

CORRECTED REPORT

PUBLIC WORKS AND GANG REDUCTION COMMITTEE REPORT relative to modifying the City's Street Damage Restoration Fee (SDRF).

Recommendations for Council action:

1. APPROVE the recommendations adopted by the Board of Public Works (BPW) on April 18, 2018, attached to the Council file, as amended to REQUEST the City Attorney to prepare and present an ordinance to amend Los Angeles Municipal Code Section 62.06 as follows:
 - a. Update the SDRF fee to achieve full functional direct cost recovery by setting the fees for Local and Select Streets at \$8.24 and \$19.44 per square foot, respectively, and apply the fees to an area that equals the width and length of the street cut plus five feet on all sides of the street cut.
 - b. Eliminate the street age limit exemption. The fee would apply regardless of the age of the street.
 - c. Include an annual inflationary adjustment factor to allow the fee to keep pace with the cost of repair. The inflationary adjustment factor to SDRF would be annually approved by the Board of Public Works.
 - d. Eliminate the emergency work exemption.
 - e. Require standard repair for all concrete street cuts to include full slab replacement in lieu of paying SDRF.
 - f. Earmark all SDRF to fund a Bureau of Street Services (BSS) Street Reconstruction Program and related work such as to fund the Bureau of Contract Administration Inspection Program and the Materials Testing Services by the General Services Department.
2. INSTRUCT the BSS, the Bureau of Engineering, with the assistance of the City Attorney, to report on options for enforcing the legal maximum warranty period to guarantee street restoration work, with the warranty period commencing the date work is accepted by the City, by requiring a permittee to file a Street Excavation Bond in the sufficient amount prior to the issuance of the permit.
3. INSTRUCT the Los Angeles Department of Water and Power and Bureau of Sanitation to report in 6 months after SDRF implementation on the impact to rate payers of the SDRF.
4. INSTRUCT the BSS to report on the effects of the City's new trenching standards on the cost of trench repairs and the associated Street Damage Restoration Fees.

Fiscal Impact Statement: None submitted by the BPW. Neither the City Administrative Officer

nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY:

On June 20, 2018, your Public Works and Gang Reduction Committee considered an April 18, 2018 BPW report relative to modifying the City's SDRF. According to the BPW, the SDRF was established through Ordinance No. 171922 (SDRF Ordinance) in 1998 as a means to protect the City's public investment and 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. Thus, the City is subsidizing the street damage cost and is failing in optimizing its revenue opportunities.

On January 19, 2017, BSS received a request from the Controller 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. The 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 is 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 GSD to conduct a very comprehensive study that ultimately validated the recommendations provided in this report.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the April 18, 2018 BPW report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

PUBLIC WORKS AND GANG REDUCTION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BLUMENFELD:	YES
BUSCAINO:	ABSENT
MARTINEZ:	YES
RYU:	YES
RODRIGUEZ:	YES

ME 6/20/18