

# Agenda Report

**TO:** City Council February 24, 2003

**THROUGH:** Finance Committee

**FROM:** City Manager

**SUBJECT:** Adjustment of the Residential Impact Fee

## **RECOMMENDATION**

It is recommended that the City Council following the public hearing, approve the attached resolution and amend the fiscal year 2003 General Fee Schedule to increase the Residential Impact Fee from \$1,604 to \$3,659 per unit.

## **RECOMMENDATION OF RECREATION AND PARKS COMMISSION**

The Recreation and Parks Commission held a special meeting on February 20, 2003. The recommended action by the Commission will be reported verbally to the City Council at the February 24, 2003 meeting.

## **BACKGROUND**

On December 16, 2002, the City Council approved an interim increase in the Residential Impact Fee from \$756 to \$1,604 per unit, with the direction that staff re-analyze the methodology used to determine the amount of the Residential Impact Fee. Based on the new analysis outlined in this report, it is recommended the Residential Impact Fee be raised to \$3,659 per unit. The fee will be reviewed annually along with other fees in the General Fee Schedule.

## **FEE INCREASE CALCULATION**

*Ordinance 6252 – Residential Impact Fee*, stipulates that the residential impact fee may increase in one of two ways. First, it can escalate annually at the same rate as RS-2 zoned land or secondly, the City Council, from time to time, at its discretion, may revise, alter or change the rate by resolution. The interim increase approved in December 2002, was based strictly on the escalation of the RS-2 zoned land that was used when the fee was originally established. However, this method proved to be impossible because an index of the increase of the fair market value of land in districts with RS-2 or comparable zoning does not exist for either the City of Pasadena or any geographic area.

The Civil Defense Center property in Eaton Canyon, which was the property that was originally used in establishing the fee. There was concern over whether this property was representative of RS-2 zoned property in Pasadena. Staff reviewed RS-2 properties throughout the City and determined that it would be and difficult to select another more suitable RS-2 property to use. Since escalating the fee at the same rate as RS-2 zoned land did not prove to be effective, staff had to determine a fair, equitable and efficient way of reevaluating Pasadena's current residential impact fee without foregoing the integrity of the original nexus study. To do this, the formula established in 1988 to develop the original fee was used.

When the fee was established in 1988, it was the goal of the Council to establish a fee that would provide funds to mitigate the impact of population growth on use of City parks and facilities. In order to be in compliance with State law the Residential Impact Fee must be related to additional costs for park facilities renovations necessitated by the increase use. Appropriate expenditures for the use of this fee were determined to be capital expenditures needed for park expansion, or improvements to existing facilities because of an increase in the intensity of use.

#### **CHANGES SINCE 1988**

The original formula was based on several factors that have changed since 1988. The national park standard at that time was 2.5 acres of parkland for every 1,000 people. The national park standard today is 3.0 acres of parkland for every 1,000 people.

In addition, two properties have been purchased to increase parkland within the City. The first is Eaton Wash Park which consist of 7.52 acres of undeveloped land adjacent to residential neighborhoods and sandwiched in between the Eaton Wash Flood Control Channel and the Southern California Edison right-of-way. The Eaton Wash Park Master Plan received funding in December 2002 to turn this undeveloped land into a viable park, including an off-leash dog area. The City also purchased the land just south of Robinson Park which is the current site of the Highland Plastic Warehouse. This 2.5 acre piece of land will be used to extend the usable acreage of Robinson Park as a part of the \$15 million master plan.

Finally, in 1988, the formula only took into consideration the acreage of neighborhood and community parkland which was .819 acres per 1,000 population. In redoing the calculation, staff used all the useable parkland within the City of Pasadena which totals 314.79 acres or 2.31 acres per 1,000 population

#### **FEE CALCULATION METHODOLOGY**

The computations and underlying assumptions used in 1988 are shown in Attachment A. In determining the proposed increase to \$3,659 per unit, the original formula was used but was expanded to include all usable park acreage. This computation is shown on Attachment B. The original formula only used the acreage of neighborhood and community parks. This leaves out the citywide parks which are maintained, owned and managed by the City. Using all the usable parkland is important because the fee is based on the park land available to the City's population. Currently, there are 314.79 acres of

usable park space in the City or 2.31 acres per 1,000 people. This compares to the national standard of 3.0 acres per 1,000. The formula assumes that a minimum of 2.31 acres per 1,000 population is to be maintained for future residents of the City.

The fee calculation methodology also includes the cost of renovating facilities and expanding existing park facilities to meet increased demand. There are projects totaling \$6,928,566 in the FY 2003 Capital Improvement Program (CIP) to renovate facilities because of increased intensity of use and \$20,399,471 of unfunded need in the CIP to expand existing park facilities to meet increase demand. These are the factors and assumptions that were used when the Residential Impact Fee was established in 1988 and they are used in determining a fair and equitable fee today.

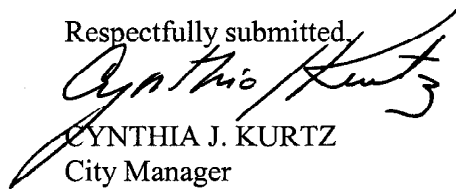
#### **COST OF DOING BUSINESS COMPARISON IN FEES**

To see how Pasadena's development fees and taxes compare with other jurisdictions, a consultant was hired to examine these costs for single-family and multi-family projects for Burbank, Anaheim, Glendale, Long Beach and Monrovia (see Attachment C). For single-family homes, Anaheim was the most expensive, followed by Pasadena and Glendale. For multi-family developments, where the analysis included Pasadena's inclusionary housing in-lieu fee, Pasadena had the highest fees and taxes followed by Anaheim. If the inclusionary housing in-lieu fee was deleted, Anaheim is the most expensive followed by Pasadena and Glendale.

**FISCAL IMPACT**

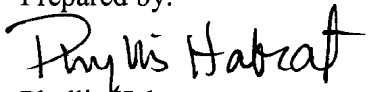
If approved, the new Residential Impact Fee will increase to \$3,659 per unit. The Planning and Development Department estimates 536 new residential units will be built in fiscal year 2003. If building continues at this rate in fiscal year 2004, this new fee amount would generate \$1,964,440 to address capital needs in our City parks.

Respectfully submitted,




CYNTHIA J. KURTZ  
City Manager

Prepared by:




Phyllis Habrat  
Management Analyst V  
Department of Public Works

Reviewed by:



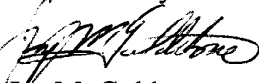
Brenda E. Harvey-Williams  
Finance and Management Services Administrator  
Department of Public Works

Approved by:




Kerry Morford, Interim Director  
Department of Public Works

Concurred by:



Jay M. Goldstone  
Director of Finance

Concurred by:



Richard Bruckner, Director  
Planning and Development