

TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **BUDGET AND FINANCE Committee**

reports as follows:

BUDGET AND FINANCE COMMITTEE REPORT relative to the Housing Authority of the City of Los Angeles' (HACLA) request to waive the Payment In Lieu Of Taxes (PILOT) fees.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

- 1. NOTE and FILE the HACLA report dated June 6, 2011 and the City Administrative Officer (CAO) reports dated June 3, 2011 and June 10, 2011, attached to the Council file, insomuch as all applicable recommendations of these prior reports have been incorporated in the CAO report dated June 24, 2011.
- 2. APPROVE the waiver of the HACLA PILOT fees for 2005 through 2008, totaling \$7,782,349.
- 3. APPROVE the following PILOT funds expenditure plan and direct HACLA to allocate the accrued \$7,782,349 in PILOT funds from 2005 through 2008 to the following expenditures:

<u>Expenditure Item</u>	<u>Amount</u>
Summer Youth Employment Program	\$1,200,000
Summer Night Lights Program	500,000
Mar Vista Summer Activities Program	100,000
Recreation and Parks Programming	1,000,000
Public Housing Capital Projects	2,400,000
Section 8 Housing Assistance Program	<u>2,582,349</u>
Total:	\$7,782,349

- 4. INSTRUCT HACLA to provide a supplemental report to the Council and Mayor regarding PILOT fee waivers for the years 2009 through 2011 in the amount of approximately \$6.4 million, after first obtaining approval of the HACLA Board of Commissioners of the waiver request, and providing additional detail regarding the Jordan Downs project in accordance with prior Council direction (C.F. 11-0600-S49).
- 5. INSTRUCT HACLA to provide an annual report to the Council and Mayor no later than April 1 of each year, in order to request waivers of PILOT fees as applicable and to report on actual expenditures associated with PILOT fees previously waived.
- 6. AUTHORIZE the General Manager of the Community Development Department (CDD), or designee, to accept \$1.2 million from HACLA for the Summer Youth Employment Program (SYEP) and to prepare Controller instructions relative to the appropriation and expenditure of these funds that are consistent with this action, subject to the approval of the CAO, and AUTHORIZE the Controller to implement the instructions.

7. AUTHORIZE the Director of the Mayor's Office of Gang Reduction of Youth Development (GRYD), or designee, to accept \$500,000 from HACLA for the Summer Night Lights (SNL) Program and to prepare Controller instructions relative to the appropriation and expenditure of these funds that are consistent with this action, subject to the approval of the CAO, and AUTHORIZE the Controller to implement the instructions.
8. AUTHORIZE the General Manager of the Department of Recreation and Parks (RAP), or designee, to accept \$1 million from HACLA in order to reimburse the General Fund for recreational and maintenance services provided by RAP, instruct RAP to deposit such funds as a General Fund receipt, and AUTHORIZE the Controller to recognize such funds as a General Fund receipt.
9. AUTHORIZE the General Managers of CDD and RAP, and the Director of the Mayor's GRYD Office, or designees, to prepare Controller instructions for any technical adjustments that may be required and are consistent with this action, subject to the approval of the CAO, and AUTHORIZE the Controller to implement the instructions.

Fiscal Impact Statement: The CAO reports that there is a positive impact to the General Fund as a result of approval of the recommendations of this report. If the City approves the waiver of the PILOT fees for HACLA, HACLA has agreed to provide \$2.7 million to the City for various services. Of the \$2.7 million, \$1.7 million would be allocated for increased services for the SYEP (\$1.2 million) and the SNL Program (\$500,000), and \$1 million would reimburse the General Fund for RAP programming. The recommendations of this report are in compliance with City Financial Policies as the one-time funds provided by HACLA for SYEP and SNL would be provided for one-time expenditures associated with these programs, and the \$1 million allocated to RAP would reimburse the General Fund for these services.

Community Impact Statement: None submitted.

(Housing, Community and Economic Development Committee waived consideration of the above matter)

SUMMARY

At its meeting of June 27, 2011, the Budget and Finance (BF) Committee considered HACLA and CAO reports relative to HACLA's request to waive the PILOT fees. At previous BF Committee meetings held June 6 and June 13, 2011, the Committee considered and discussed HACLA's request to waive the PILOT fees for the years 2005 through 2011 at an estimated total amount of \$14.2 million. At the meeting held June 13, 2011, the Committee instructed HACLA to work with the CAO and the Chief Legislative Analyst (CLA) regarding \$9 million in the PILOT fees requested to be waived. HACLA proposed to utilize this \$9 million to fund costs associated with the Jordan Downs Housing Development project (\$4 million) and to provide a one-time budget solution for HACLA (\$5 million). In response to the Committee's request, the CAO, through discussions with the CLA and HACLA, provided revised recommendations relative to the PILOT fee waiver in the CAO report dated June 24, 2011, attached to the Council file.

During Committee consideration on June 27, 2011, representatives of the CAO and HACLA provided an overview of the revised recommendations and responded to related questions from Committee members. The Committee Chair requested that the CAO and HACLA provide additional details for the Committee report. Subsequent to the Committee meeting, the CAO

and HACLA reported with the following information on how the \$500,000 for the Summer Night Lights (SNL) program would be allocated. The Mayor's Office and the CAO released reports dated June 7, 2011 and June 24, 2011, respectively, relative to funding for the Mayor's GRYD programs, including the SNL program (C.F. 11-0984). As detailed in those reports, the HACLA funds are allocated as follows: \$440,000 will be combined funds from various other sources for a total amount of \$2,227,799 that will be allocated to the Los Angeles Conservation Corps to provide SNL seasonal employment administration, artist stipends and art supplies at all SNL sites and \$60,000 will be allocated to Homeboy Industries for the provision of SNL apparel for program staff and participants.

Additionally, the CAO and HACLA reported with supplemental information on how the \$1 million for RAP programming would be spent. The RAP provides recreational programming and maintenance services at seven HACLA housing sites. Recreational programming includes after-school programs, the Clean and Safe Spaces (CLASS) parks programs, and sports programs. The RAP provided the following estimates of the annual cost associated with operations at each facility, which includes full-time staffing costs, part-time staffing costs, and minimal associated expense costs: Nickerson Gardens (CD 15): \$223,842, Imperial Courts (CD 15): \$180,732, Jordan Downs (CD 15): \$90,633, Mar Vista Gardens (CD 11): \$34,260, Ramona Gardens (CD 14): \$166,407, Pueblo Del Rio (CD 9): \$34,144, and Aliso-Pico (Pueblo Del Sol) (CD 14): \$285,745 for a total cost of \$1,015,763.

After offering an opportunity for public comment, the Budget and Finance Committee recommended that Council note and file the HACLA report dated June 6, 2011 and approve the recommendations contained in the CAO report dated June 24, 2011 as detailed in the Committee recommendations above. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

BUDGET AND FINANCE COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PARKS:	YES
SMITH:	YES
ROSENDAHL:	YES
HUIZAR:	ABSENT
KORETZ:	ABSENT

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