

Agenda Report

TO: City Council

DATE: July 24, 2000

Through: Finance Committee

FROM: City Manager

SUBJECT: Disbursement of the Residential Impact Fees

RECOMMENDATIONS:

It is recommended that the City Council:

1. Adopt the attached resolution governing the disbursement of Residential Impact Fees; and
2. Direct the City Attorney to amend Section 4.17.040 of *Ordinance 6252 - the New Residential Impact Fee* to modify the definitions of the park classifications as set forth in the agenda report.

BACKGROUND:

Pasadena faces a major challenge in funding capital improvements in city parks. The current level of available Residential Impact Fees is inadequate and the current method of distributing these fees is inefficient. The recommendations in this report seek to address the inefficiencies of the allocation of the fees, but cannot address the insufficient level of funding generated by Residential Impact Fees.

Over the past five years, an average of \$55,000 has been collected per year in Residential Impact Fees, while the average park project in the Capital Improvement Program (CIP) budget has an estimated cost of \$450,000. At the current rate of distribution, it takes many years to amass enough funds to complete the average project. The FY 2000 CIP for Parks has a combined total Residential Fee appropriation of \$410,000 spread among 21 projects.

CURRENT FEES

Residential Impact Fees were created in 1988 as a fund source to help maintain and improve our city parks. The fee is imposed on new residential developments including single-family homes, multiple family residences and retirement units. The fees are set forth in *Ordinance 6252*. The current fee of \$756 per residential unit is paid when a building permit is secured. Once the fee is collected, it is divided by formula between the neighborhood, community and citywide parks in the following manner: 60 percent to the nearest neighborhood park within a half a mile radius of the new residential unit (\$453); 30 percent to the nearest community park (\$226); and, 10 percent to the nearest citywide park (\$76). If there is no neighborhood park within half a mile, the nearest community park will receive 90 percent of the revenue (\$680) and 10 percent will be allocated to the citywide park (\$76). Table 1 below lists Pasadena's 24 parks.

Table 1: Pasadena's Parks

<u>Neighborhood Parks</u>	<u>Community Parks</u>	<u>Citywide Parks</u>
Allendale Park	Central Park	Brookside Park
Brenner Park	Eaton Wash Park	Lower Arroyo Park
Defenders Park	Hamilton Park	Rose Bowl Park (Area H)
Eaton-Blanche Park	Jefferson Park	Hahamongna
Grant Park	Memorial Park	
Gwinn Park	Robinson Park	
La Pintoresca Park	Victory Park	
McDonald Park	Villa-Parke	
San Rafael Park		
Singer Park		
Sunnyslope Park		
Washington Park		

ESTABLISHMENT OF ORIGINAL FEE

The original fee was indexed to the fair market value of residential land, and intended to increase annually based on the escalation of the fair market value of such land. However, the fee was only increased once in 1992 from \$675 to \$756 based on the escalation of the fair market value of residential property. Property value has increased since then but the fee was never increased.

In 1988, Pasadena had 106.52 acres of neighborhood and community parks, or 0.819 acres per 1,000 people. The formula used to develop the fee assumed that a minimum of 0.819 acres per 1,000 population is to be maintained for future residents of the City (Compared to the National average of 2.5 acres per 1,000 people). In addition to calculating the cost of providing park space to meet the Pasadena park supply, the formula also includes the cost of maintaining facilities. Since 1988, the population has increased while the city has only acquired one additional community park (Eaton Wash Park). Today, there are 113.42 acres of neighborhood and community parks in the City, or 0.74 acres per 1,000 people.

Ordinance 6252 - the New Residential Impact Fee, is designed to assure that existing levels of park and recreation facilities are maintained so that the balance between the number of residents in the community and the amount of park and recreation facilities remains constant. Also, with the influx of new residents, the maintenance cost of park facilities will increase as the usage increases. Therefore, it is reasonable to charge developers for new residential development

because the additional development will increase the population and the usage of our existing parks.

PROPOSED DISTRIBUTION OF FUNDS

To address the inefficiency in the distribution of these fees, staff recommends changing the method used to allocate Residential Impact Fees. Rather than limiting the fees to the nearest neighborhood park within a half mile radius of the development, staff recommends that the City be divided into three park impact districts: the West Area, Central Area and East Area (as shown on Attachment 1), and the fees collected within a district to be eligible to be allocated to any project throughout the impact district. The West district covers the area from the Marengo to the West City Limit; the Central district covers the area from Marengo east to Allen Avenue; and the East district covers the area from Allen Avenue to the East City Limits.

Staff proposes that 90 percent of the residential impact fees collected within each park impact district be distributed among the neighborhood and community parks within the district based on priority and need as established by the Recreation and Parks Commission and the City Council. The remaining ten percent of the funds will go to the citywide parks to be distributed by priority. For example, currently in the proposed West impact district, there are six projects in the *FY 2000 Capital Improvement Program* budget with a total of \$119,857 of residential impact fees appropriated to them. Because of the current distribution method of Residential Impact Fees, none of these projects are completely funded.

Table 2: Projects Located Within Proposed West Impact District

Project Name	Total Estimated Cost	Residential Fees Appropriated Through FY 2000	Other Funding	Unfunded Amount
Robinson Park - Resurface Pool	35,000	906	0	34,094
San Rafael Park - Walkway Lighting & Security Lighting	76,000	1,361	0	74,639
Singer Park - Various Projects	66,750	906	0	65,844
Brenner Park - Tennis Court Lighting	60,000	25,864	0	34,136
San Rafael Park - Site Improvements	89,756	26,775	60,889	2,092
Central Park - Walkway Lighting and Security Lighting	470,000	64,045	0	405,955
TOTAL	797,506	119,857	60,889	616,760

If the current appropriations were redistributed based on the proposed districts, one or possibly even two of the six projects could be fully funded and constructed, rather than having six partially funded projects in the budget without any probable chance of becoming fully funded in the foreseeable future.

For FY 2001, \$80,273 in Residential Impact Fees is available for appropriation. Based on the current method of distribution, this money would be divided among sixteen different parks in the manner listed below:

Table 3: Distribution of Residential Impact Fees Using Current Method

Brenner Park	\$ 908	Central Park	\$ 29,099
La Pintoresca Park	2,268	Memorial Park	4,422
Robinson Park	2,265	Allendale Park	3,176
Grant Park	1,362	Jefferson Park	1,708
McDonald Park	701	Villa-Parke	19,135
Washington Park	454	Eaton-Blanche Park	3,632
Hamilton Park	680	Victory Park	226
Brookside	5,663	Lower Arroyo Park	4,574

If the proposed method were approved, rather than appropriating the money to sixteen different parks, the distribution would be as follows:

- WEST PARK IMPACT DISTRICT \$ 38,962
 - CENTRAL PARK IMPACT DISTRICT \$ 26,536
 - EAST PARK IMPACT DISTRICT \$ 4,538
 - CITYWIDE PARKS \$ 10,237
- TOTAL \$ 80,273**

ANALYSIS

In establishing park impact districts staff looked for a rational basis for dividing the city. These districts were formed after analyzing many factors such as: the amenities and activities offered at each park; park usage; population and age demographics; and the capital needs of each park. Each district has an equitable number of parks with a minimum of two community parks and three neighborhood parks, and the population of the City's children is fairly distributed between districts.

At the time this fee was originally adopted, it was assumed that people would most frequently use the park nearest to their home. Today, that is not necessarily the case. Usage statistics from our parks indicate that residents travel to the park that offers the activity they seek. In addition, the City now provides the free ARTS bus service with routes that pass within a block or two of most of the parks. Because residents travel to the park that offers the activity they seek, it is reasonable to assume that the greatest impact of residential development expands past the neighborhood park to the entire district.

Traveling to the park of choice is especially true for those who participate in organized sports leagues. There are a variety of organized sports leagues including soccer, baseball, softball, flag football and rugby that are played throughout the city. The sports are played at the parks that have a field large enough to accommodate the size of the activity. Due to the large amount of space that is needed to play soccer, it is only available eight parks. Therefore, most residents have to travel to play in a soccer league.

Attachment 2 shows the activities and amenities available at each park per proposed district. Robinson Park, Villa-Parke and Victory Park are the city's most heavily used parks and they draw residents from all areas of the city. These three parks have a community center, gymnasium and the largest amount of organized activities. Each of these parks has been placed in a different district.

In addition, when staff analyzed the Residential Impact Fees that have been collected over the last five years by proposed park impact districts (see Attachment 3), it was determined that the West District received the largest amount of residential impact fees. However, upon further analysis, it was clear that the West District also has the largest unfunded need in the FY 2000 CIP:

<u>District</u>	<u>Unfunded Needs</u>
West	\$7,615,121
Central	\$1,147,490
East	\$3,193,244

Finally, the population distribution in the City of Pasadena was analyzed by proposed impact district. In examining the overall population, the Central District had 45 percent of the population while the East had 30 percent and the West had 25 percent (see Attachment 4). However, in examining the population of each district for children up to the age of nineteen, the population is distributed fairly equally with the Central District at 40 percent and the West and East District at 30 percent each.

For these reasons, staff recommends modifying the method used to distribute the Residential Impact Fees. By allowing all the money collected to be used for any projects within a specific geographical region, the City will have the ability to fully fund and complete some projects. This will also give the Recreation and Parks Commission and the City Council greater flexibility in allocating money to the projects which have the highest priority and need.

REDISTRIBUTION OF FEES

Adoption of the resolution will also enable a redistribution of the Residential Impact Fees received prior to the date of the resolution based upon the facts presented above. Although the resolution expands the geographic impact area within which the development fees may be expended, these redistributed impact fees will be spent to mitigate the impact of the underlying developments. The redistribution of the fee will still ensure that the new residents pay for the acquisition of new park lands and/or the increase level of maintenance in the parks which are needed as a result of the increased usage they generate.

At the time this fee was originally adopted, it was assumed that people would most frequently use the park nearest to their home. Usage statistics from our parks indicate that this assumption is no longer correct, as residents travel to the park that offers the activity they seek within a larger radius, not solely based upon proximity to home. Therefore, Council is asked to concur by finding that the redistribution of the fees as set forth herein will more clearly mitigate the impact of residential development.

PARK CLASSIFICATIONS

Section 4.17.040 of *Ordinance 6252 - the New Residential Impact Fee* defines the different park classifications as Neighborhood, Community and Citywide parks. The difference between the classifications is defined by the size of the park and the age group the park is designed to attract. In addition, the definition includes the primary users of the park. The current ordinance classifies the parks as:

Neighborhood Parks. These facilities are approximately 1 to 6 acres in size, and are designed primarily to provide facilities for preschool and elementary age children. They may be combined with or be located adjacent to elementary schools. They primarily serve the immediately surrounding area.

Community Parks. These facilities are approximately 5 to 25 acres in size and are designed primarily for recreational activities of all age groups. They serve and attract users from a wider community than the neighborhood parks. They may be combined with or be located adjacent to junior high or high school sites.

Citywide Parks. These parks afford contact with the natural and/or historic environment and possess a unique character or function not found in neighborhood or community parks. They contain facilities which are used by residents throughout the city for activities which cannot be accommodated in other parks.

As the findings of this report point out, the park usage patterns have changed and residents are willing to go to the park that offers the activity of interest. As a result, staff recommends amending *Section 4.17.040 of Ordinance 6252* to remove the usage statements from the definitions. It is no longer true that neighborhood parks "primarily serve the immediately surrounding area". The Neighborhood and Community Parks classifications will be changed to read as follows:

Neighborhood Parks. These facilities are approximately 1 to 6 acres in size, and are designed primarily to provide facilities for preschool and elementary age children. They may be combined with or be located adjacent to elementary schools.

Community Parks. These facilities are approximately 5 to 25 acres in size and are designed primarily for recreational activities of all age groups. They may be combined with or be located adjacent to junior high or high school sites.

This recommendation allows for a clear definition of the classification with out changing the intended meaning. Park classifications have little to do with who uses the park but rather the size and design of the park. This amendment will not alter the original intent of *Ordinance 6252 - the New Residential Impact Fee*.

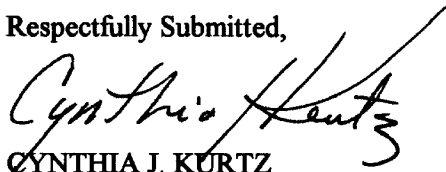
RECREATION AND PARKS COMMISSION

At the July 6, 2000 meeting of the Recreation and Parks Commission, they voted to endorse the proposed disbursement method of Residential Impact Fees.

FISCAL IMPACT:

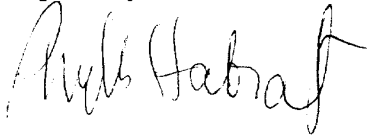
Changing the method used to allocate Residential Impact fees will not affect the level of revenue generated, but will result in more efficient use of available funds.

Respectfully Submitted,



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