



One Water Los Angeles
Funding and Cost/Benefit Special Topic Group – Meeting #3
Friday, June 3, 2016 10:00AM–12:00PM
2714 Media Center Drive, Los Angeles, CA 90065 - Board Room

"This summary reflects the opinions of stakeholders and may not necessarily be those of the City of Los Angeles."

Meeting Summary

The purpose of this summary is to provide an overview of the discussion topics, including ideas, solutions and issues. It is not intended as a transcript or as minutes.

Meeting Attendees

Participants

Carolyn Casavan	Casavan Consulting
Jack Humphreville	Greater Wilshire Neighborhood Council
Tom Williams	Citizens Coalition for a Safe Community
Denny Schneider	Westchester Neighborhood Council
Daniel Berger	TreePeople

Meeting Team

Facilitator	Jack Baylis	Baylis Group
Technical Lead	Robb Grantham	Carollo
One Water LA Team	Eliza Jane Whitman	LASAN
One Water LA Team	Flor Burrola	LASAN
One Water LA Team	Lenise Marrero	LASAN
One Water LA Team	Azya Jackson	LASAN
One Water LA Team	Dale Burgoyne	LASAN
One Water LA Team	Kim O'Hara	LADWP
One Water LA Team	Bob Sun	LADWP
One Water LA Team	Rafael Villegas	LADWP
Rate Payer Advocate	Grant Hoag	City of Los Angeles
Note taker	Tom West	Carollo

Welcome & Introductions

Introduction of LASAN and LADWP staff, consultant staff, and lead team took place. Participants also introduced themselves to the group.

Survey Results Discussion

The results from the stormwater special topic group were circulated for reference to their prioritization and organization. The group discussed the results.



The funding and cost- benefit consideration should cover water, wastewater, and stormwater. Stormwater is one of the best examples to work with since cost-sharing is a key topic going forward.

The recommendations on Partnerships, Funding Opportunities, Cost and Benefit Considerations were presented. Below is a summary of the discussion that took place under each of these topics.

A. Partnerships

During the discussion about Partnership recommendations, the following comments were made:

- There shouldn't be an expectation that a majority of the work will be funded by Neighborhood Councils. Their funding is on a downward trend. While it may not be reasonable to look to them to partner financially on project in their communities, they will still need to have input in order to provide local non-financial support for projects.
- Regarding public-private partnerships, a question was asked about examples of successful public-private financial partnerships. Members of the group responded:
 - On-site treatment systems for commercial properties.
 - Need to do more to incentivize behavior to create financial partnerships. Example: It would be better if the City had more than just "sticks" at its disposal, like the LID ordinance.
 - Specifically large corporations. For example, Gelsen's developed a new parking lot but didn't put in any additional stormwater capture.
 - Would be good to have a stormwater credit program
 - Example: Forest Lawn installed own pipeline for recycled water and, in return, are seeking a discount on their recycled water rates.
 - Incentives need to be cost effective. The tradeoffs and costs must be made aware.
- It was noted that the LID example related to a countywide funding measure only applies to single family homes and commercial property. It would be beneficial if homes with zero runoff would receive waiver or reduction in potential fees.
- Needs to demonstrate partnership between public agencies. Ways to promote coordination were discussed:
 - Similar to what is done for an EIR approval process, public works projects should have to report their findings and also evaluate and report if there are opportunities for other infrastructure to be installed at same time. Would be helpful to see a sign off on federal projects and County projects in the City and have them set aside money to help pay for City projects in the same location.
 - It was noted that this seems similar to the "sustainable streets" ordinance.
 - It was noted that the City has the "Green Streets" committee but there is still an unclear process in terms of coordination and approvals. Any ordinance will require a stormwater sign off.



- San Francisco developed an optimization program for asset management with water, wastewater and streets together.
- Another idea shared was to have a three-year moratorium on tearing up streets again. This could be a way for agencies to coordinate.
- Gas companies and other private utilities need to also be in this process.

B. Funding Opportunities

Under funding opportunities, the following ideas were discussed:

- Stormwater County fee – It will act as a tax. The City already has \$25 per parcel tax. County flood control district has a tax too.
 - Need to discuss what is a fair Countywide stormwater tax. In order to develop and evaluate, we need to know what is going to be done with the money. What are the projects that will be funded?
- Need to look at additional information, rather than the three top items.
 - Design funding sources to modify behavior and create incentives on reducing impacts.
 - This could reduce the cost of the County's program over time. However, if this were to happen, would the public want to give more money for a County tax?
 - The group discussed an additional meeting on how to craft the principles/criteria for new stormwater tax/program.
 - One of the problems with the last effort was that there were too many issues not resolved/not clear.
 - One example, would a tax be by parcel or square foot?
 - Would like to see 25-year life cycle-cost for stormwater program, including upfront cost, O&M and replacement cost.
 - There is a need for better cost transparency on stormwater.
 - Any funding measure should include a re-evaluation process so that so additional funds aren't needed.
 - Needs to be oversight on these things.
 - Example: Metro has a three-person oversight board of judges. However, it was questioned if this level of oversight is really sufficient.
 - Concern was also expressed about overbuilding the infrastructure - - the public shouldn't have to pay for something that, in the future, may not be needed any more (e.g. dry weather capital projects).
 - In any cost analysis, an analysis period of 25 years was discussed - - whatever is used should be stated clearly.
 - Need to coordinate with the County on their internal purpose regarding stormwater and how that internal purpose aligns with the City's purpose.
- Consider the Entirety of State Bonds
 - Concern was expressed about funds from climate change mitigation being over-counted. If overpromised, there was concern that taxpayers would



have to contribute more funds. That said, on climate change, the effects are of more concern than the funding.

- There was agreement that State Revolving Fund loans and grants won't solve the problem of funding needs.
 - There was also agreement that funding through parks, roads, and open space funding sources should be added.
 - In discussing grant funding for habitat and other similar projects, there was a comment that City projects and the City in general wouldn't qualify. State agencies are getting more restrictive on funds. To be competitive, the City should consider creating a partnership opportunity where NGO's take on those aspects of the project.
- Identifying CIPs for related agency projects
 - Look at their plans and identify what we can associate with.
 - Look at leveraging programs and creating incentives to do so.
 - For example, sustainable streets ordinance may create opportunity for cross funding. Either install a stormwater project or pay a fee if not feasible.
 - Concerned about using LADWP as main source of funding.
 - The way that the discussion is evolving, it seems as if the City and County may capture the water and then sell the water back to the City.
 - This may seem confusing if LADWP already owns the water.
 - If LASAN pays to provide that water back to LADWP, LADWP should pay that cost.
 - According to LADWP, they can pay for recycled water or stormwater if it produces water for consumption by the residents. LADWP policy is to not pay more for water than marginal cost from Metropolitan.
 - The more stormwater that can be captured and returned to water supply, the more that LADWP can contribute.
 - There was a comment made that stormwater should be adjudicated as One Water. There is a need to discuss the terminology of the water.
 - That said, while all water may all be the same, the funding constraints require treating it separately.
 - For example, the wastewater program may be able to loan funding to the stormwater program. However, stormwater currently has no way to pay that money back.

C. Cost Benefit Considerations

It was agreed that many items under this topic had been discussed already under prior agenda topics. The group agreed to move on to the next agenda item.

Break Out Exercise

The group broke into two separate groups for the breakout exercise. They were asked to walk through a few different project examples in which they explored how different agencies can get into and joint fund projects.



There were two projects that were evaluated by the groups.

A. Stormwater Project at LAX.

- Described as the Northside LAX project.
- Property purchased with FAA funds 40 years ago.
- Used noise mitigation funds.
- LASAN is the lead.
- LADWP has some benefits.
- Acting as barrier between ocean and the airport.
- Fed by Argo Ditch and stormwater.
- Water quality and flood control benefits a possibility.
- Costs are indirect benefits.
- Part not covered is what is going to be done with land on top.

The group learned the following from the exercise:

- Water quality should be in resiliency and aesthetics/health design so that LADWP can use water
- Other benefits need to be developed and considered include:
 - community benefit
 - local industrial reuse benefit.
 - extend recycled water lines.

B. Canterbury Project

- Described as land along power line corridor.
- Discussed mutual benefits.
 - How to quantify benefits (extra trees, park area for rec and parks).
 - How much are you going to pay for resiliency
- Used tool as more of a checklist
- Not all criteria are equal
- Capital asset pricing model.
- Need a tool to develop value.

Agenda for Final Special Topic Group Meeting

The following items were discussed for inclusion in the final meeting of the funding and cost-benefit special topic group:

A. Present outlines of:

- Stormwater facilities plan
- Wastewater/recycled water facilities plan
- One Water plan

B. Develop draft outlines for implementation plans.



What would you want to see in an implementation program?

- For stormwater
- For wastewater/recycled water

C. Look at programs not necessarily owned by LASAN or LADWP.

Outline for stormwater program (Implementation Plan)

- Guiding principles
- Transparency
 - Benefit-based financing
- Capital investment
- O&M
- Incentive programs
 - LASAN
 - LADWP
 - Private
- Partnership
 - How to develop, manage?

Outline for recycled water program (Implementation Plan)

- Guiding principles
- Transparency
 - Benefit-based financing
- Capital Investment
- O&M
- Incentive programs
 - LASAN
 - LADWP
- Partnership
 - How to develop, manage?



Copies of Scribe Notes

①

- Add to STC recommendation:
 - ↳ Incentivizing private investment and solutions (ex. shales)
- Ex Stormwater credit
 - incentives are ok, but it depends on the cost and trade-offs.
- require a requirement that tells the community what they are digging up
 - ↳ to implement: send letter to Sacramento.
 - ↳ ex: Sustainable street ordinance.
 - ↳ Set up a list of projects that are not immediate, but necessary.
- Other Utility companies, oil company
 - ↳ Partner with
- Funding
 - ↳ tax: stormwater fee. → seek surtax.
 - ↳ develop, improve stormwater fee to operational plan.

②

- ↳ design so that ^{negative} impacts are decreased to decrease future cost.
 - ↳ plan
 - ↳ funding options
 - ↳ tax and credit incentives.
- More than 3 funding opportunities
 - ↳ criteria, concepts, design,
- include a proper capital plan.
- re-evaluate purpose and how we plan to accomplish it.
- explore to build in a modular fashion vs full capacity upfront
- if County flood control is doing something similar
- AP 32 - Leverage for water

③

- Careful when phrasing ex: Climate Change.
- Measure R2 - active transportation
- couple funding opportunities ex: Prop 13 / Partnerships.
- Funding opp: has to match with core purpose. If it doesn't you will not qualify
- look at the full list of recommendation for funding for next meeting.
- Source of money - DWP pay processing & cost allocation of the water.
- DWP to pay for water that can be raised
 - ↳ pay for cost of treatment beyond need to discharge in harbor
- ↳ capture stormwater to recharge aquifer

④

- Stormwater → flood control
→ resource
↳ possible funding source
- All water is One Water
 - ↳ but it's not the same when it comes to funding sources.

Exercise:

- ↳ Benefit → include neighboring industries as a row?
- ↳ Leading agency - NGO
 - ↳ too much \$\$\$ for the local
- ↳ not all criteria is equal.
- ↳ add wa to better section.
- ↳ quantify the benefits
 - ↳ ex. urban park
 - ↳ sustainability

① Benefits were non-derived → ② COST