

APPROVED

June 23, 2025

BOARD OF RECREATION AND PARK COMMISSIONERS

BOARD REPORT

NO. 25-102

DATE June 23, 2025

C.D. ALL

BOARD OF RECREATION AND PARK COMMISSIONERS

SUBJECT: PARK FEE ORDINANCE – CHANGES TO THE PARK FEES SECTION OF THE SCHEDULE OF RATES AND FEES – STATUTORY EXEMPTION FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO ARTICLE 18, SECTION 15273(a)(4) [CEQA DOES NOT APPLY TO THE ESTABLISHMENT, MODIFICATION, STRUCTURING, RESTRUCTURING, OR APPROVAL OF RATES, TOLLS, FARES, OR OTHER CHARGES BY PUBLIC AGENCIES FOR THE PURPOSE OF OBTAINING FUNDS FOR CAPITAL PROJECTS, NECESSARY TO MAINTAIN SERVICE WITHIN EXISTING SERVICE AREAS] OF CALIFORNIA CEQA GUIDELINES AS WELL AS ARTICLE II, SECTION 2(o)(4) OF CITY CEQA GUIDELINES

B. Aguirre _____ M. Rudnick _____
B. Jones _____ for* C. Santo Domingo DF
C. Stoneham _____ N. Williams _____



General Manager

Approved X Disapproved _____ Withdrawn _____

RECOMMENDATIONS:

1. Authorize staff to amend the Park Fees section of the Schedule of Rates and Fees as outlined in the Summary of the Report, and detailed on the attached schedule (Attachment 1), which is to be effective July 1, 2025;
2. Determine that the changes to the Park Fees section of the Schedule of Rates and Fees is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article 18, Section 15273(a)(4) [CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies for the purpose of obtaining funds for capital projects, necessary to maintain service within existing service areas] of California CEQA Guidelines and Article II, Section 2, Class (o)(4) of City CEQA Guidelines, and direct RAP staff to file a Notice of Exemption (NOE) with the Los Angeles County Clerk and the Governor's Office of Land Use and Climate Innovation;
3. Authorize the RAP Chief Accounting Employee to prepare a check to the Los Angeles County Clerk in the amount of \$75.00 for the purpose of filing an NOE; and
4. Authorize the RAP Chief Accounting Employee or designee to make technical corrections as necessary to carry out the intent of this Report.

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SUMMARY

On September 7, 2016, the City Council approved the new Park Dedication and Fee Update Ordinance (Park Fee Ordinance), Ordinance No. 184,505, and approved a Resolution relative to a General Plan Amendment to amend the Public Recreation Plan of the Service Systems Element of the City of Los Angeles General Plan.

The Park Fee Ordinance requires all new residential dwelling units to dedicate land, or pay a fee in-lieu, or provide a combination of land dedication and fee payment, for the purpose of acquiring, expanding, and improving park and recreational facilities for new residents. Certain affordable housing units and accessory dwelling units may be exempt from any requirement to pay a fee.

On December 14, 2016, the Board of Recreation and Park Commissioners (Board) approved the establishment of a new Park Fees Section of the Schedule of Rates and Fees, which included the initial adjustment of the parks fees and the establishment of an administrative fee, and authorized the establishment of various special fund accounts for the deposit of collected fees (Report No. 16-248).

PARK FEE ANNUAL ADJUSTMENT PROCEDURE

Per Section 12.33.E.5 of the Park Fee Ordinance and LAMC Chapter 1A SEC. 10.4.5.D, the park fees are to be adjusted using a combination of annual changes in a construction cost index and a land value index: "Any fee imposed by this Section shall be adjusted on July 1st of each year by a percentage equal to a weighted average of: (1) the percentage change in 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 percentage change in the Federal Reserve Economic Data All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD) as published quarterly by the Federal Reserve Bank of St. Louis, or its successor publication, from the fourth calendar quarter most recent to the year in which the adjustment is made to the fourth calendar quarter immediately preceding it."

RECOMMENDED PARK FEE ADJUSTMENT

The calculation of the Park Fee adjustment is detailed below. The calculation of the Park Fee adjustment is based on the data provided in Engineering News Record's Construction Cost Index for Los Angeles and the percentage change in the Federal Reserve Economic Data All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD) as published quarterly by the Federal Reserve Bank of St. Louis. Note that all percentages have been rounded, up or down, to the nearest one-tenth of a percent.

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(1) Construction Cost Index for Los Angeles

March 2024	15219.84
March 2025	15778.36
Percent Change	3.7%

(2) Federal Reserve Bank of St. Louis's Federal Reserve Economic Data All-Transactions House Price Index (all homes)

Q4 2023	522.27
Q4 2024	551.44
Percent Change	5.6%

The Park Fee Ordinance prescribes the use of a “weighted average” of the two indexes to calculate the annual adjustment. The Park and Recreation Site and Facility Fee Study (Fee Study) that was prepared by the City and provided the technical analysis and nexus findings to support the development of the Park Fee Ordinance, determined that 82% of the park and recreational fee is attributed to land acquisition costs to serve future developments. Therefore, for the annual adjustment of the park fees, the two indexes are being weighted according to the percentage breakdown identified in the Fee Study.

(3) Adjustment Factor Derivation

	Value	Weight	Weighted Value
Construction Cost Index	3.7%	18%	0.666%
Median Home Sales Price	5.6%	82%	<u>4.592%</u>
Weighted Average			5.258%

Based on the analysis detailed above, the park fee adjustment factor would be 5.3%. In order to calculate the new Park Fee, the park fee adjustment factor of 5.3% will need to be applied to the current fees identified in the Park Fees section of the Schedule of Rates and Fees. Note that the dollar values for the “New Fees” have been rounded, up or down, to the nearest whole dollar.

(4) Current Park Fees

	Current Fee	Adjustment %	New Fee
Subdivision Projects	\$17,060.00	5.3%	\$17,964.00
Non-subdivision Projects	\$8,362.00	5.3%	\$8,805.00

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Upon approval of this Report by the Board, the “New Fee” shown above would be established in the Park Fees section of the Schedule of Rates and Fees as the fee schedule to be effective from July 1, 2025 to June 30, 2026.

ADMINISTRATIVE FEES

The Board has previously authorized the establishment of a Park Fee Program Administration Account No. 89720H under Fund No. 302 and Dept. No. 89 for the deposit of the administrative service fees (Report No. 16-248) and adopted an administrative service fee currently in the amount of five percent for the Park Fee program (Report No. 17-242). The administrative fee was established to help ensure that sufficient staffing and resources will be available to effectively manage the Park Fee program. As discussed in Report No. 16-248, the establishment of an administrative fee is allowable under Park Fee Ordinance and, pursuant to Section 12.33.J.1 of the Park Fee Ordinance, the collected Park Fees can be used for “any administrative costs incurred by the City in accordance with this section”. Following the approval of Report No. 16-248, RAP established a specific work order number which it is using to track administrative expenses related to the Park Fee Program. As of April 21, 2025, the Park Fee Program Administration Account revenue and expenses are as follows:

Administrative Fee Balance (as of 7/1/2024)	\$ 11,195,866.15
Administrative Fee Revenue	\$ 1,534,705.60
Administrative Fee Interest	\$ 203,074.27
Administrative Expenses & Encumbrances	<u>(\$ 666,552.06)</u>
Total Balance (as of April 21, 2025)	\$ 12,267,093.96

Based on the current rate of expenditures from the Park Fee Program Administration account, and the current balance of the Park Fee Program Administration account, RAP is not recommending any change in the administrative service fee at this time.

ENVIRONMENTAL IMPACT

New residential dwelling units increase demand on existing park and recreational facilities and create the need for building additional facilities. The purpose of park fees is to enable the acquisition of land and the collection of funds to be used for the purpose of developing new or rehabilitating existing recreational facilities in order to maintain the same level of recreational and open space services throughout the City.

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The proposed Board action consists of the approval of rate increases for the purpose of obtaining funds for capital projects to maintain adequate park services within existing service areas. As such, staff recommends that the Board determine that this action is statutorily exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Article 18, Section 15273(a)(4) of California CEQA Guidelines as well as Article II, Section 2, Class (o)(4) of City CEQA Guidelines. Staff will file a Notice of Exemption with the Los Angeles County Clerk and the Governor's Office of Land Use and Climate Innovation upon Board's approval.

FISCAL IMPACT

The amendment of the Park Fees section of the Schedule of Rates and Fees will have no fiscal impact on the RAP General Fund.

This Report was prepared by David Lee, Management Assistant, Planning, Maintenance and Construction Branch.

LIST OF ATTACHMENTS

1. Proposed Amendment to the Schedule of Rates and Fees

PARK FEES
(Revised 5/24)
(Revised 4/25)

PARK FEES

Pursuant to Los Angeles Municipal Code Section 12.33 and LAMC Chapter 1A SEC. 10.4, all new, non-exempt, residential dwelling units shall be required to dedicate land, pay a fee or provide a combination of land dedication and fee payment for the purpose of acquiring, expanding and improving park and recreational facilities for new residents. The fee amount depends on the type of residential development project (Subdivision or Non-Subdivision).

The Department of Recreation and Parks (RAP) shall collect these fees pursuant to RAP's schedule of rates and fees.

Residential Subdivision projects are subject to the Quimby in-lieu fee and shall pay:

~~\$17,060.00~~ **\$17,964.00** (per each new non-exempt dwelling unit)

Non-subdivision Residential projects are subject to the Park Mitigation fee and shall pay:

~~\$8,362.00~~ **\$8,805.00** (per each new non-exempt dwelling unit)

The park fee schedule above shall be effective from ~~July 1, 2024 to June 30, 2025~~
July 1, 2025 to June 30, 2026.

PARK FEE ANNUAL ADJUSTMENT

Pursuant to Los Angeles Municipal Code Section 12.33.E.5 and LAMC Chapter 1A SEC. 10.4.5.D, any fee imposed by 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 percentage change in the Federal Reserve Economic Data All-Transactions House Price Index for Los Angeles-Long Beach-Glendale, CA (MASD) as published quarterly by the Federal Reserve Bank of St. Louis, or its successor publication, from the fourth calendar quarter most recent to the year in which the adjustment is made to the fourth calendar quarter immediately preceding it.

The park fee adjustment factor that shall be effective on ~~July 1, 2024~~ **July 1, 2025** is ~~4.8%~~
5.3%.

PARK SERVICE FACTOR

Pursuant to Los Angeles Municipal Code Section 12.33 D and LAMC Chapter 1A SEC. 10.4.4, Residential Subdivision projects with more than 50 residential dwelling units may be required by the City to dedicate land to the City for park and recreation purposes. The amount of land to be dedicated is calculated pursuant to the formula detailed in the Los Angeles Municipal Code.

Park Service Factor for Residential Subdivision projects:

$$F = 0.00251 \text{ (2.51 acres of park land per 1,000 residents)}$$

Pursuant to Los Angeles Municipal Code Section 12.33 H.1 and LAMC Chapter 1A SEC. 10.4.8.A.1.a, Residential Subdivision projects with less than 50 residential dwelling units may offer to dedicate land to the City for park and recreation purposes in lieu of paying Park Fees. The amount of land to be dedicated is calculated pursuant to the formula detailed in Los Angeles Municipal Code.

Park Service Factor for Residential Subdivision projects:

$$F = 0.00251 \text{ (2.51 acres of park land per 1,000 residents)}$$

Pursuant to Los Angeles Municipal Code Section 12.33 H.1 and LAMC Chapter 1A SEC. 10.4.8.A.1.b, Non-subdivision Residential projects may offer to dedicate land to the City for park and recreation purposes in lieu of paying Park Fees. The amount of land to be dedicated is calculated pursuant to the formula detailed in Los Angeles Municipal Code.

Park Service Factor for Non-subdivision Residential projects:

$$F = 0.00123 \text{ (1.23 acres of park land per 1,000 residents)}$$

PAYMENT OF PARK FEES

All Park Fees shall be paid to the City of Los Angeles, Department of Recreation and Parks.

Accepted methods of payments: Credit Card or Automatic Clearing House payments for eligible applicants ONLY. Credit Card payments will be assessed an additional non-refundable service fee.

Cashier's Checks, Certified Checks, and Official Checks are accepted for payments exceeding One Million Dollars (\$8,000,000.00).

No CASH or MONEY ORDERS or personal/business checks.

Checks should be made payable to the City of Los Angeles, Department of Recreation and Parks.

Park Fee payments may be made at, or be mailed to, the following address:

Attention: Park Fees Program
City of Los Angeles Department of Recreation and
Parks 221 North Figueroa Street, Suite 400 (Fourth
Floor)
Los Angeles, California 90012

Park Fees that are not paid by ~~June 30, 2025~~ **June 30, 2026** shall be subject to recalculation.

PARK FEE PROGRAM ADMINISTRATION

Pursuant to Los Angeles Municipal Code Section 12.33.J.1 and LAMC Chapter 1A SEC. 10.4.10.A, the collected park fees can be used for any administrative costs incurred by the City in accordance with that section.

5% of all Quimby in-lieu Fees and Park Mitigation Fees to be deposited into the Park Fee Administration Account.

95% of all Quimby in-lieu fees to be deposited into the Quimby In-Lieu Fee Account.

95% of all Park Mitigation fees to be deposited into the Park Mitigation Fee Account.