

RESOLUTION NO. 21-8970

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
TO ESTABLISH THE PARKLAND IN LIEU FEE SCHEDULE FOR
NEW RESIDENTIAL DEVELOPMENT IN ACCORDANCE WITH
CHAPTER 17.35 ("PARK AND RECREATIONAL LAND") OF
TITLE 17 ("DEVELOPMENT") OF THE CODE OF THE CITY OF
SANTA CLARA**

BE IT RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the City of Santa Clara is the Government entity responsible for providing public parks, recreation and open space facilities within the City of Santa Clara;

WHEREAS, the 2010-2035 General Plan includes a goal that new parks, open space and recreation be provided with new development so that existing facilities are not overburdened;

WHEREAS, the report entitled "Public Facilities Impact Fee Study" dated June 25, 2014 ("Nexus Study"), was prepared by Willdan Financial Services, Inc. and approved by Council in June 2014;

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code, and requires new residential development to provide adequate community and neighborhood park land for active recreational uses, and/or under certain conditions to pay a fee in lieu of parkland dedication;

WHEREAS, on February 24, 2015, the City Council adopted Ordinance No. 1937, adding duplex dwellings to the types of developments subject to the parkland dedication requirement, and removing the one (1) acre minimum parkland dedication prior to a developer being able to receive financial credit for private recreational amenities and open space;

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WHEREAS, on August 27, 2019, Council approved Resolution No. 19-8749 which included the statutory findings required pursuant to the California Quimby Act (Quimby) and Mitigation Fee Act (MFA), including the report entitled "Santa Clara Park and Recreation Facilities Impact Fee Update Study" dated April 9, 2019 ("Nexus Study Update") prepared by Willdan Financial Services, Inc., and the professional land valuation appraisal report with a valuation date of December 31, 2017, and the park improvements replacement costs with values as of 2017;

WHEREAS, on October 29, 2019 Council approved Resolution No. 19-8769 to establish the Parkland In Lieu Fee Schedule for New Residential Development in Accordance with Chapter 17.35 of the Code of the City of Santa Clara, and directed staff to phase in the Park Improvement Costs over four years and to use the annual Land Valuation Appraisal Report in the calculation of annual fees;

WHEREAS, pursuant to SCCC Chapter 17.35, the City has surveyed land values and sales records, conducted a professional appraisal with a valuation date of December 31, 2020 to determine the fair market value of property in the City, and the City posted the Appraisal Report on the City website from March 30, 2021 to April 16, 2021 for public review and comment; the Council now wishes to use the applicable values for calculating the fees due in lieu of parkland dedication and to adopt the updated fee schedule for parkland in lieu fees;

WHEREAS, on May 5, 2021 and on May 12, 2021, a notice of the May 25, 2021 public hearing to consider a Resolution to establish the Parkland In Lieu Fee Schedule for New Residential Development in Accordance with Chapter 17.35 of the Code of the City of Santa Clara was published in the Weekly, a newspaper of general circulation;

WHEREAS, on May 21, 2021, a copy of the Report supporting this resolution and all supporting data were placed on file at the City Clerk's Office and the City website;

WHEREAS, the fees established by this resolution are derived from, are based upon, and do not exceed the costs of providing capital park and recreation land and facilities necessitated by the new residential development for which fees are levied;

WHEREAS, on May 25, 2021, the City Council opened a public hearing to consider the proposed fee schedule and draft resolution, at which time all interested persons were given an opportunity to give testimony and provide evidence, both in support of and in opposition to the proposed resolution. After one comment was received, and due to the lateness of the hour, the Public hearing was continued to the City Council Meeting of June 8, 2021 and,

WHEREAS, on June 8, 2021, the City Council continued its public hearing from the May 25, 2021 Council Meeting to consider the proposed fee schedule and draft resolution, at which time all interested persons were given an opportunity to give testimony and provide evidence, both in support of and in opposition to the proposed resolution.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA AS FOLLOWS:

1. Findings and Purpose. That the City Council hereby finds and declares that:

A. New residential subdivisions and new non-subdivided residential projects generate impacts and demands for public services, facilities, and neighborhood and community parkland, and have a significant effect on the use and availability of park and recreation space and facilities, and that the limited open space and recreation amenities provided by these residential developments are insufficient to meet demands.

B. It is the City's intent and desire (General Plan Goals & Policies: 5.9.1-G3, -G4; 5.9.1-P14, -P18, -P20) to require that such developments contribute their fair share of land, facilities, or amenities or contribute public costs toward the purchase, development and/or improvement of park and recreational facilities.

C. The imposition of impact fees is one of the customary methods of ensuring that development bears a proportionate share of the cost of capital facilities necessary to accommodate such development in order to promote and protect the public health, safety and welfare.

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D. The provisions of this Resolution are enacted pursuant to the Charter, the City of Santa Clara General Plan and sections 66000-66025, 66477, and 66479 of the California Government Code (the "Mitigation Fee Act" and the "Quimby Act"), as may be applicable.

E. The report entitled "Public Facilities Impact Fee Study" ("Nexus Study") dated June 25, 2014, prepared by Willdan Financial Services, Inc. and reviewed by Council in June 2014, set forth a reasonable methodology and analysis for the determination of the impact of development on the need for and costs for additional capital parks and recreation facilities improvements in the City.

F. The report entitled "Santa Clara Park and Recreation Facilities Impact Fee Update Study" ("Nexus Study Update") dated April 9, 2019, prepared by Willdan Financial Services, Inc. and reviewed by Council on May 21 and August 27, 2019, set forth a reasonable methodology and updated analysis for the determination of the impact of development on the need for and the costs for additional capital parks and recreation facilities improvements in the City.

G. Pursuant to Government Code Section 66016, the City made data available regarding the costs, or estimated costs, to provide services and proposed parkland dedication standards for the public facility impact fees by posting the Nexus Study Update prepared by Willdan Financial Services, Inc., on the City's Website on April 9, 2019 and the park improvement replacement costs contained in the Facility Condition Assessment Report ("Kitchell 2017") on the City Website in January 2018, and provided the land valuation Appraisal Report prepared by Frank Schmidt & Associates dated December 31, 2020 ("Appraisal Report") on the City's website on March 30, 2021, all of which dates were all at least ten (10) days before the Council public hearing on May 25, 2021, and the continued Council public hearing on June 8, 2021.

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H. After careful consideration, including review of documentary evidence and additional information submitted in the administrative review process, the City Council finds the imposition of impact fees to finance major public park and recreational land acquisition, development and rehabilitation, as revised using the values set forth in the Nexus Study Update Report, is in the public interest and general welfare of the City and its residents, is equitable, and does not impose an undue burden on new development.

2. Calculation of Fees.

A. The Nexus Study Update calculates the parks fees that would fund the fair share cost to new development for additional capital parks and recreational facilities and improvements. The Nexus Study is based on the General Plan planning horizon of 2010-2035 and estimates the future residential population needs for parkland and recreational facilities. The Nexus Study Update determines a fair share of future planned public facilities using the “system plan” method to assure that new development doesn’t pay for existing service deficiencies. The Nexus Study Update uses the “existing inventory demand standard” translated into facility costs per capita to determine new development’s fair share of planned facility costs and to calculate the maximum parks fee. The 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 will fund the expansion of facilities at the same rate that existing development has provided facilities. This method sets the fee that will fund the expansion of park facilities at the same standard that currently serves existing residents. The Nexus Study Update provides a reasonable methodology to determine the impacts and costs of new residential development. The City may adopt development impact fees up to the legally justified amounts in the Nexus Study Update (100% cost recovery).

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B. Pursuant to Ordinances Nos. 1928 and 1937, projects subject to the Quimby Act and the Mitigation Fee Act, will provide for parkland (and/or its corresponding fee calculated and due in lieu of land dedication) according to the Quimby Act and/or Mitigation Fee Act as appropriate, and will provide for park improvements (and/or its corresponding fee calculated and due in lieu of improvements) according to the Mitigation Fee Act or its corresponding fee due in lieu of improvements.

C. Pursuant to Santa Clara City Code Chapter 17.35, the maximum amount of the fees due in lieu of required parkland dedication shall be determined by the fair market value of the amount of land that would otherwise be required to be dedicated and using the average per acre land value for property in the City of Santa Clara for each of the three existing ZIP Codes in the City (95050, 95051, 95054), for each of the Dwelling Unit Categories (Single Family, Multi-family) on an annual basis in a Council resolution.

D. Parkland Dedication Standard. In calculation of parkland dedication or fees due in lieu thereof, new residential developments subject to the Mitigation Fee Act will use the existing parkland ratio of 2.6 acres per thousand residents; and, new residential subdivisions subject to the Quimby Act will use the City parkland standard of 3.0 acres of property for each one thousand residents for public park and recreational facilities.

E. Dwelling Unit Categories and Density. In calculation of parkland dedication or fees due in lieu thereof, the types of dwelling units and average density factors (U.S. Census Bureau, 2017 American Community Survey) are: (1) Multiple Family Dwelling equals 2.40 persons per household; and, (2) Single-Family Dwelling equals 2.98 persons per household.

F. In conformance with City Code Section 17.35.050, in subdivisions of over fifty (50) parcels of land, in condominium developments of more than fifty (50) dwelling units, and in residential developments not involving a subdivision, a combination of land dedication and fee payment may be required. Developments of fifty (50) units or less will be required to pay an in-lieu fee.

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G. In conformance with City Code Section 17.35.070, developers will submit a written request with the project application for any eligible credits requested against the amount of parkland dedication or the amount of the in-lieu fee. The developer will work with the Director of Parks & Recreation on the proposed credits and project's park, recreation and green space conditions. The Approving Authority must make findings that the on-site parks and recreation amenities meet the Code's standards. For housing developments of which 100% of the units are affordable or for senior citizens authorized by the California Civil Code or the Federal Fair Housing Amendments Act, the Approving Authority must make findings that the development complies with all other provisions of the section and that providing the additional credit would serve the public interest.

H. The land valuation component will be subject to the updated annual land value appraisal report and supplemental instructions as adopted by Council June 7, 2016 with valuation dates of December 31 of each calendar year for use in calculating the following (next) fiscal year's fee update.

1. Land Valuation Appraisal. An independent real estate appraisal firm, Frank Schmidt & Associates, was retained to provide a "Fair Market Value" opinion (valuation date of December 31, 2020) conforming to Uniform Standards of Professional Appraisal Practice and using the City's Supplemental Instructions for an average acre of land (hypothetical, rectangular, useable site) for property in each of the three existing City of Santa Clara Zip Codes 95050, 95051, 95054. The data set included all property types: Single Family (low and very low density), High Density Residential, Medium Density Residential, Commercial/Retail, Industrial, Lots and Land. Excluded were transactions considered not "arms-length", having encumbered or clouded title, environmentally impaired sites, or more than three (3) years old. An inflation factor was computed and applied to comparable sales over one year old based on reasonable and rational considerations such as sales and rental trends or other appropriate methods. The weighted average of each property type was based on the percentage of land area in the sales transactions.

2. Land Valuation Appraisal Findings. Based on the findings of the Appraisal Report, the average per acre land value for each ZIP Code area as of December 31, 2020, is: \$4.720 million per acre (\$108.36/sf) in 95050; \$5.120 million per acre (\$117.54/sf) in 95051; and, \$4.495 million per acre (\$110.88/sf) in 95054. If a developer objects to this determination of fair market value, the developer may elect to have the value established by appraisal, in conformance with City Code Section 17.35.040(b)(2).

3. Park Improvement Value Findings. In 2017, an independent asset inventory evaluation firm, Kitchell CEM, was retained by the City to provide a complete asset inventory and facility condition assessment of all parks and recreation assets in the City for inclusion in the City's Enterprise Asset Management System and geo-database for lifecycle asset management (GIS-Lucity), and conforming to the industry standards used a reasonable methodology to determine the replacement cost for all existing assets and from which a condition index could be calculated (Kitchell Report dated February 21, 2018). The report was available on the City website, reported at the Parks & Recreation Commission, and noted and filed by the City Council on April 24, 2018. The total replacement cost of park assets inventoried in existing parks is the basis from which the system determines a reasonable estimate of the average per acre value of existing park improvements. The cost to provide an asset or set of assets in a park ("park improvements") is found to be the same as the current replacement cost of an asset such that a new park will provide the same level of service to new residents as received by existing residents in the park system as a whole, but no greater. Following stakeholder meetings on June 11, 2018 and June 27, 2018, adjustments were made (subtracted) in the inventory's costs for non-standard park facilities and buildings. The City then further reviewed actual construction bid prices for recent park construction projects in the City of Santa Clara, and the City contracted with an independent construction cost estimator to review the existing park inventory cost data. Based on these analyses and findings, the reasonable

average cost per acre for park improvements was determined and found to be \$1.335 million per acre (\$3,471 per capita).

4. Park Improvement Value Phase-in & Fee Direction. On October 29, 2019, Council adopted Resolution No. 19-8769 which directed staff to “phase in” the 2018 per capita improvement value over four years (i.e. for FY2019/20 use \$1,473 per capita, for FY2020/21 use \$2,139 per capita, for FY2021/22 use \$2,805 per capita, and for FY2022/23 use \$3,471 per capita). In the Resolution No 19-8769, Council also directed staff to use 100% of the land valuations from December 31, 2017. Council also directed staff to revisit the use of the California Construction Cost Index (increase/decrease) to adjust the park improvement cost basis of \$3,471 per capita in the calculation of fees due in lieu of parkland dedication.

3. Schedule of Fees.

A. Fee Policy History. On October 14, 2014, Council adopted Resolution No. 14-8174 that set fees due in lieu of parkland dedication for Fiscal Year (FY) 2014/15 at 100% cost recovery based on land valuation from calendar year 2013 and park improvement value as of 2014. In FY2015/16, fees remained unchanged due to the recent adoption of the ordinance and fees. On June 7, 2016, Council adopted supplemental instructions for land valuation to be used in the land appraisal process. On August 23, 2016, Council adopted Resolution No. 16-8358 that set fees due in lieu of parkland dedication for FY2016/17 at 100% of cost recovery based upon the land valuation date of December 31, 2015 and park improvement value as of 2014. On May 8, 2017, Council adopted Resolution No. 17-8427 that set fees due in lieu of parkland dedication for FY2017/18 at 100% of cost recovery based upon the land valuation date of December 31, 2016 and park improvement value as of 2014. In FY 2018/19, fees remained unchanged due to an extensive review and public comment periods regarding the Nexus Study Update. On October 29, 2019, Council adopted Resolution No. 19-8769 that set fees due in lieu of parkland dedication for FY2019/20 at less than 100% cost recovery based on the land valuation date of December 31, 2017 and the use of the park improvement value as of 2014 plus 25% (\$666) of 2018 park

improvement value increase. On April 28, 2020 Council adopted Resolution No. 20-8839 which set fees for FY2020/21 at less than 100% cost recovery based on the use of the land valuation date of December 31, 2017 and the park improvement value as of 2014 plus 50% (\$1,332) of the 2018 improvement value increase; due to impacts of the COVID19 global pandemic the land valuation appraisal was not available for use in the fee calculation at that time. Council direction in 2019 was to adjust the land valuation (increase/decrease) fee component each year based on the annual land appraisal at 100% cost recovery.

B. Pursuant to Ordinances Nos. 1928 and 1937, fees subject to the Quimby Act and the Mitigation Fee Act are calculated and provided for each Zip Code Area of the City (95050, 95051, and 95054) in Attachment 1, attached hereto and incorporated herein by this reference. The fees in this resolution are calculated using 100% cost recovery for the average per acre land value for each ZIP Code area as of December 31, 2020 (i.e.: \$4.720 million per acre (\$108.36/sf) in 95050; \$5.120 million per acre (\$117.54/sf) in 95051; and, \$4.830 million per acre (\$110.88/sf) in 95054) and 75% of the 2018 per capita improvement value (i.e. for FY2021/22 use \$2,805 per capita) in conformance with previous Council direction on October 29, 2019.

C. Implementation Schedule. For development projects subject to the Quimby Act, the proposed fees will be imposed on development projects with applications deemed complete on or after June 11, 2021 (immediately). For development projects subject to the Mitigation Fee Act, the proposed fees will be imposed on development projects with applications deemed complete on or after August 9, 2021 (60 days after adoption of this Resolution). For development project applications “deemed complete” prior to this date, the existing fees will apply as adopted in Resolution No. 20-8839.

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4. Effective date. This resolution shall become effective immediately.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE 10TH DAY OF JUNE, 2021, BY THE FOLLOWING VOTE:

AYES: COUNCILORS: Becker, Chahal, Jain and Watanabe

NOES: COUNCILORS: Hardy, and Park, and Mayor Gillmor

ABSENT: COUNCILORS: None

ABSTAINED: COUNCILORS: None

ATTEST:



NORA PIMENTEL, MMC
ASSISTANT CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Fee Schedule - Fiscal Year 2021/22

Attachment 1

Table A Parkland Dedication In-Lieu Fee Schedule - FY2021/22 95050				
Applicable Fee Type	<i>Calculation</i>	MFA	Quimby	
\$/Acre (12-31-2020)	<i>A</i>	\$4,720,000	\$4,720,000	
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3	
Total Cost per 1,000	<i>C = A x B</i>	\$12,272,000	\$14,160,000	
Cost per capita	<i>D = C/1000</i>	\$12,272	\$14,160	
Density Single Family (Census)	<i>D x 2.98</i>	\$36,570	\$42,197	
Improvements (@75%)	<i>\$2,805 x 2.98</i>	\$8,359	\$8,359	
Admin Charge	<i>0.02</i>	\$899	\$1,011	
Total Single Family (SF) Dwelling Fee		\$45,828	\$51,567	
Density Multi Family (Census)	<i>D x 2.4</i>	\$29,452	\$33,984	
Improvements (@75%)	<i>\$2805 x 2.4</i>	\$6,732	\$6,732	
Admin Charge	<i>0.02</i>	\$724	\$814	
Total Multi Family (MF) Dwelling Fee		\$36,908	\$41,530	

Attachment 1 (continued)

Table B Parkland Dedication In-Lieu Fee Schedule - FY2021/22 95051			
Applicable Fee Type	<i>Calculation</i>	MFA	Quimby
\$/Acre (12-31-2020)	<i>A</i>	\$5,120,000	\$5,120,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3
Total Cost per 1,000	$C = A \times B$	\$13,312,000	\$15,360,000
Cost per capita	$D = C/1000$	\$13,312	\$15,360
Density Single Family (Census)	$D \times 2.98$	\$39,669	\$45,772
Improvements (@75%)	$\$2,805 \times 2.98$	\$8,359	\$8,359
Admin Charge	<i>0.02</i>	\$961	\$1,083
Total Single Family (SF) Dwelling Fee		\$48,989	\$55,214
Density Multi Family (Census)	$D \times 2.4$	\$31,948	\$36,864
Improvements (@75%)	$\$2,805 \times 2.4$	\$6,732	\$6,732
Admin Charge	<i>0.02</i>	\$774	\$872
Total Multi Family (MF) Dwelling Fee		\$39,454	\$44,468

Attachment 1 (Continued)

Table C Parkland Dedication In-Lieu Fee Schedule - FY2021/22 95054				
Applicable Fee Type	<i>Calculation</i>	MFA	Quimby	
\$/Acre (12-31-2020)	<i>A</i>	\$4,830,000	\$4,830,000	
Park Acres/1000 Pop. LOS Standard	<i>B</i>	2.6	3	
Total Cost per 1,000	<i>C = A x B</i>	\$12,558,000	\$14,490,000	
Cost per capita	<i>D = C/1000</i>	\$12,558	\$14,490	
Density Single Family (Census)	<i>D x 2.98</i>	\$37,422	\$43,180	
Improvements (@75%)	<i>\$2,805 x 2.98</i>	\$8,359	\$8,359	
Admin Charge	<i>0.02</i>	\$916	\$1,031	
Total Single Family (SF) Dwelling Fee		\$46,697	\$52,570	
Density Multi Family (Census)	<i>D x 2.4</i>	\$30,139	\$34,776	
Improvements (@75%)	<i>\$2,805 x 2.4</i>	\$6,732	\$6,732	
Admin Charge	<i>0.02</i>	\$738	\$830	
Total Multi Family (MF) Dwelling Fee		\$37,609	\$42,338	