City of Culver City, California
Agenda Item Report

Meeting Date: 04/02/12	Item Number: C-6
CITY COUNCIL AGENDA ITEM: FOUR-FIFTHS VOTE REQUIREMENT - Adoption of Budget Amendments Re-Appropriating Bond Funds.	
Contact Person/Dept.: Nick Kimball, Finance	Phone Number: 310.253.6013
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: []	Attachments: []
Commission Action Required: Yes [] No [X]	Date: _______________
Public Notification: Agendas and Meetings – City Council (03/30/2012)	
Department Approval: Jeff Muir (03/29/12)	City Attorney Approval: Carol Schwab (by H. Baker) (03/29/12)
Chief Financial Officer Approval: Jeff Muir (03/29/12)	City Manager Approval: John M. Nachbar (03/29/12)

RECOMMENDATION:

Staff recommends the City Council adopt the proposed budget amendments for the re-appropriation of Bond Funds.

A City budget amendment requires a 4/5ths vote.

BACKGROUND/DISCUSSION:

As a result of ABX1 26 (AB 26), which dissolved redevelopment agencies statewide as of February 1, 2012, the City has experienced a significant loss of revenue from the former Culver City Redevelopment Agency (CCRA) that was used to support City staff and programs that are impacted by redevelopment activity. AB 26 provides a small administrative allowance to successor agencies equal to either 5% or 3% of the total property tax received by the successor agency from the County to pay enforceable obligations. This amounts to a fraction of the former administrative related revenue received by the City.

Consequently, staff has been exploring other options to fund necessary administrative costs formerly funded by tax increment. In the past, staff has maximized the number of bond funded projects by appropriating only hard construction costs and funding consultants and City staff working on the project from tax increment funds. However, funding project related soft costs, including consultants and construction management activity by staff, are allowable bond expenditures.

Since tax increment funds are no longer available to fund project related soft costs, staff recommends re-appropriating the existing bond funds to include these costs.

Otherwise, soft costs will likely need to be funded from the General Fund if the projects are to move forward.

In order to include soft costs in the bond appropriations, staff had to prioritize funding for projects that: 1) are the most important to the community, 2) will have the greatest long term benefit to the community, and 3) are closest to being "shovel ready." Some projects that are lower on the priority list had to be eliminated in order to fully fund the soft costs of higher priority projects (i.e. Seismic Rehab program) while funding for other projects has been reduced and re-appropriated based on a revised project scope.

Bond funded projects that are already under construction and nearing completion, such as the Sepulveda Boulevard AIP and Veteran's Memorial Improvements, will be completed and those funds will not be re-appropriated.

FISCAL ANALYSIS:

A summary of recommended bond appropriations is as follows:

Project Name	Current Budget	Proposed Budget
Seismic Rehab Program	$500,000	$0
Expo Aerial Station - City Match (remaining funds)	$1,000,000	$0
Parcel B	$0	$3,975,000
Town Plaza Improvements	$3,243,911	$3,243,911
Washington/Centinela (Parking Structure)	$8,300,000	$7,255,000
Public Works Projects[i]	$1,500,000	$1,000,000
Washington/National (Streetscape & CFD)	$0	$2,260,000
Washington Blvd AIPs	$781,250	$1,501,500
Hayden Tract Parking Structure (Hackman DDA)	$8,500,000	$5,650,000
Parking Participation (Hayden Tract/Jazz Bakery)	$500,000	$300,000
Hayden Tract Spur Parking Lot[ii]	$1,050,000	$1,186,500

With respect to the Expo Aerial Station, the City and former CCRA have already committed and transferred into escrow all of the funds necessary for the Expo Construction Authority to complete the station improvements. The remaining funds are not needed for this purpose and are proposed to be reallocated to other projects. The proposed budget appropriates all available bond proceeds. Based on the current project schedules, existing bond proceeds are expected to be exhausted by FY 2014/2015.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve budget amendments appropriating bond funds as follows:

Business Unit	Description	Budget Increase/(Decrease)	Total Adjusted Budget
48692720	Expo Aerial Station	(1,017,756)	0
48692800	Seismic Rehab	(500,000)	0
48693900	Parcel B	2,550,000	2,550,000
48792900	Parcel B	1,000,000	1,000,000
48893900	Parcel B	425,000	425,000
48792610	Washington/Centinela	(1,045,000)	7,255,000
48793500	Public Works Street Improvements	(500,000)	978,454
48892620	Washington/National	2,260,000	2,260,000
48892695	Washington Blvd AIP	1,501,500	1,501,500
48894130	Hayden Tract Parking Structure	(2,850,000)	5,650,000
48695100	Parking Participation	(300,000)	0
48795100	Parking Participation	200,000	200,000
48895100	Parking Participation	100,000	100,000
48994110	Hayden Tract Spur MOU	136,500	1,186,500

A City budget amendment requires a 4/5ths vote

[i] Bond funds were originally appropriated for Higuera Bridge Improvements; however, the amount set aside was insufficient to complete the project, so those funds are being re-appropriated.
[ii] This project is funded using taxable bond proceeds.