



COUNTY OF LOS ANGELES  
DEPARTMENT OF PARKS AND RECREATION

"Parks Make Life Better!"

Russ Guiney, Director

John Wicker, Chief Deputy Director

June 5, 2015

TO: Each Supervisor

FROM: Russ Guiney  
Director, Parks and Recreation

Sachi A. Hamaji  
Interim Chief Executive Officer

SUBJECT: **BOARD MOTION BY SUPERVISORS HILDA L. SOLIS AND SHEILA KUEHL (ITEM NO. 15, AGENDA OF APRIL 17, 2015)**

On April 7, 2015, your Board adopted a motion by Los Angeles County Supervisors Hilda L. Solis and Sheila Kuehl, instructing the Director of Parks and Recreation ("Director") and the Interim Chief Executive Officer ("CEO") to report back to the Board in writing within 45 days with identified sources of current funding available for park and recreation capital projects. On May 21, 2015, the Board of Supervisors approved an extension until June 5, 2015 to report back to the Board. In addition, the motion instructed the Director to include, in the report back, recommendations for a mechanism and expenditure framework to fund future park and recreation projects throughout the County, inclusive of the 88 cities and local agencies. The expenditure framework was to include a plan and cost estimate for drafting necessary legislation, including but not limited to a possible local funding measure.

Supervisor Michael D. Antonovich requested that the report back also include all Proposition A fund balances, including SB 90 allocated reimbursement, Redevelopment Dissolution funds and Utility User Tax. Finally, Supervisor Don Knabe requested that potential capital projects at the beaches also be included in the report back.

*1. Instruct the Director of the Department of Parks and Recreation (Director) and the Interim Chief Executive Officer to report back to this Board in writing within 45 days with identified sources of current funding available for park and recreation capital projects.*

The Fiscal Year ("FY") 15-16 Recommended Budget does not contain any unallocated on-going funds that may be allocated for parks and recreation or beach capital projects. Set aside as obligated fund balance committed for capital projects and extraordinary maintenance, there is a one-time reserve of \$93.4 million which may be made available through Board approval, for specific capital projects. This amount is the only reserve available for the County's entire capital project and extraordinary maintenance program needs that have not been identified for specific projects.

In addition, Supervisor Antonovich requested that the report back also include all funding, including SB 90 allocated reimbursement, Redevelopment Dissolution funds and Utility User tax; and include a list of funding sources that are or could be utilized to fund capital Park and Recreational Amenities throughout the county and its various departments. Also, what funding is available for Maintenance and Operations of these completed and opened projects. Also, if any of these funds are available for use to the 88 cities within the County.

The Governor's FY 15-16 May revisions identified additional SB 90 mandate reimbursement funds targeted for repayment of prior years' claims. It is projected that the County may receive up to \$109.4 million for reimbursement of prior years' claims and \$25.9 million for interest accrued while the claims were outstanding. Specific information on the payment of the claims and reconciliation of the final amounts that may be available for County discretionary allocation are still unknown, at this time. To the extent that portions of these funds are not required to satisfy receivables, or reserved for claim audits, they may be made available for one-time use. The Board requested the CEO to report back on the availability of SB 90 funds 30 days after the receipt of these funds. In addition, a motion directing the CEO to place the SB 90 funds in the Provisional Financing Uses budget unit, within the Budgetary Uncertainties account was authored by Supervisor Kuehl and adopted by the Board on February 10, 2015. Board approval on the use of these funds may direct them for one-time capital projects and/or extraordinary maintenance needs.

Annual on-going "Redevelopment Dissolution" revenues to the General Fund are all allocated to fund on-going programs. One time redevelopment dissolution funds have been set aside for Board discretion and could be a future source of funding for parks and beaches capital projects, as it is consistent with Board budget policies regarding the use of these funds. To date, the majority of one-time redevelopment dissolution funds have been allocated by the Board to the Community Development Commission for housing and economic development programs.

At this time all utility user tax revenues, by Board direction, have been allocated entirely to programs in the unincorporated areas, since the taxes are generated from those areas. There are no additional on-going revenues generated from these taxes, at this time, for discretionary use. Prior years' one-time utility tax revenues, in the amount of \$10.6 million are set aside as obligated fund balance committed for local taxes and are available for Board discretion.

*2. Instruct the Director to also report back to this Board in writing within 45 days with recommendations for a mechanism and expenditure framework to fund future park and recreation projects throughout the County, inclusive of the 88 cities and local agencies, including a plan and cost estimate for drafting of necessary legislation, including but not limited to a possible local funding measure.*

The Director, through the Regional Park and Open Space District ("District"), has the following recommendations for a mechanism and expenditure framework to fund future park and recreation projects throughout the County, inclusive of the 88 cities and local agencies including a plan and cost estimate for drafting the necessary legislation and a potential local funding measure:

### **Mechanism to Fund Future Park and Recreation Projects**

- A. When the Board contemplated a park and open space funding measure in the spring of 2014, County Counsel and the District recommended that the best mechanism for a future local funding measure would be a special tax. This special tax would raise revenue to continue funding for Park and Recreation capital projects for the County and all 88 cities and that the tax would be imposed upon all parcels of real property located within the County of Los Angeles.

Should the Board choose this option, the following are two examples of how a special tax can be structured:

- 1) "Flat Tax". A uniform tax in amount, which is assessed on each parcel of secured real property throughout the County. This was the structure utilized by the recent Proposition P, which received 62.89% of the required 66.66% necessary for passage in the November 2014 election. Proposition P would have assessed a special tax in the annual amount of \$23 on each parcel within the County, regardless of the size of the parcel or improvements thereon. A future flat tax will be calculated at a rate determined, in large part, by the forthcoming Countywide Parks and Recreation Needs Assessment ("Needs Assessment") final report. Your Board, through a February 3, 2015 motion, approved the Director's plan to work with stakeholders to develop the Needs Assessment, which is based on community outreach activities and a Countywide analysis of current public parks, open space, cultural and recreational assets and needs, including all 88 cities, State and local

agencies and non-profit organizations. The Needs Assessment process is anticipated to take 16 months, with the final report expected in May, 2016.

- 2) "Square Footage Tax". A special tax levy that is calculated based on the square footage of structural improvements on each parcel of secured real property throughout the County. This is how the current Special Tax levied by the County of Los Angeles for the Trauma Centers, Emergency Medical Services, and Bioterrorism Response ("Trauma Tax") is calculated. The Square Footage Tax levies an amount on all improved parcels in the County, per square foot of structural improvements, excluding the square footage of improvements used for parking. Annually the Board can set the rate based on the Consumer Price Index. If for any fiscal year the Board fails to set the rate, the tax shall continue at the same rate as the preceding year. Presently, the Trauma Tax, by way of comparison, is assessed at a rate of 4.24 cents per square foot of structural improvements. Similar to a flat tax, a Square Footage Tax would be calculated at a rate determined by the 2016 Countywide Needs Assessment final report.

### **Exemption for Government Owned Property**

Your Board should note, that properties owned by government agencies, such as cities, the County, school districts and special districts, the State or the federal government, are not subject to a special tax, except when such property is not devoted to a public use.

### **Legislative Changes**

The District's enabling legislation is found at California Public Resources Code Section §§ 5500-5595. The District has been previously advised that changes to the existing legislation would assist in expanding the funding sources available to the District, which, based on statute, is currently limited to benefit assessments. Additional funding sources the District could utilize, pending legislative action, include a special tax, sales tax, state funding, and federal funding.

### **Recommendation**

1. Instruct the District, in consultation with County Counsel, the CEO, and other County Departments to further study these mechanisms, as well as others that may be viable, utilizing both internal County expertise and external expertise as needed, and to report back with a recommended model that includes the costs, potential funding levels and an understanding of what the public's support might be for November 2016.

2. Instruct the District, in consultation with the CEO and County Counsel to seek amendments to the California Public Resources Code Section §§ 5500-5595 to expand the funding sources available to the District and make technical updates to the District's enabling legislation, utilizing external expertise as necessary.

### **Expenditure Plan**

During the hearing process for Proposition P, there was concern expressed over the proposed measure not having a list of Specified Projects within its expenditure plan. Additional concerns as to the need for additional funds for Maintenance and Servicing/Maintenance and Operations of the completed projects funded by the District were also raised. The District has taken those comments into account and has drafted a proposed Expenditure Plan for a future measure.

The District will recommend that your Board, acting as the Board of the District, allocate proceeds of the special tax to improve, acquire and develop park and recreation facilities in neighborhoods throughout the County. The funds would be allocated in the following formula:

- Sixty Percent (60%) to Capital Projects (comprised of allocations to Cities and Unincorporated County communities, Specified Projects and Categorical Projects);
- Thirty Percent (30%) to Maintenance and Servicing/Maintenance & Operations funds; and
- Ten Percent (10%) to Administration of the District, which could also include, Strategic Planning and updating of the Needs Assessment, Access Communication Funds, as well as Extraordinary Items such as litigation expenses.

With a new measure, your Board will continue to act as the Board of Directors of the District, and will review annually the financial reports of the District and a Strategic Plan developed from the 2016 Needs Assessment. Within the Strategic Plan will be an expenditure plan that allows for the allocation of funds to the Specified Projects, as well as an Expenditure Plan for the Categorical Projects. The Strategic Plan shall be updated every 7-10 years and shall include an updated Countywide Needs Assessment, and an updated Expenditure Plan to be brought to the Board for adoption.

The capital project funds from the measure will allocate at 60 percent to Specified Projects and 40 percent Categorical Projects and they shall be allocated, per the Strategic Plan, purposes set forth below:

## **Specified Projects**

The funds for these projects will be the first funds allocated, to the Specified Projects that may be described in the 2016 Countywide Needs Assessment and then by future Strategic Plans derived from updating the Countywide Needs Assessment every 7-10 years.

## **Categorical Project Funding**

Categorical Projects shall be those that are allocated by the Board for projects that fit within the categories. The categories will be further refined according to a working group as well as the Needs Assessment report.

## **Recommendation**

1. Instruct the District to immediately form a working group to finalize the draft Expenditure Plan and define the categories for the Categorical Funding for your Board's consideration.
2. Instruct the District to engage in a Communication Program that informs the community about the funds that have been allocated over the last 22 years for Park and Recreation projects from the District to all 88 cities, non-Profit Organizations, Departments within the County as well as local and state agencies.

If the Board wishes to have the option to place a measure on the November 2016 Ballot, it is crucial that all of this work begin immediately. This will enable the Board to have all the necessary information at the conclusion of the Needs Assessment to be able to decide whether and when to move forward with a comprehensive plan to fund the identified projects.

## **Costs and Recommendations**

The District has been following the obligations, opportunities and constraints defined within its enabling legislation and both the 1992 Proposition A and the 1996 Proposition A since their approval by the voters of the County. Your Board may direct that the Administrative Funds of the District be utilized to fund the tasks outlined above. While the District does not have unlimited funds as it balances administering the remaining funds of the propositions, ensuring that the projects are completed, and closing out the grants over the next 10 years, there is \$2,000,000 in funds that could be utilized for the tasks outlined above. The obligations of the District that may remain unfunded, if the funds are utilized for these purposes, would be funding a staff member whose task would be the oversight of the completed District projects in perpetuity. This is an obligation of the District and the County within the two propositions.

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### **Recommendation**

Instruct the District to fund the tasks above from its Administrative Fund in the amount not to exceed \$2,000,000.

### **Proposition and Fund Balances**

The Proposition A fund balances as of March 31, 2015 are:

Unallocated 1992 Prop A Funds	\$ 2,749,816
Unallocated 1996 Prop A Funds	\$ 15,041,486
Unallocated Excess Funds	\$121,146,685
Maintenance & Servicing Funds	\$ 43,383,618
Excess M&S Funds	\$ 2,442,670

### **Potential Beach Projects**

The list of potential capital projects at the beaches is being developed by the Department of Beaches and Harbors and will be included in the Countywide Park and Recreation Needs Assessment Report to be completed in May of 2016.

If you have any questions regarding this matter, please call me or your staff may contact Jane Beesley at 213-738-2981.

*RG:jb:ee(15/EO/ITEM15, AGENDA 17,2015)*

c: Patrick Ogawa, Acting Executive Officer, Board of Supervisors  
Mark A. Saladino, County Counsel  
Jim Jones, Chief Executive Office