

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: September 8, 2023

TO: Proposition O Citizens Oversight Advisory Committee (COAC)
Proposition O Administrative Oversight Committee (AOC)

FROM: Michael Scaduto, P.E., ENV SP *Michael Scaduto*
Principal Civil Engineer
LA Sanitation and Environment (LASAN)

SUBJECT: **REQUEST FOR PROPOSITION O FUNDING OF \$1,000,000 FOR THE
BALLONA CREEK TMDL PROJECT**

RECOMMENDATIONS

1. Approve an increase of \$1,000,000 for the Ballona Creek TMDL Project (Project) from \$11,431,269 to \$12,431,269.
2. Authorize the City Administrative Officer, in coordination with the Proposition O Planning Manager of LASAN and the Proposition O Implementation Manager of BOE, to make technical corrections, as necessary, to the transaction included in this memorandum.

BACKGROUND

In June 2006, the Los Angeles Regional Water Quality Control Board (Regional Board) adopted a Water Quality Control Plan for the Los Angeles Region (Basin Plan) Amendment establishing the Ballona Creek Bacteria TMDL. A TMDL is the maximum amount of a specific pollutant, such as bacteria, trash, or pesticides that could be discharged into a waterbody without causing it to become impaired. The requirements of the Bacteria TMDL were incorporated into the Permittees' stormwater permit (2012 MS4 Permit; Order No. R4-2012-0175; National Pollutant Discharge Elimination System [NPDES] Permit No. CAS004001). The MS4 Permit includes receiving water limitations (RWLs), water quality based effluent limitations (WQBELs), as well as a schedule to attain the RWLs and WQBELs based on requirements from the TMDL. The TMDL was amended in June 2012 and the amendment became effective in July 2014.

To meet this new water quality standard, the Regional Board granted a Time Schedule Order (TSO) to the Cities of Los Angeles, Beverly Hills, Culver City, Inglewood, and West Hollywood, the County of Los Angeles, and the Los Angeles County Flood Control District (collectively referred to as the municipal separate storm sewer systems [MS4] Permittees) to achieve compliance with the dry weather Bacteria TMDL. The TSO is a regulatory mandate to achieve compliance with this TMDL and to improve public health in Ballona Creek and Estuary.

The Ballona Creek TMDL Project (Project) is a watershed-wide water quality improvement project designed to comply with the TSO in and meet the dry-weather bacteria requirements of the Ballona Creek Watershed. The Project includes the construction of two low flow treatment facilities that will divert dry weather creek flows both to be treated and released and to be diverted to the sewer for water recycling. The Project will improve water quality throughout the watershed and provide over 5,000 acre-feet of water per year for new recycling at the Hyperion Water Reclamation Plant. The Project has been reviewed for environmental considerations, with the Final Environmental Impact Report (EIR) completed in compliance with the California Environmental Quality Act and filed with the California State Clearing House on July 2, 2018 (#2017021047).

PROJECT PROGRESS AND BUDGET

On May 19, 2021, the City Council approved Prop O funding, following recommendations by the COAC and AOC in the amount of \$11,431,269 (C.F. 13-1526) for the Project's implementation. In February 2022, the City issued the Project's Bid package at the City Engineer's estimate of \$55,233,000. The City received bids from two contractors, namely Kiewit Infrastructure West Co. and Walsh Construction Company II, LLC. The bids came at 28% and 31% higher, respectively, than the City Engineer's Estimate. On August 31, 2022, the Board of Public Works declared and approved Kiewit Infrastructure West Co. to be the lowest responsive, responsible bidder, and awarded Kiewit a contract for the Project for \$70,437,000. On October 7, 2022, the Board of Public Works issued the Notice to Proceed to Kiewit Infrastructure West Co. With contingencies and electrical connection costs, the total construction cost of the Project is \$75,960,000.

LASAN is requesting \$1,000,000 of additional funds to cover a portion of the cost increases resulting from the historic levels of inflation observed since the Class C project cost estimate. These additional funds would reduce the project's budgeting pressure on the Measure W municipal funds and assist in closing the funding shortfall of \$10,876,647.

The Project is currently in construction and at 26% construction completion. Funds and appropriations for future fiscal years and the identified funding gap will be determined by the Director and General Manager of LASAN. The following funds are authorized for the projects:

TABLE 1. SECURED FUNDING SUMMARY

Funding information	Amount
General Funds	\$11,246,842
Regional Safe Clean Water Funds	\$15,000,000
Municipal Safe Clean Water Funds	\$17,043,914
Project Partner Agencies MOU	\$8,961,328
Prop O	\$11,431,269
Caltrans Agreement	\$1,400,000
Total	\$65,083,353

LASAN respectfully requests that the COAC and AOC approve the recommendations listed above for the Ballona Creek TMDL Project. If you have any questions, please contact me at (213) 485-3981 or Ida Meisami at (213) 485-3999.

MS:IM

cc: David Hirano, CAO
Salyna Cun, CAO
Julie Allen, LASAN
Ida Meisami, LASAN
Chris Johnson, BOE