

PROPOSITION K:
L.A. FOR KIDS STEERING COMMITTEE
Minutes from the Special Meeting of September 12, 2023

MEMBERS: Yolanda Chavez, City Administrative Officer, Chair (CAO)
Matias Farfan, Chief Legislative Analyst (CLA)
Bernyce Hollins, Office of the Mayor (Mayor)

The meeting was called to order at 9:31 A.M.

General Public Comment, Multiple Agenda Item Comment.

Item 1 Minutes of the June 29, 2023 Regular Meeting.

DISPOSITION Approved.

Item 2 The Office of the City Administrative Officer and Bureau of Engineering (BOE) Quarterly Status Report for Proposition K Specified projects, including but not limited to project schedule and budgetary considerations. Action by Committee. Direction to staff and related actions.

DISPOSITION Note and File.

Ohaji Abdallah, BOE, summarized the 2023-24 First Quarterly Status report on the remaining Proposition K Specified projects with updates on strategies to resolve project development barriers and project funding shortfalls. Mr. Abdallah provided a status update on the remaining 35 specified projects, including six projects with infeasible components and three additional projects pending staff reports for potential infeasibility findings.

Mr. Abdallah reported that due to cost escalation, there are a total of nine projects with shortfalls that exceed \$5 million, but only two of these projects are on hold and fall under the “Tier 4” category. Attachment B presents the cost-to-complete for all remaining Specified projects with a net funding shortfall of \$138 million.

Mr. Abdallah stated that there is one project in post-construction and closeout, 26 active projects moving forward with \$80 million aggregate shortfall, two projects on hold pending internal coordination with \$6 million aggregate shortfall, two projects in the “Tier 4” on hold category with \$46 million aggregate shortfall, six projects approved by Council for infeasibility findings and three projects with forthcoming staff reports for potential infeasibility findings with \$5.7 million aggregate shortfall.

Bernyce Hollins, Mayor, recommended to increase the frequency of reporting, moving from quarterly to every two months in order to begin driving outcomes and bring awareness to any barriers that the Steering Committee may be able assist with resolving. Ms. Hollins suggested to set milestones for the remaining phases of each project in order to align the necessary funding resources. Ms. Hollins requested to increase the font for Attachment B to a legible size for all future quarterly status reports.

Ms. Hollins stated that it is critical for that the financial reconciliation be completed within the fall quarter and to raise any issues to the partnering departments. Ms. Hollins continued by describing the challenge in safeguarding against funding loss each year due to delays in moving projects into construction. There is a need to identify the remaining offsets needed from external funding sources, including grant and discretionary monies within the City. Ms. Hollins would like there to be adequate time to consider the needs as part of the upcoming City budget process.

Ms. Hollins asked the City Attorney in respect to Section F, potential infeasibility findings, if it would be appropriate to discuss items in closed session if there is a risk of potential litigation if projects are not completed by the end of the program. Steven Hong, City Attorney, advised that the Committee cannot go into closed session based on a litigation matter because there is no pending litigation or threat of litigation. Mr. Hong offered to provide advice to representatives and staff separately in a confidential setting.

Ms. Hollins then stated there have been public meetings on several of these projects and there have been threats of litigation by members of the community if the projects continue to move forward or if certain elements of the scope are implemented. Mr. Abdallah agreed with Ms. Hollins and stated that there has been discussion from many community members on several of the projects that may come as potential infeasibility findings, noted their opposition, and noted that they will follow up with legal measures as needed. Mr. Abdallah stated that the threats have not occurred in Steering Committee meetings and have only been brought up at LVNOC meetings.

Ms. Hollins stated that the program is in its final four years and the Steering Committee should be able to weigh in on, and provide guidance to staff, on how to move past some of the barriers. Ms. Hollins clarified that this is not closed to public discussion as there have been a number of public meetings on these projects. The Steering Committee should assist in strategizing to move forward or determining resolutions on these projects.

Yolanda Chavez, CAO, suggested that the CAO privately meet with the City Attorney on how to handle these projects in order to quickly move forward on a report recommending infeasibility for Council to approve. Ms. Chavez stated

that the threats have been regarding implementation of the project scope and not about considering them infeasible. Ms. Chavez recognized that the legal liability may be limited, but rather move forward with Mayor and Council in agreement that the elements are infeasible and not be part of the Proposition K program. CAO will take the lead on scheduling this discussion with the City Attorney. Ms. Hollins supported this approach.

Ms. Hollins asked if there was still an acquisition component remaining for the LA River project. Melinda Gejer, CAO, responded that the acquisition component was deemed infeasible by Council.

Matias Farfan, CLA, asked if there was a timeline on the expenditures for projects with a shortfall. Mr. Farfan also questioned if some of the projects are already active or are the projects dependent on Council action to proceed. Mr. Abdallah responded that there are various timelines for each project and staff is looking to fulfill the shortfalls over the next six years. Staff can extend the Four-Year plan to note when the Proposition K program ends and the additional expenditures that go beyond that in preparation to fill the funding gap.

Mr. Farfan stated that this could help prioritize certain projects as shutting it down would be more expensive than to continue. Ms. Gejer clarified that for the cost-to-completes, many of these projects are in multiple phases, and for these phased projects the amount is the cost to complete the final phase of the project. Ms. Gejer added that there are also projects that have not yet begun and the cost-to-complete would be for the entire project.

Ms. Gejer clarified that this quarterly status report is a precursor to the upcoming financial and programmatic reconciliation that would take an in-depth look into additional funding sources for projects with a shortfall including remnant funding from completed projects, Sites and Facilities, Measure A, and Quimby fees. Ms. Gejer further discussed the key topics of the financial reconciliation including the variation in the shortfall amount amongst the projects with some relatively small gaps in funding and others with substantial shortfalls. There will need to be a discussion about whether to close some of these funding gaps by downscoping or declaring components of the scope as infeasible. Ms. Gejer stated that there is a need to come to the point where the contract is awarded in order to provide funding to the projects to be completed. There are four years remaining and projects need to be in construction and completed so that remnant funding can be reprogrammed to the projects with a shortfall. Ms. Gejer added that the reconciliation report in the upcoming meeting will discuss all available resources for the projects and identify areas in the Program to address the high inflationary cost-to-completes. Funding for the next three years will be requested in the City Budget process to close the gap for projects in areas of high equity need. Ms. Gejer highlighted several projects that have been in discussion for years, including Hollywood Recreation

Center, Studio City, and Engine Company No. 23 Arts Center projects, and are mostly fully funded, but have not begun construction.

Ms. Chavez asked if the Proposition K programmatic and financial reconciliation would be completed for the next steering committee meeting. Ms. Gejer responded that the report will be completed and presented at the next meeting on September 28th.

Ms. Chavez questioned if the funding gap will change in the reconciliation report. Ms. Gejer explained that the shortfall will not change as this is BOE's current estimate for the cost-to-complete and the CAO has looked at every funding source available to determine the shortfall.

Ms. Chavez recommended to extend the time of the September 28th meeting to one hour in order to have adequate time to discuss the reconciliation.

Ms. Chavez asked Mr. Abdallah if BOE requires any assistance or resources as there is a need to have more projects in construction. Mr. Abdallah responded that many of the experienced Proposition K project managers retired as part of the City's Separation Incentive Program and BOE is looking to fill these positions with experienced project managers who can move the projects forward in the same expedited manner so that there would be no additional delay of training new project managers. Mr. Abdallah stated that BOE will be requesting additional positions for the program in the upcoming City Budget process and there are currently newly hired architects that are taking on the workload of existing project managers. Assistance would be requested with new staff and finding a way to streamline a solicitation for consultants and contractors in order to keep the projects on schedule. Ms. Chavez requested a report back on this in a future steering committee meeting.

Ms. Hollins asked for clarification if BOE intends to fill current vacancies, request additional positions, and obtain assistance from consultants. Mr. Abdallah responded that BOE intends to fill current vacancies and request additional positions, however additional research will need to be conducted on previous Bond programs to determine if a consultant would be useful. Previously, there was more time to train consultants on how to accomplish a particular task. Mr. Abdallah stated that BOE is in need of staff who have an understanding of the process and can be immediately assigned projects.

Ms. Hollins asked if BOE had considered utilizing consultants to assist with the administrative work such as the billing process to free up resources for project management portion. Mr. Abdallah reported that the current administrative staff has taken on the project management of competitive projects and historically have not assisted in the project management of specified projects, where resources are needed. Therefore a consultant could not be utilized to assist with the specified projects.

Ms. Hollins asked where the new site is located for the Sepulveda Basin – Hjelte Field project. Mr. Abdallah stated that the site has been located by RAP and will be designed in-house to expedite the process. The BOE team will provide further clarification on the site location of the project.

Ms. Hollins then asked if the restroom scope is proceeding for the Serrania Park project. Mr. Abdallah confirmed that the restroom component will be moving forward.

Ms. Hollins asked for the specific scope description for the Stetson Ranch project. Mr. Abdallah stated that the Proposition K scope would be focused on security cameras and lighting. Mr. Abdallah added that the equestrian community and the Council Office have asked to leverage these funds to address other issues. BOE will be designing this project in-house. Mr. Abdallah explained that the project will be phased in order to complete the Proposition K scope first.

Ms. Hollins then asked if a specific area has been identified for the Rim-of-the-Valley Trails project to be developed for the Proposition K specified scope and if the project would use the same phasing approach as Stetson Ranch. Mr. Abdallah replied the project would not be utilizing the same phasing approach as the projects are small and BOE had grouped all of them together in order to give a potential consultant a holistic vision along with the ability to take on all of these small projects with a larger task order amount. Since there was no response to the task order solicitation, the design will be completed in-house. Ms. Gejer asked if the state grant application is for Stetson Ranch or the Rim-of-the-Valley Trails portion. Mr. Abdallah stated that the application was initially for Stetson Ranch, but can be utilized for portions of the Rim-of-the-Valley where the two projects meet. Ms. Gejer added that this is one of the funding sources that would be able to close the funding gap.

Ms. Hollins questioned if BOE has been able to resolve the barriers with moving the Hollywood Recreation Center into construction. Mr. Abdallah confirmed that BOE was able to resolve these barriers.

Ms. Hollins then asked if there has been a previous discussion and resolution to accomplish the Proposition K scope without implementing the full master plan for the Angels Gate project. Ms. Gejer responded that a report will be forthcoming to discuss the matter.

Ms. Hollins questioned if the signal building component of the MacArthur Park project had been addressed in earlier phases. Ms. Gejer responded that an infeasibility report will be forthcoming for the boathouse rehabilitation component and repairs on the signal building will be completed in conjunction with a water intrusion remediation that is currently in-design. Mr. Abdallah

added that work on the signal building was previously done due to water intrusion at the basement level. Mr. Abdallah explained that due to work only completed at the basement level, water intrusion issues have risen to the next two levels of the building. Ms. Hollins asked BOE to consult with the City Attorney on this matter as Proposition K funding cannot be used for work previously completed. Mr. Abdallah stated that the City Attorney has advised that Proposition K funding can be utilized as long as work is not completed in the same area.

Ms. Hollins asked if there would be a report for Engine Company No. 23 project, as well as the remaining Junior Arts Center projects, to discuss the associated service model with the new facilities. There have been previous discussions with the Department of Cultural Affairs (DCA) on this matter for some time. Mr. Abdallah responded that in recent discussions with DCA, the programming elements of the operations were delaying the project construction and there needs to be a separation between the programming and operations from the basic building program that would be required for any junior arts center. Mr. Abdallah stated that BOE's next report would outline this matter and outline the space requirements for this junior arts center in comparison to other junior arts centers. The additional LVNOC meetings would focus on community input for the artistic elements included in the rooms. This will allow BOE to move forward with bringing on a consultant and completing the Phase II design. The designs will be informed by LVNOC meetings and DCA's agreement as to what type of artwork will be included.

Ms. Hollins stated that the Engine Company No. 23 project has been on hold in Phase I for many years due to an issue with the community about related services that are not compatible with the Proposition K scope focusing on youth programming. There has been a previous discussion to have DCA weigh in on the issue rather than BOE or CAO. Mr. Abdallah agreed and stated that BOE is taking a separate approach.

Ms. Chavez noted to consider state and federal earmarks as a funding source. The City was successful in obtaining state earmarks for rehabilitation funding money for the HomeKey projects and federal earmarks for transportation projects in the current fiscal year.

General Public Comment, Multiple Agenda Item Comment, comment period closed.

The LAFKSC Chair adjourned meeting at 10:06 A.M.