

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 7, 2019

CAO File No. 0220—05445-0004
Council File No. 13-1526
Council District: All

To: The City Council
The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer
Chair, Proposition O Administrative Oversight Committee

Reference: Proposition O Oversight Committee Recommendations

Subject: **PROPOSITION O CLEAN WATER GENERAL OBLIGATION BOND – STAFFING
APPROPRIATION FOR FISCAL YEAR 2018-19**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Approve an appropriation of up to \$4,012,000 to fund approximately 34 full time equivalents in the Department of Public Works to support Proposition O projects in Fiscal Year 2018-19 and, of this amount, appropriate a total of \$3,363,594.84 to reimburse the following departments for actual expenditures that are eligible for Proposition O funding for the period of July 1, 2018 to June 4, 2019;
 - a. Transfer \$1,782,312 from Fund No. 16V/50, Account No. 50HXAA, Strathern Pit Multiuse project, to the Bureau of Sanitation, Fund No. 100/82, Account No. 001010, Salaries General in the amount of \$959,774 and to Account 50R299, Reimbursement of General Fund in the amount of \$822,538;
 - b. Transfer a total of \$1,329,341.51 from the following accounts to the Bureau of Engineering, Fund No. 100/78, Account No. 001010, Salaries General in the amount of \$766,006.92 and to Account No. 50P299, Reimbursement of General Fund in the amount of \$563,334.59; and,

FROM:

<u>Fund No.</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
16Q/50	50EA14	SMB/BC Mar Vista Recreation Ct	\$ 1,431.53
16Q/50	50EA27	Machado Lake-Phase I	\$ 479.27
16T/50	50LWAF	Argo Drain Sub Basin Facility	\$ 590,387.49
16T/50	50KYAG	Aliso Creek-Limekiln Creek Restoration	\$ 44,309.88
16T/50	50HYAC	Machado Lake Ecosystem Rehab	\$ 298,854.19
16T/50	50FZAA	PenMar Water Quality Phase II	\$ 11,912.09
16T/50	50FD17	Temescal Canyon Park Phase II	\$ 10,646.84
16T/50	50PZAC	Vermont Ave Stormwater	\$ 101,901.22
16V/50	50PZAB	Westwood Neighborhood Greenway Project	\$ 75,601.36
16V/50	50KXAD	Albion Riverside Park Improvements	\$ 188,480.82
16V/50	50HXAA	Strathern Pit Multiuse	\$ 5,336.82
Total:			\$ 1,329,341.51

- c. Transfer a total of \$251,941.33 from the following accounts to the Bureau of Contract Administration, Fund No. 100/76, Account No. 001010, Salaries General in the amount of \$142,558.21 and to Account No. 50P299, Reimbursement of General Fund in the amount of \$109,383.12.

FROM:

<u>Fund No.</u>	<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
16Q/50	50EA14	SMB/BC Mar Vista Recreation Ct	\$ 905.52
16Q/50	50EA27	Machado Lake-Phase I	\$ 477.74
16T/50	50MYAF	Prop O Optimization	\$ 11.55
16T/50	50FZAA	PenMar Water Quality Phase II	\$ 1,243.64
16T/50	50PZAC	Vermont Ave Stormwater	\$ 22,328.15
16T/50	50FD17	Temescal Canyon Park Phase II	\$ 1,757.52
16T/50	50LWAF	Argo Drain Sub Basin Facility	\$ 98,935.82
16V/50	50KXAD	Albion Riverside Park Improvements	\$ 123,898.16
16V/50	50HYAC	Machado Lake Ecosystem Rehab	\$ 2,383.23
Total:			\$ 251,941.33

2. Authorize the City Administrative Officer, in coordination with the Bureau of Engineering and the Bureau of Sanitation, to make technical corrections as needed to the above recommendations to implement the intent of the Mayor and Council.

SUMMARY

At the regular meeting of November 19, 2018 and May 30, 2019, the Proposition O (Prop O) Clean Water General Obligation Bond Citizens Oversight Advisory Committee (COAC) and Administrative Oversight Committee (AOC), respectively, approved an appropriation of approximately \$7.14 million for staffing to support the Proposition O Program. This matter is hereby transmitted for Council consideration.

BACKGROUND

In November 2004, the City of Los Angeles voters passed the Prop O Clean Water General Obligation Bond, authorizing the sale of \$500 million in general obligation bonds to finance projects that protect public health by cleaning up pollution in the City's rivers, lakes, and beaches. Since then, the City has issued \$439.5 million in general obligation bonds for Prop O. There is still \$60.5 million in bond fund authority remaining to be issued.

The total funding for the Prop O Program is \$572.8 million consisting of bond proceeds, interest earnings, grants, and special funds.

Prop O Funding Sources	Amount
Bond Proceeds	\$ 441,366,298
Interest Earnings, Residual Equity*	\$ 30,865,349
Future Bond Sale	\$ 60,500,000
Secured Grants Received & Other Sources	\$ 40,101,815
Prop O Funds:	\$ 572,833,462

* Interest Earnings as of September 30, 2018

As shown in the table below and prior to the actions recommended in this report, the current Prop O Program budget is \$562.6 million which includes \$506.7 million in Council-approved project budgets (which is allocated to 43 projects consisting of 31 completed projects and 12 active projects) and \$56.0 million in funding for other program costs, including City staff. This leaves \$10.2 million for Program Contingency, which was established to ensure that sufficient funds exist to complete projects in progress.

Prop O Budgeted Items	Amount
Project Costs	\$ 506,680,172
City Staff and Administrative Costs*	\$ 55,959,622
Prop O Program Budget:	\$ 562,639,794
Prop O Program Contingency:	\$ 10,193,668
Total Prop O Funds:	\$ 572,833,462

* Based on Accounting's Cash Balance Report

As shown in the table below, the Program Contingency is reduced to approximately \$4.77 million to account for the following items that are currently pending Council's consideration:

Program Contingency	\$ 10,193,668
Aliso Creek Limekiln Creek Restoration Budget Increase	\$ (5,200,000)
Machado Lake Project Optimization	\$ (4,180,000)
Machado Lake Project Savings	\$ 4,800,000
Sun Valley/North Hollywood Greenway	\$ (849,030)
Remaining Program Contingency:	\$ 4,764,638

PROPOSITION O STAFFING APPROPRIATION FOR FISCAL YEAR 2018-19

The Bureau of Engineering, as the Prop O Program Manager, is recommending an appropriation of up to \$7,140,579 to fund up to 33 full-time equivalents (FTEs) to support the Prop O Program in 2018-19 for the following departments: Public Works-Contract Administration (up to four FTEs), Public Works-Engineering (up to 16 FTEs), and Public Works-Sanitation (up to 13 FTEs) (see Attachment for more details). This recommendation was approved by the AOC and the COAC at the Regular Meeting of May 30, 2019 and November 28, 2018, respectively.

Tasks that are eligible for Prop O funding include, but are not limited to, predesign, design, project and construction management, engineering work, preparation of the Environmental Impact Report and required public hearings, and on-site inspections. Tasks that are ineligible for Prop O funding include, but are not limited to, accounting, financial reporting, administrative, and operation and maintenance activities. The table below provides a departmental breakdown of the actual expenditures from July 1, 2018 through June 4, 2019 that are eligible for Prop O funding. Of the \$7.14 million appropriation that was approved by AOC and COAC, this Office is recommending a total appropriation of \$4,012,000 in Prop O funding to reimburse for eligible staff costs for the Bureaus of Engineering, Contract Administration, and Sanitation for Fiscal Year 2018-19. Ineligible costs will need to be absorbed within the department budgeted appropriations.

Staff costs that are directly associated with the design and construction of the capital project are included in the project budget. This includes staff from the Bureaus of Engineering and Contract Administration. Staff costs for the Bureau of Sanitation are not included in the project budget. As such, these costs are funded within the Available Budget or Program Contingency. As shown in the table below, a total appropriation of up to \$2.11 million will be required for the Bureau of Sanitation, which will reduce the Prop O Program Contingency by 2.11 million, from \$4.77 million to \$2.66 million.

	Appropriations Requested By Engineering	Prop O Eligible – 2018-19 Actual Expenditures From July 1, 2018 through June 4, 2019			Projected Year-End Expenditures
		Direct Cost	Indirect Cost	Total Actual Expenditures	
76 - Contract Administration	\$ 836,841	\$ 142,558	\$ 109,383	\$ 251,941	\$ 308,000 *
78 - Engineering	\$ 3,684,905	\$ 766,007	\$ 563,335	\$ 1,326,342	\$ 1,597,000 *
82 - Sanitation	\$ 2,618,833	\$ 959,774	\$ 822,538	\$ 1,782,312	\$ 2,107,000 **
TOTAL:	\$ 7,140,579	\$ 1,868,339	\$ 1,495,256	\$ 3,363,595	\$ 4,012,000

* Funded within project budgets

** Program costs not within project budgets

Actual expenditures through June 4, 2019 totals \$3.36 million, which leaves \$648,405 in funding to reimburse the Bureaus for expenditures incurred during the period of June 5, 2019 through June 30, 2019. These additional expenditures will be reimbursed in the First Construction Projects Report in Fiscal Year 2019-20 due Prop O funding being provided on a reimbursement basis only.

FISCAL IMPACT STATEMENT

There will be no impact to the General Fund as the funding will be provided by the Proposition O Bond Fund. The overall impact of approving the staffing appropriation of \$4.10 million for Fiscal Year 2018-19 is a reduction of \$2.11 million to Program Contingency, from \$4.77 million to \$2.66 million, to account for the Bureau of Sanitation's staffing cost that are not included in the project budget. The remaining \$1.9 million for staffing costs will be funded within the project budgets. The recommendations in this report are in compliance with the City's Financial Policies as sufficient funds exist to support these recommendations.

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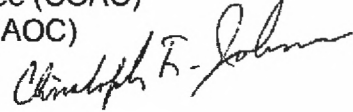
ATTACHMENTS

**CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE**

Date: May 30, 2019

To: Proposition O Citizens Oversight Advisory Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

From: Christopher F. Johnson, PE, GE, Division Engineer
Proposition O Clean Water Division
Bureau of Engineering



Subject: REVISED PROPOSITION O STAFFING APPROPRIATION FOR
FISCAL YEAR 2018-2019

RECOMMENDATION

1. Approve the appropriation of up to \$7,140,579 for Proposition O staffing costs for the Bureaus Contract Administration (BCA), Engineering (BOE), and Sanitation (BOS) to continue and sustain project implementation.
2. Authorize the City Administrative Officer, in conjunction with BOE, to review proposed staffing cost and to make technical corrections as needed to the recommendations in this correspondence.

BACKGROUND

Staffing salaries for project management of all Prop O funded projects are directly allocated within each project budget of the Council approved Prop O Project Budget of \$504,303,442 and Total Prop O Budget of \$545,847,329. Each project budget is structured to account for all costs related to all phases of each project from land acquisition/right-of-way, pre-design, design, bid and award, construction and post construction. This includes City staff project and construction management costs, as well as all hard dollar costs for consultant services, construction contractors, and other direct costs related to each of the phases.

To date, all projects are within project and program budget and are on schedule to deliver each project within the Council approved budget and the approved master schedule and no budget adjustments are required.

During fiscal year 2018-2019, 16 active projects will have work tasks that are being performed by City staff. Based on a City-wide review of fiscal year 2018-2019 work levels and the proposed 2018 Master Schedule, I am requesting a staffing appropriation of up to 34 full time equivalents (FTEs, see attachment), not to exceed \$7,140,579.

For the BCA, an appropriation for 4.00 FTE, up to \$836,841 is requested for contract management and construction inspection tasks. An appropriation for overtime and mileage is included.

Fiscal Year 2018-19 Proposition O Staff Costs by Bureau and FTE
Estimates for July 1, 2018 through June 30, 2019
(Based on Modified CAP 39 Rates)

Attachment

Dept No.	FTEs	Position Resource Level	Base Labor	CTO	Gross Labor	Overtime	Mileage	Fringe Benefits	Total Costs
76	3.00	Construction Inspection	334,497	20.31% 67,936	402,433			51.36% 206,689.76	609,123
	1.00	Senior Construction Inspection	125,050	25,398	150,448			77,269.92	227,718
76	4.00	Total-Bureau of Contract Admin	459,547	93,334	552,881	70,747	21,000	283,959.68	836,841
78	1.00	Principal Civil Engineer	179,943	20.35% 36,618.40	216,561.40			46.82% 101,394.05	317,955.45
	2.00	Sr Civil Engineer	308,230	62,724.81	370,954.81			173,681.04	544,635.84
	3.00	Civil Engineer	393,189	80,013.96	473,202.96			221,553.63	694,756.59
	1.00	Landscape Arch I	131,063	26,671.32	157,734.32			73,851.21	231,585.53
	7.00	Civil Eng Assoc III	844,074	171,769.06	1,015,843.06			475,617.72	1,491,460.78
	1.00	Civil Eng Assoc II	108,346	22,048.41	130,394.41			61,050.66	191,445.07
	1.00	Environmental Suprv I	120,582	24,538.44	145,120.44			67,945.39	213,065.83
78	16.00	Total-Bureau of Engineering	2,085,427	424,384	2,509,811	4,600	460	1,175,094	3,684,905
82	5.00	Environmental Engineering Associate II	541,730	22.67% 122,810.19	664,540.19			51.57% 342,703.38	1,007,243.57
	1.00	Environmental Engineering Associate IV	108,346	24,562.04	132,908.04			68,540.68	201,448.71
	2.00	Environmental Engineer	216,692	49,124.08	265,816.08			137,081.35	402,897.43
	1.00	Civil Engineering Associate IV	108,346	24,562.04	132,908.04			68,540.68	201,448.71
	2.00	Senior Environmental Engineer	216,692	49,124.08	265,816.08			137,081.35	402,897.43
	1.00	Environmental Engineering Associate III	108,346	24,562.04	132,908.04			68,540.68	201,448.71
	1.00	Environmental Specialist III	108,346	24,562.04	132,908.04			68,540.68	201,448.71
82	13.00	Total-Bureau of Sanitation	1,408,498	319,306	1,727,804	4,600	460	891,029	2,618,833
	34.00	GRAND TOTAL	3,953,472	837,025	4,790,497	79,947	21,920	2,350,082	7,140,579