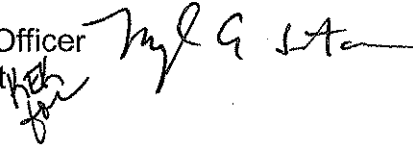


CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0220-04740-0000

Date: October 30, 2012

To: The Council

From: Miguel A. Santana, City Administrative Officer
Gerry F. Miller, Chief Legislative Analyst

Reference: Motion (Wesson – Krekorian – Garcetti et al) to Report on a Parcel Tax for the City's Parks and Park Programs

Subject: **PROPOSED BALLOT MEASURE FOR A CITYWIDE PARCEL TAX TO FUND RECREATION AND PARKS SERVICES****SUMMARY**

On October 12, 2012 a motion (Wesson-Krekorian-Garcetti et al, C.F. 13-1100-S2; Attachment 1) was introduced requesting the City Attorney to draft a resolution for a measure to be placed on an election ballot that would provide a dedicated revenue stream and raise \$39 per parcel on an annual basis in additional revenue for city parks and park programs, potentially as early as the March 2013 ballot. On October 19, 2012, the Rules, Elections and Intergovernmental Relations Committee submitted the Motion to the City Council without recommendation. In addition, the Committee amended the Motion to instruct the Offices of the City Administrative Officer (CAO) and the Chief Legislative Analyst (CLA) to report with an analysis of the proposed ballot measure.

In order for a ballot measure to be placed on the March 5, 2013 ballot, the City Council must request the City Attorney to prepare a resolution to place a measure on the ballot no later than October 31, 2012. The Council must adopt election resolutions no later than November 14, 2012. The City Clerk has estimated that the cost to place the proposed measure on the ballot for the March 2013 Citywide Election is nominal because, according to the City Clerk, funding for four to five ballot measures is included in the funding for the 2013 municipal elections conducted by the City Clerk. Alternatively, this proposal could be considered for the City's May 2013 election. The last day for Council to give instructions regarding preparation of resolutions for the May 21, 2013 election is January 16, 2013.

DISCUSSION

The proposed parcel tax is projected to generate approximately \$30.5 million annually for the Department of Recreation and Parks (RAP). This revenue estimate is based on an annual rate of \$39 per parcel with a total of 783,187 parcels in the City. Currently, RAP receives an annual allocation for its operations from unrestricted General Fund monies based on .0325 percent of the assessed value of all real property in the City of Los Angeles as mandated by City Charter. The Department budget for Fiscal Year (FY) 2012-2013 is \$189,468,724. A detailed description of charter mandated funding is provided in the attached chart (Attachment 2). Because the proposed parcel tax would be dedicated for a specific purpose, it would be

considered a special tax and require a two-thirds majority for passage.

Since FY 2007-2008, RAP reimbursed the City's General Fund for costs incurred from various City services (support costs). Initially the Department paid for utilities and work performed by the General Services Department, and each year, additional reimbursements including employee benefits and related costs and trash services, have been added to RAP's fiscal responsibilities. For FY 2012-13, RAP's support costs are estimated to be approximately \$68 million, for which RAP contributed approximately \$44 million. The remaining \$24 million is allocated from the General Fund.

If the parcel tax is passed and funds contribute to RAP's overall budget, after all reimbursements to the General Fund have been made, RAP would have approximately \$6 million to enhance City parks and programs based on FY 2012-2013 figures. In addition, if the enhancement of parks and/or programs requires additional staff, whether full-time or as-needed employees, RAP's support costs will rise and could be paid from the \$6 million allocated. If the entire amount is dedicated to parks programs, not including related costs, the City's General Fund could continue to be impacted by these costs should they rise. It should also be noted that the amount of funding for RAP changes based on property values. As property values rise, the dollar amount dedicated to the Department resulting from the Charter mandated percentage also rises. Conversely, the dollar amount is reduced during periods of declining property values. The amount of revenue resulting from the charter mandated percentage is estimated to be \$143,733,170 in 2013-2014, an increase of \$3.4 million over 2012-2013.

Two California jurisdictions, Greater Vallejo Recreation District (GVRD) and Petaluma, have recently included recreation and parks parcel tax measure on election ballots. The GVRD ballot measure, consisting of a parcel tax ranging from \$48 to \$500, included in the May 2012 election was approved by 67.9 percent of the voters, which surpassed the required two-thirds majority vote. The Petaluma Tax for Park Funding, consisting of parcel tax ranging from \$52 to \$500, will be included on the November 2012 election ballot and will also require two-thirds majority for approval.

RECOMMENDATION:

1. Should the Council move forward with the proposed ballot tax measure for the March 5, 2013 Primary Nominating Election Ballot, then the following recommendations may be approved:
 - A. Approve the placement of a ballot measure on the March 2013 Citywide Election for an annual Citywide Parcel Tax to increase resources to the Department of Recreation and Parks programs and reduce its dependency on the City's General Fund; and
 - B. Request the City Attorney to Prepare and Present the necessary election resolutions and ordinance to place before the voters a ballot measure as detailed above;

OR

2. Should the Council move forward for possible inclusion on the May 21, 2013 General Municipal Election Ballot, then the following recommendation may be approved:
 - A. Instruct the Chief Legislative Analyst and City Administrative Officer, with the assistance of the Department of Recreation and Parks, to perform further analysis for a possible May 2013 ballot measure.

FISCAL IMPACT

If the proposed parcel tax of \$39 annually is approved by the voters, and the revenue is dedicated to all recreation and parks program expenses, including related costs, it would result in revenue of approximately \$30.5 million, of which \$6 million would be available for new recreation and parks programming with approximately \$24 million in savings to the General Fund. If all revenues from the proposed parcel tax are dedicated to recreation and parks programs, excluding related costs, the \$30.5 million could be used to enhance recreation and parks programs with continued costs to the General Fund. There is no additional cost anticipated to place this ballot measure to either the March or May election ballots, as funding for four to five measures is already included in the City Clerk's election budget.

Attachments

GFM/MAS:KEK:MTS/AMG

OCT 12 2012

19-1100-S2

MOTION

ADVIS. ELECTIONS & INTERGOVERNMENTAL RELATIONS

The City of Los Angeles' parks and recreation centers play a central role in building and maintaining strong, safe, and prosperous neighborhoods and communities across the city. These facilities provide invaluable open spaces for residents and their families to learn, play, and enjoy the outdoors.

Concurrently, recreation and parks programs play a critical role in promoting a healthy and active lifestyle for all residents, educating local children, and engendering in all of us a lifelong sense of curiosity and passion for learning. These programs and their facilities make a much needed positive impact on local economies by raising property values and promoting prosperous residential communities. Our recreation centers and parks also help ensure public safety in Los Angeles communities by reducing instances of crime and vandalism.

Over the last several years, city parks and park programs have been threatened by declining revenues and increased costs to an extent that has necessitated cuts to staff, maintenance and programs, and may soon lead to more devastating cuts and even park closures.

I THEREFORE MOVE that the City Attorney be directed to draft a resolution for a measure to be placed on an election ballot that would provide a dedicated revenue stream and raise \$39 dollars per parcel on an annual basis in additional revenue for city parks and park programs, potentially as early as the March 2013 ballot.

PRESENTED BY: Herb J. Wesson, Jr.
HERB J. WESSON, JR.
Councilmember, 10th District

Paul Krekorian
PAUL KREKORIAN
Councilmember, 2nd District

Eric Garcetti
ERIC GARCETTI
Councilmember, 13th District

SECONDED BY: Barbara

Ed P. Byrnes

10th 2012
Ma

ORIGINAL

DEPARTMENT OF RECREATION AND PARKS
Charter Mandated Appropriations

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Charter Mandated Appropriation	\$90,303,060	\$97,363,386	\$106,565,370	\$118,431,449	\$130,226,837	\$140,147,292	\$140,960,953	\$138,211,089	\$140,294,701
Additional GF Appropriation	\$13,915,006	\$28,295,488	\$26,512,489	\$13,266,635	\$1,399,700		\$4,000,000	\$3,000,000	\$3,311,662
Total Appropriation	\$104,218,066	\$125,658,874	\$133,077,859	\$131,700,084	\$131,626,537	\$140,147,292	\$144,960,953	\$141,211,089	\$143,606,363
Departmental Revenue	\$29,612,622	\$27,112,622	\$28,962,622	\$32,162,016	\$35,092,626	\$37,031,601	\$37,031,601	\$38,275,000	\$45,862,361
Total Department Budget	\$129,830,688	\$152,771,496	\$162,040,481	\$163,862,100	\$166,719,163	\$177,178,893	\$181,992,554	\$179,486,089	\$189,468,724
Reimbursable Support Costs*	***	***	***	***	***	\$20,733,754.00	\$2,177,748.00	\$77,171,770.00	\$67,723,952.00
Operating Budget	\$129,830,688	\$152,771,496	\$162,040,481	\$163,862,100	\$166,719,163	\$177,178,893	\$181,992,554	\$179,486,089	\$189,468,724
Total Budget Appropriation	\$129,830,688	\$152,771,496	\$162,040,481	\$163,862,100	\$166,719,163	\$197,912,647	\$234,170,302	\$256,657,859	\$257,192,676
Support Cost Reimbursement from Recreation and Parks**					\$1,000,000	\$3,144,000	\$33,422,064	\$39,471,624	\$43,478,476

*Includes water and electricity, Retirement Benefits, Civilian Flex, Trash Services, GSD Services

**2008-09 reimbursement for water and electricity for golf operations; 2009-2010 reimbursement for water and electricity

*** Actual costs not available