

Culver
CITY
REDEVELOPMENT
AGENCY

FINANCIAL
MONITORING
REPORT

Mid-Year

FY 2008-09

PERFORMANCE AT A GLANCE

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- 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

Notable Economic News

State Budget Update

In November, the governor called a special legislative session to address the \$14+ billion deficit in the current budget year. The governor's initial proposal included a combination of spending cuts and revenue increases. His proposal did not include any increase or extension of the ERAF payment from California Redevelopment Agencies beyond the **\$350 million already approved (CCRA share is \$2.25 million)**. However, the Legislative Analysts Office released their own recommendations on how to close the budget gap, **which included making the ERAF shift permanent**. Legislators will be working with the Governor over the next few weeks to try to hammer out a realistic budget; however, to date, no agreements have been reached.

CRA ERAF Lawsuit

The **California Redevelopment Association** (CRA) has filed a lawsuit against the state alleging that taking local redevelopment agency funds is illegal under Proposition 1A approved by voters in November 2004. It is likely that the lawsuit will still be pending on May 1st (when the ERAF payment is due), so the CRA has recommended that agencies make the required payment to avoid any penalties. If the CRA is successful, current, and potentially future, ERAF payments will be invalidated under the California constitution. This will most likely be a long court battle that could take months, even years, to resolve. Staff will keep the Agency Board apprised of any new developments.

Notable Development News

- *9900 Culver Blvd* is under construction and is expected to be completed by summer/fall 2009.
- *Westfield Fox Hills Mall* is on schedule to be completed by October 2009.
- *Sony Studios* construction of an additional studio is also underway and moving along as scheduled.
- The credit crunch continues to impact project financing as projects such as *Parcel B*, *Baldwin Motel Site*, and *Wasington/Centinela* continue to have difficulty securing project financing.

2008-09 MID-YEAR AT-A-GLANCE

Economic Overview

The economic contraction continued to worsen through the first half of the fiscal year with no end in sight. The commercial and residential real estate markets continue to be very soft, unemployment continues to climb, and the new presidential administration is scrambling to put together an economic stimulus package that will encourage job growth and stop the bleeding. The credit markets are still very tight despite the \$700 billion federal bailout package unveiled a few months ago. This is effecting many businesses' (including the State of California) ability to make payroll and meet other obligations. It is also effecting many developers' ability to secure construction financing. As a result, many projects that were originally slated to be well underway by now have been delayed. To date, there are no significant signs that the current economic conditions will improve any time soon. In fact, most signs point to the economy getting worse before it gets better.

Revenue & Expenditure Summary

In August, an updated Assessed Value report was received from the County Assessor's Office that indicated an increase in 2008-09 Tax Increment receipts of approximately \$2.4 million despite the slumping economy. Receipts through the first half of the fiscal year support this report. The increase is the result of property turnover and development projects that were significantly underway or completed prior to the onset of the heavy economic troubles earlier this fiscal year. It is expected that tax increment growth will begin to slow over the next two fiscal years to reflect the slowing of development projects and property turnover in the redevelopment project area. The **Agency did not close escrow on any land sales in the first quarter**.

Other than Tax Increment and Land Sale Proceeds, there are only a few other small revenue sources (i.e. account for less than 10% of total revenue), such as Pacific Theaters, parking revenue, and the Farmer's Market. Pacific Theater has significantly outperformed budget projections, however parking revenues are below budget projections and the Farmers' Market is basically on target.

In November, the Agency made its annual debt service payment of approx \$14 million. Other mid-year expenditures are primarily related to routine operating costs, program costs, and administrative reimbursements to the City. The most significant expenditure adjustment that needs to be made at mid year is appropriating the state required **\$2.25 million ERAF payment** to relieve some of the state's obligation to fund public schools. This report provides more detail on revenues and expenditures through mid-year.

CASH AVAILABLE for CAPITAL INVESTMENT

FUND BALANCE AVAILABLE FOR PROJECTS/PROGRAMS:

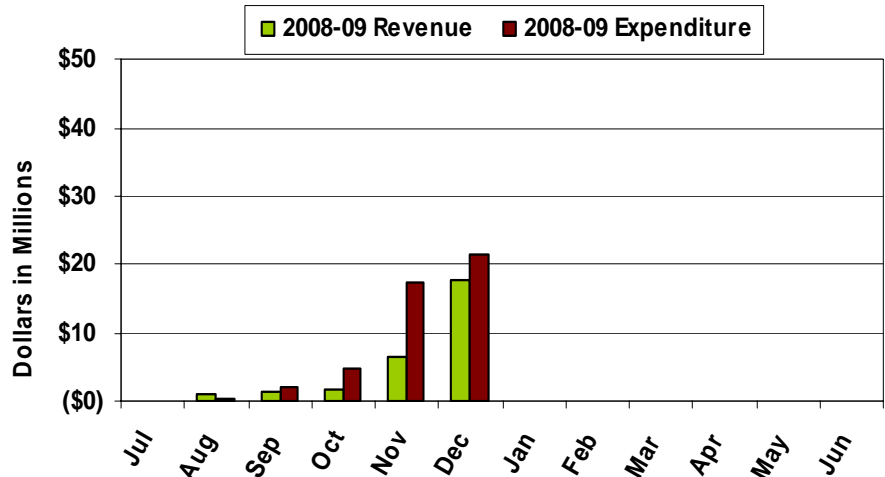
	<i>Actual Ending 2006-07</i>	<i>Actual Ending 2007-08</i>	<i>Estimated Ending 2008-09*</i>	<i>Estimated Ending 2009-10*</i>
Unrestricted Funds	\$13,700,000	10,770,000	2,500,000	8,800,000
Housing Set Aside	\$15,141,000	19,000,000	14,000,000	12,500,000
Tax Exempt Bonds	\$24,895,000	21,850,000	8,750,000	3,400,000

The estimated ending balance for each fund represents the approximate amount of cash capital available for investment in new projects or programs. **The estimated balances include the recommended mid-year budget adjustments.** The audited beginning balance for unrestricted funds as of June 30, 2008 (i.e. tax increment, parking revenues, theatre revenues, etc.) is approximately \$10.8 million.

Assumptions: The estimated ending balances above assume that an interest only payment on the \$9 million loan from the City was made in FY 2007-08 and the entire \$9 million principal balance is repaid in FY 2008-09 from RDA fund balance. It also assumes that 100% of the adjusted budget is expended and \$5.9 million in land sale proceeds is received in FY 2008-09. The estimated ending balance in FY 2009-10 assumes that 100% of the approved budget is expended and \$10.4 million in land sale proceeds are received (i.e. Washington/Centinela and Baldwin Motel). Based on the current economic conditions, the land sale proceeds and, consequently, the RDA's ability to repay the City loan, may need to be reevaluated.

UNRESTRICTED REVENUE and EXPENDITURE SUMMARY: (graphs are cumulative)

	<i>2008-09 Revenue</i>	<i>2008-09 Expenditure</i>
Jul	\$ 29,131	\$ (61,504)
Aug	782,065	229,232
Sep	399,899	1,799,684
Oct	356,216	2,559,747
Nov	4,841,495	12,656,746
Dec	11,133,208	4,245,202
Jan	-	-
Feb	-	-
Mar	-	-
Apr	-	-
May	-	-
Jun	-	-
TOT Y-T-D	17,542,014	21,429,107
Adj Budget	46,124,775	37,821,541



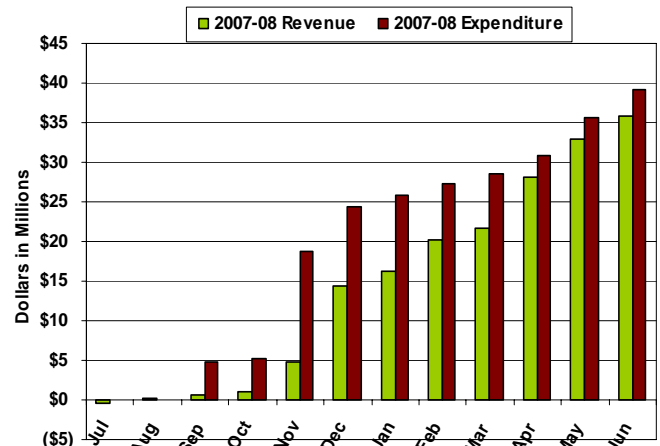
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REVENUE: To date, the RDA has received 38% of the total estimated revenue. If the recommended budget amendments are adopted, there will be a net decrease of \$3,174,000 in estimated revenue, which will increase the receipts to 41% of total estimated revenue.

EXPENDITURE: To date, the RDA has expended 57% of the adjusted budget. If the recommended budget amendments are adopted, there will be a net increase in expenditures of \$3,430,520, which will decrease the expenditures to 52% of the adjusted budget.

The net result of the recommended budget amendments is total estimated revenues of \$42,950,775 and total adjusted expenditures of \$41,252,061.

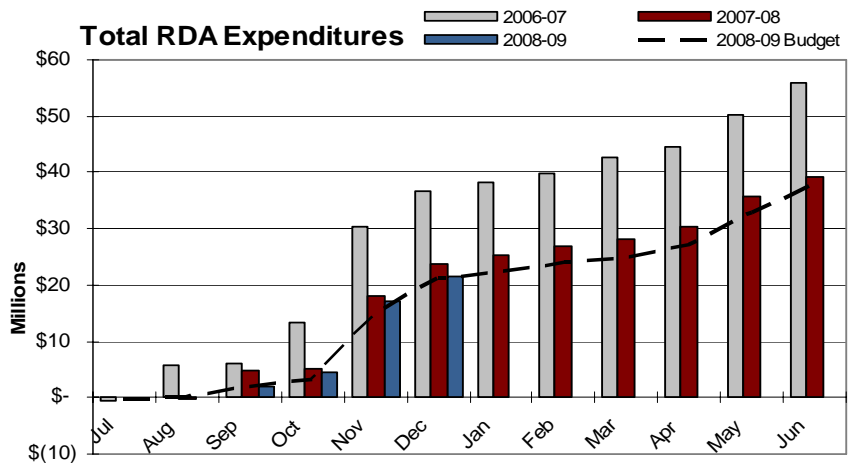
More detail on revenues and expenditures can be found in the following sections of this report.



UNRESTRICTED FUND EXPENDITURES:

TOTAL UNRESTRICTED FUNDS EXPENDITURES: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ (500,262)	\$ (49,291)	\$ (61,504)
Aug	6,215,095	(22,671)	229,232
Sep	441,704	4,950,808	1,799,685
Oct	7,136,304	282,921	2,559,746
Nov	16,966,460	13,049,104	12,656,746
Dec	6,551,911	5,526,036	4,245,202
Jan	1,524,960	1,602,987	-
Feb	1,551,627	1,441,268	-
Mar	2,681,795	1,279,876	-
Apr	2,123,695	2,277,211	-
May	5,550,786	5,313,400	-
Jun	5,665,612	3,545,668	-
TOT Y-T-D	55,909,687	39,197,317	21,429,107
Adj Budget	\$47,108,917	\$42,726,758	\$37,827,540



NORMAL

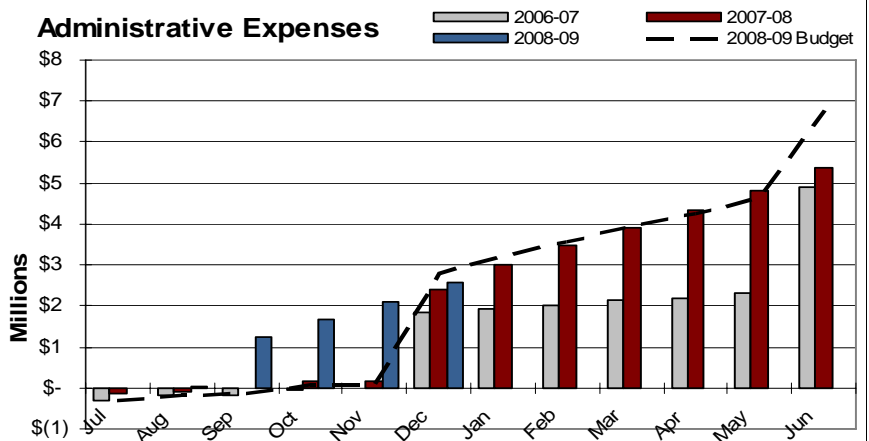
Through the first half of 2008-09, the RDA has expended approx. 57% of the adjusted budget compared to 56% in 2007-08 and 78% in 2006-07. The first two quarters of the previous two fiscal years included land acquisition related costs, which is not the case in FY 2008-09. Debt Service payments for the RDA's current bond issues were made in November.

RDA 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: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ (329,591)	\$ (118,918)	\$ 100
Aug	136,261	23,471	54,109
Sep	19,104	87,185	1,187,627
Oct	123,136	153,831	410,334
Nov	31,666	14,318	451,089
Dec	1,872,801	2,248,339	485,523
Jan	81,371	596,748	-
Feb	73,893	461,430	-
Mar	120,521	456,443	-
Apr	41,418	438,066	-
May	157,485	439,925	-
Jun	2,563,801	553,815	-
TOT Y-T-D	4,891,866	5,354,653	2,588,782
Adj Budget	5,993,953	6,126,231	6,744,265



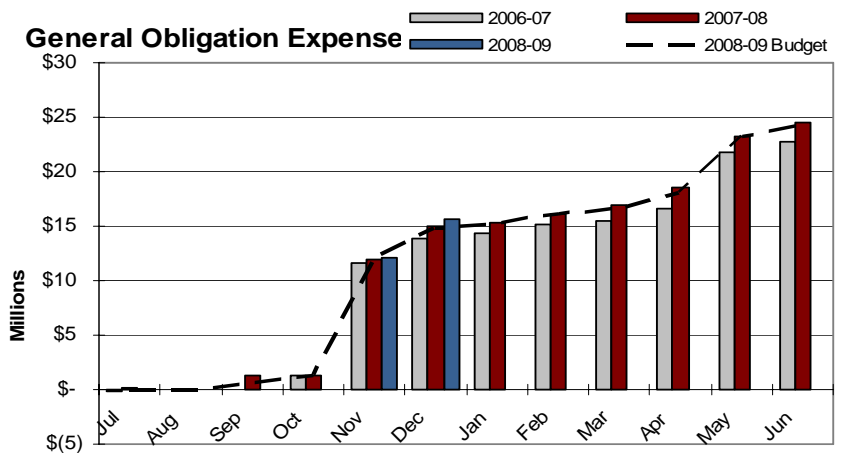
NORMAL

Due to salary savings from vacant positions, Admin Expenses are 39% of the total budget through the first quarter of the fiscal year (Target = 48%). The Redevelopment Agency reimburses the City for all City staff whose position is impacted by RDA activities (i.e. Redevelopment Division staff and partial reimbursement for positions in Planning, Building Safety, Code Enforcement, City Attorney, Police, Fire, PRCS, Public Works, etc.). Admin 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, therefore, these expenditures are relatively stable.

UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

GENERAL OBLIGATION EXPENSES: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ (177,364)	\$ 81,994	\$ (65,252)
Aug	177,364	(81,994)	76,724
Sep	625	1,334,270	-
Oct	1,218,471	-	1,449,487
Nov	10,394,293	10,648,686	12,093,795
Dec	2,280,387	2,937,420	3,560,587
Jan	401,505	393,052	-
Feb	912,231	873,941	-
Mar	244,576	738,546	-
Apr	1,160,872	1,611,638	-
May	5,208,021	4,712,379	-
Jun	863,673	1,280,618	-
TOT Y-T-D	22,684,654	24,530,550	17,115,341
Adj Budget	21,278,143	25,131,668	24,301,839

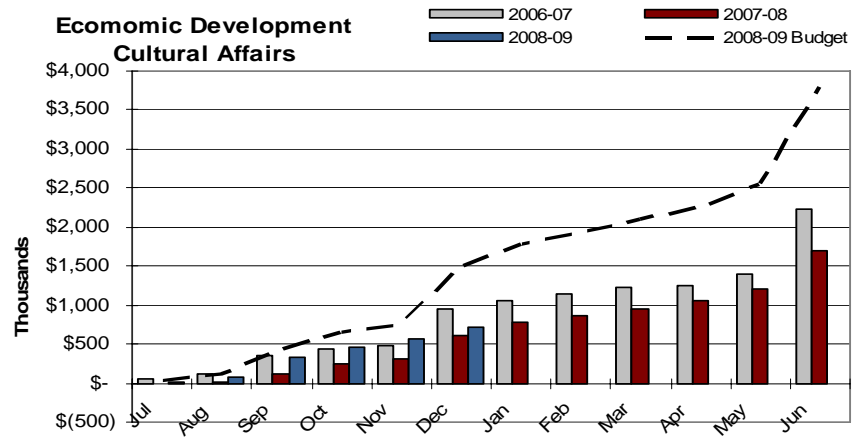


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Through mid-year, the RDA has expended 64% of the adjusted budget, compared to 59% in 2007-08 and 65% in 2006-07. GO expenses are payments that the Agency is legally required to make, such as debt service on RDA bond issues (paid each year in November), statutory pass through payments, transfers to the Housing fund for the 20% statutory housing set aside, and ERAF payments (when applicable). As noted, the State has required a one-time ERAF payment for FY 2008-09 of \$2.25 million. Since the state budget was adopted well after the RDA's budget was adopted, a budget amendment will be needed to account for the ERAF payment.

ECONOMIC DEVELOPMENT/CULTURAL AFFAIRS PROGRAMS: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ 44,193	\$ (12,367)	\$ 1,959
Aug	82,985	30,581	69,921
Sep	231,941	107,866	252,049
Oct	85,756	111,624	143,262
Nov	35,593	74,236	104,898
Dec	470,849	296,671	151,627
Jan	108,342	171,609	-
Feb	79,161	82,655	-
Mar	84,301	78,485	-
Apr	33,085	120,448	-
May	150,852	134,492	-
Jun	815,831	496,806	-
TOT Y-T-D	2,222,889	1,693,106	723,716
Adj Budget	3,048,870	3,118,088	3,792,606



BELOW BUDGET

Through mid-year, Economic Development and Cultural Affairs programs have expended approx. 19% of the adjusted budget compared to 20% in 2007-08 and 31% in 2006-07. The dip in expenditures in FY 2007-08 is primarily the result of the vacant Econ Dev Administrator position and the continued low FY 2008-09 expenditures are due uncertainty in the economy making local businesses hesitant to participate in Econ Dev programs.

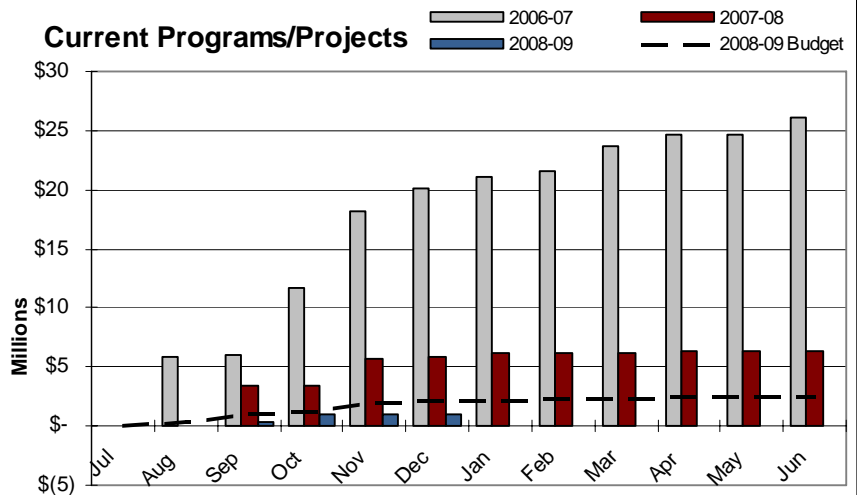
Economic Development expenditures typically run below the adopted budget due to the system for recording management costs for the three downtown parking structures (Cardiff, Ince, and Watseka). Basically, the full cost of the contract is budgeted, however, the revenues from transient parking that is collected by Modern Parking each month is deducted from their monthly fee and the RDA pays the 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.

NOTE: Economic Development/Cultural Affairs programs include expenses for economic development projects, real property management, and Cultural Affairs programs such as the Culver City Music Festival, Farmers' Market, Music in the Chambers, and the Art of... Speaker Series.

UNRESTRICTED FUNDS EXPENDITURE ANALYSIS:

CURRENT PROJECTS: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ (37,500)	\$ -	\$ 1,689
Aug	5,818,485	4,846	27,400
Sep	189,964	3,421,487	352,673
Oct	5,708,941	16,296	554,328
Nov	6,504,908	2,311,864	6,376
Dec	1,919,324	37,880	47,428
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	989,894
Adj Budget	16,547,177	7,086,497	2,474,056

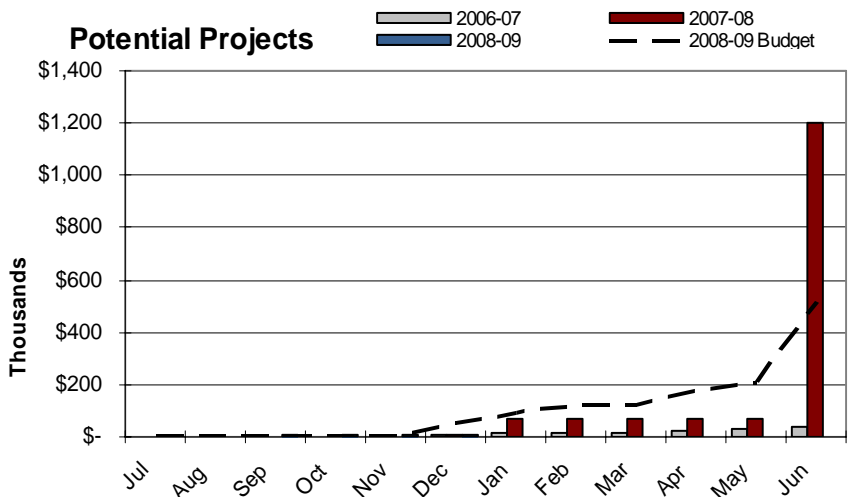


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Current Projects are projects that are currently underway, such as Washington/Centinela, Washington/National, and the Baldwin Motel. Property acquisition costs are also included in the Current Projects category and makes up the primary expenditure. Current Project expenditures are not consistent throughout the year, therefore, a year to date comparison to prior years is not as relevant. Mid year expenditures are primarily related to relocation services for the Washington/National project and a payment to the developer of 9900 Culver Blvd pursuant to a development agreement.

POTENTIAL PROJECTS: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ -	\$ -	\$ -
Aug	-	425	1,078
Sep	70	-	7,336
Oct	-	1,170	2,335
Nov	-	-	588
Dec	8,550	5,726	37
Jan	3,868	65,347	-
Feb	4,650	-	-
Mar	695	-	-
Apr	7,994	-	-
May	5,450	-	-
Jun	10,415	1,131,104	-
TOT Y-T-D	41,692	1,203,772	11,374
Adj Budget	240,774	1,264,274	514,774



NORMAL

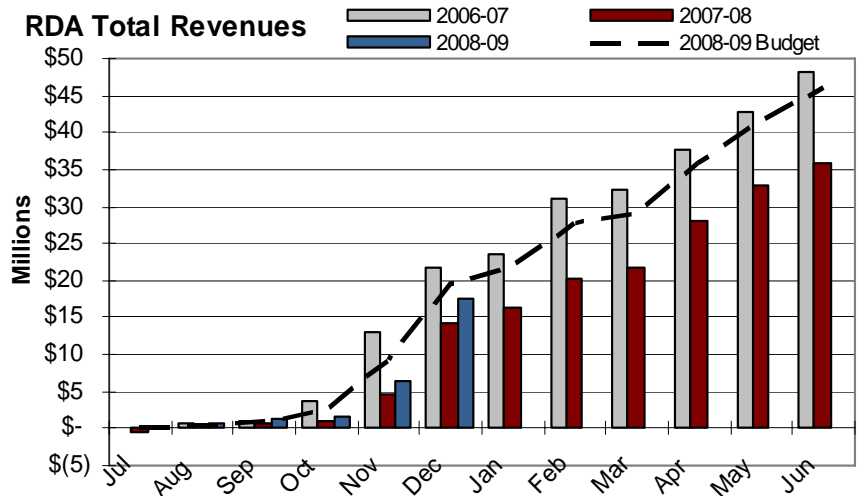
Potential Projects include expenses for opportunity sites as they arise in various parts of the City, such as potential sites on Mid-Washington, Selmaraine/Sepulveda, Jefferson Blvd and the Hayden Tract. A majority of the expenses are on appraisals, exploratory studies, and other expenses related to evaluating a potential redevelopment site. The primary expenditures through mid-year were related to studies in the Hayden Tract area.


Note: The spike in expenditures in June 2008 is related to the Tapp option exercised by the Agency to purchase land related to the Pleasantview project.


UNRESTRICTED FUNDS REVENUE ANALYSIS

TOTAL UNRESTRICTED FUNDS REVENUE THROUGH DECEMBER 2008:
Fiscal 2006-07, 2007-08, and 2008-09 (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ 7,104	\$ (395,530)	\$ 29,131
Aug	612,417	656,599	782,065
Sep	386,765	368,304	399,899
Oct	2,755,046	415,202	356,216
Nov	9,158,540	3,676,946	4,841,495
Dec	8,717,465	9,651,356	11,133,208
Jan	2,007,880	1,965,506	-
Feb	7,308,540	3,912,079	-
Mar	1,460,304	1,378,423	-
Apr	5,198,605	6,434,458	-
May	5,185,795	4,831,876	-
Jun	5,536,717	3,042,264	-
TOT Y-T-D	48,335,178	35,937,483	17,542,014
Adj Budget	28,192,644	33,006,077	46,124,775



UNRESTRICTED REVENUES —  The Redevelopment Agency received an updated Assessed Valuation Report from the County Assessor in August indicating an increase in assessed values higher than what was originally projected for the budget. Based on this updated AV report, and supported by TI receipts through mid-year, estimated tax increment revenues for FY 2008-09 are recommended to be increased by approximately \$2.4 million. There are also a few smaller revenue sources, such as the Pacific Theaters, film parking, and the Farmer’s Market, which outperformed budget projections through mid-year. More detail on each of these revenue sources is provided in the following sections.

LAND SALE PROCEEDS —  The FY 2008-09 adopted budget included approximately \$11.5 million in land sale proceeds in anticipation of the sale of Baldwin Motel and Washington/Centinela sites. Due to the current credit markets, both of those projects are having trouble with securing financing and are not expected to close escrow prior to the end of the fiscal year. Therefore, those revenues will need to be deferred to future years. Additionally, Parcel B land sale proceeds were originally anticipated to be received prior to June 2008. However, due to the aforementioned credit crunch, the receipt of these funds is not anticipated until the end of FY 2009. Consequently, a budget amendment is being recommended to defer the projected land sale proceeds for Baldwin Motel site and Washington/Centinela to next fiscal year and include the Parcel B land sale proceeds in this fiscal year, for a net decrease in Land Sale proceeds of \$5.6 million. If the credit markets continue to slump and Parcel B is unable to secure project financing in the next few months, the \$5.9 million land sale proceeds may also need to be deferred until FY 2009-10, which will impact the Redevelopment Agency’s ability to meet some current obligations, such as the remaining balance on the loan to the City.

City Loan to the Agency — As mentioned above, delaying the receipt of approximately \$5.6 million in land sale proceeds may impact the Agency’s ability to repay the outstanding balance of the \$9 million loan. Staff will continue to monitor the Agency’s cash flow position throughout the fiscal year to determine the Agency’s ability to repay at least a portion of the outstanding principal.

SUMMARY — Overall, the Redevelopment Agency’s revenues, especially tax increment receipts, remain solid. To date, some smaller revenue sources have outperformed budget projections, such as Pacific Theaters, film parking, and the Farmers’ Market, while others have fallen below budget projections, such as long term parking at the parking structures. At this point, the biggest variable is the state credit market and developers’ ability to secure financing and purchase Agency owned land. Staff will continue to monitor the state of the economy and the impacts to the Agency financial position.

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

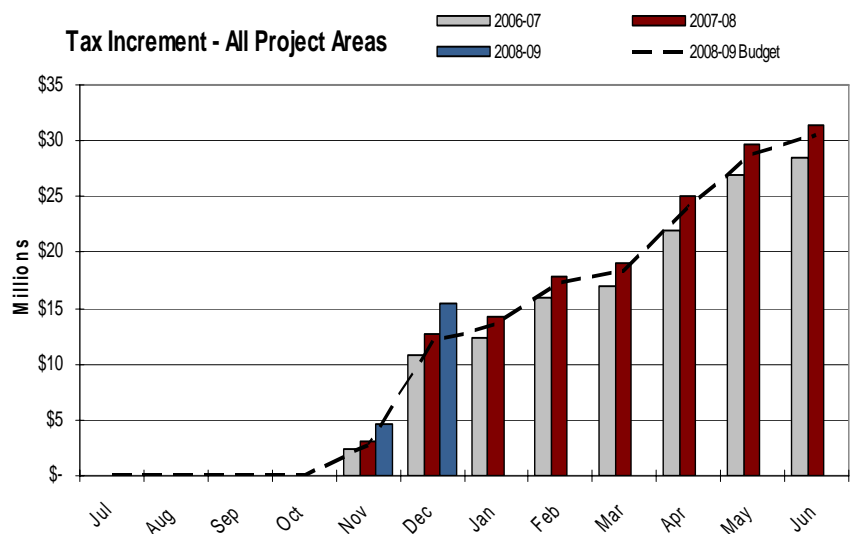
ASSESSED VALUATIONS: Fiscal 2006-07, 2007-08, and 2008-09

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.

	2006-07	% change prior year	2007-08	% change prior year	2008-09	% change prior year
Project Area 1	\$741,987,037	6.51%	\$899,729,335	21.26%	\$991,903,331	10.24%
Project Area 2	\$576,349,621	9.07%	\$636,801,158	10.49%	\$696,384,724	9.36%
Project Area 3	\$1,284,738,339	5.25%	\$1,375,974,122	7.10%	\$1,516,215,389	10.19%
Project Area 4	\$513,029,124	6.67%	\$590,320,656	15.07%	\$635,175,732	7.60%
	\$3,116,104,121	6.47%	\$3,502,825,271	12.41%	\$3,839,679,176	9.62%

TAX INCREMENT: Fiscal 2006-07, 2007-08, and 2008-09 (graph is cumulative)

	2006-07	2007-08	2008-09
July	\$ -	\$ -	\$ -
August	-	-	-
September	-	-	-
October	-	-	-
November	2,471,416	3,084,339	4,709,440
December	10,886,956	12,665,357	15,514,991
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	\$ 15,514,991
Adj Budget	\$ 24,220,000	\$ 29,593,000	\$ 30,535,000



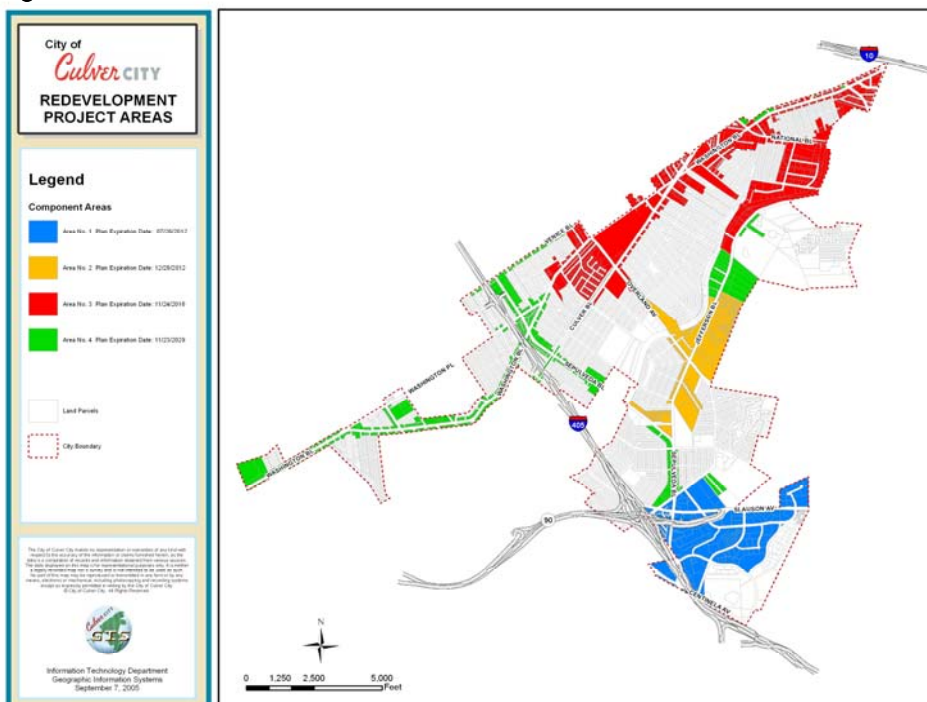
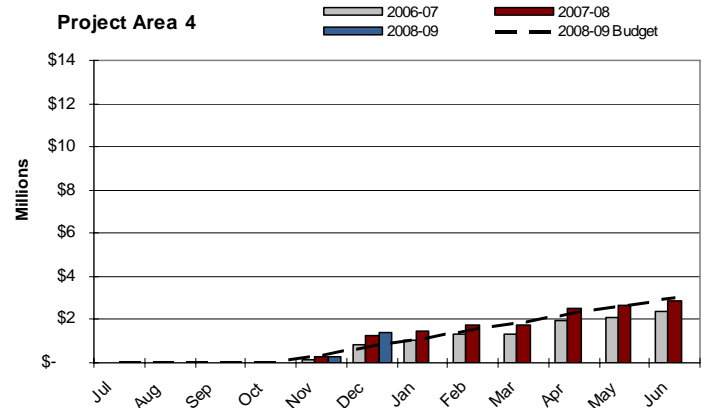
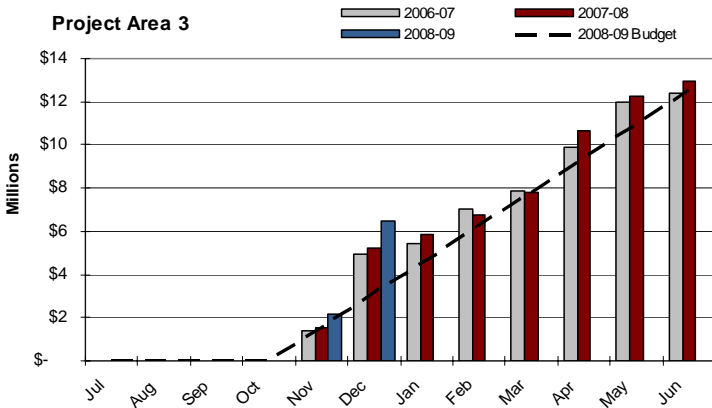
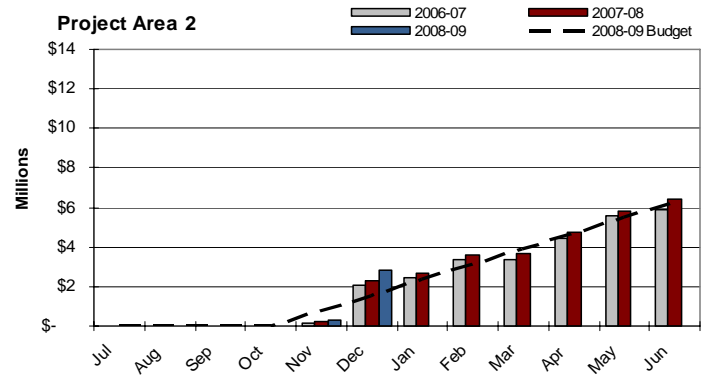
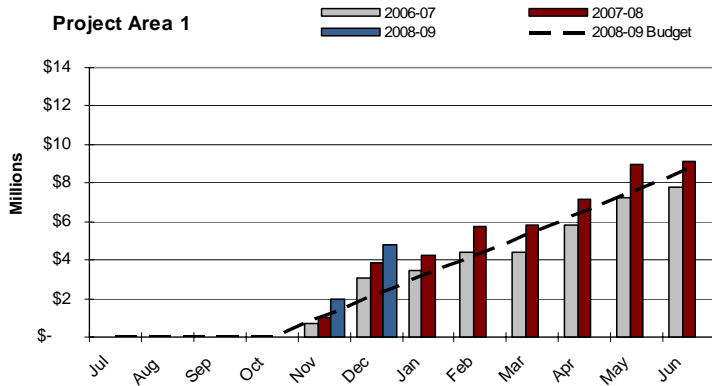
NORMAL

The first Tax Increment revenues are received in November of each fiscal year. Through mid-year, Tax Increment revenues are approximately 11% above the projected budget. An updated Assessed Valuation Report was received from the County Assessor in August. **Based on this updated AV report and the revenues received through mid-year, a budget amendment is recommended to increase tax increment revenues for FY 2008-09 by approximately \$2.4 million to \$32.9 million.**

Despite the current economic conditions, Tax Increment growth is expected to remain healthy through FY 2009-10 due to development currently being constructed (e.g. Westfield Mall renovation, Sony parking lot, and 9900 Culver Blvd) as well as development currently in the pipeline, such as 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 (including the previously mentioned projects in the pipeline), and the potential for assessed value appeals, TI receipts are expected to slow in FY 2010-11.

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

TAX INCREMENT by COMPONENT AREA: Fiscal Years 2006-07, 2007-08, and 2008-09 (graphs are cumulative)



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, generating approximately 70% of the total TI revenues (30% and 40% 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**.

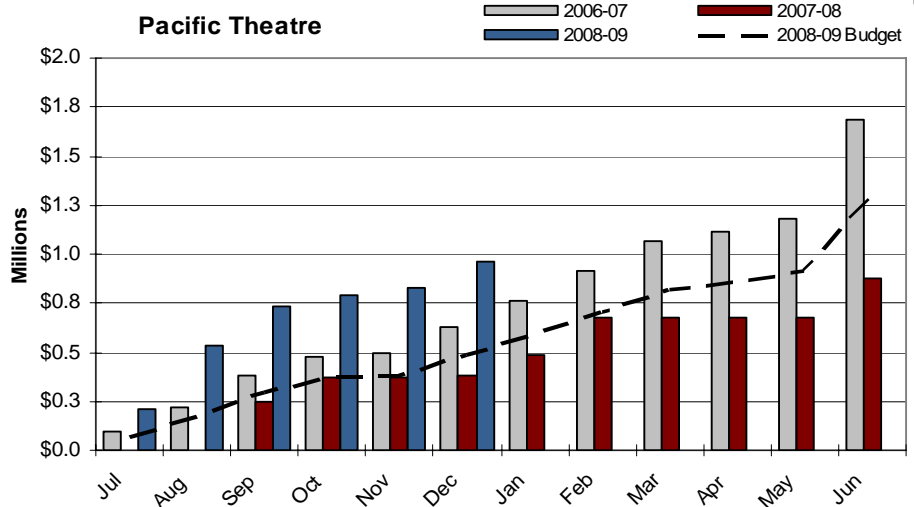
Project Area Expiration Dates:
 Project Area 1: 07/26/2014
 Project Area 2: 12/28/2014
 Project Area 3: 11/25/2018
 Project Area 4: 11/23/2029

UNRESTRICTED FUNDS REVENUE ANALYSIS (continued):

REVENUE SOURCES:

Fiscal Years 2006-07, 2007-08, and 2008-09 (graphs are cumulative)

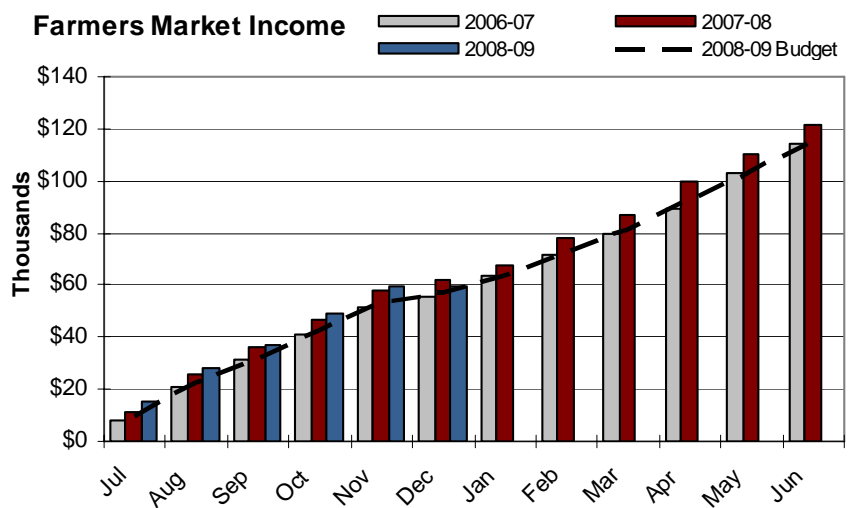
	2006-07	2007-08	2008-09
Jul	91,770	-	209,487
Aug	128,562	-	323,733
Sep	163,466	248,471	201,622
Oct	94,202	125,539	57,298
Nov	20,343	1,786	35,174
Dec	128,939	1,786	138,366
Jan	137,587	112,184	-
Feb	153,384	182,126	-
Mar	147,478	1,786	-
Apr	47,719	-	-
May	66,962	3,572	-
Jun	506,545	196,961	-
TOTAL	1,686,957	874,211	965,680
Adj. Budget	800,000	1,200,000	1,300,000



POSITIVE

Despite falling short of budget projections in FY 2007-08 (due to a number of factors, including lack of quality product and increased property tax assessment), **Pacific Theater has exceeded budget projections through the first half of FY 2008-09 (74% actual vs. 40% expected)**. The theaters were aided by a number of blockbuster movies (e.g. Batman, Iron Man, Indiana Jones, Hulk, etc.). Although the Theaters did very well in through mid-year, there is a lag in receipts of a few months. The continually weakening economy may have a negative impact on theater receipts through the remainder of the fiscal year. Staff will continue to monitor the performance of the theater and provide that information to the Agency Board. No budget amendments are recommended at this time.

	2006-07	2007-08	2008-09
Jul	\$ 7,896	\$ 11,234	\$ 15,220
Aug	13,160	14,155	12,581
Sep	10,087	10,426	8,843
Oct	9,773	10,461	12,817
Nov	10,806	11,378	9,787
Dec	3,918	4,522	466
Jan	7,713	5,118	-
Feb	7,894	10,472	-
Mar	8,694	9,330	-
Apr	9,755	12,579	-
May	13,139	10,919	-
Jun	11,573	11,100	-
TOTAL	\$ 114,408	\$ 121,694	\$ 59,714
Adj Budget	100,000	105,000	115,000



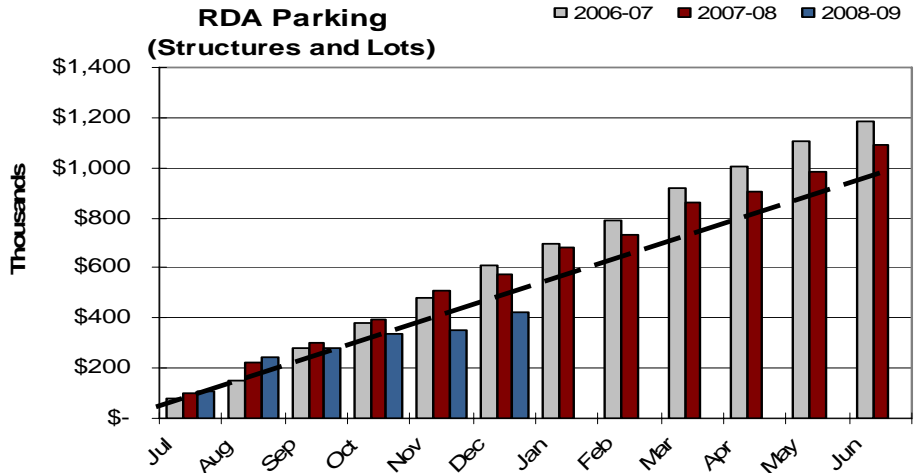
POSITIVE

Through mid year, Farmers' Market receipts have slightly outperformed budget projections (52% actual vs. 50% expected). No budget amendments are recommended at this time.

Unrestricted Funds Revenue Analysis (continued):

OTHER REVENUE SOURCES (cont.): Fiscal 2006-07, 2007-08, and 2008-09 (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$ 75,728	\$ 101,177	\$ 105,496
Aug	78,021	121,649	139,479
Sep	127,398	76,377	32,109
Oct	101,623	92,723	58,150
Nov	101,395	116,765	15,649
Dec	124,093	67,513	70,436
Jan	90,620	108,650	-
Feb	93,334	46,103	-
Mar	127,719	129,622	-
Apr	82,842	43,353	-
May	104,235	80,256	-
Jun	77,747	106,047	-
TOTAL	\$ 1,184,755	\$1,090,235	\$ 421,319
Adj Budget	832,000	943,120	977,620



NEGATIVE

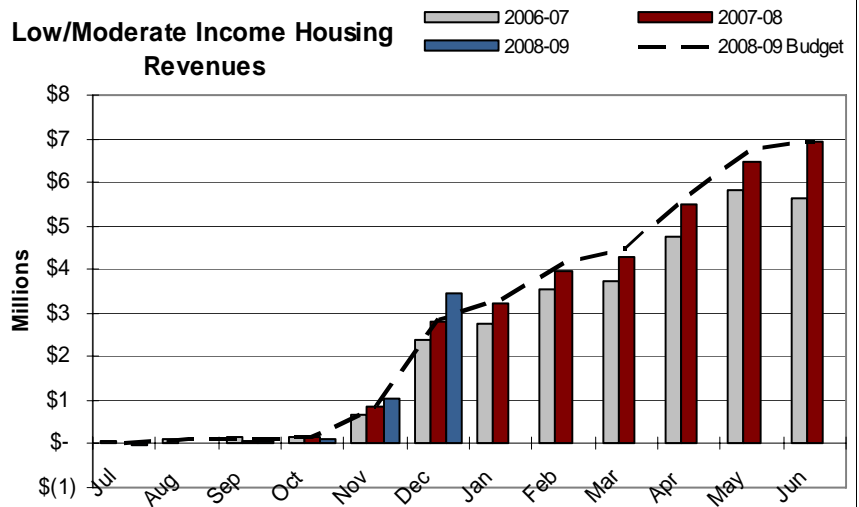
Through mid year, parking revenues have fallen below budget projections by more than 30% (28% actual vs. 50% expected) due primarily to weakening monthly parking revenues, especially at the Ince parking structure (also 28% actual vs. 50% expected). Conversely, film parking receipts have significantly outperformed budget projections as they have already exceeded the budget projection for the year (\$115,361 actual vs. \$50,000 budget). Barring any significant strikes (e.g. SAG), film parking revenues are expected to remain strong. However, due to weak parking revenues as a whole, no budget amendments are recommended at this time.

OTHER NOTES:

LOW/MODERATE INCOME HOUSING FUND ANALYSIS:

HOUSING FUND: Revenues and Expenditures (graphs are cumulative)

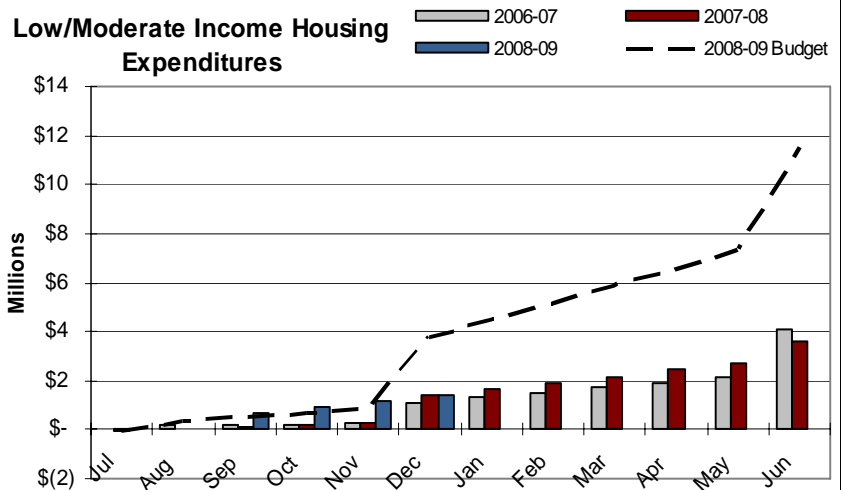
	2006-07	2007-08	2008-09
Jul	\$ 52,839	\$ 6,332	\$ (6,882)
Aug	71,101	33,466	19,162
Sep	18,974	21,952	41,097
Oct	27,025	87,573	38,840
Nov	514,441	705,449	969,393
Dec	1,707,662	1,939,384	2,408,680
Jan	344,616	422,836	-
Feb	802,183	747,414	-
Mar	212,713	338,554	-
Apr	1,011,680	1,194,032	-
May	1,049,063	960,582	-
Jun	(170,393)	478,963	-
TOT Y-T-D	5,641,904	6,936,537	3,470,290
Adj Budget	\$ 5,166,000	\$ 6,865,000	\$ 6,943,000



REVENUES — The Low/moderate Income Housing funds primary revenue source is tax increment housing set aside funds, which is calculated as 20% of the gross tax increment received. As discussed in the TI section of this report, a budget amendment increasing TI receipts by \$2.4 million is being recommended. Consequently, a budget amendment increasing housing set aside funds by \$524,000 is also recommended.

EXPENDITURES — There was not much activity in the housing fund in the first quarter. The primary expenditures were on Rental Assistant Program Grants (about \$20,000 per month) and administrative charges. The Housing Division is working toward identifying development opportunities for low/moderate income housing projects. Approximately \$6 million is budgeted in 2008-09 for implementation/construction of low/moderate income housing projects.

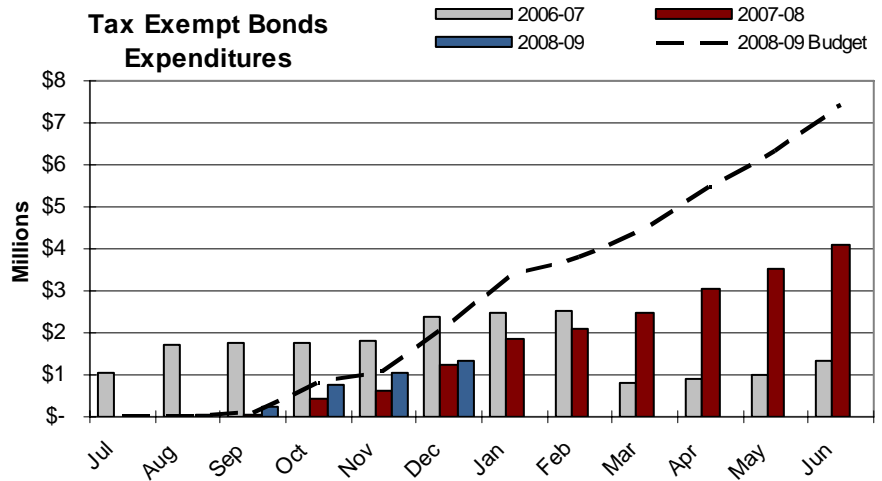
	2006-07	2007-08	2008-09
Jul	\$ 25,943	\$ (52,060)	\$ 31,277
Aug	136,033	114,800	37,276
Sep	57,686	87,763	609,316
Oct	(15,895)	82,561	239,685
Nov	90,339	52,196	236,242
Dec	791,918	1,114,943	268,073
Jan	279,861	234,455	-
Feb	112,394	290,272	-
Mar	266,838	238,400	-
Apr	153,937	284,597	-
May	250,670	280,090	-
Jun	1,930,740	915,689	-
TOT Y-T-D	4,080,464	3,643,706	1,421,869
Adj Budget	\$ 13,813,454	\$ 12,330,046	\$ 11,481,422



TAX EXEMPT BOND FUNDS

FISCAL YEAR TO DATE: (graph is cumulative)

	2006-07	2007-08	2008-09
Jul	\$1,048,465	\$ -	\$ -
Aug	655,910	-	37,323
Sep	57,845	40,031	182,198
Oct	12,076	397,032	518,843
Nov	57,834	161,740	294,138
Dec	548,342	642,128	322,106
Jan	110,054	639,181	-
Feb	27,131	237,320	-
Mar	(1,697,158)	356,464	-
Apr	94,006	574,914	-
May	94,341	462,252	-
Jun	307,535	600,315	-
TOT Y-T-D	1,316,381	4,111,377	1,354,608
Adj Budget	\$9,885,012	\$8,019,086	\$7,416,529



REVENUES — Tax exempt bond fund revenue is primarily interest income earned on the fund balance. \$800,000 in interest income is budgeted in FY 2008-09; \$227,000 has been earned to date. As investments mature at different times throughout the year, interest income is recognized.

EXPENDITURES — The Tax Exempt Bond expenditures through mid-year were primarily related to demolition expenses in the Washington/National triangle (\$114,000), continuing construction costs for Fire Station #3 (\$888,000), and closing out completed projects such as the realignment of Washington Blvd and plunge locker room improvements.

NOTE: 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 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	\$2,997,310	Delayed
2. Town Plaza (93400)	\$3,100,000	\$3,100,000	\$300,000	FY 2009-10

All of the current bond funded projects have been completed or are scheduled for completion in FY 2008-09. In the FY 2008-09 and FY 2009-10 budget process, most of the remaining \$20 million in bond funds has 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. Through mid-year, there have been no expenditures related to newly allocated money. As those projects become active, they will be added to the current bond funded projects table above.

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