

REPORT OF GENERAL MANAGER

NO. 03-212


DATE June 18, 2003

C. D. ALL

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: CITYWIDE PARK FEES EXPENDITURE PROGRAM: FISCAL YEARS
1999/00, 2000/01, AND 2001/02

J. Combs _____ H. Fujita _____
A. Corrales _____ *B. Lukehart BCC
J. Duggan _____ J. Kolb _____



General Manager

Approved _____ Disapproved _____ Withdrawn _____

RECOMMENDATION:

It is recommended that the Board:

1. Approve the attached Park Fees Expenditure Program for Fiscal Years 1999/00, 2000/01, and 2001/02;
2. Authorize the Director of Finance to allocate funds as indicated in the Expenditure Program, including resolution of sub-account balances, and allocation of receipts for Fiscal Years 1999/00, 2000/01, and 2001/02;
3. Direct staff to implement the program to the extent permitted with available funding;
4. Approve implementation of the procedures outlined in the body of this report to assure the responsible financial management and completion of the capital improvements described in the attached Expenditure Program;
5. Establish new sub-accounts for the following facilities:

Highland Park Pool (CD 1)
Yucca Park (CD 4)
Sepulveda Garden Center (CD 5)
Woodley Ave. Park (CD 6)
Hansen Dam Aquatic Center (CD 7)
Tobias Ave. Park (CD 7)
Chesterfield Square (CD 8)
Trinity Rec. Center (CD 9)
Celes King III Pool (CD 10)

Balboa Sports Center (CD 12)
Chatsworth Park South (CE 12)
Elysian Valley Recreation Center (13)
Lexington Pocket Park (CD 13)
Banning Pool (CD 15)
Harbor Area Field of Dreams (CD 15)
Harbor Sports Center/Pool (CD 15)
Peck Park Pool (CD 4)

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6. Approve the Transfer of Funds between the following sub-accounts:

	<u>CD From Sub-Account:</u>	<u>To Sub-Account:</u>	<u>Amount:</u>
4	946LP(Las Palmas SCC) 94600(Unallocated Acct)	New sub-acct (Yucca Pk) 946NO (No. Hollywood Pk)	\$ 40,000.00 \$ 36,847.00
5	946WW(Westwood- Outdoor Basketball Pk)	946WP(Westwood Pk)	\$ (324.11)
7	946DA(Devonshire/Arleta Pk)	946PM(Ritchie Valens Pk)	\$ 77,633.39
8	946MC(Sutton, Algin Pk)	944VP(Van Ness RC)	\$ 40,000.00
10	946HH(Harold Henry Pk) 94601(Interest Income)	946AR(Seoul Int'l. RC) 946RH(Reynier Pk)	\$ 14,374.67 \$ 5,000.00
11	946P2(Playa Del Rey Lot 2) 946P3(Playa Del Rey Lot 3) 946P4(Playa Del Rey Lot 4) 946P5(Playa Del Rey Lot 5)	946P1 (Playa Del Rey Lot 1) 946P1 (Playa Del Rey Lot 1) 946P1 (Playa Del Rey Lot 1) 946P1 (Playa Del Rey Lot 1)	\$ 79,345.90 \$ 84,228.92 \$ 79,261.08 \$ 73,975.00
	946P1(Playa Del Rey Lot 1)	946DR (Del Rey Lagoon)	\$ 532,318.00
12	946OB(O'Melveny Pk)	946BC(Bee Cyn Pk)	\$ 32,527.61
13	946LS (Lasorda Field of Dreams) 944CF(Chevy Chase Pk) 944LG(Lemon Grove RC)	New Sub-acct (Elysian Valley RC) 944LG(Lemon Grove RC) New Sub-acct (Lexington Pocket Pk)	\$ 50,000.00 \$ 37,771.20 \$ 5,000.00
15	946GF(Gaffey Pool) 946JS(J. Gibson Pk)	946FA(Angels Gate Pk) 946XA(San Pedro Plaza)	\$ 3,571.84 \$ 7,027.19

7. Approve the use of accrued interest to reconcile deficit accounts; and,

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8. Approve the Encumbrances from the following sub-accounts:

<u>CD</u>	<u>Sub-Acct:</u>	<u>Project</u>	<u>Amount:</u>
2	946SQ (Sunland Pk & RC)	1156B	\$ 60,000.00
4	946WV(WestWilshire/Pan Pacific Pk)	1731C	\$2,170,752.13
6	946DB(Delano Pk)	1805A	\$ 127,000.00
11	946CD (Serrania Pk)	Land Acquisition	\$ 200,000.00
	946BE (Barrington RC)	1653A	\$ 687,000.00
	946CS (Culver/Slauson Pk)	1571A	\$ 8,346.87
	946PT (Potrero Cyn Pk)	1017B	\$ 5,000.00
12	944IP (Parthenia Park)	Fencing Improvements	\$ 27,000.00

SUMMARY:

Attached is the proposed Park Fees Expenditure Program for FY's 1999/00, 2000/01, and 2001/02. The program involves two separate, but related, trust funds: the Subdivision Fees Trust Account (Quimby) and the Zone Change Park Fee Trust Account (Zone Change). Within the Department Fund 302, are the corresponding sub-accounts 944 and 946. Guidelines for the expenditure of subdivision and zone change income are identical.

Former State legislator, John P. Quimby, developed the basic Quimby concept during the 1960's. Mr. Quimby initiated State legislation which permitted cities and counties to require the dedication of land, or the payment of a fee, as a condition of local residential tract map approval. Projects of less than fifty-one residential units are exempt from the dedication of land, but the owners of such projects are required to pay an in-lieu fee.

The City of Los Angeles implemented the Subdivision Fees Trust in 1971 (Ordinance 141,422). Ten years later, the City's complex fee schedule, which related property valuation to a density formula, was replaced with a simplified, City-wide, per-unit-per-zone fee (Ordinance 155,458). The City Planning Department calculates fees for affected subdivisions and zone changes, revising the schedule each May 1. Fees are based on the percent change in the value of existing single-family dwellings as determined by the Real Estate Research Council of Southern California.

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The Zone Change Park Fee was originated by the late City Councilman Howard Finn. The Zone Change ordinance was approved by the City Council and signed into law by the Mayor in 1985. This law applies only to the finalization of zone changes for multiple residential projects (two units or more). The fee schedule for Zone Change is exactly the same as for Quimby. For projects where both Quimby and Zone Change apply, owner/developers have the option of paying under either program.

Neither this Department nor any other City agency controls the timing for payment of these fees. Owners or their delegates pay at their convenience, normally just before final consideration of a tentative tract map or zone change. Sometimes owners decide not to build after paying the fees and request a refund. Park fee payments for the fiscal years 1999/00, 2000/01, and 2001/02 totaled \$10,561,542.53.

The unencumbered funds in the 944 or zone change account totaled \$3,353,116.15 as of 6/30/02, the 946 or subdivision account totaled \$16,091,623.02 as of 6/30/02. The entire program totals \$19,444,739.17. The sum of the entire program is planned for expenditure during the upcoming fiscal year to complete design and construction projects outlined in the attached Expenditure Program.

Funds must be committed to specific projects within five years of collection. The City Attorney has ruled that the Department meets this requirement through the adoption of the Expenditure Program. Expenditures are made within 1-1/2 miles from the point of collection to ensure that residents of the new real estate projects can benefit from the facilities their funds helped to create or improve. This is the standard distance for allocation of Quimby fees. This distance represents the average recommended service radius for neighborhood and community facilities, outlined in the City's Public Recreation Plan. Funds remain in the Council District where they were collected.

The Department may use subdivision and zone change fees for capital improvements only: the acquisition of land and the design or construction of park and recreational improvements. Park fees may not fund normal operations such as salaries for recreation or maintenance staff, materials and supplies, or replacement equipment.

The proposed Expenditure Program reflects the priorities and projects expressed by Department and Regional executive and senior staff and by Council members and their Deputies. The Program is arranged by Council Districts, with facilities listed alphabetically. In a few cases, portions of parks are located in more than one Council District and are so noted. If the sites are large enough to have multiple facilities, they may also have multiple accounts.

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The left (first) column of the proposed Expenditure Program identifies the Council District and lists the various facilities with recommended projects in order of decreasing priority. Some projects are carried over from previous years because of insufficient funds. Several projects are currently in design or construction, either by Department staff or consultant firms.

The second column ("ACCT") indicates whether the funds belong to account 944 for Zone Changes or 946 for Subdivision. The third column ("Sub ACC") has the individual designation for specific facilities. Both 944 and 946 accounts have the same sub-account designations.

The fourth column ("Unexpended Balance, Old Funds as of 6/30/02") indicates the unencumbered amount remaining in each sub-account as of June 30, 2002.

The fifth column ("New Fees: 99-00 FY, 00-01 FY, 01-02 FY") shows which facilities are to receive the fees paid during the past fiscal years from June 1, 1999- June 30, 2002.

The sixth column ("Transfers/Allocations") has transfers between sub-accounts intended to shift funds from sites where most or all the projected work is complete to sites needing the fees in order to finish high-priority work. Allocations of funds are planned for important expenditures that need immediate funding due to the critical nature of the projects.

The seventh column ("Subtotal") indicates the total amount of Quimby and Zone Change funds for a facility if it has income from both sources. The eighth column ("Total") represents the sum currently available for that site. This column also reflects the results of any proposed transfers and allocations and expenditures.

The final (ninth) column ("Comments/Status") provides explanations of the different transactions in the various columns, using icons, to clarify and resolve specific actions.

New/Updated Procedures

The Park Fees Program is developed through a planning process that includes discussions with the General Manager of the Department; Senior and Executive Staff in the Planning and Construction Division; Region Recreation, Maintenance, and Construction staff; and meetings with the individual Council District staff. Specific projects and priorities at Department facilities with Park fees are identified through these meetings. The Program is reviewed by Department Executive Staff prior to Board consideration.

During the course of the development of this program, it was determined that several procedural changes should be implemented in order to better manage the program for projects being funded at different facilities. The Department has established new, updated, and improved procedures to be able to monitor the funding of expenditures more effectively.

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The first procedure was the implementation of the new Contract Purchase Order System ("CPO"), which would centralize allocation of funds by requiring two signatures. The first signature is the Director of Planning and Development and the other is from the staff of Advanced Planning Section of the Planning and Development Division, who is responsible for the program in order to encumber approved allocations of funds for the supply and installation of materials. The approvals to fund expenditures are done on-line and only by designated staff to control the funding of all expenditures.

The second procedure implemented was the application of accrued interest to reconcile negative balances at Department facilities throughout the City in all Council Districts. This procedure was used previously by the Department in 1995. During the last ten years, the Quimby accounts have suffered negative balances at various facilities and projects. Staff is clearing these deficits by allocating interest accrued on the 944 and 946 sub-accounts, as of June 30, 2002, to those negative accounts. Interest will not be allocated on the 944 and 946 sub-accounts for fiscal years 99/00, 00/01 and 01/02. Available interest from these two (2) sub-accounts will be allocated toward accounts that carry a negative balance.

Another procedure will require a Completion Memorandum to be filed when projects are completed by Department forces, as well as Planning and Construction projects, which will allow an actual accounting of the project costs and release any unexpended funds for future work at the facility. These changes will show positive accounting effects on the program. Further, CEQA clearances for projects in the Expenditure Program will be provided through specific Board Reports, as those projects are identified for implementation, design and construction.

These procedures are part of an on-going program to allow more accurate cost accounting and project status reporting. As staff continues to manage the Park Fees and Expenditure Program in the future, the goal is to create a more responsible document in order to insure that fees are being used to the fullest advantage of the Department.

In review of the considerations outlined above, staff recommends approval of this Park Fees Expenditure Program. Staff also recommends authorization for appropriate actions by the Planning and Construction Division, Department forces, and the Director of Finance.

Report prepared by Camille Didier.