

APPROVED

REPORT OF GENERAL MANAGER

MAR 03 2010

NO. 10-060

DATE March 3, 2010

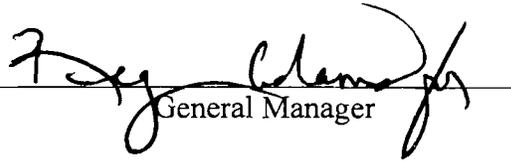
BOARD OF RECREATION
and PARK COMMISSIONERS

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BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PERSHING SQUARE PARKING GARAGE – ANNUAL STATUS REPORT
FOR FISCAL YEAR 2008-2009

R. Adams _____	J. Kolb _____
H. Fujita _____	*F. Mok <u>4/0</u>
S. Huntley _____	K. Regan _____
V. Israel _____	M. Shull _____


General Manager

Approved Disapproved Withdrawn

RECOMMENDATION:

That the Board:

1. Note and file the Pershing Square Parking Garage Annual Status Report for Fiscal Year 2008-2009 (Attachment A);
2. Authorize the Department's Chief Accounting Employee to transfer appropriations between accounts in Recreation and Parks Fund 302, Department 89 and transfer funds to Recreation and Parks Fund 301, Department 88 as follows:

From:	Fund No./ Department No./ <u>Account No.</u>	Fund <u>Amount</u>
Pershing Square Parking Operation	302/89/810M	\$ 543,562

To:	Fund No./ Department No./ <u>Account No.</u>	Fund <u>Amount</u>
Pershing Square Program-Youth Recreation Programming	301/88/012M (MRP W10)	\$ 116,119
Pershing Square Recreation Programming/ Designated Fund Balance for Concerts, Programs, Special Events	302/89/810M	\$ 16,102

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Pershing Square Capital Improvements (Garage Improvements/Equipment)	302/89/812M	\$ 47,522
Pershing Square Capital Improvements (Park Improvements/Equipment)	302/89/812M	\$ 108,716
Pershing Square Capital Improvements (Garage and Park)	302/89/812M	\$ 125,843
Designated Fund Balance for Facility Maintenance and Repair	302/89/810M	\$ 81,623
Pershing Square Operation Reserve	302/89/811M	<u>\$ 47,637</u>
Total Transfers		\$ 543,562

3. Authorize the General Manager, or his designee, to make technical corrections, as necessary, to those transactions included in this report.

BACKGROUND:

Pershing Square, located at 532 South Olive Street in the heart of the downtown Los Angeles business district, is one of the oldest parks in the City of Los Angeles and is operated by the City of Los Angeles, Department of Recreation and Parks (RAP). The facility consists of a surface-level park and a three-story, 1750-space, underground parking garage. The Department conducts programs and special events in the park for the City and local residents. Park operation is funded by budgeted funds.

In 1950 City Park Garage, Inc. (CPGI) entered into a fifty-year long-term lease with RAP that authorized CPGI to construct and operate a three-level underground parking structure at the Pershing Square Park site. At the end of the lease agreement in September 2000, RAP assumed self-operation of the Pershing Square Garage (Garage) in order to enhance park programming and maintenance, fund facility improvements, provide an annual contribution to the RAP General Fund and provide new recreational programming for youth and families within a five mile radius of the park. In September 2000, the Department entered into a Memorandum of Understanding with the Department of General Services (GSD) to manage and operate the Garage for RAP. The following summary reviews Pershing Square Garage operations for the Fiscal Year 2008-2009 (July 2008 to June 2009).

SUMMARY:

Parking Garage Operation

GSD carried out daily operations, maintenance, repairs, and capital improvements, and also solicited new monthly parking customers and recruited special event and movie crew parking business. Garage staff worked in cooperation with RAP to support and accommodate parking needs related to RAP park programs. The Department continued to work with Council District

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14 and the Historic Core Business Improvement District as part of the Bringing Back Broadway Initiative by installing enhanced Garage signage to improve way-finding from the Garage to downtown destinations like the Los Angeles Historic Core Theatre District.

Pershing Square Maintenance and Programming

Garage revenues provided enhanced park and facility maintenance, pest control and recreation programming. Pershing Square Park participates annually in the City's Holiday Lights/Downtown Program during the winter holiday season, decorating the park with enhanced winter holiday lighting.

Parking Garage Revenue and Expenditures

The gross revenue for Fiscal Year 2008-2009 for Pershing Square Garage was \$3,670,427. The annual transfer of funds from Pershing Square Garage revenues to the RAP General Fund increased beginning Fiscal Year 2008-2009 from \$500,000 to \$800,000, following a Department increase in Garage parking fees. After the annual transfer of \$800,000 to the RAP General Fund, utility expenses of \$216,973 to the Department of General Services (GSD) and parking tax liability of \$331,078 transferred to the City's Office of Finance, the net revenue was \$2,322,376. The Operating expenses and capital expenditures for Fiscal Year 2008-2009 were \$2,208,730. Net income for Fiscal Year 2008-2009 after all related expenses was \$113,646.

Funds Available to be Allocated

At fiscal year end, the net income from Fiscal Year 2008-2009, other remaining balances (designated fund balances and youth program funding) and adjustments (changes in funding for projects and resulting transfers) are available to be re-allocated. The total amount of funds available to be re-allocated, as described below, for Fiscal Year 2008-2009 is \$543,562.

Fiscal Year 2009 Allocation of Funds

Fiscal Year 2009 Available Funds are recommended to be allocated as follows:

Youth Recreation Program Funding from Fiscal Year 2008-2009 – Garage revenues provide funding for youth programming, including concerts, cultural performances, recreational activities, craft programs, special events and a mobile youth program for youth within a five-mile radius of Pershing Square. The annual three-day Winter Holiday Festival for youth and families, held each December at Pershing Square during the Downtown on Ice Outdoor Winter Ice Skating Rink, attracts thousands of youth and their families as well as local organizations serving youth in Los Angeles.

The Mobile Youth Recreation Program reaches out to youth who may not have access to a recreation center nearby, by setting up regular programming at selected pocket parks within a five-mile radius of Pershing Square. The program served eleven sites in Fiscal Year 2008-2009 including Prospect Park, Pico Union Park, Vermont Square Park, Hope

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and Venice Park, Julian Dixon Park, Lani-Vest Park, Everett Park and Gladys Park, with an average daily attendance of 21 youth per location. Cooperative efforts continue to modify the Pershing Square Mobile Youth program to meet the needs of the surrounding community.

Funding for Youth Recreation Programs is calculated at five percent (5%) of annual net revenue. The youth program funding for Fiscal Year 2008-2009 was \$116,119 (which is five percent (5%) of \$2,322,376).

Concerts, Programs and Special Events Funding from Fiscal Year 2008-2009 – Garage revenues from Fiscal Year 2008-2009 provided funding for concerts, programs and special events at the park. The amount of \$16,102 in unused Fiscal Year 2008-2009 funds is to be carried forward for future use to Pershing Square Garage Operation, Account 810M, Designated Fund Balance for Concerts, Programs and Special Events for proper classification and reporting.

Capital Improvement and Equipment (CIP) Fund – Revenues from the Garage provide funding for capital improvements for the Garage and for the park level. Capital improvements during Fiscal Year 2008-2009 included park-level lighting and electrical improvements, fountain rehabilitation, rehabilitation of Garage administrative offices, Garage entrance ramp upgrades, improvements to the interim emergency power system, upgrades to the parking Garage revenue control equipment, including the addition of credit and debit card capability and enhanced Garage way-finding signage.

Recommendation Number 2 of this report requests the transfer of \$47,522 in unspent capital funds, intended for future Garage capital improvements, the transfer of \$108,716 in unspent capital funds, intended for future park capital improvements, and the transfer of \$125,843 in fiscal year-end excess revenues over expenditures, (intended to fund future Garage and park capital improvements), from Account 810M Pershing Square Garage Operation to Account 812M Pershing Square Capital Improvements, for proper classification and reporting.

Facility Maintenance and Repair – Park Level – Park level structural maintenance and repair is an ongoing effort (items such as painting of the park, electrical maintenance, repair and replacement, and fountain maintenance and repair). Recommendation Number 2 of this report, requests the transfer of the remaining balance of \$81,622 in unspent facility maintenance and repair funds, intended for future use, from Account 810M Pershing Square Garage Operation to Account 810M Pershing Square Designated Fund Balance for Facility Maintenance and Repair, for proper classification and reporting.

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Funds to Increase Garage Operation Reserve - The Operation Reserve Account (Reserve) was established in order to safeguard operations and provide interim funding for both Garage and park operations in the event of unexpected needs, problems and emergencies. The Reserve is funded with a minimum of three months anticipated gross revenue, with adjustments as needed. The original Reserve funding of \$661,590 was based on Fiscal Year 2004-2005 revenues. Board Report No. 09-180 approved the increase of the Reserve to \$869,970, equal to three month's gross revenue based on Fiscal Year 2007-2008 revenues. Recommendation Number 2 of this report requests the transfer of \$47,637 from Fiscal Year 2008-2009 excess revenue over expenditures to the Garage Operation Reserve to bring the account to \$917,607, equal to three month's gross revenue based on Fiscal Year 2008-2009 revenues.

Additional details regarding expenditures and allocation of excess revenue over expenditures for Fiscal Year 2008-2009 are included in Attachment A.

FISCAL IMPACT STATEMENT:

Pershing Square Garage generates a positive fiscal impact for the Department by providing funds for Garage operation, security, facility improvements, park and facility maintenance, enhanced park programming and youth programming, and by providing \$800,000 annually for the RAP General Fund. The annual transfer of funds from Pershing Square Garage revenues to the RAP General Fund increased beginning Fiscal Year 2008-2009 from \$500,000 to \$800,000.

This report was prepared by Carol Jacobsen, Sr. Management Analyst, Finance Division, and approved by Vicki Israel, Assistant General Manager, Operations East.

City of Los Angeles
 Department of Recreation and Parks
 Pershing Square
 Annual Status Report - Fiscal Year 2008-2009
 Based on Actual Revenue and Expenditures as of 6/30/09
 Attachment A

Pershing Square Garage	Actual Revenue/ Expenditures as of 6/30/09
Revenue	
Gross Revenue	3,670,427
Transfer to Recreation and Parks General Revenue Fund	-800,000
Transfer - Utilities Payment for Pershing Square	-216,973
Tax Liability (Transferred to City's Office of Finance)	-331,078
Net Actual Revenue Total	2,322,376
Expenses	
General Services Department/Parking Garage	
Parking Operating Expense	543,539
Building Maintenance Expense	57,840
Capital Improvement and Equipment Fund - Garage	449,419
Below Ground Security	348,774
Total Expenses - General Services	1,399,572
Department of Recreation and Parks	
Above Ground Security	411,284
Facility Administration	242,218
Surface Maintenance	48,425
Capital Improvement and Equipment Fund - Park	48,784
Recreation Programming	
Downtown On Ice Outdoor Ice Rink/Holiday Lighting	11,768
Concerts, Programs, Special Events	4,898
Pest Control - Above Ground	8,004
Maintenance and Replacement of Program Equipment	33,778
Total Recreation Programming	58,448
Total Expenses - Recreation and Parks	809,158
Total Expenses	2,208,730
Net Income	113,646
Funds Available to be Allocated	
Fiscal Year 2009 Net Income	113,646
Garage/Administration Office Rehabilitation expenditures covered by Designated Funds	240,466
Special Event Security expenditures covered by Designated Funds	56,035
Garage Revenue Control Equipment covered by Designated Funds	98,975
Transfer from Fiscal Year 2007 Retained Earnings to cover Youth Programming funding	176,644
Transfer to MRP W-10 for Youth Programming funding	-176,644
Prior Year's Adjustments	34,440
Total Funds Available to be Allocated	543,562
FY 09 Allocation of Funds	
Funds for Transfer to Youth Recreation Programming	116,119
Concerts, Programs, Special Events	16,102
Garage Capital Improvement and Equipment Fund	47,522
Park Capital Improvement and Equipment Fund	108,716
Other Garage and Park Capital Improvement and Equipment Fund	125,843
Facility Maintenance and Repair Savings for Painting , Electrical and Fountain	81,623
Funds to Increase Garage Operation Reserve	47,637
Total	543,562
Final Net Income	0