

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

**DATE:** June 1, 2018

**TO:** Honorable Nury Martinez, Chair  
Honorable Paul Koretz, Vice Chair  
Honorable Paul Krekorian, Member  
Honorable Gilbert Cedillo, Member  
Honorable Mitch O'Farrell, Member  
Energy, Climate Change, and Environmental Justice Committee

**FROM:** Enrique C. Zaldivar, Director and General Manager  
LA Sanitation (LASAN)



**SUBJECT: RESPONSE TO COUNCIL FILE NO. 15-0605: FUNDING OPTIONS FOR THE IMPLEMENTATION STRATEGY OF FIVE ENHANCED WATERSHED MANAGEMENT PROGRAMS**

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This report is in response to File No.15-0605 (Energy, Climate Change, and Environmental Justice Committee, October 17, 2017; Attachment 1), recommending City Council actions relative to funding options for the implementation of five Enhanced Watershed Management Programs (EWMPs) for the Upper Los Angeles River, Santa Monica Bay, Ballona Creek, Marina del Rey, and Dominguez Channel watersheds. LASAN developed these EWMPs as compliance documents for meeting the water quality requirements of the Municipal Separate Storm Sewer System (MS4) Permit and the Total Maximum Daily Load (TMDL) regulations. The City Council authorized LASAN in June 2015 to submit the draft EWMPs to the Regional Water Quality Control Board (RWQCB), and revise the documents upon receiving comments. The final EWMPs were submitted in January 2016, and approved by the RWQCB in April 2016.

This response discusses the recommendations for Council action as listed in File 15-0605.

**1. Acknowledge that a comprehensive funding strategy is needed to address the City's compliance cost and provide direction on which funding options the City shall pursue.**

In January 2017, the CAO prepared an extensive report (CAO File No. 0220-05283-0000; Attachment 2) to the City Council summarizing:

- a. The water quality regulations that govern the City's obligations.
- b. The estimated cost for the City to comply with these regulations.
- c. Funding options that the City could pursue.

The CAO estimated the compliance costs based on the Enhanced Watershed Management Programs that LASAN has developed for the City's four watersheds.

Accordingly, it is estimated that LASAN would need approximately \$7.2 billion in capital funding for green stormwater infrastructure projects over the next twenty years. The cost for operation and maintenance of these projects is expected to increase to over \$200 million annually by the year 2037.

Currently, the Stormwater Pollution Abatement Charge provides the Watershed Protection Program with an annual revenue of about \$28 million. This amount has been fully allocated since many years; therefore, the Watershed Protection Program needs a new and sustainable funding source to meet the City's compliance obligations.

The most promising funding option at this time is the Safe, Clean Water Program, a countywide effort that is being led by the Los Angeles County Flood Control District. The County Board of Supervisors will decide on June 26, 2018 whether to bring the Safe, Clean Water Program to the general election in November 6, 2018. While the details of this program are still being negotiated, we anticipate that this program would provide the City with annual revenue of approximately \$90 million for the implementation of the City's five EWMPs that will improve water quality, provide water supply benefits, alleviate local flooding, and provide quality of life for all communities.

**2. Instruct the Bureau of Engineering (BOE), Bureau of Sanitation (BOS), City Administrative Officer (CAO), and the Department of Water and Power, as appropriate, to coordinate and identify specific projects that will meet permit compliance.**

LA Sanitation developed the EWMPs in collaboration with many others, including the Department of Water and Power. As a result, the EWMPs have a multi-benefit compliance strategy serving three general purposes:

- a. Reduction of stormwater pollution in order to meet MS4 Permit and TMDL requirements.
- b. Stormwater capture in order to provide a water supply benefit, either by groundwater recharge or by offsetting potable water use.
- c. Community benefits including flood protection.

LASAN is working closely with the BOE and the Department of Water and Power on the implementation of specific projects. The BOE is the lead agency for the design and construction of Proposition O projects, many of which have been included in the EWMPs. Currently, BOE and LASAN are also working on the design and construction of the Ballona Creek Projects, which are to provide compliance with the Ballona Creek Bacteria TMDL and the Time Schedule Order that was issued by the RWQCB to the City in May 2015. The Department of Water and Power and LASAN are collaborating on several stormwater projects, primarily in the San Fernando Valley, using stormwater to augment the City's local water supplies.

LASAN, BOE, and CAO recently met and developed a Stormwater Capital Improvement Program over the next five years. As a result, this 5-year CIP provides the specific projects to achieve permit compliance as well as other benefits.

**3. Instruct the CAO to work with the Chief Legislative Analyst (CLA), BOS, and other City departments, as necessary, to develop an implementation plan that includes program oversight structure and funding strategies.**

LASAN and the Department of Water and Power are participating with the Los Angeles County Flood Control District and MS4 Permittees regarding the details of the program elements of the Safe, Clean Water Program. These discussions are ongoing and address issues such as distribution of funding, project eligibility, and the governance and oversight structure of the Safe, Clean Water Program. The City and the County continue to finalize the implementation of the SCW Program, its oversight structure, and its funding strategies. The latest version of the proposed SCW program elements is available on the program website at [www.safecleanwaterla.org](http://www.safecleanwaterla.org).

**4. Instruct the BOS, BOE, and the CAO to provide an updated project list, including project costs for the next years.**

In 2016, LASAN developed an initial 5-year Stormwater Capital Improvement Program (CIP) with a total cost of about \$1.5 billion. This Stormwater CIP would make significant progress with the MS4 permit requirements through 2021 and it consisted of about \$500 million for regional projects and \$1 billion for distributed green streets. Upon the request from the CAO, LASAN developed in 2018 a more robust Stormwater CIP covering the period of 2018 through 2023. This revised CIP will implement green infrastructure throughout the City while putting emphasis on disadvantaged communities, locations with chronic flooding, and waters supply benefits.

**5. Instruct the BOS to report with a range of cost/benefit analyses to ensure that the most cost-effective ways to achieve the policy objectives are available for council to consider, not necessarily the maximum environmental benefits.**

The City's EWMPs, the MS4 Permit, and County's Safe, Clean Water Program all advocate a multi-benefit approach that will achieve: compliance with the permit, water supply benefits, and community benefits. A multi-benefit approach does not necessarily imply an increase of the cost of compliance. Large regional facilities that recharge our aquifers by stormwater capture probably are also one of the more cost effective watershed control measures for MS4 Permit compliance.

Another example is the Low Flow Diversions that divert dry weather runoff from the storm drain system into the sewer system. Those low flow diversions are the most cost effective for compliance permit compliance during dry weather but have the added benefit of increasing flows to our water reclamation plants.

- 6. Request the BOS, CLA, CAO, and the Office of the Mayor to report on how any funding strategy and implementation plan:**
- a. Best position the City of Los Angeles for its fair share of resources.**

The Office of the Mayor, LASAN, and others are closely coordinating with the LA County Flood Control District regarding the governance and oversight of the Safe, Clean Water Program. Each one of the nine watersheds will have a Watershed Area Steering Committee which is comprised of municipal members and sector specific members. These steering committees will determine how funding within a watershed will be allocated. As Los Angeles is the largest municipality within our watersheds, the City will have several seats in the steering committees for our watersheds. Additional information is provided in LASAN's response to Council Motion CF 18-0384 (Safe, Clean Water Program).

- b. Ensure infrastructure equity in disadvantaged communities and communities of color, and further prioritize areas that have not historically been prioritized for water quality based funding.**

The project selection criteria of the Regional Program of the Safe, Clean Water Program include points for regional improvements in disadvantaged communities. In addition, the Safe, Clean Water Program proposes that funding benefiting disadvantaged communities shall not be less than 110% of the ratio of the population in the disadvantaged community to the total population in a watershed area. Additional information is provided in LASAN's response to Council Motion CF 18-0384 (Safe, Clean Water Program).

- c. Support the remediation of the aquifer and improvement of the stormwater system in the San Fernando Valley.**

LASAN and the Department of Water and Power are implementing several projects in the San Fernando Valley. Examples are the Rory M. Shaw Wetlands Project in Sun Valley, the Cesar Chavez Groundwater Improvement Project, the Branford Street dry well project, and others. In general, stormwater management in the San Fernando Valley provides great opportunities for collaboration between LASAN and the Department of Water Power because of the potential of using stormwater for recharging the City's aquifers. Once the aquifers in the San Fernando Valley have been remediated, it can be anticipated that stormwater capture and recharge to these aquifers will further increase. It is LASAN policy to prioritize stormwater infiltration projects over other stormwater projects (such as capture and reuse) in San Fernando Valley.

- d. Ensure a commitment to support and invest in multi-benefit projects.**

LASAN developed its multi-benefit strategy for MS4 Permit compliance since the early 2000's when the Los Angeles voters approved Proposition O in 2004. Many other municipalities have taken over this very same approach. Since the multi-benefit approach has been well established in our region, the latest MS4 Permit and the EWMPs also advocate a multi-benefit approach.

In general, multi-benefit projects provide the City the best return on investment as stormwater is not only a nuisance from a water quality perspective, but a valuable commodity that can help the City reduce its dependence on imported water.

**e. Recognize the efforts of the business community.**

The Safe, Clean Water Program is proposing to include a credit, incentive, and rebate program that will provide the business community with credits or rebates for existing stormwater capture activities. The City and County are finalizing the terms of this credit and rebate program for local businesses as part of the Safe, Clean Water Program.

**f. Support local hiring and job training opportunities for disadvantaged residents.**

Stormwater programs such as school education and curriculum, public education, and local workforce job training are eligible expenditures under the Safe, Clean Water Program. As the City will implement more green stormwater infrastructure projects across the City, there will be an increasing need for people to operate and maintain these projects. Local hiring and job training opportunities are anticipated to increase after approval of the Safe, Clean Water Program.

For any further questions or comments, please call me at 213-485-2210, or Shahram Kharaghani at 213-485-0587.

