



May 3, 2018

Los Angeles City Council
200 N Spring Street
Los Angeles, CA 90012

SUBJECT: Street Damage Restoration Fee Increases (CF # 15-0600-S22, 14-1571)

Dear Honorable Councilmembers,

On behalf of the Los Angeles Area Chamber of Commerce (L.A. Area Chamber), representing more than 1,650 organizations and 650,000 employees across the region, I am writing to respectfully oppose the changes being proposed to the Street Damage Restoration Fee (SDRF).

The LA City Board of Public Works and Council Public Works and Gang Reduction Committee approved significant changes to the amount and application of the SDRF that will have detrimental impacts to the business community with no public input. While the business community has known that changes to the SDRF were being studied, the proposed changes, technical reports and study itself were publicly released after Council Committee has already approved the proposal. This did not provide an opportunity for the Chamber and its members to review and comment on the over 560 pages of attachments used to justify the changes to the SDRF.

We understand the need for the City to recoup the cost of street damages caused by excavations. We are open and willing to work with BSS and the City Council to identify what those reasonable policy changes are. However, several of the proposed changes are duplicative, unnecessarily impose costs on businesses and developers without enhancing the integrity of our streets. While we are still reviewing the Study and supporting documents in more detail, we are strongly supportive of the following changes to the current proposal:

- Leave Age Exemption in Place: We ask that the SDRF exemption for streets past their useful life remain in place. Companies should not have to pay a fee for excavating streets that have a useful life of zero years. The fee should continue to be commensurate with the age and condition of the street.
- Remove Concrete Streets Provision: BSS does not have the jurisdiction to set conditions for street excavations. That jurisdiction should be under the purview of Bureau of Engineering which issues utility permits. Council should remove the provision from the proposal that would require full slab replacement for excavations in concrete streets and instead instruct BOE to develop a standard for concrete street excavations similar to Asphalt Streets (S-477).
- Remove Width of Influence: Remove the width of influence provision that expands the applicability of the SDRF to 5ft in each direction of an excavation. BSS did not factor in BOE's S-477 into its study. S-477 requires a higher standard of backfill material and T-cuts in order to prevent future failures. S-477 will also require larger surface areas to be

repaved. Therefore, applying SDRF to the width of influence would be duplicative based on the new Standard. SDRF should continue to be applied to the excavation area only. .

- Phase In: As proposed, BSS is proposing to increase SDRF approximately 1,300% in two months. Much of the cost increases will be passed through to new businesses and homeowners. Phasing in the fee over multiple years would allow industry to rate base costs and inform customers about pending cost increases so they can factor those costs into their projects.

We believe there can be a way to more equitably update the current SDRF without duplicating costs for industry. The approval process so far has not allowed for this collaborative approach.

For these reasons, the L.A. Area Chamber respectfully opposes the proposed changes to SDRF and requests additional time to allow the business community to review the methodology behind the fee study and to fully assess the impact of the fees. If you have questions, please contact Diana Yedoyan, at (213) 580-7558 or dyedoyan@lachamber.com.

Sincerely,

A handwritten signature in cursive script that reads "Gary Toeppen".

Gary Toeppen
President & CEO