

REPORT OF GENERAL MANAGER

NO. 03-207

DATE June 18, 2003

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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ADOPTION OF A NO-FEE-WAIVER POLICY AND ADOPTION OF A MODIFIED AND LIMITED CO-SPONSORSHIP POLICY FOR EVENTS

J. Combs _____	H. Fujita _____
*A. Corrales <u>[Signature]</u>	J. Kolb _____
J. Duggan _____	B. Lukehart _____

[Signature]
General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board adopt as policy that no waivers be considered or approved of any costs or expenses, as established in the Manual of Rates and Fees, for use of Department facilities and property; and,

That the Board modify and limit the existing special event co-sponsorship policy by adopting the criteria described in the body of this report as the approved process and criteria by which certain use fees specified in the Manual of Rates and Fees may be underwritten by Department special accounts in lieu of being charged to City Departments, other Government agencies, or non-profit organizations.

SUMMARY:

In accordance with the Charter of the City of Los Angeles, the Board of Recreation and Park Commissioners has sole authority to set fees for use of Department facilities and property. This authority is manifested in the publication of the Department's Manual of Rates and Fees, which sets all admission costs, rates, fees, reimbursements, and usage requirements for all Department business activities and other uses. Generally, this document is reviewed and modified as appropriate to encompass changes in costs, or fluctuations in market rates for fees, or other circumstances, on an annual basis. On occasion, fees for specific facets of the Department's operation, such as Pay Parking Lots, or Golf, are modified individually to meet changing needs.

Traditionally, with public service as our principal goal, the Department's fees and charges have been set at or below market value for similar facilities and programs offered by smaller jurisdictions or

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private entities. For this reason, a long-standing tradition of the Board of Commissioners has been to decline considering any waiver or reduction of published fees. This position is predicated on the reasonableness of Department fees and the impracticality of distinguishing the relative worthiness of various organizations or individuals wishing waivers because of charitable intentions. The policy further recognizes that the Department's annual budget for operations integrates a certain annual revenue stream, and a continuation of that revenue level is a vital part of our ability to maintain facilities and sustain operations for all—the cost of cleaning up a facility after use by a non-profit is no less than the costs after that same event conducted by another group.

The coming fiscal year increases the challenge this Department faces to sustain a balanced budget without serious service cut-backs. The approved budget requires an increase of \$4.5 million dollars in revenue to the Department in a single year, representing about a 20% net revenue increase. With this aggressive expectation by the Mayor and the Council, the Department cannot afford to subsidize outside entities through any waiver of reimbursement of the costs and fees of providing facilities to those entities, whether it be for the conduct of a for-profit exercise class, or for a community festival.

Some increases to the Manual of Rates and Fees are under consideration at this Board meeting; other fees are under more detailed study for further report to the Board within 60 days. A section which allows community use of recreation centers at no charge, so long use is within the center's regular public hours, and which recognizes economically disadvantaged neighborhoods by offering pre-set fee reductions in Urban Impact areas, are and will remain in Rates and Fees, so the Department's tradition of service is not compromised. Special rates also are established for use of facilities by other City Departments or government agencies.

Another key area in which the Department has pre-established reductions in fees and charges is in the conduct of special events on park property. In 1998, the Department established four levels of special events and associated fees or cost reimbursements:

- Recreation and Parks Department-produced event, in which other entities or Departments may participate: *No charge to Department or participating entities.*
- Community Service Events produced by another City Department, with no charge to the public: *The first six events per Department per year required reimbursement only of actual Department salary and expense costs, events beyond six paid customary fees.*
- Events and Festivals produced by Non-Profits: *Fees established for non-profits were charged, as were reimbursable Department salaries and expenses. To the extent the event was considered to be "co-sponsored," and was produced by a non-profit entity, the producers could be excused from paying use and vendor fees and were only required to reimburse actual Department salary and expense costs.*

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- **For-Profit Events:** *Full fees and all reimbursable salaries and expenses were charged.* The category of events produced by non-profits seeking co-sponsorship has created confusion and inequity, because no criteria was established for qualifying an event for the co-sponsorship benefits. Event producers often claimed to be City Department events, if another City Department granted funds or in-kind support for the event, or alternatively producers could leverage community or political support to be deemed "co-sponsored." Either scenario could then reduce the money paid to Recreation and Parks for conducting an event on park property. This loophole in the event policy could be used to allow events which charged admission or had commercial sales booths to use public park property for minimal cost. A continuation of this loophole will not assist the Department in reaching the Mayor's and Council's requirement of an additional \$4.5 million in revenue over the coming twelve months.

There are some events, however, which are fully produced by other City Departments for community benefit. In some cases, an event by another City Department or an outside entity might have business benefits to the Department, or might so clearly accomplish a Department goal that it would be considered like an event that we would ourselves produce. In order to accommodate such events, without loss to Department revenue or without non-compliance with the No Fee Waiver policy recommended above, staff further recommends modifying the Special Events Policies as follows.

- Department produced events must raise funds to defray the full cost of the event, but will not have to transfer use fees to the Department's General Fund.
- Events produced by other City Departments or Non-Profit Agencies must pay all costs of salaries and expenses in connection with the event, as stipulated in the Manual of Rates and Fees, and are liable for all use fees and vendor fees as well. These fees and reimbursement charges may be paid directly or may be transferred to an appropriate Recreation and Parks account(s) from the producing Department. However, event producers may apply for Recreation and Parks underwriting of the use fees only, under specific sponsorship criteria, each one of which must be met.
 1. Event must be open to the public at no charge.
 2. Producer must be a City Department, non-profit entity, or other government agency.
 3. All appropriate vendor fees shall be paid by the event producer and all other costs and expenses must be fully reimbursed.
 4. No commercially sponsored sales will be made.
 5. The event is reasonable expected to attract Department patrons and civic, community, or business leaders, and will provide recognition to the Department.
 6. The event is designed to encourage business and government support for recreation facilities and programs.

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7. The event supports one or more of the Department goals below:
 - ▶ Providing quality recreational opportunities to all neighborhoods in Los Angeles
 - ▶ Strengthening neighborhoods by encouraging community involvement
 - ▶ Establishing examples of environmentally sensitive landscapes and land use
- Such sponsorship would be first considered and approved at the facility director or district supervisor level, then must be recommended by the Assistant General Manager and approved by the General Manager. If approved, then the use fee will be transferred to the Department's General Revenue from an identified Municipal Recreation Program account, or other identified special fund account. The use fees for special events without admission range from \$75 for under 250 people to \$750 for 1000 people, and a \$100 for each increment of 1000 after the first 1000.
- All other events must be charged full fees and reimbursement of all costs and expenses, as stipulated in the Manual of Rates and Fees.

The staff of the Department of Recreation and Parks will continue to strive to provide the best services and programs for the people of Los Angeles. While we welcome use of our parks and facilities at the most reasonable prices, established to be as inclusive as possible, the Department must take steps to ensure that the revenue which sustains our operations is fairly and consistently charged.

This report was prepared by Linda J. Barth