

SPECIAL POLICE COMMUNICATIONS/ 9-1-1 SYSTEM TAX FUND

BASIS FOR THE PROPOSED BUDGET

The 2003-04 Proposed Budget for the Special Police Communications/9-1-1 System Tax Fund relates to current year funding as follows:

	Amount	% Change
2002-03 Adopted Budget	\$ 26,157,178	
2003-04 Proposed Budget	\$ 27,815,410	
Change from 2002-03 Budget	\$ 1,658,232	6.3%

On November 3, 1992, the voters approved an ordinance adding Article 1.16 to Chapter 11 of the Los Angeles Municipal Code, imposing a Special Police Communications/9-1-1 System Tax. The special tax is imposed for 20 years, commencing in 1993-94 and ending in 2013-14. The special tax will pay for up to \$235 million in bonds to finance the following: co-location of the downtown Police Communications Center with the Fire Communications Center to a site that provides adequate space for both and allows for future growth; creation of a San Fernando Valley Communications Center to serve the emergency communications needs of the San Fernando Valley and West Los Angeles; replacement and expansion of the police radio communication system to utilize additional radio frequencies made available by the Federal Communications Commission in conjunction with those frequencies already in use; replacement of obsolete radios and acquisition of mobile data terminals for patrol officers; and, provide a Citywide communications back-up system. Lease revenue bonds secured by this special tax were issued as follows:

1. **Issue:** Series 1998-C Refunding (MICLA AF)
Use of Proceeds: Refunded Series 1993-A (MICLA P).
Amount of Issue: \$ 26,895,000
Principal Outstanding July 1, 2003: \$ 10,135,000
Final Payment: 2004-05

2. **Issue:** Series 1999-D (MICLA AI)
Use of Proceeds: New money.
Amount of Issue: \$ 70,285,000
Principal Outstanding July 1, 2003: \$ 51,635,000
Final Payment: 2012-13

3. **Issue:** Series 1999-E Refunding (MICLA AJ)
Use of Proceeds: Refunded Series 1996-B (MICLA Z).
Amount of Issue: \$ 65,040,000
Principal Outstanding July 1, 2003: \$ 50,905,000
Final Payment: 2012-13

4. **Issue:** Series 2002-F (MICLA AO)
Use of Proceeds: New money.
Amount of Issue: \$ 52,325,000
Principal Outstanding July 1, 2003: \$ 52,325,000
Final Payment: 2012-13

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5. **Issue:** Series 2002-G Refunding (MICLA AP)
Use of Proceeds: Partial Refunding of Series 1999-D (MICLA AI).
Amount of Issue: \$ 16,320,000
Principal Outstanding July 1, 2003: \$ 16,320,000
Final Payment: 2012-13

As provided in the Special Tax Ordinance, appropriations from the Special Police Communications/9-1-1 System Tax Fund are made to the Office of the City Clerk and the Office of the City Administrative Officer to finance the cost of collecting and administering the special tax. The Ordinance also provides for appropriations to pay lease payments and other special purposes incidental to meeting the requirements of the Lease Agreement and related bond covenants. The proposed appropriations are described below:

APPROPRIATIONS	2002-03 Budget	2003-04 Proposed Budget	
City Administrative Officer	\$ 22,449	\$ 25,000	Provides reimbursement for the cost of collecting and administering the special tax.
City Clerk	328,732	294,417	
Overhead Costs - City Departments	387,449	362,967	Provides reimbursement for related costs incurred in the collection and administration of the special tax.
Arbitrage Rebate	2,000,000	2,200,000	Funds arbitrage rebate due for all of the Police Communications/9-1-1 System outstanding bond issuances as required by the Internal Revenue Service tax regulations. Arbitrage payment is scheduled to be paid in 2003-04, not in 2002-03.
Bond Administration	30,000	30,000	Provides funding for trustee fees and other administrative costs.
Bond Capitalized Interest Reserve	--	--	The voter-authorized bond issuance amount has been completed; therefore, no Bond Capitalized Interest Reserve is required.
Bond Reserve	6,975,386	3,749,967	Funds administrative expense and debt service payment reserve funds to maintain a steady tax rate throughout the last levying year of the special tax.
Insurance	165,000	165,000	Funds annual insurance premiums.
Lease Payments	14,724,669	19,179,025	Provides funds for lease payments due on March 1 and June 1, pursuant to the lease of the Police Communications/ 9-1-1 System, MICLAs AF, AI, AJ, AO and AP. Lease payments are used by the bond trustee to pay principal and interest on the bonds.

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Lease Reserve	\$ 1,423,493	\$ 1,509,034	Provides funding for tax delinquency coverage, County collection fees and a reserve for tax refunds.
Loss Reserve	100,000	300,000	Funds a loss reserve fund which would pay deductibles for replacing equipment.
	_____	_____	
TOTAL APPROPRIATIONS	<u>\$ 26,157,178</u>	<u>\$ 27,815,410</u>	

The Bond Debt Service Reserve and the Bond Capitalized Interest Reserve were established to stabilize the tax rate over the remaining life of the special tax. The tax rate for 2003-04 is projected to be \$0.72 per 100 square feet of improvements, a 5% increase over the 2002-03 tax rate.

