

PUBLIC WORKS AND GANG REDUCTION and BUDGET AND FINANCE COMMITTEES REPORT relative to use of additional Municipal Improvement Corporation of Los Angeles (MICLA) financing for the Bureau of Street Services Asphalt Plant No. 1 replacement and modernization project.

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

1. APPROVE a project budget of \$38 million for the Asphalt Plant No. 1 replacement and modernization project located at 2484 East Olympic Boulevard.
2. APPROVE a construction completion date of August 2018.
3. APPROVE additional MICLA funding authority in an amount not to exceed \$28 million, for a total MICLA funding authority of \$38 million, for the Asphalt Plant No. 1 replacement and modernization project.
4. AUTHORIZE the Controller to increase appropriation within MICLA Fund No. 298/50, Account No. 50LTAP, Account Name Asphalt Plant No. 1 Project, in the amount of \$28 million, in order to implement the recommendation above.
5. AUTHORIZE the City Administrative Officer (CAO) to make technical corrections as necessary to the transactions indicated above in order to implement this action.

Fiscal Impact Statement: The CAO reports that the total issuance of \$38 million in MICLA will be an obligation of the General Fund. The estimated annual debt service is \$3.01 million over 20 years.

Community Impact Statement: None submitted.

SUMMARY

In a report to Council and the Mayor dated April 6, 2016, the CAO requests approval of an additional \$28 million in MICLA financing for the Asphalt Plant No. 1 replacement and modernization project. According to the CAO, \$10 million in MICLA financing for this project has already been approved by Council and the Mayor.

The CAO reports that the project will replace and modernize the existing Bureau of Street Services facility into a new highly efficient plant which is anticipated to increase the recycled asphalt pavement usage from 7.5 percent to 50 percent usage. The structural integrity of the asphalt pavement is improved when recycled asphalt pavement is used in the asphalt mix. This facility will also significantly reduce oil/natural gas usage and the City's dependence on having to purchase asphalt. The CAO anticipates that the project contract will be awarded by the end of June 2016, and construction will in August 2018. A four-month commissioning period will be required upon completion of construction.

At its special meeting held April 11, 2016, the Public Works and Gang Reduction Committee discussed this matter with a representative of the CAO. The CAO's representative stated that it

costs the City \$65 per ton to produce asphalt using the current Olympic Boulevard facility. The cost falls to \$34 per ton at the new facility. MCLA finance debt service will be approximately \$3 million per year. At a projected in-house production costs savings of \$8 million per year, the City will recoup its investment in this project in less than 10 years.

The Public Works and Gang Reduction Committee recommended that Council approve the CAO's recommendations relative to this matter. At its meeting held April 11, 2016, the Budget and Finance Committee concurred with this action.


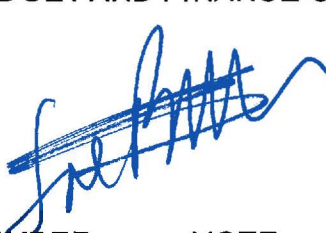
Respectfully Submitted,

PUBLIC WORKS AND GANG REDUCTION COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
MARTINEZ:	YES
PRICE:	YES
O'FARRELL:	YES
RYU:	YES

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	ABSENT
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

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-NOT OFFICIAL UNTIL COUNCIL ACTS-