RECOMMENDATION:

That the Board:

1. Approve the attached Park Fees Project and Allocation Program for Fiscal Year 2003/04;

2. Authorize the Chief Accounting Employee to allocate funds as indicated in the Park Fees Project and Allocation Program including receipts and earned interest for Fiscal Year 2003/04;

3. Authorize the Chief Accounting Employee to implement the Program to the extent permitted with available funding and reconcile the Park Fees Project and Allocation Program with financial records as needed;

4. Approve the implementation of the procedures outlined in the body of this report for responsible financial management to ensure completion of the capital improvement and land acquisition projects, as detailed in the attached Park Fees Project and Allocation Program; and,

5. Authorize the Chief Accounting Employee to establish new sub-accounts for the following facilities:

<table>
<thead>
<tr>
<th>Council District (CD)</th>
<th>Sub-Account Name</th>
<th>Sub-Account No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Tarzana Recreation Center</td>
<td>440K-TB</td>
</tr>
<tr>
<td>4</td>
<td>North Atwater</td>
<td>60K-NW</td>
</tr>
<tr>
<td>9</td>
<td>City Hall Park</td>
<td>440K-CJ</td>
</tr>
<tr>
<td>9</td>
<td>Pershing Square</td>
<td>40K-PS</td>
</tr>
</tbody>
</table>
6. Authorize the Chief Accounting Employee to approve the transfer of funds between accounts as follows:

<table>
<thead>
<tr>
<th>CD</th>
<th>From Sub-Account</th>
<th>To Sub-Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>460K-SS</td>
<td>460K-SD</td>
<td>$20,000.00</td>
</tr>
<tr>
<td></td>
<td>South Seas House</td>
<td>Second Avenue Park</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>460K-RK</td>
<td>460K-AM</td>
<td>$3,443.95</td>
</tr>
<tr>
<td></td>
<td>Rancho San Pedro</td>
<td>Anderson Memorial SCC</td>
<td></td>
</tr>
</tbody>
</table>

**SUMMARY:**

Attached is the proposed Park Fees Project and Allocation Program for Fiscal Year 2003/04. The program involves two separate, but related, trust funds: the Subdivision Fees Trust Account (Quimby) and the Zone Change Park Fees Trust Account (Zone Change). The corresponding sub-accounts within Department Fund 302 are 460K (Quimby) and 440K (Zone Change). Guidelines for Quimby and Zone Change expenditures are identical.

Former State legislator, John P. Quimby, developed the basic Quimby concept during the 1960s. Along with others, Mr. Quimby knew that recreation and park facilities and programs reduce crime, enhance property values and improve the quality of life in our neighborhood and communities. They provide positive alternatives for youth, families and senior citizens urgently needed in a large, urban metropolis. With this in mind, Mr. Quimby initiated State legislation (California Government Code Section 66477), which permitted cities and counties to require the dedication of land, or the payment of a fee, as a condition of local residential tract map approval. Projects of less than fifty-one residential units are exempt from the dedication of land, but the owners of such projects are required to pay an in-lieu fee.

The City of Los Angeles implemented the Subdivision (Quimby) Fees Trust in 1971 (Ordinance 141,422). Ten years later, the City’s complex fee schedule, which related property valuation to a density formula, was replaced with a simplified, City-wide, per-unit-per-zone fee (Ordinance 155,458). The City Planning Department calculates fees for affected subdivisions and zone changes, revising the schedule each May 1. Fees are based on the percent change in the value of
existing single-family dwellings as determined by the Real Estate Research Council of Southern California.

The Zone Change Park Fee was originated by the late City Councilmember Howard Finn. The Zone Change Ordinance was approved by the City Council and signed into law by the Mayor in 1985. This law applies only to the finalization of Zone Changes for multiple residential projects (two units or more). The fee schedule for Zone Change is exactly the same for Quimby. For projects where both Quimby and Zone Change apply, there is an option of paying under one or the other program. Per the Municipal Code, some residential development does not pay either Quimby or Zone Change fees but pays only a small fee called the Dwelling Unit Construction Tax which goes into the Department’s Sites and Facilities Fund.

Funding

Since the Program’s inception approximately 30 years ago, the City has acquired more than 35 parks and millions of dollars in capital improvement projects have been completed with funds from the Park Fees Program. This Program provides the Department with an average of $7 million for capital improvement projects each year. Program development and management is achieved through a collaboration of efforts between staff throughout the Department, the fifteen Council Offices, the community and other City Departments including City Planning, Building and Safety, Bureau of Engineering, Office of Finance, and the Office of the Treasurer.

During Fiscal Year 2003/04, the Zone Change/Park Fees collected were $3,348,987.95 in Account 440K and the Quimby Fees collected were $6,294,198.07 in Account 460K, which totaled to $9,643,186.02. The cumulative Program total is $34,203,879.35, which includes the collections from the previous years including Fiscal Year 2003/04.

The Program funds are planned for design and construction projects, land acquisitions, capital park improvements, and park rehabilitation projects, as outlined in the attached 2003/04 Park Fees Project and Allocation Program. Pursuant to State law, these funds must be committed to specific projects within five years of collection. The City Attorney has opined that the Department satisfies this requirement through the adoption of an Allocation Program, such as the one under consideration as an attachment to this report. Allocations are made within one mile of a park facility for neighborhood parks and two miles for community parks from the point of collection to ensure that residents of the new residential projects can benefit from the facilities their funds helped to create or improve. This is the standard distance for the allocation of Park Fees. This distance also represents a recommended service radius for neighborhood and community facilities outlined in the Public Recreation Plan of the City’s General Plan. In addition, funds remain in the Council District where they were collected.
The Department may use Quimby and Zone Change/Park Fees for capital park improvements only including the acquisition of land, design/construction of park and recreational improvements, and park rehabilitation projects. Quimby and Zone Change/Park fees may not fund expenses for park operations such as salaries for recreation or maintenance staff, materials and supplies, or equipment.

Program Management

Essential requirements to the effective management of the Program are interdepartmental collaboration and cooperation, responsiveness to Council Offices and the needs of developers, sufficient staff, efficient procedures, sound financial management, and a succinct understanding of land development processes.

Each Quimby or Zone Change case begins with the review of the calculation letter prepared by the City Planning Department, as well as Tract Conditions of Approval, the Zone Change Ordinance, and other documents, as necessary. A developer may also propose a land dedication or a credit, which is reviewed by staff, in lieu of fees. Once fees are paid, recorded covenants are submitted, and/or dedication or credit is determined, a clearance memo to the City Planning Department or a Board Report relative to dedication is prepared, thus permitting the developer to continue with finalizing the land development process for that site.

Covenants may be recorded for eligible fee deferments, payment of future fees, and credits for recreation and park areas. Site inspections are performed, as staff is available. A Department staff person is a member of the City’s Subdivision Committee with representatives of all Departments that have a role in land development in the City. Attendance at these meetings is as staff is available.

Once fees are collected, entry to a database is utilized for tracking collections and identifying allocation options relative to site selection. Working with Department staff, City Planning Department, Council Offices and the community, projects are developed for specific sites with fees. Projections may be made relative to future residential development patterns and possible additional fees. These patterns may also suggest opportunities for new park needs, such as the recent residential increase in the downtown area.

The Program involves project identification through Region, Bureau of Engineering and Council Office staff, as well as community input and collaboration. Department staff, with the concurrence of Council staff, develops the project scope and determines the cost of the project. As funds are available at a facility for the project, Department staff prepares the Board Report, with the CEQA clearance, for Board approval of the allocation of Quimby/Zone Change funds for the project.
Allocation Program

The proposed Park Fees Project and Allocation Program reflects the priority projects expressed by Department staff, infrastructure needs, the community, as well as Council members and staff. The Program is arranged by Council Districts with facilities listed alphabetically. In a few cases, portions of some parks are located in more than one Council District and are so noted. If the sites are large enough to have multiple facilities, they may also have multiple accounts.

New/Updated Procedures

During the course of the development of this Program, it became apparent that several procedural changes should be implemented in order to better manage the Program. Further, although cases and collections tripled in number, staff was reduced. It is essential that part-time staff be reallocated to the Program to handle various clerical operations and that additional full-time staff be assigned to manage the Program. The request for Quimby/Park Fees Program staff will be included in the Department’s budget request for Fiscal Year 2007-2008.

In the interim, staff developed and established new, updated, and improved procedures to increase efficiency including:

- Identification of necessary staffing levels to manage the Program effectively
- Development of future Park Fees and Allocation Programs on an annual basis
- Training for Department staff using Quimby and Zone Change/Park Fees for projects
- Continued collaboration with City Planning Department, Bureau of Engineering and other agencies’ staff for improvements to parkland acquisition, fee assessment and collection procedures
- Continued collaboration with Building and Safety Department relative to covenants, fee payments, credits, and enforcement of covenant provisions
- Improvement to the Department’s Contract Purchase Order (CPO) system for tracking purchases
- Development of improved project management procedures
- Routine reconciliation of the Allocation Program with financial records
- Developments of a more advanced database to record, track, and allocate fees collected by Council District sites
- Development of a computerized mapping system for site selection and allocation of collections
- Development of an annual Work Program and Annual Report to identify facilities with sufficient funds for smaller park improvement projects or large construction projects
These procedures are part of a plan to provide more accurate information, regular reports of project status, improved financial management, improved coordination with other Departments and Council, and streamlined procedures to get projects done efficiently. These changes have begun to show positive effects on the Program.

Staff recommends approval of this Park Fees Project and Allocation Program, as outlined above. All Council Offices and Region staff support the recommendations in this Report.

Currently, staff is in the process of finalizing the 2004-2005 Park Fees Project and Allocation Program and will be bringing this forward for consideration by the Board at a subsequent meeting.

This report was prepared by Camille Walls, City Planner, and Vivien Quintos, Management Analyst II.
Attachment A (Guide and Key to the Program Document)

Column 1. The proposed Allocation Program identifies the COUNCIL DISTRICT and lists the various FACILITIES with recommended PROJECTS in order of decreasing priority. This is a five-year Plan. Some projects are carried over from previous years because of insufficient funds. Several projects may be currently in design or construction, either by Department staff, Bureau of Engineering or consultant firms.

Column 2. "REGION" indicates the Region designation of the park facility.

Column 3. "ACCOUNT" indicates whether the funds belong to account 440K for Zone Change or 460K for Quimby.

Column 4. "SUB-ACCT" has the individual designation for specific facilities. Sub-account designations are the same for both 440K and 460K accounts.

Column 5. "BEGINNING BALANCE" indicates the ending balance as per the Program which was approved by the Board on June 16, 2004 (Board Report # 04-216) and the beginning balance as of July 1, 2003.

Column 6. "NEW FEES COLLECTION: FY 03-04" shows which facilities are to receive the fees paid during the past fiscal years from July 1, 2003 – June 30, 2004.

Column 7. "TRANSFERS: FY 03-04" indicates transfers between sub-accounts from July 1, 2003 – June 30, 2004. Funds are transferred for to allocate funding to projects.

Column 8. "ADJUSTMENTS/DISENCLMBRANCES: FY 03-04" indicates any adjustment per the annual reconciliation and disencumbrances of surplus funds allocated to a project during the fiscal year.

Column 9. "ALLOCATIONS: APPROVED FY 03-04" indicates funds allocated to a specific project during the Fiscal Year 2003/04.

Column 10. "INTEREST: 460K FY 03-04" allocates the interest earned during the fiscal year from July 1, 2003 to June 30, 2004 to individual 460K sub-accounts.

Column 11. "INTEREST: 440K FY 03-04" allocates the interest earned during the fiscal year from July 1, 2003 to June 30, 2004 to individual 440K sub-accounts.

Column 12. "UNCOMMITTED BALANCE" represents the sum available at the facility at the end of FY 2003-2004. This column includes the results of any proposed transfers and allocations and expenditures.
Column 13. "COMMENTS/STATUS" Provides explanations of the different transactions in the various columns, clarifies specific actions, allocations for projects from the previous Program and Board Reports, and details information on completed projects. It also includes allocations for projects approved by the Board after FY 2003-2004.