

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 10/10/05		Item Number: <u>A-4</u>	
AGENDA ITEM: Request to Issue a Request for Proposal for an Impact Study for Educational Institutions and Non-Profits within the City.			
Contact Person/Dept.: Kellee Fritzal/CDD		Phone Number: (310) 253-5765	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐ Attachments: ☐	
Public Notification: On October 5, 2005, courtesy notices were mailed to Culver City educational institution operators and property owners. On October 5, 2005, email notification was sent to the Master Notification List.			
Department Approval: Susan Evans 9/29/05		CAO Approval: Scott Bixby for Jerry Fulwood 10/4/05	
City Controller Approval: Mary Noller for Marlee Chang 10/4/05			
<u>RECOMMENDATION:</u> That the City Council direct staff to issue an Request for Proposal for an impact (nexus) study regarding educational institutions and non-profit organizations within the City. <u>BACKGROUND:</u> Culver City's public and private educational institutions are an excellent resource for the citizens of Culver City who benefit from the educational diversity and choices provided by these institutions. Currently, the City has eight public schools (five elementary, middle school, high school and continuing education) and 15 private schools (religious, special needs and private elementary). In addition to the private schools, the City also has 71 non-profit organizations based within the boundaries of Culver City. These non-profit organizations either own their own buildings or lease space in commercial buildings. Over the last several years the City has seen a rapid increase of both private educational institutions establishing in areas of the City zoned for manufacturing and industrial uses and non-profits in commercial zoned areas. This increase in the numbers is the result of two primary factors: 1) the steep increase in the price of land or rental prices along the westside of Los Angeles County versus the relatively more affordable land in Culver City; and 2) the availability of large lots and buildings in Culver City's manufacturing and industrial areas that are especially suitable for establishing educational institutions.			

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City Council Agenda Item Report

With the adoption of the new Municipal Zoning Code, all schools are required to obtain a Conditional Use Permit (CUP) which is a discretionary permit. Because the schools are required to obtain a CUP, the City can place various conditions and requirements on the new school. Before the City considers approving additional educational institutions in the City's industrial areas, there are several issues that can be further reviewed. These include sensitivity receptors, land use compatibility and the loss of manufacturing and industrial buildings, as well as lost revenue and the impact to services.

DISCUSSION:

Private schools and/or non-profit organizations that are designated 501©(3) that own or have leasehold interest on a building can file a property exemption that exempts the organizations requirement to pay property taxes. In addition, due to the non-profit status, the organization is also exempted from City business tax. With the loss of both of these revenues the loss of general fund monies to both the Agency and City has a substantial impact.

The impact to the City, is primarily due to the fact that these schools and many non-profit organizations still utilize the services of the City; i.e. police response, fire, public works (roads and traffic impacts), as well as others. These costs are ultimately subsidized by residents and other businesses.

Based upon the influx of the schools and non-profits, and the property tax, business tax and sales tax implications, staff from the City Controller's Office, City Treasurer's Office and Community Development Department have been reviewing the various impacts and means to address the concerns.

These impacts were discussed through e-mail requests to the California Association Local Economic Development Association (CALED) and the California Municipal Financial Association, which are statewide organizations that have members from a majority of the cities. Staff has been reviewing the various options available to the City.

Based upon the impacts and the responses from the City's request, staff also met with the City Attorney's Office and have determined that an impact (nexus) study could be implemented, that provided for those uses that require a discretionary permit (such as a CUP for new schools) can be charged impact fees that cover the cost of the City's police/fire and related services.

The proposed study would be a report that establishes the nexus (connection) between the development project (schools/non-profit) and the cost of the services

City of Culver City, California
City Council Agenda Item Report

that the study determines they utilize; and to create a fee to be levied for each land use based upon the proportionate share.

The nexus – development fee impact program - is in accordance with procedural guidelines established in AB 1600, which is codified in California Government Section 66000 et seq. This code section sets forth the procedural requirements for establishing and collecting development impact fees. These procedures require that a reasonable relationship or nexus must exist between a governmental exaction (fee) and the purpose of the condition. Specifically, each local agency imposing a fee must:

- Identify the purpose of the fee;
- Identify how the fee is to be used;
- Determine how a reasonable relationship exists between the fee's use and the type of development project on which the fee is imposed; and,
- Demonstrate a reasonable relationship between the amount of the fee and the cost of public facility (service) or portion of the public facility (service) attributable to the development on which the fee is imposed.

Therefore, staff is recommending that the City Council direct staff to create and distribute a Request for Proposal (RFP) to hire a consultant to determine the service/facility cost related to a school and/or non-profits that require a discretionary permit from the City.

This nexus study would not be a requirement for the existing schools or non-profits that are located within the City. In addition, Park Century School, which required a CUP for a new location on Landmark Street as one of the conditions, agreed with staff's concern that the loss of revenue would be a factor and has consented that the school will continue to pay the property tax to the City and Agency.

FISCAL ANALYSIS:

The sending of an RFP has fiscal impact (minimal staff time). The ultimate impact will be known when the RFP's have been received.

MOTION:

That the City Council:

Direct staff to issue a Request for Proposal (RFP) for an impact study regarding educational institutions and non-profits within the City.