazar Yard Relocation	210,000,000	247,800,000	14,164,474	0	0	0	14,164,474	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal General Fund	255,000,000	300,900,000	17,199,718	0	0	0	3,035,244	0	0	0	0	0	0	0	0	0	0	0	0	0
Hospital Enterprise Fund																				
c. MLK Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. LAC+USC Master Plan	TBD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
e. Harbor/UCLA Master Plan	1,513,000,000	1,785,340,000	102,051,662	0	0	0	1,214,098	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Hospital Enterprise Fund	1,513,000,000	1,785,340,000	102,051,662	0	0	0	1,214,098	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Pending Board Requested Projects	1,768,000,000	2,086,240,000	119,251,380	0	0	0	4,249,342	0	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL COMBINED DEBT SERVICE ON CURRENT AND BOARD APPROVED FUTURE PROJECTS

General Fund	340,289,332	865,275,500	22,951,124	57,971,592	56,888,483	62,212,656	44,433,817	53,376,539	52,186,291	52,815,063	53,464,710	52,940,116	53,459,800	54,076,159
Hospital Enterprise Fund	237,000,000	1,265,531,542	15,985,620	38,180,217	57,112,716	57,637,107	61,166,170	52,373,790	46,681,099	46,682,864	46,686,915	46,584,816	46,422,687	46,253,523
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,998	2,940,798	2,944,848	2,942,598	2,942,848	2,944,473	2,944,348
TOTAL	592,289,332	2,178,937,042	39,948,493	96,151,809	115,931,114	122,796,336	108,538,685	108,688,127	101,808,188	102,442,775	103,096,223	102,467,780	102,860,960	103,274,030

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867	21,578,928,612	21,792,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.54%	0.54%	0.50%	0.50%	0.50%	0.49%	0.49%	0.48%	0.48%	0.48%
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612	24,049,928,612	24,531,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.53%	0.52%	0.48%	0.47%	0.46%	0.45%	0.44%	0.44%	0.44%	0.44%

TOTAL COMBINED DEBT SERVICE ON: 1) CURRENT; 2) BOARD APPROVED FUTURE PROJECTS; AND 3) PROJECTS PENDING BOARD APPROVAL

General Fund	2,649,294,596	3,589,925,311	178,694,591	57,971,592	56,888,483	62,212,656	46,794,563	73,544,152	72,353,804	102,465,193	132,807,286	131,612,656	131,481,122
Hospital Enterprise Fund	1,002,500,000	2,168,821,542	43,269,095	38,180,217	57,112,716	57,637,107	61,166,170	52,373,790	46,681,099	46,682,864	46,686,915	46,584,816	46,422,687
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,998	2,940,798	2,944,848	2,942,598	2,942,848	2,944,348
TOTAL	3,666,794,596	5,806,876,853	222,975,434	96,151,809	115,931,114	122,796,336	110,899,430	128,865,639	121,975,701	211,205,882	248,695,012	251,238,067	254,732,778

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867	21,578,928,612	21,792,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.56%	0.56%	0.50%	0.50%	0.50%	0.49%	0.49%	0.48%	0.48%	0.48%
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612	24,049,928,612	24,531,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.54%	0.52%	0.48%	0.47%	0.46%	0.45%	0.44%	0.44%	0.44%	0.44%

TOTAL COMBINED DEBT SERVICE ON: 1) CURRENT; 2) BOARD APPROVED FUTURE PROJECTS; 3) PROJECTS PENDING BOARD APPROVAL; AND 4) BOARD REQUESTED PROJECTS

General Fund	2,904,294,596	3,890,825,311	195,894,309	57,971,592	56,888,483	62,212,656	49,829,807	90,743,870	89,553,522	119,664,911	150,007,004	148,812,374	148,680,841
Hospital Enterprise Fund	2,515,500,000	3,954,161,542	145,320,757	38,180,217	57,112,716	57,637,107	62,380,268	57,297,631	51,604,940	139,338,886	142,486,173	146,225,608	149,850,228
Fire Protection District	15,000,000	48,130,000	1,011,748	0	1,929,915	2,946,573	2,938,698	2,937,998	2,940,798	2,944,848	2,942,598	2,942,848	2,944,348
TOTAL	5,434,794,596	7,893,116,853	342,226,814	96,151,809	115,931,114	122,796,336	115,148,773	160,979,199	144,099,260	257,946,645	295,437,775	297,980,830	301,475,542

DEBT RATIO SUMMARY

Final Adopted Budget (Actual 2012-13 with 1% annual growth thereafter)	19,342,934,000	19,536,363,340	19,731,726,973	19,929,044,243	20,128,334,686	20,329,618,032	20,532,914,213	20,738,243,355	20,945,625,788	21,155,082,046	21,366,632,867	21,578,928,612	21,792,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.62%	0.58%	0.58%	0.52%	0.51%	0.51%	0.50%	0.50%	0.49%	0.49%	0.49%
Final Adopted Budget (Actual 2012-13 with 2% annual growth thereafter)	19,342,934,000	19,729,792,680	20,124,388,534	20,526,876,304	20,937,413,830	21,356,162,107	21,783,285,349	22,218,951,056	22,663,330,077	23,116,596,679	23,578,928,612	24,049,928,612	24,531,928,612
Debt Service Payment / Final Adopted Budget Ratio	0.50%	0.59%	0.61%	0.56%	0.55%	0.49%	0.48%	0.48%	0.47%	0.46%	0.46%	0.46%	0.46%

Debt Svc Pymt / Final Adopted Budget Ratio @ 2.00% (County Debt Guidelines)  
 Debt Svc Pymt / Final Adopted Budget Ratio @ 4.00% (Rating Agency Prudent Debt Ratio)