**FORM GEN 160 (Rev. 11-02)**

**CITY OF LOS ANGELES**

INTERDEPARTMENTAL CORRESPONDENCE

Date: January 24, 2008

To: Proposition 0Administrative Oversight Committee (AOC)

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of Engineering
Project Implementation Program Manager

Subject: **Proposition *0*Expenditure Forecast for March 2008 Bond Sale**

**Recommendation**

Authorize the City Administrative Officer (CAO) to sell $101 million in Proposition 0 General Obligation Bonds in March 2008.

**Background**

As directed by the AOC, I have been working with CAO Staff to determine the amount and date of the next Bond Sale. CAO Staff and I considered a Bond Sale in August 2007, however, we deferred the sale because we forecasted that sufficient funds would be available through March 2008. While there are sufficient funds available through March 2008, a Bond Sale is needed shortly thereafter to sustain Prop. 0 activities.

To date, two Bond Sales generated a total of $45.0 million in Proposition 0 funds. The first Bond Sale was in July 2005 for $37.0 rrlillion (Fund 16F) and the second was in July 2006 for $8.0 million (Fund 16M). Through December 2007, the total Program expenditures are $28.1 million and the unexpended, appropriated balance is $9.3

million in Fund 16F and $5.4 million in Fund 16M. There is also an unappropriated

balance of $2.2 million in Fund 16M. The total balance of unexpended funds is $16.9

million ($45.0 million -$28.1 million).

**Expenditure Plan for Funds 16F and 16M**

In order to implement a "first-in, first-out" cash-l'low and to expend the oldest, unexpended funds, appropriation transfers between project accounts will be required. These appropriation transfers will have no impact on project budgets. Beginning this month, my staff will work with the CAO to identify all expenses that will occur before . June 2008. Once we identify these expenses, I will recommend to the AOC specific appropriation transfers that will allow expenses to be paid from Fund 16F. The oldest unexpended funds in the amount of $9.3 million are contained in F1.1ndl6F. The unexpended funds in Fund 16M will be addressed only after all funds in Fund 16F are expended.

**The Forecast**

I am forecasting that a total of $1 01 million will be needed for the period beginning April 2008 and ending March 2009. This forecast is based on approved project funding as of November 2007 and an estimate of City Staff cost for the forecast period. It was assumed that projects would be implemented based on the November 2007 Master Schedule, with no schedule delays. In addition, I used expedited project schedules for the Penmar, Temescal, and WestchesterILAX projects.

For pre-design and design activities, total expenditures were divided into monthly expenditures and applied evenly (on a monthly basis) for the duration of the activity. For construction costs, four smaller projects have their entire construction expenditure occur in the month the construction contract is awarded. Three larger projects have their construction costs evenly distributed on a monthly basis for the duration of construction. This forecast includes $25 million in land acquisition for the LA River, Taylor Yard -G2 parcel.

Looking past March 2009, the forecasted expenditures for the period beginning April 2009 and ending March 201 0 exceed $1 50 million. This forecast will of course be updated prior to considering future bond sales.

If you have any questions regarding this matter, please contact me at (213) 485-1 165.

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