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MICHAEL A. SHULL
GENERAL MANAGER

April 21, 2014

Honorable Paul Krekorian, Chair
Budget and Finance Committee
City Clerk, City Hall - Room 395
Los Angeles, CA 90012

ATTN: Erika Pulst, Legislative Assistant

Dear Councilmember Krekorian:

The Department of Recreation and Parks (RAP) respectfully submits this letter to assist your Committee in obtaining an overview of financial issues in RAP's Fiscal Year (FY) 2014-15 proposed budget.

Fiscal Year 2014-15 RAP Detail of Proposed Budget (Blue Book)

- Sixty-seven (67) vacant positions (5%) were deleted reducing RAP's full-time labor budget by \$5.5 million. These funds were used to increase RAP's reimbursement to the City's General Fund reimbursement for indirect personnel costs from \$28.4 million to approximately \$33.9 million. This will increase RAP's payment of indirect costs (rubbish removal, utilities, and indirect personnel costs) to approximately \$52.3 million annually (25% of total budget).
- Funding in the amount of \$1.2 million was recommended in support of new and expanded facilities including five ranger positions to be located at Hansen Dam.
- Funding for City Public Building Landscaping is recommended to be continued with a slight increase due to additional facilities being added. Although City-funded, the responsibility of maintaining these facilities overburden a declining RAP maintenance workforce, resulting in less staff available to maintain parks and recreational centers.
- A recommendation to implement a fee for recreational swim and some other aquatics rates is also proposed. This may generate approximately \$1 million in additional revenue.
- RAP's property tax appropriation increased by \$7.2 million. This funding was used to cover salary changes and resources needed for new and expanded facilities.



Outstanding Issues Not Addressed In Proposed Budget

- The Housing Authority of the City of Los Angeles (HACLA) informed RAP during the week of April 14, 2014 that they would be unable to provide any funding for their four (4) recreation sites located within their facilities (Nickerson Gardens, Imperial Courts, Jordan Downs and Ramona Gardens). It currently costs approximately \$1.2 million to provide recreational (including CLASS Parks and Summer Night Lights) and maintenance services to these facilities annually. The City Administrative Officer (CAO) had projected that HACLA would continue to provide Payment in Lieu of Taxes (PILOT) funding in the amount of \$562,000; however, HACLA has indicated they have committed those funds elsewhere for next fiscal year. RAP will be unable to continue providing services after September 1, 2014 if funding is not provided.
- RAP requested \$2.3 million in Capital Improvement Expenditure Program funds to supplement funding being provided by RAP to clean up Chatsworth Park South lead contamination. Funding in the amount of \$400,000 was recommended in the Mayor's proposed budget leaving a funding gap of approximately \$1.9 million.
- RAP recently received interim funding to continue Youth Recreation and Nutrition Program (L.A. KIDS) programs for three (3) months (April 1, 2014 to June 30, 2014) in the amount of \$231,201. The L.A. KIDS programs promote the development of youth in low-income areas and offer equal access to quality recreation programs by providing free challenging, physical, educational, and social activities to youth. There are approximately 100 recreation centers participating in the program. Classes include dance, sports, music, and arts and crafts, after school tutoring, etc. The annual cost of this program is approximately \$925,000. This program was previously funded by the Community Development Block Grant (CDBG). RAP may have to discontinue these classes if funding is not provided for FY 2014-15.

Funding Not Recommended

- Funding was **not** recommended for enhanced pool operations including: 1) year-round operation of Hubert Humphrey, Glassell, Peck Park, or Hollywood Pool; 2) extended season for Northridge Pool; or, 3) the operation of John Olguin (High School 15) joint-use pool. At this time, RAP staff is hesitant to expand pool operations due to critical staffing shortages in full-time aquatics staff. In order to safely expand pool operations, it would be necessary to "build up" the aquatics full-time staff in order to train and monitor all part-time staff.
- Funds were not provided for continued operation of Griffith Observatory for all Tuesdays annually. This means that the Observatory would be open on Tuesdays only during the summer, major holidays (i.e., Thanksgiving and Christmas seasons) and spring break.

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The Observatory would be closed approximately 30 Tuesdays annually.

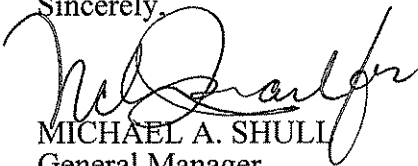
- For the past two (2) years, RAP was budgeted from the City's General Fund an additional \$500,000 to have supplemental maintenance services (restroom cleaning, debris removal, maintenance of children's play areas, etc.) in some of the Department's most heavily used facilities (such as, Venice Beach, Jim Gilliam, Hansen Dam, etc.). This funding was not recommended to be continued.

I recognize that although the economy is improving slowly, that it will take several more years before the City of Los Angeles can declare itself financially secure. Due to staff reductions over the past several years, RAP has been greatly challenged to fulfill its mission to provide basic recreational programming and maintenance services. Additionally, the Department has been hampered with a high rate of employee attrition that is resulting in the loss of approximately nine (9) employees per month. I do not believe the City can afford the loss of these employees and the services they provide, and it will ultimately pay a greater price in the long run.

Because of the reality of these circumstances, I hope to formulate a plan over the next several months, working with the Mayor and City Council, that clearly defines the "realigning" of the Department and ensure that the plan is financially sustainable. "Realigning" the Department means evaluating the operational and infrastructure needs that provides the best service to the communities RAP serves. For example, in some cases that means adding critical core staff and in other cases that means providing strategic capital investment to reduce utility and maintenance costs. Just as it has been a long road to get here, it will also be a long road for this Department to once again be able to fulfill its obligation of having core services in every park in the City. Although, I support the pool fee increase proposed in this budget, I strongly believe a larger comprehensive plan is needed that provides for additional resources for services and is financially sustainable. I look forward to working with you to ensure that RAP continues to meet and exceed the expectations of our residents.

Thank you for your continued support of the Department of Recreation and Parks. Should you have any questions, please contact me, at (213) 202-2633.

Sincerely,



MICHAEL A. SHULI
General Manager

MAS:ndw

cc: Honorable Mitchell Englander, Councilmember Twelfth District
Honorable Bob Blumenfield, Councilmember Third District

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