

REPORT OF GENERAL MANAGER

APPROVED

NO. 09-180

DATE June 17, 2009

JUN 17 2009

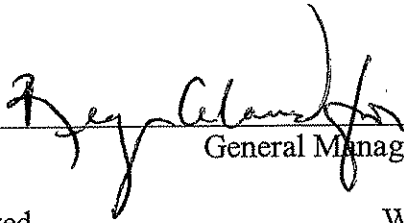
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**BOARD OF RECREATION
and PARK COMMISSIONERS**

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PERSHING SQUARE PARKING GARAGE – ANNUAL STATUS REPORT
FOR FISCAL YEAR 2007-2008

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



General Manager

Approved _____

Disapproved _____

Withdrawn _____

RECOMMENDATION:

That the Board:

- Note and file the Pershing Square Parking Garage Annual Status Report for Fiscal Year 2007-2008 (Attachment A);
- 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:

<u>Funding Source</u>	<u>Fund No./ Department No./ Account No.</u>	<u>Fund Amount</u>
Pershing Square Garage Operation	302/89/810M	\$ 889,299

To:

<u>Funding Source</u>	<u>Fund No./ Department No./ Account No.</u>	<u>Fund Amount</u>
Pershing Square Youth Recreation Programming	301/88/012M (MRP W10)	\$ 139,858
Pershing Square Recreation Programming/ Designated Fund Balance for Concerts, Programs, Special Events	302/89/810M	\$ 19,075

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Pershing Square Capital Improvements (Garage Equipment)	302/89/812M	\$ 49,032
Designated Fund Balance for Security/ Park Events/Ice Rink	302/89/810M	\$ 56,035
Pershing Square Capital Improvements (Garage and Park)	302/89/812M	\$ 416,919
Pershing Square Operation Reserve	302/89/811M	\$ 208,380
Total Transfers		\$ 889,299

3. Authorize the General Manager, or his designee, to make technical corrections, as necessary, to those transactions included in this report.
4. Direct Staff to fund youth programming through an annual allocation of five percent (5%) of net Garage Revenues.

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 2007-2008 (July 2007 to June 2008).

SUMMARY:

Parking Garage Operation

The GSD carried out daily operations, maintenance, repairs, capital improvements, recruited new monthly parking customers and recruited special event and movie crew parking business. Garage

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staff worked in cooperation with RAP to support and accommodate parking needs related to RAP park programs. The Department is working with Council District 14 and the Historic Core Business Improvement District as part of the Bringing Back Broadway initiative to revitalize the downtown Los Angeles Historic Core Theatre District. The Garage is the primary parking facility for the Historic Core Theatres and provides clean, safe parking at reasonable prices for theatre patrons.

Pershing Square Maintenance and Programming

Garage revenues provide enhanced park and facility maintenance, pest control and 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 2007-2008 for Pershing Square Garage was \$3,479,879. After the annual transfer of \$500,000 to the RAP General Fund and utility expenses of \$182,710 to the Department of General Services (GSD) the net revenue was \$2,797,169. The Operating expenses and capital expenditures for Fiscal Year 2007-2008 were \$2,615,497. Net income for Fiscal Year 2007-2008 after all related expenses was \$181,671.

Funds Available to be Allocated

At fiscal year end, the net income from Fiscal Year 2007-2008, 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 for Fiscal Year 2007-2008 is \$889,299.

Fiscal Year 2008 Allocation of Funds

Fiscal Year 2008 Available Funds are recommended to be allocated as follows:

Youth Recreation Program Funding from Fiscal Year 2007-2008 – 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

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a recreation center nearby, by setting up regular programming at selected pocket parks within a five-mile radius of Pershing Square. The program served nine sites in Fiscal Year 2007-2008 including Prospect Park, Pico Union Park, Vermont Square Park, Hope and Venice Park, Julian Dixon Park and Gladys Park, with an average daily attendance of 21 youth per location.

Following staff's cooperative efforts with various Council offices, area social service providers, City of Los Angeles General Services Office of Public Safety, the City of Los Angeles Police Department and the Single Resident Occupancy (SRO) organization that operates Gladys Park, programming at Gladys Park began in Fiscal Year 2007-2008. 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 from Fiscal Year 2007-2008 is \$139,858 (which is five percent (5%) of \$2,797,169).

Concerts, Programs and Special Events Funding from Fiscal Year 2007-2008 – Garage revenues from Fiscal Year 2007-2008 provided funding for concerts, programs and special events at the park. The amount of \$19,075 in unused budgeted funds is to be carried forward for future use to Pershing Square Garage Operation, Account 810M, Designated Fund Balance for Concerts for proper classification and reporting.

Garage 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 2007-2008 included repairs of the Garage exhaust system, escalator repairs and upgrades, lighting and electrical improvements in the park, fountain rehabilitation and repair of structural water leaks in the park.

Recommendation Number 2, of this report, requests the transfer of \$49,032 in unspent capital funds, intended for future Garage capital improvements and the transfer of \$416,919 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.

Security – Park Events/ Ice Rink – The Department of General Services, Office of Public Safety, provides security staff at the annual outdoor ice rink at Pershing Square Park. The amount of \$56,035 is to be carried forward to Fiscal Year 2008-2009 to cover pending invoices for GSD security staff for 2007-2008 ice rink security.

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Other Garage and Park Capital Projects – The amount of \$416,919 is intended to fund future Garage and Park CIP projects. The cost of CIP projects often requires saving over several years. The Garage and park have many CIP projects pending, for example, a security camera system for the park level, repair/rehabilitation of garage emergency power system, and upgrades to garage fire sprinkler system.

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. Recommendation Number 2, of this report, requests the transfer of \$208,380 from Fiscal Year 2007-2008 excess revenue over expenditures to the Garage Operation Reserve to bring the account to \$869,970, equal to three month's gross revenue based on Fiscal Year 2007-2008 revenues.

Additional details regarding expenditures and allocation of excess revenue over expenditures for Fiscal Year 2007-2008 are included in Attachment A.

FISCAL IMPACT STATEMENT:

Pershing Square Garage generates a positive fiscal impact by providing funds for Garage operation, security, facility improvements, park and facility maintenance, enhanced park programming and youth programming, and by providing \$500,000 annually for the RAP General Fund. The Department raised parking fees for Pershing Square Garage by approximately ten percent (10%) in April 2008 in order to provide an increase in the annual transfer amount from Garage revenue to the RAP General Fund. The annual transfer amount increased from \$500,000 to \$800,000 beginning with Fiscal Year 2008-2009.

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 2007-2008
 Actual Revenue and Expenditures as of 6/30/08
 Attachment A

Pershing Square Garage	Actual Revenue/ Expenditures as of 6/30/08
Revenue	
Actual Revenue Earned	3,479,879
Transfer to Recreation and Parks General Revenue Fund	-500,000
Transfer - Utilities Payment for Pershing Square	-182,710
Net Actual Revenue Total	2,797,169
Expenses	
General Services Department/Parking Garage	
Parking Operating Expense	563,624
Building Maintenance Expense	51,092
Capital Improvement and Equipment Fund - Garage	100,969
Below Ground Security	366,646
Total Expenses - General Services	1,082,331
Department of Recreation and Parks	
Above Ground Security	280,836
Facility Administration	263,626
Surface Maintenance	105,586
Capital Improvement and Equipment Fund - Park	664,862
Recreation Programming	
Downtown On Ice Outdoor Ice Rink/Holiday Lighting	
Concerts, Programs, Special Events	925
Pest Control - Above Ground	5,802
Maintenance and Replacement of Program Equipment	34,886
Total Recreation Programming	41,613
Accrued Expense Youth Program	176,644
Total Expenses - Recreation and Parks	1,533,167
Total Expenses	2,615,497
Net Income	181,671
Funds Available to be Allocated	
FY 08 net income	181,671
Reduction of designated fund balance for lighting and electrical improvements, thus increasing retained earnings for FY 08	131,850
Reduction of designated fund balance for park leak repair, thus increasing retained earnings for FY 08	381,389
Transfer for youth programming which was charged to retained earnings of FY 07	176,644
Cost for repair of park earthquake display area which was eventually charged to Fund 302/88 Account 3040	17,745
Total Funds Available to be Allocated	889,299
FY 08 Allocation of Funds	
Funds for Transfer to Youth Recreation Programming	139,858
Concerts, Programs, Special Events	19,075
Garage Capital Improvement and Equipment Fund	49,032
Security - Park Events/Ice Rink	56,035
Other Garage and Park Capital Projects	416,919
Funds to Increase Garage Operation Reserve	208,380
Total	889,299
Final Net Income After FY 08 Fund Allocation	0