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**To: Janet Salisbury, Director of Finance**  
**From: Courtney Ramos, Vice President, Matrix Consulting Group**

**SUBJECT: CULTURAL ARTS IN-LIEU FEE**

The Cultural Arts / Landscape in-lieu fee was established in 1997 through resolution and by amendment to the City's zoning ordinance. The fee is currently referenced in Section 20.300.007 of the Municipal Code. This section of the code establishes under landscaping guidelines the establishment of a cultural arts fund, the purpose of which is to promote the provision of public arts. It is only applicable to currently developed lots that are legally non-conforming with respect to the landscaping requirement.

Since the creation of this fee approximately 23 years ago, the fee has been annually increased, but it has not been reevaluated. The City's zoning section indicates that the fee is only applicable on developed parcels, not on new construction related to vacant sites or demolition of more than 20%, and only if the landscaping criteria are not met. Based upon discussions with the City's planning staff, it was determined that due to changes in the zoning code as well as landscaping regulations the division has not had to enforce the type of landscaping requirement that would trigger the developer the option to pay the in-lieu fee. The majority of the time, the landscaping requirements are just made as conditions of approval during the entitlement phase.

Additionally, the City's finance staff reviewed the revenues collected over the last 10 years and there have been no funds collected in the Cultural Arts fund. The fee is currently set at \$8 per square foot compared to the \$5.88 per square foot upon which it was established in 1997. The ordinance simply states that the fee is charged based upon the unit cost included in the Master Fee Schedule. As the fee has not been assessed in the last 10 years, and since zoning regulations have changed so significantly that it is extremely rare for a project to meet the criteria in which such a fee would be applicable, the project team is recommending that this fee be eliminated. The City should consider in its place the creation of a separate public art in-lieu fee.