

Culver
CITY
REDEVELOPMENT
AGENCY

FINANCIAL
MONITORING
REPORT

			May Supplemental	FY 2008-09
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POSITIVE or BELOW BUDGET
NORMAL
NEGATIVE or EXCEED BUDGET
MIXED or WARNING

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

= Actual within 5% of Adjusted Budget

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

= 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 Crisis

In late May, the State filed an appeal of the April 30th ruling by a Sacramento Superior Court Judge that stopped the FY 2008-09 ERAF payment and found that provision in the current state budget unconstitutional. **It will be many months before a decision is rendered on that appeal.** Staff will keep the Agency Board apprised of the status.

Despite the afore-mentioned ruling, **redevelopment funds remain a target by State legislators** in their desperate attempts to fix the State's increasing budget deficit. Some rumored proposals would represent a significant increase from \$350 million take attempted FY 2008-09... up to \$2 billion statewide, including possibly taking Housing funds. A takeaway of that magnitude could cost CCRA/Housing Fund \$8—\$10 million and put a significant financial strain on the Agency... effectively halting any financial assistance for new development projects. The State budget process is extremely dynamic and, as of yet, there is nothing concrete. However, **the State will be hard pressed to balance the budget without some sort of take of redevelopment funds.**

Notable Development News

- 9900 Culver Blvd is under construction and is expected to be completed by 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 as many development projects in the city continue to have difficulty securing project financing.

May 2009

AT-A-GLANCE

Executive Summary

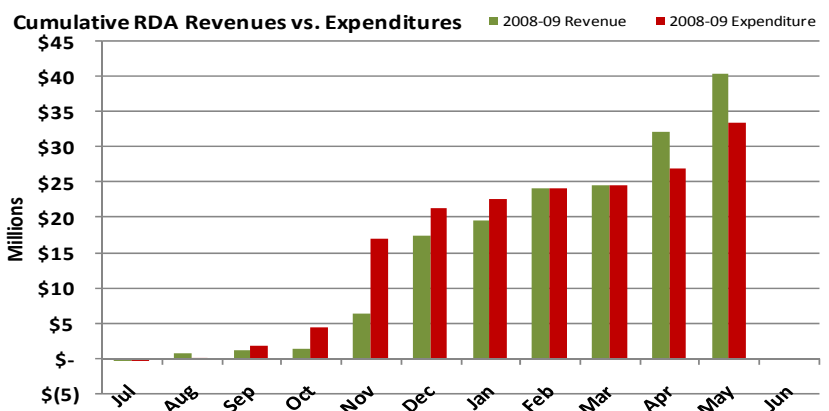
As we wrap up the FY 2009-10 and 2010-11 budget process, the economic contraction continues. There have been scattered signs of a possible bottom in the near future; however, those signs have been few and fleeting. Despite the contraction, the Agency will experience strong tax increment growth this year, and is expected to experience some tax increment growth next year.

The strong tax increment growth in the current year is due primarily to the lag in property tax receipts. Current year receipts are based on assessed values as of January 1, 2008, prior to the major fall out of the commercial real estate market. FY 2009-10 tax increment receipts will be based on January 1, 2009 values, which will be more telling as to the magnitude of the market conditions on tax increment revenues. Fortunately, the Agency should receive strong supplemental tax income in FY 2009-10 from current development projects that will be completed and hitting the tax rolls in the next six months.

Due to the State budget crisis, it is expected that there will be some sort of take of redevelopment funds, the magnitude of which is still unknown. To ensure that the Agency remains in a strong financial position, staff will continue to be conservative with future revenue projections and earmark funds for any potential State take-away.

Revenue & Expenditure Summary

Through May, the Redevelopment Agency's revenues are significantly exceeding expenditures due to stronger than expected tax increment receipts. Staff is exploring the specific reason for the unexpected increased in tax increment receipts.



CASH AVAILABLE for CAPITAL INVESTMENT

FUND BALANCE AVAILABLE FOR PROJECTS/PROGRAMS:

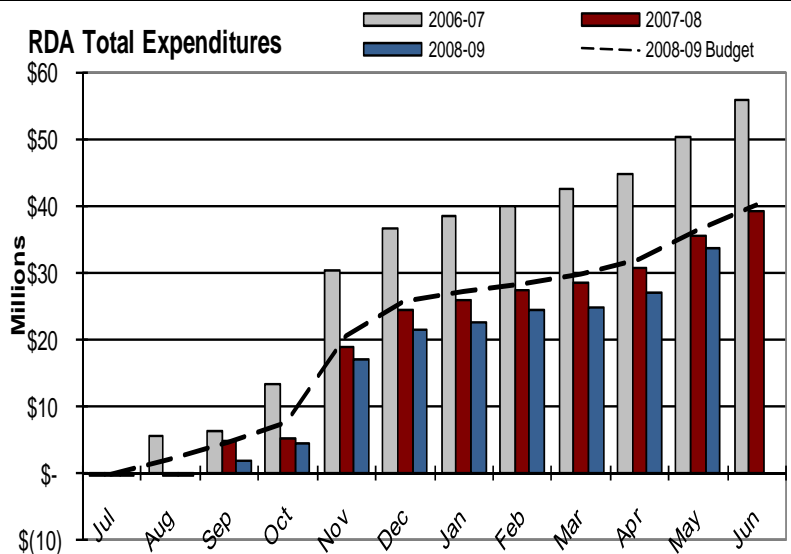
	<i>Actual Ending 2006-07</i>	<i>Actual Ending 2007-08</i>	<i>Estimated Ending 2008-09*</i>	<i>Estimated Ending 2009-10*</i>
Unrestricted Funds	\$13,700,000	10,770,000	6,375,000	2,000,000
Housing Set Aside	\$15,141,000	19,000,000	20,900,000	20,600,000
Tax Exempt Bonds	\$24,895,000	21,850,000	7,800,000	2,500,000

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 approved mid-year budget adjustments and the adopted 2009-10 budget amounts.**

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, a \$2 million principal and \$500,000 interest payment is made in FY 2008-09, and the remaining \$7 million will be repaid in FY 2009-10 and FY 2010-11 (\$3.5 million each year, with interest). It also assumes that 100% of the adjusted budget for all funds is expended in FY 2008-09 and FY 2009-10 and no land sale proceeds are received in FY 2008-09 or FY 2009-10.

UNRESTRICTED EXPENDITURE SUMMARY thru May:

	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>
Jul	\$ (500,262)	\$ (49,291)	\$ (61,504)
Aug	6,215,095	(22,670)	229,232
Sep	441,704	4,950,808	1,799,684
Oct	7,136,304	282,921	2,559,747
Nov	16,966,460	13,615,577	12,656,746
Dec	6,551,911	5,526,037	4,245,202
Jan	1,524,960	1,602,987	1,250,661
Feb	1,551,627	1,441,268	1,627,557
Mar	2,681,795	1,279,876	366,880
Apr	2,123,695	2,277,211	2,397,095
May	5,550,786	4,804,443	6,472,168
Jun	5,665,612	3,488,150	-
TOT Y-T-D	55,909,687	39,197,317	33,543,468
Adj Budget	47,108,918	42,969,759	40,131,061



BELOW BUDGET

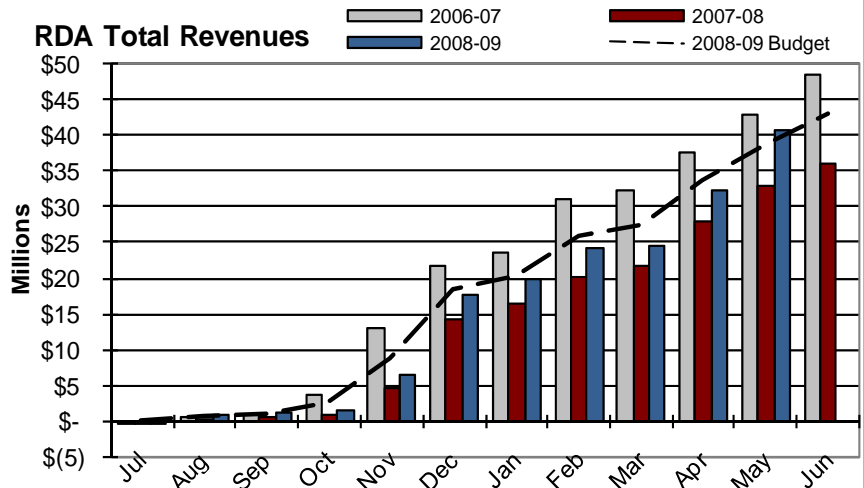
Through May (11 months), the RDA has expended 83.6% of the adjusted budget compared to 83% in 2007-08 and 107% in 2006-07 (the previous two fiscal years included land acquisition related costs, which is not the case in FY 2008-09). **The Agency is under budget in expenditures through May due to the budgeted ERAF payment that will not be made due to a recent court decision that it violates the California Constitution.** At this point, the RDA is projected to finish the fiscal year below budget. **However, due to the State's budget problems, some form of tax increment shift is very likely and may be significantly higher than the FY 2008-09 requirement. The budget savings achieved in FY 2008-09 will most likely be negated by an additional take of RDA funds in FY 2009-10.** Staff will keep the Agency informed as the State budget process progresses.

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).


UNRESTRICTED FUNDS REVENUE ANALYSIS


UNRESTRICTED REVENUE SUMMARY thru May:

	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	11,134,413
Jan	2,007,880	1,965,506	2,200,152
Feb	7,308,540	3,912,079	4,585,415
Mar	1,460,304	1,378,423	240,077
Apr	5,198,605	6,434,458	7,646,268
May	5,185,795	4,831,876	8,312,240
Jun	5,536,717	3,042,264	-
TOT Y-T-D	48,335,178	35,937,483	40,527,371
Adj Budget	28,192,644	33,006,077	42,950,775



SUMMARY — Overall, the Redevelopment Agency’s revenues, especially **tax increment receipts, remain solid.** To date, some smaller revenue sources have **met or exceeded 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 continues to be the state of the credit market and developers’ ability to secure financing and purchase Agency owned land. As discussed in more detail below, the Agency’s 2008-09 Adopted Budget included Land Sale Proceeds from a number of Agency owned parcels. At mid-year, the budget was amended to include only the proceeds from Parcel B. Unfortunately, due to the persisting economic conditions, staff does not expect receiving proceeds from Parcel B either. However, TI revenues have significantly outperformed budget estimates through May. Staff is working with the City’s property tax consultant to determine why TI receipts are so high. **Regardless, revenues are expected to exceed estimated expenditures in FY 2008-09.**

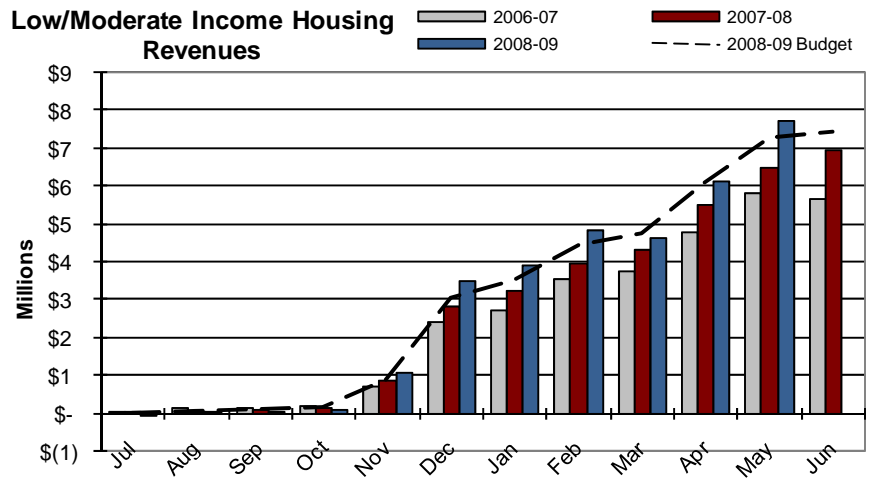
UNRESTRICTED REVENUES —  **Tax increment revenues are expected to significantly exceed budget projections,** which were increased at mid-year based on an updated Assessed Value Report received from the County Assessor in August 2008. **Staff is working with the City’s property tax consultant to determine the cause. Pacific Theater, film parking, and the Farmer’s Market receipts all remained strong through May and are expected to meet or exceed budget projections.**

LAND SALE PROCEEDS —  The FY 2008-09 adopted budget included approximately \$11.5 million in land sale proceeds in anticipation of the sale of Parcel B, Baldwin Site, and Washington/Centinela site. Due to the current credit markets, all of these projects are having trouble with securing financing and will not close escrow prior to the end of this fiscal year. During the mid-year review, budget estimates were amended to include only the sale of Parcel B. However, due to the aforementioned credit crunch, the receipt of Parcel B funds will also be deferred into future years. **As a result, the City Council approved an amendment to the loan agreement in June extending repayment an additional two years.**

LOW/MODERATE INCOME HOUSING FUND ANALYSIS:

HOUSING FUND: Revenues and Expenditures

	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	410,277
Feb	802,183	747,414	921,693
Mar	212,713	338,554	(208,432)
Apr	1,011,680	1,194,032	1,530,579
May	1,049,063	960,582	1,607,753
Jun	(170,393)	478,963	-
TOT Y-T-D	5,641,904	6,936,537	7,732,160
Adj Budget	\$ 5,166,000	\$ 6,865,000	\$ 7,467,000

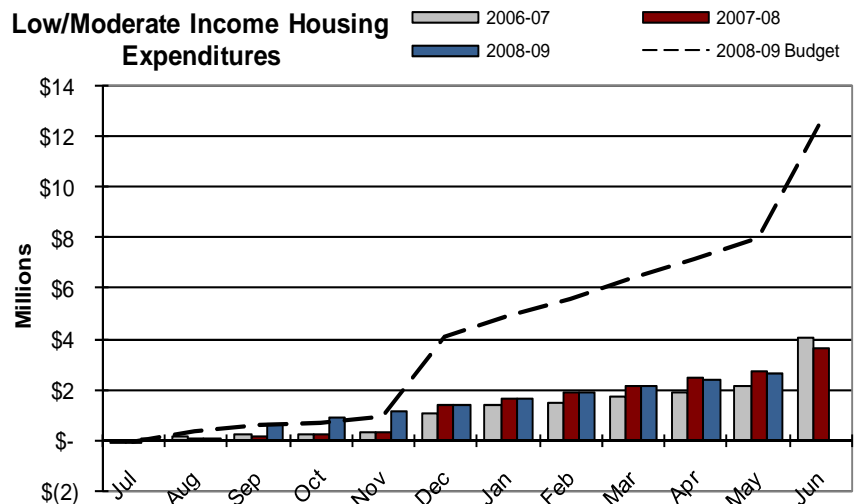


REVENUES — The Low/Moderate Income Housing fund’s primary revenue source is Housing Set Aside Funds, which is calculated as 20% of the gross tax increment received. A budget amendment increasing overall Tax Increment receipts by \$2.4 million was adopted at mid-year resulting from the updated Assessed Valuation Report received in August. Consequently, housing set aside funds for FY 2008-09 were also increased by \$524,000. **Revenues are expected to exceed budget projections at year end. Staff is working with the City’s property tax consultant to determine the cause of such an increase.**

EXPENDITURES — The primary Low/Moderate Income Housing expenditures through May were on Rental Assistant Program Grants, which have increased in recent months from about \$20,000 per month at the beginning of the year to about \$30,000 per month toward the end of the year, Rehab Grant Incentives (\$200,000 through May), and administrative charges. The Housing Division is working toward implementing low/moderate income development opportunities identified in the Comprehensive Housing Strategy. Approximately \$6 million is budgeted in 2008-09 for implementation/construction of low/moderate income housing projects such as the Globe Ave properties.

AVAILABLE FUND BALANCE — The audited ending fund balance, which represents the approximate amount of cash capital available for investment in new projects or programs at 6/30/08 was \$19 million. Due to revenues outpacing expenditures in FY 2008-09, that fund balance may increase by more than \$4 million to \$23+ million by 6/30/09.

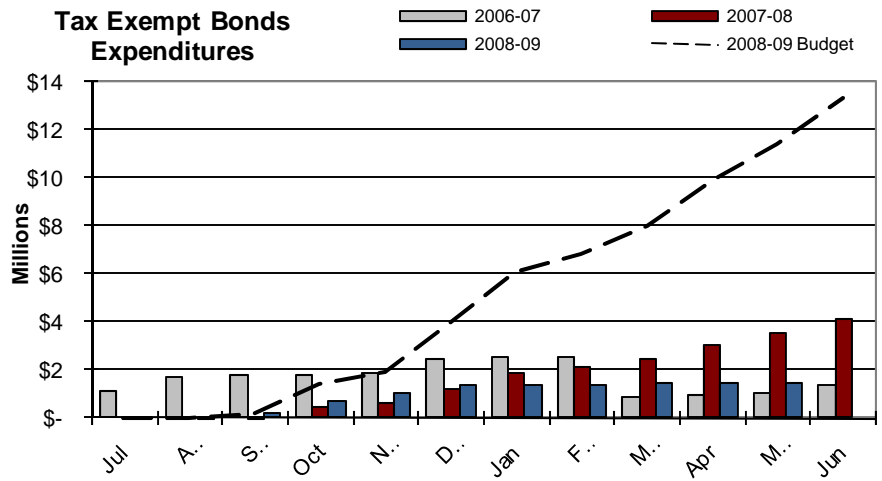
	2006-07	2007-08	2008-09
Jul	\$ 25,943	\$ (52,060)	\$ 31,277
Aug	136,033	114,800	37,276
Sep	57,686	87,763	609,316
Oct	(15,895)	82,561	239,685
Nov	90,339	52,196	236,242
Dec	791,918	1,114,943	268,073
Jan	279,861	234,455	237,563
Feb	112,394	290,272	231,223
Mar	266,838	238,400	222,249
Apr	153,937	284,597	241,090
May	250,670	280,090	299,912
Jun	1,930,740	915,689	-
TOT Y-T-D	4,080,464	3,643,706	2,653,906
Adj Budget	\$ 13,813,454	\$ 12,330,046	\$ 12,607,422



TAX EXEMPT BOND FUNDS

FISCAL YEAR TO DATE:

	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	16,970
Feb	27,131	237,320	35,873
Mar	(1,697,158)	356,464	2,830
Apr	94,006	574,914	203
May	94,341	462,252	12,516
Jun	307,535	600,315	-
TOT Y-T-D	1,316,381	4,111,377	1,423,000
Adj Budget	\$9,885,012	\$8,019,086	\$13,302,061



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; \$417,000 has been earned through May. As investments mature at different times throughout the year, interest income is recognized.

EXPENDITURES — The Tax Exempt Bond expenditures through May were primarily related to expenses at the Washington/National triangle/TOD site (\$116,000), continuing construction costs for Fire Station #3 (\$891,000), 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 projects. 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 Bond Funding	Bond Funds Expended to Date	Estimated Completion
1. Fire Station #3* (93700)	\$3,000,000	\$3,000,000	FY 2008-09
2. Washington/National Triangle TOD (92620)	\$3,500,000	\$111,000	FY 2010-11
3. Town Plaza (93400)	\$3,100,000	\$215,000	FY 2009-10
4. Washington Blvd AIP— Phase 1	\$400,000	\$34,000	FY 2009-10

The Bond funded portion of Fire Station #3 has been completed and Town Plaza will be constructed concurrently with the Parcel B mixed use office development, which will commence once the developer is able to secure construction financing. During the FY 2008-09 and 2009-10 budget process, most of the remaining \$20 million in bond funds was 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 May, the Washington/National Triangle TOD and Washington Blvd AIP projects have begun expending funds.

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