

**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

Your

**ENERGY AND ENVIRONMENT**

**Committee**

**reports as follows:**

ENERGY AND ENVIRONMENT COMMITTEE REPORT relative to financial review, project adjustment and funding recommendations related to the Proposition (Prop) O, Clean Water General Obligation Bond Program and related matters.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. APPROVE an increase of \$31,139,028 to the Prop O project budget for construction costs associated with the Santa Monica Bay Low Flow Diversion Upgrades projects, Packages 1 through 4.
2. INSTRUCT the Bureau of Sanitation (BOS) to include the Coastal Interceptor Relief Sewer (CIRS) project in the Wastewater Capital Improvement Program budget for Fiscal Years 2009-10 through 2013-14 in an amount not-to-exceed \$7,000,000 from the Sewer Construction and Maintenance Fund for the purpose of constructing the CIRS as part of the Santa Monica Bay Low Flow Diversion Upgrades, Package 3 Project.
3. AUTHORIZE the Chief Accounting Officer of the Department of Public Works to transfer an amount not-to-exceed \$7,000,000 from the Sewer Construction and Maintenance Fund to the Prop O Fund for Fiscal Years 2009-10 through 2013-14 based upon annual instructions provided by the Director of the BOS and/or designee.
4. REMOVE the La Cienega/Fairfax Stormwater BMP project from Prop O, de-obligate unspent funds and transfer remaining funds (approximately \$6,999,728) to the Unappropriated Balance within the Prop O Fund.
5. APPROVE the new Westside Rainwater Irrigation project and approve Prop O funding in the amount of \$6,904,589.
6. APPROVE an increase of \$5,278,202 to the Prop O project budget for the South Los Angeles Wetlands Park project, pending further review of water quality scope.
7. APPROVE an increase of \$2,000,000 to front-fund land acquisition costs for the South Los Angeles Wetlands Park to be reimbursed to Prop O upon receipt of Prop 12 grant funds or other alternative sources of funding.
8. AUTHORIZE the Department of Public Works and the City Administrative Officer (CAO) to make technical corrections relative to the actions approved by the Council and the Mayor on this matter and AUTHORIZE the Controller to implement those corrections.
9. INSTRUCT the CAO and the Chief Legislative Analyst to periodically review the financial condition of the Prop O Bond Fund and report back to Council with appropriate recommendations.

Fiscal Impact Statement: The CAO reports that the recommendations in this report result in additional appropriations of \$45.3 million in the Prop O Fund and \$7 million in appropriations in the Sewer Construction and Maintenance Fund. This is partially offset by the cancellation of one project (\$7 million) and transfers of approximately \$3.1 million in funds from completed projects. Approval of the recommendations in this report will allocate the total amount of \$500 million in Prop O funding. There is an estimated additional annual cost to the General Fund of \$0.7 million for Operation and Maintenance (O&M) costs for the Santa Monica Bay Low Flow Diversion Upgrades projects. The O&M costs for the other Prop O projects are to be determined and will be addressed through the annual budgetary process. The recommendations in this report are in compliance with the City's Financial Policies as funding for the proposed projects is provided from bond funds which are supported by voter-approved property tax revenue.

Community Impact Statement: None Submitted.

Summary:

At its March 24, 2009 special meeting, your Committee considered a CAO report relative to financial review, project adjustment and funding recommendations related to the Prop O, Clean Water General Obligation Bond Program and related matters. In its March 16, 2009 report, attached to the Council file, the CAO states that the voters of the City of Los Angeles approved the Prop O Clean Water Bond in November 2004. Prop O authorized the issuance of \$500 million in General Obligation Bonds to finance projects that assist in bringing the City into compliance with the Federal Clean Water Act. The Prop O Program consists of projects designed to remove trash, bacteria and stormwater pollution from the City's rivers, lakes, beaches and the ocean, as well as reduce flooding and increase water conservation in order to meet Total Maximum Daily Load (TMDL) requirements for trash and bacteria. A TMDL is a calculation of the maximum amount of a pollutant that a water body can receive and still safely meet water quality standards. The Mayor and Council appointed a five member Administrative Oversight Committee and a nine member Citizens Oversight Advisory Committee to oversee the program.

After providing an opportunity for public comment, the Committee recommended approval of the CAO recommendations, as reflected above. This matter is now submitted to Council for its consideration.

Respectfully submitted,

ENERGY AND ENVIRONMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PERRY:	YES
GARCETTI:	YES
CARDENAS:	YES
ALARCON:	ABSENT
GREUEL:	ABSENT

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