

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: July 27, 2016

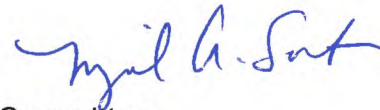
CAO File No. 0220-03994-0053

Council File No. 13-1526

Council District: All

To: The Council
The Mayor

From: Miguel A. Santana, City Administrative Officer
Chair, Proposition O Administrative Oversight Committee



Reference: Proposition O Administrative Oversight Committee Recommendations

Subject: **PROPOSITION O CLEAN WATER GENERAL OBLIGATION BOND
REPROGRAMMING FOR OPTIMIZATION**

SUMMARY

At its Special Meeting of June 30, 2016, the Proposition O Clean Water General Obligation Bond (Prop O) Administrative Oversight Committee (AOC) approved a recommendation to fund an additional \$800,000 for certain Optimization projects. This matter is hereby transmitted for Council consideration.

BACKGROUND

In 2012, the AOC and Council approved funding for the concept of Optimization projects, allowing the Bureau of Sanitation (BOS) and their consultants to improve the physical, chemical, and biological characteristics of Prop O projects to ensure that project elements are performing at an optimal level in real world conditions. On January 28, 2016, the AOC approved recommendations contained in a BOS report dated October 29, 2015 (Attachment A) including funding of \$2,166,000 for the construction of structural improvements as part of the initial Optimization for the 10 projects, and \$2,416,000 to begin Optimization projects as part of the eight projects where initial construction was recently completed. On April 22, 2016, Council approved funding for these two elements of Optimization (C.F. 13-1526).

At the January 2016 meeting, the AOC also approved funding of \$800,000 to continue Optimization projects as part of the 10 projects, contingent upon review by bond counsel on the eligible use of bond proceeds for this purpose. After discussion between City Attorney and bond counsel, as well as BOS, Bureau of Engineering, and this Office, the City Attorney concluded that the funding of this \$800,000 to continue Optimization projects would be an appropriate use of bond proceeds for those project costs that are accounted for as capital expenses under the Generally Accepted Accounting Principles (GAAP) as incorporated by the Governmental Accounting Standards Board (GASB). This conclusion is consistent with bond counsel's advice on this matter. On June 30, 2016, this Office reported back to the AOC with these findings. The AOC concurred and forwarded this recommendation to Council.

RECOMMENDATIONS

That the Council, subject to approval of the Mayor:

1. Approve an increase of \$800,000 in the budget for Optimization on 10 projects described in Attachment A, Table 1 of this addendum;
2. Authorize the Controller to appropriate \$800,000 from Proposition O, Clean Water Bond funds, Fund 16T, Department 50, Account 50LWCT, entitled Program Contingency-C1 to Fund 16T, Department 50, Account 50MYAF, entitled Prop O Optimization; and
3. Authorize the City Administrative Officer and the Department of Public Works to make technical corrections, as necessary, to those actions included in this report to implement Mayor and Council intentions.

FISCAL IMPACT STATEMENT


The cost of continued Optimization projects in the amount of \$800,000 will be funded from the existing Prop O Program Contingency. Approval of these recommendations will reduce the Prop O Program Contingency to \$20.0 million. There is no impact to the General Fund. 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.

MAS:REM:06170001
Attachments

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: October 29, 2015

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

FROM: 
Shahram Kharaghani, Proposition O Planning Manager
Bureau of Sanitation

SUBJECT: **PROPOSITION O – ADDITIONAL OPTIMIZATION FUNDING NEEDS**

RECOMMENDATIONS

1. Authorize the Bureau of Sanitation (LASAN), in coordination with the Bureau of Engineering (BOE), to continue the optimization phase of Proposition O projects through FY 15-16, FY 16-17, FY 17-18, FY 18-19 and FY 19-20.
2. Authorize an appropriation in the amount of \$800,000 (Table 1) from the Proposition O bond proceeds to LASAN's Project optimization contractual services account. This authority will enable LASAN to continue optimization activities such as risk assessment, biological health assessment of wetlands, monitoring of physical, chemical, and biological characteristics of the first eleven (11) projects completed under Proposition O.
3. Authorize an appropriation in the amount of \$2,166,000 (Table 2) from the Proposition O bond proceeds to LASAN contractual services account to implement structural improvements that are required for the first eleven (11) projects completed under Proposition O.
4. Authorize an appropriation in the amount of \$2,416,000 (Table 3) from the Proposition O bond proceeds to LASAN contractual services account to enable LASAN to implement optimization activities that are required for eight (8) newly constructed Proposition O projects.
5. Authorize LASAN in coordination with CAO, CLA, and BOE to make the necessary technical financial adjustments recommended here.

BACKGROUND

In 2013, the AOC and COAC approved the recommendations of LASAN to authorize the commencement of the optimization phase for eleven (11) completed Proposition O projects and authorized funding in the amount of \$2,172,620 for optimization staffing and activities. The goal of the optimization phase is to ensure long-term sustainability of Proposition O projects by establishing stable physical, chemical and biological processes of the green projects, evaluating these processes through water quality and project effectiveness monitoring, and developing the protocols for operation and maintenance.

The optimization process for the aforementioned eleven (11) projects commenced several years ago, but has identified several additional activities, consulting services, and structural improvements that require additional funding. The associated costs for additional consulting services and structural improvements of the eleven (11) projects are summarized in Tables 1 and 2, respectively.

Table 1 – Costs for Continuing Consulting Services for Optimization

Category	Project Names	Cost Estimate
Natural Treatment Systems	South LA Wetlands Park Project	\$40,000
	Hansen Dam Wetlands Restoration	\$10,000
	Echo Park Lake Project	\$120,000
Mechanical System BMPs	Mar Vista Rec. Center	\$120,000
	Westside Park Rainwater Irrigation	\$90,000
Passive BMP Projects	Peck Park Canyon Enhancement	\$37,200
	Grand Blvd Tree Wells	\$900
	Imperial Hwy Sunken Median	\$75,300
	Westminster Dog Park	\$3,600
	Oros Green Street	\$3,000
Pond Company Optimization Services	Additional 12 months (December 2015 to November 2016)	\$240,000
Laboratory Testing for Optimization Monitoring ¹	2 wet weather and 2 dry weather sampling events	\$60,000
TOTAL		\$800,000

1. Water quality samples testing by private laboratories.

Table 2 – Costs for the Structural Improvements

Category	Project Names	Cost Estimate
Natural Treatment Systems	South LA Wetlands Park Project	\$158,000
	Hansen Dam Wetlands Restoration	\$54,000
	Echo Park Lake Project	\$622,000
Mechanical System BMPs	Mar Vista Rec. Center	\$412,000
	Westside Park Rainwater Irrigation	\$425,000
Passive BMP Projects	Peck Park Canyon Enhancement	\$231,000
	Grand Blvd Tree Wells	\$12,000
	Imperial Hwy Sunken Median	\$228,000
	Westminster Dog Park	\$8,000
	Oros Green Street	\$16,000
TOTAL		\$2,166,000

In addition to the eleven (11) projects that are already in the optimization phase, BOE/LASAN have recently completed the construction of eight (8) more Proposition O projects that will require funding to commence the optimization activities. The estimated cost for the optimization phase of these eight (8) projects is \$2,416,000 as summarized in Table 3.

Table 3 – Optimization Costs for Additional Projects

Project Name	Scope and Schedule	Cost Estimate
Glenoaks-Sunland Stormwater Capture	Parkway infiltration swales and dry wells – Two years	\$102,000
Rosecrans Rec. Center Stormwater Enhancements	Bioswales, vegetated retention and infiltration basins – Two years	\$200,000
Elmer Avenue Phase II	Hydrodynamic separators and catch basins – Two years	\$134,000
Elmer Paseo	Bioswales and permeable materials – Two years	\$130,000
Temescal Canyon Park Stormwater BMP Ph I and Ph II	Rainwater capture and use – Two years	\$550,000
Avalon Green Alley South	Rainwater harvesting, dry wells – Two years	\$180,000
Wilmington Drain	Cross-channel trash netting systems and vegetated BMPs – Two years	\$650,000
Broadway Neighborhood Stormwater Greenway	Residential rain gardens, infiltration trenches, dry wells – Two years	\$350,000
Laboratory Testing for Optimization Monitoring ¹	4 wet weather and 4 dry weather sampling events	\$120,000
TOTAL		\$2,416,000

1. Water quality testing by private laboratories.

The total cost from the three tables is summarized below:

Costs for Continuing Consulting Services for Optimization:	\$ 800,000
Costs for the Structural Improvements and Associated Costs:	\$2,166,000
Optimization Costs for Additional Projects:	\$2,416,000
Total funding requested:	\$5,382,000

The Albion Riverside Park, Aliso Creek-Limekiln Creek Restoration, Argo Drain, Machado Lake Ecosystem Rehabilitation and Rory M. Shaw Wetlands Park projects are either in the design or in the early construction phase and, in the future, they will need to undergo an optimization phase as well. While a refined estimate of the associated optimization costs is not premature at this time, it is anticipated that \$5M – \$8M will potentially be needed for this purpose.

It is important to note that the optimization phase of the above Proposition O projects achieve three major goals:

October 28, 2015

Page 4

- (1) Ensures long term sustainability of these fragile natural systems;
- (2) Enables the City to stay in compliance with its 22 TMDLs water quality regulations; and
- (3) Educates City staff how best to deal with challenges like green/blue algae and red apple snails that have an impact on these natural systems.

We respectfully request that you take immediate action on this important item. 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/KK

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