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CITY OF LOS ANGELES
CALIFORNIA



ANTONIO R. VILLARAIGOSA
MAYOR

221 NORTH FIGUEROA STREET
15TH FLOOR, SUITE 1550
LOS ANGELES, CA 90012

(213) 202-2633

FAX (213) 202-2614

JON KIRK MUKRI
GENERAL MANAGER

April 22, 2011

Honorable Bernard C. Parks
Budget and Finance Committee
c/o of Erika Pulst, Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Dear Councilmember Parks:

The Department of Recreation and Parks (RAP) has faced many challenges since its beginnings in 1889. The importance of RAP to the residents of the City of Los Angeles and their quality of life was recognized in the Charter of 1925 by granting it a fixed annual allocation of funds for their support. Additionally, the Charter granted RAP and the Board of Recreation and Park Commissioners (Board) control of their own funds. This ensured that all funding from all sources could only be used for the financial support of RAP.

Since that time, RAP has been faced with many challenges, including: 1) being part of the early warning system for enemy attack; 2) being a home for returning veterans; 3) providing refuge for displaced residents during natural emergencies; 4) many downturns in the economy; 5) the continued effect of Proposition 13 and many other situations caused by fluctuating economies and, 6) both man-made and natural disasters. Through it all, RAP has maintained its position as the finest Recreation and Parks Department in the nation, if not the world.

Unfortunately, the City's dire financial crisis is forcing RAP to make drastic and significant cuts in service that will affect every resident in every community of our great City.

The City Attorney has previously determined that Charter Section 593 (Department of Recreation and Parks "Financial Support") allowed for the City to not only withhold General Fund subsidies, but to also allow for the capture of previously General Funded support for indirect costs of operations. These costs currently include, but are not limited to, employee benefits, utilities, sanitation, etc. Absorbing these costs while seeing other direct operating costs rise means that in real dollars, RAP is operating at a funding level almost 25% less than what it was receiving in Fiscal Year (FY) 2006 to provide for its own programs and services. Exhibits 1 and 2 show RAP revenue from all sources and the increase in expenses previously paid for by the City General Fund (indirect costs).



The RAP discretionary operating budget consists of over 85% labor costs. Since FY 2006, RAP has absorbed over \$61 million in “indirect costs.” Basically, over the last few years, RAP has been operating at almost \$61 million less than what it was operating at only five years ago.

To meet the challenges of reduced financial support while providing a clear and direct span of control, a streamlined organization was developed. This organization is comprised of three major functional units: (1) Recreation Operations Division; (2) Planning, Construction and Maintenance Division; and, (3) Partnerships Division. This reorganization takes into account the loss of personnel resources throughout RAP and will allow for day-to-day recreation operations to be coordinated under one Division (Recreation) while the Planning, Construction and Maintenance Division and Partnerships Division will be allowed to develop real and ongoing programs to support RAP’s core functions. The goal is to standardize operations and partnerships across the entire City.

Due to the Early Retirement Incentive Program (ERIP), layoffs, and hiring freezes (including promotions), RAP has been forced to lose over 500 full-time employees and the equivalent of 3,000 part-time employees. This has left a significant void in professional and management experience which has caused the elimination of some services, the reduction of some programs, and reduced hours of operations. In addition, as more and more indirect costs were placed into RAP’s budget, program fees had to be increased to assist in paying for utilities and indirect salary costs of employees. Currently, the labor staffing for RAP is 97% non-management and 3% management.

The Mayor’s proposed budget for RAP in FY 2011-12 increases the indirect costs charged to RAP. This includes the absorption of refuse removal costs from park property (\$3.7 million) and additional charges for employee benefits (\$2.3 million). The proposal also includes City General funding of \$3 million for RAP to continue to provide landscape services to other City Departments/Public Buildings (\$2 million) and to continue to provide recreational and maintenance services to the seven Housing Authority City of Los Angeles (HACLA) sites. Exhibits 3 and 4 show RAP’s proposed expenditure plan for FY 2011-12. The table below shows the actual funding available for RAP core operations and programming.

Costs	FY 2011-12	Percentage of Total
Indirect Support Costs	\$43,871,824	24.44%
Dedicated Costs	\$10,300,000	5.74%
Mandated Costs	\$11,031,534	6.15%
Discretionary RAP Program Funding	\$114,282,931	63.67%
Total	\$179,486,089	100%

RAP regrets these service reductions and the loss of services to all of our residents, but the City's budget and forced balancing measures provides little flexibility for management discretion. It is a sad but cruel reality that as the residents are facing drastic cuts in their own individual standard of living, so are we. Exhibit 5 lists service reductions already implemented since FY 2008. The proposed budget includes up to 36 furlough days for RAP employees which reduces our budget by \$11.8 million. If furloughs are implemented, this will further reduce our service levels.

As we face the future, RAP is committed through aggressively seeking out partners to work shoulder to shoulder with us at our many great facilities, to provide these programs. These partnerships will be the cornerstone of our service delivery model going forward. The reality is that these partnerships will take time to develop and there most assuredly will be program gaps affecting all of us. Although partnerships will be the cornerstone going forward, our partnerships must be based on real levels of participation while protecting our residents from the costs associated with risk and liability. Our Board has recently adopted guidelines for partnerships to both promote participation and to reduce costs associated with risk.

The bottom line is that the Department of Recreation and Parks can only focus on its most basic of core services. Although we will endeavor to provide maximum services there will most assuredly be curtailment across the entire City. We will no longer be able to provide non-funded services nor increase our span of control without direct reimbursement.

If you have any questions please contact me or Regina Adams, Executive Officer, at (213) 202-2633.

Sincerely,



JON KIRK MUKRI
General Manager

JKM:RA/NDW/RNM

Attachments

cc: The Board of Recreation and Park Commissioners
Jeffrey Carr, Chief of Staff/Office of the Mayor
Romel Pascual, Office of the Mayor
Lisa Sarno, Office of the Mayor
Jennie Carreon Delacey, Office of the Mayor
Chris Espinosa, Office of the Mayor
Georgia Mattera, Mayor's Budget Team

Budget and Finance Committee

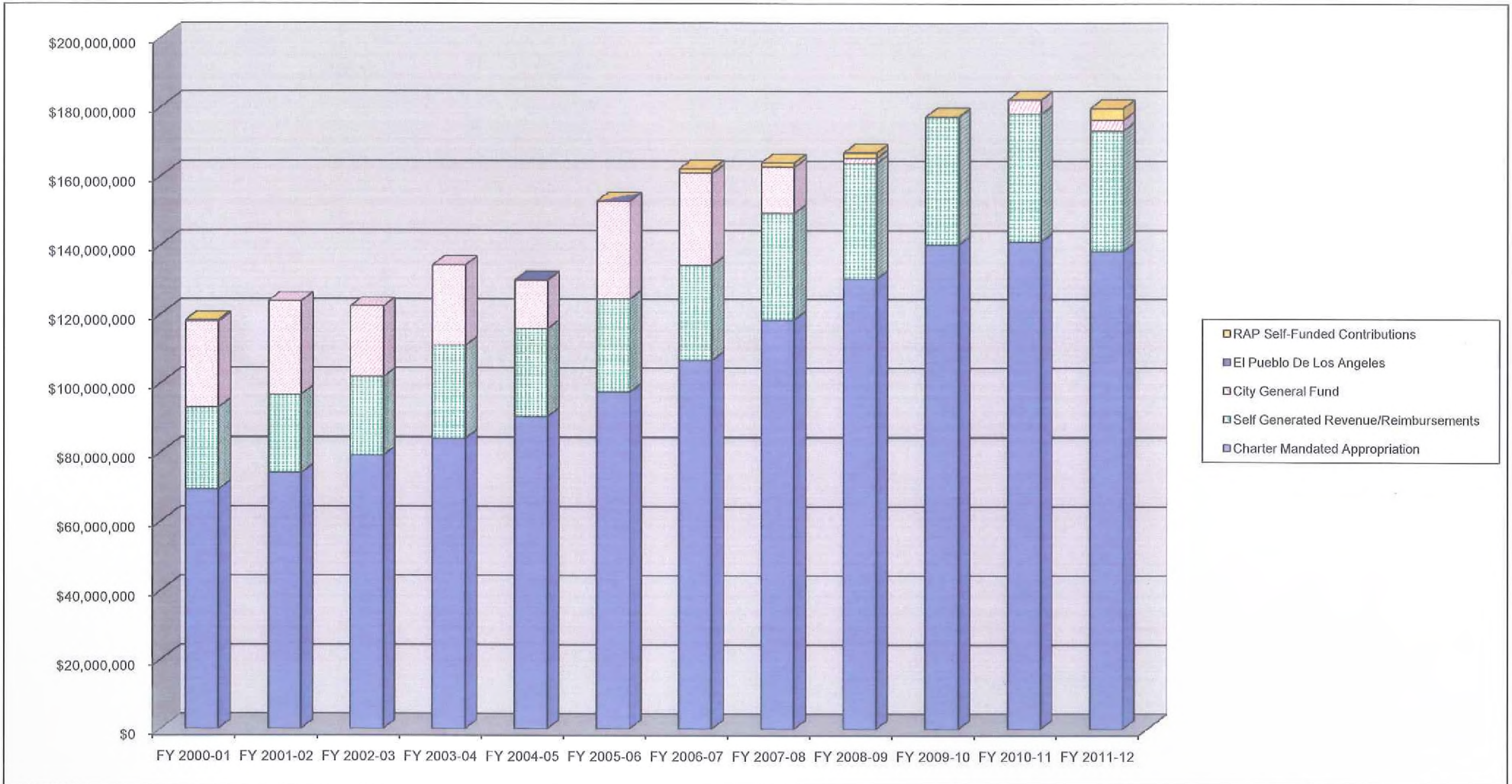
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Neil Guglielmo, Mayor's Budget Team
Paul Wang, Mayor's Budget Team
David Luther, Mayor's Budget Team
Matthew Rudnick, Mayor's Budget Team
Gerry Miller, Chief Legislative Analyst
Sharon Tso, Office of the Chief Legislative Analyst
Karen Kalfayan, Office of the Chief Legislative Analyst
Miguel Santana, City Administrative Officer
Ray Cirrana, Assistant City Administrative Officer
Terry Sauer, Chief Administrative Analyst
Veronica Salumbides, Senior Administrative Analyst
Regina Adams, Executive Officer
Kevin Regan, Assistant General Manager
Vicki Israel, Assistant General Manager
Michael Shull, Superintendent of Planning, Construction and Maintenance
Noel Williams, Chief Management Analyst
Robert Morales, Senior Management Analyst II
Arletta Brimsey, Deputy City Attorney

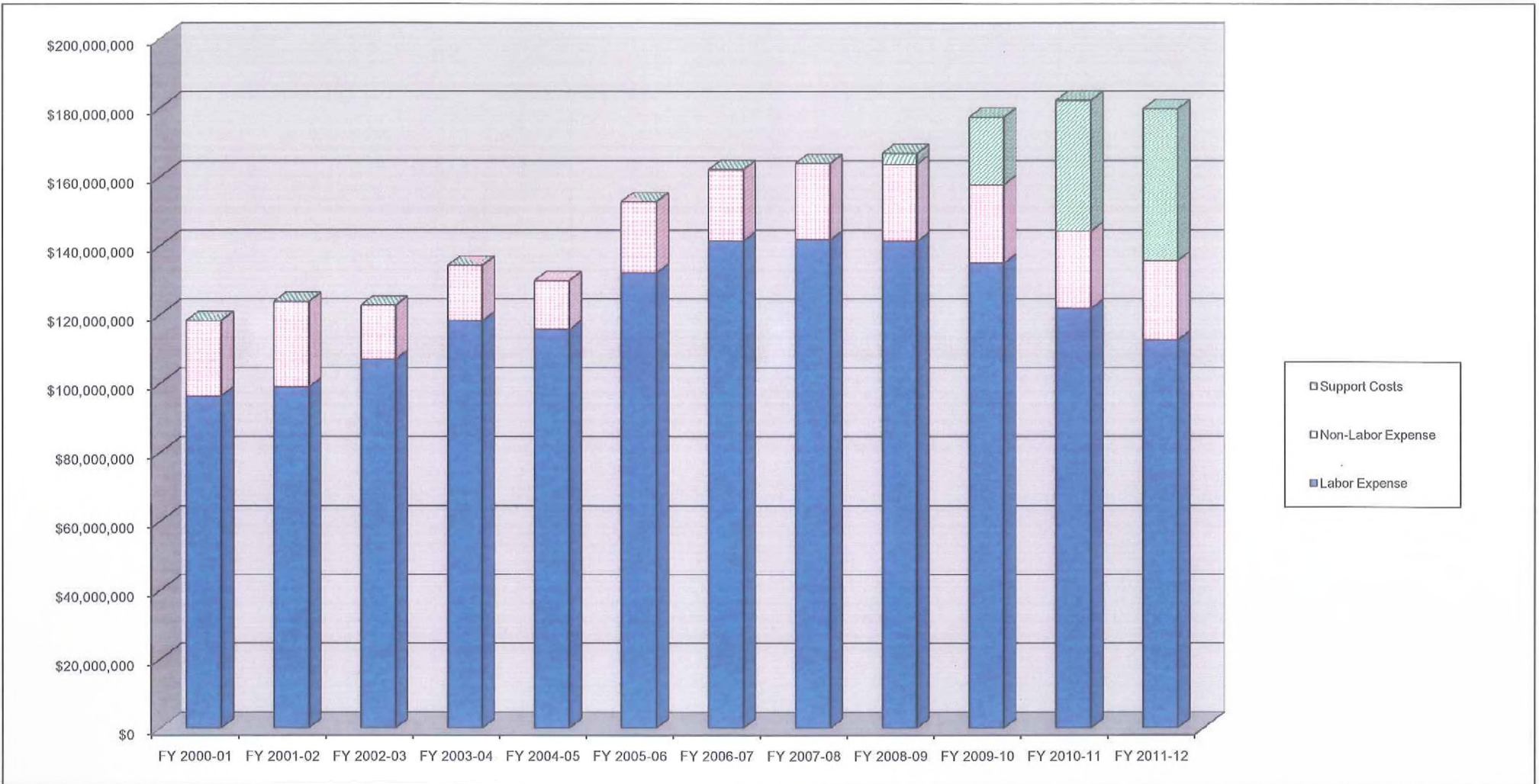
DEPARTMENT OF RECREATION AND PARKS
SOURCE OF FUNDING
FY 2000-01 THROUGH FY 2011-12

Source of Funds	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Charter Mandated Appropriation	\$69,205,068	\$73,937,557	\$79,062,074	\$83,975,212	\$90,303,060	\$97,363,386	\$106,565,370	\$118,431,449	\$130,226,837	\$140,147,292	\$140,960,953	\$138,211,089
Self Generated Revenue/Reimbursements	\$23,747,849	\$22,726,549	\$22,701,549	\$26,950,000	\$25,550,000	\$27,050,000	\$27,650,000	\$30,849,394	\$33,492,626	\$36,931,601	\$36,931,601	\$34,875,000
City General Fund	\$24,816,713	\$27,055,115	\$20,492,052	\$23,290,794	\$13,915,006	\$28,295,488	\$26,512,489	\$13,268,635	\$1,399,700	\$0	\$4,000,000	\$3,000,000
El Pueblo De Los Angeles	\$0	\$0	\$0	\$0	\$62,622	\$62,622	\$62,622	\$62,622	\$100,000	\$100,000	\$100,000	\$100,000
RAP Self-Funded Contributions	\$500,000	\$0	\$0	\$0	\$0	\$0	\$1,250,000	\$1,250,000	\$1,500,000	\$0	\$0	\$3,300,000
Total	\$118,269,630	\$123,719,221	\$122,255,675	\$134,216,006	\$129,830,688	\$152,771,496	\$162,040,481	\$163,862,100	\$166,719,163	\$177,178,893	\$181,992,554	\$179,486,089



DEPARTMENT OF RECREATION AND PARKS
EXPENDITURES BY CATEGORY
FY 2000-01 THROUGH FY 2011-12

Expenditures by Category	FY 2000-01	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Labor Expense	\$96,344,238	\$98,878,188	\$106,928,559	\$118,176,905	\$115,665,743	\$132,071,294	\$141,348,604	\$141,666,787	\$141,159,778	\$134,858,419	\$121,650,680	\$112,532,301
Non-Labor Expense	\$21,925,392	\$24,841,033	\$15,727,116	\$16,039,101	\$14,164,945	\$20,700,202	\$20,691,877	\$22,195,313	\$22,415,154	\$22,786,720	\$22,531,523	\$23,082,164
Support Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,144,231	\$19,533,754	\$37,810,351	\$43,871,624
Total	\$118,269,630	\$123,719,221	\$122,655,675	\$134,216,006	\$129,830,688	\$152,771,496	\$162,040,481	\$163,862,100	\$166,719,163	\$177,178,893	\$181,992,554	\$179,486,089



**DEPARTMENT OF RECREATION AND PARKS (RAP)
MAYOR'S PROPOSED FY 2011-12 BUDGET SUMMARY AS OF 4/20/2011**

SOURCE OF FUNDING		
APPROPRIATION	FY 2011-12	Percentage of Total Appropriation
City Charter Mandated Appropriation	\$ 138,211,089	77.00%
RAP Self-Generated Revenue:		
- Proposition K Maintenance	\$ 2,392,443	1.33%
- Reimbursement From Harbor Department	\$ 7,200,000	4.01%
- Reimbursement From Golf Operations	\$ 9,700,000	5.40%
- In-House Capital Delivery Plan	\$ 3,300,000	1.84%
- Program Service Fees	\$ 12,282,557	6.84%
City General Fund (Public Building Landscaping/HACLA Sites)	\$ 3,000,000	1.67%
EI Pueblo Landscaping	\$ 100,000	0.06%
RAP Self-Funded Contribution	\$ 3,300,000	1.84%
TOTAL APPROPRIATION	\$ 179,486,089	100.00%

SPENDING/EXPENDITURES		
INDIRECT SUPPORT COSTS	FY 2011-12	Percentage of Total Appropriation
Water	\$ 7,000,000	3.90%
Electricity	\$ 9,000,000	5.01%
Retirement, Health & Flex Benefit Costs	\$ 19,871,624	11.07%
Trash Services	\$ 3,700,000	2.06%
ERIP Payout	\$ 4,300,000	2.40%
TOTAL INDIRECT SUPPORT COSTS	\$ 43,871,624	24.44%

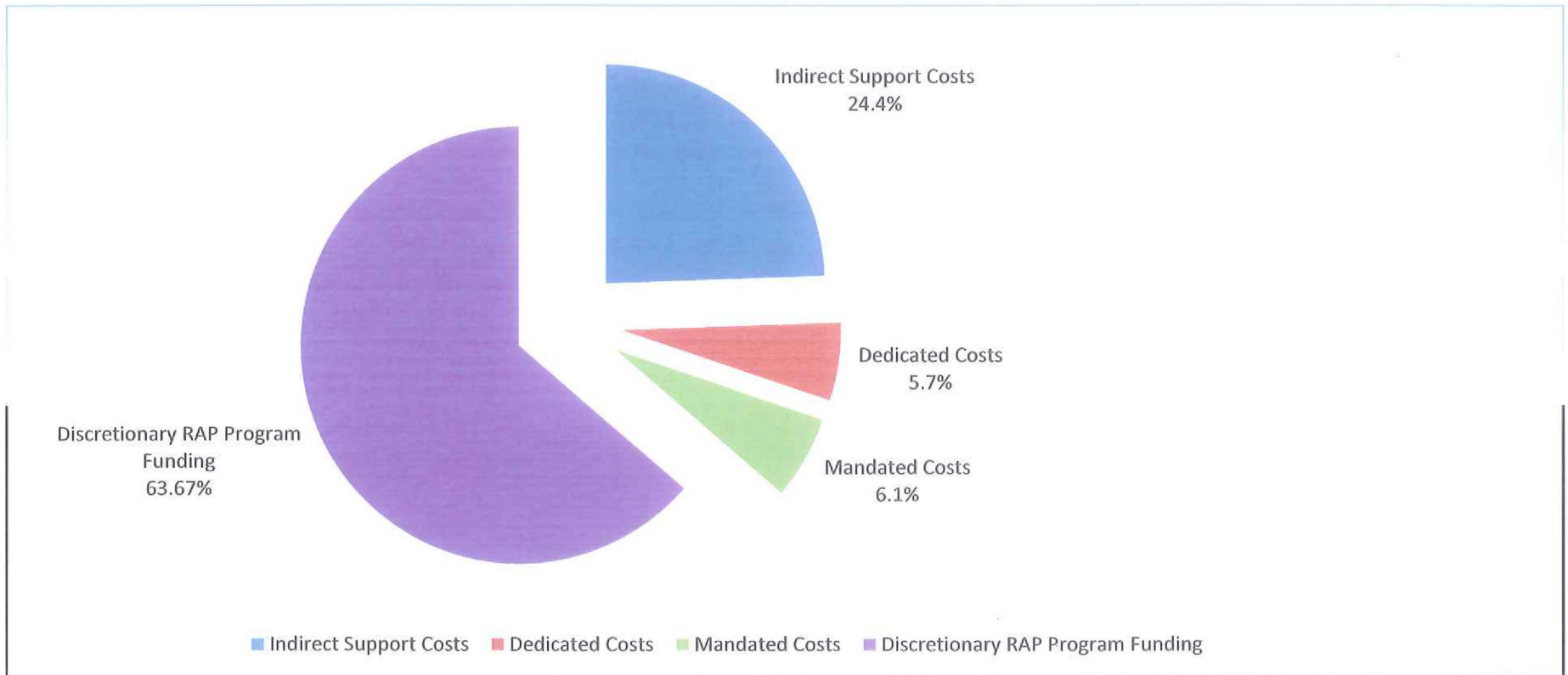
DEDICATED COSTS	FY 2011-12	Percentage of Total Appropriation
Harbor Department Recreation & Maintenance Services	\$ 7,200,000	4.01%
EI Pueblo Landscaping	\$ 100,000	0.06%
City Public Buildings Landscaping	\$ 2,000,000	1.11%
HACLA Sites Recreation & Maintenance Services	\$ 1,000,000	0.56%
TOTAL DEDICATED COSTS	\$ 10,300,000	5.74%

MANDATED COSTS	FY 2011-12	Percentage of Total Appropriation
Cost of Living Increases (COLA) Full-Time Employees	\$ 5,234,671	2.92%
COLA for Part-Time Employees	\$ 1,891,620	1.05%
Brush Clearance	\$ 1,485,000	0.83%
Property Tax	\$ 27,800	0.02%
Proposition K Maintenance	\$ 2,392,443	1.33%
TOTAL MANDATED COSTS	\$ 11,031,534	6.15%

TOTAL NON-DISCRETIONARY COSTS	\$ 65,203,158	36.33%
TOTAL DISCRETIONARY RAP PROGRAM FUNDING	\$ 114,282,931	63.67%

DEPARTMENT OF RECREATION AND PARKS
 MAYOR'S PROPOSED BUDGET
 FISCAL YEAR (FY) 2011-12

Costs	FY 2011-12	Percentage of Total
Indirect Support Costs	\$ 43,871,624	24.44%
Dedicated Costs	\$ 10,300,000	5.74%
Mandated Costs	\$ 11,031,534	6.15%
Discretionary RAP Program Funding	\$ 114,282,931	63.67%
Total	\$179,486,089	100.00%



DEPARTMENT OF RECREATION AND PARKS (RAP)
LIST OF SERVICE REDUCTIONS & IMPACTS DUE TO BUDGET REDUCTIONS
FISCAL YEAR 2008-09 TO 2010-11

- Eliminated Pedal Boat service at Balboa, Echo Park, and MacArthur Lakes.
- Eliminated Licensed Child Care services at 24 sites.
- Eliminated Therapeutic specialized services at 3 sites.
- Eliminated all Citywide Sports Tournaments.
- Closed Observatory two days per week.
- Closed recreation centers & EXPO on Sundays and Holidays.
- Closed year round pools on Mondays and shortened the summer aquatic season from 10 weeks to 8 weeks.
- Reduced Clean and Safe Spaces (CLASS) parks program from 47 to 37.
- Eliminated special event co-sponsorship (i.e. Salute to Recreation, Lotus Festival, etc).
- Eliminated staffing at all skate parks except one.
- Reduced summer bus trips for economically disadvantaged youth and eliminated senior citizen bus trips.
- Implemented fee increases for recreation programs, facility use, and staff support.
- Reduced Ranger services to assignment at Griffith Park only.
- Reduced dedicated staff at Senior Centers (programming conducted by part-time staff).
- Consolidated and clustered recreational staff at centers (less full-time recreational staff dedicated to each site) which lessens the hours and types of programming offered.
- Reduced equity programs such as Girls Play LA, and other low cost opportunities for disadvantaged areas.
- Reduced 1 hot meal every week to Senior citizens. This is only for the meals that are served to the homebound seniors (where we drive to their home) versus the meals at specific senior centers.
- Routed maintenance staff which reduces the "presence" of RAP staff at the park which leads to "dead park" situations.
- Reduced maintenance cleaning services provided at recreation centers/ parks including: cleaning of restrooms from 3 times per day to 1 per day, less frequent detailing of restrooms and buildings, removal of debris and trash, cleaning of gym floors, walls and other areas.
- Reduced land maintenance activities at parks including: routine maintenance, cleaning of children's play areas, refurbishment of play fields and closure of other heavily used areas until they can be made safe and sanitary.
- Reduced facility repairs including: roofing, lighting, electrical, graffiti removal, broken windows, etc.

- Reduced hours of operation at region headquarters by one hour.
- Eliminated Wonderful Outdoor World (WOW) camping program.
- Reduced residential summer camp program and boys and girls camps by one day.
- Reduced hours of operation at Banning Museum and Civil War Drum Barracks by 3 hours a week each.
- Eliminated summer youth fishing program at Cabrillo Beach during the summer (last one was in 2008. This was offered to day camp youth from recreation centers throughout the city).
- Cut field supervision (recreation districts by a supervisor) from 13 to 11. Also eliminated the Recreation Supervisor positions that specifically oversaw the services for the Camping Division and the Senior Citizen Division. These responsibilities are now absorbed by field supervisors effective February 28th.
- Eliminated Public Restroom Enhancement Program (PREP).
- Restrooms are being cleaned once a day instead of 3 times a day and detailing of restrooms and buildings has become less frequent.
- Hiking and equestrian trails do not receive routine maintenance.
- Recreation facilities (interior) receive minimal maintenance (no detail cleaning).
- Hardscape stains remain much longer as we are unable to pressure wash on a regular basis.
- Sandbox maintenance is greatly impacted as sand is screened twice a week instead of three times a week.
- Picnic areas receive minimal attention (unable to remove coals on a regular basis).
- Litter/debris remain much longer on grounds, and trash cans overflow during the summer.
- Harvesting of aquatic vegetation at Machado Lake has not been performed in Fiscal Years 2008-09, 2009-10, and 2010-11.
- Motor sweeping of RAP parking lots has been reduced.
- List of athletic fields to be refurbished has been reduced by 25%.
- Line trimming and detailing of planter beds now occur on an as-needed basis instead of weekly.
- Grading of ball diamonds now takes place on an as-needed basis instead of monthly.
- Tree work is only being done on demand and on an emergency basis. The Forestry Division has been forced to abandon all preventative tree maintenance. This is exposing both our staff and patrons to an increased risk due to potential tree hazards. Additionally, due to reduced tree care staff, our backlog of tree-related emergencies has grown and our ability to respond in a timely manner has been compromised significantly.

- Loss of pest control staff has forced us to drastically reduce our preventative gopher and ground squirrel control operations as well as insect and rodent control services at our recreation centers. The result has been an increase in the number of County Health citations received by the Department.
- RAP's ability to meet its water conservation goals has been compromised due to the reduction in trained staff to make irrigation system repairs and adjustments in a timely manner. The delays result in a waste of water and/or loss of turf and plant material.