

## THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

## MEMORANDUM

TO: PUBLIC SAFETY, FINANCE AND STRATEGIC SUPPORT COMMITTEE	FROM: HARRY S. MAVROGENES EXECUTIVE DIRECTOR
SUBJECT: SEE BELOW	DATE: FEBRUARY 12, 2009

SUBJECT: CASH FLOW PROJECTION – DECEMBER 2008

RECOMMENDATION

Accept the Cash Flow Projection for December 2008.

BACKGROUND

The attached Cash Flow Projection is a forecast of expected cash receipts and payments for FY 2008-2009. This document is also used by the City's Finance Treasury Division to facilitate its investment decisions in investing the Agency's money sent to the City's Cash and Investment Pool. These projections are subject to change due to internal and external circumstances, such as changing economic conditions, which may affect revenues and/or expenditures.

The figures in the Cash Flow Projection can be expected to differ from the figures in the Adopted Budget. For example, the total on the Capital Projects Expenditure line item in the Cash Flow Projection will not equal the total of the Capital Expenditures in the Adopted Budget. These figures differ because the capital budget primarily tracks encumbrances (commitments) rather than cash payments. The budget shows the full amount of a contract in the year awarded while the Cash Flow Projection shows payments made over the life of the contract. This difference is especially pronounced in the Redevelopment Agency, where many projects extend beyond a single fiscal year.

In addition, the figures in the actual columns of the Cash Flow Projection differ from the financial statements due to the method of recognizing revenues and expenditures. The actual figures reported in the Cash Flow Projections are actual cash transactions, whereas the financial statements are based on accrual method of accounting whereby revenues and expenditures are recognized when earned and incurred regardless of timing of receipts and disbursements.

The Cash Flow Projection covers a period of one fiscal year. Because much of the information is dependent upon timing of contract awards, bond issues, and other unscheduled events, the projection is subject to change, particularly in the later months of the fiscal year. For the purpose of guiding the City's Treasury Division on investments, the earlier months of the projection provide the most pertinent information.

## ANALYSIS

### DECEMBER 2008 ACTIVITY

The Agency's cash balance increased by a net amount of \$40.3 million in December 2008, ending the month at \$187.8 million. Cash receipts include \$57.4 million in tax increment and supplemental assessments; \$5.7 million in bond proceeds was sent to the Agency for purposes of transferring to the County as their delegated share of bond proceeds. At this time, the remaining balance was left on deposit with the bond trustee as discussed in detail in the accompanying Financial Statements report. Other amounts received include: \$347,000 in miscellaneous income which includes rent and other revenue participation payments; and \$11,000 in interest income (different from the Financial Statements that uses the accrual method of accounting and recognizes interest as earned as opposed to when received).

Cash disbursements include \$11.5 million for the 20% housing-set-aside fund; \$8.1 million transfer to the bond trustee for future debt service; \$2.0 million for capital project expenditures; \$1.1 million for capital direct and indirect operating costs; \$527,000 in General Fund operating costs (cash outlay contrasted to the accrual method used in the accompanying Financial Statements that result in a different amount); and \$5,000 for letters of credit/ fiscal agent fees.

Major capital project cash expenditures include a \$327,000 payment to LMN Architects for services in connection with the San Jose McEnery Convention Center Expansion and Renovation project; \$309,000 payment to Ralph Larsen & Son, Inc. for the Edenvale Community Center Project; \$159,000 payment to Joseph J. Albanese for the Fountain Alley Pedestrian Walk project; and \$132,000 paid to various vendors in connection with the San Jose BioCenter.

COORDINATION

This report has been coordinated with the Agency's General Counsel.

  
HARRY S. MAVROGENES  
Executive Director

Attachment

REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE													
Cash Flow Projections for Fiscal Year 2008-2009													
Cash and Investment - Unrestricted													
(Dollars Expressed in Thousands)													
ACTUAL													
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Beginning Balance	\$ 156,566	\$ 145,050	\$ 124,566	\$ 120,352	\$ 116,450	\$ 147,426	\$ 187,761	\$ 106,968	\$ 93,122	\$ 82,574	\$ 70,854	\$ 47,126	
FORECAST													
	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Total
Cash Receipts - Sources													
Tax Increments	-	-	-	-	18,414	56,123	23,104	-	18,415	56,132	-	23,033	195,222
Supplemental Assessments	-	698	2	87	912	1,277	74	6	41	51	-	-	3,148
Interest Income (City Pool)	-	1,148	24	912	5	10	419	368	250	220	192	147	3,694
Interest Income (Other)	5	15	687	7	5	1	7	7	7	7	7	7	763
Bond Issue (Net)	-	-	-	-	55,655	5,701	-	-	-	-	-	-	61,356
Loan from City Sewer Fund	-	-	-	34,460	-	-	-	-	-	-	-	-	34,460
Return from Bond Trustee	-	-	-	-	-	-	-	-	-	-	-	-	35,787
Grant	-	203	19	-	-	-	43	-	149	-	-	-	414
City's contribution for Edenvale Community Center	-	-	-	-	5,307	-	-	-	-	-	-	-	5,307
Dimension (360 Residences) Promissory Note	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Historic First Church of Christ Scientist Building Sale	-	-	-	-	-	-	-	-	1,350	-	-	-	1,350
Involve - Sale of SW Corner of Story & King	-	-	-	-	-	-	-	-	-	-	-	1,600	1,600
Block 2 (Sale of Land) - Mesa	-	-	-	-	-	-	-	-	-	-	-	2,000	2,000
Adobe sale of land - Tower I	6,771	-	-	-	-	-	-	-	-	-	-	-	6,771
Other	268	329	597	274	923	347	420	420	483	426	470	412	5,369
<b>Total Cash Receipts</b>	<b>7,044</b>	<b>2,393</b>	<b>1,328</b>	<b>35,740</b>	<b>81,222</b>	<b>63,459</b>	<b>24,068</b>	<b>802</b>	<b>20,695</b>	<b>56,836</b>	<b>669</b>	<b>64,987</b>	<b>359,242</b>
CASH PAYMENTS - USES													
Capital Project Expenditures	5,848	8,518	3,901	3,354	8,285	1,950	7,353	8,767	8,597	8,363	9,509	17,137	91,581
Capital Direct Operating Costs	315	927	620	608	635	647	589	839	581	600	689	1,536	8,585
Capital Indirect Operating Costs	272	543	422	383	402	419	490	490	453	465	439	760	5,337
General Operating Costs	671	430	597	482	485	527	847	831	855	701	845	890	8,161
Transfer To Housing - 20% Tax Increment	-	140	-	18	3,865	11,480	4,636	1	3,691	11,237	-	4,607	39,674
Transfer To Fiscal Agent for Debt Service (Union Bank)	-	-	-	-	15,329	8,095	72,005	5	14,765	44,947	-	18,426	173,572
Payment to City for Sewer project	3,255	-	-	-	3,216	-	-	-	-	-	-	3,300	9,771
CSJ-4th St. Garage Bonds	-	1,682	-	34,464	-	-	-	-	-	-	-	-	34,464
State of CA - ERAF Payment	-	-	-	-	2,247	-	-	-	2,247	-	12,900	-	17,394
HUD 108 Loan Interest/ Principal Payment	526	-	-	292	-	-	214	-	-	215	-	-	1,247
AB 1290 Pass-Through	-	-	-	-	-	-	1,400	-	-	-	-	-	1,400
Letters of Credit/ Fiscal Agent Fees	174	21	2	42	158	5	170	12	55	112	15	59	826
Arena Pass-Through	-	-	-	-	-	-	325	-	-	-	-	-	325
County Delegated (20% of Net Bond proceeds)	-	-	-	-	-	-	16,832	-	-	-	-	-	16,832
County Settlement	7,500	-	-	-	-	-	-	-	-	-	-	-	7,500
County Pass-through	-	-	-	-	15,624	-	-	-	-	-	-	-	15,624
County Administration Fee	-	-	-	-	-	-	-	-	-	-	-	-	1,917
Convention Center Bonds	-	10,617	-	-	-	-	-	3,701	-	1,917	-	-	14,318
<b>Total Cash Payments</b>	<b>18,560</b>	<b>22,876</b>	<b>5,542</b>	<b>39,642</b>	<b>50,246</b>	<b>23,124</b>	<b>104,861</b>	<b>14,648</b>	<b>31,243</b>	<b>68,556</b>	<b>24,397</b>	<b>48,415</b>	<b>452,110</b>
<b>Monthly Activity - Net</b>	<b>(11,516)</b>	<b>(20,484)</b>	<b>(4,214)</b>	<b>(3,902)</b>	<b>30,976</b>	<b>40,336</b>	<b>(80,793)</b>	<b>(13,846)</b>	<b>(10,548)</b>	<b>(11,720)</b>	<b>(23,728)</b>	<b>16,572</b>	<b>63,698</b>
<b>Ending Balance</b>	<b>\$ 145,050</b>	<b>\$ 124,566</b>	<b>\$ 120,352</b>	<b>\$ 116,450</b>	<b>\$ 147,426</b>	<b>\$ 187,761</b>	<b>\$ 106,968</b>	<b>\$ 93,122</b>	<b>\$ 82,574</b>	<b>\$ 70,854</b>	<b>\$ 47,126</b>	<b>\$ 47,126</b>	<b>\$ 63,698</b>