

APPROVED

JUNE 01 2023

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 23-112

DATE June 01, 2023

C.D. ALL

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PARK FEE ORDINANCE - CHANGES TO THE PARK FEES SECTION OF THE SCHEDULE OF RATES AND FEES - STATUTORY EXEMPTION FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO ARTICLE II, SECTION 2, CLASS (o)(1) [APPROVAL OF RATES FOR MEETING OPERATING EXPENSES, INCLUDING EMPLOYEE WAGE RATES AND FRINGE BENEFITS] AND CLASS (o)(4) [APPROVAL OF RATES FOR THE PURPOSE OF OBTAINING FUNDS FOR CAPITAL PROJECTS, NECESSARY TO MAINTAIN SERVICE WITHIN EXISTING SERVICE AREAS] OF THE CITY CEQA GUIDELINES AND ARTICLE 18, SECTIONS 15237(a)(1) AND 15273(a)(4) OF CALIFORNIA CEQA GUIDELINES

B. Aguirre M. Rudnick
C. Santo Domingo
B. Jackson N. Williams

Handwritten signature and title: General Manager

Approved X Disapproved Withdrawn

RECOMMENDATIONS:

- 1. Authorize staff to amend the Park Fees section of the Schedule of Rates and Fees as outlined in the Summary of the Report, and detailed on the attached schedule (Attachment 1), which is to be effective July 1, 2023; and,
2. Find that the amendment of the Park Fees section of the Schedule of Rates and Fees is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2, Class (o)(1) [Approval of rates for meeting operating expenses, including employee wage rates and fringe benefits] and Class (o)(4) [Approval of rates for the purpose of obtaining funds for capital projects, necessary to maintain service within existing service areas] of the City CEQA Guidelines and Article 18, Sections 15237(a)(1) and 15273(a)(4) of California CEQA Guidelines and direct staff to file a Notice of Exemption (NOE) with the Los Angeles County Clerk;
3. Authorize the RAP Chief Accounting Employee to prepare a check to the Los Angeles County Clerk in the amount of \$75.00 for the purpose of filing an NOE; and,
4. Authorize the Department of Recreation and Parks' (RAP) Chief Accounting Employee or designee to make technical corrections as necessary to carry out the intent of this Report;

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SUMMARY

On September 7, 2016, The City Council approved the new Park Dedication and Fee Update Ordinance (Park Fee Ordinance), Ordinance No. 184,505, and approved a Resolution relative to a General Plan Amendment to amend the Public Recreation Plan of the Service Systems Element of the City of Los Angeles General Plan.

The Park Fee Ordinance requires all new residential dwelling units to dedicate land, or pay a fee in-lieu, or provide a combination of land dedication and fee payment, for the purpose of acquiring, expanding, and improving park and recreational facilities for new residents. Certain affordable housing units and accessory dwelling units may be exempt from any requirement to pay a fee.

On December 14, 2016, the Board of Recreation and Parks Commissioners (Board) approved the establishment of a new Park Fees Section of the Schedule of Rates and Fees, which included the initial adjustment of the parks fees and the establishment of an administrative fee, and authorized the establishment of various special fund accounts for the deposit of collected fees (Report No. 16-248).

PARK FEE ANNUAL ADJUSTMENT PROCEDURE

Per Section 12.33.E.5 of the Park Fee Ordinance, the park fees are to be adjusted using a combination of annual changes in a construction cost index and a land value index: "Any fee imposed by this Section shall be adjusted on July 1st of each year by a percentage equal to a weighted average of the annual percentage change in: (1) the Construction Cost Index for Los Angeles, as published by Engineering News Record, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year; and (2) the annual percentage change in the Median Home Sales Price for the City of Los Angeles, as published by Dataquick News, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year."

RECOMMENDED PARK FEE ADJUSTMENT

The calculation of the Park Fee adjustment is detailed below. The calculation of the Park Fee adjustment is based on the data provided in Engineering News Record's Construction Cost Index for Los Angeles and in CoreLogic's (successor to Dataquick) Median Home Sales Price for the City of Los Angeles. Note that all percentages have been rounded, up or down, to the nearest One tenth (1/10th) of a percent.

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(1) Construction Cost Index for Los Angeles

March 2022	13341.33
March 2023	13870.23
Percent Change	4.0%

(2) CoreLogic (successor to Dataquick) Median Home Sales Price for the City of Los Angeles (all homes)

March 2022	\$1,100,000
March 2023	Not Available
Percent Change	0.0%

It should be noted that CoreLogic (the successor to Dataquick) no longer publishes the median home sales price for the City of Los Angeles. Therefore, RAP staff is unable to calculate the percentage change needed for the Park Fee adjustment for the year starting July 1, 2023. In anticipation of next year's Park Fee adjustment, RAP staff will identify an alternative data provider who can deliver the percentage change of the median home sales price for the City of Los Angeles and prepare a future report to request a revision to the Park Fee Ordinance.

The Park Fee Ordinance proscribes the use of a "weighted average" of the two (2) indexes to calculate the annual adjustment. The Park and Recreation Site and Facility Fee Study (Fee Study) that was prepared by the City and provided the technical analysis and nexus findings to support the development of the Park Fee Ordinance, determined that eighty-two percent (82%) of the park and recreational fee is attributed to land acquisition costs to serve future developments. Therefore, for the annual adjustment of the park fees, the two indexes are being weighted according to the percentage breakdown identified in the Fee Study.

(3) Adjustment Factor Derivation

	<u>Value</u>	<u>Weight</u>	<u>Weighted Value</u>
Construction Cost Index	4.0%	18%	0.72%
Median Home Sales Price	0.0%	82%	<u>0.00%</u>
Weighted Average			<u>0.72%</u>

Based on the analysis detailed above, the park fee adjustment factor would be 0.7%. In order to calculate the new Park Fee, the park fee adjustment factor of 0.7% will need to be applied to the current fees identified in the Park Fees section of the Schedule of Rates and Fees. Note that the dollar values for the "New Fees" have been rounded, up or down, to the nearest whole dollar.

(4) Current Park Fees

	Current Fee	Adjustment %	New Fee
Subdivision Projects	\$16,642.00	0.7%	\$16,758.00
Non-subdivision Projects	\$8,157.00	0.7%	\$8,214.00

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Upon approval of this report by the Board, the “New Fee” shown above would be established in the Park Fees section of the Schedule of Rates and Fees as the fee schedule to be effective from July 1, 2023 to June 30, 2024.

ADMINISTRATIVE FEES

The Board has previously authorized the establishment of a Park Fee Program Administration Account No. 89720H under Fund No. 302 and Dept. No. 89 for the deposit of the administrative service fees (Report No. 16-248) and adopted an administrative service fee currently in the amount of five percent (5%) for the Park Fee program (Report No. 17-242). The administrative fee was established to help ensure that sufficient staffing and resources will be available to effectively manage the Park Fee program. As discussed in Report No. 16-248, the establishment of an administrative fee is allowable under Park Fee Ordinance and, pursuant to Section 12.33.J.1 of the Park Fee Ordinance, the collected Park Fees can be used for “any administrative costs incurred by the City in accordance with this section”. Following the approval of Report No. 16-248, RAP established a specific work order number which it is using to track administrative expenses related to the Park Fee Program. As of May 8, 2023 the Park Fee Program Administration Account revenue and expenses are as follows:

(5) Park Fee Administration Account Revenue and Expenses

Administrative Fee Balance (as of 7/1/2022)	\$6,735,955.14
Administrative Fee Revenue	\$2,170,644.94
Administrative Fee Interest	\$95,670.81
Administrative Expenses & Encumbrances	<u>(\$893,641.25)</u>
Total Balance (as of May 8, 2022)	\$8,108,629.64

Based on the current rate of expenditures from the Park Fee Program Administration account, and the current balance of the Park Fee Program Administration account, RAP is not recommending any change in the administrative service fee at this time.

ENVIRONMENTAL IMPACT

New residential dwelling units increase demand on existing park and recreational facilities and create the need for additional facilities. The increase in park fees is used for developing new parks or rehabilitating existing recreational facilities in order to maintain the same level of open space services throughout the City. Administrative fees have the goal to ensure that sufficient staffing and resources are available to maintain the Park fee program. The proposed action consists of the approval of rates for the purpose of meeting operating experiences and of obtaining funds for capital projects to maintain service within existing service areas. As such, Staff recommends that the Board determine that it is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2, Class (o)(1) and Class (o)(4) of City CEQA Guidelines and Article 18, Sections 15237(a)(1) and 15273(a)(4) of California CEQA Guidelines. RAP Staff will file a Notice of Exemption with the Los Angeles County Clerk upon Board’s approval.

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FISCAL IMPACT

The amendment of the Park Fees section of the Schedule of Rates and Fees will have no fiscal impact on the RAP General Fund.

This Report was prepared by Meghan Luera, Senior Management Analyst I, Planning, Maintenance and Construction Branch.

LIST OF ATTACHMENTS

1. Proposed Amendment to the Schedule of Rates and Fees

PARK FEES
 (~~Revised 5/22~~)
(Revised 5/23)

PARK FEES

Pursuant to Los Angeles Municipal Code Section 12.33, all new, non-exempt, residential dwelling units shall be required to dedicate land, pay a fee or provide a combination of land dedication and fee payment for the purpose of acquiring, expanding and improving park and recreational facilities for new residents. The fee amount depends on the type of residential development project (Subdivision or Non-Subdivision).

The Department of Recreation and Parks (RAP) shall collect these fees pursuant to Los Angeles Municipal Code Section 19.17 and the RAP's schedule of rates and fees. The park fee shall be phased in as described in Los Angeles Municipal Code Section 19.17.

Residential Subdivision projects are subject to the Quimby in-lieu fee and shall pay:

~~\$16,642.00~~ **\$16,758.00** (per each new non-exempt dwelling unit)

Non-subdivision Residential projects are subject to the Park Mitigation fee and shall pay:

~~\$8,157.00~~ **\$8,214.00** (per each new non-exempt dwelling unit)

The park fee schedule above shall be effective from ~~July 1, 2022 to June 30, 2023~~
July 1, 2023 to June 30, 2024.

PARK FEE ANNUAL ADJUSTMENT

Pursuant to Los Angeles Municipal Code Section 12.33.E.5, any fee imposed by Los Angeles Municipal Code Section 12.33 shall be adjusted on July 1st of each year by a percentage equal to a weighted average of the annual percentage change in:

- (1) the Construction Cost Index for Los Angeles, as published by Engineering News Record, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year; and
- (2) the annual percentage change in the Median Home Sales Price for the City of Los Angeles, as published by Dataquik News, or its successor publication, for the 12-month period between March in the year in which the adjustment is made and the month of March in the immediately preceding year.

The park fee adjustment factor that shall be effective on ~~July 1, 2022~~ **July 1, 2023** is ~~12.5%~~
0.7%.

PARK SERVICE FACTOR

Pursuant to Los Angeles Municipal Code Section 12.33 D, Residential Subdivision projects with more than 50 residential dwelling units may be required by the City to dedicate land to the City for park and recreation purposes. The amount of land to be dedicated is calculated pursuant to the formula detailed in Los Angeles Municipal Code Section 12.33 D.2.

Park Service Factor for Residential Subdivision projects:

$$F = 0.00251 \text{ (2.51 acres of park land per 1,000 residents)}$$

Pursuant to Los Angeles Municipal Code Section 12.33 H.1, Residential Subdivision projects with less than 50 residential dwelling units may offer to dedicate land to the City for park and recreation purposes in lieu of paying Park Fees. The amount of land to be dedicated is calculated pursuant to the formula detailed in Los Angeles Municipal Code Section 12.33 H.1 (a).

Park Service Factor for Residential Subdivision projects:

$$F = 0.00251 \text{ (2.51 acres of park land per 1,000 residents)}$$

Pursuant to Los Angeles Municipal Code Section 12.33 H.1, Non-subdivision Residential projects may offer to dedicate land to the City for park and recreation purposes in lieu of paying Park Fees. The amount of land to be dedicated is calculated pursuant to the formula detailed in Los Angeles Municipal Code Section 12.33 H.1 (a).

Park Service Factor for Non-subdivision Residential projects:

$$F = 0.00123 \text{ (1.23 acres of park land per 1,000 residents)}$$

PAYMENT OF PARK FEES

All Park Fees shall be paid to the City of Los Angeles, Department of Recreation and Parks.

Accepted methods of payments: Credit Card or Automatic Clearing House payments for eligible applicants ONLY. Credit Card payments will be assessed an additional non-refundable service fee.

Cashier's Checks, Certified Checks, and Official Checks are accepted for payments exceeding Eight Million Dollars (\$8,000,000.00).

No CASH or MONEY ORDERS or personal/business checks.

Checks should be made payable to the City of Los Angeles, Department of Recreation and Parks.

Park Fee payments may be made at, or be mailed to, the following address:

Attention: Park Fees Program
City of Los Angeles Department of Recreation and
Parks 221 North Figueroa Street, Suite 400 (Fourth
Floor)
Los Angeles, California 90012

Park Fees that are not paid by ~~June 30, 2032~~ **June 30, 2024** shall be subject to recalculation.

PARK FEE PROGRAM ADMINISTRATION

Pursuant to Los Angeles Municipal Code Section 12.33.J.1, the collected park fees can be used for any administrative costs incurred by the City in accordance with that section.

5% of all Quimby in-lieu Fees and Park Mitigation Fees to be deposited into the Park Fee Administration Account.

95% of all Quimby in-lieu fees to be deposited into the Quimby In-Lieu Fee Account.

95% of all Park Mitigation fees to be deposited into the Park Mitigation Fee Account.