OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date:

July 27, 2016

CAO File No.

0220-03994-0053

Council File No. 13-1526 Council District: All

il a. Sort

To:

The Council

The Mayor

From:

Miguel A. Santana, City Administrative Officer

Chair, Proposition O Administrative Oversight Committee

Proposition O Administrative Oversight Committee Recommendations Reference:

Subject: PROPOSITION O CLEAN WATER GENERAL OBLIGATION BOND

REPROGRAMMING FOR OPTIMIZATION

SUMMARY

At its Special Meeting of June 30, 2016, the Proposition O Clean Water General Obligation Bond (Prop O) Administrative Oversight Committee (AOC) approved a recommendation to fund an additional \$800,000 for certain Optimization projects. This matter is hereby transmitted for Council consideration.

BACKGROUND

In 2012, the AOC and Council approved funding for the concept of Optimization projects, allowing the Bureau of Sanitation (BOS) and their consultants to improve the physical, chemical, and biological characteristics of Prop O projects to ensure that project elements are performing at an optimal level in real world conditions. On January 28, 2016, the AOC approved recommendations contained in a BOS report dated October 29, 2015 (Attachment A) including funding of \$2,166,000 for the construction of structural improvements as part of the initial Optimization for the 10 projects, and \$2,416,000 to begin Optimization projects as part of the eight projects where initial construction was recently completed. On April 22, 2016, Council approved funding for these two elements of Optimization (C.F. 13-1526).

At the January 2016 meeting, the AOC also approved funding of \$800,000 to continue Optimization projects as part of the 10 projects, contingent upon review by bond counsel on the eligible use of bond proceeds for this purpose. After discussion between City Attorney and bond counsel, as well as BOS, Bureau of Engineering, and this Office, the City Attorney concluded that the funding of this \$800,000 to continue Optimization projects would be an appropriate use of bond proceeds for those project costs that are accounted for as capital expenses under the Generally Accepted Accounting Principles (GAAP) as incorporated by the Governmental Accounting Standards Board (GASB). This conclusion is consistent with bond counsel's advice on this matter. On June 30, 2016, this Office reported back to the AOC with these findings. The AOC concurred and forwarded this recommendation to Council.

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

- 1. Approve an increase of \$800,000 in the budget for Optimization on 10 projects described in Attachment A, Table 1 of this addendum;
- 2. Authorize the Controller to appropriate \$800,000 from Proposition O, Clean Water Bond funds, Fund 16T, Department 50, Account 50LWCT, entitled Program Contingency-C1 to Fund 16T, Department 50, Account 50MYAF, entitled Prop O Optimization; and
- 3. Authorize the City Administrative Officer and the Department of Public Works to make technical corrections, as necessary, to those actions included in this report to implement Mayor and Council intentions.

FISCAL IMPACT STATEMENT

The cost of continued Optimization projects in the amount of \$800,000 will be funded from the existing Prop O Program Contingency. Approval of these recommendations will reduce the Prop O Program Contingency to \$20.0 million. There is no impact to the General Fund. The recommendations in this report are in compliance with the City's Financial Policies as funding for the proposed projects is provided primarily from bond proceeds which are supported by voter-approved property tax revenue.

MAS:REM:06170001 Attachments

Attachment A

CITY OF LOS ANGELES INTER-DEPARTMENTAL CORRESPONDENCE

DATE:

October 29, 2015

To:

Proposition O Citizens Oversight Advisory Committee (COAC)

Proposition O Administrative Oversight Committee (AOC)

FROM:

Shahram Kharaghani, Proposition O Planning Manager

Bureau of Sanitation

SUBJECT:

PROPOSITION O - ADDITIONAL OPTIMIZATION FUNDING NEEDS

RECOMMENDATIONS

1. Authorize the Bureau of Sanitation (LASAN), in coordination with the Bureau of Engineering (BOE), to continue the optimization phase of Proposition O projects through FY 15-16, FY 16-17, FY 17-18, FY 18-19 and FY 19-20.

- 2. Authorize an appropriation in the amount of \$800,000 (Table 1) from the Proposition O bond proceeds to LASAN's Project optimization contractual services account. This authority will enable LASAN to continue optimization activities such as risk assessment, biological health assessment of wetlands, monitoring of physical, chemical, and biological characteristics of the first eleven (11) projects completed under Proposition O.
- 3. Authorize an appropriation in the amount of \$2,166,000 (Table 2) from the Proposition O bond proceeds to LASAN contractual services account to implement structural improvements that are required for the first eleven (11) projects completed under Proposition O.
- 4. Authorize an appropriation in the amount of \$2,416,000 (Table 3) from the Proposition O bond proceeds to LASAN contractual services account to enable LASAN to implement optimization activities that are required for eight (8) newly constructed Proposition O projects.
- 5. Authorize LASAN in coordination with CAO, CLA, and BOE to make the necessary technical financial adjustments recommended here.

BACKGROUND

In 2013, the AOC and COAC approved the recommendations of LASAN to authorize the commencement of the optimization phase for eleven (11) completed Proposition O projects and authorized funding in the amount of \$2,172,620 for optimization staffing and activities. The goal of the optimization phase is to ensure long-term sustainability of Proposition O projects by establishing stable physical, chemical and biological processes of the green projects, evaluating these processes through water quality and project effectiveness monitoring, and developing the protocols for operation and maintenance.

The optimization process for the aforementioned eleven (11) projects commenced several years ago, but has identified several additional activities, consulting services, and structural improvements that require additional funding. The associated costs for additional consulting services and structural improvements of the eleven (11) projects are summarized in Tables 1 and 2, respectively.

Table 1 – Costs for Continuing Consulting Services for Optimization

Category	Project Names	Cost Estimate
Natural Treatment Systems	South LA Wetlands Park Project	\$40,000
	Hansen Dam Wetlands Restoration	\$10,000
	Echo Park Lake Project	\$120,000
Mechanical System BMPs	Mar Vista Rec. Center	\$120,000
	Westside Park Rainwater Irrigation	\$90,000
Passive BMP Projects	Peck Park Canyon Enhancement	\$37,200
	Grand Blvd Tree Wells	\$900
	Imperial Hwy Sunken Median	\$75,300
	Westminster Dog Park	\$3,600
	Oros Green Street	\$3,000
Pond Company Optimization Services	Additional 12 months (December 2015 to November 2016)	\$240,000
Laboratory Testing for Optimization Monitoring ¹	2 wet weather and 2 dry weather sampling events	\$60,000
	TOTAL	\$800,000

^{1.} Water quality samples testing by private laboratories.

Table 2 – Costs for the Structural Improvements

Category	Project Names	Cost Estimate
Natural Treatment Systems	South LA Wetlands Park Project	\$158,000
	Hansen Dam Wetlands Restoration	\$54,000
	Echo Park Lake Project	\$622,000
Mechanical System BMPs	Mar Vista Rec. Center	\$412,000
	Westside Park Rainwater Irrigation	\$425,000
Passive BMP Projects	Peck Park Canyon Enhancement	\$231,000
	Grand Blvd Tree Wells	\$12,000
	Imperial Hwy Sunken Median	\$228,000
	Westminster Dog Park	\$8,000
	Oros Green Street	\$16,000
	TOTAL	\$2,166,000

In addition to the eleven (11) projects that are already in the optimization phase, BOE/LASAN have recently completed the construction of eight (8) more Proposition O projects that will require funding to commence the optimization activities. The estimated cost for the optimization phase of these eight (8) projects is \$2,416,000 as summarized in Table 3.

Table 3 - Optimization Costs for Additional Projects

Project Name	Scope and Schedule	Cost Estimate
Glenoaks-Sunland Stormwater	Parkway infiltration swales and dry	\$102,000
Capture	wells – Two years	
Rosecrans Rec. Center	Bioswales, vegetated retention and	\$200,000
Stormwater Enhancements	infiltration basins – Two years	
Elmer Avenue Phase II	Hydrodynamic separators and catch	\$134,000
Billet Avenue i nuse ii	basins – Two years	
Elmer Paseo	Bioswales and permeable materials	\$130,000
Elifici i asco	– Two years	
Temescal Canyon Park	Rainwater capture and use – Two	\$550,000
Stormwater BMP Ph I and Ph II	years	
Avalon Green Alley South	Rainwater harvesting, dry wells –	\$180,000
21 valori Green 7 triey South	Two years	
Wilmington Drain	Cross-channel trash netting systems	\$650,000
	and vegetated BMPs – Two years	
Broadway Neighborhood	Residential rain gardens, infiltration	\$350,000
Stormwater Greenway	trenches, dry wells – Two years	
Laboratory Testing for	4 wet weather and 4 dry weather	\$120,000
Optimization Monitoring ¹	sampling events	Ψ120,000
	TOTAL	\$2,416,000

^{1.} Water quality testing by private laboratories.

The total cost from the three tables is summarized below:

Costs for Continuing Consulting Services for Optimization:	\$ 800,000
Costs for the Structural Improvements and Associated Costs:	\$2,166,000
Optimization Costs for Additional Projects:	\$2,416,000
Total funding requested:	\$5,382,000

The Albion Riverside Park, Aliso Creek-Limekiln Creek Restoration, Argo Drain, Machado Lake Ecosystem Rehabilitation and Rory M. Shaw Wetlands Park projects are either in the design or in the early construction phase and, in the future, they will need to undergo an optimization phase as well. While a refined estimate of the associated optimization costs is not premature at this time, it is anticipated that \$5M - \$8M will potentially be needed for this purpose.

It is important to note that the optimization phase of the above Proposition O projects achieve three major goals:

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- (1) Ensures long term sustainability of these fragile natural systems;
- (2) Enables the City to stay in compliance with its 22 TMDLs water quality regulations; and
- (3) Educates City staff how best to deal with challenges like green/blue algae and red apple snails that have an impact on these natural systems.

We respectfully request that you take immediate action on this important item. If you have any questions or wish to discuss this matter further, please contact me at (213) 485-0587, or Mr. Wing Tam at 213-485-3985.

SK/WKT/KK

cc: David Hirano, CAO
Rafael Prieto, CLA
Raoul Mendoza, CAO
Adel Hagekhalil, LASAN
Wing Tam, LASAN
Kendrick Okuda, BOE
Ted Jordan, City Attorney
Laurie Rittenberg, City Attornery
Eva Sung, LASAN
Lisa Mowery, LASAN
Debbie Pham, LASAN