

**Proposition O Citizens Oversight Advisory Committee (COAC)
Meeting Minutes
Monday, July 18, 2016
2:00 P.M.**

Committee Members

Adi Liberman (Chair)	Craig Perkins
Mark Gold (Vice Chair)	Francine Diamond
Miguel Luna	Alina Bokde
Cynthia McClain-Hill	Teresa Villegas

City Staff

Rafael Prieto [Chief Legislative Analyst (CLA)]
Jennifer Quintanilla (CLA)
David Hirano [City Administrative Officer (CAO)]
Raoul Mendoza (CAO)
Laurie Rittenberg (City Attorney)
Kendrick Okuda (BOE)
Ken Redd (BOE)
Adel Hagekhalil [Bureau of Sanitation (LASAN)]
Shahram Kharaghani (LASAN)
Wing Tam (LASAN)

Bold indicates members or staff present.

Note: The minutes below follow the order in which the meeting's agenda items were listed.

Meeting began unofficially at 2:10 p.m. with two members present.

1. (Agenda item 4) Discussion and Possible Action:

- Presentation from the City Controller on the Audit of Proposition O Projects dated June 29, 2016

Committee Chair Liberman introduced City Controller, Ron Galperin. The Controller reported to the committee regarding a comprehensive 10-year audit on the Prop O program recently completed by his office and the firm Crowe Horwath. The Controller reported that the audit found that projects took longer than planned and that some administrative processes needed improvement. However, key City agencies (BOE, SAN, CAO) and oversight committees involved in Prop O have done an overall commendable job in delivering a very complex program. In the first ten years of program, 22 of 43 approved projects were completed and \$300 million spent. The audit found that the City has enough money remaining to complete the remaining projects and construction of these projects is expected to be completed by 2021.

Responding to committee member Diamond's question for specific recommendations for the Prop O program, the Controller suggested that future bond programs provide more information about how and when funds are spent, consider a higher level of flexibility for policy makers, and provide environmental clearance of projects earlier in process. Committee members voiced appreciation of auditors' efforts and for the web-based platform of project information. They also discussed ways in which information about project effectiveness and impacts to water quality could be more accessible by the public. Committee and Staff also discussed possible ways to evaluate projects, the pace of the new projects, funding for future projects, knowledge transfer and ongoing funding needs for operation and maintenance.

Public Comment: Joyce Dillard expressed disappointment in the audit. According to Ms. Dillard, the audit did not address data, project effectiveness and the cost per acre-foot. Ms. Dillard stated that a lot of money has been spent but it's difficult to determine if it has been spent well. In addition, Ms. Dillard stated that the public should be informed and understand what TMDLs are really about and whether they are too expensive to comply. For example the estimate of \$7.8 billion for complying with the Clean Water Act may be cost-prohibitive.

Committee Co-Chair Gold commented that not all Prop O projects are the same. Certain projects such as Low-Flow Diversions and Catch Basin Inserts have achieved immediate positive impacts towards compliance and no further data is needed. Other Prop O projects have strict requirements for TMDL compliance (i.e. Penmar and Temescal) and the vast majority of funding for these projects can be validated by helping to comply with TMDLs, protecting public health and reducing City's liability.

No Action taken

Chair Liberman called the meeting officially to order at 2:52 pm with a quorum of 4 members.

2. (Agenda Item 1) Approval of Minutes from prior meetings (5/16/2016 and 5/23/2016).
ACTION: The minutes from both meetings were approved.

3. (Agenda Item 3) City Administrative Officer (CAO)/Chief Legislative Analyst (CLA)/Citizens Oversight Advisory Committee (COAC) representative update on Proposition O (Prop O) issues and Administrative Oversight Committee (AOC) meetings

Raoul Mendoza, CAO, reported on the June 30th Special AOC meeting. LASAN's funding request for \$800,000 for continued optimization is moving forward to Council's Energy and Environment Committee. At the January 2016 meeting AOC approved that funding upon discussion with Bond Counsel. The CAO, BOE and CAO are working on the report for COAC's recommendation for non-profit project funding. The AOC's meeting time has been changed from 11am to 3pm. The Hollenbeck Project Concept Report is still being finalized and should be ready for next COAC meeting. CD14 and LASAN are working on a grant application to fund a portion of Hollenbeck, and \$2.2 million in Prop O funds were requested at June's AOC meeting. The request was motivated by a grant submission deadline of July 8.

4. (Agenda item 7) Discussion and Possible Action:

- Informational report from CAO on the financial status of the Prop O Program

Raoul Mendoza, CAO, provided a financial status report, based mainly on BOE budget numbers. The total funding source for the Prop O program is \$556.2 million, consisting of bond proceeds, interest earnings, secured grants, and special funds. The approved Prop O Budget, approved as of April 2016 by Council and Mayor, is \$535.4 million, leaving \$20.8 million in program contingency. After subtracting \$800,000 for approved optimization, the revised program contingency is \$20 million. BOE recommended reserving \$12.4 million for future program contingencies, leaving \$7.6 million in program contingency funds for potential future projects. This amount has fluctuated due to changing funding source amounts. Due to potential new projects, BOE, LASAN, and CAO need to examine staffing costs as part of budgeted items since staff amount of \$33.5 million was projected up to 2020 with the understanding that the program could be gradually winding down.

Committee member Bokde asked about status of future projects, specifically Hollenbeck, their timeline and whether these projects can be fully funded. The process will need to follow Prop O procedures and staffing needs have to be examined. Committee member asked about project optimization, if project estimates include optimization and LASAN confirmed that they do. Committee Chair also raised the issue of Taylor Yard and Kendrick Okuda (BOE) explained that \$12.4 million is a “set-aside” for Taylor Yard.

No Action taken

5. (Agenda item 5) Discussion and Possible Action:

- Verbal Presentation by the Bureau of Engineering (BOE) Regarding the Prop O Program June 2016 Monthly Report:

Kendrick Okuda (BOE) reported that the construction of Machado Lake Project is 77% complete. The final grading is almost completed and the pathways are being installed. There are issues with the lower lake level, but the problem will be solved shortly. The recycle line project which BOE is constructing for DWP to bring water to Machado Lake received 7 bids ranging from \$3.7 to \$4.2 million. These bids are higher than the original estimate.

No Action taken

6. (Agenda item 6) Discussion and Possible Action:

- Consideration of BOE memo on revised master schedule

Kendrick Okuda (BOE) reported on the Revised Master Schedule. There are a total of nine adjustments on scheduled projects as outlined on the memo distributed by BOE. The nine projects that have delayed completion dates are the following:

- Albion Dairy-Demolition & Remediation
- Temescal Canyon Stormwater BMP Phase I
- Machado Lake
- Santa Monica Bay LFD Upgrades Package 3 Phase 2
- Catch Basin Opening Screen Covers Phase II
- Broadway Neighborhood Stormwater Greenway
- Rory Shaw Wetlands Park
- Aliso Creek - Limekiln Creek Restoration
- Taylor Yard River Park - Parcel G2 Land Acquisition

BOE described various reasons for the delays. Committee members expressed concern about the delays and while approving to receive the report, they did not concur with the extension of the deadlines.

Action taken: Motion made, seconded and approved to receive the report.

7. (Agenda item 8) Discussion and Possible Action:

- 10-year Review of the Prop O Program

Steve Groner, a consultant to LASAN presented an outline of the report for the Committee's input. The purpose of this document is to provide a 10-year review of the Prop O program. Committee members discussed the report outline. They suggested incorporating community input and comments. Committee Vice-Chair, Mark Gold suggested incorporation of maps and other informational graphics.

Public Comment: Joyce Dillard expressed her concern that the proposed report does not address water quality and TMDL compliance and does not see how this report helps with these goals.

- No Action taken. Updated information only.

The meeting was adjourned at 4:04 p.m.