

DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITATION
OFFICE OF COMMUNITY BEAUTIFICATION
JOINT BOARD REPORT NO. 1
April 02, 2018

APPROVED BY THE BOARD
PUBLIC WORKS OF THE
CITY OF LOS ANGELES
CALIFORNIA
AND REFERRED TO THE CITY COUNCIL
APR 02 2018


Executive Officer
Board of Public Works

CD: All

AUTHORITY TO APPLY FOR, ACCEPT, NEGOTIATE, AND EXECUTE AN AGREEMENT, AND ADOPT THE ATTACHED RESOLUTION FOR THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE) PROGRAM AND AUTHORITY TO REQUEST A LOAN FROM THE PUBLIC WORKS TRUST FUND TO BE REIMBURSED AS GRANT PROCEEDS ARE RECEIVED

RECOMMENDATIONS

1. Approve and forward this report, with its transmittal, to the Mayor and the City Council, with the recommendation that the City Council, subject to the concurrence of the Mayor, authorize the Director of the Bureau of Sanitation (LASAN) or designee to apply for, accept, negotiate, execute and submit all grant documents, including but not limited to, applications, agreements, and amendments, subject to the approval of the City Attorney as to form, which may be necessary to receive funding, if awarded a grant, from the State of California, Department of Forestry and Fire Protection (CAL FIRE) for the project "Shade Los Angeles" not exceeding the amount of \$1,500,000.
2. Request the City Council, subject to concurrence by the Mayor, to adopt the accompanying resolution authorizing the submission of the grant application to CAL FIRE and appointing the Director of LASAN, or designee, to conduct all negotiations, execute and submit all documents including, but not limited to applications, agreements, amendments, and payment requests, which may be necessary to carry out the purpose of this Resolution in compliance with CAL FIRE requirements to complete the Project and expend grant funds prior to March 30, 2022, (and invoiced by June 30, 2022), if awarded the grant.
3. Authorize a loan from the Public Works Trust Fund (PWTF) (Fund 834) in the amount of \$500,000 payable by the Environmental Affairs Trust Fund (EATF) (Fund 537), to front-fund the Project, until the final grant proceeds are received on a cost reimbursement basis, if the project is funded.
4. Authorize the Director of the Office of Accounting to release the Public Works Trust Fund Loan upon providing a copy of the proof of grant award.
5. Authorize the Director of the Office of Accounting to assess and collect the interest earned while the loan is in the Environmental Affairs Trust Fund, and at the rate that

Office of Finance is using to allocate interest to various investment pools. Any unpaid interest at the end of the month will be added to the principal amount of the loan.

6. Request the Board of Public Works to authorize the Office of Community Beautification (OCB) to amend contract C-124509, or newer 2018/2019 contract, with the Los Angeles Conservation Corps (LACC) to increase the contract ceiling by \$1,500,000, and to extend the contract to cover the grant implementation period ending June 30, 2022, if the grant proposal is funded.
7. Request the Board of Public Works to authorize the work up to \$1,500,000.
8. Authorize the Director of the Office of Accounting to transfer \$500,000 from the Public Works Trust Fund No. 834 to the Environmental Affairs Trust Fund No. 537, and to appropriate said amount in Environmental Affairs Trust Fund No. 537, Department 50, New Account (Shade Los Angeles), and to make payments to LA Conservation Corps, their subcontractors and for other LASAN expenses, if grant is awarded.
9. Authorize reimbursements from CAL FIRE to be deposited into the Environmental Affairs Trust Fund and ultimately, to be transferred back to the Public Works Trust Fund upon receipt of the final invoice payment.
10. Request the Controller make technical corrections as necessary.

TRANSMITTALS

1. City Map with AB 1550 delineations with eligible census tracts for grant implementation.
2. Resolution, as required by the State of California, Department of Forestry and Fire Protection for grant submittals to the Urban and Community Forest Program, California Climate Investments, and funded by the California Greenhouse Gas Reduction Fund.

DISCUSSION

CAL FIRE is offering grant funding from the Urban and Community Forestry Program (Program) for tree planting and urban greening projects that will contribute to the reduction of greenhouse gases. Highest priority projects are those that will be exclusively located in census tracts described by AB 1550 (2015-16 Greenhouse gases: investment plan: disadvantaged communities) to designate disadvantaged and low income communities. LASAN will use the AB 1550 map and CalEnviro Screen 3.0 to identify those communities and invite residents to request a free street tree.

The Program encourages projects that produce multiple benefits that reduce greenhouse gas emissions, increase water use efficiency, reduce risks from climate change impacts, and demonstrate collaboration with local, state, and community entities.

Concept proposals were due February 26, 2018 and full application proposals will be requested in the spring of 2018. The grant will fund tree planting labor, trees, concrete cuts for new wells, outreach activities, and may include limited multi-year watering plans in low canopy areas of the City. CAL FIRE is expected to announce the grant awards in late spring 2018.

The project, "Shade Los Angeles", will plant a minimum of 2,700 parkway trees in Disadvantaged Communities within the City. The request for \$1,500,000 will fund the following:

SCOPE OF WORK	AMOUNT
Contract Labor by tree planting groups for 2,100 trees	\$ 420,000
Purchase 1,780 15-gallon trees, stakes, and ties	\$ 162,140
Concrete cut labor to create 900 new tree wells	\$ 613,440
LASAN as-needed staff	\$ 262,000
Mandated signage and outreach materials	\$ 42,420
TOTAL	\$ 1,500,000

The grant requires the use of matching funds to increase the competitiveness of the applications. Matching funds through services provided by City Plants and OCB/Board of Public Works and Bureau of Street Services will provide the following:

SCOPE OF WORK	AMOUNT	AGENCY
Contract Labor by tree planting groups for 600 trees	\$ 112,250	City Plants/OCB
Purchase 920 15-gallon trees, stakes, and ties	\$ 72,796	City Plants/OCB
Purchase 1,000 5-gallon trees for tree adoption events	\$ 50,000	City Plants/OCB
Resource Fair with in-kind services, volunteer labor, and local business donations	\$ 31,000	City Plants/OCB
Permits, tree inspections post planting, watering, light maintenance, planting	\$ 240,000	Public Works and Street Services
TOTAL	\$ 506,046	

The 900 new tree wells and watering assistance will be focused in several areas, including the following examples: Broadway in South Los Angeles; Lankershim; Glen Oaks, and Tujunga in the Northeast Valley. These are areas with high foot traffic that are lacking trees. The additional residential parkway trees will be planted in neighborhoods in disadvantaged and low-canopied areas, where residents will agree to water the trees until they are established. These areas are some of the lowest-canopied areas within the City.

Tree planting events will be held to plant the boulevard trees. The events invite volunteers and community members to help plant the trees and a resource fair will bring in businesses,

Page 4

community organizations and attractions (sea animal touch tanks, LA Zoo, Museum of Natural History, fire trucks) to attract the local community to learn about environmental and health impacts and introduce other resources to the community.

The project is categorically exempt from the California Environmental Quality Act (CEQA) under Article III, Section 1 of the City guidelines: Minor alterations to land, category 3 – new tree planting.

OCB has contracts with the planting partners, led by the LACC, working with City Plants. A new contract with LACC may be developed in 2018/2019. LASAN is asking that this new contract accommodate the \$1,500,000 in grant funding and extend the term though June 30 2022. However, an existing contract, C-124509, executed on September 3, 2014 for similar work could be used if the new contract that will be developed by OCB is delayed. Grant funds must be expended by March 30, 2022; however, the Program, reports, invoicing, and final inspections will continue through June 30, 2022.

FISCAL IMPACT STATEMENT

There is no impact to the City's General Fund. The Public Works Trust Fund will front fund the project for \$500,000, and the Public Works Trust Fund will be reimbursed by the Environmental Affairs Trust Fund as grant proceeds are received at the end of the project.

STATUS OF FINANCING

There is no impact to the General Fund. The total funding for this project is not to exceed \$1,500,000. If awarded the grant, \$500,000 will be available in the Public Works Trust Fund (PWTF), No. 834 to transfer to the Environmental Affairs Trust Fund No. 537, Department 50, New Account to front fund the project "Shade Los Angeles". Reimbursement will be deposited into the Environment Affairs Trust Fund No. 537. However, the Funds and Appropriations for FY 18-19 are not yet identified and existing appropriations may change based on available cash balances. Therefore, Funds for Appropriations, once determined by the Director of Sanitation or designee, will be reviewed and certified by the Director of the Office of Accounting or designee, as to the status and availability of funding.

All funds reimbursed by the grant to the Environmental Affairs Trust Fund or any other fund based on the change of funding source or appropriations would be transferred back to the Environmental Affairs Trust Fund to front-fund any remaining project work and pay back the Public Works Trust Fund at the end of the project.

The contract includes a "Financial Liability Clause," which states that the City's liability under this contract shall only be to the extent of the present appropriation to fund the Contract. However, if the City appropriates funds for any succeeding years, the City's liability shall be extended to the extent of such appropriation, subject to the terms and conditions of the contract.

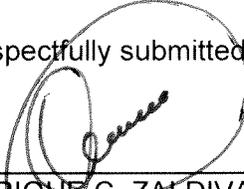
The proposed PWTF loan in the amount of \$ 500,000 will be repaid in 4 years at the end of the project (August, 31, 2022).

The Board of Public Works Executive Officer states "The PWTF current practice for outstanding loan balance is benchmarked at 25% of total deposits but not to exceed 30%. Approval of this Board Report is for a loan in the amount of \$500,000. In aggregate, approval of this \$500,000 loan will increase the total outstanding loan to total fund balance to approximately \$36 million or an increase to 29% of PWTF's total deposits. The total loan approval balance and ratio is concerning. Most important, if approved, the anticipated total outstanding loan balance represents more than 51% of net available cash after consideration of restricted/reserve funds. Therefore, the Board should consider this request with caution, fiscal prudence, and close oversight for funds under its control as authorized by the Los Angeles City Charter Section 581.

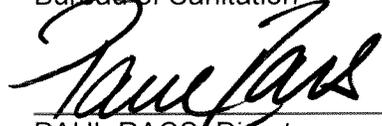
Should the Board desire to minimize risk and not exceed the current loan benchmark tolerance ceiling of 30%, the Board could explore available options to either (1) request that any outstanding loans be repaid upon demand if reimbursements were received from the original repayment source as identified at the time the loan request was approved *and* said funds have not yet repaid back to the PWTF, such as Project Restore, Props 12 and 40 projects, and Storm Drain Damage project; or (2) defer loan request approved by the Board for pending projects that have not yet submitted proof of repayment source of funds prior to fund disbursement; or (3) suspend future loan approvals, including pre-approvals now in consideration, until sufficient funds are available to reduce the loan benchmark; or (4) a combination of one or more of the options stated above. Absent of such consideration, the outstanding loan to total fund balance will increase to nearly 30%."

Please note that LASAN's Tree Planting projects have received front funding from PWTF for two other Cal Fire funded grants, 2015 Carbon to Canopy: South LA (\$750,000) and 2017 Greater Greener Los Angeles (\$1,000,000). The South LA Project from 2016 has billed the State for about \$420,000 (56%) and returned the funds to the PWTF. The project is nearly finished except for the watering of the trees, which will not be completed until June 2019. The Greater Greener project is ramping up and reimbursable costs are being incurred. Work amounting to over \$250,000 has been programmed over the next several months and is expected to be reimbursed by December 2018.

Respectfully submitted,

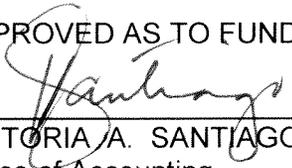


ENRIQUE C. ZALDIVAR, Director
Bureau of Sanitation



PAUL RACS, Director
Office of Community Beautification

APPROVED AS TO FUNDS:



VICTORIA A. SANTIAGO, Director
Office of Accounting
Fund 834(PWTF) to loan \$500,000 to Fund 537



LISA B. MOWERY, Chief Financial Officer
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Date: 3-22-18

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