

ENERGY, CLIMATE CHANGE, ENVIRONMENTAL JUSTICE, AND RIVER COMMITTEE REPORT relative to budget adjustments and new funding considerations for the Proposition O Clean Water General Obligation Bond Program.

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

1. APPROVE Approve the 2020-21, 2019-20 and 2018-19 modified Master Schedules contained in Attachment A of the February 16, 2021 City Administrative Officer (CAO) report, attached to the Council file.
2. APPROVE a total appropriation of up to \$9,977,250 to reimburse the Department of Public Works' (DPW) staffing costs, consisting of up to \$4,707,950 to fund approximately 19 full-time equivalents for Fiscal Year (FY) 2020-21 and up to \$5,269,300 to fund approximately 23 full-time equivalents for FY 2019-20, subject to approval of the invoices by the CAO, to support the Proposition O (Prop O) Program as follows;

Fund/Department	Account	Title	Amount	
From:	16T/50	3361	State Grants- Others	\$1,048,172.00
To:	16T50	50T176	Public Works- Contract Administration	\$1,048,172.00
From:	16Q/50	3361	State Grants- Others	\$409,774.40
	16Q/50	4904	Interest on Pooled Interest-Bond Funds	\$12,519.18
	16Q/50	3361	State Grants- Others	\$98,572.42
To:	16Q/50	50T299	Reimbursement of General Fund Costs	\$422,293.58
	16T/50	50T299	Reimbursement of General Fund Costs	\$98,572.42
From:	16T/50	3361	State Grants- Others	\$5,965,348.00
To:	16T/50	50T178	Public Works- Engineering	\$4,050,492.00
	16T/50	50T299	Reimbursement of General Fund Costs	\$1,914,856.00
From:	16T/50	3361	State Grants- Others	\$2,442,864.00
To:	16T/50	50T182	Public Works Engineering	\$1,606,406.00
	16T/50	50T299	Reimbursement of General Fund Costs	\$836.458.00

- a. Instruct the Controller to reimburse the funding source that was used to front-fund prior year (2019-20) staffing cost, subject to approval of the invoice by the City Administrative Officer.
3. AUTHORIZE a decrease in the Arbitrage Project by \$1,992,660, from \$2,000,000 to \$7,340.
4. APPROVE the Taylor Yard G2 Water Quality Improvements Project and approve Prop O funding in the amount of \$16,400,000 with the understanding that up to \$4,000,000 will be reimbursed by grant funds; and:
 - a. Remove the Taylor Yard River Park- Parcel G2 Land Acquisition project from Prop O; Accept up to \$4,000,000 in Proposition 1 Grant funds awarded to the Mountains Recreation and Conservation Authority (MRCA) for this Project.

- b. Authorize the Controller, upon receiving the grant reimbursements for the project, to deposit the grant reimbursements into the Prop O fund, under Revenue Source Code 3361, State Grants- Others.
5. APPROVE the new Penmar Water Quality Improvement Project- Phase III project and approve Prop O front-funding in the amount of \$2,541,451 with the understanding that this Project is fully funded by grant funds; and:
 - a. Authorize the City Controller to transfer and appropriate \$470,000 from Fund 16V, Account No. 50JYCT, Program Contingency, to a new account entitled "Penmar Water Quality Improvement Project- Phase III" within the same fund to front-fund design and bid and award costs.
 - b. Upon the issuance of new Proposition O bond proceeds, estimated in 2021, appropriate \$2,071,451 in funds from the new bond proceeds to a new account entitled "Penmar Water Quality Improvement Project- Phase III."
 - c. Authorize the Controller, upon receiving the grant reimbursements from the State grant program for the project, to deposit the grant reimbursements into the Prop O fund, under Revenue Source Code 3361, State Grants- Others.
6. AUTHORIZE an increase in the Aliso Creek Limekiln Creek Restoration Project of \$5,200,000, from \$10,940,089 to \$16,140,089.
7. APPROVE the Machado Lake Ecosystem Rehabilitation (Machado Lake) Project- Optimization Phase and the release of \$4,800,000 in project savings from the Machado Lake project for the Machado Lake Project- Optimization Phase and the Program Budget Contingency; and:
 - a. Authorize the transfer of \$4,180,000 in savings from the Machado Lake Ecosystem Rehabilitation Project, Fund No. 16V/50, Account No. 50HYAC, to a new account entitled "Machado Lake Project-Optimization Phase" within the same fund.
 - b. Authorize the transfer of \$620,000 in savings from the Machado Lake Ecosystem Rehabilitation Project, Fund No. 16V/50, Account No. 50HYAC, to Fund No. 16V/50, Account No. 50JYCT, Program Contingency.
8. APPROVE an appropriation of up to \$3,640,832 to fund approximately 34 full-time equivalents in the DPW in FY 2018-19, subject to approval of the invoices by the City Administrative Officer, to support Proposition O projects as follows:

Fund/Department		Account	Title	Amount
From:	16T/50	3361	State Grants- Others	\$186,427.00
To:	16T50	50T176	Public Works- Contract Administration	\$186,427.00
From:	16T/50	3361	State Grants- Others	\$57,404.04
	16T/50	4904	Interest on Pooled Interest-Bond Funds	\$31,507.96
To:	16Q/50	50T299	Reimbursement of General Fund Costs	\$88,912.00
From:	16T/50	4904	Interest on Pooled Interest-Bond Funds	\$1,423,385.00
To:	16T/50	50T178	Public Works- Engineering	\$985,295.00
	16T/50	50T299	Reimbursement of General Fund Costs	\$438,098.00
From:	16T/50	4904	Interest on Pooled Investment-Bond Funds	\$383,307.64
	16T/50	5602	Debt Proceeds- Long Term	\$854,387.64
To:	16T50	50T182	Public Works- Engineering	\$1,237,695.00
From:	16T/50	5602	Debt Proceeds- Long Term	\$704,413.00
To:	16T/50	50T299	Reimbursement of General Fund Costs	\$704,413.00

- a. Instruct the Controller to reimburse the funding source that was used to front-fund prior year staffing cost, subject to approval of the invoice by the CAO.
9. NOTE and FILE the two CAO Reports dated May 22 and June 7, 2019, attached to the Council file.
10. INSTRUCT the Prop O Administrative Oversight Committee to report back with a plan for the use of the remaining Prop O Program Contingency and the close out of the Program with said plan to:
 - a. Seek to avoid a funding impact on the City General Fund.

- b. Maximize Clean Water Act compliance.
 - c. Consider projects that remain unfunded, to close out the Program in a reasonably short horizon and to potentially use Prop O to increase the competitiveness of City projects for funding from non-City sources such as Measure W regional funds.
11. AUTHORIZE the CAO, in coordination with the Bureau of Engineering and the Bureau of Sanitation, to:
- a. Make technical corrections as needed to the above recommendations, including preparing Controller instructions; and, authorize the Controller to implement these instructions.
 - b. Prepare any additional Controller instructions to reimburse City Departments for their accrued labor, material, and associated costs related to the Prop O Program, consistent with the Mayor and Council action on this matter; and, authorize the Controller to implement these instructions.
12. INSTRUCT the CAO, with the assistance of the Chief Legislative Analyst, to report in 45 days in regard to an equitable funding strategy to support viable projects with the remaining Program contingency funds including a review of the Hollenbeck Park Lake Rehabilitation and Stormwater Management Project.

Fiscal Impact Statement: The CAO reports that there is no impact to the General Fund for project implementation as funding will be provided by the Proposition O Bond Fund. Potentially, there may be an impact to the General Fund for any ineligible 2020-21 staffing costs and operation and maintenance (O&M) costs. These O&M costs will be addressed through the City's annual budget process.

Financial Policies Statement: The CAO reports that the recommendations provided in the February 16, 2021 CAO report are in compliance with the City's Financial Policies as funding for the proposed projects is funded from bond proceeds which are supported by voter-approved property tax revenue.

Community Impact Statement: None submitted.

Summary:

On March 18, 2021, your Committee considered a February 16, 2021 CAO report relative to budget adjustments and new funding considerations for the Proposition O Clean Water General Obligation Bond Program. According to the CAO, in November 2004, the City of Los Angeles voters passed Proposition 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. To date, 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. Also, on August 27, 2020, the Prop O Administrative Oversight Committee (AOC) approved recommendations of the Prop O Citizens Oversight Advisory Committee (COAC). These recommendations include an update to the 2020-21 Prop O Master Schedule (included under Attachment A of the CAO report), an appropriation of \$4,707,950 for staffing for 2020-21 (included under Attachment B of the CAO report), a reduction to the Arbitrage budget (Attachment C of the CAO report), and approval of the Taylor Yard G2 Water Quality Improvements Project with a project budget of \$16.4 million (Attachment D of the CAO report). Of this amount, funding of \$12.4 million that was budgeted for the Taylor Yard River Park G2 Land Acquisition project will be re-purposed for this water quality improvements project. This report transmits these items for consideration as Recommendations 1 through 4 in the CAO report.

On December 12, 2019, the Prop O AOC approved items that were forwarded by the Prop O COAC at its meeting on November 18, 2019. The items include a revision of the Prop O Master Schedule for 2019-20 (included under Attachment A), approval of Prop O staffing appropriation for FY 2019-20 (included under Attachment B of the CAO report) and the Penmar Water Quality Improvement Project- Phase III (Attachment Ek of the CAO report). This report transmits these items for consideration by the Council and Mayor as Recommendations 1, 2 and 5. Additionally, this Office released two reports, dated May 22, 2019 and June 22, 2019, that are pending Council approval due to concerns raised by supporters of Prop O projects as to recommended adjustments (Council File No. 13-1526). The CAO has addressed those concerns by revising some of the previously recommended adjustments and have included it in this report. It is now recommended that the May 22, 2019 and June 22, 2019 reports be noted and filed. This set of recommendations involve approving a 2018-19 program schedule update (included under Attachment A), 2018-19 staffing appropriation for the Prop O Program and project budget adjustments. The refreshed recommendations fulfill the intent of the oversight committees and are included here for consideration by the Council and Mayor as Recommendations 1 and 6-8 of the CAO report.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the recommendations contained in the CAO report and further amendments as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Energy, Climate Change, Environmental Justice, and River

O'FARRELL: YES
RIDLEY-THOMAS: YES
KORETZ: YES
DE LEON: YES
KREKORIAN: YES

-NOT OFFICIAL UNTIL COUNCIL ACTS-