

REPORT OF GENERAL MANAGER



NO. 15-123

DATE June 18, 2015


C.D. 4

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: ESTABLISHMENT OF THE GREEK THEATRE SPECIAL FUND

R. Adams _____
R. Barajas _____
H. Fujita _____

V. Israel _____
K. Regan _____
*N. Williams NOW



General Manager

Approved

Disapproved _____

Withdrawn _____

RECOMMENDATIONS:

That the Board:

1. Adopt a Resolution, substantially on file in the Board Office, to establish an interest bearing Special Fund for the Greek Theatre to be effective July 1, 2015;
2. Authorize the Department's Chief Accounting Employee to establish new Greek Theatre appropriation accounts on an as-needed basis for operation of the Greek Theatre;
3. Authorize the Department's Chief Accounting Employee to transfer Two Million Dollars (\$2,000,000.00) from the Department's Unreserved and Undesignated Fund Balance (UUFb), Fund 302, Department 88, upon establishment, to the new Greek Theatre Special Fund; and
4. Authorize the Department's Chief Accounting Employee to make any necessary technical corrections.

SUMMARY:

The Greek Theatre is located at 2700 North Vermont Avenue in Griffith Park and was officially dedicated in 1929. Since that time, it has provided entertainment and cultural events to the general public and residents of Los Angeles. The current operator's exclusive contract naturally expires on October 31, 2015. On April 15, 2015, the Board of Recreation and Park Commissioners approved staff recommendations to operate the Greek Theatre utilizing the "Open Venue" model. This model will allow for-profit and not-for-profit organizations to "rent" the Greek Theatre to present and promote events on a non-exclusive basis during the 2016 and 2017 seasons.

REPORT OF GENERAL MANAGER

PG. 2

NO. 15-123

Staff is proposing to establish a new special fund for the Greek Theatre in order to capture all financial transactions in one separate fund. Previously, Greek Theatre revenues and costs were recorded in the Concession Improvement Account and some RAP General Fund Accounts. The establishment of this special fund will allow the Department to more clearly monitor the financial performance of the Greek Theatre by concentrating all activities in one, separate fund. As requested in Recommendation No. 2, examples of accounts to be created include: revenue, maintenance expenses, capital improvement and other accounts determined to be necessary to conduct business in accordance with Generally Accepted Accounting Principles (GAAP).

Staff is also recommending that \$2,000,000 from the UUFb be transferred into the newly established fund to cover start-up costs that may be incurred prior to beginning of the new season. These funds will be used primarily for capital improvement and repair of the Greek Theatre. These funds will be returned to RAP budgetary accounts through transfers to the RAP General Fund as profits are recognized from operation of the Greek Theatre.

Funds from the UUFb are budgeted funds appropriated to the Department of Recreation and Parks (RAP) which are uncommitted or unencumbered at the end of the fiscal year (FY) and revert to an uncommitted status. These funds are used to meet unforeseen RAP funding needs.

FISCAL IMPACT STATEMENT:

The establishment of the new special fund will have no effect on the RAP General Fund. It will increase the Department's oversight ability to more clearly track and monitor the financial performance of the Greek Theatre's operations. Funds are available in the UUFb to cover start up operations for the Greek Theatre.

This report was prepared by Noel Williams, Chief Financial Officer, Finance Division.