

BUDGET AND FINANCE COMMITTEE REPORT relative to updating fees collected in connection with the Arts Development Fee Ordinance.

Recommendations for Council action, as initiated by Motion (Huizar - O'Farrell - Cedillo):

1. CONCUR with the recommendations of the Arts, Parks, Health, Aging and River Committee relative to requesting a report in 45 days with recommendations to update the Arts Development Fee Ordinance.
2. INSTRUCT the Chief Legislative Analyst (CLA) to review options to expand the use of the Arts Development Fee including:
  1. Changing the fee allocation process for off-site art to be in line with the process for on-site art; specifically in regards to performing arts as opposed to visual arts.
  2. To the extent legally permissible, review options to allow fee revenue for visual and performing arts in addition to physical arts within a specific radius of development and construct the radius as broadly as possible to use transit routes, major boulevards, etc. to increase effectiveness of funds.
  3. Review feasibility of using funds for citywide arts programs including arts education programs to benefit everyone in the City including those in the development projects.

Fiscal Impact Statement: Neither the City Administrative Officer (CAO) nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On October 28, 2013, the Budget and Finance (BF) Committee considered a Motion (Huizar - O'Farrell - Cedillo) relative to instructing the Department of Cultural Affairs, with the assistance of the Planning Department, Department of Building and Safety, and CAO and in consultation with the City Attorney, to report with recommendations and an Ordinance to update the Arts Development Fee Ordinance to update 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 appropriate credits and exemptions. According to the Motion, on November 29, 1988, Council enacted the Arts Development Fee Ordinance. The ordinance was further revised in 1991, with the creation of the Arts Development Fee Trust Fund. The ordinance established fees based on size for certain types of new construction authorized by building permits on given development projects.

The Motion states that such fees are to be used for provision of adequate cultural and artistic facilities, service and community amenities for the project. The Los Angeles Municipal Code requires owners of development projects for commercial or industrial buildings to pay an arts fee (Arts Development Fee). The Arts Development Fee is an exaction whereby owners of private

development projects for commercial or industrial buildings are required to pay an arts fee in exchange for the right to develop the project and to lessen the burden placed on the City for services caused by the project.

The Arts Development Fee Ordinance has not been amended in over two decades. In practice, the use of these funds is constrained in a number of ways. First, the multitude of separate and often small fund pools have made their comprehensive and coordinated use very difficult. Further, each fund is available solely to the development project and its future employees as opposed to the surrounding community at large. Finally, the code directs this funding to be used in compliance with the principals and standards of the five-year "Cultural Master Plan" being implemented at the time. However, this plan has long expired.

After further discussion and having provided an opportunity for public comment, the BF Committee moved to concur with the recommendations of the Arts, Parks, Health, Aging and River Committee relative to requesting the CLA to report in 45 days with recommendations to update the Arts Development Fee Ordinance. Additionally, the BF Committee recommended that the CLA review several other options to expand the use of the Arts Development Fee. These other options are detailed in the Committee recommendations above. This matter is now forwarded to the Council for consideration.

Respectfully Submitted,

**BUDGET AND FINANCE COMMITTEE**

<b><u>MEMBER</u></b>	<b><u>VOTE</u></b>
KREKORIAN:	YES
ENGLANDER:	YES
KORETZ:	YES
BLUMENFIELD:	ABSENT
BONIN:	ABSENT

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**