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MICHAEL A. SHULL
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August 25, 2016

Honorable City Council Members
City of Los Angeles
Room 395, City Hall
Los Angeles, CA 90012

**REPORT RE DRAFT ORDINANCE AMENDING SECTIONS 12.21 AND 12.33 OF
ARTICLE 2 OF CHAPTER 1, AND SECTIONS 17.03, 17.12 AND 17.58 OF ARTICLE 7;
DELETING SECTIONS 17.07 AND 19.01; AND ADDING SECTION 19.17 TO THE LOS
ANGELES MUNICIPAL CODE TO UPDATE THE CITY'S PARK FEES (COUNCIL FILE
NO. 16-0529)**

Dear Honorable City Council Members:

The City of Los Angeles Department of Recreation and Parks (RAP) has prepared the following report in response to the draft ordinance amending Los Angeles Municipal Code (LAMC) Sections 12.21, 12.33, 17.03, 17.12 and 17.58; deleting Sections 17.07 and 19.01 from the LAMC; and adding Section 19.17 to the LAMC in order to update the City's park fees to mitigate the park and open space related impacts of new residential development projects.

Fee Calculation

The draft ordinance proposes that the Department of City Planning be responsible for calculating the amount of park fee due for each residential development project. In order to simplify the park fee payment process for project applicants, RAP recommends that the administrative tasks related to the calculation of the park fees be consolidated within RAP. Therefore, RAP recommends that the Section 12.33.E.2 of the draft ordinance be modified to read as follows:

2. Fee Calculation. The Department of ~~City Planning~~ **Recreation and Parks** shall calculate the amount of the park fee due for each residential development project by determining the number of new non-exempt (pursuant to Section 12.33.C.3) dwelling units in the proposed project and multiplying the number of units by the park fee amount per dwelling unit according to the following formula:

Project Park Fee = DU x PRF

DU: Total number of new, non-exempt (per Section 12.33.C.3) dwelling units.

PRF: Park Fee per unit.

Indexing

The draft ordinance proposes using data sets from two different indexes and two different time periods in order to calculate the annual adjustment of the park fee. In order to simplify the indexing provision, RAP recommends the indexing provision be modified so that the data sets from the two indexes being used for the annual adjustment of the park fee use have the same annual period. RAP recommends that the Section 12.33.E.5 of the draft ordinance be modified to read as follows:

5. Indexing. 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 ~~JUNE~~ **March** in the year in which the adjustment is made and the month of ~~JUNE~~ **March** in the immediately preceding year

Park Fee Accounting

California Government Code Section 66001(d) requires that every five years the City make certain findings for all unexpended fees and states that if these findings are not made as required the City may be required to refund any unexpended moneys in the park fee account. To ensure that the Ordinance makes clear that the City needs to make these required findings, RAP recommends that the Section 12.33.I.1 of the draft ordinance be modified to read as follows:

2. Park Fee Accounting. **(a)** Within 180 days after the last day of each fiscal year, the Department of Recreation and Parks shall report to the Board of Commissioners of Recreation and Parks on the amount of the fee income (including interest income), expenditures, status of the trust fund account, and intrafund transfers. The Department of Recreation and Parks shall also report on each of the park and recreational facilities on which fees were committed in the last fiscal year and the approximate date by which the construction of the park and recreational facilities will commence. **(b) For the fifth fiscal**

year following the first deposit into the trust fund account, and every five years thereafter, the City shall make all of the findings required in accordance with California Government Code Section 66001(d), or successor section, with respect to that portion of the account remaining unexpended, whether committed or uncommitted.

Sincerely,


MICHAEL A. SHULL
General Manager

MAS/RB/DF:ln