

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 16, 2022

CAO File No. 0220-06042-0000

Council File No. 15-0719-S19

Council District: Various

To: The Council

From: Matthew W. Szabo, City Administrative Officer 

Reference: Letter to the Budget and Finance Committee dated November 2, 2022

Subject: **TRANSPORTATION DEMAND MANAGEMENT NEW DEVELOPMENT REVIEW FEES AND PROPOSED MOBILITY INVESTMENT TRUST FUND**

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### RECOMMENDATION

That the Council note and file this report.

### SUMMARY

In a letter to the Budget and Finance Committee dated November 2, 2022 (see attached), the City Clerk states that on November 1, 2022, the Planning and Land Use Management Committee and the Transportation Committee approved various recommendations related to an update of the Citywide Transportation Demand Management (TDM) Program (C.F. 15-0719-S19) on November 1, 2022. Among their actions, both Committees referred this matter to the Budget and Finance Committee and instructed the City Administrative Officer to report regarding the new Development Review Fee Ordinance and Mobility Investment Trust Fund, and if the recommended Fee Ordinance is fully cost-recoverable and not expected to negatively impact the General Fund.

#### New Proposed Development Review Fees

This Office finds that the new and revised Development Review Fees in the draft Development Review Fee Ordinance (Attachment B in the Los Angeles Department of Transportation [LADOT] Report dated October 26, 2022) reflect full cost recovery of LADOT costs to perform developer TDM review services reflected in the revised TDM Ordinance and detailed in the LADOT Report and its attachments. No negative impact to the General Fund is anticipated. Prior to the release of the LADOT Report, this Office reviewed the Development Review Fees proposed by LADOT and the costs estimated by the Department for the proposed services. This Office worked with the Department to ensure that the proposed fees complied with the State of California requirement that the level of fees reflect the reasonable cost and benefit to the payor based on the information provided by LADOT.

## New Proposed Mobility Investment Trust Fund

The TDM Ordinance requires new development projects to integrate sustainable transportation options and incentives to minimize the number of vehicle trips they generate. TDM programs aim to shift transportation demand from driving alone to sustainable modes such as those of pedestrians, public transportation, vanpools, and bicyclists. In its October 26, 2022 Report, LADOT requests approval to establish a new City Fund, titled Mobility Investment Trust Fund, to receive voluntary contributions from developers who may choose specific options among the proposed TDM strategies to fund specific types of projects to enhance sustainable transportation. Additionally, LADOT requests approval to dissolve the current Neighborhood Traffic Management Trust Fund and Bicycle Plan Trust Fund and to have these Trust Funds combined into the new Mobility Investment Trust Fund. LADOT has also stated its intent to dissolve the Automated Traffic Surveillance and Control (ATSAC) Fund in order to combine it with the proposed Mobility Investment Trust Fund. LADOT states that the three existing Funds to be dissolved are funded by developer contributions and that their current funds will be transferred to the new proposed Fund for continued management for the same goals through that Fund.

The Department states that establishment of the new Fund will enable the expansion of the types of projects that a developer can fund through the proposed TDM strategies required for sustainable transportation. While the Department currently had Funds specifically for traffic calming improvements, bike plan related enhancements, and ATSAC, the new Fund will allow for contributions toward Vision Zero, transit, parking, and mobility improvements. The Department will continue to administer separate Funds funded by developers for California Environmental Quality Act-related mitigation measures which are governed by a different set of rules from the TDM strategies.

The Mobility Investment Trust Fund's appropriation options consist of Access Improvements, Mobility Management, and ATSAC / Intelligent Transportation System (ITS). Access Improvements will fund improvements, including but not limited to, complete streets and neighborhood traffic calming infrastructure and curb management. Mobility Management will fund capital, operations, and maintenance for existing programs including but not limited to, transit, carshare, and bike share programs. ATSAC / ITS will fund traffic signal enhancements via LADOT's ATSAC Program or other ITS projects. All funds are intended for capital improvements and not overhead costs such as salaries. LADOT states that the funds can serve to address budget shortfalls in existing projects, or as a local match for a grant funded project, or (if enough funds are collected) fund the entire cost of a project.

The Department states it is unable to provide the anticipated level of revenue to the new Fund because it will vary based on developer projects and the timing of the project. Should a developer be required to make a contribution for a TDM strategy, the contribution will not become due until the developer is ready to apply for their building permit.

## **FISCAL IMPACT STATEMENT**

Approval of the recommendation in this Report will have no impact on the General Fund. With the approval of the new proposed Development Review Fees in the Los Angeles Department of Transportation (LADOT) Report dated October 26, 2022 (C.F. 15-0719-S19), LADOT estimates a total of \$2.17 million in annual revenue of which \$1.74 million will be received as revenue by the General Fund and \$430,000 will be received as revenue by the Transportation Review Fee Fund, a fee-supported Special Fund. The proposed fees provide full cost recovery.

## **FINANCIAL POLICIES STATEMENT**

The recommendation in this Report complies with the City Financial Policies in that it recommends to note and file this Report.

*MWS:SAM:06230041*

Attachment

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CITY CLERK

City of Los Angeles  
CALIFORNIA

OFFICE OF THE  
CITY CLERK

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ERIC GARCETTI  
MAYOR

November 2, 2022

Councilmember Paul Krekorian, Chair  
Budget and Finance Committee

RE: Council File No. 15-0719-S19

On November 1, 2022, the Planning and Land Use Management and Transportation Committees considered an October 26, 2022 Los Angeles Department of Transportation and September 22, 2022 City Planning Department reports, Environmental Impact Report and associated addendums, and other City Planning documents relative to updating the the Citywide Transportation Demand Management (TDM) Program. After consideration and having provided an opportunity for public comment, both Committees moved to make the following recommendations:

Recommendations for Council action:

1. FIND based on the independent judgment of the decision-maker, after consideration of the whole of the administrative record, the project was assessed in the previously certified Environmental Impact Report (EIR) No. ENV-2013-0911-EIR, SCH No. 2013041012, certified on November 25, 2015 (Council File No. 15-0719); Addendum No. ENV-2013-0911-EIR-ADD1, dated December 3, 2015 (Council File No. 15-0719-S15); Addendum No. ENV-20130911-EIR-ADD2, dated March 2016 (Council File No. 15-0719); and pursuant to California Environmental Quality Act (CEQA) Guidelines, Sections 15162 and 15164 and the Addendum No. ENV-2013-0911-EIR-ADD3, dated September 9, 2022, that no major revisions to the EIR are required and no subsequent EIR or negative declaration is required for approval of the Project.
2. FIND that:
  - a. The Fee Ordinance and Trust Fund Ordinance do not constitute a "project," as defined by CEQA pursuant to CEQA Guidelines Section 15378(b)(4), which states that a "project" does not include "[t]he creation of government funding mechanisms or other government fiscal activities which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.."

- b. That the adoption of the Fee Ordinance and Trust Fund Ordinance are exempt from CEQA based upon CEQA Guidelines Section 15061 (b)(3), since it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and as such the activity is not subject to CEQA.
3. ADOPT the recommendations contained in the September 22, 2022 Department of City Planning [(CPD); (CPC-2021-3141-CA)] report, attached to the Council File.
4. INSTRUCT the DCP to incorporate the new TDM Ordinance, once it is adopted by City Council, into the Los Angeles Municipal Code (LAMC), Chapter 1A )proposed new zoning code), and thereby conform to its new formats/style
5. INSTRUCT the City Administrative Officer (CAO) to prepare a report with recommendations in regard to the New Development Review Fee Ordinance and “Mobility Investment Trust Fund” as recommended by the LADOT in its October 26, 2022 report, attached to the Council File; and, further INSTRUCT the CAO to include in said report if the recommended fee Ordinance is fully cost-recoverable and not expected to negatively impact the General Fund.
6. REQUEST the City Attorney to prepare and present the following Ordinances:
  - a. An Ordinance amending LAMC Section 19.15 (Fee Ordinance; (Attachment B- currently titled “Department of Transportation Traffic Study Review Condition Clearance and Permit Issuance Fees”) to incorporate the new and revised fees which the Los Angeles Department of Transportation (LADOT) as detailed in the October 26, 2022 LADOT report, attached to the Council File.
  - b. An Ordinance to add Article 33 to Chapter 5 of Division 5 of the Los Angeles Administrative Code (LAAC) to establish a new special fund that combines multiple trust funds to be known as the “Mobility Investment Trust Fund” as detailed in Attachment C of the October 26, 2022 LADOT report, attached to the Council File.
  - c. An Ordinance to repeal LAAC Article 13.9 of Chapter 5 of Division 5 Neighborhood Management Trust Fund and LAAC Article 26 of Chapter 5 of Division 5 Bicycle Plan Trust Fund as detailed in as detailed in Attachments D and E of the October 26, 2022 LADOT report, attached to the Council File.
7. REQUEST the City Attorney to prepare and present a new TDM Ordinance, and thereby repeal the existing Ordinance adopted in 1993 amending LAMC Section 12.26 to update the TDM and Trip Reduction Measures, substantially as detailed

in Exhibit A of the October 24, 2022 LADOT and September 22, 2022 CPD (CPC-2021-3141-CA) reports, attached to the Council File; and, further REQUEST the City Attorney, in coordination with the DCP and LADOT, to include in the TDM Ordinance the following:

- a. Revision of hotel thresholds to:
  - i. 25 rooms for Level 1 (currently proposed)
  - ii. 50 rooms for Level 2 (on par with housing)
  - iii. 135 Rooms for Level 3
  
8. REQUEST the City Attorney, upon completion of the CAO fee analysis report, to prepare and present the following Ordinances:
  - a. The new Development Review Fee Ordinance
  
  - b. A second Ordinance to create a new special fund that combines multiple trust funds, to be know as the “Mobility Investment Trust Fund” and thereby repeal the existing “Neighborhood Traffic Management Trust Fund” and the “Bicycle Plan Trust Fund.”

This file is now transmitted to the Budget and Finance Committee.

Adam R. Lid  
Legislative Assistant