

PUBLIC WORKS

MAR 28 2008

MOTION

PUBLIC SAFETY

In November 2000, voters in the City of Los Angeles approved Prop F, which issued General Obligation Bonds for the Animal Facilities Bond Program (Program). The program had an initial budget of \$154 million. The projects to be funded from the bond proceeds included the construction and replacement of seven animal shelters, the renovation of four animal shelters, and the construction of spay and neuter clinics.

As of January 2008, the Program had a total allocated budget of \$181 million. Of this amount, approximately \$20 million was set aside for program contingency, staff costs, and liabilities. As of December 2007, \$130,471,623 had been expended on projects under the Program.

The Program is overseen by the five-member Board of Animal Services Commissioners and the Administrative Oversight Committee (AOC) comprised of the City Administrative Officer, Chief Legislative Analyst, General Manager of the Department of Animal Services, City Engineer, and a representative from the Office of the Mayor.

Some newly constructed animal shelters have disclosed design flaws that have impaired facility effectiveness. Examples include shelters not meeting the specific needs of rabbits and exotic pets, no separate impound entrances for dogs so that cats or other small animals are not lunged at, and leaking indoor/outdoor facilities that do not provide protection for animals from inclement weather. Additional City funds have been required to correct these deficiencies and may result in the City not being able to construct or renovate other planned animal facilities. These issues point to potential weaknesses in the City's project strategy oversight and coordination function.

Due to the amount of taxpayers' dollars expended on these capital projects, it is important that independent and ongoing audits of expenditures be performed to ensure that the City manages the program effectively, including entering into contracts that are economically efficient, and that contractors' performance are properly monitored.

An audit by the City Controller would enable the City to assess the overall management and oversight of Prop F projects related to the Program to ensure that they will be completed on time, on budget, and in the most economical way. The audit will include reviewing activities related to the entire capital project, including land acquisition, solicitation, evaluation and award of contracts, design selection and cost, construction cost, contract oversight and monitoring, project oversight and management, reasonable payment of services, accurate contract invoices, and other direct costs.

Further, an audit will evaluate the processes and controls in place for Prop F projects as reflected in the project(s) audited and to assess the effectiveness of project management and administration, as well as to ensure that expenditures were incurred in accordance with Prop F requirements.

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Specifically, the evaluation will assess the adequacy of the following project functions:

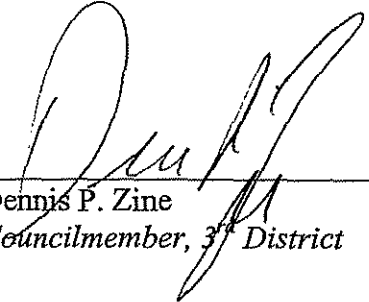
- Strategy, organization, and administration
- Financial management
- Procurement management
- Controls and risk management
- Schedule management

This project would be led by a consultant with specific experience in auditing capital programs managed by governmental entities, as a co-sourcing audit. The consultant will be selected through a Task Order Solicitation. The cost to conduct an audit of this type is approximately \$200,000.

I THEREFORE MOVE that the City Council request the City Controller to conduct detailed audits of Proposition F construction projects, evaluate the processes and controls in place for Prop F as reflected in the projects audited, assess the effectiveness of project management and administration, and ensure that expenditures were incurred in accordance with Prop F requirements.

I FURTHER MOVE that the City Council, subject to the approval of the Mayor, instruct the City Administrative Officer to prepare Controller instructions for the use of \$200,000 in Prop F program funds, and to make any technical adjustments that may be required and are consistent with this action.

PRESENTED BY:


Dennis P. Zine
Councilmember, 3rd District

SECONDED BY:



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