

CITY OF LOS ANGELES

CALIFORNIA



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Council File #: 13-0933
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November 25, 2019

Honorable David Ryu, Chair
Health, Education, Neighborhoods, Parks, Arts and River Committee
Los Angeles City Council
C/o City Clerk's Office
City Hall, Room 395
Los Angeles, CA 90012

Attention: Mr. Eric Villanueva, Office of the City Clerk

**RE: HEALTH, EDUCATION, NEIGHBORHOODS, PARKS, ARTS AND RIVER COMMITTEE
REQUEST FOR REVIEW AND APPROVAL OF THE DEPARTMENT OF CULTURAL AFFAIRS
UPDATED ANNUAL EXPENDITURE PLAN & FEE STATUS REPORT FOR THE ARTS
DEVELOPMENT FEE (ADF) PROGRAM FOR FISCAL YEAR 2019-2020**

This report and its attachments are submitted in compliance with the Arts Development Fee (ADF) Program Administrative Guidelines adopted by the City Council in December 2014, by motion (CF# 13-0933).

Pursuant to the established ADF Program guidelines, the Department of Cultural Affairs is required to develop an annual Expenditure Plan and Fee Status Report for the ADF Program, submitted herein. This report identifies and commits **\$747,522.86** comprised of "Priority Fees" and **\$2,714,458.91** in arts development fees less than five years toward eligible public art projects throughout the City. Due to the date of collection of some of these fees, Los Angeles Municipal Code Section 5.346, et al., which is based on the State Mitigation Fee Act, requires that the Department and City Council approve a set of findings for the "Priority Fees" before December 31, 2019. A finding identifies the purpose to which the fee is to be used and demonstrates a reasonable relationship between the fee and the purpose for which it is charged. DCA has prioritized the commitment of these "Priority Fees" in this report.

RECOMMENDATIONS

That the Council, subject to the approval of the Mayor:

1. **APPROVE** the public art project commitments and associated findings relative to a total of **\$747,522.86** comprised of "Priority Fees" and **\$2,714,458.91** in arts development fees less than five years, as identified in the FY2019-2020 ADF Expenditure Plan & Fee Status Report (Attachment A).



2. **INSTRUCT** the Department of Cultural Affairs to update the accrued interest to each of the appropriation accounts, within Fund 516, to be used in tandem with the original ADF fee collected.
3. **AUTHORIZE** the City Controller to approve the interest appropriations, within Fund 516, recommended by the Department of Cultural Affairs.

BACKGROUND

The Arts Development Fee (ADF) Program was established by ordinance in 1988, revised in 1991, and codified in Los Angeles Municipal Code Section 91.107.4.6 and Los Angeles Administrative Code Section 5.346. The ADF Program complies with the California Mitigation Fee Act and adheres to the tenets of a Nexus Study and a Cultural Master Plan adopted in 1992 by the City Council.

The ordinance requires private developers of non-residential development projects, valued over \$500,000, to pay an arts fee or complete an arts project equivalent to the value of the arts fee. If the developer chooses to pay the arts fee, the amount is based on a square-foot rate calculation or one percent of the valuation of the project designated on the permit, whichever is lower, as determined by the Department of Building and Safety.

From 1991 to 2007, arts development fees were used by the Department of Cultural Affairs to support a variety of arts and cultural activities. In 2007, a restriction was placed on the use of arts development fees that limited the expenditure of the fee to a one-block geographic radius of the related private development project that generated the fee. This restriction severely limited the Department's ability to effectively deploy these resources and resulted in the accumulation of a large cash balance in the Arts Development Fee Trust Fund.

On July 23, 2013 Councilmembers Huizar and O'Farrell co-presented a motion (CF# 13-0933), which was further modified by Committee, instructing the Chief Legislative Analyst (CLA) and DCA, with the assistance of the City Attorney, to report back regarding updates to the Arts Development Fee Program, including changes to the amounts collected and the process for collecting and disbursing funds, as well as recommendations for expanding the types of projects generating arts development fees and expanding the allowable use of fees collected.

Through the adopted ADF Program Administrative Guidelines, now in its sixth cycle, DCA has supported a variety of public art projects that range from mural conservation, art walks, to music and arts festivals. DCA has collaborated with individual artists, art organizations, and festival producers to create temporary and permanent public art projects and programs across the city. Projects are identified by the Council Offices in conjunction with DCA as part of the ADF Expenditure Plan development phase. Through DCA's work with the Council on the expenditure planning process, as well as the implementation of CURRENT:LA Public Art Triennial, DCA successfully implemented the citywide public art initiative funded with ADF funds in Summer 2016 and in Fall 2019.

SUMMARY OF THE FY2019-2020 ADF EXPENDITURE PLAN & FEE STATUS REPORT

The FY2019-2020 ADF Expenditure Plan & Fee Status Report provides an accounting of **\$10,955,229.79** in arts development fees, listed by the Council District in which the associated private development that generated the fee is located. The report identifies and commits **\$747,522** within the overall Fund 516 balance that is comprised of "Priority Fees" and **\$2,714,458** from fees less than five years toward eligible projects and provides associated findings required by the State Mitigation Fee Act.

The chart below provides a breakdown of arts development fees by Council District:

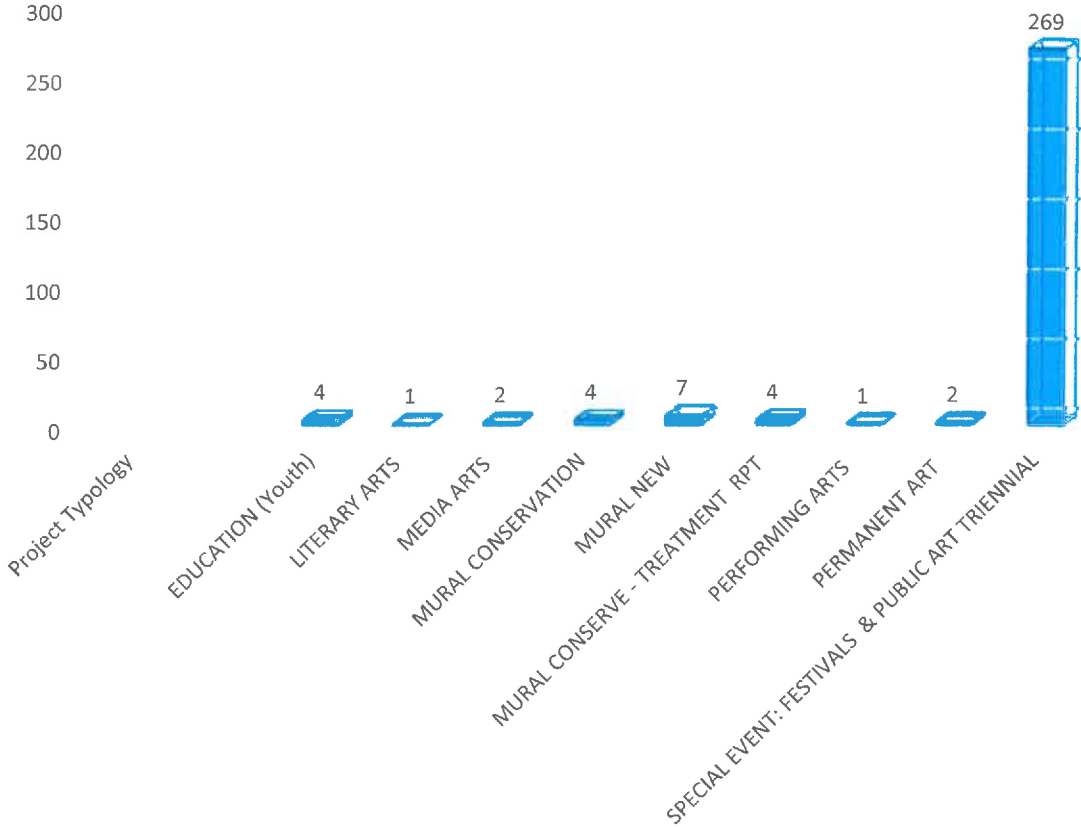
COUNCIL DISTRICT	BALANCE EXPENDITURE PLANS FY 14/15 - 18/19 (A)	PRIORITY FEES (B)	FEES LESS THAN 5 YRS (C)	FEES LESS THAN 5 YRS, PROJECTED EXPENDITURES (EMBEDDED IN C) (D)	TOTAL (A) + (B) + (C)
CD 1	\$17,466.79	\$12,875.49	\$348,624.17	\$348,624.17	\$378,966.45
CD 2	\$34,482.64	\$36,876.09	\$414,698.66	\$71,250.46	\$486,057.39
CD 3	\$0.00	\$0.00	\$451,460.91	\$209,411.41	\$451,460.91
CD 4	\$396,525.76	\$54,696.52	\$765,085.77	\$160,212.34	\$1,216,308.05
CD 5	\$320,016.49	\$16,447.03	\$963,779.44	\$35,523.18	\$1,300,242.96
CD 6	\$194,422.88	\$26,769.67	\$206,413.39	\$215,936.55	\$427,605.93
CD 7	\$338,732.36	\$65,337.08	\$94,889.26	\$33,181.18	\$498,958.70
CD 8	\$72,359.62	\$0.00	\$23,338.71	\$0.00	\$95,698.33
CD 9	\$0.00	\$0.00	\$83,407.92	\$197,726.20	\$83,407.92
CD 10	\$19,790.66	\$101,257.75	\$630,335.31	\$0.00	\$751,383.72
CD 11	\$120,625.71	\$98,056.59	\$1,044,668.12	\$32,347.12	\$1,263,350.42
CD 12	\$0.00	\$0.00	\$209,113.73	\$111,261.18	\$209,113.73
CD 13	\$280,805.42	\$75,160.52	\$653,320.21	\$235,014.92	\$1,009,286.15
CD 14	\$137,369.43	\$260,046.11	\$2,018,588.04	\$1,040,546.42	\$2,416,003.58
CD 15	\$112,094.49	\$0.00	\$255,291.05	\$23,423.78	\$367,385.54
SUB TOTAL	\$2,044,692.25	\$747,522.86	\$8,163,014.69	\$2,714,458.91	\$10,955,229.79
TOTAL		\$10,955,229.79			

Consistent with the Arts Development Fee Program Administrative Guidelines, the Department met with each Council Office in September and October 2019 and collaborated to develop project commitments for the **\$747,522** in arts development fees (labeled "Priority Fees" above) that require findings to be made before December 31, 2019, and the **\$2,714,458** in arts development fees that are less than five years.

SUMMARY OF PRIOR YEAR EXPENDITURES

The chart below shows the range of arts development fee public art projects and programs from FY14/15 to Q2 of FY19/20. Special events, festivals and temporal projects continue to outnumber the more traditional types of permanent public artwork projects.

**ADF ART TYPOLOGY
FY1415 - FY1920 (Q2)**



IMPLEMENTATION

Upon approval of the ADF Expenditure Plan and Fee Status Report, DCA will initiate and administer the approved ADF projects and programs accordingly. Of the proposed **\$747,522.86** Priority Fees in project commitments, up to **\$134,554.11** will be available to support staffing resources, leaving a balance of **\$612,968.75** available directly for public art projects and programs. Additionally, of the **\$2,714,458.91** in fees less than five years in project commitments, up to **\$488,602** will be available to support staffing resources, leaving a balance of **\$2,225,857**.

FISCAL IMPACT

There is no fiscal impact on the City's General Fund, as it relates to this report.

Sincerely,



DANIELLE BRAZELL
General Manager

DB:ff

Attachments: A - FY2019-2020 ADF Expenditure Plan & Fee Status Report
B - ADF Expenditures between FY1415 - FY1920 (Q2)

cc: Barbara Romero, Deputy Mayor, City Services
Nicole Serrano, Office of the Mayor, City Services
Brent Nichols, Office of the City Attorney
Andy Chen, Office of the City Administrative Officer
Karen Kalfayan, Office of the Chief Legislative Analyst
Eric Villanueva, City Clerk