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**TRANSMITTAL**

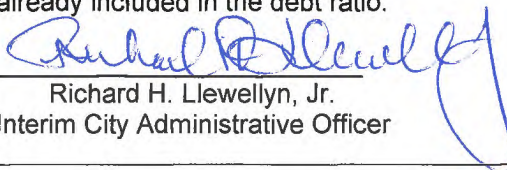
TO The Council	DATE 10-16-17	COUNCIL FILE NO.
FROM The City Administrative Officer		COUNCIL DISTRICT All

At its meeting of February 23, 2017, the Seismic Governance Committee adopted the recommendations in the attached Bureau of Engineering (BOE) report, which is hereby transmitted for Council consideration. Adoption of the report recommendations would 1) approve a Bridge Improvement Program (BIP) – Seismic Bond Total Budget of \$451 million as the new baseline program budget; and 2) Instruct BOE to report back annually with a revised BIP Seismic Budget. Council action is required to change the BIP Seismic Budget.

**Fiscal Impact Statement:** There is no additional General Fund impact. The program contains \$9.23 million in MICLA which has not yet been bonded. Program completion is estimated to cost \$451 million.

**Debt Impact Statement:** The issuance of in Municipal Improvement Corporation of Los Angeles (MICLA) bonds is a General Fund obligation. The issuance of \$9.23 million in MICLA bonds for the BIP, which was previously approved by the Council and Mayor in the Fiscal Year 2012-13, 2013-14, 2014-15, and 2015-16 Adopted Budgets, and subsequently reauthorized in the 2016-17 Fourth Construction Projects Report (C.F. 16-1114-S3), will cause the City to borrow a total of approximately \$15.45 million, including \$6.22 million in interest, over 20-years at an estimated 5.5 percent interest rate. During the life of the bonds the estimated average annual debt service is \$772,000 over the 20-years. Actual interest rates may differ as rates are dependent on market conditions at the time of issuance. We cannot fully predict what interest rates will be in the future.

In accordance with the City's Debt Management Policy, the City has an established debt ceiling to guide in evaluating the affordability for future debt. The debt ceiling for non-voted direct debt as a percentage of General Fund revenues is 6.0 percent. The City is currently at 4.29 percent. The issuance of the debt from this re-authorization will not impact the City's debt capacity for non-voted approved debt as the issuance of debt for annual ongoing capital equipment acquisitions is already included in the debt ratio.

  
Richard H. Llewellyn, Jr.  
Interim City Administrative Officer

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

Date: February 23, 2017

To: Seismic Governance Committee  
Richard H. Llewellyn, Jr., Interim City Administrative Officer, Chair  
Sharon M. Tso, Chief Legislative Analyst  
Ted Bardacke, Office of the Mayor

From: Shirley Lau, P.E., Division Manager  
Bridge Improvement Division  
Bureau of Engineering



**Subject: BRIDGE IMPROVEMENT PROGRAM –SEISMIC BOND TOTAL BUDGET**

**RECOMMENDATIONS**

That the Seismic Governance Committee (SGC) approves and recommends that the City Council:

- 1) Approve a Bridge Improvement Program– Seismic Bond Total Budget (BIP Seismic Budget) of \$451 million (M), as the new baseline program budget;
- 2) Instruct Bureau of Engineering to report back annually with a revised BIP Seismic Budget.

**SUMMARY**

This report forecasts the BIP Seismic Budget at \$451 M. Since the last report in 2015, the budget for the Sixth Street Replacement Viaduct over the Los Angeles River (Sixth St Viaduct) was removed and approved as a separate project in October 2015 under CF 14-1510-S5. With the removal of the Sixth St Viaduct, the previous budget was at \$436.2 M, and this budget represents an increase of \$15 M of Highway Bridge Program (HBP) funds to the BIP Seismic Budget. The increase in HBP funds is largely a result of additional funding in grant authorizations by Federal Highway Administration (FHWA) and Caltrans. Projects that received significant budget changes due to additional grant authorizations include:

- \$2.5 M First St over Glendale Bl.
- \$1.8 M North Spring Street Viaduct Project
- \$3.6 M Riverside Drive near Zoo Drive,
- \$3.6 M State St Bridge
- \$3.5 M Soto St Bridge/Valley Blvd

## **BACKGROUND**

### **Seismic Bond Bridge Component History**

In June 1990, the voters approved Proposition G, commonly known as the Seismic Bond. This action authorized the City to issue \$376 M in general obligation bonds to reinforce, renovate and/or replace City-owned seismically deficient bridges and buildings. Of this funding, \$176 M was made available for bridge projects. During the 1990s, 117 of the original 118 bridges identified as needing modification were retrofitted.

Subsequently, the Federal Highway Administration (FHWA) made grants available to cities and counties across the country to replace or rehabilitate structurally deficient or functionally obsolete bridges. In December 2000, the City Council approved the creation of the current Bridge Improvement Program, using the remaining Prop G as leverage for the new FHWA grants. The goal of the new Bridge Improvement Program was to establish a long term program to improve seismically deficient bridges within the jurisdiction of the City.

With the removal of the Sixth St Viaduct, this report addresses the remaining 59 projects included in the Seismic Bond component. Since its inception, BIP has completed 32 projects and 8 have been deobligated by the City Council (CF 11-1007 on June 28, 2011). There are 19 active open projects remaining.

### **Budget Considerations**

BOE has developed the budget to deliver these projects, taking into consideration the remaining Prop G funds, as well as other City resources that are the City/Local match to the federal grant funds. This financial plan is the result of an analysis performed that addresses the program needs until FY 2021 to complete the remaining projects.

Of the 59 approved projects in the BIP Seismic Budget, 19 active open projects(see Table One) in various project phases:

- 7 projects in the Design Phase/Right-of-Way Phase
- 7 projects in Construction Phase
- 5 projects in Post-Construction Phase

TABLE ONE - BIP Seismic Budget Summary for Active Projects

Proj. #	Project Name/Bridge #	Project Budget	Prop G, MICLA, CIEP Budget	HBP Budget	Other Sources (Prop 1B, Prop C, Metro)
	<b>Design Phase/Right-of-Way Phase</b>				
1	First St/Glendale S - 0045 (Category I)	\$15,087,732	\$1,827,554	\$12,242,964	\$1,017,213
2-5	Glendale-Hyperion Viaduct Improvement Projects - 1881,1882,1883,1884 (Category I)	\$55,605,253	\$5,391,815	\$42,046,068	\$8,167,370
6	Soto St/Valley - 0011	\$19,060,625	\$3,300,545	\$15,760,080	\$0
7	State St/UPRR & Busway - 1930	\$18,004,084	\$2,812,633	\$15,191,451	\$0
	<b>Construction Phase</b>				
8	Laurel Canyon Blvd - 1233	\$5,077,666	\$902,108	\$3,741,559	\$434,000
9	N. Spring St/Los Angeles River -0859 (Category I)	\$58,094,185	\$4,555,349	\$35,441,631	\$18,097,205
10-11	Riverside Dr/Los Angeles River - 0160, 1932	\$75,816,358	\$11,144,286	\$51,092,972	\$13,579,100
12	Riverside Dr near Zoo Dr - 1298	\$18,795,980	\$2,898,175	\$15,102,819	\$794,986
13	Soto St/Mission - 0013	\$22,506,481	\$1,571,415	\$13,155,532	\$7,779,534
14	Vanowen St/Bull Creek -1361	\$3,474,557	\$584,407	\$2,890,150	\$0
	<b>Post-Construction Phase</b>				
15	Ave 26/Arroyo Seco - 1875 (Category I)	\$2,200,784	\$499,976	\$1,563,682	\$137,126
16	First St Viaduct/LAR River & Widening Phase III	\$5,279,325	\$3,687,225	\$1,592,100	\$0
17	Fletcher Dr/LA River S-0096 (Category I)	\$11,318,735	\$445,784	\$9,409,278	\$1,463,673
18	N. Main St/LA River S -1010 (Category I)	\$12,856,391	\$2,424,569	\$8,394,070	\$2,037,752
19	Vanowen St/Los Angeles River -1362 (Category I)	\$7,689,125	\$2,330,865	\$4,196,260	\$1,162,000
	<b>Active Projects (Projects 1-19) Total:</b>	<b>\$330,867,281</b>	<b>\$44,376,706</b>	<b>\$231,820,616</b>	<b>\$54,669,959</b>
	Completed/Deobligated Projects Total:	\$108,785,869	\$19,911,575	\$69,298,366	\$19,575,928
	PROGRAM SUBTOTAL:	\$439,653,150	\$64,288,281	\$301,118,982	\$74,245,887



	Program Overhead	\$4,206,200	\$4,206,200		
	Program Contingency (5% of Construction Costs)	\$7,355,000		\$4,355,000	\$3,000,000
	<b>PROGRAM TOTAL:</b>	<b>\$451,214,350</b>	<b>\$68,494,481</b>	<b>\$305,473,982</b>	<b>\$77,245,887</b>

A program contingency of 5% of \$147.1 M of construction costs (\$7.355 M) is included as part of the budget to address unforeseen conditions during construction and other unanticipated expenditures.

Since the previous budget report, the following seven projects were completed and closed-out with Caltrans:

- Colfax Ave/LA River
- Foothill Bl/Tujunga Wash
- Fourth St/Lorena
- Grand Ave- 2<sup>nd</sup> to 4<sup>th</sup> St
- Tampa Ave/LA River
- Winnetka Ave/LA River
- Moorpark St/Tujunga Wash.

### Staffing

The cost of successful project delivery has historically been higher than what can be authorized as participating in the HBP program. This is the result of the design and construction challenges of the City's bridges, working in a highly urbanized environment, and the extensive inter-agency and utility coordination required for bridge projects.

Table Two below illustrates the projected staffing needs by City Departments to complete the projects. The Bureau of Contract Administration and the City Administrative Officer staffing allocation has been made as a dollar amount for charging authority, and is indicated in the chart as a Full Time Equivalent (FTE).

Table Two- BIP Staffing Projection to Program Completion:

Fiscal Year	BIP Active Projects	BOE Positions	BSL Positions	DOT Positions	BPW Positions	Total	BCA FTEs Only	CAO FTEs Only
16/17	19	24	1	3	2	30	12	1
17/18	17	22	1	1	1	25	10	1
18/19	14	19	1	1	1	22	7	1
19/20	10	12	1	1	1	15	3	1
20/21	7	12	1	1	1	15	3	1

BOE staff projected in FY 18-19 through FY 20-21 will be needed to work on critical projects such as the Glendale Hyperion Complex of Bridges and the State St/UPRR Busway projects.

## **CONCLUSION**

BOE will report back annually with a revised financial plan based on updated expenditures and changes to projects budgets.

cc: Gary Lee Moore – City Engineer, BOE  
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M.Farfan / P. Smith - CLA  
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