

Agenda Report

TO: City Council

DATE: August 18, 2003

FROM: City Manager

SUBJECT: Residential Impact Fee Policy

RECOMMENDATION

This report was requested by the City Council to allow a review and possible amendment to Chapter 4.17 of the Municipal Code, "Residential Impact Fee" regarding the distribution of the revenue generated by the fees.

BACKGROUND

The City's Residential Impact Fee was created in 1988, as set forth in Ordinance 6252, to fund increased maintenance of City parks. The fee is intended to tie increased costs of park maintenance to increased usage resulting from new residential development. The current fee of \$3,659 is imposed on new residential development including single-family homes and multiple family residences and must be paid when a building permit is secured.

The disbursement methodology described below (adopted in July, 2000) was designed to create a reasonable nexus between fees resulting from specific developments and investment in parks likely to be impacted by that development. The city is divided into three park impact districts: the West Area, Central Area and East Area (as shown on Attachment I). The West district covers the area from Marengo Avenue 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. Ninety percent of the residential impact fee collected within each park impact district is distributed among the neighborhood and community parks within the district

and remaining ten percent of the fee goes to the citywide parks. Table 1 below lists Pasadena's 23 parks.

Table 1: Pasadena's Parks

<u>West District</u>	<u>Central District</u>	<u>East District</u>	<u>Citywide Parks</u>
Brenner Park	Allendale Park	Eaton Blanche Park	Brookside Park
Central Park	Grant Park	Eaton Wash Park	Hahamongna
Defenders Park	Jefferson Park	Gwinn Park	Lower Arroyo Park
La Pintoresca Park	McDonald Park	Hamilton Park	
Memorial Park	Villa Parke	Sunnyslope Park	
Robinson Park	Washington Park	Victory Park	
San Rafael Park			
Singer Park			

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 park 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 city parks indicate that residents travel to the park that offers the activity they seek. In addition, the City now provides the 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.

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.

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. 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.

Since the inception of the revised distribution policy, the city has collected \$2,842,858 in Residential Impact Fees with the following distribution:

District	Total Collected
West	\$965,794
Central	\$1,514,056
East	\$104,555
Citywide	\$258,453
Total	\$2,842,858

The City has enjoyed increased funding for park capital improvements over the last several years due to three factors. First, two state bond measures (Proposition 12 and Proposition 40) have brought approximately \$2.7 million in per capita funding to Pasadena's parks. The City has had the discretion to use this funding based on local priorities. Second, the City has been successful in securing nearly \$3 million in grants (e.g. Proposition 13 – Water Bond, Local Assistance Grant - \$999,670, Non-Motorized Trails Grant - \$275,000, Santa Monica Conservancy – Proposition 40 Grant - \$375,000) for specific projects. Finally, the City Council recently approved an increase of the Residential Impact Fee from \$756 to \$3,659 per unit. The district distribution coupled with this infusion of funding have allowed positive changes in parks. Some of the high profile improvements that have been made or will soon be completed include:

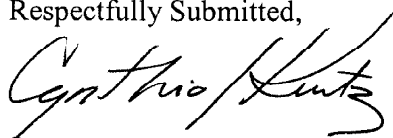
- Replacement of play equipment at eight parks
- Repair and replacement of walkways and security lighting systems and walkway replacements
- Resurfacing and renovation of sport courts
- Renovations to picnic areas
- Installation of new bleachers
- Replacement of drinking fountains

As part of the approval process of the Fee increase in February 2003, the Recreation and Parks Commission recommended and the City Council approved a full analysis of the Residential Impact Fee ordinance. This analysis is to include an examination of the factors used in the fee calculation methodology. This study is scheduled to be completed and returned to Council in March 2004.

FISCAL IMPACT

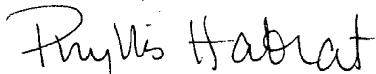
On April 25, 2003 the increased Residential Impact Fee approved by the City Council on February 24, 2003 went into effect. The Council exempted affordable housing from increases to the Fee and the per unit fee paid for them remains at \$756 per unit.

Respectfully Submitted,



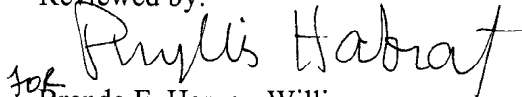
CYNTHIA J. KURTZ
CITY MANAGER

Prepared by:



Phyllis Habrat, Management Analyst
Finance and Management Services
Department of Public Works

Reviewed by:



^{for} Brenda E. Harvey-Williams
Finance and Management Services Administrator
Department of Public Works

Approved by:



Martin Pastucha, Director
Department of Public Works