

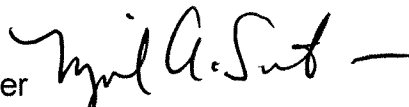
OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: November 3, 2016

CAO File No. 0220-05270-0000
Council File No. 08-2698-S1
Council District: 5

To: The Council

From: Miguel A. Santana, City Administrative Officer



Reference: Instruction from the Council to report on potential sources of funding for additional public parking for the Pico Robertson Senior Community Apartments

Subject: **FUNDING FOR ADDITIONAL PARKING FOR THE PICO ROBERTSON SENIOR COMMUNITY APARTMENTS**

RECOMMENDATIONS

1. That the Council, subject to the approval of the Mayor:
 - a. Approve the funding of 26 new parking spaces at the Pico-Robertson Senior Community Apartments;
 - b. Decrease appropriations in the Special Parking Revenue Fund, Department 94, Fund 363, Account 94N508, Proportionate Share - Code the Curb by \$1,125,000, request that the Controller create a new account within the Special Parking Revenue Fund entitled "Pico-Robertson Parking", and increase appropriations in the Pico-Robertson Parking Account by \$1,125,000;
 - c. Instruct the Department of Transportation to continue to prepare the Code the Curb project for implementation and to submit a request to replace these funds in the 2017-18 Budget;
 - d. Decrease appropriations in the Special Parking Revenue Fund, Department 94, Fund 363, Account 94N060, Parking Meter and Off-Street Parking Administration by \$169,898; decrease appropriations in the Special Parking Revenue Fund, Department 94, Fund 363, Account 94N299, 2016-17 Reimbursement of General Fund Costs by \$135,102; and, increase appropriations within the new account within the Special Parking Revenue Fund entitled "Pico-Robertson Parking" by \$305,000; and,
2. Authorize the City Administrative Officer to make any technical corrections required to carry out the intent of the Mayor and Council on this matter.

SUMMARY

On August 24, 2016, the Council instructed this Office, with the assistance of the Department of Transportation, to report back on potential sources of funding, including the Special Parking Revenue Fund, for additional public parking for the Pico Robertson Senior Community Apartments. We have discussed potential funding options with representatives of the Department of Transportation (DOT), the Housing and Community Investment Department (HCID) and the Chief Legislative Analyst.

The Project is a 48 unit senior apartment community (one unit is reserved for the property manager) located at 8866-8876 West Pico Boulevard, one block west of Robertson Boulevard. Twelve of the units will be reserved as supportive housing for the formerly homeless and/or special needs seniors who are veterans. The project complements the City effort to provide affordable housing and will serve low income seniors, 62 years or older, earning 30 percent to 60 percent of the area median income. Rents will range from \$466 to \$933 per month. The project is being built upon a current DOT parking lot and will replace the existing 39 public parking spaces with a total of 47 public parking spaces using existing funding. The public parking spaces will be in addition to the parking provided to serve the senior apartment community. It is also our understanding that local merchants have requested that a total of 73 public parking spaces be provided, requiring the funding of 26 more public parking spaces. DOT estimates that each parking space will cost approximately \$55,000 to build. Therefore, the estimated funding need for 26 spaces is \$1,430,000.

In July 2016, the developer, Mercy Housing California, published a Project timeline estimating the start of construction in the fall/winter of 2017 and the completion of construction in the summer of 2019.

We have only identified three potential funding sources – the Special Parking Revenue Fund (SPRF), the City General Fund and Council Office controlled funds. However, use of the SPRF will have a potential negative impact on the City General Fund. Our findings are as follows:

- HCID reports that there are no additional sources of funding that they can identify to pay for the additional parking. Additionally, even if they could identify a funding source, they indicate that since the additional parking is not required by code, it would not qualify for funding.
 - The restricted rents cannot support a bigger private mortgage, and other sources (Federal HOME funds and low income tax credits) could not be used in regards to the provision of additional public parking.
- The SPRF is fully allocated for Fiscal Year 2016-17.
 - DOT reports that they may not be expending the \$1,125,000 in SPRF funds that were appropriated for a portion of the Code the Curb Project in 2016-17 until 2017-18. These funds could be redirected to parking for Pico-Robertson. However, the Code the Curb Project is a high priority project for DOT that will help them create specific geographic location data for City parking control assets. If the \$1.125 million in funds were redirected in 2016-17, these funds would need to be provided in 2017-18. The \$1.125 million only covers a portion of the larger cost needed for this effort, so additional funding in 2017-18 may be needed as well. Assuming that there is a surplus transfer to the General Fund available for 2017-18, moving this appropriation to 2017-18 would reduce what is available for transfer to the General Fund, thereby creating a General Fund impact in 2017-18. Additionally, this amount is insufficient to cover the full costs of the 26 parking spaces. An additional \$305,000 will still be required.
 - The surplus transfer to the General Fund in 2016-17 could be reduced to provide funds for the parking project. However, this will have a corresponding impact on General Fund revenue in 2016-17.

- Over the last seven fiscal years (2009-10 through 2015-16), DOT has not spent the entire amount budgeted within the Special Parking Revenue Fund during the fiscal year. The amount of unused appropriations in the Parking Meter and Off-Street Parking Administration account at year end has been between \$4.4 million and \$0.5 million and averaged \$1.97 million. Therefore, even though it is too early in the year to identify specific savings within the SPRF, one could project that DOT will have sufficient savings at the end of 2016-17 to cover the remaining \$305,000 project gap. In anticipation of possible savings an action could be taken now to reduce salary and related cost appropriations to provide full funding for Pico-Robertson.
- The General Fund is an eligible source of funds.
 - In this Office's First Financial Status Report (FSR), we report that the Reserve Fund is currently at 5.18 percent of the General Fund Budget, just above the 5 percent threshold established by the Council as City policy. We further report that there are several known and anticipated deficits that the City must address during 2016-17 that will likely exceed the capacity of the Reserve Fund and the Unappropriated Balance, 2016-17 Budgetary Shortfalls account. Therefore, at this time, this Office urges caution in the use of the Reserve Fund, and recommends that the City should refrain from using the Reserve Fund for program expansions or service restorations during this Fiscal Year.
- Council Office controlled funds.
 - Each Council Office has some level of discretionary funds. However, based upon preliminary discussion with the City Clerk, they report that the Project is not an eligible use of the funds available to this Council Office.

FISCAL IMPACT STATEMENT

The Special Parking Revenue Fund will provide \$1,430,000. This will reduce General Fund revenue by \$1,125,000 in 2017-18. This action complies with the City Financial policies as one-time funds are being used for one-time expenditures.