

## Costs - Palos Verdes Interpretive Center

Dear Friends & Supporters

As most RPV residents probably know, the Palos Verdes Interpretive Center (PVIC) is located on PV Drive South at lower Pointe Vicente Park (adjacent to the US Coast Guard Light House).

We do try to respond to inputs from both supporters and non-supporters. In that context we are providing the following discussion regarding the sources of the current \$6.6 Million PVIC budget and a few other financial matters. The source descriptions are abbreviated from the FY '05-06 Budget document and the numerical values were provided by city staff.

**Measure A:** \$2.9M - Restricted to parks and recreation capital improvements.

**Quimby:** \$0.5M - Restricted to developing new or rehabilitating existing park or recreational facilities.

**Prop 40:** \$0.03M - Restricted for Parks.

**Waste Reduction:** \$0.05M - Restricted to reducing material sent to the landfill.

**Environmental Excise Tax (EET):** \$0.6M - Restricted to capital facilities including parks, utilities, police / fire protection, etc..

**CIP/Roadway Beautification:** \$0.7M - Funds restricted by city council for any use-original source is the General Fund.

**Prop C:** \$0.35M) - Fuzzy but replaced General Fund contribution to Street Maintenance.

**General Fund:** \$1.4M (Presumably the amount Councilman Long counts as the 20% contribution from the General Fund but note previous items.

The above breakdown summarizes where the current \$6.6 Million budget has come from; the first 3 sources can be considered the original budget although the restrictions are for parks, etc. and not just for interpretive centers. There is, however, no argument against the original \$3.5 million project. We have also never said that the entire \$6.6 Million could be spent on storm drains but rather that the amount beyond the initial \$3.5 Million could have been spent on various projects. It should be noted that any moneys that come via the General Fund and the city council restricted funds (total of \$2.5 Million) are / were available for any project including storm drains while the EET includes most infrastructure projects.

As previously noted the city has been reluctant to provide an estimate-at-complete (EAC) for the PVIC including Indian Villages, furnishings, exhibits, landscaping, etc. but it is not hard to project an EAC approaching \$8 Million. There is also controversy over the annual operating budget for the PVIC. Expenditures are estimated at over \$300,000 per year and the net cost to the city is \$200,000 per year if you believe gift shop revenues will each \$100,000 per year at

some point. The public has yet to see pro-forma budget on the ongoing operating expenses for PVIC

You may believe that this facility is worth every penny spent on it. Our primary goal has been to reveal the real costs while debating the necessity of a Storm Drain User Fee (TAX) and the supposed lack of funds for other projects including girls' softball fields. Please note that while the City has cried "Poor" and that there was no \$\$\$ for ball fields, about \$4 million of the \$6.6 million were recreation dollars that could have been used for ball fields.

There are other issues that should be addressed. RPV had projected revenues of \$14.8 Million, expenditures of \$13.1 Million and reserves of \$11.1 Million at the beginning of FY '05-06. The fact that we had a net \$0.8 Million transfer from reserves to other areas including storm drain projects does not mean that we had a \$0.8 Million deficit in the annual budget as Mr. Long would have you believe. In fact it now appears that our annual surplus (FY '05-06) went from \$1.7 Million (\$14.8 Million minus \$13.1 Million) to \$4.5 Million with the recently discovered \$2.8 Million "windfall". It was this "windfall" that allowed the city council to quickly increase the PVIC budget by \$0.5 Million.

It is also our understanding that we have received a reimbursement check from FEMA for \$559,000 for the Western Avenue sinkhole against a cost of \$639,000. While there are ongoing jurisdictional issues and other Western Ave. projects being handled by Caltrans, any potential impact will not be know for some time. Perhaps not before Terranea opens and produces a \$3-6 Million per year revenue stream. What may cost us is the McCarrell Canyon litigation due to failure of the city to correct the known catch basin problem before last year's storms-and a repeat of this problem if we have another torrential downpour and/or the \$65,000 temporary fix is not adequate.

The above discussion is rather detailed but represents the level of analysis conducted in opposing the Storm Drain User Fee (TAX). As always, your comments and questions are encouraged.

The Editorial Board