

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 26, 2009

CAO File No. 0640-00024-0000
Council File No. 08-0600
Council District: All

To: The Council

From: Raymond P. Ciranna, Interim City Administrative Officer *RPC*

Reference: Special Parking Revenue Fund 2008-09 Adopted Budget; Ordinance 180460

Subject: **DECLARATION OF THE 2008-09 SPECIAL PARKING REVENUE FUND
SURPLUS AND REVISION OF THE 2008-09 BUDGET**

SUMMARY

Ordinance Number 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 Special Parking Revenue Fund (SPRF) as a special fund under State law. The Ordinance provides a 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 Department of Transportation (DOT) Budget and the SPRF Schedule also had to be changed (Attachment A). In addition, the Council is required to formally declare the surplus.

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. Completing the transfer of surplus funds from the SPRF to the General Fund is required to keep the 2008-09 Budget in balance. Therefore, it is recommended that the Council and Mayor now declare a 2008-09 surplus of \$38.7 million (Attachment B) and transfer the funds to the Reserve Fund to assist with implementing the 2008-09 Adopted Budget.

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.

At this time, the General Fund can not afford to lose this revenue. Therefore, we have conducted a complete review of the SPRF and made recommendations to minimize the potential impact on the General Fund as follows:

- In our February 26, 2009 Mid-Year Financial Status Report (C.F. 08-0600-S54), we recommended that \$8.1 million in unallocated appropriations that were not backed with cash (due to the revenue shortfall) 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 our March 9, 2009 Report on Additional Budget Balancing Options (C.F. 08-0600-S58), we recommended that construction of the Vine Street Garage be debt financed through the Municipal Improvement Corporation of Los Angeles (MICLA) instead of cash and that \$16.5 million in cash be transferred to the General Fund. We indicated that this report on the 2008-09 surplus would provide the recommendation necessary to accomplish this transaction.

We now also recommend 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. The surplus is available as follows:

- \$2,134,733 from completed projects or projects that are indefinitely stalled.
- \$16,464,206 from the Vine Street Garage and Projects to be Designated Accounts, to be replaced with financing from MICLA. This will allow completion of the Vine Street Garage without delaying the project.
- \$9,634,802 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. This has been reviewed and approved by the CAO Debt Group and the City Attorney. 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.
- \$1,592,000 in interest accrued in the SPRF due to the delayed transfer of the 2007-08 surplus. This was not budgeted within the SPRF as it was assumed the transfer would have occurred earlier in the year. This amount would have been earned in the General Fund.
- \$2,903,346 in excess funds budgeted for the payment of related costs associated with City staff. This is projected to remain available at the end of fiscal year 2008-09 and can be transferred without impacting the operations and maintenance budget.
- \$6,000,000 in parking meter revenue from increased meter rates and extended meter hours.

It is also recommended that the CAO work with DOT and Council offices to identify funds to replace those used to contribute to the 2008-09 SPRF surplus, and to continue to identify SPRF funding to assist in the development of all eligible parking-related projects.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

Vine Street Garage - MICLA

1. Authorize the Department of Transportation use of up to \$16.5 million in MICLA financing to allow the construction of the Vine Street Garage to proceed without delays;

Bond Proceeds Swap

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 Special Parking Revenue Fund for a total of \$23.43 million in MICLA financing;
3. Transfer \$5,522,240.51 in restricted appropriations within the Special Parking Revenue Fund 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	1 st & Alameda Public Parking Lot	749,373.50
	363/94/Y600	1 st & Judge John Aiso Public Parking	4,107,031.01
		Subtotal	<u>\$5,522,240.51</u>
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 Special Parking Revenue Fund No. 363, to account for restricted appropriations inadvertently released in 2007-08 (C.F. 07-0600-S92);
5. Transfer \$9,634,801.51 in appropriations within the Special Parking Revenue Fund 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	1,029,280.51
		Subtotal	<u>\$9,634,801.51</u>

6. Instruct the Department of Transportation to decrease \$9,634,801.51 in unrestricted appropriations from the following accounts within the Special Parking Revenue Fund 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	1,029,280.51
Total		\$9,634,801.51

2008-09 Surplus

7. Instruct the Department of Transportation to decrease appropriations within the Special Parking Revenue Fund No. 363/94 as follows:

<u>Fund/Account No.</u>	<u>Account Name</u>	<u>Amount</u>
363/94/R204	Lot 628 – Lincoln Heights	\$ 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 Theater	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	2,380,000.00
Total		\$18,598,938.30

8. Declare a surplus for fiscal year 2008-09 of \$38,729,086;
9. Instruct the Department of Transportation, and authorize the Controller, to transfer \$38,729,086 from the Special Parking Revenue Fund 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;

Revised Schedule 11

11. Authorize the Controller to decrease appropriations within the Special Parking Revenue Fund No. 363/94, Account E194, Transportation, by \$21,738,654 and correspondingly decrease Department of Transportation Fund No. 100/94, Account 1010, Salaries General by a like amount;
12. Authorize the Controller to 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 Department of Transportation to decrease appropriations within the Special Parking Revenue Fund No. 363/94, Account E205, Reimbursement of General Fund Costs, by \$2,903,346;
14. Instruct the City Administrative Officer and the Department of Transportation to identify funds within the Special Parking Revenue Fund 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 City Administrative Officer.

Technical

15. Authorize the City Administrative Officer to make any technical adjustments required to fulfill the intent of the Council.

FISCAL IMPACT STATEMENT

Approval of the recommendations will provide \$38.7 million in surplus 2008-09 Special Parking Revenue Fund monies to the Reserve Fund. The recommendations are consistent with City Financial Policies.

RPC:JHC:06090206

Attachments

SCHEDULE 11

SPECIAL PARKING REVENUE FUND

	Adopted Budget 2008-09	Revised Appropriation 2008-09
REVENUE		
Cash Balance, July 1.....	\$ 114,159,854	\$114,159,854
Less:		
Prior Year's Unexpended Appropriations.....	56,572,843	25,806,163
Prior Years' Surplus to Reserve Fund.....	--	56,260,500
Balance Available, July 1	<u>\$ 57,587,011</u>	<u>\$ 32,093,191</u>
Receipts - Parking Meters.....	44,977,783	27,894,000
Receipts - Parking Lots.....	6,784,000	6,784,000
Hollywood and Highland Lot 745.....	8,282,000	8,282,000
Lease Revenue - Off-Street Parking Facilities.....	450,000	450,000
Interest.....	1,875,000	3,467,000
Mangrove.....	38,732,000	--
Reimbursement to General Fund for Transportation Costs.....	(86,660,500)	--
Less: Surplus Transfer to Reserve Fund*	--	38,729,086
Total Revenue.....	<u>\$ 72,027,294</u>	<u>\$ 40,241,105</u>
APPROPRIATIONS		
Transportation.....	\$ 23,105,482	\$ 1,366,828
Capital Finance Administration Fund.....	236,000	236,000
Capital Improvement Expenditure Program	1,000,000	3,471,621
Special Purpose Fund Appropriations:		
Parking System Revenue Bonds (Series 1999-A).....	5,396,833	5,396,833
Parking System Revenue Bonds (Series 2003-A).....	3,208,688	3,208,688
Bond Administration.....	35,000	35,000
Reimbursement of General Fund Costs.....	3,030,042	126,696
Library Trust Fund.....	205,000	205,000
Collection Services.....	2,063,600	2,063,600
Contractual Services.....	8,358,200	8,358,200
Maintenance, Repair & Utility Service for Off-Street Parking Lots ..	1,825,400	1,825,400
Parking Facilities Lease Payments.....	409,600	409,600
Parking Meter & Off-Street Parking Administration.....	6,341,627	6,341,627
Parking Meter & Off-Street Parking Administration Related Costs..	4,010,312	4,010,312
Replacement Parts, Tools & Equipment	747,400	747,400
Training.....	40,400	40,400
Capital Equipment Purchases.....	2,397,900	2,397,900
Projects to be Designated by Ordinance or Resolution.....	9,615,810	--
Contingency*	--	--
Total Appropriations.....	<u>\$ 72,027,294</u>	<u>\$ 40,241,105</u>
Ending Balance, June 30.....	<u>\$ --</u>	<u>\$ --</u>

* The City Council will declare and authorize the transfer of this surplus according to Section 5.117 of the Los Angeles Administrative Code, which states that a surplus determination can be made after providing for the payment of debt service and the cost of operations and maintenance, and establishing a contingency account with an amount defined at the discretion of the Mayor and Council.

SPECIAL PARKING REVENUE FUND
2008-09 Surplus - Capital Project Appropriations
 Data as of Month Ending April 30, 2009

CAPITAL PROJECTS - COMPLETED OR INDEFINITELY STALLED

CD Location	Encumbered	Unencumbered Balance	Amount to Remain	Recommend for Release	Status
1 Lincoln Heights Lot Refurb	0.00	2,499.51	0.00	2,499.51	Complete
4 Larchmont Villg Lot Refurb	0.00	4,499.93	0.00	4,499.93	Complete
6 Van Nuys Parking Structure (SFVCC)	0.00	1,282,164.51	282,164.51	1,000,000.00	Construction complete; damage inspection on hold pending BOE availability
8 Leimert Park Off-St Prkg	0.00	523,336.00	0.00	523,336.00	No movement since 2003
9 Little Tokyo Art Parking Cathedral Place Prkg Facility	10,000.00	233,742.50	20,000.00	223,742.50	C.F. 08-0196 initiated study; no movement expected 2+ years
10 Washington Blvd Revitalization	0.00	211,933.44	0.00	211,933.44	Construction completed in 2003
SUBTOTAL AVAILABLE				2,134,732.60	

VINE STREET GARAGE

CD Location	Encumbered	Unencumbered Balance	Amount to Remain	Recommend for Release	Status
13 Vine Street Garage	54,353.75	14,084,205.70	54,353.75	14,084,205.70	In Bid & Award, construction to start August 2009
Projects to be Designated	0.00	2,380,000.00	0.00	2,380,000.00	
SUBTOTAL AVAILABLE				16,464,205.70	

ELIGIBLE TO USE BOND PROCEEDS

CD Location/Account	Appropriated	Encumbered	Unencumb'd Balance	Amount to Swap for Bond Proceeds	Status
FY09 Parking System Revenue Bonds 1999A	5,396,833.00	849,566.42	1,516,033.00	5,396,833.00	Unrestricted appropriation used for debt service
FY09 Parking System Revenue Bonds 2003A	3,208,688.00	523,854.63	867,288.00	3,208,688.00	Unrestricted appropriation used for debt service
11 Abbot Kinney Parking	1,029,280.51	19,268.27	850,580.51	1,029,280.51	In Construction
SUBTOTAL				9,634,801.51	

BOND PROCEEDS - TO BE SWAPPED AND RELEASED

CD Location/Account	Encumbered	Unencumbered Balance	Amount to Remain	Recmmd. for Swap/Release	Status
Comp - Mangrove Est Parking (Prop Q)	0.00	4,112,561.00	0.00	4,112,561.00	Available bond proceeds; restricted use
Comp - Mangrove Est Parking (Prop F)	0.00	665,836.00	0.00	665,836.00	Available bond proceeds; restricted use
9 1st & Alameda Public Pkg	0.00	749,373.50	0.00	749,373.50	Surface lot complete. Bond proceeds; restricted use
1st & Aiso Public Parking (PAB)	0.00	6,000,000.00	1,892,968.99	4,107,031.01	Construction scheduled July 2009. MICLA finance remaining \$21.9 million needed. Bond proceeds; restricted use
SUBTOTAL AVAILABLE				9,634,801.51	

SPECIAL PARKING REVENUE FUND
2008-09 Surplus - Capital Project Appropriations
Data as of Month Ending April 30, 2009

SUMMARY

<u>Category</u>	<u>Available for Release</u>
Capital Projects - Completed or Indefinitely Stalled	2,134,732.60
Vine Street Garage	16,464,205.70
Bond Proceeds - To be Swapped and Released	9,634,801.51
Subtotal	<u>28,233,739.81</u>
 <u>Other Available Funds</u>	
Additional Projected Interest Revenue	1,592,000.00
Excess Related Cost Funding	2,903,346.00
Increased Meter Revenue (already budgeted)	6,000,000.00
Subtotal	<u>10,495,346.00</u>
 TOTAL AVAILABLE FOR 2008-09 SURPLUS	 38,729,085.81