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August 19, 2013

The Honorable Joe Buscaino, Chair
Public Works and Gang Reduction Committee
Los Angeles City Council

c/o Michael Espinosa
City Clerk
City Hall, Room 395

COUNCIL FILE NO. 13-0658 – HISTORIC CORE SIDEWALK DINING

Dear Councilmember Buscaino and Honorable Members:

On May 28, 2013, the City Council adopted a Motion (Attachment 1) directing the Bureau of Engineering (BOE) and the Bureau of Street Services to report back with "recommendations for a pilot program that would allow a temporary permit process that would expedite the legal placement of sidewalk dining and storefront furniture, including but not limited to planters, railings and other street furniture within the Historic Core area (between First Street and Seventh Street, and Broadway and Los Angeles Street in Downtown Los Angeles)." The City Council also directed the Bureau of Engineering to review the current fee structure and timeline for sidewalk dining revocable permits (R-Permit) and identify ways that both can be reduced.

The recommendations below identify changes to processes that impact the BOE. The Bureau of Street Services was consulted regarding the recommendations proposed by the BOE and has confirmed that there will be a negligible impact to operations related to Street Services Investigation and Enforcement.

Recommendations

1. Provide an exemption from managed hiring to fill one Civil Engineering Associate II position (new hire) in the BOE, dedicated to processing Sidewalk Dining R-Permits Citywide.
2. Develop a streamlined and expedited Sidewalk Dining policy for a two-year Historic Core pilot implementation, consistent with Action Step 2 identified below, to be presented to the Board of Public Works for adoption with the recommendation to forward to City Council for approval.



3. Establish the BOE Tier 1 R-permit fee as the fee for Historic Core Sidewalk Dining permits under the pilot process, recognizing that controversial permits will be revoked or processed as a Tier 3 permit with associated fees. (current Tier 1 fee with surcharges is \$577.80).

Background

An R-Permit may be issued for various types of encroachments within the public right-of-way, including, but not limited to fences, retaining walls, sidewalk pavers, landscaping, irrigation and tables and chairs for sidewalk dining.

Sidewalk (or Outdoor) Dining is currently regulated through the issuance of an R-Permit and following a policy originally approved by the Board of Public Works on September 16, 2005, and revised on April 10, 2006 (Attachment 2). The adopted policy of April 10, 2006 was submitted to the City Council for review and approval in connection with proposed fees. The Sidewalk Dining policy and City Council action is contained in Council File No. 05-2034.

In order to obtain an R-Permit for Sidewalk Dining an applicant must go through a multi-step process as shown on the flowchart contained in Attachment 2. The multi-step process includes the review of the applicants proposed plan for encroachments, the verification of the proposed plans and dimensions by field investigation, the preparation of the revocable permit requirement letter (RPR letter), and the notification of adjacent property owners, the Council Office, and other stakeholders. Because of this multi-step process, R-Permits for Sidewalk Dining are not issued "over-the-counter" as these applications require staff to review each application in detail. This review time also includes the time it takes for the applicant to make revisions to plans when necessary and to submit the information required to complete the permit conditions before the R-Permit is issued. Applications that encounter reasonable or justifiable opposition require the preparation and processing of a Board Report and approval from the Board of Public Works.

The fee currently charged for a Tier 2 R-permit (\$1,926), which applies to Sidewalk Dining and the work flow process described in the flowchart, provides for 12.5 hours of staff time. In Fiscal Year 2012-13, BOE received 357 R-permit applications with 5,167 hours of staff time charged to processing the applications and issuing permits, or an average of 14.5 hours per permit. Per the City Administrative Officer's Financial Policies for the City of Los Angeles (excerpts included as Attachment 3), the BOE is required to recover the full cost of operations for permits and services. The backlog, which is the time from receipt of customer payment to initiating work on an application, is currently 2-4 weeks, with approximately 60 applications in the queue. Based on the current workload, the BOE estimates that one additional staff member working full time on R-permits will reduce the backlog and the queue approximately 50%.

Expediting the Sidewalk Dining R-Permit Process (Historic Core Pilot)

BOE proposes the following Action Steps to create a streamlined and expedited pilot process for Historic Core Sidewalk Dining R-Permits.

1. Exemption from managed hiring to fill one Civil Engineering Associate II position (new hire) in the BOE, dedicated to processing Sidewalk Dining R-Permits Citywide.
2. Revision of the Board of Public Works approved Sidewalk Dining policy and procedures for the proposed Historic Core pilot process as follows:
 - a. Eliminate the field investigation step and rely on the applicant's submitted sketches and measurements for placement of encroachments.
 - b. Eliminate the 14-day notification period and the notification to Council Offices, Neighborhood Councils, and adjacent property owners. The following process work flow steps are to be used in-lieu of the notification (public process):
 1. All complaints will be referred to the Council Office for resolution.
 2. If a resolution cannot be reached by the Council Office within 30 days, the R-permit would either be revoked, or escalated to a "Tier 3" permit with the applicant's approval and payment of an additional deposit to initiate the Tier 3 process.
 - c. Create and utilize a standard set of conditions of approval and prepare a revised checklist for applicants.
 - d. Initiate an "over the counter" determination, by appointment, for the proposed encroachments. Applicants will still need to provide Proof of Insurance and Waiver of Damages documentation, but the majority of the work can be completed with one visit to the public counter provided the applicant has an adequate sketch of the encroachments and photos of the site.

Reduce Sidewalk Dining R-Permit Fees (Historic Core Pilot)

All BOE fees for permits and services are established with the goal of compliance with the City Administrative Officer's Financial Policies for the City of Los Angeles. As such, fees are calculated to recover the total cost of operations, including direct and indirect costs. BOE does not have the authority to reduce or modify fees. Fee reductions or waivers can only be approved by City Council. Action Step 2 above proposes the reduction or elimination of work flow steps in the R-permit process for Sidewalk Dining (Tier 2 process). This modified work flow proposed for the Historic Core pilot process is such that Tier 1 fees are recommended due to the reduced staff time.

R-Permits are categorized based on the level of effort necessary to process and issue a permit and the fee for each category is established to provide 100% cost recovery. The three categories of R-permit are Tier 1, Tier 2 and Tier 3. Tier 1 is for applications which do not require a field investigation. Tier 2 is for standard applications that require additional review along with a field investigation. Tier III is for applications which require a Board Report that is presented to the Board of Public Works to conduct a public hearing and then take action to approve, approve with modifications, or deny the permit. The current fees including surcharges for Tier 1, Tier 2 and Tier 3 R-permits are \$577.80, \$1,926.00 and Actual Cost, respectively. Tier 3 applications require a deposit of \$7,000 and the final cost of the permit is the total actual cost of staff time required to process and issue the permit. Any excess deposit for a Tier 3 permit is refunded to the applicant.

The Action Step 2 proposes the elimination of the field investigation, written notification of adjacent property owners, and the RPR letter. Elimination and/or reduction of process steps will reduce staff time such that a Tier 1 fee is appropriate for the Historic Core pilot process. The Tier 1 fee allows for 3.7 hours of staff time which appears to be appropriate for the streamlined pilot process. The BOE recommends a two-year pilot implementation within the Historic Core to validate the appropriateness of the Tier 1 fee.

Each R-permit for Sidewalk Dining is also assessed a Sewerage Facilities Charge (SFC) for each additional seat added as required by Los Angeles Municipal Code (LAMC) Section 64.16.1. The SFC fee is assessed for the right to discharge to the City's sewage system and is based on the type of use and the flow into the system. The current SFC charge is \$165 per seat.

Comparison of Sidewalk Dining Fees in Los Angeles with Other Municipalities

It should be noted that the City of Los Angeles only charges an initial, one-time permit processing fee and SFC fee for issuance of a Sidewalk Dining permit. In Los Angeles there are no additional, renewal, or annual fees charged for Sidewalk Dining if the permittee complies with all of their permit conditions.

Of the comparison cities shown in the Table 1, most require annual or renewal fees in addition to the initial permit application fee. The annual or renewal fees usually depend on the size of the Sidewalk Dining area and can range from less than \$100 per year to \$1,000 or more per year. Table 1 also provides a comparison of fees assuming a three-year operational period. For a three-year period, Sidewalk Dining fees in Los Angeles are lower than four of the nine comparison cities (Pasadena, Fullerton, Culver City, and Santa Monica). For a time periods greater than five years, Sidewalk Dining fees in Los Angeles are lower than six of the nine comparison cities. Only Oakland, San Jose and Burbank would have lower Sidewalk Dining fees than Los Angeles.

Table 1: Sidewalk Dining Fee Comparison Table (2013 Survey₃)

City	Initial Application and Permit Fee	Annual Renewal Fee	Annual Renewal Fee for 100 Square Feet of Area	3 YR Comparable Total Fee for 100 Square Feet of Area
Burbank	\$150.00	\$150.00	\$150.00	\$450.00
Culver City	\$750.00 + 4% \$50 issuance fee \$500 maint. deposit	\$13.00/SF	\$1,300.00	\$4,730.00
Fullerton	\$572 application	\$10.80/SF	\$1,080	\$3,812.00
Long Beach	\$285.00 < 50 SF \$575.00 < 200 SF \$860.00 < 400 SF \$2.25/SF > 400 SF +6.2%	\$242.25 < 50 SF \$488.75 < 200 SF \$731.00 < 400 SF \$2/SF > 400 SF +6.2%	\$519.05	\$1,648.75
Los Angeles (Tier 2 Fee)	\$1,800 + 7% + Sewerage Facilities Charge	none	none	\$3,576.00 ⁽²⁾
Oakland	\$1,133.73 for encroachment permit	none	none	\$1,133.73
Pasadena	\$189.50 applic + \$40.85 issue permit	\$78.33 renewal fee + \$3.55/SF to \$13.89/SF ⁽¹⁾	\$433.33 to \$1,467.33	\$1,452.01 to \$4,554.01
San Francisco	\$118.35 + \$6.48/SF	\$5.46/SF renewal	\$546.00	\$1,858.35
San Jose	\$500.00	\$75.00	\$75.00	\$650.00
Santa Monica	\$519.00	\$3.08/SF to \$24.24/SF ⁽¹⁾	\$308.00 to \$2,424.00	\$1,143.00 to \$7,791.00

Notes:

1. Based on the Fair Market Value rate for properties in different areas.
2. Includes a Sewerage Facilities Charge Fees of \$1,650 (10 seats at \$165 each).
3. The Survey did not identify if other municipalities charge sewer fees or user charges.

The Honorable Joe Buscaino, Chair
Public Works Committee, Los Angeles City Council
August 19, 2013
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If you have any questions, please contact Shahin Behdin, of my staff, at (213) 482-7044.

Sincerely,



Gary Lee Moore, P.E.
City Engineer

GLM/MEK/LMP/SB:wkt/tlw

Q:\39626\DevServicesPgm\RevocablePermits\SidewalkDining\sidewalk dining historic core rev 8.13.2013 mek.docx

Attachments

cc: Nazario Saucedo, Director, Bureau of Street Services
Gary Harris, Bureau of Street Services
Tom Carabello, Bureau of Street Services
Michael Kantor, P.E., BOE, Executive Division
Lem Paco, BOE, Central District Office

13-0658

MOTION

PUBLIC WORKS

The Historic Core of Downtown Los Angeles is undergoing tremendous revitalization, bringing millions of dollars of new housing, commercial, retail use and jobs to the area. It is one of the most densely populated areas in the city and has a high concentration of pedestrians and bicyclists utilizing its mixed-use environment.

Sidewalk dining and sidewalk décor, such as planters, enhance the pedestrian experience, adding life and vitality to the street. These elements also increase neighborhood pride, improve public safety by putting more eyes on the street, and help to support the continued evolution of a thriving urban center in one of L.A.'s most diverse and eclectic neighborhoods.

The Los Angeles Municipal Code requires a revocable permit to allow the lawful placement of sidewalk dining and sidewalk planters. Guidelines for preserving appropriate disabled access are regulated through the legal permit process, and a waiver of damages agreement with proof of liability insurance is required.

However, due to the existing process, which is time consuming and costly, many businesses, especially independent Historic Core Mom & Pop businesses and entrepreneurs, find the nature of the process and cost of the fees too burdensome. Currently, it can take almost a year and thousands of dollars in fees to get a simple sidewalk planter permitted. This cumbersome process has led to a preponderance of illegal, unregulated and uninsured placement of sidewalk dining furniture and planters. The current process also provides no distinction in fees between sidewalk dining and sidewalk beautification (i.e. planters, benches, or other aesthetic improvements).

The City of Los Angeles should encourage the legal activation of public spaces with sidewalk dining and the enhancement of street-front presence with the placement of well-maintained planters and other street furniture in the Historic Core by creating a pilot program to allow for an expedited temporary permit for sidewalk dining and/or sidewalk beautification. This should include a full review of current fees and processes.

I THEREFORE MOVE that the Bureau of Street Services and Bureau of Engineering, Department of Public Works, report within 30 days with recommendations for a pilot program that would allow a temporary permit process that would expedite the legal placement of sidewalk dining and storefront furniture, including but not limited to planters, railings and other street furniture within the Historic Core area (between First Street and Seventh Street, and Broadway and Los Angeles Street in Downtown Los Angeles).

I FURTHER MOVE that they Bureau of Engineering review the current fee structure and timeline for both sidewalk dining and sidewalk furniture and identify ways that both can be reduced.


Related CF's: 13-0477
11-0924
08-3167


MAY 28 2013

PRESENTED BY


JOSE HUIZAR
Councilmember, 14th District

SECONDED BY



ORIGINAL

Department of Public Works

Bureau of Engineering
~~Bureau of Street Services~~
Joint Report No. 1

April 10, 2006
CD Nos. ALL

ADOPTED BY THE BOARD OF
PUBLIC WORKS OF THE CITY
of Los Angeles, California
AND REFERRED TO THE CITY COUNCIL
APR 10 2006


Secretary

169858

**REVISIONS TO RECOMMENDED MODIFICATIONS TO THE BUREAU OF ENGINEERING'S POLICY ON
SIDEWALK DINING WITHIN THE PUBLIC RIGHT-OF-WAY, ADOPTED SEPTEMBER 16, 2005 -
CLARIFICATION OF LANGUAGE IN RECOMMENDATION No. 2**

RECOMMENDATIONS

1. That your Board approve the revisions made to the Recommended Modifications to the Bureau of Engineering's Policy on Sidewalk Dining, adopted on September 16, 2005.
2. That your Board transmit a copy of the approved report to the City Council for approval of fees proposed in Item No. 2 of the Discussion Section of this report and request the City Attorney to prepare a draft ordinance for the proposed fees for City Council approval and Mayor's signature.
3. Transmit a copy of this report to the following Departments and Bureaus:
 - a. Bureau of Engineering (BOE), Central District Office at 201 N. Figueroa St, 3rd Floor, Mail Stop 503, Attention: Lem Paco, P.E.
 - b. Bureau of Street Services (BSS), 600 S. Spring Street, Suite 1200, Mail Stop 550.
 - c. Department of Building and Safety (DBS), 201 N. Figueroa Street, Mail Stop 115
 - d. Department of City Planning, 200 N. Spring Street, Mail Stop 395
 - e. City Attorney's Office, 200 N. Main Street, Mail Stop 140

TRANSMITTALS

1. Sidewalk Dining Revocable Permit Flowchart
2. Examples of Adjacent Properties
3. Notification Letter to Adjacent Property Owners
4. Display Permit

DISCUSSION

Background

On June 30, 2005, The Board of Public Works ("Board") instructed the BOE to review the current revocable permit policies with regard to Sidewalk Dining and report back to the Board in 60 days. BOE headed a task force along with the BSS, the City Planning

Department, the DBS and Council District 5 representatives to review the current policies. The Task Force held several meetings to discuss the policies and agreed to the following revised policy, which includes a mechanism to monitor and update the permit to ensure continuous compliance.

Proposed Sidewalk Dining Policies

All revocable permits require application fees, a sketch, proof of sufficient liability insurance, waiver of damages and photographs of the encroachment area. In addition to the standard requirements for revocable permits, all applications for sidewalk dining (Transmittal No. 1) shall be subject to the following requirements:

1. Outdoor dining in the public sidewalk (public right-of-way) shall comply with the requirements set forth in the Los Angeles Municipal Code (LAMC) Section 12.03 (Outdoor Eating Area) and the Zoning Administrator's Interpretation (ZAI) of zoning regulations related to outdoor dining in ZAI 1808 (Dining Terraces or Outdoor Patio Dining) as applied to private property by the DBS.
2. Revocable permits for Sidewalk Dining shall be subject to an Inspection and Administrative Fee in the amount of \$300, to be paid bi-annually (every two years) after the initial permit is issued. The fee shall be paid to the City of Los Angeles, BOE no later than 30 days prior to the expiration date displayed on the permit. The Inspection and Administrative Fee is required to recover costs associated with field inspection and administrative time the Department of Public Works dedicates to verifying and updating revocable permit documentation. All previously issued permits for sidewalk dining will be subject to the bi-annual fee.
3. BOE personnel shall notify, in writing, all property owners adjacent to the proposed encroachments as shown in Transmittal No. 2. The notification letter shall include a description and sketch detailing the scope of the proposed encroachments (Transmittal No. 3). BOE shall notify the appropriate Council District office and local Neighborhood Council to obtain their position on the proposed encroachments. The issuance of the revocable permit shall be subject to appeal by adjacent property owners. Appeals must be received, in writing, within 14 calendar days of the date of the notification letter. If no appeals are submitted to BOE within 14 calendar days of the date of the notification letter, BOE personnel shall continue the revocable permit process. Appeals of BOE's determination on the proposed encroachments require a board report which will be heard by the Board at a regularly scheduled public meeting.
4. A display permit shall be posted in plain view from the outside of the restaurant indicating the approved encroachments permitted in the public right-of-way (Transmittal No. 4).
5. Maintain a 7-foot clear space between encroachments (tables and chairs) and obstructions, such as power poles, street lights, parking meters and trees.

April 10, 2006
Page 3

6. Pay Sewerage Facility Charge (SFC) fees for the additional seats added to the restaurant. Fees will be determined by BOE personnel.
7. Maintain the sidewalk in front of the restaurant in a clean and uncluttered manner at all times.
8. If railings are proposed by the applicant, they shall be a minimum height of 30 inches and a maximum height of 42 inches. The railings shall be attached to the sidewalk by a method approved by BOE personnel. Attached railings shall be installed by obtaining an A-Permit and installed at locations approved by BOE personnel. Tables and chairs must be removed during non-business hours.
9. No encroachments will be allowed within the visibility triangle as described in the Los Angeles Municipal Code Section 62.200.
10. Applications for all new revocable permits for sidewalk dining shall be charged the "Field Investigation Required" fee of \$963 (\$900 + 7 percent) per the current BOE fee schedule dated January 1, 2005, "Standard Fees, Charges and Deposits".
11. If a full hearing before the BPW is required, the applicant shall be charged the "Full Board Report" fee of \$2,568 (\$2,400 + 7 percent) per the current BOE fee schedule dated January 1, 2005, "Standard Fees, Charges and Deposits".
12. Umbrellas approved by BOE personnel shall be mounted in a stable base to prevent accidental or wind-blown tipping over.
13. A change in the restaurant ownership will require a new revocable permit application to be submitted and approved. If the application is approved, a new permit shall be issued once the new restaurant owner information, proof of liability insurance and Waiver of Damages is provided.

Proposed Plan for Unpermitted Sidewalk Dining

In order to establish the Sidewalk Dining policy citywide, it will necessitate the identification of unpermitted sidewalk dining locations currently in existence. This may be accomplished by utilizing the BSS, Street Services Investigators as part of their daily inspection routine and during responses to complaints.

In order to help distinguish between permitted and unpermitted encroachments, the BOE will "geocode" all existing permitted sidewalk dining permits on NavigateLA and provide a list of these locations to the inspectors. With the list of permitted locations, the inspectors will be able to identify which restaurants have obtained the proper permits.

Joint Report No. 1

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The investigators will cite the unpermitted locations and require the removal of the encroachments until a sidewalk dining permit is obtained.

The BOE and the BSS, Investigation and Enforcement Division have discussed the issue and it was agreed that Street Services Investigators would be utilized from various programs within the Bureau of Street Services.

Therefore, we recommend granting the City Engineer authority to modify the revocable permit policies for Sidewalk Dining and work with the City Attorney to draft an ordinance for City Council approval to allow changes to the current fee structure by charging Inspection and Administrative fees for Revocable Permits with the specific purpose of Sidewalk Dining.

(LMP CWR GH NS)

Report prepared by:

Respectfully submitted,

Central District

Lemuel M. Paco, P.E.
District Engineer
Phone No. (213) 482-7049

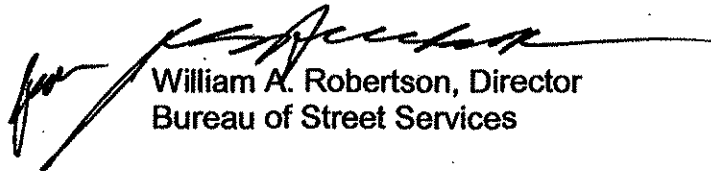


Gary Lee Moore, P.E.
City Engineer

LMP/WT/01-2006-0024.CEN.fdc

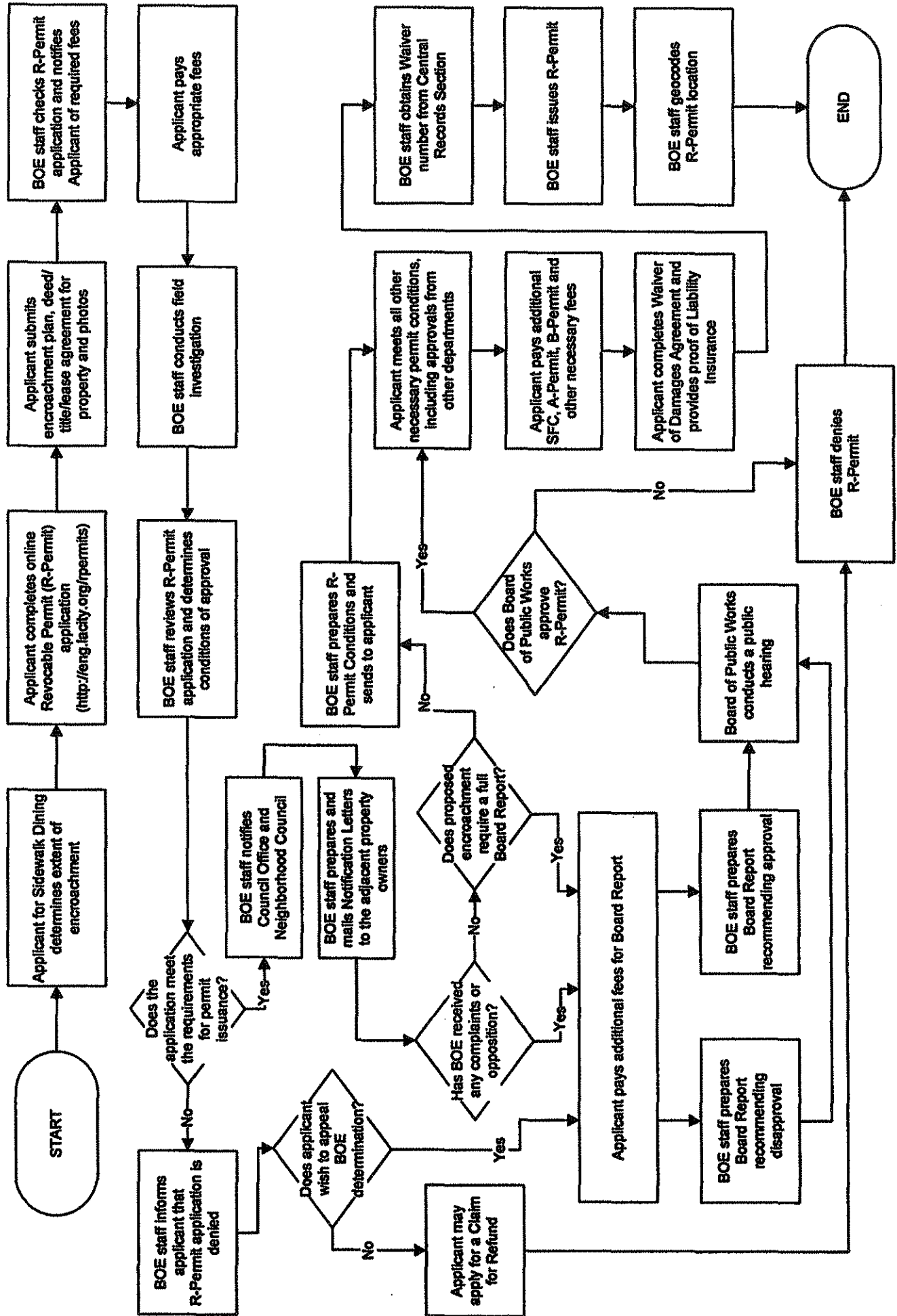
Questions regarding this report
may be referred to:

Writer: Wesley Tanijiri, P.E.
Phone No. (213) 482-7062
Fax No. (213) 482-7007



William A. Robertson, Director
Bureau of Street Services

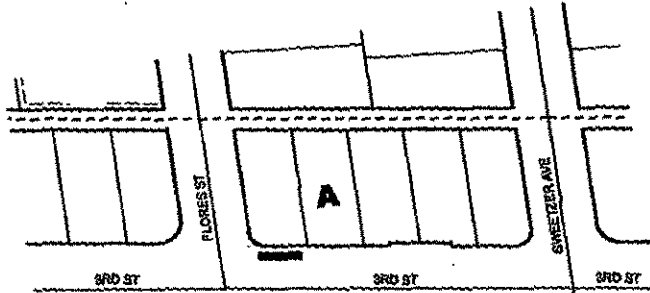
SIDEWALK DINING REVOCABLE PERMIT (R-PERMIT) FLOWCHART



EXAMPLES OF ADJACENT PROPERTIES

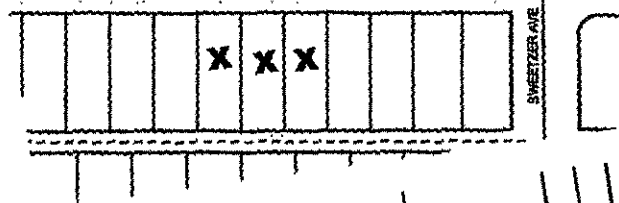
Example 1

Corner lot with encroachment proposed on the frontage of one street. One Adjacent lot with three lots located across the street.



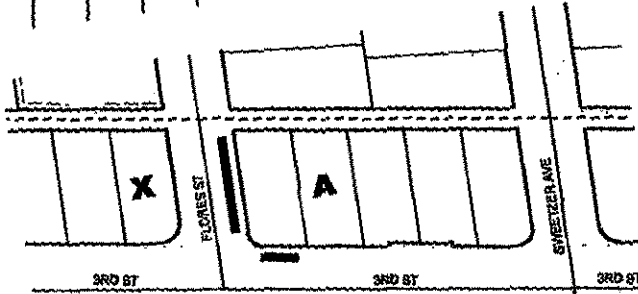
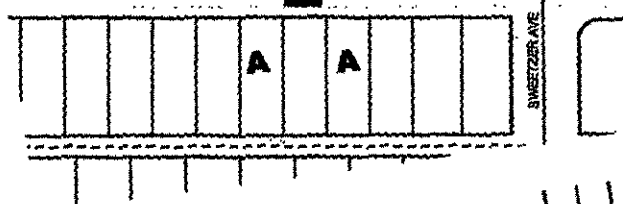
Example 2

Mid-block lot with encroachment proposed along the frontage. Two Adjacent lots with three lots located across the street.




Example 3

Corner lot with encroachments proposed along the frontage of both streets. One Adjacent lot with four lots located across the street.



Legend

-  Proposed encroachment
- A** Adjacent Lot
- X** Lot Across the street

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**CITY OF LOS ANGELES
CALIFORNIA**



ANTONIO R. VILLARAIGOSA
MAYOR

**OFFICE OF THE
BOARD OF PUBLIC WORKS**
200 NORTH SPRING ST.
Room 381, CITY HALL
LOS ANGELES, CA 90012

JAMES A. GIBSON
EXECUTIVE OFFICER

GENERAL INFORMATION
Tel: 213-978-0281
Fax: 213-978-0278

<http://www.lacity.org/BPW>

Date

Mr. & Mrs. Property Owner
Address
City, State, Zip

Subject: **NOTIFICATION OF PROPOSED SIDEWALK DINING
RESTAURANT ADDRESS - RESTAURANT NAME**
Application Reference No.: 2005000000

Dear Mr. & Mrs. Property Owner,

_____ is proposing to encroach into the public right-of-way along the restaurant frontage. The proposed encroachments consist of placing _____ tables and _____ chairs adjacent to the building and encroaching approximately _____ feet into the right-of-way. A site plan of the proposed encroachments is enclosed for your information.

The Bureau of Engineering has made a preliminary determination that the proposed encroachment meets the requirements for issuance of a sidewalk dining permit. If you wish to appeal this determination, you must reply, in writing within **14 days** of the date of this letter and submit it to:

City of Los Angeles
Bureau of Engineering
Central District Office
Address
Los Angeles, CA 90012
Attn: _____ (revocable permit engineer)

If you have any questions regarding this correspondence, please call _____ (revocable permit engineer) _____, at (213) 555-0000.

Sincerely,

Lemuel M. Paco, P.E.
Central District Engineer
Bureau of Engineering

Attachments: Site Plan

cc: Council District _____, Deputy, Address, MS _____
Applicant, Address

Attachment 2

TRANSMITTAL NO. 3

CITY OF LOS ANGELES
Department of Public Works
Bureau of Engineering

**REVOCABLE PERMIT
FOR
SIDEWALK DINING**

Is hereby granted to: RESTAURANT NAME

Address: 1234 MAIN ST

For: 4 Tables, 8 chairs, 2 umbrellas

R-0550-01234

W-123456

Date Issued: 09/01/2005

Expires: 09/01/2007

DRAFT

**FINANCIAL POLICIES FOR THE
CITY OF LOS ANGELES**



April 2005

**CITY OF LOS ANGELES
FINANCIAL POLICIES**

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and carefully limited to be used primarily for one-time expenditures. One-time revenues will only be used for one-time expenditures. The City will avoid using temporary revenues to fund ongoing programs or services.

- VI. Multi-year operating cost projections, which forecast revenues and expenditures, shall be prepared and updated each year, or as necessary, to identify and evaluate the financial condition of the City over a five year period, at a minimum. This forecast shall be recognized through City Council action, along with the adoption of the budget for the next fiscal year.
- VII. The City recognizes the importance of emergency reserves that can provide a financial cushion in years of poor revenue receipts or in the event of a major emergency. A Reserve Fund Policy has previously been developed and approved by the Mayor and Council. The revised Reserve Fund Policy is incorporated herein in Section 4.
- VIII. To the extent possible, the City shall annually budget one percent of General Fund revenue to fund capital or infrastructure improvements. This policy recognizes the importance of maintaining the City's capital assets on a regular basis to avoid major deferred maintenance and to extend the useful life of the asset.
- IX. The Comprehensive Annual Financial Report, prepared by the Controller will include debt information on a consolidated basis for the entire City. The City Administrative Officer will also review the outstanding debt of the City and prepare a detailed report to Council, in conjunction with the annual budget.
- X. All City funds shall be reconciled at the close of the fiscal year. This reconciliation will compare all fund revenue and liabilities to determine the available cash balance at year-end.
- XI. Reports to the Mayor and Council shall include Fiscal Impact Statements that include the full cost of the program or service in the current year, plus the future annual costs.
- XII. All City Council motions for consideration before Council shall include a statement that is easily identifiable indicating whether or not the motion or requested action conforms with the City's adopted financial policies.

REVENUE POLICIES

- I. The City will charge fees for services where such an approach is permissible by state and federal law, and where a group of beneficiaries who can pay such fees is identifiable.

II. Sufficient user charges and fees shall be pursued and levied to support the full cost of operations for which fees are charged, including all operating (direct and indirect) and capital costs. All user charges and fees for the City shall be monitored annually to determine that rates are adequate and each source is maximized. If fees or charges are not set at 100 percent full cost recovery, the Mayor and Council will specifically recognize the subsidy and shall take specific action to appropriate the necessary funds to subsidize the fee for service.

III. Enterprise Funds are expected to derive 100 percent of their revenues from charges, user fees, and interest. Enterprise agencies or departments should be 100 percent self-supporting entities through annual reviews of its fee structure, charges for services, and other operating revenues and expenditures.

IV. New and expanded unrestricted revenues sources should be first applied to support existing programs prior to funding new programs.

V. The City will pursue federal, state, and private grants but will strictly limit financial support of these programs to avoid commitments that continue beyond available funding.

VI. The City will continuously seek new revenues and pursue a diverse revenue base to limit the dependence on one or only a few revenue sources. This revenue diversity will shelter the City from short-time fluctuations in any one revenue source.

VII. Any revenue reductions for both the General Fund and special funds shall only be approved as temporary adjustments with a sunset clause. Permanent revenue reductions should not implemented due to Proposition 218 restrictions that prohibit increasing revenue without voter approval.

VIII. Any surplus equipment and vehicles will be sold at current market rates to both profit and non-profit agencies except for agencies that are performing specific work for and in the City of Los Angeles.