

**AUDITS & GOVERNMENTAL EFFICIENCY  
ENERGY AND THE ENVIRONMENT  
MOTION**

JUL 18 2006

For more than 100 years, the City of Los Angeles has enjoyed the benefits of water supplies from the Sierra Nevada Mountains. Unfortunately, the route taken by this precious resource that brought such great prosperity to the City of Angels had the unintended consequence of creating a serious dust problem in the Owens Valley following construction of the aqueduct.

In 2000 the City of Los Angeles entered an agreement with the Great Basin Unified Air Pollution Control District (District) in an effort to solve the Owens Valley dust problem through development of a dust mitigation program. The program incorporated Best Available Control Technology measures including spreading of gravel, planting native vegetation and an elaborate sprinkler system designed to retain moisture and lessen the prevalence of dust in the Owens Valley lake bed.

During the recent water rate hearings, the Department of Water and Power's (DWP) General Manager of Water testified before Council that the Owens Valley Dust Mitigation Program's capital cost budget had ballooned from the original \$120 million estimate to more than \$415 million. As a stipulation for approval of the water rate increase, Council requested that DWP guarantee there would be no further Dust Mitigation Program expenditures beyond the \$415 million budget including work awarded to DWP's construction management firm CH2M Hill.

In response to Council concerns regarding the dramatic increase in the cost of the Owens Valley Dust Mitigation Program, DWP's Board initiated a third party audit of the project. In light of the fact that preliminary audit findings are expected to be released coincidental with the termination of CH2M Hill's current management contract, it may be prudent for Council to review the audit findings prior to granting further spending on the Owens Valley Mitigation Program.

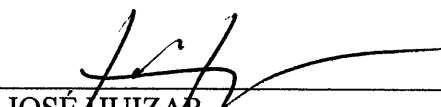
**I THEREFORE MOVE** that Council request that the DWP report to the Audits and Governmental Efficiency and the Energy and the Environment Committees no later than two weeks after official release of its third party audit of the Dust Mitigation Project to the Board of Commissioners; and

**I FURTHER MOVE** that the report include a status update of negotiations with the District regarding a proposed 9.3 square mile expansion of the City's dust mitigation responsibilities in the Owens Valley; and

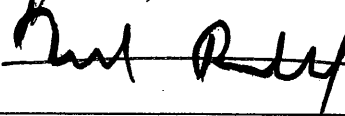

**I FURTHER MOVE** that the DWP report include a detailed description of DWP's proposed exit strategy relative to the Owens Valley Dust Mitigation Program, as well as a full and precise accounting of all existing capital expenditures along with a forecast of expenditures in support of proposed obligations currently being negotiated with the District.

JUL 18 2005

Presented by: \_\_\_\_\_

  
JOSE HUIZAR  
Councilman, 14<sup>th</sup> District

Seconded By: \_\_\_\_\_

EG

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