

MINUTES

PROPOSITION "O" GENERAL OBLIGATION BONDS ADMINISTRATIVE OVERSIGHT COMMITTEE

Thursday, September 27, 2007, 3:30 p.m.
Room 1500, City Hall East

Members Present: Ellen Sandt (CAO representative)
Gerry Miller
Cynthia Ruiz
Michael Mullin (Mayor's Office representative)
Nancy Sutley

Members Not Present: Karen Sisson
Ron Deaton

The meeting was called to order.

The Administrative Oversight Committee (AOC) approved the minutes from the meeting held on August 30, 2007.

Current CAO Analyst, Beryl Taylor introduced and welcomed Ed Roes who will be taking over as the Prop. O CAO Analyst.

City Administrative Office (CAO) staff provided a briefing relative to the actions taken by the Citizen's Oversight Advisory Oversight Committee (COAC) and other issues.

- The COAC met on September 19, 2007, they were presented the concept report for Fremont High School and took no action on this item. They expressed support to fund this project if funds could be located in the future.
- The COAC considered the August monthly report
- The COAC discussed the role of COAC, the oversight role and established several committees and will be providing reports/suggestions as to what their role might be in the future.

The Bureau of Sanitation (BOS) presented a brief summary of the project on Fremont High School Stormwater Project No. 15, located in the 9th Council District in South Los Angeles.

BOS stated the City had the first opportunity to collect on-site flow and bringing off-site flow from Fremont High School. L.A. Unified School District (LAUSD) has been very hesitant in taking off-site flow and we have been working with them for over the years and they've been resistant. Joint liability between the City and LAUSD and these issues remain to be worked out in an MOU.

An AOC Member asked what portion of the project cost represented water quality costs. BOS advised that \$3.5 million of the total project cost represents water quality benefits, the remaining \$1.8 million will go towards the non-water quality elements.

An AOC Member asked about additional funding for the project. Ms. Berman, an advocate for the project has not seen anything in writing but in talking to LAUSD, they are willing to match 50% of the funding, if the City commits to fund this project by December 2007.

An AOC Member asked to know more about the source of matching funds and whether there's a legal requirement why the money needs to be reallocated or if it's just school policy. BOS was unable to respond. AOC Member asked why LAUSD had been resistant to taking off-site flow on previous projects, but are now willing to do it for the Fremont High project?

An AOC Member advised that the Prop O program is overcommitted. The AOC discussed options to deal with the over commitment. One option discussed was to reevaluate all projects.

BOS advised that they would get additional information regarding the matching funds from LAUSD and report back to the AOC in October or November.

The AOC approved the motion to approve this project, pending the availability of funding.

Engineering presented the August Monthly report. Engineering highlighted the following projects:

- La Cienega/Fairfax Powerline project. The final preliminary design report has been completed and distributed for this project. I
- Grand Avenue Tree Wells project has 60% design completed and has been accelerated in an attempt to maintain the grant funding and that the final design plans will be completed shortly.
- Mar Vista Recreation Center is also being accelerated in an attempt to maintain grant funding and design services negotiations have been initiated.
- South L.A. Wetlands project went through a significant milestone with a public hearing on the environmental impact report on September 12, 2007. There was no significant public comment and the official review period closes October 1, 2007.

BOE advised that the Predesign cost proposals were received for the following projects: Echo Park Lake, Penmar Water Quality Improvement, Temescal Canyon and Westchester/LAX Stormwater BMP. Five cost proposals for each project were received.

AOC Member asked if the costs of the proposals are close to what was estimated? BOE advised that the cost of the proposals were close the estimates.

BOE presented the estimation of staffing needs for Fiscal Year 07-08 and requested AOC approval. AOC Member asked if all these positions are already filled. BOE said nine of 12 positions will be filled as of next Monday. BOS has 13 positions, all of which have been filled. The Bureau of Accounting position is filled and Contract Administration's FTE will provide support to Prop O during this fiscal year.

The City Engineer asked if the BOS positions will go to zero in six months.

An AOC Member stated that the purpose of Prop. O was for Stormwater/TMDL clean up. BOS stated that when Council approved the positions they understood that they were for TMDLs. The City Engineer stated that it was different from any other bond issue. It's been very specific, everything's tied to Contract Administration, Engineering, ITA, it's always been directly led by projects. There had been a discussion earlier today about how we can't do design if it doesn't lead to a big project so here's it's different in that we can do design that doesn't lead to a project or planning.

AOC Member stated it's worth asking. The general obligation bonds were known to be used for acquisition for the construction on real property.

BOS advised that they have a legal opinion from bond council CAO and CLA in writing saying that the 13 positions are eligible for this bond. Prop. O is a little bit different than Prop. Q and Prop. A. Prop. O is a source of funding for stormwater program to meet the TMDLs and we have met the two for trash and from his perspective I'm working with the offices. Because of Prop. O, BOS has met the trash and bacterial TMDLs and are receiving higher grades.

AOC Member said his recollection that this was done a year ago and the question now is going forward. It was approved in context of evaluating approaching new projects, to meet the new TMDL requirement. If we spent all the money we have authorization for it gets a little dicey and basically planning for projects that we are not going to fund. BOS stated that based on the BOE schedule that was presented, AOC is the client and BOS will complete in 4-5 years. AOC was not questioning this fact.

AOC Member stated that legally with the general obligation bonds you could only use money to fund staff and implement projects. It has nothing to do with the need for the positions. We need to get back with the Bond Council and reconfirm that. City Engineer stated that it was appropriate that the client departments have a few positions; the Police Department has 1 or 2 positions. It's not an all or nothing also on the 13 positions. AOC members stated that there's nothing wrong with using these positions to evaluate the projects that we're funding to find out how they're working. Making adjustments that's all perfectly fine to use this money to fund positions that are planning for TMDL compliance the things that are certainly not in the pipeline.

The AOC approved the motion to approve the recommended 2007-08 staffing for the Prop O program.

BOE presented the Contract Amendment for Psomas. BOE advised that in June 2006 the Board of Public Works awarded a task order to Psomas to initiate implementation of Proposition O projects. It was very timely because it allowed us to move forward with the projects once the AOC as well as the Council and the Mayor approved funding for projects. We moved forward with seven sub task orders to that task order with a cost ceiling of \$4M to initiate predesign and design on six important projects: Santa Monica Bay Low Flow Diversions TMDL compliance, Grand Boulevard Tree Wells grant funding as well as TMDL compliance, Mar Vista Rec Center, La Cienega/Fairfax easement both are grant funded projects, South L.A. Wetlands Park and Imperial Highway and Westminster Dog Park, both TMDL compliance projects.

Since 2006 a total of \$3.9M had been done and to continue to facilitate implementation and sustain it. an additional \$3M will be required to prevent delays in the different phases of the project. A four year t extension to the Psomas contract from July 2008 to July 2012 is also needed. The reason for time

extension is we're envisioning construction support from the design offices through the last project and that's the South L.A. Wetlands project. And construction of this project is scheduled to be completed by October 2011 but we want a little bit more time just in case we have unforeseen time delays.

AOC member stated Psomas has a batch of the projects and asked if there are other firms that have other projects. BOE mentioned earlier of the proposals that came in; they will be for another group of projects. And that will be off the new Wastewater Environmental On-Call Consultant list.

An AOC member asked if the \$3M is already budgeted in those projects? BOE answered Yes.

AOC member asked how we started at a \$4M contract and it's now going to \$7M? Is there a way to have known earlier that it was going to be \$7M up front instead of almost doubling the contract?

BOE stated in June, no one knew what level of the work effort would be at that time. None of the projects had been implemented beyond the two catch basin projects. C.E went ahead and got the \$4M without knowing where we were going. Told Kendrick that we need to get this contract in place so once AOC and Council approves it we can start. It takes months to get contracts we didn't want to be delayed so we took a guess at \$4M. And we want Psomas to finish all six projects from cradle to grave. We wanted to get a head start and then come back.

An AOC member asked if for future contracts with other companies we'll have a better upfront estimate? BOE said yes.

Tim mentioned that the four proposals talked about earlier are projects with specific scopes identified and our track record on holding to those kinds of cost ceilings is really pretty good and you can't say I might never need an amendment but the track records are pretty good because they are proposing on a specific scope of work. And the current ones have all submitted lump sum proposals too so we're not doing an hourly by hourly basis. It forces us not to change and forces them not to change. It really forces everybody we have the predesigns that CDM did and we're sticking with those and we shouldn't be changing what we all agreed upon here so let's now take it to next level is the intention here is working together by doing lump sums. We had a lot of discussion about that and it forces us not to change things as we go. It leads to the completion of time also because we know the importance of getting things in the ground in this program.

An AOC member asked that all of these projects are approved, funded, fully funded projects in the pipeline that will be delivered. Psomas is not working on any designs for projects that are in the pipeline that are not yet funded. Money cannot be spent designing projects that are not actually funded for projects in the pipeline waiting to find out if there's money. You cannot spend any design on those because if we don't do those projects the general fund will need to be reimbursed.

With Prop. O funded projects this is the only project that's fully funded at this time. Kendrick said the Santa Monica Bay LFD needs money for construction which is a goal for all of us here because that set aside has not been completed. This is one of the more important projects for Prop. O and has immediate impacts to cleaning of the beaches so I'm sure we'll work together in finding construction funds for this project. We need \$32M to finance construction.

AOC asked if this is one of the more important projects, shouldn't we be funding this with existing Prop. O money? CAO said that would be one of the top priorities of her analysis. This is included in the priority of projects and we're working on it now. AOC Member said the whole team needs to be aware of this because the City Attorney said when we start design on a project then the City general fund is on the hook to finish it. City Engineer this needs to be brought up for Machado and Echo Park. We need to work together on this on a monthly basis but we definitely need to work on these detailed designs. Santa Monica needs to be funded. The money needs to be brought in. BOE is working with the CAO and BOS and the CAO is the lead on writing the report of transferring the money.

The AOC gave approval for the Psomas contract amendment.

Public comment from Joyce Dillard. BOE needs to have your designs and allocations on here because where does it come when we look at the budget and the projects list. It's really too open, it's got to come from the project at this point because all the money is spent or the contingency. So even though you're verbalizing it, I think what you really need is a paper trail that reflects that before you approve this. That's where the citizens are going to look and find nothing. The City Engineer said there is some written reference. Individual projects go into greater detail also in the monthly report. We will make a reference in the future to the monthly report pages.

BOE and BOS updated the AOC on the grant and TMDL compliance project schedules. Last month the AOC approved the program master schedule with the condition that TMDL compliance related projects (9 total) that Shahram and Kendrick would come back because the master schedule is not intended to reflect compliance with TMDL and date deadlines. We worked the last month on this and think there is a solution for six of the nine projects. Specifically, the first three are the Santa Monica LFD, Packages 1, 2 & 3. We are planning on having them operational by the TMDL compliance dates July to October 2009. These eight LFD will be pumping the stormwater and diverting it to the sewer system or having an appropriate bypass that would be doing the same. And that would satisfy the compliance if it would be three projects.

Grand Boulevard Tree Wells, Westminster Dog Park and Imperial Hwy are being prepared to propose either using City forces to construction those projects or utilizing an urgent on-call construction contractor list. We will use City forces first and have asked them for cost and schedule proposals and are awaiting their response. We're not sure if General Services and Bureau of Street Services can be used because of their resources to do our projects. If we can't have City forces doing it we're looking at using the urgent on-call construction contractor list. We may have to go to Council with a Motion to declare them urgent because when we use these contracts for urgent we're asked for them has to be some designation for the reason why because there's not a public safety situation. We would have to go to Council for everyone to agree that this is urgent and we have to use this contractual vehicle.

Temescal Canyon, Penmar and Westchester/LAX are large projects and TMDL related. Will be working closely with Shahram and his staff, Tim and Gary and reporting back to the AOC. BOS said that if these projects if used traditionally in the way of doing things in the City, we are not going to meet the compliance date. So when we will be coming back to you it would require a non-traditional way of doing things and getting a Council Motion identifying they are urgent necessity. This would be an expedited way of doing things.

BOE stated that if Council agreed that these projects met the definition of urgent necessity that would perhaps allow us with the Board's concurrence to bid them off of our emergency on-call contractor's list - that will gain maybe two months. Your bond governance would tell you that you have to bid these projects. I don't think you can go to the top firm on the list and negotiate a price with them.

AOC Member asked the City Engineer if the design guilds? might help out. Councilmember Parks was really interested in this and at the committee the other day and your staff was also at that meeting. BOS stated that he was referring to the last three projects (Penmar, LAX and Temescal Cyn) and not the small projects and can resolve this for the other six. We have to do this in a more accelerated way and I don't want to come back next month and give you a surprise and having you think about this.

CE said that we're only allowed to do low bid design/build currently by the Charter. We aren't allowed to do proposals. I was hoping to do a design/build first project on a project that does not have a hard deadline. It makes it hard to pilot because we'll be working with our friends with Contract Administration. Working through the whole situation will be an interesting process. We'll definitely look at this during the next month.

AOC Member said Councilmember Parks? was referring to the MTA process. He had this on his mind because he was at some meetings. Maybe there's years of planning and then go out to design and build. And once again, CE believes it's a good process; you just need to know what you want and then step away and you're driving the bus hard about finishing it. I definitely think it's worth talking through about consultants during the next month. Tim stated the LAX low flow diversion which has 2500 acres to drain is a very big number. That's one we've looked at and there's potential there to do some form of design/build. This is the realities of the critical path for that project may flow in getting agreements with LAWA to use that property. Right now no one could really predict what that effort will take but it's entirely possible that you can try to do design/build and completely lose the value of that because the agreements are in place where you have to award the contract. On some of these we still not certain what the critical path is; we can look at it.

BOS stated that these are landscape projects, a lot of grading and landscaping involved. These are not treatment plants that we did at Tillman or Hyperion. We haven't done this size but we are not the only city, there are other places that have done them and if we put our combined minds together, we could meet the deadlines, we just have to be creative and think outside the box.

Meeting was adjourned.