

Culver CITY REDEVELOPMENT AGENCY

FINANCIAL MONITORING REPORT

FINAL YEAR-END

FY 2007-08

PERFORMANCE AT A GLANCE

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Tax Exempt Bond Fund (Expenditures/Revenues)	NORMAL	NORMAL	Page 13

**POSITIVE or
BELOW BUDGET**

= Revenues greater than 5% ABOVE Adjusted Budget; or
Expenditures greater than 5% BELOW Adjusted Budget

NORMAL

= Actual within 5% of Adjusted Budget

**NEGATIVE or
EXCEED BUDGET**

= Revenues greater than 5% BELOW Adjusted Budget; or
Expenditures greater than 5% ABOVE Adjusted Budget

**MIXED or
WARNING**

= Category contains both positive and negative financial results; or
Financial activity currently normal; however, there are potential factor(s) that may impact future financial activity

RDA Final Year End

Unrestricted Funds

Beginning Cash Balance (6.30.07):
\$13,700,000

2007-08 Revenues:
\$36,000,000

2007-08 Expenditures:
\$39,200,000

Ending Cash Balance (6.30.08):
\$10,770,000*

Tax Exempt Bonds

Beginning Cash Balance (6.30.07):
\$24,900,000

2007-08 Revenues:
\$1,050,000

2007-08 Expenditures:
\$4,100,000

Ending Cash Balance (6.30.08):
\$21,850,000*

Housing Set Aside Fund

Beginning Cash Balance (6.30.07):
\$15,141,000

2007-08 Revenues:
\$6,900,000

2007-08 Expenditures:
\$3,600,000

Ending Cash Balance (6.30.08):
\$19,000,000*

*Note: Due to some balance sheet adjustments (e.g. depreciation, capitalized assets, long term debt, etc.), Beginning Balance + Revenues - Expenditures may not exactly equal the Ending Balance.

FINAL YEAR-END SUMMARY

RDA Finishes 2007-08 Much Like They Began The Year

The Redevelopment Agency finished fiscal year 2007-08 in a similar financial position in which it ended fiscal year 2006-07, land rich — cash poor. Despite opening escrow on the sale of a number of parcels, in all cases, the purchaser has had difficulty securing project financing due to the current state of the economy. As a result, proceeds from those land sale deals will be delayed into FY 2008-09 and possibly into FY 2009-10. In addition, a few outstanding eminent domain cases were finalized in FY 2007-08.

Consequently, despite strong tax increment revenues (approx. 10% better than the FY 2006-07), the RDA spent about \$3.2 million more than it took in during FY 2007-08 and made an interest only payment on the \$9 million loan from the City.

Entering the 2009-10 budget process, the RDA will be reviewing all projects and programs that were approved during the 2008-09 budget process and make any necessary adjustments to ensure that the fiscal health of the RDA is maintained through the current economic downturn.



CASH AVAILABLE for CAPITAL INVESTMENT

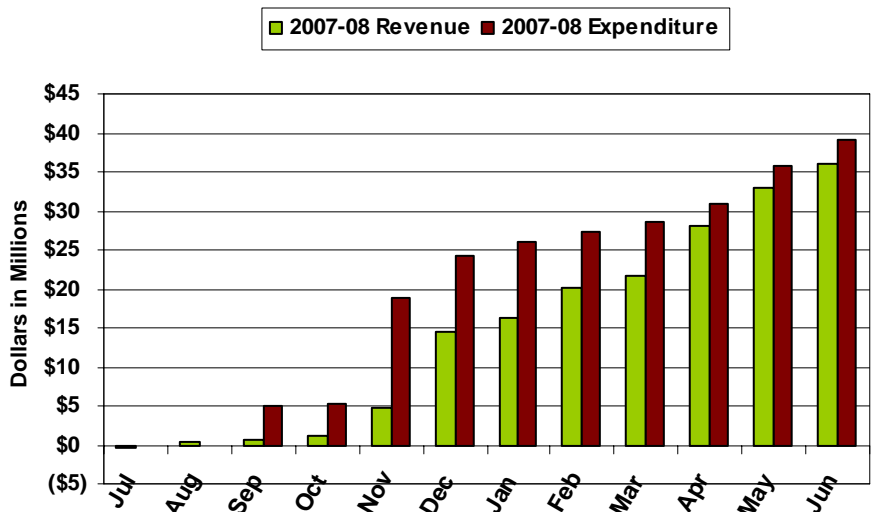
FUND BALANCE AVAILABLE FOR PROJECTS/PROGRAMS:

	<i>Actual Ending 2006-07</i>	<i>Actual Ending 2007-08</i>	<i>Estimated Ending 2008-09*</i>	<i>Estimated Ending 2009-10*</i>
Unrestricted Funds	\$13,700,000	10,770,000	2,040,000	7,900,000
Housing Set Aside	\$15,141,000	19,000,000	14,000,000	12,500,000
Tax Exempt Bonds	\$24,900,000	21,850,000	8,750,000	3,400,000

The ending balance for each fund represents the approximate amount of cash capital available for investment in new projects or programs. The estimated balance for **unrestricted funds as of June 30, 2008** (i.e. tax increment, parking revenues, theatre revenues, etc.) is **approximately \$11.3 million**. The ending balances above include an interest only payment on the \$9 million loan from the City made in FY 2007-08, and assumes the \$9 million principal and \$500,000 interest payment is made in FY 2008-09. The estimated ending balance for FY 2008-09 and FY 2009-10 assumes that 100% of the adjusted budget is expended and includes the \$2.25 million ERAF obligation. The ending balance in FY 2009-10 rebounds as an infusion of land sale proceeds is expected as the Agency sells off some land position. The Agency Board is currently reviewing a **Comprehensive Housing Strategy** to identify viable projects to begin using the Housing funds significant cash balance. During the FY 2008-09 and 2009-10 budget process, the RDA programmed most of its remaining **tax exempt bond funds** on various public improvement projects throughout the City.

TOTAL UNRESTRICTED REVENUES and EXPENDITURES: (cumulative)

	<i>2007-08 Revenue</i>	<i>2007-08 Expenditure</i>
Jul	\$ (395,530)	\$ (49,291)
Aug	656,599	(22,670)
Sep	368,304	4,950,808
Oct	415,202	282,921
Nov	3,676,946	13,615,577
Dec	9,651,356	5,526,037
Jan	1,965,506	1,602,987
Feb	3,912,079	1,441,268
Mar	1,378,423	1,279,876
Apr	6,434,458	2,277,211
May	4,831,876	4,804,443
Jun	3,042,264	3,488,150
TOT Y-T-D	35,937,483	39,197,317
Adj Budget	33,006,077	42,969,759



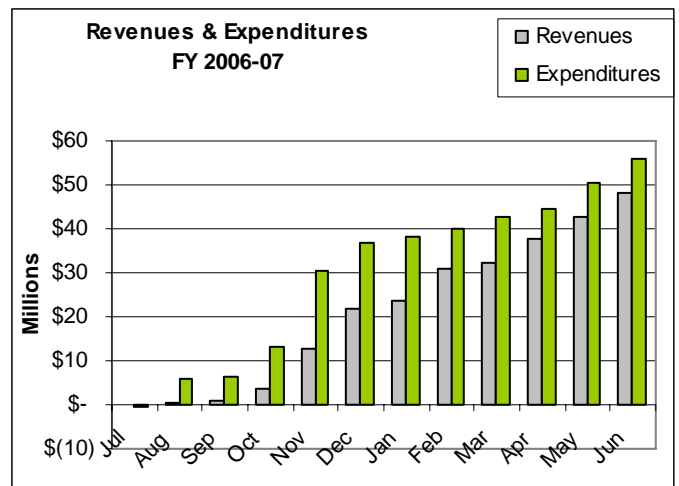
NEGATIVE

In FY 2007-08, **expenditures exceeded revenues by approximately \$3.2 million**.

This is due primarily to one-time costs related to settlement of a few eminent domain cases. As a result, the estimated available cash balance has been reduced to approximately \$10.7 million.

Total expenditures in FY 2007-08 were approximately \$16 million LESS THAN total expenditures in FY 2006-07. The reduction in expenditures is a result of significantly less land acquisition activity; about \$23 million was expended on land acquisition in FY 2006-07 vs. less than \$6 million in FY 2007-08.

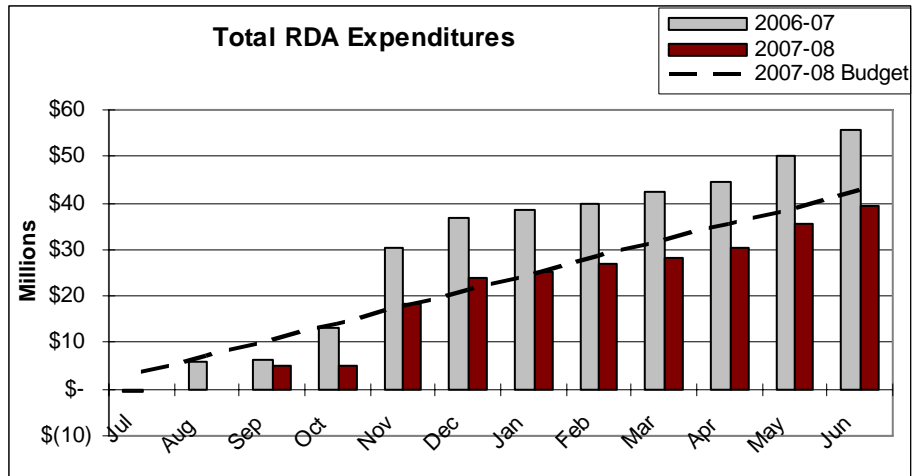
Total revenues in FY 2007-08 were also approximately \$12 million less than FY 2006-07 revenues. Again, this was due primarily to \$12 million in land sale proceeds being received in FY 2006-07 while no land was sold in FY 2007-08 (although a number of properties are currently in escrow). More detail on revenues and expenditures can be found in the following sections of this report.



UNRESTRICTED FUND EXPENDITURES:

TOTAL UNRESTRICTED FUNDS EXPENDITURES: (cumulative)

	2006-07	2007-08
Jul	\$ (500,262)	\$ (49,291)
Aug	5,714,833	(71,962)
Sep	6,156,537	4,878,846
Oct	13,292,841	5,161,767
Nov	30,259,301	18,210,871
Dec	36,811,212	23,736,907
Jan	38,336,172	25,339,894
Feb	39,887,799	26,781,162
Mar	42,569,594	28,061,038
Apr	44,693,289	30,338,249
May	50,244,075	35,651,649
Jun	55,909,687	39,197,317
TOT Y-T-D	55,909,687	39,197,317
Adj Budget	47,108,917	42,726,758



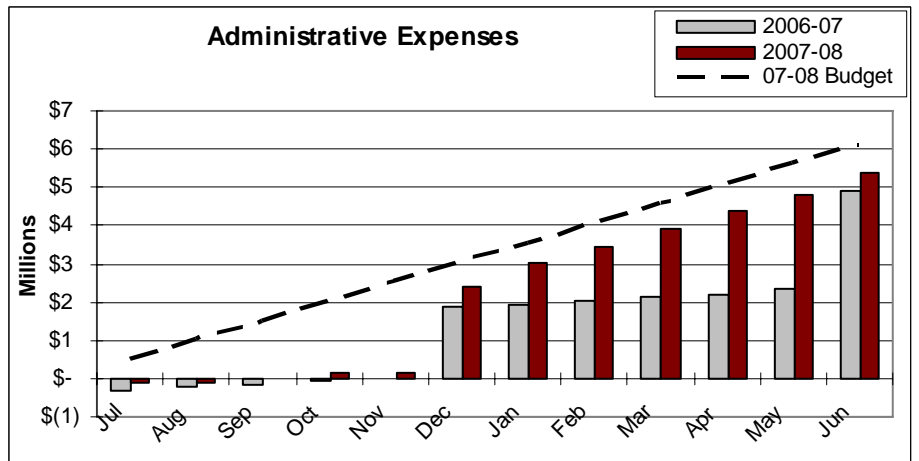
BELOW BUDGET Final Unrestricted Funds expenditures were **91% of the adjusted budget for FY 2007-08**. Expenditures in FY 2007-08 were well below FY 2006-07 because there was significantly more land acquisition activity in FY 2006-07 (about \$23 million) than in FY 2007-08 (about \$6 million).

Redevelopment expenditures are relatively sporadic on a monthly basis as there are often spikes in expenditures due to land acquisition costs or other one-time development related costs. Generally, the month of November has the most cash going out the door as that is when the annual debt service payments for RDA bonds are due (i.e. principal and interest payments to bond holders). The following sections will provide more detail on RDA expenditures by category.

EXPENDITURE ANALYSIS BY CATEGORY:

ADMINISTRATIVE EXPENSES: (cumulative)

	2006-07	2007-08
Jul	\$ (329,591)	\$ (118,918)
Aug	(193,330)	(95,447)
Sep	(174,226)	(8,262)
Oct	(51,090)	145,569
Nov	(19,424)	159,887
Dec	1,853,377	2,408,226
Jan	1,934,748	3,004,974
Feb	2,008,641	3,466,404
Mar	2,129,162	3,922,847
Apr	2,170,580	4,360,913
May	2,328,065	4,800,838
Jun	4,891,866	5,354,653
TOT Y-T-D	4,891,866	5,354,653
Adj Budget	5,993,953	6,126,231

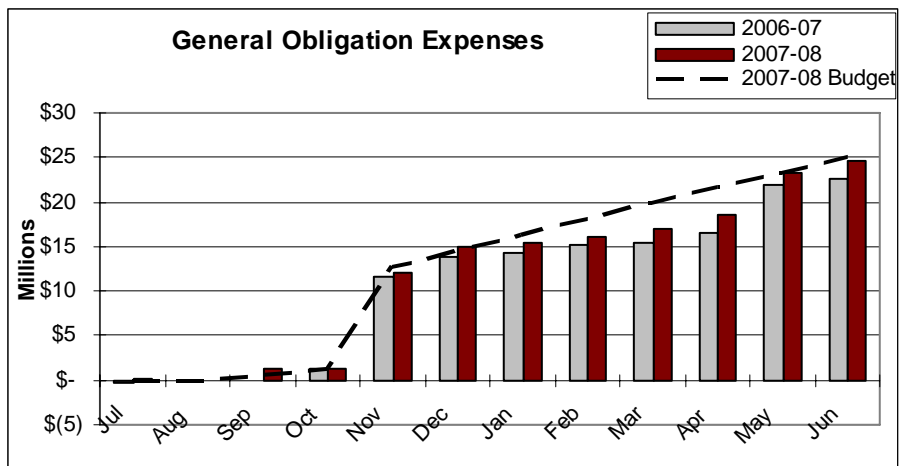


BELOW BUDGET The Redevelopment Agency reimburses the City for all City staff whose position is impacted by RDA activities. This includes all Redevelopment, Economic Development, and Cultural Affairs division staff as well as partial reimbursement for positions in Planning, Building Safety, Code Enforcement, City Attorney, Police, Fire, PRCS, Public Works, etc. Administrative expenditures also include operating expenses and contract costs for RDA activities. Reimbursement expenses for staff positions are prorated and transferred from the Agency to the City on a monthly basis. Due to salary savings from vacant positions and savings in operating expenses, Administrative Expenses were **87% of the adjusted budget for FY 2007-08**.

UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

GENERAL OBLIGATION EXPENSES: (cumulative)

	2006-07	2007-08
Jul	\$ (177,364)	\$ 81,994
Aug	-	-
Sep	625	1,334,270
Oct	1,219,096	1,334,270
Nov	11,613,389	11,982,956
Dec	13,893,776	14,920,376
Jan	14,295,281	15,313,428
Feb	15,207,512	16,187,369
Mar	15,452,088	16,925,915
Apr	16,612,960	18,537,553
May	21,820,981	23,249,932
Jun	22,684,654	24,530,550
TOT Y-T-D	22,684,654	24,530,550
Adj Budget	21,278,143	25,131,668

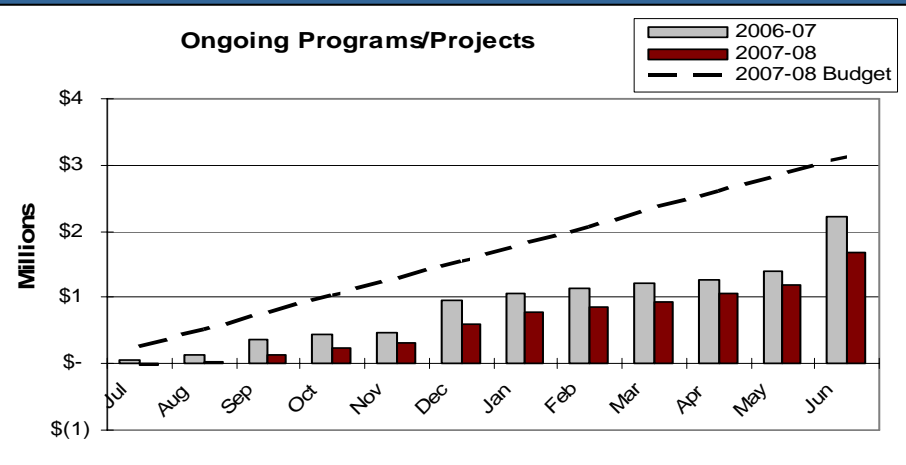


NORMAL

General Obligation (GO) expenses were approximately **98% of the adjusted budget for FY 2007-08**. GO expenses are payments that the Agency is legally required to make. The largest GO expense is debt service on RDA bond issues (i.e. principal and interest payments to bond holders), which is paid each year in November. Other GO expenditures include statutory pass through payments, transfers to the Housing fund for the 20% statutory housing set aside, loan repayment to the City, and ERAF payments (not applicable in FY 2007-08). **The RDA paid approximately \$500,000 in interest to the City in FY 2007-08. A \$2 million principal payment was made in July 2008 (fiscal 2008-09). The remaining principal balance on the original \$9 million loan from the City is \$7 million.**

ONGOING PROGRAMS/PROJECTS: (cumulative)

	2006-07	2007-08
Jul	\$ 44,193	\$ (12,367)
Aug	127,178	18,214
Sep	359,119	126,080
Oct	444,875	237,704
Nov	480,468	311,940
Dec	951,317	608,611
Jan	1,059,659	780,220
Feb	1,138,820	862,875
Mar	1,223,121	941,360
Apr	1,256,206	1,061,808
May	1,407,058	1,196,300
Jun	2,222,889	1,693,106
TOT Y-T-D	2,222,889	1,693,106
Adj Budget	3,048,870	3,118,088



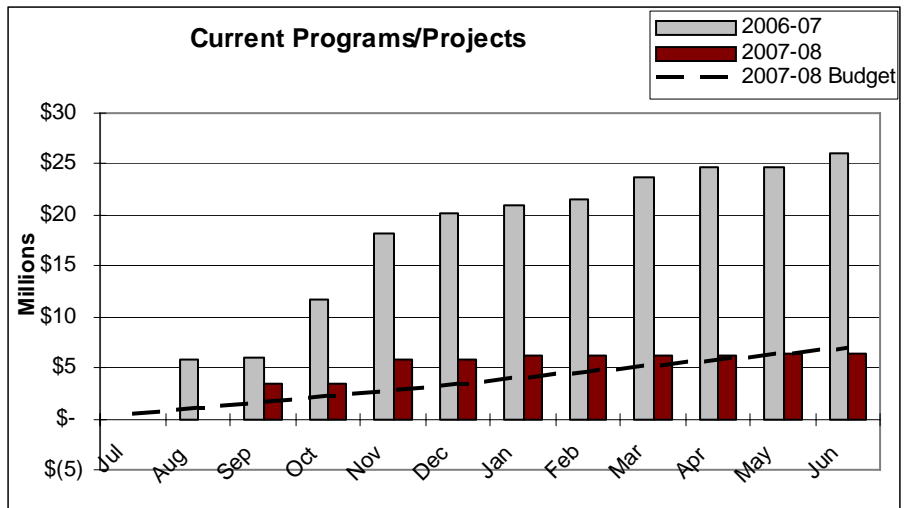
BELOW BUDGET

Ongoing programs and projects expenses at year end came in at approximately **54% of the adjusted budget for FY 2007-08**. Ongoing programs include expenses for economic development projects, real property management (i.e. management of the parking structures and parking lots), and cultural affairs programs such as the Culver City Music Festival, Farmers' Market, Music in the Chambers, and the Art of... Speaker Series. Due to the vacancy in the Economic Development Manager position for most of FY 2007-08, economic development was unable to complete much of their work program and therefore did not expend a significant portion of the program budget. The Economic Development Manager position has since been filled and getting back on track with implementation of the work program. Also, management costs for the three downtown parking structures (Cardiff, Ince, and Watseka) were significantly under budget (a combined \$700,000 under budget). This is because the full cost of the contract is budgeted, however, the revenues from transient parking that is collected by Modern Parking each month is deducted from their monthly fee and the RDA pays any difference. This system is being reviewed and a change will be proposed by staff when the current contract with Modern Parking expires in June 2009.

UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

CURRENT PROJECTS: (cumulative)

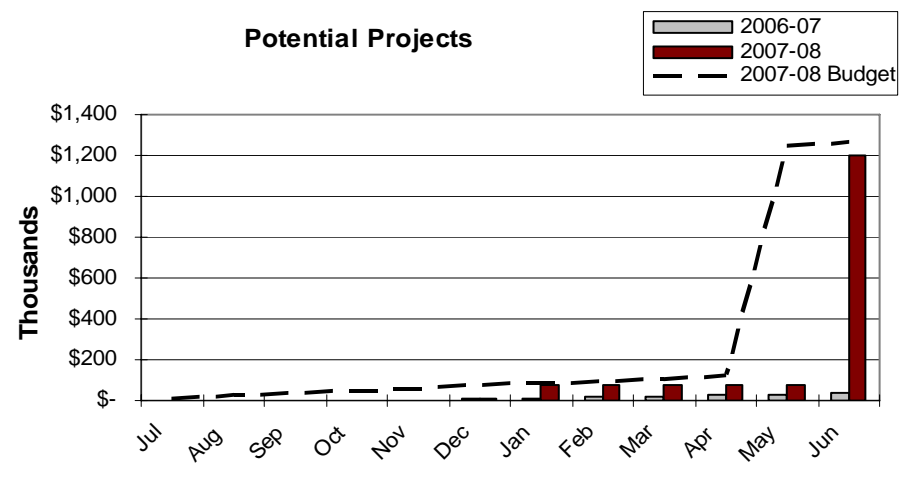
	2006-07	2007-08
Jul	\$ (37,500)	\$ -
Aug	5,818,485	4,846
Sep	189,964	3,421,487
Oct	5,708,941	16,296
Nov	6,504,908	2,311,864
Dec	1,919,324	37,880
Jan	929,874	376,231
Feb	481,692	23,242
Mar	2,231,702	6,402
Apr	880,326	107,059
May	28,978	26,604
Jun	1,411,892	83,325
TOT Y-T-D	26,068,586	6,415,236
Adj Budget	16,547,177	7,086,497



BELOW BUDGET Expenditures on Current Projects at year end were approximately **91% of the adjusted budget for FY 2007-08**. Current Projects are projects that are currently underway, such as Washington/Centinela, Washington/National, and the Baldwin Motel. Property acquisition costs are also included in the Current Projects category and makes up the primary expenditure. Approximately \$6 million was spent on property acquisition in 2007-08, primarily to settle the Agency's existing eminent domain cases. There was a significant reduction in property acquisition from the FY 2006-07 with almost \$23 million in property acquisition costs. This expenditure category had the most significant drop from last fiscal year.

POTENTIAL PROJECTS: (cumulative)

	2006-07	2007-08
Jul	\$ -	\$ -
Aug	-	425
Sep	70	425
Oct	70	1,595
Nov	70	1,595
Dec	8,620	7,321
Jan	12,488	72,668
Feb	17,138	72,668
Mar	17,833	72,668
Apr	25,827	72,668
May	31,277	72,668
Jun	41,692	1,203,772
TOT Y-T-D	41,692	1,203,772
Adj Budget	240,774	1,264,274

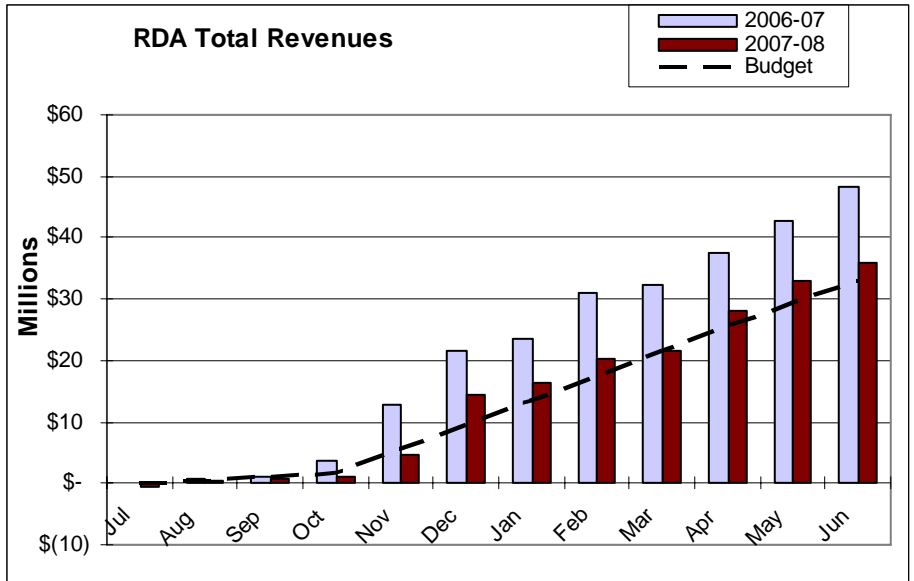


BELOW BUDGET Expenditures on Potential Projects at year end were approximately **95% of the adjusted budget for FY 2007-08**. Potential Projects include expenses for opportunity sites as they arise in various parts of the City, such as potential sites on **Mid-Washington, Selmaraine/Sepulveda, Jefferson Blvd and the Hayden Tract**. A majority of the expenses are on appraisals, exploratory studies, and other expenses related to evaluating a potential redevelopment site. The primary expenditure in FY 2007-08 was **exercising an option (\$1.1 million) to purchase the remainder of the Pleasantview site on Washington Blvd** as a possible future redevelopment site.

UNRESTRICTED FUNDS REVENUE ANALYSIS

TOTAL UNRESTRICTED FUNDS REVENUE THROUGH YEAR-END: Fiscal 2006-07 vs Fiscal 2007-08 (cumulative)

	2007-08	2006-07
Jul	\$ (395,530)	\$ 7,104
Aug	656,599	612,417
Sep	368,304	386,765
Oct	415,202	2,755,046
Nov	3,676,946	9,158,540
Dec	9,651,356	8,717,465
Jan	1,965,506	2,007,880
Feb	3,912,079	7,308,540
Mar	1,378,423	1,460,304
Apr	6,434,458	5,198,605
May	4,831,876	5,185,795
Jun	3,042,264	5,536,717
TOT Y-T-D	35,937,483	48,335,178
Adj Budget	33,006,077	28,192,644



UNRESTRICTED REVENUES — Revenues for FY 2007-08 were approximately \$36 million as compared to \$48 million in revenues last year. The reduction in revenue is primarily due to about \$12.5 million in one-time **land sale proceeds** that were realized in FY 2006-07 (i.e. Lindblade properties, 4043 Irving Pl, and 9900 Culver Blvd) as well as some revenue sources that declined in FY 2007-08 (i.e. Pacific Theaters and Parking revenue). After adjusting out the one-time land sale proceeds and other one-time adjustments*, FY 2007-08 revenues were about \$1.5 million more than FY 2006-07 revenues. **This is mainly a result of continued strong tax increment growth (\$2.8 million increase in TI receipts). However, poor receipts from Pacific Theaters, parking revenues (resulting from Writers' strike and decreased studio production), and interest income offset some of the growth in TI for a total net increase of \$1.5 million.**

Land Sale Proceeds — Despite opening escrow on two properties, the RDA did not sell any land in FY 2007-08. However, three pieces of property are currently slated to be sold to developers, including Parcel B and the Baldwin Motel site and Washington/Centinela. Due to the current state of the credit markets, it is unclear at this time when the developers will be able to secure financing for their project and when the Agency will receive the proceeds for these land sales. Staff will continue to update the Agency Board on the status of these projects.

City Loan to the Agency — In FY 2006-07, the Redevelopment Agency found itself in a land rich, cash poor situation. Some of the Agency owned land was purchased with tax exempt bond proceeds, which restricted the use of that land to public improvements (e.g. parkland, parking lots, or infrastructure improvements). In order to allow more flexibility for the use and disposition of that land, the RDA needed to replace the tax exempt bond funds with unrestricted tax increment funds. Since the RDA did not have that amount of cash on hand, the City loaned the Redevelopment Agency \$9 million to replace the tax exempt bond funds with unrestricted funds. This loan was made at a 6.5% interest rate, compounded annually. **In FY 2007-08, a \$500,000 interest payment was made and a \$2 million principal payment was made in July 2008. The current outstanding balance is \$7 million, plus all applicable interest.**

SUMMARY — The RDA experienced approximately 10% growth in gross tax increment receipts in 2007-08. However, due to a number of underperforming revenue sources (such as Pacific Theaters and parking revenues) and no land sale proceeds, FY 2007-08 revenues were well below FY 2006-07 revenues. Despite the sluggish economy, healthy tax increment growth is expected to continue over the next few years as current development projects such as the Westfield Shopping Mall renovation and improvements at Sony studios are completed and hit the tax rolls. Additionally, expected land sale proceeds in 2008-09 and 2009-10 should give the Redevelopment Agency an infusion of cash to pay back the loan to the City or initiate new projects.

*One-time adjustments = recording of \$1.5 million Akselrod note and \$500,000 adjustment for FY 2005-06 TI receipts.

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

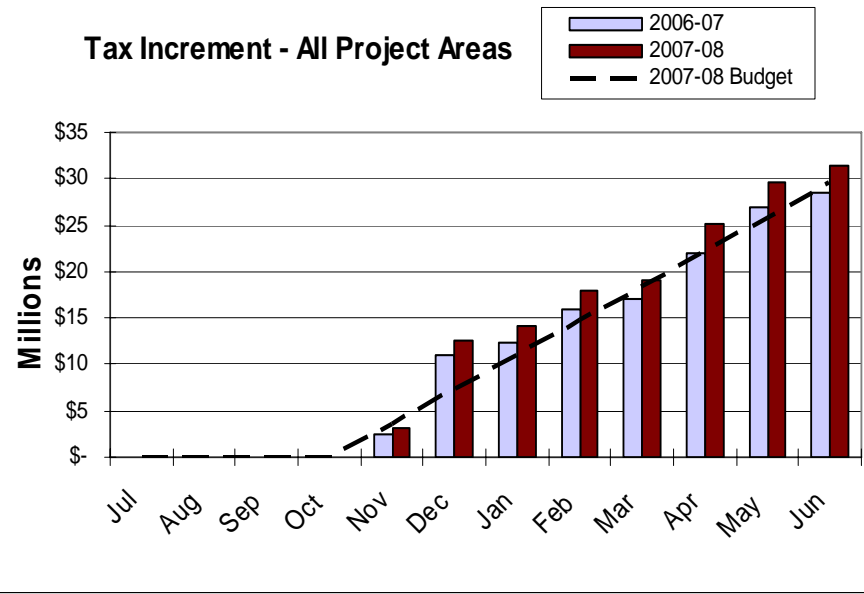
ASSESSED VALUATIONS: Fiscal 2005-06, 2006-07, and 2007-08

Per Proposition 13 passed by California voters in 1978, a property's value is assessed when it is purchased or significantly remodeled. Once the assessed value is established, it cannot increase by more than 2% per year until the property is sold or remodeled, at which time it is re-assessed. The property owners' annual property tax is calculated as 1% of the assessed value. The Redevelopment Agency receives tax increment based on the increase in assessed value over a base year (base year = the year that a particular project area was established). The table below shows the total assessed values and % change from the prior year for each project area for the three most recent years.

	2005-06	% change prior year	2006-07	% change prior year	2007-08	% change prior year
Project Area 1	\$696,654,645	2.86%	\$741,987,037	6.51%	\$899,729,335	21.26%
Project Area 2	\$528,439,077	7.16%	\$576,349,621	9.07%	\$636,801,158	10.49%
Project Area 3	\$1,220,605,913	5.03%	\$1,284,738,339	5.25%	\$1,375,974,122	7.10%
Project Area 4	\$480,947,058	2.30%	\$513,029,124	6.67%	\$590,320,656	15.07%
	\$2,926,646,693	4.42%	\$3,116,104,121	6.47%	\$3,502,825,271	12.41%

TAX INCREMENT: Fiscal 2006-07 vs Fiscal 2007-08 (cumulative)

	Total All Component Areas	
	2006-07	2007-08
July	\$ -	\$ -
August	-	-
September	-	-
October	-	-
November	2,471,416	3,084,339
December	10,886,956	12,665,357
January	12,417,929	14,215,606
February	16,035,595	17,853,213
March	17,003,194	18,975,948
April	22,029,031	25,022,879
May	26,927,057	29,707,362
June	28,460,085	31,387,713
TOTAL	\$ 28,460,085	\$ 31,387,713
Adj Budget	\$ 24,220,000	\$ 29,593,000

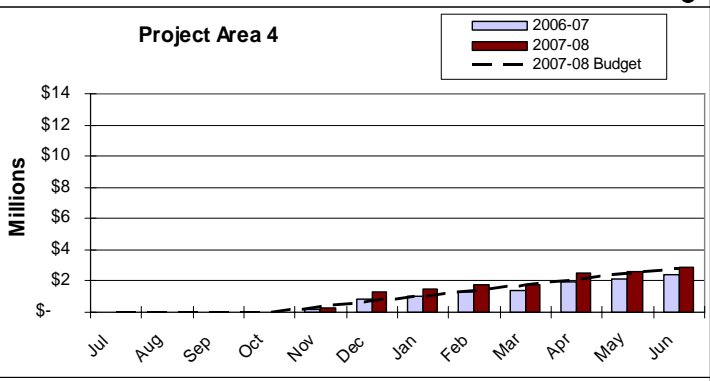
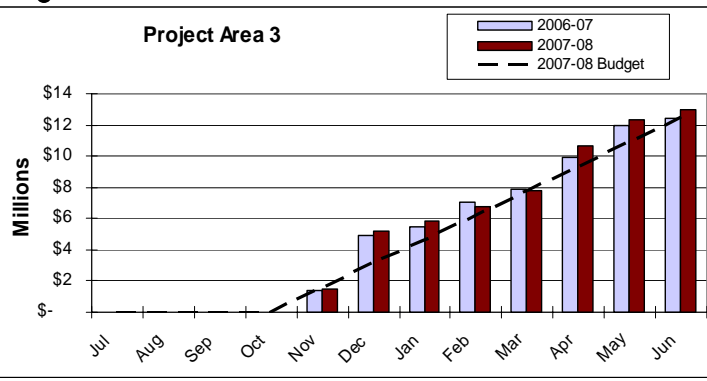
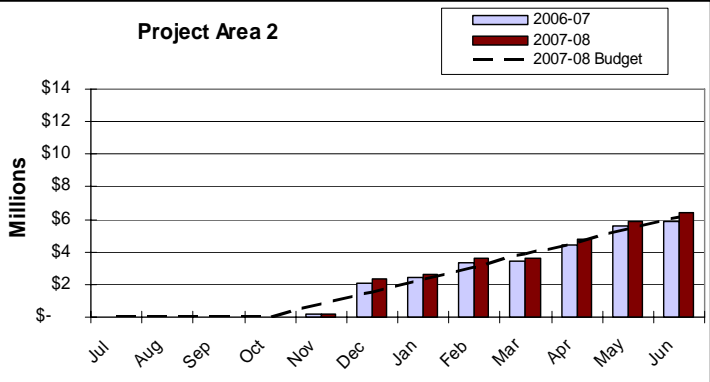
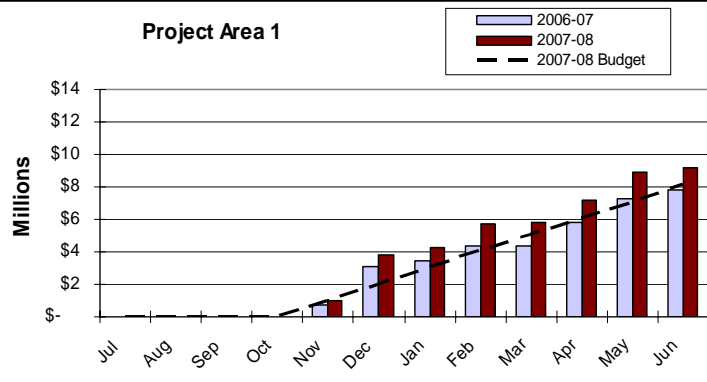


NORMAL

The Budget projection for fiscal 2007-08 was increased at mid-year by \$2.9 million from \$26.8 million to \$29.6 million based on the updated Assessed Valuation report from the County Assessor's office received annually in August. The increase in the Redevelopment Project Areas per the County Assessor's report was a little more than 12% (actual receipts only increased by approx. 10% because statutory pass through payments and administrative fees to Los Angeles County are deducted from the gross TI payment sent by the County). Tax Increment growth is expected to remain healthy in FY 2008-09 and FY 2009-10 due to development currently being constructed (e.g. Westfield Shopping Mall renovation and Sony parking lot) as well as development currently in the pipeline, such as 9900 Culver Blvd, Parcel B, and Washington/Centinela. However, due to the current state of the credit markets, which is now beginning to have a significant impact on construction financing, TI receipts are expected to slow by late FY 2009-10 and FY 2010-11.

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

TAX INCREMENT by COMPONENT AREA: Fiscal 2006-07 vs Fiscal 2007-08 (cumulative)



City of **Culver** CITY
REDEVELOPMENT PROJECT AREAS

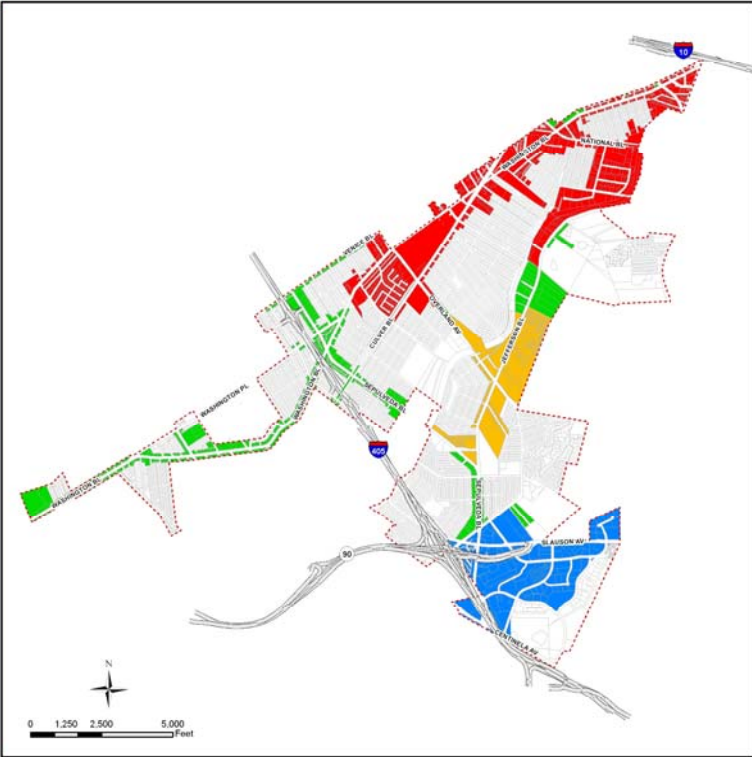
Legend

Component Areas

- Area No. 1 Plan Expiration Date: 07/06/2011
- Area No. 2 Plan Expiration Date: 12/08/2012
- Area No. 3 Plan Expiration Date: 11/04/2016
- Area No. 4 Plan Expiration Date: 11/20/2029

Land Parcels
City Boundary

Information Technology Department
Geographic Information Systems
September 7, 2005

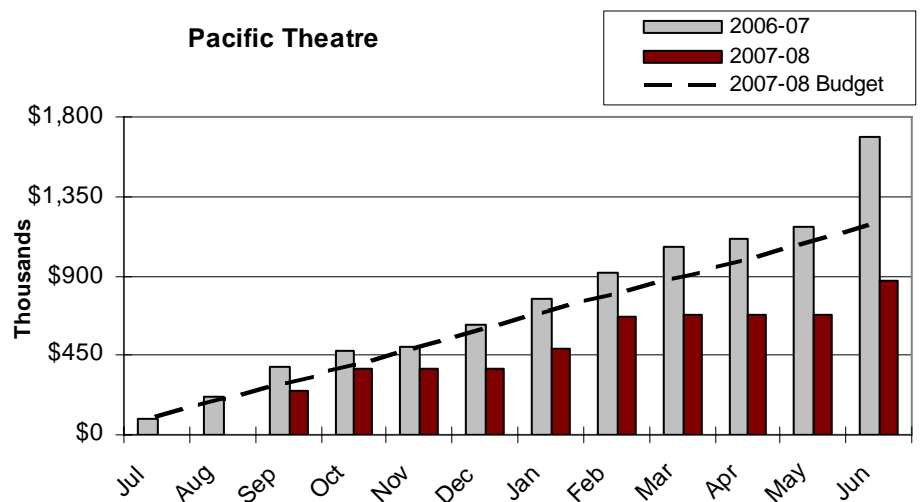


The above graphs illustrate the magnitude of tax increment generated from each of the four project areas. Project Areas 1 and 3 generate the most tax increment, with FY 2007-08 receipts of \$9.1 million and \$13 million, respectively. **Project Area 1** is comprised primarily of the **Fox Hills area** (seen here in blue). **Project Area 3** is comprised primarily of the **Hayden Tract and Downtown areas** (seen in red). **Project Area 2** is comprised primarily of the **Jefferson/Overland intersection** (seen in yellow) and **Project Area 4** is comprised primarily of **West Washington Blvd and Sepulveda Blvd**.

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

REVENUE SOURCES: Fiscal 2006-07 vs Fiscal 2007-08 (cumulative)

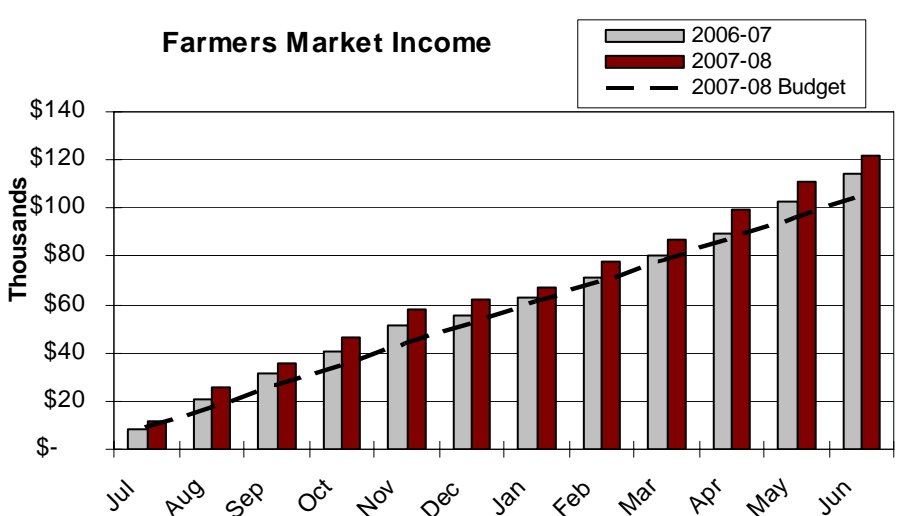
	Pacific Theatre	
	2006-07	2007-08
July	91,770	-
August	128,562	-
September	163,466	248,471
October	94,202	125,539
November	20,343	1,786
December	128,939	1,786
January	137,587	112,184
February	153,384	182,126
March	147,478	1,786
April	47,719	-
May	66,962	3,572
June	506,545	196,961
TOTAL	1,686,957	874,211
Adj. Budget	800,000	1,200,000



NEGATIVE

Pacific Theaters fell short of the \$1.2 million budget projection by almost \$325,000. There were a number of factors that impacted performance. A lack of quality film product throughout the entire industry and a sluggish economy caused there to be two months in which the Theater did not make enough revenues to fulfill all obligations (including operations, taxes, and debt service). In those months, the Agency did not receive any revenue and had to pay out to cover those obligations. Additionally, Oliver McMillan had to increase withholdings related to the annual property tax payment to the County of Los Angeles due to a higher than expected initial assessed value. OM is appealing this assessed value and is confident that the assessment will be re-evaluated. Any adjustments will be reflected in FY 2008-09.

	Farmers' Market	
	2006-07	2007-08
July	7,896	11,234
August	13,160	14,155
September	10,087	10,426
October	9,773	10,461
November	10,806	11,378
December	3,918	4,522
January	7,713	5,118
February	7,894	10,472
March	8,694	9,330
April	9,755	12,579
May	13,139	10,919
June	11,573	11,100
TOTAL	114,408	121,694
Adj Budget	100,000	105,000



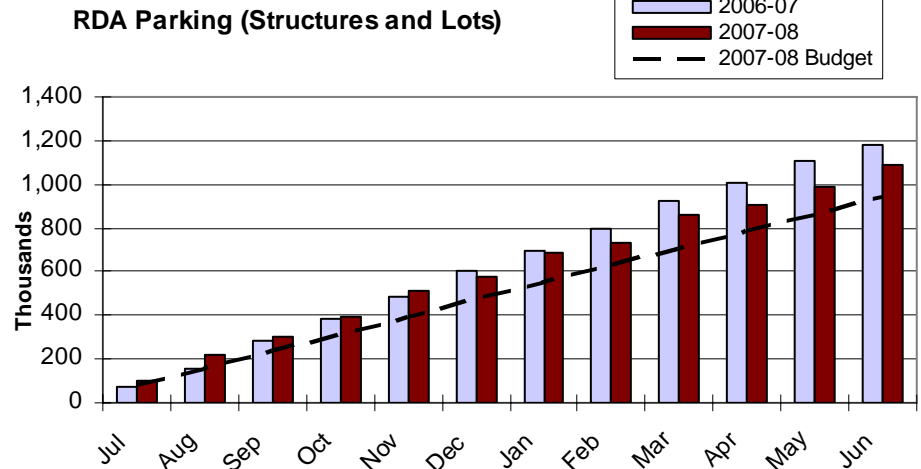
POSITIVE

The Farmers' Market received almost \$115,000 and exceeded the budget projection by almost 9% (\$10,000). The Farmers' Market continues to be a popular and successful downtown event.

Unrestricted Funds Revenue Analysis (continued):

OTHER REVENUE SOURCES (cont.): Fiscal 2006-07 vs Fiscal 2007-08 (cumulative)

	Parking	
	2006-07	2007-08
July	75,728	101,177
August	78,021	121,649
September	127,398	76,377
October	101,623	92,723
November	101,395	116,765
December	124,093	67,513
January	90,620	108,650
February	93,334	46,103
March	127,719	129,622
April	82,842	43,353
May	104,235	80,256
June	77,747	106,047
TOTAL	1,184,755	1,090,235
Adj Budget	832,000	943,120



POSITIVE

Parking exceeded budget projections by approx. \$150,000 (16%), but fell about \$100,000 short of last year's year end receipts. The Writers' Guild strike in November, December and part of January negatively impacted film parking receipts, which were more than \$100,000 less than FY 2006-07 (Film Parking receipts = \$172,000 in FY 06-07 vs. \$66,000 in FY 07-08).

OTHER NOTES:

LAND SALE PROCEEDS — The FY 2007-08 adopted budget included approximately \$11.5 million in land sale proceeds in anticipation of the sale of Parcel B, Baldwin Motel, and Pleasantview sites. At mid-year, the budget was reduced to include only the sale of the Parcel B site for \$5.9 million. Escrow for Parcel B was originally scheduled to close prior to June 30, 2008; however, with the tightening of the credit market, close of escrow has been delayed, but is expected to close prior to June 2009.

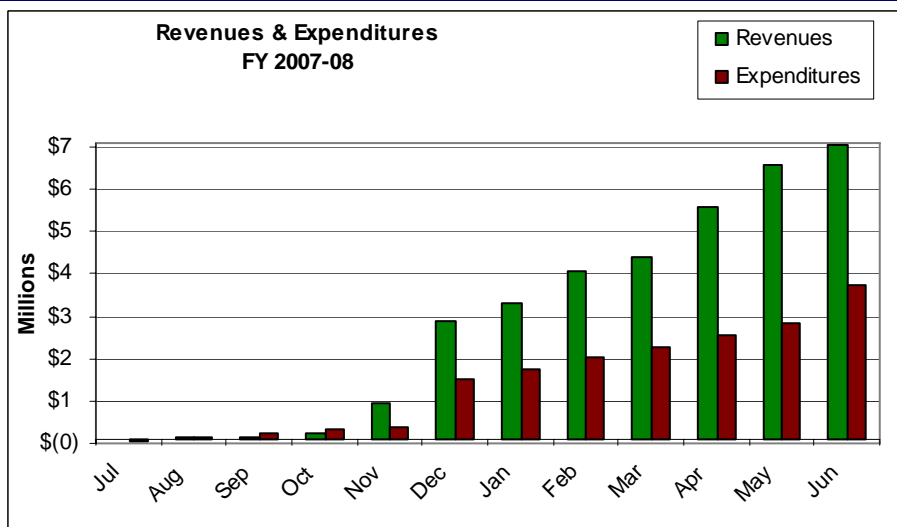
WARNING

The state finally adopted a budget 85 days into the new fiscal year. The state is honoring its constitutional requirement to not take revenues from cities to balance their own budget. However, **the state is diverting \$350 million in redevelopment agency revenues** in the form of an **ERAF shift**. Basically, this requires redevelopment agencies to pay into an Education Augmentation Fund to fund public education, which lowers the amount that the state is required to fund. **Culver City Redevelopment Agency's ERAF payment in FY 2008-09 will be approximately \$2.25 million.** At this point, this is only a one-year payment. However, due to the severe budget shortfalls being experienced by the state in the current fiscal year, it is a very realistic possibility that the ERAF shift will be extended or even made permanent. Staff will keep the Agency Board apprised of new developments as information becomes available.

LOW/MODERATE INCOME HOUSING FUND ANALYSIS:

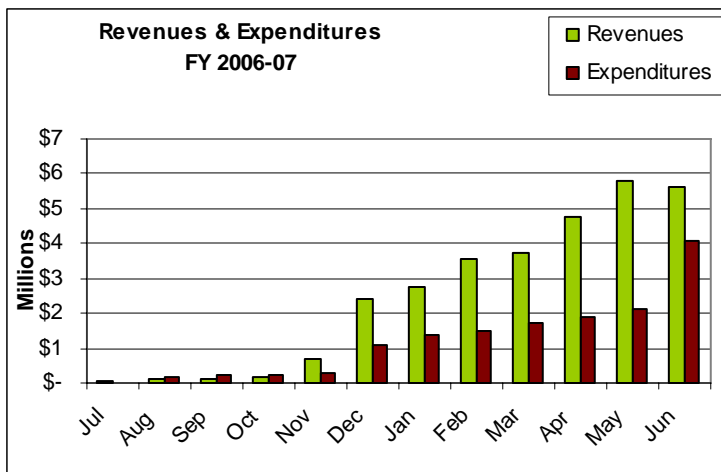
HOUSING FUND: Revenues and Expenditures (cumulative)

	<i>Revenues</i> 2007-08	<i>Expenditures</i> 2007-08
Jul	\$ 6,332	\$ (52,060)
Aug	33,466	114,800
Sep	21,952	87,763
Oct	87,573	82,561
Nov	705,449	52,196
Dec	1,939,384	1,114,943
Jan	422,836	234,455
Feb	747,414	290,272
Mar	338,554	238,400
Apr	1,194,032	284,597
May	960,582	280,090
Jun	478,963	915,689
TOT Y-T-D	6,936,537	3,643,706
Adj Budget	6,865,000	12,330,046



REVENUES — The low/moderate Income Housing funds primary revenue source is tax increment housing set aside funds. Per the state Health and Safety code, 20% of gross tax increment receipts must be set aside to support low/moderate income housing programs and projects. **Set aside revenues in FY 2007-08 were approximately \$6.3 million.**

EXPENDITURES — Low/moderate Income Housing expenditures were approximately **29% of the adjusted budget**. Approximately \$7.75 million was appropriated in 2007-08 in anticipation of initiating a few low/moderate income housing projects. However, due to the development of the Comprehensive Housing Strategy, the division was unable to begin work on any housing development projects. Of the \$3.6 million expended in FY 2007-08, approximately 50% was expended on housing programs (e.g. Mortgage Assistance, Shared Housing for the Elderly, and Home Security) and Debt Service. The remaining 50% was spent on administration and management activities.

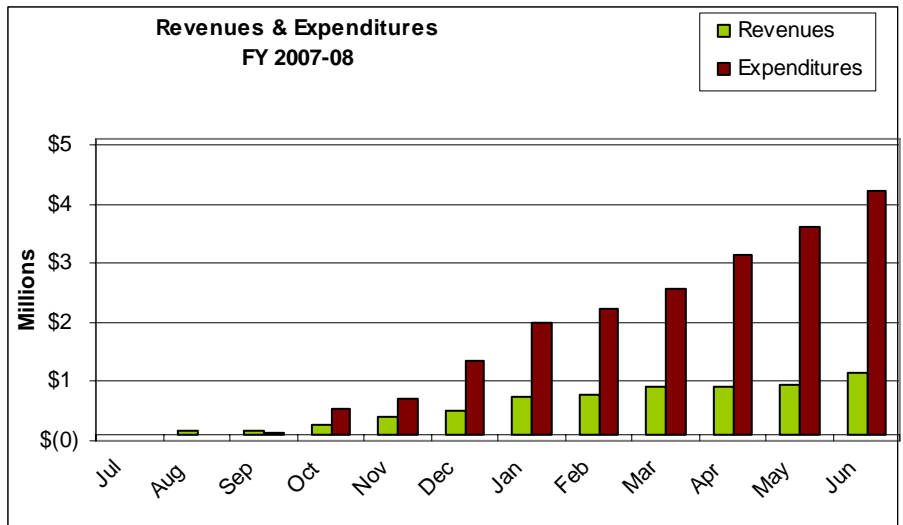


OVERALL — For a number of years, the Housing fund has experience substantial surpluses. In FY 2007-08, the fund experienced a surplus of approximately \$3.3 million to increase the estimated available cash balance to approx. \$19 million. The Agency needs to begin to spend down this cash balance before the Housing fund gets into an excess surplus situation. Currently, the Housing division is working with the Agency Board to develop a **Comprehensive Housing Strategy** to plan housing development activities over the next few years. Once this strategy is finalized, the division will move forward on the identified projects.

TAX EXEMPT BOND FUNDS

FISCAL YEAR TO DATE: (cumulative)

	<i>Revenues</i> 2007-08	<i>Expenditures</i> 2007-08
Jul	\$ 15,988	\$ -
Aug	36,608	-
Sep	21,178	40,031
Oct	107,166	397,032
Nov	108,928	161,740
Dec	123,173	642,128
Jan	242,300	639,181
Feb	12,608	237,320
Mar	129,919	356,464
Apr	21,672	574,914
May	18,077	462,252
Jun	218,878	876,768
TOT Y-T-D	1,056,495	4,387,831
Adj Budget	400,000	8,019,086



REVENUES — Tax exempt bond fund revenue is primarily interest income earned on the fund balance. Just over \$1 million was earned in interest in FY 2007-08.

EXPENDITURES — Tax exempt bond funds are restricted and can only be used for public improvements and public infrastructure. Bond funded projects are often similar to Capital Improvement Projects as they are typically larger projects that may take more than one fiscal year to complete. Typically, the entire project budget is allocated in the first year and any unspent bond funds are typically carried over to the following year. Current bond projects include Fire Station #3, Town Plaza, and the Washington Blvd realignment.

CURRENT BOND FUNDED PROJECTS

	Total Budget	Total Bond Funding	Bond Funds Expended to Date	Estimated Completion
1. Fire Station #3* (93700)	\$6,527,000	\$3,000,000	\$2,109,400	Dec. 2008
2. Washington Boulevard Realignment (93400)	\$2,500,000	\$2,500,000	\$2,500,000	Complete
3. Town Plaza (93400)	\$3,100,000	\$3,100,000	\$300,000	FY 2009-10
4. Washington/National (92620)	\$360,000	\$360,000	\$276,500	Complete

All of the current bond funded projects have been completed or are scheduled for completion in FY 2008-09. During the most recent budget process, most of the remaining \$20 million in bond funds was been allocated for various public improvement projects, including the General Plan update, parking improvements, area improvement plans on Washington Blvd and Sepulveda Blvd, and contributions toward the EXPO light rail project.

*The total budget for Fire Station #3 includes \$3 million in Agency Bond funding and \$3.5 million in City funding.