



City of Long Beach
Working Together to Serve

Memorandum

Date: June 20, 2017

To: Patrick H. West, City Manager *T.M.L.*

From: Marie Knight, Director of Parks, Recreation and Marine *M.K.*

For: Mayor and Members of the City Council

Subject: **Park Impact Fees (Citywide)**

On March 24, 2017, the City Council requested additional information regarding Park Impact Fees (park fees); specifically, what the allowable uses of the fees are and how projects are prioritized for fee usage. This memorandum addresses those questions, while also providing some background information about park fees.

About Park Fees

On February 7, 1989, the City Council adopted Ordinance C-6567, establishing Park Impact Fees as Section 18.18 of the Long Beach Municipal Code. Ordinance C-6567 was updated by Ordinance 07-0036 in 2007 (Ordinance).

A park fee is a monetary exaction imposed on new residential development to help mitigate the impacts of property improvements, assuring new development pays their fair share of impacts on parkland and recreational facilities. The fee is intended to pay for the cost of constructing the same level of service in parkland availability and recreational facilities for new residents of the City, as well as current residents.

The premise is derived from the strong direct relationship, or nexus, between new development and the impact on existing parks, causing the need for additional parkland to meet the influx of new residents. The Ordinance requires the preparation of a Nexus Study every five years to clearly demonstrate a reasonable relationship between the public need for the recreation facility or parkland and the type of development project upon which the fee is imposed.

Annual and Five-Year Reports are provided to the City Council and the public to fulfill State Government Code and Long Beach Municipal Code-mandated reporting and disclosure requirements. Further, to ensure the City Council is fully informed of the status of unexpended funds, five-year reports are submitted annually.

Calculation and Payment of Park Fees

Per the Ordinance, park fees are assessed on residential developments inclusive of single-family homes, multi-family homes, mobile homes, and loft/studio units (work/live or accessory units). The Development Services Department calculates the amount of the

Park Impact Fees

June 20, 2017

Page 2

applicable park fees by determining the number and type of dwelling units in the proposed residential development project and multiplying this by the amount of park fees per dwelling unit, by type, as established by City Council Resolution (Resolution 07-0100, adopted in 2007).

All residential developments are required to pay park fees prior to the issuance of a certificate of occupancy. Payment of park fees is a condition of development approval of all residential development projects, and no tentative map or parcel map or site plan will be approved nor will a building permit be issued without compliance with the provisions of Section 18.18. Upon the collection of park fees, the revenue is placed into an interest-bearing trust fund account and these funds are not commingled with any other City funds or revenues.

Uses of Park Fees

Funds derived from payment of park fees are used solely and exclusively to fund parkland acquisition and recreation improvements, and as identified in the Annual and Five-Year Reports, or to reimburse the City for expenditures, advances or indebtedness incurred for the acquisition of parkland or construction of recreation improvements.

Park fees are not permitted to be used for the provision of parkland or recreation improvements relating to (i) the needs of existing City residents, (ii) the enhancement of park and recreation facilities to provide a higher level of service to existing City residents, (iii) operation and maintenance costs associated with City park and recreation facilities, (iv) repair and/or replacement of existing park and recreational facilities, or (v) the provision of recreational services and programming. Consistent with the allowable uses, the City continues to prioritize projects based on such factors as: master planned, undeveloped parks; investment/acquisition in park deficient areas; and to add new amenities to meet increased community impact at existing parks. As new projects or opportunities are identified, the list of priority projects is updated by staff and brought to the City Council each spring for approval as part of the annual report. Only projects included in this list are eligible for use of park fees.

The City is required to commit and/or expend collected park fees within five years from the date of deposit, which is accomplished through the City's annual budget process and the annual report.

Impact Fee Nexus Study

The most recent park fee update was October 1, 2010. Per Ordinance, the continued validity of the fee calculation methodology and the automatic annual adjustment is determined through a Nexus Study, which is required to be presented to the City Council for its consideration and action every five years commencing with the Annual Report due on or before July 15, 2012. The five-year period is set to expire in 2017, and, in January 2017, the Parks, Recreation and Marine Department began the process of updating the Nexus Study.

Park Impact Fees

June 20, 2017

Page 3

The City has retained Wildan Financial Services to prepare the 2017 Park Impact Fees Nexus Study Update (Study). The Study will analyze several key features to determine any changes to the current park fee and annual adjustment. This analysis will include:

- Inventory of park and recreation facilities;
- Standard metrics by which the level of park facility service will be measured;
- Industry costs of providing parks and recreational facilities;
- Evaluation of Long Beach demographic and population information to identify the existing standard for park facilities necessary to calculate an adequate fee for the current level of service; and,
- Fee calculation based on unit costs and number of residents per dwelling unit for Long Beach housing types.

It is anticipated the Study will be completed and presented to the City Council later this summer. Following this process, the Department of Parks, Recreation and Marine will update the 2018 Report to reflect park projects consistent with citywide park priorities and available funding.

For additional information, please contact Marie Knight, Director of Parks, Recreation and Marine, at (562) 570-3170.

MK:vd:SS:MR

cc: Charles Parkin, City Attorney
Tom Modica, Assistant City Manager
Anitra Dempsey, Interim Deputy City Manager
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Meredith Reynolds, Parks, Recreation and Marine Park Development Officer
City Clerk (Ref. File #17-0171)