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(213) 202-2633 FAX (213) 202-2614

April 24, 2020

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

ATTN: Andrew Choi, Legislative Assistant

RE: Department of Recreation and Parks Fiscal Year 2020-21 Budget

Dear Chairman Krekorian & Honorable Councilmembers:

On November 22, 2019 the Department of Recreation and Parks (RAP) submitted a \$282,302,116 budget request to Mayor Garcetti for Fiscal Year 2020-21 (FY'20-21) in alignment with our strategic goals, the City's sustainability pLan and the Mayor's specific visions for Recreation and Parks (RAP).

The Mayor's proposed budget of \$263,117,816 represents a \$19,184,300 delta from what was submitted and represents an overall decrease of \$5,446,176 from our current FY'19-20 budget (\$268,563,992). However, this budget does not account for or reconcile the current financial and operational deficits which will result from lost revenues in both the current and 2020-21 fiscal years.

Under the City's Charter, RAP immediately becomes the welfare and shelter arm of the City during disasters and emergencies with no allotted funding or special funds to perform those obligations. It has been challenging this past 6 weeks but it has been an honor to see RAP employees rise and respond in so many ways. Although RAP's public operations have ceased completely, our staff have been responsible for leading and responding to the following emergency City needs:

- Mass care sheltering at 24 recreation centers for people experiencing homelessness;
- Staging and preparation of 15 childcare centers for first responders;
- Staging and preparation of over 500 trailers;
- Increased maintenance and operation of all public bathrooms for health and safety;
- Opening of cooling centers; and
- Enforcement of the City's park closure orders.

Since March 4, 2020, RAP projects expenditures of approximately \$18M through June 30, 2020 to support the aforementioned services and could likely to continue into the Summer and Fall,



with similar projections. These closures have resulted in a significant revenue loss to our FY'19-20 budget with **projected losses of \$45M in FY'20-21.**

As a result of the pandemic, it is anticipated that large gatherings, public health restrictions and mandatory social distancing directives will continue through 2021. As a result, all RAP self-generated general fund and off budget funding sources are at risk of being realized. The closures include, but are not limited to the following needed operational and revenue generating sources, which fund many of our positions, budget and supplies outside of our Charter mandated tax revenue appropriations. All of the programs and facilities which generate these revenues are currently closed due to County and City social distancing closure orders:

- All educational facilities such as the Griffith Observatory, Cabrillo Marine Aquarium, all museums, Travel Town, etc.;
- All recreational centers (with the exception of those providing mass shelter or childcare services);
- All aquatics facilities (with the exception of those utilized in mass care showering operations);
- Entertainment venues such as the Greek Theatre, Pershing Square Park, Sherman Oaks Castle Park, etc.;
- Filming activities;
- Special Event Permits;
- Golf courses and driving ranges;
- Rental hall/event facilities such as Grace Simons Lodge and Friendship Auditorium;
- Tennis courts and large sports fields and gyms which are permitted to outside groups for youth and adults sports leagues as well as utilized by RAP staff to run sports programs;
- All recreational, cultural, educational and youth oriented programs (such as sports programs, day camps, pre-school, afterschool, youth clubs, science day at the Observatory, etc.); and
- Parking operations.

Therefore, there will be significant impacts to service levels caused by staff reductions resulting from furloughs along with additional part time staffing reductions and overall funding decreases from the proposed budget and projected lost revenue. In addition, it's important to note our remaining budget after these reductions contains approximately \$85M in non-discretionary items such as staff obligatory costs, water, power, etc. which helps reduce RAP's reliance on the City's General Fund. Expected FY'20-21 impacts include but not limited to (Note: all of these impacts are exacerbated by additional Covid-19 related restrictions and guidelines):

- Closure of all pools & aquatic centers for the Summer;
- Reductions in operational days the Griffith Park Observatory, Cabrillo Beach Marine Aquarium and other educational facilities are open during the week;
- Reductions in maintenance levels;
- Reductions in recreational programming;
- Cancellation of all festivals including the Lotus Festival, Salute to Recreation etc.; and
- Cancellation of Pershing Square summer concert series.

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RAP realizes the catastrophic economic and public health crisis facing the City. Our Charter mandated duties, however, are likely to continue and RAP must be equipped to continue emergency operations to meet and respond to the City's health, welfare and safety needs. Our employees are critical, first responders whose services will likely be needed in the ensuing fiscal year as we prepare to meet the needs of 4 million residents. To meet the Charter's mandates and to help offset the City's budgetary requirements, difficult decisions will be made about which facilities and programs can be opened and offered. These decisions will be based on guidance from the Department of Public Health, social distancing mandates, increased hygiene and maintenance requirements, staffing reductions, furloughs, revenue loss and other deficits.

Our immediate focus will continue to be on the City's emergency needs as we also prepare draft plans to incrementally reopen the park system through phases. These phases will correlate with social distancing mandates, staffing and fiscal adjustments necessary to support the City's financial deficits. To align with reopening the economy, we believe our focus should be on meeting the childcare and recreational needs for those returning to the workplace. We also do not want to decrease our efforts to ensure all of our plans have an equity based approach. As we climb out of this, we are confident our revenue streams will eventually replenish to once again support the needs of this great City. Until then, keeping the park system well maintained and safe along with strong special funded capital investment that replaces old infrastructure and reduces maintenance costs will be vital to presenting a park system that this City is proud of.

Thank you for your time and consideration of our budget and working with us to help us carry out our critical role as the mass shelter and welfare arm of the City. We look forward to discussing our budget with you further. Should you have any questions, please do not hesitate to contact me at (213) 202-2633.

Sincerely,



MICHAEL A. SHULL
General Manager

MAS:ndw

cc: Honorable Councilmembers

Barbara Romero, Deputy Mayor, Office of City Services
Zachia Nazarai, Office of the Mayor, Mayor's Office of City Services
Sharon Tso, Chief Legislative Analyst
Richard H. Llewellyn, Chief Administrative Officer
Maria Gutierrez, Office of the City Administrative Officer
Jay Shin, Office of the City Administrative Officer
Board of Recreation and Parks Commissioners
Anthony-Paul Diaz, Esq., Executive Officer & Chief of Staff, RAP
Noel Williams, Chief Financial Officer, RAP