

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: April 24, 2020

CAO File No. 0150-11424-0002

Council File No.

Council District: All

To: The Council

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: 2019-20 Adopted Budget; Transportation – Special Parking Revenue Fund Surplus Report

Subject: **2019-20 SPECIAL PARKING REVENUE SURPLUS DECLARATION AND TRANSFER TO THE RESERVE FUND**

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### RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. Declare a surplus for Fiscal Year 2019-20 of up to \$31,294,008 within the Special Parking Revenue Fund and instruct the Department of Transportation, and authorize the Controller, to transfer up to \$31,294,008 from the Special Parking Revenue Fund Available Cash Balance to the Reserve Fund; and,
2. Authorize the CAO to make technical corrections, if necessary, to effectuate the intent of the Mayor and Council.

### BACKGROUND

Section 5.117, Subsection 6 of the Los Angeles Administrative Code (LAAC) authorizes the Council to make a surplus determination in the Special Parking Revenue Fund (SPRF) and to transfer the surplus to the Reserve Fund. Funds can only be declared surplus subsequent to the provisions of the cost of operation and maintenance of on-street and off-street parking facilities as detailed in the Council adopted 5-Year Parking Operations and Maintenance Plan (C.F. 15-1450) and the maintenance of a contingency amount in the SPRF defined at the discretion of the Mayor and Council.

#### 2019-20 Adopted Budget

This Office worked with the Department of Transportation (DOT) during the development of the 2019-20 budget to identify up to \$57,313,246 within the SPRF that was projected to be in excess of the Department's needs to operate and maintain the City's parking facilities and meters.

### Changes During 2019-20

The COVID-19 pandemic has impacted parking revenues, specifically parking meter and City-owned parking lot revenues. The adopted surplus amount of up to \$57,313,246 for 2019-20 was reduced by \$26,019,238 to \$31,294,008 as follows:

\$ 7,612,007	Estimating Error in the 2019-20 Beginning Cash Balance
<u>+\$ 18,407,231</u>	<u>Impact of the COVID-19 Pandemic on 2019-20 Revenues</u>
\$ 26,019,238	Total Reduction in the Surplus

At this point in the Fiscal Year, there is some additional uncertainty as to whether a total of \$20,000,000 in anticipated revenue from the partial sale of the vent area and lease of a portion of the Mangrove parking property to Metro will materialize prior to June 30, 2020. Every effort is being made to finalize the deal, close escrow, and secure funding in advance of the Controller deadlines so that the funds can be recognized and included as revenue in the 2019-20 budget year. In the event the sale and lease do not occur during 2019-20, the surplus transfer will be adjusted down by an additional \$20,000,000 to \$11,294,008. Whether the transfer can include these funds will not be known until later in the fiscal year.

Therefore, at this time, it is recommended that the Council and Mayor provide approval for a surplus transfer up to \$31,294,008.

### **FISCAL IMPACT**

Approval of the recommendations will provide up to \$31,294,008 in surplus funding from the 2019-20 Special Parking Revenue Fund monies to the Reserve Fund. The recommendations are consistent with the City's Financial Policies as sufficient funds exist to support this transfer.