

REPORT OF THE GENERAL MANAGER

NO. 02-349

DATE: October 2, 2002

C.D. All

BOARD OF RECREATION AND PARKS COMMISSIONERS

SUBJECT: DEPARTMENT POLICY ON UTILITY COSTS FOR NON-PROFIT ORGANIZATIONS ON PARK PROPERTY

J. Combs _____	R. Fawcett _____
T. Coroalles _____	H. Fujita _____
* J. Duggan <u>JD</u> _____	J. Kolb _____
M. Matthews _____	



General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

It is recommended that the Board adopt as Department policy, the attached procedures on imposing utility costs for non-profit organizations on park property.

SUMMARY:

It has been the Department of Recreation and Parks' (Department) practice to waive utility costs for some non-profit organizations that provide services to the public using park land or other land under Department control. Such a waiver is, in effect, a subsidy by the City's General Fund of the non-profit organizations' operations. The result of the waiver is to pass utility costs onto the City's Department of General Services, which is responsible for paying City utility costs.

There is a need to declare a policy regarding non-profits and payment of utility costs. The intent of this policy is to require non-profit organizations to do everything possible to obtain funding for their utility usage at Department facilities. If such efforts fail, the City's General Fund will be used to provide the utilities, on the understanding that the non-profit is providing a service to City residents that might otherwise become the responsibility of the Department. The following policy and review process has been developed to address this issue:

All non-profit organizations operating or providing services using park land or other land under Department control will pay all utility costs (gas, water,

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electricity) associated with the use of that City facility. The preferred method of payment is for the non-profit organization to secure separate meters and billing for the utility. If separate metering is not possible, the Department will, on a monthly basis, receive a utility payment and remit to the Department of General Services the full amount of that payment.

Exemptions from the policy may be requested in accordance with the procedures outlined in the attached policy and granted only if the following findings have been made:

- The organization or entity must be registered as a non-profit (501(c)(3)).
- The subject permit or lease must be on park property or property controlled by the Department.
- Services provided by the non-profit on the park property conform to and fulfill the mission of the Department, are needed by the community, and are services the Department would provide if staffing and funding were available.
- Absent the activity of the non-profit, the Department would undertake responsibility for maintaining, staffing, or operating the subject facility.
- The non-profit provides staffing, operations, and maintenance at the same or improved level as would the Department.
- A Department analysis of the organization's or entity's current operating revenues reveals that they are insufficient or unavailable to offset utility costs.
- The organization or entity has made a good faith effort to acquire alternative or supplementary program funding to cover all utility costs and has been denied.
- The projected cost of utilities by the non-profit is comparable (does not exceed ten percent) to similar Department operations.

If the Board of Recreation and Parks Commissioners approves payment of the utility costs by the City, notification of such action will be sent to the Mayor, the City Council and the Department of General Services.

This report was prepared by Bart Benjamins

UTILITY COSTS FOR NON-PROFIT ORGANIZATIONS ON PARK PROPERTY

- ❑ **Statement of Current Situation.** The Department of Recreation and Parks (Department) issues permits or enters into formal agreements with non-profit organizations to use park property for public benefit purposes. Historically, the Department charges no rent or nominal rent, on the premise that the non-profit serves the community. Likewise, utility charges at leased and permitted facilities have been, but not uniformly, paid automatically by the City (through the Department of General Services).
- ❑ **Statement of Principle for Non-Profit Leases.** In compliance with City policy, all organizations or entities using park property or facilities on permit, lease, or other agreement will be responsible for the cost of all utility services used by them. The City, through the Department, will recoup utility costs from non-profit organizations on park property, when feasible, on the principle that any degree of subsidization for non-profit utility charges is a cost to the General Fund of the City of Los Angeles. The Department will transfer funds collected from these utility charges to the Department of General Services.
- ❑ **Non-Profit Organizations in Special Circumstances.** A non-profit organization may request waiver of utility payments or partial subsidy of utility costs. This request must be made to the Department staff, who will provide a recommendation to the Board of Recreation and Parks Commissioners. Only the Board of Commissioners will have authority to approve a request for waived or subsidized utilities.
- ❑ **Funding of Utility Waivers or Subsidies.** Consideration by the Board of any utility waiver or subsidy will be accompanied by an analysis of the projected annual costs and a methodology for payment (e.g., requesting funds in the annual budget process, solicitation of one-time funds from the City's general fund, or identification and transfer of Department funds to appropriate accounts).
- ❑ **Conditions for Consideration of Special Circumstances.** For the Department to consider and recommend favorably on a request for utility waiver or subsidy, each of the following criteria must be met. If any one criteria is not met, the request will not be recommended. Any waiver or subsidy must be reconsidered and renewed annually.
 - The organization or entity must be registered as a non-profit (501(c)(3)).
 - The subject permit or lease must be on park property or property controlled by the Department.
 - Services provided by the non-profit on the park property conform to and fulfill the mission of the Department, are needed by the community, and are services the Department would provide if staffing and funding were available.
 - Absent the activity of the non-profit, the Department would undertake responsibility for maintaining, staffing, or operating the subject facility.
 - The non-profit provides staffing, operations, and maintenance at the same or improved level as would the Department.
 - A Department analysis of the organization's or entity's current operating revenues reveals that they are insufficient or unavailable to offset utility costs.
 - The organization or entity has made a good faith effort to acquire alternative or supplementary program funding to cover all utility costs and has been denied.
 - The projected cost of utilities by the non-profit is comparable (does not exceed ten percent) to similar Department operations.