REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 12, 2017

CAO File No. 0220-03994-0056
Council File No.
Council District: All

To: The City Council
The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer
Chair, Proposition O Administrative Oversight Committee

Reference: Proposition O Oversight Committee Recommendations

Subject: **PROPOSITION O CLEAN WATER GENERAL OBLIGATION BOND – BUDGET ADJUSTMENTS AND FUNDING RECOMMENDATIONS**

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. Approve the Westwood Neighborhood Greenway Project (Westwood Project); and,
    a. Authorize the transfer of funds up to $5,460,000 within available Prop O funds to a new account entitled "Westwood Neighborhood Greenway Project";
2. Approve the Vermont Avenue Stormwater Capture and Green Street Project (Vermont Project); and,
    a. Authorize the transfer of funds up to $3,700,000 within available Prop O funds to a new account entitled "Vermont Avenue Stormwater Capture and Green Street Project";
3. Authorize an increase in the Albion Riverside Park Project by $2,700,000, from $15,655,000 to $18,355,000; and,
    a. Authorize the transfer of funds up to $2,700,000 within Prop O accounts to Fund 16T, Dept. 50, Account 50KXAD entitled "Albion Riverside Park Improvements";
4. Authorize the transfer of $2,003,127 in savings from the following five Prop O projects to the Program Budget Contingency:

Project	**Budget Savings**
Inner Cabrillo Beach Bacterial Water Quality Improvement	$1,078,994
Santa Monica Bay Low Flow Diversions Upgrades Package 3—Phase 2	$654,063
Avalon Green Alley South	$108,418
Peck Park Canyon Enhancement	$85,412
Elmer Avenue Phase II: Elmer Paseo	$76,240
Total	**$2,003,127**

5. Authorize the transfer of expenditures of $218,795 from Prop O bond proceeds to the Stormwater Pollution Abatement Fund (SPA Fund) for staffing charges in a prior fiscal year; and,
6. Authorize the City Administrative Officer, in coordination with the Bureau of Engineering and the Bureau of Sanitation, to make technical corrections as needed to the above recommendations.

SUMMARY

At its Regular Meeting of September 28, 2017, the Proposition O Clean Water General Obligation Bond (Prop O) Administrative Oversight Committee (AOC) approved recommendations to fund two new projects, a budget increase to an existing project, a transfer of expenditures for staffing charges in a prior fiscal year, and a transfer of identified project savings to the Program Contingency. These recommendations were previously approved by the Prop O Citizens Oversight Advisory Committee (COAC) at its Regular Meeting of September 18, 2017. These matters are hereby transmitted for Council consideration.

BACKGROUND

In November 2004, the City of Los Angeles voters passed Proposition O Clean Water General Obligation Bond (Prop O), 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. Since then, 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.

The total funding for the Prop O program is $565.7 million consisting of bond proceeds, interest earnings, grants, and special funds. The current Prop O Program budget is $540.3 million, which includes $496.8 million in Council-approved project budgets (which is allocated to 41 projects, including 26 completed projects and 15 active projects) and $43.5 million in funding for other program costs, including city staff.

This leaves $25.4 million in the remaining program budget, of which program contingency currently totals $13.6 million. As such, there would be $11.8 million in remaining funds available based on approved actions to date.

Westwood Neighborhood Greenway Project

The Westwood Project is located in Council District 5 at the Exposition Light Rail - Westwood Transit Station (Station), between Westwood Boulevard and Overland Avenue. The Westwood Project will remove pollutants such as pathogen bacteria, heavy metals, trash and other toxic pollutants, to assist the City of Los Angeles (City) to meet the Ballona Creek Total Maximum Daily Load requirements. The total project budget is estimated at $5,460,000, with $2,200,000 to be reimbursed through a State (Proposition 84) grant upon completion of the Westwood Project in 2020-21. The Prop O COAC recommended funding for this project on September 18, 2017. The Prop O AOC approved funding for this project on September 28, 2017, with an amendment to

specify that the project budget should come from available Prop O funds, rather than Prop O Program Contingency (see Attachment A for more details).

Vermont Avenue Stormwater Capture and Green Street

The Vermont Project is located in Council District 8 along Vermont Avenue, between Gage Avenue and Florence Avenue, west of Hoover Street, in the Ballona Creek watershed. The Vermont Project will provide several improvements for the neighborhood including: stormwater and urban runoff treatment, infiltration, and capture and use for evapotranspiration by vegetation in stormwater best management practices; green space on sidewalks and medians; and a reduction of local flooding during storm events. The total project budget is estimated at $3,700,000, with a total of $1,749,900 to be reimbursed through grants upon project completion. One State Proposition 84 Integrated Regional Water Management Plan grant in the amount of $604,500 will cover one area of the project (designated Area A) to be completed by December 2019, and one Los Angeles County Metropolitan Transportation Authority grant in the amount of $1,145,400 will cover another area of the project (designated Area B) to be completed by December 2020. The Prop O COAC recommended funding for this project on September 18, 2017. The Prop O AOC approved funding for this project on September 28, 2017, with an amendment to specify that the project budget should come from available Prop O funds, rather than Prop O Program Contingency (see Attachment B for more details).

Albion Riverside Park

The Albion Riverside Park Project is a current Prop O project in Council District 1, and is jointly funded with $11.5 million in Proposition O funding, $5.0 million in State Proposition 84 Grant funding (State Grant), and $0.7 million in City Proposition K funding. The Albion Project will implement water quality improvements and other beneficial park improvements on the site. The State Grant funding stipulates that the Albion Riverside Park must be open to the public by December 2018.

On January 26, 2017, the AOC approved a $4.2 million increase in the Albion Project Prop O construction budget, from $11.5 million to $15.7 million, due to bids coming in on average 19 percent higher than the City Engineer's estimate. The City Council approved this project budget increase on April 26, 2017. Due to recently discovered soil contamination at the excavation site for the infiltration galleries, the Bureau of Engineering (BOE) recommended an additional $2.7 million budget increase to be taken from Prop O Program Contingency to ensure that the park opening deadline of December 2018 is met. The Prop O COAC recommended funding for this project on September 18, 2017. The Prop O AOC approved funding for this project on September 28, 2017 (see Attachment C for more details).

Other Budget Adjustments and Recommendations

In the most recent September COAC and AOC meetings, BOE also recommended budget decreases totaling approximately $2 million across five projects in various phases of budget close-out, and adding the sum of these project savings to the Program Contingency. The

Program Budget Contingency was established to fund unforeseen project expenditures, when the expenditures exceeded the individual Project Contingency. The Prop O COAC recommended this action on September 18, 2017. The Prop O AOC approved this action on September 28, 2017 (see Attachment C for more details).

The Bureau of Sanitation (LASAN) also requested reimbursement of staffing charges in a previous fiscal year for work that was authorized and completed under the Prop O Program. During 2009-10, there was a delay in accounting, reporting, and approval of LASAN expenditures under the Prop O program. As a result, a Reserve Fund Loan was processed and ultimately paid using the SPA Fund instead of through the Prop O staff charge reimbursement process. The Prop O COAC recommended funding for this project on September 18, 2017. The Prop O AOC approved funding for this project on September 28, 2017, with an amendment to clarify that the recommendation was to authorize a transfer of expenditures from Prop O bond proceeds to the SPA Fund (see Attachment D for more details).

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. Two new projects will be funded by Prop O bond proceeds. The cost of the budget increase for the Albion Riverside Park project in the amount of $2.7 million will be funded from the existing Prop O Program Contingency. Approval of this recommendation will reduce the Prop O Program Contingency from $13,629,015 to $10,929,015. Approval of the recommendation to transfer $2,003,127 in project savings will subsequently increase Program Contingency from $10,929,015 to $12,932,142. The recommendations in this report are in compliance with the City's Financial Policies as funding for the proposed projects is provided primarily from bond proceeds which are supported by voter-approved property tax revenue.

RHL:RC:06180028

Attachments

The Westwood Project proposes to divert dry-weather flow from the Overland drain to capture runoff from a 2,400-acre drainage area. The diverted water will be lifted to the stream on the north side of the Station (North Stream) for physical and biological treatment by flowing through various plant communities, soil media, and through exposure to sunlight. Approximately 46 to 236 gallons per minute of dry weather flow is expected to be continuously captured and treated by the swales. During the wet season, the alley on the north side of the Station experiences flooding and water ponding. This project proposes catch basins and an underground culvert on the north side to capture stormwater runoff from 3 to 5 acres of residential and street areas. The captured storm flow will be designed to go through physical and biological treatment in the south swale.

The total project budget is estimated at $5,460,000, which includes design, construction, and project management staff costs, as well as contingency and escalation factors. In December 2016, LASAN received notification that the Westwood Project was awarded funding in the amount of $2.2M from the Santa Monica Bay Proposition 84 Grant Program. The Grant Agreement is being prepared and finalized for adoption by the City. LASAN is seeking Proposition O funding in the amount of $5,460,000 beginning in FY2017/2018 and ending in FY2020/2021. The City will receive the grant funds on a reimbursement basis only, and a total grant amount of $2.2M is expected to be returned to the Proposition O Program fund after completion of the Westwood Project.

Since the inception of the project by the LASAN, the project concept has evolved. More information on site conditions and limitations were collected through interaction with various agencies and contractors such as Expo Construction Authority, Skanska-Rados Joint Venture contractors, and BOE Metro Design Review team. The project team discovered following site conditions that contributed to increased project cost from $4,360,000 to $5,460,000 including project management staff costs (delta increase of $1.1M):

- The relocation of the north stream with a longer alignment will avoid interference with existing sewer line and high pressure gas line;
- Part of the south stream will require relocation of underground LADWP power lines; and
- Installation of a secondary pump station to convey water from north stream to south stream.

Project Phasing and Timing: The following dates are set to meet grant deadline requirements. The State has indicated that it will not extend the deadline requirements since the State Prop 84 funds must be spent in order to receive any new Prop 1 funds. Pre-design will be completed by summer-fall 2017 (August-September 2017). The design phase will be completed by summer 2018 (June 2018). The bid advertisement & award for construction will be completed by summer-fall 2018 (September 2018). The construction phase is expected to take 12 months to be completed by fall-winter 2019 (November 2019). The project effectiveness monitoring will require 12 months to be completed by November 2020. Below is the recommended schedule and budget.

Attachment A

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: July 25, 2017

TO: Proposition O Citizens Oversight Advisory Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

FROM: Shahram Kharaghani, Proposition O Program Planning Manager
LA Sanitation

SUBJECT: **REQUEST FOR PROPOSITION O FUNDING FOR WESTWOOD NEIGHBORHOOD GREENWAY PROJECT**

RECOMMENDATIONS

1. Approve $5,460,000 for the Westwood Neighborhood Greenway Project (Westwood Project).

2. Approve the transfer of funds from the Proposition O Program Contingency to the project account to fund the total project budget in the amount of $5,460,000.

3. Authorize the LA Sanitation (LASAN) and the Bureau of Engineering (BOE) to fully develop and implement the Westwood Project.

4. Authorize the City Administrative Officer, in coordination with the Proposition O Planning Manager of LASAN and the Proposition O Implementation Manager of BOE, to make technical corrections, as necessary, to the transaction included in this memorandum.

BACKGROUND

The Westwood Neighborhood Greenway Project (Westwood Project) will remove pollutants such as pathogen bacteria, heavy metals, trash and other toxic pollutants, to assist the City of Los Angeles (City) to meet the Ballona Creek Total Maximum Daily Load requirements. The Westwood Project is located at the Exposition Light Rail – Westwood Transit Station (Station), between Westwood Boulevard and Overland Avenue. The elements of the greenway are intended to complement the objectives of the recently completed Exposition Light Rail transit project.

This multi-benefit project will provide urban runoff treatment, green space, improved access to public transit, and educational and recreational opportunities. Project elements include:

1. Simulated streams (vegetated swales) on north and south side of the Station,
2. Educational and interpretive signs about local ecology and hydrology,
3. Native vegetation community (landscaping) and smart irrigation,
4. Stormwater lift stations (Overland drain), and,
5. Return flow structure

SCHEDULE

Project Task	FY 17-18		FY 18-19		FY 19-20		FY 20-21	
Pre-Design (Complete by September 2017)								
Design (Complete by June 2018)								
Bid & Award (Complete by September 2018)								
Construction (Complete by November 2019)								
Performance monitoring (Complete by November 2020)								

BUDGET

Budget Category	Cost
Project Administration	$ 90,000
Pre-Design and Design (includes environmental documentation, permits, final plans & specifications)	$ 610,000
Construction/Implementation (includes mobilization, construction management, contingency, and escalation)	$ 4,530,000
Outreach, Performance Monitoring & Post-Construction Management	$ 230,000
Grand Total	**$ 5,460,000**

SUMMARY

Westwood Neighborhood Greenway Project		
Project Budget	Grant Funding	Prop O Funding
$5,460,000	$2,200,000	$3,260,000
Total Front Funding Requested From Prop O		**$5,460,000**

I respectfully request the COAC and AOC to approve the recommendations above for the Westwood Project. If you have any questions or wish to discuss this matter further, please contact me at (213) 485-0587 or Mr. Wing Tam at (213) 485-3985.

Attachment

SK/WKT/KK
WPDCR9374

cc: David Hirano, CAO
Roy Cervantes, CAO
Adel Hagekhalil, LASAN
Wing Tam, LASAN
Ken Redd, BOE
Christopher Johnson, BOE

Form Gen. 160 (Rev. 6-80)

Attachment B

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Item #6

DATE: September 14, 2017

TO: Proposition O Citizens Oversight Advisory Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

FROM: Shahram Kharaghani, Proposition O Program Planning Manager
LA Sanitation

SUBJECT: **UPDATED REQUEST FOR PROPOSITION O FUNDING FOR VERMONT AVENUE STORMWATER CAPTURE AND GREEN STREET PROJECT**

RECOMMENDATIONS

1. Approve $3,700,000 for the Vermont Avenue Stormwater Capture and Green Street Project (Vermont Project).

2. Approve the transfer of funds from the Proposition O Program Contingency to the project account to fund the total project budget in the amount of $3,700,000.

3. Authorize the LA Sanitation (LASAN) and the Bureau of Engineering (BOE) to fully develop and implement the Vermont Project.

4. Authorize the City Administrative Officer, in coordination with the Proposition O Planning Manager of LASAN and the Proposition O Implementation Manager of BOE, to make technical corrections, as necessary, to the transaction included in this memorandum.

BACKGROUND

The Vermont Project will remove pollutants such as pathogen bacteria, heavy metals, trash and other toxic pollutants, to assist the City of Los Angeles (City) to meet the Ballona Creek Total Maximum Daily Loads (TMDLs) requirements. The Vermont Project is generally located along Vermont Avenue, between Gage Avenue and Florence Avenue, west of Hoover Street, in the Ballona Creek watershed.

The Vermont Project is located in a disadvantaged community and will provide several improvements for the neighborhood including: stormwater and urban runoff treatment, infiltration, and capture and use for evapotranspiration by vegetation in stormwater best management practices (BMPs); green space on sidewalks and medians; and a reduction of local flooding during storm events. Project elements include:

1. Installation of BMPs along a ½-mile stretch of Vermont Avenue,
2. Biofiltration median oasis at the intersection of Vermont Avenue and Gage Avenue,
3. California friendly vegetation (landscaping) and passive filtration and use,
4. A permeable alley per Standard Plan S-485, and
5. General aesthetic improvements for the community.

The Vermont Project proposes to implement a series of stormwater BMPs along a 0.5-mile segment of Vermont Avenue in order to improve water quality, reduce local flooding, and provide multiple benefits to the surrounding community. Project features such as permeable alley and other stormwater capture BMPs along the east side of Vermont Avenue will be constructed in the public right-of-way using the City's Green Street standard plans developed by LASAN and BOE. The Vermont Project will be designed for capturing stormwater runoff generated by the 85th percentile 24-hour storm event from the public right-of way within the drainage area. The annual stormwater capture volume is estimated to be 10 acre-feet, and the project will assist with compliance with the Ballona Creek TMDLs for bacteria, metals, and toxic pollutants. The Vermont Project will be designed to maximize water quality and stormwater capture utilizing simple, streetscape design elements. Additionally, LASAN will collect water quality and stormwater capture data to evaluate the performance of several BMP types and use this information for future water quality improvement projects.

Area A totals approximately 4.7 acres and contains mainly multi-family residential dwellings near a traffic median. This sub-watershed runs parallel to Gage Avenue, a busy street where high pollutant loadings from vehicles are anticipated. The median is ideal for siting a biofiltration swale and, based on further geotechnical data, a potential dry-well. On the west side of Vermont Avenue, across from the median, is a school called the Garr Child Care Learning Center. South of the school is the John Muir Library. These facilities will be evaluated for potential community partnerships. The State of California Proposition 84 Integrated Regional Water Management Plan (IRWMP) is funding Area A in the amount of **$604,500.**

Next, Area B was chosen for its estimated pollutant loads. It is one of the largest subwatersheds in the project area. Water drains along both local (68th Street) and major highways (Hoover Street and Vermont Avenue). BMPs in this area will be utilize in the public right-of-way to capture and/or treat the design storm but in order to address more acreage, private participation will be encouraged. The Los Angeles County Metropolitan Transportation Authority (Metro) is funding Area B in the amount of **$1,145,400.**

Finally, Area C is located at the northeast corner of Vermont Avenue and Florence Avenue, a busy major intersection. This area constitutes two subdrainages totaling 17.4 acres and is prone to nuisance flooding. It contains a private school and church that present the opportunity for key community partnerships. Similar to Area B, a combination of both public outreach and on-site BMPs will be utilized in this area to capture the design storm. The funding for Area C in the amount of $1,300,000 will be provided at a later date once a source of funding is available (which would be a non-Prop O funding source) in order to complete this final section of the project.

Initially the complete cost for the Project was estimated to be approximately five million dollars. However, due to the loss of grant funding from Prop 84 of the Santa Monica Bay Restoration Commission, the current Project will now focus on Areas A and B for a project cost of $3,700,000. If future funding becomes available (sources from Grant or other non-Prop O funding), the final section of the project ($1,300,000) will be completed in a later date.

The total project budget is estimated at $3,700,000, which includes design, construction, and project management costs (including contingency and escalation factors). Accordingly, LASAN

is requesting the total project cost of $3,700,000 from the Proposition O Program to implement the Vermont Project and to provide front funding for the following grants:

- The Vermont Project was awarded funding in 2014 for the amount of **$604,500** from the State of California Proposition 84 Integrated Regional Water Management Plan (IRWMP). The schedule for the grant project to be constructed and built has a targeted completion date of June 30, 2019, extending no later than December of 2019.
- In addition, the Vermont Project was awarded funding in the amount of **$1,145,400** from the Los Angeles County Metropolitan Transportation Authority (Metro) in the 2013 Call for Projects (see Council Files no. 12-1866 and 17-0130). The final date for the grant project to be constructed and built will be June 30, 2020 with extension possible for an additional 20 months.

LASAN is seeking funding from the Proposition O Program for the total project amount of $3,700,000 beginning in FY2017/2018 and ending in FY2020/2021. The City will receive the grant funds on a reimbursement basis, and a total grant amount of $1,749,900 is expected to be returned to the Proposition O fund after completion of the Vermont Project.

SCHEDULE FOR CALIFORNIA PROPOSITION 84 INTEGRATED REGIONAL WATER MANAGEMENT PLAN (IRWMP)

Project Task*	FY 17-18		FY 18-19		FY 19-20	
CEQA Categorical Exemption (COMPLETED)						
Pre-Design (COMPLETE BY 11/2017)						
Design (COMPLETE BY 6/2018)						
Bid & Award (COMPLETE BY 9/2018)						
Construction (COMPLETE BY 6/2019)						
Project Closeout / Establishment / Monitoring (COMPLETE BY 12/2019)						

SCHEDULE FOR LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY GRANT

Project Task*	FY 17-18		FY 18-19		FY 19-20		FY 20-21	
CEQA Categorical Exemption (COMPLETED)								
Pre-Design (COMPLETE BY 11/2017)								
Design (COMPLETE BY 6/2018)								
Bid & Award (COMPLETE BY 12/2018)								
Construction (COMPLETE BY 6/2020)								
Project Closeout / Establishment / Monitoring (COMPLETE BY 12/2020)								

BUDGET

Budget Category	Cost
Project Administration	$ 161,600
Planning/Design/Engineering/Environmental Documentation (includes outreach, permits, final plans & specifications)	$ 486,820
Construction/Implementation (includes mobilization, construction management, contingency, and escalation)	$ 2,677,500
Performance Monitoring and Post-Construction Management	$ 366,400
Grand Total	**$ 3,692,320**

FUNDING SUMMARY

Vermont Ave Stormwater Capture and Green Street Project		
Project Budget	Grant Funding	Prop O Funding
$3,700,000	$1,749,900	$1,950,100
Total Front Funding Requested From Prop O		**$3,700,000**

I respectfully request the COAC and AOC to approve the recommendations listed above for the Vermont Project. If you have any questions or wish to discuss this matter further, please contact me at (213) 485-0587 or Mr. Wing Tam at (213) 485-3985.

SK:WKT:MS

cc: David Hirano, CAO
Roy Cervantes, CAO
Adel Hagekhalil, LASAN
Wing Tam, LASAN
Ken Redd, BOE
Chris Johnson, BOE

FORM GEN. 160 (Rev. 11-02)

Attachment C

CITY OF LOS ANGELES
INTERDEPARTMENTAL CORRESPONDENCE

Date: September 25, 2017

Item #7

To: Proposition O Citizens Oversight Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

From: Christopher F. Johnson, PE, GE
Principal Civil Engineer
Bureau of Engineering

Subject: **PROPOSITION O (Prop O) BUDGET ADJUSTMENTS**

RECOMMENDATIONS

1. Authorize an increase in the Albion Riverside Park Project by $2,700,000, from $15,655,000 to $18,355,000.
2. Authorize a decrease in the Avalon Green Alley South total project budget by $108,418, from $1,602,642 to $1,494,224.
3. Authorize a decrease in the Elmer Avenue Phase II: Elmer Paseo total project budget by $76,240, from $829,000 to $752,760.
4. Authorize a decrease in the Inner Cabrillo Beach Bacterial Water Quality Improvement total project budget by $1,078,994, from $8,000,000 to $6,921,006.
5. Authorize a decrease in the Peck Park Canyon Enhancement total project budget by $85,412, from $5,557,090 to $5,471,678.
6. Authorize a decrease in the Santa Monica Bay Low Flow Diversions Upgrades Package 3 – Phase 2 by $654,063, from $14,194,469 to $13,540,406.
7. Authorize the transfer of the sum of Recommendations 2 through 6 in the amount of $2,003,127 to the Program Budget Contingency.
8. Authorize the City Administrative Officer, in coordination with the Bureau of Engineering, to make technical corrections, as needed, to the recommendations in this correspondence.

BUDGET AUTHORITY INCREASE

Albion Riverside Park Project:

On June 17, 2008, Council approved (CF 06-1235) the Albion Dairy Park project. Over $20 million was expended between the first two phases of the project (land acquisition and site demolition and remediation). The project is being jointly funded along with a California Proposition 84 Grant of $5 million and $684,355 in City Proposition K funding. The State Prop 84 Grant stipulates that the Albion Riverside Park must be open to the public by December 2018.

Prior to beginning excavation for the infiltration galleries, Sully-Miller, the Contractor, performed extensive sampling and testing of the soil across the entire site in advance of actual excavation to characterize and quantify any contaminated soil that would need to be removed. A review of the test results by Sully-Miller and the City has made it clear that there is a significant amount of unanticipated contaminated soil on-site.

This quantity of contaminated soil significantly exceeds the bid amount in the project contract and is preventing proceeding with mass excavation and installation of the infiltration galleries without additional budget authority. Delay of the mass excavation increases the risk of missing the park opening deadline of December 2018 and jeopardizes the State Grant funding.

The Bureau of Engineering (BOE) has considered alternatives to removing the contaminated soil; however, in consultation with the Bureau of Sanitation (BOS), it is recommended that design of the galleries not be altered and any excavated soil that is contaminated be removed from the site. Further, BOE recommends that grading of the site surface be modified to allow for placement of clean fill cover over areas of the site that were outside the scope of the original demolition and remediation work.

The Project expenditures to date and the expected cost-to-complete requires a total Project budget of $18,355,000. The current Project budget is $15,655,000. Therefore, a Project budget increase in the amount of $2,700,000 is recommended.

PROJECT SAVINGS / BUDGET DECREASES

Avalon Green Alley South Project:

A project budget decrease of $108,418 is recommended. The original project budget was $1,602,642 and will be reduced to $1,494,224.

Project construction is complete and post-construction activities are on-going. The project was awarded a State Proposition 84 Grant (Grant) that required stormwater sampling. Due to the prolonged drought, stormwater was not available for sampling until late 2016. Unexpended funds from the reduced project budget will be used to complete stormwater sampling and Grant close-out activities. Project construction was performed by the non-profit Trust for Public Land, and therefore, no Bureau of Contract Administration Board Acceptance Report is anticipated. This is a preliminary budget close-out, and a final budget close-out will be performed when BOS reaches an agreement with the contractor to accept the project.

Elmer Avenue Phase II: Elmer Paseo:

A project budget decrease of $76,240 is recommended. The original project budget was $829,000 and will be reduced to $752,760.

The Board of Public Works (BPW) accepted the project on October 19, 2015. This is a final budget close-out; no further budgetary action is anticipated.

Inner Cabrillo Beach Bacterial Water Quality Improvement:

A project budget decrease of $1,078,995 is recommended. The original project budget was $8,000,000 and will be reduced to $6,921,005.

Project construction and post-construction is complete. This is a final budgetary close-out. Inner Cabrillo Beach has experienced improved water quality. If water quality begins to degrade then Prop O Program may initiate concepts to address degraded water quality as a separate and new project.

Peck Park Canyon Enhancement:

A project budget decrease of $85,413 is recommended. The original project budget was $6,190,000 and was reduced to $5,557,090 per CF 13-1526. This reduction will further reduce the budget to $5,471,677.

Project construction was completed in 2012, and Prop O successfully completed habitat restoration. This is a final budget close-out; no further budgetary action is anticipated.

Santa Monica Bay Low Flow Diversion Upgrades Package 3-Phase 2

A project budget decrease of $654,063 is recommended. The original project budget was $14,194,469 and will be reduced to $13,540,406.

Project construction is complete and the project is in the post-construction phase. Preparation of the Board Acceptance Report is in-progress. The unexpended balance of the reduced project budget will be used to pay for future Bureau of Contract Administration staff time charges. This is a preliminary budget close-out. A final project budget close-out will be performed when the BPW accepts the project.

PROGRAM CONTINGENCY

The Program Budget Contingency was established to fund unforeseen project expenditures, when the expenditures exceeded the individual Project Contingency. The use the Program Budget Contingency to fund the Albion Riverside Park Project is consistent with the intended use of the Program Budget Contingency. The transfer of $2,700,000 to this project will reduce the Program Budget Contingency from $13,629,015 to $10,929,015. Additionally, it is recommended to transfer the Project Savings totals into the Program Contingency. The transfer of $2,003,127 would increase the Program Budget Contingency from $10,929,015 to $12,932,142.

FUTURE BUDGET AUTHORITY INCREASE REQUESTS

At a future meeting BOE will request additional budget authority for the following projects. These projects have not been validated yet by the City Administrative Officer Staff. The estimated future budget authority increases to the below existing projects total $9.1 million.

Project Title	Current Project Budget	Estimated Additional Prop O Funding Requested	Current Status
Machado Lake – Phase I (Wilmington Drain)	$25,093,711	$3,266,000	In post-construction phase (Habitat Restoration Mitigation and Monitoring).
Aliso Creek-Limekiln Creek Restoration	$10,940,089	$4,941,000	In design phase.
Temescal Canyon Park Stormwater BMP	$4,398,565	$893,000	In construction phase.
Echo Park Lake Rehabilitation	$36,626,015	$27,748	Project completed.

CFJ/gj
Q:\Budget and Reprogramming\Reprogramming 2017\ AOC-COAC Budget Adjustment 10 projects 2017 SEPTEMBER
cc: Rafael E. Prieto, CLA
David Hirano, CAO
Shahram Kharaghani, BOS
Wing Tam, BOS
Master File
Frank Rinaldi, BCA
Adel Hagekhalil, BOS
Roy Cervantes, CAO
Ken Redd, BOE

FORM GEN. 160 (Rev. 8-12)

Attachment D

CITY OF LOS ANGELES

INTER-DEPARTMENTAL CORRESPONDENCE

Item #8

DATE: August 30, 2017

TO: Proposition O Citizens Oversight Advisory Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

FROM: Shahram Kharaghani, Proposition O Planning Manager
LA Sanitation

SUBJECT: **REIMBURSEMENT TO SPA FUND FOR THE L.A. SANITATION (LASAN) STAFFING CHARGES FOR PAST FISCAL YEARS**

RECOMMENDATION

1. Authorize payment of $218,795 (Table 1) from Proposition O bond proceeds to reimburse the SPA Fund, which front-funded the Reserve Fund loan incurred by LASAN staffing charges for FY 2009-10.

2. Authorize LASAN and BOE, in coordination with the CAO, CLA, Office of Accounting, and the Controller, to make the necessary technical financial adjustments recommended here.

3. Direct LASAN staff to coordinate with Proposition O BOE staff on the usage of BOE work orders for the Proposition O Program.

BACKGROUND

LASAN is requesting reimbursement of staffing charges for past fiscal years for work that was completed and authorized under the Proposition O Program. Bureau of Engineering's Proposition O Division (Prop O Division) reimburses staff charges to the Bureau of Contract Administration, the Office of Accounting, and LASAN for authorized work (Staff charges) performed on the Proposition O Program. Annually, the Prop O Division submits reimbursement reports to the City Administrative Officer (CAO) for approval of Staff charges. The reimbursement report is based on an accounting report of all charges using work orders authorized by the Prop O Division. Once the report is approved by the CAO, the approved amounts are then transferred to the corresponding Bureaus for reimbursement of Staff charges.

LASAN is authorized annually in the City's budget under a Resolution Authority (Budget Resolution) to perform Proposition O Program work using LASAN staff. These positions are front-funded with Stormwater Pollution Abatement Fund (SPA Fund) salary savings until a salary appropriation from Proposition O (Prop O) is provided through an interim funding report. Certain unfunded LASAN expenditures under the Proposition O Program triggered Reserve Fund Loans (See Table 1) processed by the Controller under Charter Section 261(i) due to the delay in accounting, reporting, and approval of LASAN expenditures. Reserve Fund loans from the General Fund serve to front-fund and cash-flow departments for salaries when expenditures are to be reimbursed only upon submission of invoices. Advances by the General Fund from the Reserve Fund were incurred when LASAN Staff charges were reported by the Controller under the Reserve Fund loan process instead of through Prop O Division's staff charge reimbursement process. This resulted in discrepancies in the amounts transferred back to the General Fund. As

such, LASAN is requesting Proposition O bond proceeds to reimburse the SPA Fund in the amount of $218,795, since it front-funded and provided the cash-flow needed when the salary costs were first incurred under the Reserve Fund loan process. Table 1 summarizes the $218,795 in LASAN staff charges to be reimbursed by the Proposition O program.

Table 1 – Reserve Fund Loans for Reimbursement

Fiscal Year (FY)	City Council File No. for Prop O Interim Funding Report	Reserve Fund Loan Amount	Reason for Reimbursement of LASAN Staff Charges
FY 2009-10	CF 09-2535-S2 (3rd CPR)	$218,795	Costs reported under the Reserve Fund loan process instead of through Prop O Div.'s process.
	TOTAL	**$218,795**	

For the future, LASAN staff and the Prop O Division will coordinate on the usage of BOE work orders so that the work performed and costs incurred are accurately reflected and reimbursed timely. Also, LASAN staff has since worked with Prop O Division staff to ensure that reimbursements are properly submitted through the Staff charge reimbursement process to minimize future potential Reserve Fund loans.

If you have any questions or wish to discuss this matter further, please contact me at (213) 485-0587, or Rowena Lau at (213) 485-2427.

SK/RL:hc/gj

cc: David Hirano, CAO
Roy Cervantes, CAO
Rafael Prieto, CLA
Jennifer Quintanilla, CLA
Christopher Johnson, BOE
Garland Jamison, BOE
Lisa Mowery, LASAN
Adel Hagekhalil, LASAN
Eva Sung, LASAN
Debbie Pham, LASAN
Wing Tam, LASAN
Rowena Lau, LASAN
Harry Cadlaon, LASAN
File