

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Date: August 22, 2024

To: Proposition K – L.A. for Kids Steering Committee

From: CAO Staff

Subject: **ANNUAL REPORT ON THE HEALTH ALTERNATIVES TO SMOKING (HATS) TRUST FUND IN ACCORDANCE WITH LOS ANGELES ADMINISTRATIVE CODE SECTION 5.512 (e)**

RECOMMENDATION

That the Proposition K - L. A. for Kids Steering Committee recommend that the City Council receive and file the Health Alternatives to Smoking (HATS) Trust Fund annual fee report.

SUMMARY

In July 1999, the Los Angeles City Council approved the Health Alternatives to Smoking (HATS) Trust Fund (Ordinance No. 172727). The HATS Trust Fund was created to disburse monies collected from the National Tobacco Settlement. The ordinance designates the City Administrative Officer (CAO) to administer, manage and expend funds from the HATS Trust Fund in accordance with the Ordinance. Monies from the Fund may only be used for the acquisition of park land and recreational improvements in under-served areas that meet all of the following criteria based on the latest available census:

- 1) above average youth in poverty (greater than 36 percent);
- 2) above average persons 18 and under (greater than 26 percent);
- 3) below average acreage in parks (less than two percent); and,
- 4) not adjacent to major parks or national forest land.

In accordance with Los Angeles Administrative Code 5.512 (e), the CAO is transmitting this report on the HATS Trust Fund and identifies all expenditures and the purposes for which the expenditures were made.

ANNUAL DEVELOPMENT FEE REPORTING

The fees for the HATS Trust Fund are accounted for in a separate Special Revenue Fund (No. 43G), with interest earnings restricted to the same uses as the original collection fees. To date, the HATS Trust Fund has received \$4,000,000 in fee collections and \$972,808 in interest earnings for a total of \$4,972,808. Of this amount, \$4,750,000 has been appropriated for qualified projects, of which \$1,140,000 remains unspent, leaving a remaining balance of \$222,808 available for future projects. No expenditures of funds from the HATS Trust Fund occurred in the reporting period from July 1, 2023 through June 30, 2024.

The Ordinance requires the award of HATS Trust Fund monies through the Proposition K Request for Proposals (RFP) competitive process that is open to non-profit organizations, governmental

entities, and City departments for projects within the boundaries of the under-served areas. The Bureau of Engineering released the 11th Cycle Proposition K RFP in February 2023, which included the remaining HATS Trust Fund monies, plus the ability to award any remaining interest or interest accrued during the RFP process. No proposals for the use of the funds were received as part of the RFP process. As there are no remaining Proposition K competitive cycles, discussions are underway as to best distribute the remaining funds. A future report will detail the proposed solution and request authority to proceed.

FISCAL IMPACT

There is no General Fund impact as this is an administrative action.

ATTACHMENTS

1. Health Alternatives to Smoking Trust Fund Financial Report
2. Health Alternatives to Smoking Trust Fund Expenditure Report

MWS:MMG:05250014

43G (Health Alternatives to Smoking (HATS) Trust Fund)		
Financial Report		
Non-Interest Revenues from Revenue Source 4969		
FY	2000	\$ 4,000,000
Total Non-Interest Revenues from Revenue Source 4969		\$ 4,000,000
Interest Revenues from Revenue Source 4903		
FY	2001	\$ 181,863.33
FY	2002	165,149.57
FY	2003	86,970.76
FY	2004	41,858.77
FY	2005	37,154.92
FY	2006	36,767.20
FY	2007	40,716.18
FY	2008	51,835.84
FY	2009	41,517.01
FY	2010	25,438.44
FY	2011	20,833.15
FY	2012	17,490.57
FY	2013	16,464.65
FY	2014	13,971.54
FY	2015	12,708.30
FY	2016	13,581.02
FY	2017	13,724.93
FY	2018	14,953.73
FY	2019	22,999.38
FY	2020	26,623.42
FY	2021	17,048.87
FY	2022	14,054.84
FY	2023	26,724.30
FY	2024	32,357.34
Total Interest Revenues from Revenue Source 4903		\$ 972,807.66
Total Revenue from All Sources		
		\$ 4,972,807.66

Healthy Alternatives to Smoking

Expenditure Report as of 07/31/2024

BFY	ACCT	ACCOUNT NAME	PROJECT ID	SCOPE	COMPLETION DATE	APPROPRIATION
2001	10R202	MAR VISTA FAMILY CENTER	C74-2	CONSTRUCTION OF YOUTH CENTER	3/14/2009	\$ 95,225.00
2001	10R203	PROPERTY AT FIGUEROA & SLAUSON	C66-2	URBAN GREENING OF DWP PROPERTY AT FIGUEROA AND SLAUSON	N/A	\$ 134,696.00
2001	10R204	QUEEN ANNE RC-GREENING	C71-2	DEMOLITION AND URBAN GREENING	3/17/2004	\$ 73,503.69
2001	10R205	DELANO RC	C55-2	INSTALL FOUNDATION FOR NEW GYMNASIUM AND ENVIRONMENTAL MITIGATION	10/18/2006	\$ 450,692.00
2001	10R206	TEMPLE-BEVERLY PARK-ACQUISITIO	C80-2	LAND ACQUISITION AT 227 N. LAKE ST	8/20/2007	\$ 200,000.00
2001	10R207	TEMPLE-BEVERLY PARK-LANDSCAPIN	C81-2	LANDSCAPING, IRRIGATION	8/20/2007	\$ 200,000.00
2001	10R208	TEMPLE-BEVERLY PARK-ATHLETIC	C83-2	PRACTICE ATHLETIC FIELDS	8/20/2007	\$ 301,955.00
2001	10R210	FIELD OF DREAMS	C90-2	BUILD A SOCCER COMPLEX	8/14/2002	\$ 727,268.00
2001	10R212	CATHOLIC CHARITIES	C49-2	CONSTRUCTION OF SPORTS FACILITIES	10/31/2002	\$ 248,244.00
2001	10R213	TEMPLE-BEVERLY PARK-REC CTR	C84-2	DEMOLITION OF BUILDING, BUILD RECREATION CENTER WITH MULTIPURPOSE ROOM AND RESTROOMS	8/20/2007	\$ 692,688.00
2001	10R238	SEPULVEDA PARK WEST	C16-1	ACQUISITION OF LAND	12/9/1998	\$ 259,990.00
2001	10R243	JUNTOS PARK	C79-2	PARK DEVELOPMENT	11/5/2003	\$ 116,549.00
2001	10R309	QUEEN ANNE RECREATION CENTER	C70-2	ACQUISITION OF LAND TO EXPAND PARK	3/17/2004	\$ 34,925.00
2001	10R403	SEPULVEDA PARK WEST	C16-1	ACQUISITION OF LAND	12/9/1998	\$ 166,084.54
2004	10V140	GENERAL SERVICES				\$ 250,000.00
2004	10V178	BUREAU OF ENGINEERING				\$ 22,835.76
2004	10V299	RELATED COSTS				\$ 8,283.80
2004	10V302	RECREATION AND PARKS				\$ 17,060.21
2023	10WPD1	ANDERSON SENIOR CITIZEN CENTER	C270-10	PLAYGROUND, LANDSCAPING, LIGHTING, FENCING, PARKING LOT IMPROVEMENT, PATH OF TRAVEL, AND PARK AMENITIES	N/A	\$ 750,000.00
					TOTAL	\$ 4,750,000.00