

DATE: January 21, 2016

TO: WCA Governing Board

FROM: Johnathan Perisho, Project Manager

THROUGH: Mark Stanley, Executive Officer

SUBJECT: Item 20: Consideration of a resolution to authorize the Executive Officer to explore opportunities for 1) third-party financing; and 2) third-party project specific fund management.

RECOMMENDATION: That the WCA Board authorize the Executive Officer to explore opportunities for 1) third-party financing; and 2) third-party project specific fund management.

PROJECT DESCRIPTION: Staff proposes to explore short-term loan opportunities with public and/or private funding sources to address grant costs that may not be reimbursed for extended periods of time. Staff will explore by researching and gathering information from best-case examples of relationships fostered between agencies to provide sustainable revenue sources.

BACKGROUND: Grant terms from various funding sources increasingly require project costs to be carried by applicants for extended periods of time before reimbursements may be granted. The strain of this trend is compounded by the WCA accounting structure. Without funding in reserve, a source of reliable income, or an internal account to secure a bank loan the WCA is unable to shoulder expenses over long periods without reimbursement, particularly for large and complex projects. The WCA expects this problem to increasingly prohibit capacity to carry out the agency mission, and staff is eager to resolve an appropriate mechanism to facilitate work.

Presently, the California Natural Resources Agency does not and will not advance reimbursements until physical proof of checks have been cleared. Due to the internal billing through Los Angeles County this can take up to several months to cover in-house and contractor expenses, which now and in future prohibits work moving forward.

Urgently, the Citrus Grove Heights Rest Area project has been allocated \$252,666 in funds from the Prop 12 California Parkways Grant Program that will sunset in June this year (2016). Without the capacity to cover large expenditures in the near-term for consultants, contractors, and materials the WCA cannot complete the project in time. The WCA seeks to avoid failure to realize these and other improvements that have been awarded funding due to cash flow limitations. Other current grants facing these limitations include the Strategic Growth Council-funded Gateway Cities and Rivers Urban Greening Master Plan, the Natural Resources Agency Prop 84 River Parkways, and other grant applications under consideration.

In exploring financial opportunities, the theory is that this is a conjunctive partnership with fund management. Collectively or separately, financing and fund management, staff will report its findings and present to the board recommendations should any become available.

FISCAL INFORMATION: Limited cash flow is compromising and will continue to compromise otherwise eligible funding sources. The WCA is currently committed to the following projects that are or are likely to be constrained: Citrus Grove Heights Rest Area (\$252,666), Gateway Cities and Rivers Urban Greening Master Plan (\$500,000), Duck Farm River Parkway (\$1,400,000).

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RESOLUTION 2016-14

RESOLUTION TO AUTHORIZE THE EXECUTIVE OFFICER TO EXPLORE OPPORTUNITIES FOR 1) THIRD-PARTY FINANCING; AND 2) THIRD-PARTY PROJECT SPECIFIC FUND MANAGEMENT.

WHEREAS, the Watershed Conservation Authority (WCA) has been established as a joint powers agency between the Rivers and Mountains Conservancy (RMC) and the Los Angeles County Flood Control District (District); and

WHEREAS, the Watershed Conservation Authority (WCA) has further been established to focus on projects which will provide open space, habitat restoration, and watershed improvement projects in both the San Gabriel and Lower Los Angeles Rivers watershed; and

WHEREAS, this action will authorize the Executive Officer to explore opportunities for 1) third-party financing; and 2) third-party project specific fund management; and

WHEREAS, the proposed action is exempt from the provisions of the California Environmental Quality Act; NOW

Therefore be it resolved that the WCA hereby:

1. **FINDS** that this action is consistent with the purposes and objectives of the WCA.
2. **FINDS** that the actions contemplated by this resolution are exempt from the environmental impact report requirements of the California Environmental Quality Act (CEQA).
3. **ADOPTS** the staff report dated January 21, 2016
4. **AUTHORIZES** the Executive Officer to explore opportunities for 1) third-party financing; and 2) third-party project specific fund management.

~ End of Resolution ~

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Motion: _____ Second: _____

Ayes: _____ Nays: _____ Abstentions: _____

Passed and Adopted by the Board of the
WATERSHED CONSERVATION AUTHORITY
On January 21, 2016

Brian Mejia, Chairperson

ATTEST: _____
Terry Fujimoto
Deputy Attorney General