

CITY OF LOS ANGELES
CALIFORNIA

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Interim City Clerk



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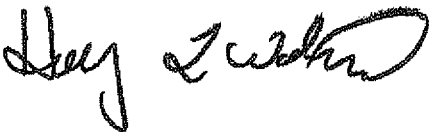
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When making inquiries relative to
this matter, please refer to the
Council File No.

February 18, 2014

To All Interested Parties:

The City Council adopted the action(s), as attached, under Council File No. 13-1526,
at its meeting held February 12, 2014.



City Clerk
OS

Mayor's Time Stamp
OFFICE OF THE CITY CLERK
RECEIVED
2014 FEB 12 PM 1:55
CITY OF LOS ANGELES

City Clerk's Time Stamp
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2014 FEB 12 PM 1:55
CITY CLERK
BY _____
DEPUTY

FORTHWITH

SUBJECT TO THE MAYOR'S APPROVAL

COUNCIL FILE NO. 13-1526

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE February 12, 2014

RE: FINANCIAL REVIEW, PROJECT ADJUSTMENT, AND FUNDING RECOMMENDATIONS IN CONNECTION WITH THE PROPOSITION O CLEAN WATER GENERAL OBLIGATION BOND PROGRAM

LAST DAY FOR MAYOR TO ACT FEB 24 2014
(10 Day Charter requirement as per Charter Section 341)

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED
✓

*DISAPPROVED

*Transmit objections in writing pursuant to Charter Section 341

DATE OF MAYOR APPROVAL OR DISAPPROVAL 2/13/14

EG
MAYOR

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CITY CLERK
BY _____
DEPUTY

COMMUNICATION FROM CHAIR, ENERGY AND ENVIRONMENT COMMITTEE relative to financial review, project adjustment and funding recommendations in connection with the Proposition O (Prop O) Clean Water Bond Program.

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

1. APPROVE the revised budget adjustments for the various Prop O projects totaling \$39.8 million listed in Attachment B of the November 14, 2013 City Administrative Officer (CAO) report, attached to the Council file.
2. APPROVE an increase of \$11,455,000 for the Albion Riverside Park Improvements Revised Project Budget.
3. APPROVE an increase of \$6,160,000 for the Catch Basin Inserts and Opening Screen Covers Phase IV Revised Project Budget.
4. APPROVE a revised increase budget adjustment totalling \$10,933,666 for the Machado Lake Ecosystem Rehabilitation Project.
5. APPROVE appropriations totaling \$1,595,089 for the Aliso Creek-Limekiln Creek Restoration Project Design Phase.
6. APPROVE an increase of \$6,000,000 of staff costs due to a three-year increase to the Prop O Master Schedule.
7. INSTRUCT the Department of Public Works, Bureau of Sanitation to finalize an agreement with the Los Angeles County Department of Public Works (LACDPW) and secure approximately \$8,166,474 in LACDPW funds to pay for construction of the Wilmington Drain Project by February 2014.
8. APPROVE the transfer of up to \$7 million in Sewer Construction and Maintenance funds for construction of the Coastal Interceptor Relief Sewer by June 2014.
9. AUTHORIZE the Department of Public Works and the City Administrative Officer (CAO) to make technical corrections relative to the actions approved by Council and Mayor on this matter and AUTHORIZE the Controller to implement those corrections.
10. INSTRUCT the CAO and Chief Legislative Analyst to periodically review the financial condition of the Prop O Bond Fund and report back to Council with appropriate recommendations.
11. INSTRUCT the Prop O Administrative Oversight Committee to report in 45 days on the status of the Program Contingency Reserve and the potential use of these funds for projects.

Fiscal Impact Statement: The CAO reports that the recommendations contained in the February 3, 2014 CAO report, attached to the Council file, results in additional funding of \$62.2 million for Prop O Projects. This is offset by transfers of approximately \$72.8 million in funds from completed projects and project savings, by interest earning, grants and other non-City sources of funds. Approval of the recommendations in the CAO report will allocate the total amount of \$544 million in Prop O funding

which includes \$10.6 million for a Program Contingency Reserve. There is an estimated additional annual cost of \$892,400 for Operation and Maintenance for the projects recommended for funding in the CAO report which will be addressed through the budgetary process once they are completed. The recommendations in the CAO report are in compliance with the City's Financial Policies as funding for the proposed projects is provided primarily from bond funds which are supported by voter-approved property tax revenue.

Community Impact Statement: None submitted.

Summary:

On February 5, 2014 the Chair of the Energy and Environment Committee considered a November 14, 2014 CAO report relative to financial review, project adjustment and funding recommendations in connection with the Prop O Clean Water Bond Program. Subsequent to the release of the agenda for the February 5, 2014 Committee meeting, the CAO submitted an additional report dated February 3, 2014. According to the CAO, the Prop O Clean Water Bond Program, approved by the voters of the City of Los Angeles in November 2004, authorized the issuance of \$500 million in General Obligation Bonds to finance projects that will bring the City into compliance with the Federal Clean Water Act. The Prop O ballot measure provides for funding projects in four categories. Attachment A shows the total amounts spent as of June 2013 per each category.

In its November 14, 2014 report, the CAO is recommending \$66.3 million of additional appropriations for projects that are already partially funded. Additionally, the CAO is recommending \$1.6 million to begin design for the highest rated water quality project on the waiting list. This will leave an estimated \$5 million in the Program Contingency as requested by the City Engineer.

A total of \$439.5 million of the \$500 million in General Obligation Bonds have been sold to date. This leaves a total of \$60.5 million in bond fund authority remaining to be issued. Interest earnings through September 30, 2013 total \$23.1 million. The Prop O program has also secured and received a total of \$18.27 million in Federal and State grants. In addition, the City is also expected to receive up to \$7 million from the Sewer Construction Maintenance Fund for the construction of the Coastal Interceptor Relief Sewer (CIRS) project due to the increase in wastewater capacity provided and a reimbursement of \$8.1 million from the LACDPW for their share of the additional dredging work requested of the Machado Lake Phase I (Wilmington Drain) project. After setting aside \$2 million for potential arbitrage payments, the total funding available for the Prop O program \$554.6 million.

Of the total \$554.6 million in available funds to date, Council had originally allocated \$527.3 million in Prop O funding for the development and implementation of 37 projects. However, the current Prop O Program budget has been adjusted down to \$462.4 million due to savings from completed projects and project budget adjustments. A total of \$25.1 million in project budget savings was approved on April 2013 via the Construction Projects Report (Council File No. 13-0469) and transferred to the Program Contingency Account. An additional \$39.7 million is being recommended. Consistent with the request of the City Engineer, this report recommends a total of \$5 million remain in the Program Contingency Reserve to ensure that sufficient funds are available to complete the current active Prop O projects, such as the Machado Lake Rehabilitation project, without impacting the City General Fund.

After further consideration, the Committee Chair moved to recommend approval of the recommendations as contained in the November 14, 2014 CAO report, as amended by the recommendation contained in the February 3, 2014 CAO report, and detailed above in

Recommendation Nos. 1 through 11. The matter is now submitted to Council for its consideration.

Respectfully Submitted,



COUNCILMEMBER FELIPE FUENTES, CHAIR
ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
FUENTES:	YES
BLUMENFIELD:	ABSENT
LABONGE:	ABSENT
HUIZAR:	ABSENT
KORETZ:	ABSENT

-NOT OFFICIAL UNTIL COUNCIL ACTS-

ADOPTED

FEB 12 2014

LOS ANGELES CITY COUNCIL

TO THE MAYOR FORTHWITH

MAYOR WITH FILE