

Attachment A:

Preliminary Funding Framework and Analysis of Los Angeles River Ecosystem Restoration Funding Sources

EXISTING FUNDING SOURCES

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| Source: | Proposition 1 State Water Bond |
| | 2014 State general obligation bond measure provides \$7.5 billion in funding to improve water infrastructure for conservation, restoration, remediation, recreation. |
| Amount: | \$140 million |
| Considerations: | LARER projects could be eligible for funding from multiple programs funded by the bond. Some programs are competitive. |
| Implementation: | City would need to coordinate its funding requests and grant applications across multiple programs. Program guidelines in place. |
| Source: | State Cap-and-Trade Proceeds |
| | California's market-based mechanism to lower greenhouse gas emissions generates proceeds the State can appropriate to fund projects that reduce or sequester emissions. |
| Amount: | \$100 million |
| Considerations: | Cap and Trade proceeds are competitive statewide. |
| Implementation: | City would lobby the State to appropriate funds for LARER projects. |
| Precedents: | Since 2012, when the Cap-and-Trade Program began, \$900 million in proceeds have been appropriated. Projects similar to LARER include: <ul style="list-style-type: none">• \$25 million to Dept. Fish and Wildlife for Wetlands and Watershed Restoration• \$42 million to Dept. of Forestry and Fire Protection for Urban Forestry and Reforestation |
| Source: | Private Sponsorship and Philanthropy |
| | Private and foundation funding or sponsorship of individual LARER projects. |
| Amount: | \$20 million |
| Considerations: | Many LARER project elements such as remediation, and river channel reconfiguration may not be optimal candidates for private sponsorship. |
| Implementation: | Work with river-oriented organizations, such as Friends of the Los Angeles River and the Los Angeles River Revitalization Corporation, to cultivate philanthropic and sponsorship monies to fund LARER projects. |
| Precedents: | La Kretz pedestrian bridge: \$4 million Metabolic Studio La Noria waterwheel: \$10 million FOLAR contribution to LARER study: \$1 million |
| Source: | Non-Profit Contributions |
| | Established non-profits with conservation, habitat, and recreational objectives that could fund individual LARER project elements |
| Amount: | \$20 million |
| Considerations: | Availability of non-profit funding is inconsistent, and will be competitive. |
| Implementation: | City should engage the non-profit community to identify LARER project elements that would be attractive recipients of non-profit funds, and consider establishing multi-year funding programs. |
| Precedents: | Established non-profits such as Trust for Public Land, Nature Conservancy, TreePeople, and Northeast Trees regularly contribute funding for projects similar to LARER. |
| Source: | Brownfield Cleanup Funds |
| | Federal and state funding programs available to pay for brownfield surveys and remediation. |
| Amount: | \$15 million |

Considerations: City has some grant funds to allocate for Phase I work; can also apply for remediation grants for LARER projects.
Implementation: Bureau of Sanitation can develop multi-year funding program with EPA.
Precedents: City has successful history of using State and Federal funds for brownfield remediation.

Source: General Fund
Potential annual appropriations to Department of Recreation and Parks to fund operation and maintenance of recreation and open space facilities installed as part of the LARER Project.

Amount: \$27 million. This represents the entirety of LARER O&M costs that must be funded by the City over the 15 year project horizon.

Considerations: General fund resources have yet to fully recover from the effects of the recession.
Implementation: Annual budget process

Source: Quimby Fees
Quimby fees and earned interest may be available to fund construction for recreational improvements.

Amount: \$5 million

Considerations: Amount of available fees is a function of nearby residential development; expenditures must be developed within 2 miles of fee collection.

Implementation: City to dedicate Quimby proceeds near River to fund LARER projects.

Precedents: State Quimby program is well-established in City of Los Angeles.

Source: Other Federal Sources
Variety of existing Federal funding programs for watershed and habitat restoration and recreation projects

Amount: \$10 million

Considerations: Individual awards are competitive.

Implementation: City would need to coordinate its funding requests and grant applications across multiple programs.

Precedents: Dept. of Agriculture, Natural Resources Conservation Service, Watershed Protection Program

Dept. of Interior, National Park Service Land and Water Conservation Fund Grants, and Urban Park and Recreation Recovery Program
Environmental Protection Agency, Wetland Program Development Grants

POTENTIAL FUNDING SOURCES

Source: Enhanced Infrastructure Finance District (EIFD)
A River-focused Public Financing Authority that can collect tax increment and assessments to fund infrastructure improvements.

Amount: TBD, unlikely to exceed \$30 million

Considerations: What are appropriate boundaries for a river-focused EIFD? What portion of proceeds would City want to dedicate for LARER projects? Redirection of General Fund money.

Implementation: City currently beginning to explore EIFD opportunities. Develop proposed district boundaries, necessary business plan, and tax increment projections. Engage County to solicit participation in EIFD.

Precedents: Newly authorized funding mechanism is as-yet untested in California.

Source: Citywide General Obligation Bond
Citywide General Obligation Bond to fund stormwater and waterway improvements

Amount: TBD. A larger citywide bond program of at least \$1 billion would be necessary to net \$500 million for LARER.

Considerations: Requires 2/3 voter approval. If measure is City-wide, what portion of proceeds would be dedicated to LARER?

Implementation: Council vote to place on ballot

Precedents: Proposition O was approved by voters in 2004, raising \$500 million to fund projects that prevent and remove pollutants from waterways. Bonds repaid over 24 years with ad valorem tax (0.01%) on property tax bills.

Source: **LA County Clean Water, Clean Beaches funding initiative**
Proposed assessment imposed on property tax bill of all private and public properties, with proceeds used to fund water quality projects throughout the LA County Flood Control District. Proceeds over the 15-year horizon of the LARER project would exceed \$4 billion.

Amount: TBD. Funding for LARER in the amount of \$400 million would represent 10% of the total proceeds.

Considerations: Pursuant to Prop 218, assessments imposed on any parcel must be proportionate to benefit.

Implementation: County vote to put a measure on a public ballot.

Precedents: In 2012, LA County Flood Control District considered such an assessment to pay for water quality improvements, with 2013-14 revenues projected at \$276 million. Assessment was proposed to be based on the proportionate share of water runoff attributable to each parcel. The County ultimately declined to put the issue on the ballot at that time.

Source: **City Water Quality Assessment**
Potential citywide assessment, in the form of a parcel tax, with proceeds to fund public improvements that provide for production, storage, supply, treatment, or distribution of urban runoff

Amount: TBD. Funding for LARER in the amount of \$100 million would represent 10% of the total citywide proceeds over a 15-year project horizon.

Considerations: City would need to evaluate whether Proposition 218 election is required pursuant to AB2403. A \$48/year assessment on all public and private properties would generate \$70 million annually, or \$1 billion+ over the 15-year project horizon. City would need to evaluate what portion of proceeds could be dedicated to LARER projects.

Implementation: City would conduct a "majority protest" public hearing regarding the potential assessment.

Precedents: Assembly Bill 2403 passed in June 28, 2014; no other jurisdictions have yet to implement.