

## MOTION

On July 1, 2015, the City Council authorized the Bureau of Street Services (BSS) to negotiate a Sole Source Personal Services Contract with Shahin and Associates to update the original Street Damage Restoration Fee (SDRF) study conducted in 1996 (CF 14-1571). The study was to include actual costs to the City, associated with street excavations, with the goal of accomplishing full cost recovery. On May 16, 2016, the Department of Public Works executed a contract to review the SDRF and prepare recommendations for updating the SDRF to achieve full cost recovery.

When adopted in 1998, the intention behind the SDRF was to motivate utilities and those excavating the City's streets to optimize their planning efforts. The City's goal was not to achieve full cost recovery. The Controller's 2014 "Audit of Los Angeles Bureau of Street Services Resurfacing & Maintenance Activities" found that the original SDRF was based on an inflated assumption of annual excavation work, resulting in undercharging by as much as \$190 million. Subsequent adjustments to the SDRF did not reconsider the total costs to be recovered or the expected number of annual street cuts.

On January 19, 2017, the Controller transmitted a letter to the Public Works and Gang Reduction Committee indicating that meetings between the Controller's Office, the Bureau of Street Services, and Shahin and Associates revealed that it would be necessary to expand the scope of the SDRF study to include issues which will allow the City to achieve full cost recovery for utility excavations and to provide much needed funds to BSS. The Controller's letter suggested that the study consider the City's assumptions regarding street type/designation and useful life of various street types in assessing the SDRF. The Controller also suggested that the City consider full cost recovery (including indirect/overhead costs), cost increases, and the feasibility of assessing the SDRF for concrete streets.

The Controller, Councilmember Blumenfield and BSS are in agreement that these policy recommendations should be considered in determining a new calculation of the SDRF. BSS indicated that it will include these recommendations in the SDRF study.

**I THEREFORE MOVE** that the Bureau of Street Services (BSS) be directed to provide Council, within the 30 days, with the status of the SDRF study requested in CF 14-1571.

PRESENTED BY:

  
 BOB BLUMENFIELD  
 Councilmember, 3rd District

SECONDED BY:



ORIGINAL

jmq

DEC 08 2017

