

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE
REPORT relative to Proposition O (Prop O) Clean Water General Obligation Bond budget
adjustments and funding considerations.

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

1. APPROVE the transfer of \$11,000,000 in savings from the Machado Lake Ecosystem Rehabilitation Project to the Prop O Budget; and, INSTRUCT the Administrative Oversight Committee and the Citizens Oversight Advisory Committee to review the remaining Budget and determine an updated Program Budget Contingency.
2. WITHHOLD further budget adjustments and increases in the Argo Drain Sub-Basin Facility Project (Argo Drain); and, INSTRUCT the Bureau of Sanitation (BOS) and REQUEST the Los Angeles World Airports to report on an equitable funding allocation for Argo Drain which takes into account:
 - a. Commensurate water quality compliance responsibilities and share.
 - b. Minimizing any fiscal impact to the Stormwater Pollution Abate Fund and General Fund.
3. AUTHORIZE:
 - a. An increase in the Temescal Canyon Park Stormwater Best Management Practices (BMP) Phase II (Temescal Canyon) Project of \$658,000, from \$4,398,565 to \$5,056,565.
 - b. The transfer of funds up to \$658,000 within Prop O accounts to Fund 16T/50, Account No. 50FD17 entitled *Temescal Canyon Park Phase II* for Temescal Canyon.
4. WITHHOLD the release of funds of \$12,400,000 from the Taylor Yard Land Acquisition Project to the Program Budget Contingency until further review.
5. APPROVE:
 - a. The appropriation of \$6,521,277 to fund approximately 30 full time equivalents in the Department of Public Works to support Prop O projects in Fiscal Year 2017-18.
 - b. The modified Master Schedule in Attachment C of the March 9, 2018 City Administrative Officer (CAO) report, attached to the Council file, for 16 projects and the close-out of two projects, subject to technical adjustments associated with changes in Argo Drain and the additional water projects specified below in Recommendation No. 6 and changed to the Argo Drain and any additional water projects.
6. CONCUR with the recommendations of the Proposition O Advisory Oversight Committee

and Citizens Oversight Advisory Committee to support the following six projects and designate/set aside Prop O funding, subject to funding availability:

- a. Hollenbeck Park Lake Rehabilitation Project
 - b. Fernangeles Park Stormwater Capture Project
 - c. Public Right-of-Way Low Impact Development Projects
 - d. Rosa Parks Learning Center Project
 - e. Big Tujunga Canyon Via Verde
 - f. Taylor Yard G2 Water Quality Benefit Project.
7. DIRECT the BOS to fully develop the six proposed projects detailed above in Recommendation No. 6 and to seek funding commitments from non Prop O funding sources in addition to Prop O funding.
8. AUTHORIZE the CAO, in coordination with the Bureau of Engineering and the BOS, to make technical corrections as needed to the above recommendations to implement Mayor and Council intentions.

Fiscal Impact Statement: The CAO reports that the transfer of \$11 million from Machado Lake Project to the Program Budget Contingency will increase the Program Contingency from \$12.9 million to \$23.9 million. The cost of the budget increases for Argo Drain (\$13,240,131) and Temescal Canyon (\$658,000) will reduce the Program Budget Contingency from \$23.9 million to \$10.0 million. The approval of the release of funds of \$12.4 million from the Taylor Yard River Park Parcel G2 Land Acquisition project to Prop O Budget Contingency will increase the Program Contingency from \$10.0 to \$22.4 million. The concurrence of the six proposed projects for future funding considerations will not impact the Prop O Program budget as funding authority is not provided. Approval of the staffing appropriation will require ineligible staffing costs to be absorbed within each Bureau's salary appropriation. The recommendations contained in the March 9, 2018 CAO report, attached to the Council file, are in compliance with the City's Financial Policies as sufficient funds exist to support these recommendations.

Community Impact Statement: None submitted.

Summary:

On March 20, 2018, your Committee considered a March 9, 2018 CAO report relative to Prop O Clean Water General Obligation Bond budget adjustments and funding considerations. According to the CAO, in November 2004, 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 \$565.9 million consisting of bond proceeds, interest earnings, grants, and special funds (a detailed breakdown of Prop O funding sources is included in the CAO report).

The current Prop O Program budget is \$550.2 million which includes \$506.7 million in Council-approved project budgets (which is allocated to 43 projects consisting of 26 completed projects, 15 active projects, and two newly funded projects) and \$43.5 million in funding for other program costs, including City staff.

This leaves \$15.7 million in remaining program budget, of which the recommended program contingency is \$12.9 million. Therefore, there are \$2.8 million in funds available based on approved actions to date. The Program Contingency was established to ensure that sufficient funds existed to complete projects in progress. The AOC and COAC approved savings identified in this report to be added to the Program Contingency and did not approve any new appropriations at this time because in the current construction market, many bids for City projects are coming in higher than expected. Four Prop O projects that are underway will require construction funding in the near future. They are:

- a. Argo Drain Sub-Basin Facility
- b. Aliso Creek - Limekiln Creek Restoration
- c. Vermont Avenue Stormwater Capture and Green Street
- d. Westwood Neighborhood Greenway

The BOE has indicated that a request for additional funds is forthcoming for the Aliso Creek - Limekiln Creek Restoration Project. Additionally, four projects are in construction and could encounter cost increases. The AOC plans on ensuring that sufficient funds exist to successfully complete these projects as they move forward, establishing more detailed cost estimates on the projects under consideration for funding, and then returning to the Council and Mayor with additional recommendations for funding.

After consideration and having provided an opportunity for public comment, the Committee moved to approve the recommendations, as amended, in the March 9, 2018 CAO report and detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES

CEDILLO: YES
O'FARRELL: YES

ARL
3/20/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-