

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Memo No. 103

Date: May 5, 2009

To: Budget and Finance Committee

From: Raymond P. Ciranna, Interim City Administrative Officer *DH
RW*

Subject: **PARKING ASSETS PUBLIC PRIVATE PARTNERSHIP (P3) COST ESTIMATE**

The Mayor's Proposed Budget recognizes revenues of \$80 million and expenditures of \$3 million related to the parking asset P3 transaction involving the City's parking meters and six parking structures. Estimated expenditures are as follows:

Financial Advisor	\$ 525,000
Parking Consultants	750,000
Transaction Counsel	1,000,000
Sell Side Advisor Expenses	40,000
Other Expenses (such as Trustee, Defeasance)	85,000
Contingency	<u>600,000</u>
	\$ 3,000,000

The Mayor and Council recently approved \$500,000 to fund contracts with consultants to start the analysis process (C.F. 09-0728). The staff report dated March 31, 2009 advised that the funding needs for Fiscal Year 2009-10 would be addressed in the context of the Proposed Budget.

The amounts previously approved and identified above are estimates based on assumptions regarding hourly rates and time to be expended on this project as the non-contingent cost to execute the transaction. However, there are many unknown factors, such as the exact list of parking assets to be recommended, which will impact how much this project could cost. We do not have sufficient information at this time to confirm that \$500,000 is adequate funding to cover the cost of completing the analysis required to make a final recommendation to the Mayor and Council, however we are starting the process and will report back when these funds are depleted.

The Special Parking Revenue Fund (SPRF), administered by the Department of Transportation (DOT), is the funding source for these proposed expenditures. The Capital Finance Administration Fund (Cap Finance) is administered by this Office and is used, in part, to pay for general expenses related to debt management. The Proposed Budget transfers cash from the SPRF to the Cap Finance Fund to facilitate the administration of the consultant contracts which are being executed by this Office. No form of debt will be issued to finance the expenditures related to this transaction.

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Question No. 177