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MOTION

The City has for some time contemplated the need to retrofit its Asphalt Plant #1 (AP1). In the FY 2006-07 City Budget, \$10 million in Municipal Investment Corporation of Los Angeles (MICLA) funds were allocated for the retrofit of AP1 to increase asphalt production efficiencies and effectiveness. In 2013, the City Council re-authorized the use of the MICLA funds. At that time, the City Administrative Officer (CAO) estimated project costs at \$14.1 million.

In February 2014, Bureau of Street Services (BSS) commissioned and released a third-party report on the proposed retrofit of AP1, which determined that capital costs including demolition, site preparation, equipment, permit/design/construction management, soil remediation, and contingency would total an estimated \$17.7 million. The retrofits would realize a significant reduction in asphalt production costs, comparable to what BSS pays private vendors.

Moreover, there are significant benefits to upgrading or replacing AP1, including:

- Increased capacity for use of recycled asphalt from 7.5% to 50%
- Reduced production costs and heightened efficiencies
- Market participation that will help to ensure local asphalt rates are reasonable, given that the City will still need to purchase some portion of the asphalt it uses.

The Adopted FY 2014-15 Budget instructs BSS, with the assistance of the Bureau of Engineering (BOE) and CAO, to provide a report to the Mayor and Council on the potential retrofit of the AP1.

It is time for this matter to move forward to resolution; the status quo is unacceptable. With 28,000 lane-miles of streets, the City has the ability to control asphalt costs as a major market participant. Retrofitting will increase efficiencies, help to keep market prices contained and allow more recycled content to be used. BSS needs to report on the range of potential options available for maximizing this asset and effectuating costs below market rates.

I THEREFORE MOVE that the City Administrative Officer, with the assistance of the Department of Public Works, be INSTRUCTED to report on a timeline and process for expeditiously retrofitting the City's Asphalt Plant #1, setting forth the range of potential options to increase the effectiveness and efficiency of this valuable City asset.

I FURTHER MOVE that the City Administrative Officer report on potential strategies for maximizing the benefits of a retrofitted AP1, including the establishment of a cooperative or a joint-powers-agreement with other local government entities.

NOV 12 2014

PRESENTED BY:



JOE BUSCAINO

Councilmember, 15th District

SECONDED BY:



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