

REPORT OF GENERAL MANAGER

**APPROVED**  
DEC 11 2008

NO. 08-345

DATE December 11, 2008

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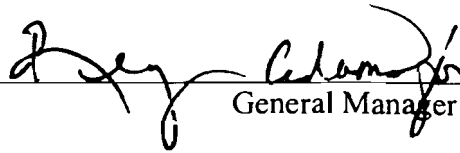
~~BOARD OF RECREATION  
and PARKS COMMISSIONERS~~

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PERSHING SQUARE PARKING GARAGE EXTENSION OF THE  
MEMORANDUM OF UNDERSTANDING WITH THE DEPARTMENT OF  
GENERAL SERVICES FOR OPERATION OF THE GARAGE FOR AN  
ADDITIONAL FIVE YEARS

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\_\_\_\_\_  
General Manager

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Withdrawn \_\_\_\_\_

RECOMMENDATION:

That the Board:

1. Authorize the Department of Recreation and Parks (RAP) the option to extend the term of the Memorandum of Understanding between RAP and the Department of General Services (GSD) for the operation of the Pershing Square Parking Garage (MOU) for an additional five (5) years, to terminate on December 12, 2013; and
2. Authorize the Board Secretary to transmit to GSD Notice that this option has been exercised.

SUMMARY:

On January 19, 2000, the Board adopted Report No. 00-42, approving the concept of City self-operation of the Pershing Square Parking Garage and the enhancement of maintenance, security and recreational services at Pershing Square Park. Staff was directed to negotiate a Memorandum of Understanding (MOU) between the Department of Recreation and Parks (RAP) and the Department of General Services (GSD) for the management of the parking garage. The MOU was negotiated and the City took over garage operations on September 22, 2000. The Amendment to the MOU, Page 2, Section II, per Board Report 03-365, approved by the Board on November 19, 2003, provided an option for extension of an additional five (5) years, at the discretion of the Recreation and Parks Department.

## REPORT OF GENERAL MANAGER

PG.2

NO. 08-345

GSD provides management services for the Pershing Square Garage, handling parking operation, building repair and maintenance, security and capital improvement needs and any other garage facility needs. They work cooperatively with RAP to provide parking and services for park programs. GSD submits an annual proposed budget to RAP for the cost of operating the garage based on GSD's direct costs. Revenue beyond garage expenses is allocated to RAP to create new and enhanced recreation programs and park services for the Pershing Square community. The revenue also provides funding for the continued repair, maintenance and capital improvement needs of the facility. Net revenue, beyond GSD and RAP expenses previously mentioned, is allocated annually for the establishment of new and enhanced youth programming for the Pershing Square Community.

GSD estimates gross revenue for Fiscal Year 2008-2009 to be approximately \$4,036,364, an increase of \$2,478,364 from the first 12 months (September 2000 through September 2001) of the garage operation's gross revenue. Estimated Net Garage revenues for Fiscal Year 2008-2009, after mandatory transfers to RAP General Fund, mandatory transfers to GSD for utilities payments and estimated tax liabilities are \$2,619,422. Estimated net revenues will fund garage operations, enhance RAP programs and services, as well as youth programs for the Pershing Square community. The annual Pershing Square contribution to the RAP General Fund was increased by \$300,000 this Fiscal Year.

### EVALUATION:

RAP continues to be pleased with the quality of GSD's management and with GSD's ability to provide a consistent financial return. The working relationship between RAP and GSD has been successful. Garage management and staff members have created a positive relationship with garage customers and the surrounding community, and have received many compliments from customers about their customer-friendly management style and facility improvements. The garage has earned a reputation for cleanliness, quality service, and safety in the community. While garage operations will always be subject to market conditions, GSD and RAP expect that garage patronage will continue to grow.

The Pershing Square Garage operation provides high quality parking services to the community and will continue to provide net revenue that will fund garage operations, allow an annual revenue contribution to the RAP General Fund, and provide enhanced recreation programs and park services to the Pershing Square community. The success of the innovative working arrangement between RAP and GSD earned both departments a Productivity Improvement Award from the City of Los Angeles Quality and Productivity Commission in 2002, as well as special recognition from the City Council. Self-operation of the Pershing Square Garage provides a working model for other such ventures and will continue to generate long-term benefits for RAP and for the Pershing Square community.

The initial MOU between GSD and RAP provided for a period of three (3) years with additional unspecified time permitted at the option of RAP. On November 19, 2003 the Board approved an Amendment to the MOU with the GSD, for the management, operation, maintenance and

## REPORT OF GENERAL MANAGER

PG.3

NO. 08-345

security of the Pershing Square Garage extending the term for an additional five (5) years (Board Report No. 03-365) with an option for extension of an additional five (5) years, at the discretion of the Board. Staff recommends that the Board exercise the option to extend the MOU for an additional five (5) years. The new five-year term would expire at midnight on December 12, 2013.

### FISCAL IMPACT STATEMENT:

Extension of the MOU with GSD for operation of the Pershing Square Garage will have a positive fiscal impact by continuing to provide \$800,000 in funds to RAP General Fund annually. Garage revenues also provide funding for payment of utilities for the facility, garage operations, and enhancement of RAP facility operations and community programming.

This report was prepared by Carol Jacobsen, Senior Management Analyst I.