

**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

Your **BUDGET AND FINANCE** Committee

**reports as follows:**

BUDGET AND FINANCE COMMITTEE REPORT relative to a declaration of the 2008-09 Special Parking Revenue Fund (SPRF) surplus and revision of the 2008-089 Budget.

SUBMITS WITHOUT RECOMMENDATION the following recommendations of the City Administrative Officer (CAO) relative to a declaration of the 2008-09 Special Parking Revenue Fund (SPRF) surplus and revision of the 2008-089 Budget:

1. AUTHORIZE the Department of Transportation to use up to \$16.5 million in Municipal Corporation of Los Angeles (MICLA) financing to allow the construction of the Vine Street Garage to proceed without delays.
2. APPROVE \$6 million in MICLA long-term financing for construction of the 1st and Aiso Public Parking Garage portion of the Police Administration Building project to replace funding from the SPRF for a total of \$23.43 million in MICLA financing.
3. TRANSFER \$5,522,240.51 in restricted appropriations within the SPRF No. 363/94 to a new account entitled Bond Proceeds, as follows:

	<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	363/94/W245	Comp-Mangrove Estates Parking Prop F	\$ 665,836.00
	363/94/W250	1st & Alameda Public Parking Lot	749,373.50
	363/94/Y600	1st & Judge John Aiso Public Parking	4,107,031.01
		<u>Subtotal</u>	\$ 5,522,240.51
To:	363/94/(new)	Bond Proceeds	\$ 5,522,240.51

4. INCREASE appropriations for the new Bond Proceeds account, Fund No. 363/94, by \$4,112,561 from the available balance within the SPRF No. 363, to account for restricted appropriations inadvertently released in 2007-08 (Council file No. 07-0600-S92).

5. TRANSFER \$9,634,801.51 in appropriations within the SPRF No. 363/94 from the new Bond Proceeds Account to the Parking System Revenue Bonds and Abbot Kinney Parking accounts as follows:

	<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
From:	363/94/(new)	Bond Proceeds	\$ 9,634,801.51
To:	363/94/0160	Parking System Revenue Bonds 1999A	\$ 5,396,833.00
	363/94/0175	Parking System Revenue Bonds 2003A	3,208,688.00
	363/94/R217	Abbot Kinney Parking District	<u>1,029,280.51</u>
		Subtotal	\$ 9,634,801.51

6. INSTRUCT the Department of Transportation (DOT) to decrease \$9,634,801.51 in unrestricted appropriations from the following accounts within the SPRF No. 363/94:

<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
363/94/0160	Parking System Revenue Bonds 1999A	\$ 5,396,833.00
363/94/0175	Parking System Revenue Bonds 2003A	3,208,688.00
363/94/R217	Abbot Kinney Parking District	<u>1,029,280.51</u>
	Total	\$ 9,634,801.51

7. INSTRUCT the DOT to decrease appropriations within the SPRF No. 363/94 as follows:

<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
363/94/R204	Lot 628	\$ 2,499.51
363/94/R207	Lot 694 - Larchmont Village	4,499.93
363/94/T217	Van Nuys Civic Center Parking	1,000,000.00
363/94/V228	Lot 625 Leimert Park OSP	523,336.00
363/94/P219	Little Tokyo Art Park Parking Project	168,721.22
363/94/V235	Cathedral Place Parking Facility	223,742.50
363/94/P217	Washington Blvd Revitalization Program	211,933.44
363/94/R214	Lot 702 - Doolittle Theatre	1,877,183.70
363/94/V214	Doolittle Theatre	852,022.00
363/94/Y500	Encore Sr. Housing/Public Garage	6,495,000.00
363/94/E247	SPRF - Vine St. Garage	4,860,000.00
363/94/E201	Projects to be Designated	<u>2,380,000.00</u>
	Total	\$18,598,938.30

8. DECLARE a surplus for fiscal year 2008-09 of \$38,729,086.
9. INSTRUCT the DOT, and AUTHORIZE the Controller, to TRANSFER \$38,729,086 from the SPRF Available Cash Balance to the Reserve Fund.

10. TRANSFER \$38,729,086 from the Reserve Fund and APPROPRIATE therefrom to Fund 100/58, Unappropriated Balance, Account 0037, Reserve for Economic Uncertainties.
11. DECREASE appropriations within the SPRF No. 363/94, Account E194, Transportation, by \$21,738,654 and correspondingly decrease DOT Fund No. 100/94, Account 1010, Salaries General by a like amount.
12. APPROPRIATE \$21,738,654 from Fund 100/58, Unappropriated Balance, Account 0037, Reserve for Economic Uncertainties, to the Department of Transportation, Fund 100/94, Account 1010, Salaries General.
13. INSTRUCT the DOT to decrease appropriations within the SPRF No. 363/94, Account E205, Reimbursement of General Fund Costs, by \$2,903,346.
14. INSTRUCT the City Administrative Officer (CAO) and the DOT to identify funds within the SPRF to replace those used to contribute to the 2008-09 SPRF Surplus and AUTHORIZE the Controller to establish appropriate accounts and transfer those funds into project accounts, upon the request of the CAO.
15. AUTHORIZE the CAO to make any technical adjustments required to fulfill the intent of the Council.

Fiscal Impact Statement: The CAO reports that approval of the above recommendations will provide \$38.7 million in surplus 2008-09 SPRF monies to the Reserve Fund. The recommendations are consistent with City Financial Policies.

Community Impact Statement: None submitted

### SUMMARY

At its meeting of June 8, 2009, the Budget and Finance Committee considered the CAO's report relative to a declaration of the 2008-09 SPRF surplus and revision of the 2008-089 Budget. The CAO reports that Ordinance No. 180460, adopted by the Council on December 16, 2008, fulfilled the intent of the Council in adopting the 2008-09 Budget while preserving the integrity of the SPRF as a special fund under State law. The Ordinance provides the mechanism to legally allow the unrestricted use of surplus funds as determined by the Council through June 30, 2009. The Council may make a surplus determination after providing for debt service, the cost of operations and maintenance and a Reserve Fund level defined at the discretion of the Mayor and Council. As a result of this change in the Adopted Ordinance, the source of funding to the DOT Budget and the SPRF Schedule also had to be changed (Attachment A of the CAO report).

The CAO reports that the 2008-09 Adopted Budget included the transfer of surplus funds from fiscal years 2007-08 (\$56.3 million) and 2008-09 (\$55 million). The 2007-08 surplus of \$56.3 million has already been transferred. The CAO reports that completing the transfer of surplus funds from the SPRF to the General Fund is required to keep the 2008-09 Budget in balance.

The 2008-09 Adopted Budget assumed the sale of the Mangrove property (\$38.7 million) and an increase of revenue from increased meter rates and extended meter hours (\$23.1 million). However, the sale of the Mangrove property will not be completed during 2008-09 and the

increased meter revenue is projected to be \$6 million, \$17.1 million short of budget. This means that 2008-09 SPRF revenue is short by \$55.8 million and absent any further action contributes to a shortfall in the General Fund. To minimize the potential impact on the General Fund, the CAO recommended in the Mid-Year FSR that \$8.1 million in unallocated appropriations that were not backed with cash be eliminated. This was approved by the Council and Mayor on the condition that the appropriations and funding would be restored upon the sale of the Mangrove property. In the CAO's March 9, 2009 Report on Additional Budget Balancing Options, it was recommended that construction of the Vine Street Garage be debt financed through MICLA instead of cash and that \$16.5 million in cash be transferred to the General Fund. The CAO's report provides the necessary recommendations to accomplish this transaction.

The CAO recommends that the Council and Mayor declare a total of \$38.7 million in surplus for fiscal year 2008-09 for the SPRF and transfer those funds to the Reserve Fund. In addition to the recommendation that approximately \$16.5 million for construction of the Vine Street Garage be replaced with financing from MICLA, the CAO is recommending that \$9,634,802 in SPRF funds be made available by executing a funding swap so that bond proceeds in the SPRF are used to pay debt service and for active construction projects instead of normal SPRF revenue. Included in this amount is funding set aside for the construction of the 1st and Aiso Public Parking Garage project, to be replaced with financing from MICLA.

During the Committee discussion, the Chair expressed concern relative to the swap of SPRF funds for MICLA financing of the Vine Street and 1st and Aiso Parking Garage projects. While the CAO stated that the surplus SPRF funds are needed for the year-end budget closing, and that without the transfer a Reserve Fund loan would be necessary to meet year end obligations, the Committee is concerned that this action would be creating an additional burden on the General Fund.

The Committee recommended to send this matter forward to the Council without recommendation. The CAO was instructed to provide additional information for the Council discussion including other options to close the potential General Fund deficit if the SPRF surplus is not declared and transferred to the General Fund. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
GREUEL:	YES
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	YES

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**