

Date: April 18, 2018
CD No. ALL

Honorable Board of Public Works
of the City of Los Angeles

Commissioners:

REQUEST BOARD REVIEW AND APPROVE THE PROPOSAL TO UPDATE THE STREET DAMAGE RESTORATION FEE (SDRF) AND AMEND SECTIONS OF THE LOS ANGELES MUNICIPAL CODE (LAMC) CF:15-0600-S22 & CF:14-1571

RECOMMENDATIONS:

That the Board of Public Works (Board), subject to Mayor and City Council concurrence, review and approve the following proposals to reappropriate the full cost of the street damage caused by excavations to the City's street system:

1. Establish the updated Street Damage Restoration Fee (SDRF) effective as of July 1, 2018.
2. Request the Office of the City Attorney to prepare and submit an ordinance amending LAMC 62.06 as follows:
 - a. Adjust the SDRF annually on July 1st of each calendar year by the equivalent of a recognized cost index (index adjustments), e.g. Caltrans Cost Index;
 - b. Require standard repair for all concrete cuts to include a full slab replacement;
 - c. Calculate the SDRF based on the square footage of the actual pavement cut plus five feet in all directions;
 - d. Collect SDRF for all street cuts including emergency work;
 - e. Institute a new SDRF fee schedule;
 - f. Earmark all SDRF to fund a Bureau of Street Services (BSS) Street Reconstruction Program and establish a special purpose funds to start related work such as to fund a Bureau of Contract Administration (BCA) Trench Inspection Program; and
 - g. Enforce the legal maximum warranty period to guarantee the street restoration work by filing a sufficient amount of Street Excavation Bond prior to the issuance of the permit. The warranty periods shall begin on the date work is accepted by the City.

TRANSMITTALS:

1. Copy of Dr. Shahin's SDRF Study dated May 2017
2. Proposed SDRF Options

SUMMARY

The City's streets are a valuable public asset which the City holds in trust for its citizens. Substantial funds have been invested annually to improve and preserve this public asset.

The recommendations contained herein are a step forward in protecting City investments and optimizing City revenues. While policies alone may not reduce the frequency of street trenching, the City must seek ways to:

- Recuperate the full cost of the street damage caused by excavations;
- Control the timing and scheduling of utility cuts; and
- Implement policies to control the quality of utility cut repairs.

The necessity for the fee to protect and preserve the most significant mobility infrastructure asset makes this a business friendly policy.

BACKGROUND

The City established the SDRF Ordinance No. 171922 in 1998 (Attachment A) to protect the public investment and to ensure that the City is adequately funded to repair damaged streets related to street excavations and to enhance the street work coordination to avoid unnecessary trenching on streets recently resurfaced.

A recent Controller's audit indicated the current SDRF has not been updated since 2006 and the current excavation fees do not cover the total damage cost created by the constant utility trenching; therefore, the City is subsidizing the street damage cost and is failing in optimizing its revenue opportunities.

On January 19, 2017, BSS received Controller Galperin's request (Attachment B) to expedite a study that would determine the actual damage cost of utility trenching so the SDRF fees can be adjusted accordingly as soon as the new fiscal year arrives.

BSS concurs that the SDRF is outdated and must be adjusted as per the new SDRF study to ensure that City revenues are optimized in a manner that benefits the City, residents, and stakeholders.

Given the recent surge in the local economy, pavement utility cuts are a major concern due to their significant increase and their subsequent impact on street preservation. For the same reason and to perform a new SDRF study, BSS hired Dr. Shahin and Associates to execute a comprehensive analysis of the impacts of utility trenching on street pavements. Dr. Shahin was also the author of the original "1996 Study on the Effects of Utility Cut Patching on Pavement Life Span" that was the technical foundation to establish the original SDRF Ordinance in 1998.

Dr. Shahin and Associates partnered with BSS and the Standards Division of the General Services Department to conduct a very comprehensive study that ultimately validated the recommendations provided in this report.

RECOMMENDED POLICY AMENDMENTS

To maximize efficiency and to streamline the process, the SDRF fees shall be adjusted annually on July 1st of each calendar year by the equivalent of a recognized cost index (e.g. Caltrans Cost Index). The City Council with the assistance of the City Administrative Office can select the most appropriate index.

All utility trenching performed on a concrete pavement must be repaired by fully replacing the concrete slab where the trench is located to avoid uneven conditions (floaters).

The SDRF shall be based on the square footage of the actual pavement cut plus five feet in all directions. Dr. Shahin's study validates that the pavement beyond the edge of the trench is severely weakened due to the loss of lateral support and the disturbance of the pavement layers.

All street trenching shall be subject to the SDRF including emergency work.

Furthermore, any franchise agreements that exempt the payment of SDRF shall be reviewed to determine if they can be amended so that SDRF fees are paid accordingly.

Pavements are impacted by excavation regardless of their age; hence, the age exemption shall be removed from the SDRF Ordinance.

It is imperative that revenues generated by the SDRF are fully re-invested in the City's street system so they need to be earmarked under a special City account to be used for a BSS Street Reconstruction Program and to fund a BCA Trench Inspection Program that will ensure quality control as trench work is performed by utility companies and developers.

Lastly, it is recommended that trenches have a life expectancy of five years; therefore, BCA shall enforce the five-year warranty period to guarantee the street restoration work. The warranty periods shall begin on the date work is accepted by the City.

(NS—KM)

Respectfully submitted,



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