

**MOTION BY SUPERVISORS MARK RIDLEY-THOMAS
AND MICHAEL D. ANTONOVICH**

JUNE 22, 2015

Debt Service Levels and Impact on County Budget

The County of Los Angeles (County) has historically limited its debt obligations to levels significantly below industry standards for prudent debt management. Unprecedented low interest rates in recent years have enabled the County to debt finance a number of critical capital projects at a low cost. As the County contemplates the replacement of its jails and many other aging facilities, it is foreseeable that the cost of construction and refurbishment would be debt-financed. The impact of debt financing should be evaluated as an integral component of budget planning and management to ensure fiscal prudence and the maintenance of acceptable debt service ratios.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

Instruct the Interim Chief Executive Officer to report to the Board of Supervisors (Board) annually, in writing, as part of each budget phase including Recommended, Final Changes, and Supplemental with:

1. An overview of the County of Los Angeles' (County) debt capacity and level of indebtedness as a percentage of the total County budget and as a percentage of the County's locally generated revenue;

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MOTION

SOLIS _____

RIDLEY-THOMAS _____

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2. The impact of debt service payments on the County's total budget and cash flow. These reports should include approved capital projects as well as anticipated projects for consideration by the Board within a three-year period that will require debt financing; and
3. An estimate of anticipated operational and equipment costs associated with the project(s).

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