

CITY OF SANTA CLARA

PARK AND RECREATION FACILITIES DEVELOPMENT IMPACT FEE UPDATE STUDY

ADMINISTRATIVE DRAFT

April 9, 2019



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1. Introduction

This report summarizes an analysis of the need for public facilities and capital improvements to support future development within the City of Santa Clara through 2035. It is the City's intent that the costs representing future development's share of these facilities and improvements be imposed on that development in the form of a development impact fee, also known as a public facilities fee. The public facilities and improvements included in this analysis of the City's public facilities fee program all fall into the parks and recreation facilities category.

Background and Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. To fulfill this objective, public agencies should review and update their fee programs periodically to incorporate the best available information. The primary purpose of this report is to create fees that incorporate current capital facility plans to serve a 2035 service population for the City of Santa Clara.

In 2013, the Santa Clara City Council adopted a strategic objective to develop a draft new housing development impact fee ordinance for parks acquisition and recreation facility development to meet its continued goal of ensuring fiscal responsibility. In 2014, the City adopted an updated park and recreation facilities fee program under the Mitigation Fee Act and the Quimby Act. This report is an update to the 2014 study to incorporate the latest facility cost and land acquisition cost data provided City, who commissioned the data specifically for use in this analysis.

The City imposes public facilities fees under authority granted by the *Mitigation Fee Act*, contained in *California Government Code Sections 66000 et seq.* This report provides the necessary findings required by the *Act* for adoption of the fees presented in the fee schedules contained herein.

Depending on the characteristics of the development project, the City may use the Quimby Act to calculate impact fees. The Quimby Act allows a city to require developers to dedicate at least three acres and up to five acres per 1,000 residents, if the city's existing park standard as of the last Census justifies the higher level.

Public Facilities Financing in California

The changing fiscal landscape in California during the past 40 years has steadily undercut the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have had to adopt a policy of "growth pays its own way." This policy shifts the burden of funding infrastructure expansion from existing taxpayers onto new development. This funding shift has been accomplished primarily through the imposition of assessments, special taxes, and development impact fees also known as public facilities fees. Assessments and special taxes require approval of property owners and are appropriate when the funded facilities are directly related to the developing property. Development fees, on the other hand, are an appropriate funding source for facilities that benefit all development jurisdiction-wide. Development fees need only a majority vote of the legislative body for adoption.

Organization of the Report

The determination of a public facilities fee begins with the selection of a planning horizon and development of projections for population and employment. These projections are used throughout the analysis of different facility categories and are summarized in Chapter 2.

Chapter 3 is devoted to documenting the maximum justified public facilities fee for parks and recreation facilities.

Chapter 4 describes the fee implementation process. The five statutory findings required for adoption of the proposed public facilities fees in accordance with the *Mitigation Fee Act* (codified in *California Government Code* Sections 66000 through 66025) are summarized in Chapter 5.

Facility Standards and Cost Allocation Approach

A facility standard is a policy that indicates the amount of facilities required to accommodate service demand. Examples of facility standards include building square feet per capita and park acres per capita. Standards also may be expressed in monetary terms such as the value of facilities per capita, or the value of improvements per acre or per capita. The adopted facility standard is a critical component in determining development's need for new facilities and the amount of the fee. Standards determine new development's fair share of planned facilities and ensure that new development does not fund deficiencies associated with the existing city infrastructure.

The parks and recreation facilities fees calculated in this report use an existing inventory demand standard translated into facility costs per capita to determine new development's fair share of planned facility costs. A cost standard provides a reasonable method for converting disparate types of facilities, in this case parkland and special use recreational facilities, into a single measure of demand (capital cost per capita). The cost standard is based on the **existing inventory** of parks and recreation facilities. New development would fund the expansion of facilities at the same rate that existing development has provided facilities to date, thus by definition, there is no existing deficiency.

2. Land Use Assumptions

This chapter describes the projections of growth used in this study. The existing service population in 2018 is used as the base year of the study and the planning horizon is the year 2035. This chapter also describes the sources of the unit costs for land and buildings used in this study.

Use of Growth Projections for Impact Fees

Estimates of the existing service population and projections of growth are critical assumptions used throughout this report. These estimates are used as follows:

- Estimates of total development in 2035 are used to determine the total amount of public facilities required to accommodate the future service population.
- Estimates of existing and new development are used to allocate the fair share of total planned facility costs between existing and new development.

Land Use Types

To ensure a reasonable relationship between each fee and the type of development paying the fee, growth projections distinguish between different land use types. The land use types used in this analysis are defined below.

- **Single-family:** Detached and attached one-family dwelling units.
- **Multi-family:** All attached multi-family dwellings such as duplexes, condominiums, plus mobile homes, apartments, and dormitories.
- **Accessory Dwelling Unit:** dwelling unit not exceeding 640 square feet in floor area, and which includes a kitchen, one-bedroom sleeping quarters, and a bathroom on a lot with an existing single-family dwelling.

The City should have the discretion to impose the parks and recreation facilities fee based on the specific aspects of a proposed development regardless of zoning. The guideline to use is the probable occupant density of the development. The fee imposed should be based on the land use type that most closely matches the probable occupant density of the development.

Growth Projections for City of Santa Clara

Park and recreation facilities in Santa Clara primarily serve residents in the City of Santa Clara. Therefore, residents comprise the park and recreation facilities service population.

The base year for this study is the year 2018. The planning horizon is 2035. Resident growth between 2018 and 2035 comprises the growth increment in this analysis. The City's population in 2010 is used to calculate the parkland standard under the *Quimby Act*. The Santa Clara General Plan identified total projected residents in 2035.

Table 1 shows estimates of the growth in terms of residents between 2018 and 2035. The table also shows the City's population in 2010.

Table 1: Parks Service Population

| | Residents |
|----------------------|------------------|
| Census (2010) | 116,468 |
| Existing (2018) | 126,408 |
| Growth (2018 - 2035) | <u>28,392</u> |
| Total (2035) | 154,800 |

Sources: US Census, 2010; CA Department of Finance, Table E-5, 2018; Santa Clara General Plan.

Occupant Densities

Occupant densities ensure a reasonable relationship between the increase in service population and amount of the fee. Developers pay the fee based on the number of additional housing units for residential development. The fee schedule must convert service population estimates into these measures of housing units. This conversion is done with average occupant density factors by land use type, shown in **Table 2**. The residential occupant density factors for both the various types of dwelling units were derived from the most recently available data from US Census' American Community Survey.

Table 2: Occupant Density

| <i>Residential</i> | |
|---|----------------------------------|
| Single Family | 2.98 Residents Per Dwelling Unit |
| Multi-family and Accessory Dwelling Units | 2.40 Residents Per Dwelling Unit |

Sources: U.S. Census Bureau, 2017 American Community Survey, Tables B25024 and B25033.

3. Parks & Recreation Facilities

The following chapter documents the nexus analysis, demonstrating the need for new park and recreation facilities demanded by new development. This analysis documents two separate fees based on the *Quimby Act* and the *Mitigation Fee Act*. The City would collect the fee based a standard of 3.0 acres per 1,000 residents if the development was subject to the *Quimby Act* land dedication requirement. For all other development, the City would collect based on the existing standard through the *Mitigation Fee Act*. The City would only collect one of the two fees depending on which was appropriate.

Existing Park and Recreation Facilities Inventory

The City of Santa Clara maintains several park and recreation facilities throughout the city. **Table 3** summarizes the City's existing parkland inventory. All facilities are located within the City limits. The City has revised this inventory from the prior impact fee analysis in 2014, based on the latest information available. The inventory distinguishes between developed and undeveloped parkland. Developed parkland includes parks that are open for public use with typical park amenities. This includes facilities that are owned by other agencies that the City has joint use agreements for, or public park easements in perpetuity for public use of the facilities. Undeveloped parkland represents land that the City owns, or will be dedicated to the City, but does not yet include any improvements or amenities.

Table 3: Existing Parkland Inventory

| Park Name | Address | 2018 | |
|--|----------------------------|---------------------|----------------------------|
| | | Inventory Developed | 2018 Inventory Undeveloped |
| <u>Community Parks</u> | | | |
| Central Park | 909 Kiely Boulevard | 45.04 | - |
| Central Park North-City Place (SCG&TC) | 5155 Stars & Stripes Drive | - | 34.93 |
| Subtotal Community Parks | | 45.04 | 34.93 |
| <u>Mini/Pocket Parks</u> | | | |
| Geof Goodfellow Sesquicentennial Park | 1591 El Camino Real | 0.18 | - |
| Memorial Cross Park | 2501 De La Cruz Boulevard | 0.34 | - |
| Thomas Barrett Park (formerly BAREC) | 1885 Worthington Circle | 1.00 | - |
| Rotary Park | 1490 Don Avenue | 0.20 | - |
| War Memorial Playground | 295 Monroe Street | 0.87 | - |
| LSAP-Parks A-H | | - | 3.19 |
| Subtotal Mini/Pocket Parks | | 2.59 | 3.19 |
| <u>Neighborhood Parks</u> | | | |
| Agnew Park | 2250 Agnew Road | 1.97 | - |
| Bowers Park | 2582 Cabrillo Avenue | 8.70 | - |
| Bracher Park | 2560 Alhambra Drive | 3.45 | - |
| Central Park Annex | Miles Drive | 2.72 | - |
| City Plaza Park | Lexington & Main Street | 1.60 | - |
| Earl R. Carmichael Park | 3445 Benton Street | 8.32 | - |
| Everett Alvarez Jr. Park | 2280 Rosita Drive | 1.61 | - |
| Fairway Glen Park | 2051 Calle de Primavera | 4.00 | - |
| Fremont Park | 1303 Fremont Street | 2.66 | - |
| Fuller Street Park | 4641 Fuller Street | 2.39 | - |
| Henry Schmidt Park | 555 Los Padres Boulevard | 7.50 | - |
| Homeridge Park | 2985 Stevenson Street | 4.28 | - |
| Jenny Strand Park | 250 Howard Drive | 4.47 | 5.22 |
| Larry J. Marsalli Park | 1425 Lafayette Street | 7.26 | - |
| Lick Mill Park | 4750 Lick Mill Boulevard | 9.90 | - |
| Live Oak Park | 4025 Rivermark Parkway | 9.98 | - |
| Machado Park | 3360 Cabrillo Avenue | 2.65 | - |
| Mary Gomez Park | 651 Bucher Avenue | 5.64 | - |
| Maywood Park | 3330 Pruneridge Avenue | 6.98 | - |
| Montague Park | 3595 MacGregor Lane | 7.51 | - |
| Parkway Park | 3675 Forest Avenue | 4.50 | - |
| Santa Clara Square Parks | | - | 4.17 |
| San Tomas & Monroe (Eddie Souza Park) | 2380 Monroe Street | 2.49 | - |
| Steve Carli Park | 1045 Los Padres | 1.60 | - |
| Thamien Park | 4321 Lick Mill Boulevard | 3.40 | - |
| Warburton Park & Pool | 2250 Royal Drive | 3.95 | - |
| Westwood Oaks Park | 460 La Herran Drive | 1.75 | - |
| Subtotal Neighborhood Parks | | 121.26 | 9.39 |

Source: City of Santa Clara.

Table 3: Existing Parkland Inventory Continued

| Park Name | Address | 2018 | |
|---|------------------------------|---------------------|----------------------------|
| | | Inventory Developed | 2018 Inventory Undeveloped |
| <i><u>Public Open Space</u></i> | | | |
| Agnews Historic Park, Mansion & Auditorium | 4030 Lafayette Street | 14.50 | - |
| Civic Center Park | 1525 El Camino Real | 1.63 | - |
| Ulistac Natural Area | 4901 Lick Mill Boulevard | - | 40.08 |
| Subtotal Public Open Space | | 16.13 | 40.08 |
| <i><u>Recreation Facilities</u></i> | | | |
| Raymond G. Gamma Dog Park | 888 Reed Street | 1.72 | - |
| Reed & Grant Street Sports Park | 870 Reed Street | - | 9.04 |
| Santa Clara Senior Center | 1303 Fremont Street | 2.14 | - |
| Santa Clara P.A.L. BMX Track | 5451 Lafayette St. | - | - |
| Santa Clara Youth Soccer Park | 5049 Centennial Blvd. | 11.00 | - |
| Subtotal Recreation Facilities | | 14.86 | 9.04 |
| <i><u>Recreational Trails (San Tomas Aquino/Saratoga Creek Trail)</u></i> | | | |
| Reach 1 | Bay Trail to Agnew Road | 1.70 | - |
| Reach 2 | Agnew Road to Scott Blvd. | 0.81 | - |
| Reach 3 | Scott Blvd. to Monroe St. | 1.21 | - |
| Reach 4 | Monroe St. to Pruneridge Ave | 3.87 | 0.20 |
| Subtotal Recreational Trails | | 7.59 | 0.20 |
| <i><u>Joint Use Facilities</u></i> | | | |
| Buchser Tennis Courts | Buchser Campus | - | 1.07 |
| Mission College Sports Complex | 3000 Mission College Blvd | 19.40 | - |
| Elmer Johnson Field | Buchser Campus | 5.10 | - |
| Mission City Center for the Performing Arts | Wilcox High School | - | - |
| Montague Swim Center | Montague Park | 2.50 | - |
| Townsend Field | Buchser Campus | 5.00 | - |
| Washington Park Baseball Field | Buchser Campus | 8.20 | - |
| Steve Carli Sports Field | 1045 Los Padres | 3.92 | - |
| Skate Park | 2440 Cabrillo Avenue | 0.90 | - |
| Teen Center | 2446 Cabrillo Avenue School | 1.00 | - |
| Walter E. Schmidt Youth Activity Center | 2450 Cabrillo Avenue | 1.50 | - |
| Subtotal Joint Use Facilities | | 47.52 | 1.07 |
| Total | | 254.99 | 97.89 |

Source: City of Santa Clara.

Developed Park Improvement Cost Estimate

This analysis uses an estimate of the replacement cost of the City's existing parkland inventory to estimate the reasonable cost of constructing new improvements, including site improvements and building assets on new parkland. **Table 4** displays the replacement cost improvement values for all the park site and building assets in Table 3.

In 2017, the City retained Kitchell, CEM to complete an inventory of all park and recreation assets for use in the City's Enterprise Asset Management System/Geographic Information System and a Facility Condition Assessment Report ("Kitchell Report"). The Kitchell Report, dated February 21, 2018 provides an estimate of the current replacement cost "as is" of the existing City park site improvements and building improvements in the City's park inventory. The costs in Table 4 exclude the value of land, which was determined by a land appraisal and is shown in Appendix Table A.1 of this report. The values in Table 4 are used below in Table 5 to estimate the average cost per acre of the improvements on an acre of developed parkland. Adjustments have been made (subtracted) for non-standard park facilities and buildings, such as the Agnews Historic Park buildings which are uniquely not owned and maintained by the City but are on dedicated park property by an historic easement and agreement.

As shown in Table 4, the total replacement cost of the existing park site and building improvements is approximately \$340.5 million. This figure is divided by 254.99 acres of developed parkland resulting in the average park improvement cost per acre in Santa Clara of \$1.3 million.

The City also reviewed recent Santa Clara park improvement construction costs to evaluate if the \$1.3 million per acre assumption for park improvements was reasonable to use in this analysis. The recently completed Central Park Annex cost \$1 million per acre, San Tomas & Monroe cost \$2.3 million per acre, the Lawrence Station Area Parks 2016 estimate was \$1.8 million per acre, and Reed & Grant was \$2.5 million per acre, which when averaged indicate a higher \$1.8 million per acre cost for park improvements. Further, an independent review of the Kitchell Report by an expert construction cost estimator was conducted to validate the Report's methods and analysis that costs exceed \$1.3 million per acre.

Therefore, based on this data and analysis, the estimated cost of \$1.3 million to improve an acre of parkland in Santa Clara is both reasonable and conservative and is appropriate to use in this analysis.

Table 4: Park Site Assets and Buildings

| Park Name | Replacement Value Park Assets | Replacement Value Building(s) Asset | Total Replacement Cost |
|--|--------------------------------------|--|-------------------------------|
| <i><u>Community Parks</u></i> | | | |
| Central Park | \$ 17,959,388 | \$ 73,370,929 | \$ 91,330,317 |
| Central Park North-City Place (SCG&TC) | - | - | - |
| Subtotal Community Parks | \$ 17,959,388 | \$ 73,370,929 | \$ 91,330,317 |
| <i><u>Mini/Pocket Parks</u></i> | | | |
| Geof Goodfellow Sesquicentennial Park | \$ 160,482 | \$ - | \$ 160,482 |
| Memorial Cross Park | 98,675 | - | 98,675 |
| Thomas Barrett Park (formerly BAREC) | 540,082 | 589,374 | 1,129,456 |
| Rotary Park | 220,887 | - | 220,887 |
| War Memorial Playground | 650,033 | 553,269 | 1,203,302 |
| LSAP-Parks A-H | - | - | - |
| Subtotal Mini/Pocket Parks | \$ 1,670,159 | \$ 1,142,643 | \$ 2,812,802 |
| <i><u>Neighborhood Parks</u></i> | | | |
| Agnew Park | \$ 786,168 | \$ 1,813,786 | \$ 2,599,954 |
| Bowers Park | 1,699,330 | 6,286,660 | 7,985,990 |
| Bracher Park | 992,336 | 552,207 | 1,544,543 |
| Central Park Annex | 732,170 | 732,395 | 1,464,565 |
| City Plaza Park | 338,104 | 276,276 | 614,380 |
| Earl R. Carmichael Park | 3,221,465 | 4,984,727 | 8,206,192 |
| Everett Alvarez Jr. Park | 770,680 | 888,840 | 1,659,520 |
| Fairway Glen Park | 1,613,055 | - | 1,613,055 |
| Fremont Park | 518,591 | - | 518,591 |
| Fuller Street Park | 799,562 | 530,968 | 1,330,530 |
| Henry Schmidt Park | 3,151,804 | 2,784,396 | 5,936,200 |
| Homeridge Park | 948,347 | 509,729 | 1,458,076 |
| Jenny Strand Park | 1,622,998 | 214,511 | 1,837,509 |
| Larry J. Marsalli Park | 1,994,604 | 849,549 | 2,844,153 |
| Lick Mill Park | 2,960,932 | 5,766,312 | 8,727,244 |
| Live Oak Park | 1,484,676 | 430,084 | 1,914,760 |
| Machado Park | 959,152 | 1,784,052 | 2,743,204 |
| Mary Gomez Park | 2,032,090 | 6,687,925 | 8,720,015 |
| Maywood Park | 2,570,053 | 1,784,052 | 4,354,105 |
| Montague Park | 2,684,563 | 6,743,293 | 9,427,856 |
| Parkway Park | 672,415 | 928,132 | 1,600,547 |
| Santa Clara Square Parks | - | - | - |
| San Tomas & Monroe (Eddie Souza Park) | 3,704,850 | - | 3,704,850 |
| Steve Carli Park | 1,095,243 | 1,588,000 | 2,683,243 |
| Thamien Park | 1,774,012 | 530,968 | 2,304,980 |
| Warburton Park & Pool | 1,730,636 | 4,765,381 | 6,496,017 |
| Westwood Oaks Park | 875,039 | 1,827,566 | 2,702,605 |
| Subtotal Neighborhood Parks | \$ 41,732,875 | \$ 53,259,809 | \$ 94,992,684 |

Source: City of Santa Clara; Facilities Condition Assessment Prepared by Kitchell For City of Santa Clara, California, 2018.

Table 4: Park Site Assets and Buildings Continued

| Park Name | Replacement Value Park Assets | Replacement Value Building(s) Asset | Total Replacement Cost |
|---|--------------------------------------|--|-------------------------------|
| <i><u>Public Open Space</u></i> | | | |
| Agnews Historic Park, Mansion & Auditorium | \$ 3,278,089 | \$ - | \$ 3,278,089 |
| Civic Center Park | 937,765 | - | 937,765 |
| Ulistac Natural Area | 306,362 | - | 306,362 |
| Subtotal Public Open Space | \$ 4,522,216 | \$ - | \$ 4,522,216 |
| <i><u>Recreation Facilities</u></i> | | | |
| Raymond G. Gamma Dog Park | \$ 377,960 | \$ - | \$ 377,960 |
| Reed & Grant Street Sports Park | - | - | - |
| Santa Clara Senior Center | 508,130 | 32,546,908 | 33,055,038 |
| Santa Clara P.A.L. BMX Track | - | - | - |
| Santa Clara Youth Soccer Park | 5,907,808 | 7,043,303 | 12,951,111 |
| Subtotal Recreation Facilities | \$ 6,793,898 | \$ 39,590,211 | \$ 46,384,109 |
| <i><u>Recreational Trails</u></i> | \$ 4,301,154 | \$ - | \$ 4,301,154 |
| <i><u>Joint Use Facilities</u></i> | | | |
| Buchser Tennis Courts | \$ 591,400 | \$ - | \$ 591,400 |
| Mission College Sports Complex | 6,968,950 | 3,419,649 | 10,388,599 |
| Elmer Johnson Field | 459,639 | 56,982 | 516,621 |
| Mission City Center for the Performing Arts | - | 40,462,347 | 40,462,347 |
| Montague Swim Center | 398,429 | 5,253,915 | 5,652,344 |
| Townsend Field | 643,926 | 2,400,000 | 3,043,926 |
| Washington Park Baseball Field | 1,286,701 | 2,296,838 | 3,583,539 |
| Steve Carli Sports Field | - | - | - |
| Skate Park | 928,485 | 458,756 | 1,387,241 |
| Teen Center | 269,536 | 9,291,939 | 9,561,475 |
| Walter E. Schmidt Youth Activity Center | - | 20,968,986 | 20,968,986 |
| Subtotal Joint Use Facilities | \$ 11,547,066 | \$ 84,609,412 | \$ 96,156,478 |
| Total Replacement Cost | \$ 88,526,756 | \$ 251,973,004 | \$ 340,499,760 |

Source: City of Santa Clara; Facilities Condition Assessment Prepared by Kitchell For City of Santa Clara, California, 2018.

Parkland Unit Costs

Table 5 shows the estimated cost per acre for developing parkland, including land acquisition. The land value of \$3.9 million per acre is the average acquisition cost per acre in the City, based on an appraisal of a hypothetical acre of undeveloped land the three zip codes in the City. See **Appendix Table A.1** for the results of the appraisal. The value of park assets and building assets is from Table 4 is summarized here.

The value of all assets, is allocated across all existing improved parkland acres and added to the cost of land acquisition per acre to determine the total cost to develop an acre of parkland in the City.

Table 5: Parkland Unit Costs

| Item | Total Value |
|--|----------------|
| Park Assets | \$ 88,526,756 |
| Building Assets | 251,973,004 |
| Total - Park Improvements Replacement Cost | \$ 340,499,760 |
| Improved Park Acres | 254.99 |
| Improvements Cost per Acre | \$ 1,335,000 |
| Land Acquisition ¹ | \$ 3,922,000 |
| Total Parkland Acquisition and Improvement Cost per Acre | \$ 5,257,000 |

Note: Figures have been rounded to the nearest thousand.

¹ Average value of land acquisition per acre in the following zip codes: 95050, 95051 and 95054.

Sources: Tables 3, 4 and Appendix Table A.1.

Quimby Justification Parkland Inventory (as of 2010)

Table 6 displays the City's inventory of developed and undeveloped parkland as of 2010. This is included to justify the Quimby standard, since the Quimby Act requires that population estimates from the most recent federal Census be used to calculate a jurisdiction's parkland standards. Consequently, the parkland inventory used to calculate the standard must correspond with the year of the population estimates to accurately calculate the standard. Per the Quimby Act, the City can require dedication at a minimum standard of 3.0 acres per 1,000 residents if it's existing parkland standard as of the last federal census was less than 3.0 acres per 1,000 residents. This inventory has been modified slightly since the 2014 study to correct anomalies that have come to light when the 2018 inventory was being reviewed.

Table 6: Quimby Justification Inventory - Parks in 2010

| Park Name | Address | 2010 Developed | 2010 Undeveloped |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|
| <i><u>Community Parks</u></i> | | | |
| Central Park | 909 Kiely Boulevard | 45.04 | - |
| Subtotal Community Parks | | 45.04 | - |
| <i><u>Mini/Pocket Parks</u></i> | | | |
| Geof Goodfellow Sesquicentennial Park | 1591 El Camino Real | 0.18 | - |
| Memorial Cross Park | 2501 De La Cruz Boulevard | 0.34 | - |
| Thomas Barrett Park (formerly BAREC) | 1885 Worthington Circle | - | 1.00 |
| Rotary Park | 1490 Don Avenue | 0.20 | - |
| War Memorial Playground | 295 Monroe Street | 0.87 | - |
| Subtotal Mini/Pocket Parks | | 1.59 | 1.00 |
| <i><u>Neighborhood Parks</u></i> | | | |
| Agnew Park | 2250 Agnew Road | 1.97 | - |
| Bowers Park | 2582 Cabrillo Avenue | 8.70 | - |
| Bracher Park | 2560 Alhambra Drive | 3.45 | - |
| City Plaza Park | Lexington & Main Street | 1.60 | - |
| Earl R. Carmichael Park | 3445 Benton Street | 8.32 | - |
| Everett Alvarez Jr. Park | 2280 Rosita Drive | 1.61 | - |
| Fairway Glen Park | 2051 Calle de Primavera | 4.00 | - |
| Central Park Annex | Miles Drive | - | 2.30 |
| Fremont Park | 1303 Fremont Street | 2.66 | - |
| Fuller Street Park | 4641 Fuller Street | 2.39 | - |
| Henry Schmidt Park | 555 Los Padres Boulevard | 7.50 | - |
| Homeridge Park | 2985 Stevenson Street | 4.28 | - |
| Jenny Strand Park | 250 Howard Drive | 4.47 | 5.22 |
| Larry J. Marsalli Park | 1425 Lafayette Street | 7.26 | - |
| Lick Mill Park | 4750 Lick Mill Boulevard | 9.90 | - |
| Live Oak Park | 4025 Rivermark Parkway | 9.98 | - |
| Machado Park | 3360 Cabrillo Avenue | 2.65 | - |
| Mary Gomez Park | 651 Bucher Avenue | 5.64 | - |
| Maywood Park | 3330 Pruneridge Avenue | 6.98 | - |
| Montague Park | 3595 MacGregor Lane | 7.51 | - |
| Parkway Park | 3675 Forest Avenue | 4.50 | - |
| Steve Carli Park | 1045 Los Padres | 1.60 | - |
| Thamien Park | 4321 Lick Mill Boulevard | 3.40 | - |
| Warburton Park & Pool | 2250 Royal Drive | 3.95 | - |
| Westwood Oaks Park | 460 La Herran Drive | 1.75 | - |
| Subtotal Neighborhood Parks | | 116.05 | 7.52 |

Source: City of Santa Clara.

Table 6: Quimby Justification Inventory - Parks in 2010 Continued

| Park Name | Address | 2010 Developed | 2010 Undeveloped |
|---|-------------------------------|---------------------------|-----------------------------|
| <i><u>Public Open Space</u></i> | | | |
| Agnews Historic Park, Mansion & Auditoriu | 4030 Lafayette Street | 14.50 | - |
| Civic Center Park | 1525 El Camino Real | 1.63 | - |
| Ulistac Natural Area | 4901 Lick Mill Boulevard | - | 40.08 |
| Subtotal Public Open Space | | 16.13 | 40.08 |
| <i><u>Recreation Facilities</u></i> | | | |
| Raymond G. Gamma Dog Park | 888 Reed Street | 1.72 | - |
| Santa Clara Senior Center | 1303 Fremont Street | 2.14 | - |
| Santa Clara P.A.L. BMX Track | 5451 Lafayette St. | - | - |
| Santa Clara Youth Soccer Park | 5049 Centennial Boulevard | 11.00 | - |
| Subtotal Recreation Facilities | | 14.86 | - |
| <i><u>San Tomas Aquino/Saratoga Creek Trail</u></i> | | | |
| Reach 1 | Bay Trail to Agnew Road | 1.70 | - |
| Reach 2 | Agnew Road to Scott Blvd. | 0.81 | - |
| Reach 3 | Scott Blvd. to Monroe St. | 1.21 | - |
| Reach 4 | Monroe St. to Pruneridge Ave. | 3.87 | 0.20 |
| Subtotal Recreational Trails | | 7.59 | 0.20 |
| <i><u>Joint Use Facilities</u></i> | | | |
| Mission College Sports Complex | 3000 Mission College Blvd | 19.40 | - |
| Elmer Johnson Field | Buchser Campus | 5.10 | - |
| Mission City Center for the Performing Arts | Wilcox High School | - | - |
| Montague Swim Center | Montague Park | 2.50 | - |
| Townsend Field | Buchser Campus | 5.00 | - |
| Washington Park Baseball Field | Buchser Campus | 8.20 | - |
| Steve Carli Sports Field | 1045 Los Padres | 3.92 | - |
| Skate Park | 2440 Cabrillo Avenue | 0.90 | - |
| Teen Center | 2446 Cabrillo Avenue School | 1.00 | - |
| Walter E. Schmidt Youth Activity Center | 2450 Cabrillo Avenue | 1.50 | - |
| Subtotal Joint Use Facilities | | 47.52 | - |
| Total | | 248.78 | 48.80 |

Source: City of Santa Clara.

Improved Parkland Equivalent

Before calculating the existing standards, unimproved parkland owned by the City must be converted to an equivalent amount of improved parkland. **Table 7** details this conversion. The conversion is based on the ratio of the cost of an unimproved acre of land relative to an acre of improved parkland. The assumptions for the value of undeveloped and developed parkland are shown above in Table 5. The improved parkland equivalent is calculated for both the existing inventory of parkland, and for the inventory of parkland in 2010.

Table 7: Improved Parkland Equivalent

| Type | Cost per Acre | Acres |
|--|------------------|-------|
| Unimproved Parkland | \$ 3,922,000 | |
| Improved Parkland | <u>5,257,000</u> | |
| Unimproved Parkland Land Costs as a Relative Percentage of Parkland Costs | 75% | |
| <i>Mitigation Fee Act</i> | | |
| Existing Unimproved Parkland | | 97.89 |
| Improvement Factor | x <u>75%</u> | |
| Equivalent Improved Acres | | 73.42 |
| <i>Quimby Act</i> | | |
| Unimproved Parkland in 2010 | | 48.80 |
| Improvement Factor | x <u>75%</u> | |
| Equivalent Improved Acres | | 36.60 |

Note: Figures have been rounded.

Sources: Tables 3, 5 and 6.

Park Facility Standards

Park facility standards establish a reasonable relationship between new development and the need for expanded park facilities. Information regarding the City's existing inventory of existing parks facilities was obtained from City staff.

The most common measure in calculating new development's demand for parks is the ratio of park acres per resident. In general, facility standards may be based on the Mitigation Fee Act (using a city's existing inventory of park facilities), or an adopted policy standard contained in a master facility plan or general plan. Facility standards may also be based on a land dedication standard established by the Quimby Act.¹ The land dedication standard refers to the number of acres per 1,000 residents that the required land dedication or a fee in-lieu of land dedication is based on. A typical Quimby Act standard for land dedication is 3.0 acres per 1,000 residents, though the standard can vary by jurisdiction. Another example of a land dedication standard can be found in a city that charges at 5.0 acres per 1,000 residents to meet its general plan goals. The standards used in this analysis are discussed in depth below.

Mitigation Fee Act

The Mitigation Fee Act does not dictate use of a particular type or level of facility standard for public facilities fees. To comply with the findings required under the law, facility standards must not burden new development with any cost associated with facility deficiencies attributable to existing development.² A simple and clearly defensible approach to calculating a facility standard is to use the city's existing ratio of park acreage per 1,000 residents. Under this approach, new development is required to fund new park facilities at the same level as existing residents have provided those same types of facilities to date.

Quimby Act

The Quimby Act does specify facility standards to use for parkland dedication. The Act only includes dedication of parkland and does not require construction of park improvements. The Act specifies that the dedication requirement must be a minimum of 3.0 acres and a maximum of 5.0 acres per 1,000 residents. Funds collected through the Quimby ordinance can only be used for purchasing land to create neighborhood and community parks, not open space. The city can require residential developers to dedicate above the three-acre minimum if the city's existing park standard as of the last Census justifies the higher level (up to five acres per 1,000 residents). The standard used must also conform to the City's adopted general or specific plan standards.

The Quimby Act only applies to land subdivisions. A city cannot apply the Quimby Act to development on land subdivided prior to adoption of a Quimby ordinance, such as development on infill lots. The Quimby Act also would not apply to residential development on future approved projects on single parcels, such as many types of multi-family development.

The Quimby Act allows payment of a fee in lieu of land dedication. The fee is calculated to fund acquisition of the same amount of land that would have been dedicated. The fee does not include the cost of park improvements because the land dedication requirement does not include improvements. Developments paying the Quimby Act fee in-lieu of dedication are also subject to a Mitigation Fee Act fee for park improvements, calculated at the existing standard.

The Quimby Act allows use of in-lieu fee revenue for developing new or rehabilitating existing neighborhood or community park or recreational facilities to serve the subdivision paying the fee, including land acquisition, unless certain conditions are met. The City can use Quimby fee

¹ California Government Code §66477.

² See the *benefit and burden* findings in *Chapter 5, Mitigation Fee Act Findings*.

revenue for purpose of developing new or rehabilitating existing park or recreational facilities in a neighborhood other than the neighborhood paying the fees if the following conditions are met:³

1. The neighborhood in which the fees are to be spent has a standard of less than 3.0 park area per 1,000 members of the neighborhood population.
2. The neighborhood paying the fees has park standard that meets or exceeds 3.0 acres per 1,000 persons.
3. The City Council holds a public hearing before using the fees.
4. The City Council makes a finding that it is reasonably foreseeable that future inhabitants of the subdivision paying the fees will use the proposed park and recreational facilities in the neighborhood where the fees are used.
5. The fees are used within a specified radius that complies with the city's Quimby ordinance and are consistent with the adopted general plan or specific plan of the city. "Specified radius" includes a planning area, zone of influence, or other geographic region designated by the city.

³ Conditions are paraphrased. Refer to *California Government Code* §66477(a)(3)(B) for full text.

City of Santa Clara Park Facilities Standards

To calculate new development's need for new parks, municipalities commonly use a ratio expressed in terms of developed park acres per 1,000 residents. **Table 8** shows the existing standard for improved park acreage per 1,000 residents and documents the City's standard as of the last Census for the Quimby Act standard.

Table 8: Level of Service Standards

| | Mitigation Fee Act Standard (2018) | Quimby Act Standard (2010) ¹ |
|---|--|--|
| Improved Park Acreage | 254.99 | 248.78 |
| Unimproved Park Acreage Equivalent | 73.42 | 36.60 |
| Total - Park Acres | 328.41 | 285.38 |
| Service Population (Residents) | 126,408 | 116,468 |
| Level of Service Standard (Acres per 1,000 Residents) | 2.60 | 2.45 |

¹ The City can charge Quimby fees in-lieu of parkland dedication, or require parkland dedication at the 3.0 acre per 1,000 resident standard because its existing standard as of the last Federal Census in 2010 was less than 3.0 acres per 1,000 residents.

Sources: Tables 1, 3, 6 and 7.

Facilities Needed to Accommodate New Development

Table 9 shows the park facilities needed to accommodate new development at the existing standard. To achieve the standard by the planning horizon, depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 73.82 and 85.18 parkland acres, at a total cost ranging between \$388.1 and \$432.6 million.

The facility standards and resulting fees under the Quimby Act are higher because development will be charged to provide 3.0 acres of parkland per 1,000 residents, and 2.60 acres of improvements, whereas development not subject to the Quimby Act will be charged to provide only 2.60 acres of parkland per 1,000 residents, and 2.60 acres of improvements. Since the exact amount of development that will be subject to the Quimby fees is unknown at this time, Table 9 presents the range of total facility costs that may be incurred depending on the amount of development subject to the Quimby Act.

Table 9: Park Facilities to Accommodate New Development

| | Calculation | Parkland | Improvements | Total Range ¹ |
|---|----------------------------|----------------|---------------|--------------------------|
| <i>Parkland (Quimby Act), Improvements (Mitigation Fee Act)²</i> | | | | |
| Facility Standard (acres/1,000 residents) | A | 3.00 | 2.60 | |
| Resident Growth (2018-2035) | B | 28,392 | 28,392 | |
| Facility Needs (acres) | $C = (B / 1,000) \times A$ | 85.18 | 73.82 | |
| Average Unit Cost (per acre) | D | \$ 3,922,000 | 1,335,000 | |
| Total Cost of Parkland To Serve New Development | $E = C \times D$ | \$ 334,075,960 | \$ 98,549,700 | \$ 432,625,660 |
| <i>Parkland and Improvements - Mitigation Fee Act³</i> | | | | |
| Facility Standard (acres/1,000 residents) | F | 2.60 | 2.60 | |
| Resident Growth (2018-2035) | G | 28,392 | 28,392 | |
| Facility Needs (acres) | $H = (G / 1,000) / F$ | 73.82 | 73.82 | |
| Average Unit Cost (per acre) | D | \$ 3,922,000 | 1,335,000 | |
| Total Cost of Parkland To Serve New Development | $I = H \times D$ | \$ 289,522,040 | \$ 98,549,700 | \$ 388,071,740 |

Note: Totals rounded to the thousands.

¹ Values in this column show the range of the cost of parkland acquisition and development should all development be either subject to the Quimby Act, or to the Mitigation Fee Act, respectively.

² Cost of parkland to serve new development shown if all development is subject to the Quimby Act (subdivisions). Parkland charged at 3.0 acres per 1,000 residents; improvements charged at the existing standard.

³ Cost of parkland to serve new development shown if all development is subject to the Mitigation Fee Act. Parkland and improvements are charged at the existing standard.

Sources: Tables 1, 5, and 8.

Parks Cost per Capita

Table 10 shows the cost per capita of providing new park facilities at the Quimby standard, and the existing facility standard, by zip code. The cost per capita is shown separately for land and improvements. The costs per capita in this table will serve as the basis of three fees:

- A Quimby Act Fee in-lieu of land dedication. This fee is payable by residential development occurring in subdivisions.
- A Mitigation Fee Act Fee for land acquisition. This fee is payable by residential development not occurring in subdivisions.
- A Mitigation Fee Act Fee for parkland improvements. This fee is payable by all residential development.

A development project pays either the Quimby Act Fee in-lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Table 10: Cost per Capita

| | Calculation | <i>Land</i> ¹ | | AND <i>Improvements</i> |
|--|------------------|--------------------------|--------------------------|-------------------------|
| | | Quimby Act | OR Mitigation Fee Act | |
| <i>Zip Code 95050</i> | | | | |
| Parkland Investment (per acre) | A | \$ 3,738,000 | \$ 3,738,000 | \$ 1,335,000 |
| Level of Service (acres per 1,000 residents) | B | <u>3.00</u> | <u>2.60</u> | <u>2.60</u> |
| Total Cost Per 1,000 capita | $C = A \times B$ | \$ 11,214,000 | \$ 9,718,800 | \$ 3,471,000 |
| Cost Per Resident | $D = C / 1,000$ | \$ 11,214 | \$ 9,719 | \$ 3,471 |
| <i>Zip Code 95051</i> | | | | |
| Parkland Investment (per acre) | A | \$ 3,993,000 | \$ 3,993,000 | \$ 1,335,000 |
| Level of Service (acres per 1,000 residents) | B | <u>3.00</u> | <u>2.60</u> | <u>2.60</u> |
| Total Cost Per 1,000 capita | $C = A \times B$ | \$ 11,979,000 | \$ 10,381,800 | \$ 3,471,000 |
| Cost Per Resident | $D = C / 1,000$ | \$ 11,979 | \$ 10,382 | \$ 3,471 |
| <i>Zip Code 95054</i> | | | | |
| Parkland Investment (per acre) | A | \$ 4,035,000 | \$ 4,035,000 | \$ 1,335,000 |
| Level of Service (acres per 1,000 residents) | B | <u>3.00</u> | <u>2.60</u> | <u>2.60</u> |
| Total Cost Per 1,000 capita | $C = A \times B$ | \$ 12,105,000 | \$ 10,491,000 | \$ 3,471,000 |
| Cost Per Resident | $D = C / 1,000$ | \$ 12,105 | \$ 10,491 | \$ 3,471 |

¹ A development project pays either the Quimby Act Fee In-Lieu of land dedication, or the Mitigation Fee Act Fee for land acquisition, not both. All development projects pay the Mitigation Fee Act Fee for park improvements.

Sources: Tables 5, 9 and Appendix Table A.1.

Use of Fee Revenue

The City plans to use park facilities fee revenue to purchase parkland or construct improvements to add to the system of park and recreation facilities that serves new development. The City may only use impact fee revenue to provide facilities and intensify usage of existing facilities needed to serve new development. Depending on the amount of development subject to the Quimby Act, new development must fund the purchase and improvement of between 73.82 and 85.18 parkland acres through the planning horizon of 2035.

Fee Schedule

To calculate fees by land use type, the investment in park facilities is determined on a per resident basis for both land acquisition and improvement. These investment factors (shown in Table 10) are investment per capita based on the unit cost estimates and facility standards.

The City anticipates that the park fees would be the primary revenue source to fund new development's investment in park facilities. **Tables 11.a, 11.b and 11.c** show the park facilities fee based on the minimum Quimby standard and the existing standard for each zip code in the City, respectively. The City would collect the fee based on only one of the two approaches as appropriate. Each fee includes a component for park improvements based on the City's existing standard. The investment per capita is converted to a fee per dwelling unit.

The total fee includes an administrative charge to fund costs that include: (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Table 11.a: Park and Recreation Facilities Fee Schedule - Zip Code 95050

| Land Use | A Cost Per Capita | B Density | C = A x B Base Fee ¹ | D = C x 0.02 Admin Charge ^{1, 2} | E = C + D Total Fee ¹ |
|---------------------------|-------------------------|--------------|---------------------------------------|---|-------------------------------------|
| Quimby Act | | | | | |
| <i>Single Family</i> | | | | | |
| Parkland | \$ 11,214 | 2.98 | \$ 33,418 | \$ 668 | \$ 34,086 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 14,685 | | \$ 43,762 | | \$ 44,637 |
| <i>Multifamily</i> | | | | | |
| Parkland | \$ 11,214 | 2.40 | \$ 26,914 | \$ 538 | \$ 27,452 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 14,685 | | \$ 35,244 | | \$ 35,949 |
| Mitigation Fee Act | | | | | |
| <i>Single Family</i> | | | | | |
| Parkland | \$ 9,719 | 2.98 | \$ 28,963 | \$ 579 | \$ 29,542 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 13,190 | | \$ 39,307 | | \$ 40,093 |
| <i>Multifamily</i> | | | | | |
| Parkland | \$ 9,719 | 2.40 | \$ 23,326 | \$ 467 | \$ 23,793 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 13,190 | | \$ 31,656 | | \$ 32,290 |

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

Table 11.b: Park and Recreation Facilities Fee Schedule - Zip Code 95051

| Land Use | A | B | C = A x B | D = C x 0.02 | E = C + D |
|---------------------------|--------------------|---------|--------------------------|---------------------------------|------------------------|
| | Cost Per Capita | Density | Base Fee ¹ | Admin Charge ^{1, 2} | Total Fee ¹ |
| Quimby Act | | | | | |
| <u>Single Family</u> | | | | | |
| Parkland | \$ 11,979 | 2.98 | \$ 35,697 | \$ 714 | \$ 36,411 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 15,450 | | \$ 46,041 | | \$ 46,962 |
| <u>Multifamily</u> | | | | | |
| Parkland | \$ 11,979 | 2.40 | \$ 28,750 | \$ 575 | \$ 29,325 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 15,450 | | \$ 37,080 | | \$ 37,822 |
| Mitigation Fee Act | | | | | |
| <u>Single Family</u> | | | | | |
| Parkland | \$ 10,382 | 2.98 | \$ 30,938 | \$ 619 | \$ 31,557 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 13,853 | | \$ 41,282 | | \$ 42,108 |
| <u>Multifamily</u> | | | | | |
| Parkland | \$ 10,382 | 2.40 | \$ 24,917 | \$ 498 | \$ 25,415 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 13,853 | | \$ 33,247 | | \$ 33,912 |

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

Table 11.c: Park and Recreation Facilities Fee Schedule - Zip Code 95054

| Land Use | A Cost Per Capita | B Density | C = A x B Base Fee ¹ | D = C x 0.02 Admin Charge ^{1, 2} | E = C + D Total Fee ¹ |
|---------------------------|-------------------------|--------------|---------------------------------------|---|-------------------------------------|
| Quimby Act | | | | | |
| <u>Single Family</u> | | | | | |
| Parkland | \$ 12,105 | 2.98 | \$ 36,073 | \$ 721 | \$ 36,794 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 15,576 | | \$ 46,417 | | \$ 47,345 |
| <u>Multifamily</u> | | | | | |
| Parkland | \$ 12,105 | 2.40 | \$ 29,052 | \$ 581 | \$ 29,633 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 15,576 | | \$ 37,382 | | \$ 38,130 |
| Mitigation Fee Act | | | | | |
| <u>Single Family</u> | | | | | |
| Parkland | \$ 10,491 | 2.98 | \$ 31,263 | \$ 625 | \$ 31,888 |
| Improvements | 3,471 | 2.98 | 10,344 | 207 | 10,551 |
| Total | \$ 13,962 | | \$ 41,607 | | \$ 42,439 |
| <u>Multifamily</u> | | | | | |
| Parkland | \$ 10,491 | 2.40 | \$ 25,178 | \$ 504 | \$ 25,682 |
| Improvements | 3,471 | 2.40 | 8,330 | 167 | 8,497 |
| Total | \$ 13,962 | | \$ 33,508 | | \$ 34,179 |

¹ Fee per dwelling unit.

² Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables 2 and 10.

4. Implementation

Impact Fee Program Adoption Process

Impact fee program adoption procedures are found in the *California Government Code Section 66016*. Adoption of an impact fee program requires the City Council to follow certain procedures including holding a public meeting. A fourteen-day mailed public notice is required for those registering for such notification. Data, such as an impact fee report, must be made available at least 10 days prior to the public meeting. Your legal counsel should inform you of any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption there is a mandatory 60-day waiting period before the fees go into effect. This procedure must also be followed for fee increases.

Inflation Adjustment

The City's Park and Recreation Land Fee ordinance requires the City Council review the fair market values that the fees are based on not less than annually and set the values in a Council resolution.⁴ This allows the fees to conform to current land values in the City. A separate index for construction costs should be used to annually adjust the improvements fee under the Mitigation Fee Act. The construction cost index can be based on the City's recent capital project experience or can be taken from any reputable source, such as the *Engineering News-Record*.

Reporting Requirements

The City should comply with the annual and five-year reporting requirements of the *Act*. For facilities to be funded by a combination of public fees and other revenues, identification of the source and amount of these non-fee revenues is essential. Identification of the timing of receipt of other revenues to fund the facilities is also important.

Fee Accounting

The City should deposit fee revenues into separate restricted fee accounts for each of the fee categories identified in this report. Fees collected for a given facility category should only be expended on new facilities of that same category.

Programming Revenues and Projects with the CIP

The City should commit all projected fee revenues and fund balances to specific projects in its Capital Improvements Program. These should represent the types of facilities needed to serve growth and described in this report. The use of the CIP in this manner documents a reasonable relationship between new development and the use of those revenues. The CIP also provides the documentation necessary for the City to hold funds in a project account for longer than five years if necessary to collect sufficient monies to complete a project.

The City may decide to alter the scope of the planned projects or to substitute new projects as long as those new projects continue to represent an expansion of the City's facilities. If the total cost of facilities varies from the total cost used as a basis for the fees, the City should consider revising the fees accordingly.

⁴ City of Santa Clara City Code 17.35.040(b)(1)

5. Mitigation Fee Act Findings

Fees are assessed and typically paid when a building permit is issued and imposed on new development projects by local agencies responsible for regulating land use (cities and counties). To guide the imposition of facilities fees, the California State Legislature adopted the *Mitigation Fee Act* with Assembly Bill 1600 in 1987 and subsequent amendments. The *Act*, contained in *California Government Code* §§66000 – 66025, establishes requirements on local agencies for the imposition and administration of fees. The *Act* requires local agencies to document five statutory findings when adopting fees.

The five findings in the *Act* required for adoption of the maximum justified fees documented in this report are: 1) Purpose of fee, 2) Use of fee Revenues, 3) Benefit Relationship, 4) Burden Relationship, and 5) Proportionality. They are each discussed below and are supported throughout this report.

Purpose of Fee

- Identify the purpose of the fee (§66001(a)(1) of the *Act*).

We understand that it is the policy of the City that new development will not burden the existing service population with the cost of facilities required to accommodate growth. Council Goal 2013-14 states that as a strategic objective, the City would “*Develop a new Housing Development Impact fee for parks acquisition and facility development.*” The purpose of the fees proposed by this report is to implement this policy by providing a funding source from new development for capital improvements to serve that development. The fees advance a legitimate City interest by enabling the City to provide parks and recreational facilities to new development.

Use of Fee Revenues

- Identify the use to which the fees will be put. If the use is financing facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in §65403 or §66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the facilities for which the fees are charged (§66001(a)(2) of the *Act*).

Fees proposed in this report, if enacted by the City, would be available to fund expanded facilities to serve new development. Facilities funded by these fees are designated to be located within the City. Fees addressed in this report have been identified by the City to be restricted to funding parks and recreation facilities.

An estimate of the amount of parkland needed to serve new development is identified in *Chapter 3* of this report. More thorough descriptions of certain planned facilities, including their specific location, if known at this time, are included in master plans, capital improvement plans, or other City planning documents or are available from City staff. The City may change the list of planned facilities to meet changing needs and circumstances of new development, as it deems necessary. The fees should be updated if these amendments result in a significant change in the fair share cost allocated to new development.

Benefit Relationship

- Determine the reasonable relationship between the fees' use and the type of development project on which the fees are imposed (§66001(a)(3) of the *Act*).

We expect that the City will restrict fee revenue to the acquisition of land, construction of facilities and buildings, and purchase of related equipment, furnishings, vehicles, and services used to serve new development as described above under the “Use of Fee Revenues” finding. The City should keep fees in segregated accounts. Facilities funded by the fees are expected to provide a citywide network of facilities accessible to the additional residents and workers associated with new development. Under the *Act*, fees are not intended to fund planned facilities needed to correct existing deficiencies. Thus, a reasonable relationship can be shown between the use of fee revenue and the new development residential and non-residential use classifications that will pay the fees.

Burden Relationship

- Determine the reasonable relationship between the need for the public facilities and the types of development on which the fees are imposed (§66001(a)(4) of the Act).

Facilities need is based on a facility standard that represents the demand generated by new development for those facilities. Facilities demand is determined as follows:

The service population is established based upon the number of residents living in Santa Clara. Service population correlates to the demand for parks and recreation facilities.

For parks and recreational facilities, demand is measured by a single facility standard (park acres per 1,000 service population) that can be applied across land use types to ensure a reasonable relationship to the type of development.

The standards used to identify growth needs are also used to determine if planned facilities will partially serve the existing service population by correcting existing deficiencies. This approach ensures that new development will only be responsible for its fair share of planned facilities, and that the fees will not unfairly burden new development with the cost of facilities associated with serving the existing service population.

Chapter 2, Land Use Assumptions provides a description of how service population and growth projections are calculated. Facility standards are described in the *Facility Inventories, Plans & Standards* sections of in Chapter 3.

Proportionality

- Determine how there is a reasonable relationship between the fees amount and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (§66001(b) of the Act).

The reasonable relationship between each facilities fee for a specific new development project and the cost of the facilities attributable to that project is based on the estimated service population growth the project will accommodate. Fees for a specific project are based on the project's size or increases in the number of dwelling units. Larger new development projects can result in a higher service population, resulting in higher fee revenue than smaller projects in the same land use classification. Thus, the fees can ensure a reasonable relationship between a specific new development project and the cost of the facilities attributable to that project.

See *Chapter 2, Land Use Assumptions* for a description of how service population or dwelling unit occupancy factors are determined for different types of land uses. See the *Fee Schedule* section of *Chapter 3* for a presentation of the proposed facilities fees.

Appendix

Appendix Table A.1: Land Valuation

| Zip Code | Average Value per Acre | |
|-----------------|-------------------------------|-----------|
| 95050 | \$ | 3,738,000 |
| 95051 | | 3,993,000 |
| 95054 | | 4,035,000 |

Source: Appraisal Report Valuation of the Average per Acre Land Value of High-Density Residential, Medium-Density Residential, Low and Very Low -Density Residential, Commercial/Retail, and Industrial Properties Located in the Three Existing Zip Codes (95050, 95051, and 95054) City of Santa Clara, California, Prepared By: the Schmidt-Prescott Group, Inc., 2018.