



Danielle Brazell
GENERAL MANAGER

May 11, 2016

CULTURAL AFFAIRS
COMMISSION
Eric Paquette
PRESIDENT

Arts, Parks, and River Committee
200 North Spring Street
Los Angeles, CA 90012

Los Angeles City Council
C/O City Clerk
Room 395, City Hall

Charmaine Jefferson
VICE PRESIDENT

Attention: Eric Villanueva, Office of the City Clerk

Maria Bell
Mari Edelman
Javier Gonzalez
Josefina Lopez
Sonia Molina

RE: REQUEST FOR AUTHORIZATION TO REFUND SIX (6) ARTS DEVELOPMENT FEES (ADF) OVER THE INTER-DEPARTMENTAL THRESHOLD TO IDENTIFIED DEVELOPERS AND REFUND ADF AMOUNTS SUBJECT TO A REFUND ACCORDING TO THE 2014 ADOPTED ADF EXPENDITURE PLAN.

BACKGROUND:

On December 10, 2014, the City Council adopted the Department of Cultural Affairs' Arts Development Fee Expenditure Plan and Administrative Guidelines (Council File No. 13-0933). The Expenditure Plan also included Arts Development Fees that were subject to refund in accordance with Los Angeles Administrative Code Section 5.346.1.

Moreover, the Office of the City Attorney submitted Report No. R14-0433 that included a closed session discussion regarding potential litigation of the Arts Development Fees. The instructions regarding the ADF expenditures discussed in closed session were not included in the record when Council resumed, and as a result, the Controller's Office was unable to process the refunds without instruction from Council. Therefore, this report includes additional instructions for the Department of Cultural Affairs and the City Controller to complete the ADF refund process.

SUMMARY

Although City Council previously approved the ADF Expenditure Plan on December 10, 2014, including the ADF fees that were to be refunded pursuant to LAMC Section 5.346.1, the refund request should have contained instructions to also include the accrued interest amounts as part of the refund process. As such, this report amends that section of the Expenditure Plan to include instructions that the accrued interest must be part of the refund disbursements associated with this expenditure plan.

Please note that any unclaimed ADF fee refunds, and all accrued interest, will revert back to the ADF Trust Fund to be used for ADF projects.

RECOMMENDATIONS

That the City Council, subject to the approval of the Mayor:

1. **AUTHORIZE** the General Manager of the Department of Cultural Affairs, or designee, to initiate the process and refund the six (6) ADF payments (Section A), totaling \$527,805.45, that are over the Departmental approval threshold, including the original amount collected and accrued interest, for the Arts Development Fees to the identified eligible developers.

2. **AUTHORIZE** the General Manager of the Department of Cultural Affairs, or designee, to refund thirty-one (31) ADF payments (Section B) received to date, totaling \$512,602.29, including the original amount collected and accrued interest, to the identified eligible developers from the aforementioned accounts.
3. **AUTHORIZE** the City Controller to disburse the refund from the Arts Development Fee Trust Fund, Fund 516/30 accounts with interest as identified in Appendix A.

FISCAL IMPACT

There is no impact to the General Fund 100. Fees to be refunded are from the Arts Development Fee Trust Fund 516.



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General Manager

Copy: Barbara Romero, Deputy Mayor, City Services
Edgar Garcia, Office of the Mayor, City Services
Kimberly Miera, Office of the City Attorney
Terry Sauer, Office of the City Administrative Officer
Elaine Owens-Sanchez, Office of the City Administrative Officer
Karen Kalfayan, Office of the Chief Legislative Analyst
Eric Villanueva, Office of the City Clerk

ATTACHMENTS: APPENDIX A