

MINUTES

PROPOSITION "O" GENERAL OBLIGATION BONDS ADMINISTRATIVE OVERSIGHT COMMITTEE

Thursday, March 29, 2007 - 3:30 pm

City Hall East - Room 1500

Members Present: Karen Sisson (represented by Ellen Sandt)
Gerry Miller (represented by Lynn Ozawa)
Nancy Sutley
Cynthia Ruiz

Members Not Present:
Ronald Deaton

The meeting was called to order.

The Administrative Oversight Committee (AOC) approved the minutes from the meeting held on February 22, 2007. The AOC welcomed Gideon Krakov as the COAC representative at the meeting.

City Administrative Officer/Chief Legislative Analyst staff provided a briefing relative to the actions taken by the Citizens Oversight Advisory Committee (COAC) meeting held on March 21, 2007:

- COAC discussed the release of \$15 million set aside to fund the Wilmington Drain Project. COAC requested that staff report back regarding the source of funding for non-water quality aspects of the project and the need to fully fund the project at this time. COAC discussed the release of \$29 million set aside for the Santa Monica Bay Low Flow Diversions (LFD) Upgrades and deferred action on this item.
- COAC discussed the concept reports for three projects that will assist the City to comply with the Santa Monica Bay Beaches Bacteria Wet Weather (SMBBBWW) TMDL. (Temescal Recreation Center Stormwater BMP, Project No. 01-22e - \$27.1 million, Westchester/LAX Stormwater BMP, Project No. 01-22f - \$38.9 million and Penmar Water Quality Improvement and Runoff Reuse Project No. 01-22g - \$31.6 million). COAC took action to recommend \$11 million for design costs only. No funds were set aside for the construction of the projects. COAC members indicated that savings from grants and value engineering of the projects that have already being approved could fund the construction costs of these projects. COAC members requested that staff re-evaluated the projects to reduce the cost and scope.
- COAC discussed a presentation by Engineering and CD 1 on potential projects for the Los Angeles River Revitalization Master Plan (LARRMP). COAC took action to recommend that \$50 million is set aside for future eligible projects. Additionally, COAC requested that Sanitation develop a concept report for the Taylor Yard project.

- o COAC discussed a presentation by Sanitation on eight positions previously approved by Council for the development of TMDL Implementation Plans. COAC approved a motion to support funding of the positions regardless of the source.

The AOC discussed the Updated Prop O Program Budget Summary and available funding. The Council and Oversight Committees have approved or recommended funding as follows:

o Projects approved by Council or COAC/AOC to date	- \$184,072,742
o Project set asides approved by Council	- 178,406,920
o Consulting and staffing costs through 2006-2007	- 6,029,616
o Required funding for staffing through 2007-08 through 2014-15	- <u>26,072,673</u>
	<u>\$394,581,951</u>

Uncommitted Prop O Funding - \$105,418,049

AOC members expressed concern that the estimated remaining Prop O balance (\$105 million) is less than the cost of the projects for which funding is being requested at this meeting (\$125 million). \$75 million is requested for three projects and \$50 million is requested as a set aside for LARRMP projects. Additionally, \$29 million will be required for the LFD project which is in Pre-design with no funding set aside for construction. AOC stated that projects should be completed in priority order in terms of the benefits. The high priority projects should be constructed before new projects are added to ensure that the program is not over committed. The City should be cautious about designing projects that cannot be constructed because Prop O funding is no longer available. This might result in an increase in obligations to the City's General Fund to construct these projects. AOC requested staff to work with the CAO Bond Group to ensure that approved projects are evaluated by Bond Counsel. Bond counsel currently reviews the project descriptions of approved projects before the projects are designed. The City Engineer recommended that the Committee consider not approving new concept reports to allow Engineering to make progress on projects already approved. The City Engineer also stated that there is no Prop O program contingency at this point and an amount should be set aside.

AOC discussed the February 2007 Monthly Report presented by Engineering. The AOC took action to approve an Engineering request to hire one Environmental Supervisor I in lieu of one approved Landscape Associate III or Civil Engineering Associate III. AOC did not take action on a request for \$1 million to be appropriated for the 2006-07 cash needs for the Wilmington Drain Project because the item was not specifically identified on the agenda. The AOC requested that this item be listed for the next meeting. Engineering also suggested that future council reports include a recommendation that Council appropriate funds for pre-design and design when projects are approved.

AOC discussed Sanitation's presentation on funding for smart irrigation systems from DWP (\$4 million). Sanitation will work with DWP to determine which aspects can be funded.

AOC discussed the revised project concept reports for three projects. This SMBBBWW TMDL mandates a 10 percent reduction in the number of exceedence days along the beaches by July 15, 2009. These projects are critical for the City to meet this deadline. Sanitation also used the new Project Selection Criteria to evaluate these projects and they all scored above 90 percent. A 25 percent reduction is mandated by 2013. Additional funding will be needed to meet the compliance mandate for 2013. The projects were re-scoped as requested by COAC to reduce the costs. The projects that were presented to COAC in March 2007 would have provided 14 percent compliance at a total cost of \$97 million. The three projects were re-scoped to meet 10 percent

compliance at a total cost of \$75 million and are as follows:

- Project No. 01-22e, Temescal Canyon Recreation Center Stormwater BMP Project is located in the Santa Monica sub watershed. Stormwater from a storm drain and runoff from the surrounding area will be captured and reused for irrigation. The project implementation cost is \$18.6 million. O&M costs are estimated at \$229,500 - \$459,000/year.
- Project No. 01-22f, Westchester/LAX Stormwater BMP is located in the North West corner of Airports (LAWA) property. The project will capture runoff from the surrounding area and infiltrate to eliminate pollutants. Project implementation costs are \$32.7 million. Operation & Maintenance costs are estimated at \$402,000 - \$804,000/year. AOC asked if LAWA will contribute to the cost of the project. Sanitation stated that discussions will be held with LAWA regarding cost sharing. AOC inquired as to whether there is a reuse component. There is a large amount of reuse in this area. However, Sanitation will discuss this issue with Water and Power for additional opportunities.
- Project No. 01-22g, Penmar Water Quality Improvement and Runoff Reuse Project is located in Penmar Golf Recreation Park and Marine Park. This is a joint project with the City of Santa Monica. Water from a nearby storm drain and surrounding area will be infiltrated and reused. The cost sharing will be based on drainage area. The Prop O project cost will be reduced by the contribution from the City of Santa Monica. Project implementation costs are \$23.6 million. O&M is estimated at \$290,000 - \$580,000/year.

AOC expressed concern that the mix of projects approved for Prop O funding will assist the City in meeting the City's TMDL mandates. Sanitation stated that these projects are specifically for the TMDL for Santa Monica Bay watershed only. Other projects approved to date will assist the City in meeting other TMDLs. The COAC concurred that these projects will assist the City in meeting the TMDL mandate for SMBBWW. The issue was available funding. The AOC considered the COAC's recommendation to provide \$11 million for the design of the projects without a specific set aside for construction costs. The AOC considered whether to recommend full funding for these projects, in light of the potential of the projects to assist the City in meeting the TMDL by the July 2009 deadline. AOC took action to approve full funding for the projects.

Engineering presented a list of potential projects for the LARRMP. The water quality benefits of these projects will be determined as concept reports are developed. Sanitation will prepare a concept report for the Taylor Yard project. AOC discussed the request to set aside \$50 million to fund future projects. AOC expressed support for the funding of these projects. Prop O projects recommended or approved to-date have already provided about \$200 million for projects that will contribute to reducing pollutants to the LA River watershed. With funding provided for the three TMDL projects, \$50 million in unobligated Prop O funds is not available to set aside at this time. However, funding from grants, savings and Infrastructure Bonds could reduce the cost of approved projects. To avoid the over-obligation of Prop O at this time, AOC took action to adopt a policy to recommend funding for LARRMP projects as savings become available.

The AOC discussed a Sanitation report on the eight TMDL positions previously approved by Council. Council approved these positions in 2005-06 and instructed Sanitation to go back to COAC with information on the nexus to Prop O. Bond Counsel has determined that these positions are Prop O eligible. COAC did not have any objections to Prop O funding the positions, AOC took action to approve that Prop O reimburse the General fund for these positions.

Engineering discussed the need to issue Prop O bonds for 2007-08. Approximately, \$33 million might be needed for pre-design, design and staffing. AOC took action to authorize Engineering to work with CAO Bond Group to issue bonds as needed in 2007-08.

During public comment, Ms. Jaswal from the Natural Resources Defense Counsel and Santa Monica Baykeeper requested that funding not already approved by Council be held until all projects are evaluated to determine compliance with the new Project Selection Criteria and a determination that projects approved will meet the goals of Prop O.

AOC members stated that the process has been open and transparent. All projects were extensively evaluated through the Oversight Committee with opportunities for the public to participate. Additionally, staff will use the new selection criteria to evaluate projects on the prioritization list for water quality benefits.

The meeting of April 26, 2007 is canceled due to budget hearings. The meeting was adjourned.