

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA, CALIFORNIA
ESTABLISHING THE 2018-19 PARKLAND IN LIEU FEE
SCHEDULE FOR NEW RESIDENTIAL DEVELOPMENT IN
ACCORDANCE WITH TITLE 17 ("DEVELOPMENT") CHAPTER 35
("PARK AND RECREATIONAL LAND") 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; and,

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; and,

WHEREAS, on July 15, 2014, the City Council adopted Ordinance No. 1928, which added Chapter 17.35 to the City Code that 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; and,

WHEREAS, on February 24, 2015, the City Council adopted Ordinance No. 1937, which made minor amendments to Chapter 17.35 related to credits for private open space and the applicability of the Chapter to duplexes; and,

WHEREAS, the City has received the annual professional appraisal used to determine the fair market value of property in the City based on a survey of land values and sales records with a valuation date of December 31, 2017, and the valuation report was made available to the public for review and comment as posted on the City website on March 9, 2017, and no comments were received by March 23, 2017; and

WHEREAS, on April 24, 2018, the City Council, pursuant to Chapter 17.35.040 (b)(1), reviewed the appraisal report and now wishes to use the applicable values for calculating the fees due in lieu of parkland dedication incorporated into the City's Proposed Municipal Fee Schedule; and,

WHEREAS, on April 11 and April 18, 2018, a notice of a public hearing on the proposed fee schedule was published in the *Santa Clara Weekly*, a newspaper of general circulation; and,

WHEREAS, on April 24, 2018, the City Council held a noticed public hearing to consider the City's Proposed Municipal Fee Schedule including Fees due in lieu of parkland dedication at which time all interested persons were given an opportunity to comment; and,

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.

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 the needs.

B. It is the City's intent and desire (General Plan: 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.

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; and, the costs for the existing inventory of City parks development disclosed in the “Facility Condition Assessment Report” (“Kitchell 2017”) dated February 21, 2018, prepared by Kitchell CEM and reviewed by Council on April 24, 2018, set forth a reasonable methodology and analysis for the determination of the current value of the existing inventory of improved City parkland.

F. 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 draft appraisal report and addenda prepared by the Schmidt-Prescott Group dated February 22, 2018 (“Appraisal Report”) on the City’s website on March 9, 2018, which is at least fourteen (14) days before the Council public hearing on April 24, 2018.

G. 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 by using the land values set forth in the Appraisal 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. That the Nexus Study 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 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 also uses the “existing inventory” method to calculate the maximum parks fee. This method assumes no existing service deficiencies and sets the fee that will fund the expansion of park facilities at the same standard that currently serves existing residents. The Nexus Study 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 (100% cost recovery).

B. 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.

C. An independent real estate appraisal firm, The Schmidt-Prescott Group, was retained to provide a “Fair Market Value” opinion (valuation date of December 31, 2017) 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.

D. Based on the findings of the Appraisal Report, the average per acre land value for each ZIP Code area as of December 31, 2017, is: \$3.738 million per acre (\$85.81/sf) in 95050; \$3.993 million per acre (\$91.67/sf) in 95051; and, \$4.035 million per acre (\$92.63/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).

E. 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 2.53 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.

F. 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 (2010 Census) are: (1) Multiple Family Dwelling equals 2.24 persons per household; and, (2) Single-Family Dwelling equals 2.90 persons per household.

G. Value of Existing Parkland Improvements. In calculation of fees due in lieu of parkland dedication, the Nexus Study (Table 6 Parkland Unit Costs) used the existing value of parkland improvements for the City parks inventory as of 2014. Based on the findings of the Kitchell 2017 report, the park inventory remained the same from 2014 to 2017, 251.53 acres. The valuation of improvements of that inventory of 251.53 acres as of December 31, 2017 is \$403,043,173 and the value of vehicles and equipment is \$2,198,000, which yields a grand total of \$405,241,173. Per acre, the Improvements and Special Use Facilities Cost is therefore \$1,611,105. Using this per-acre cost, Table 8 of the Nexus Study (Cost per Capita – Existing Level of Service) is updated as follows: In the right-most column (entitled “Improvements/Impact Fee”), the Parkland Investment (per acre)

Improvements updated value is \$1,611,105; the existing level of service (acres per 1,000 residents) is unchanged at 2.53; the total cost per 1,000 capita is \$4,076,096; and the resulting cost per resident to be used in the calculation of fees is \$4,076.

H. 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) or less parcels or units will be required to pay an in-lieu fee.

I. In conformance with City Code Section 17.35.070, developers will submit a written request with the project application for any eligible credits to be 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 and/or affordable housing needs for receipt of credit.

3. Schedule of Fees.

A. Pursuant to Ordinances Nos. 1928 and 1937, fees subject to the Quimby Act and the Mitigation Fee Act are provided in Table A, Table B, and Table C, attached hereto and incorporated herein by this reference.

B. Fee Policy. On October 14, 2014, Council adopted Resolution No. 14-8174 that set fees due in lieu of parkland dedication at 100% cost recovery for Fiscal Year (FY) 2014-15 based on land valuation from calendar year 2013. In FY2015-16, fees remained unchanged due to the recent adoption of the ordinance and fees. On June 7, 2016 Council reviewed and adopted supplemental valuation instructions for use in the calculation of the fees. On August 23, 2016 Council adopted Resolution No. 16-8358 that set fees due in lieu of parkland dedication at 100% of cost recovery based upon land valuation date of December 31, 2015 for FY2016-2017. On May 8, 2017, Council adopted Resolution No. 17-8427 that set fees due in lieu of parkland dedication at 100% of cost recovery based upon land valuation date of December 31, 2016 for FY2017-18. For FY2018-19, fees prepared for

Council review are set at 100% cost recovery, and are based upon the updated City's existing park improvements' valuation and the updated land appraisal valuation date of December 31, 2017.

C. Implementation Schedule. For development projects subject to the Quimby Act, the proposed fees will become effective immediately and will be imposed on development projects with applications deemed complete on or after July 1, 2018. For development projects subject to the Mitigation Fee Act, the proposed fees will become effective 60 days after the effective date of this resolution, and will be imposed on development projects with applications deemed complete on or after July 1, 2018. For development project applications deemed complete prior to this date, the existing fees will apply as adopted in FY2017-18 (Resolution No. 17-8427).

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 ____ DAY OF _____, 2018, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____

JENNIFER YAMAGUMA
ACTING CITY CLERK
CITY OF SANTA CLARA

Attachments incorporated by reference:

1. Attachment A. Table A — Parkland Dedication In Lieu Fee Schedule - FY2018-19 95050
2. Attachment B. Table B — Parkland Dedication In Lieu Fee Schedule - FY2018-19 95051
3. Attachment C. Table C — Parkland Dedication In Lieu Fee Schedule - FY2018-19 95054

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Attachment A.

Table A			
Parkland Dedication In Lieu Fee Schedule - FY2018-19			
95050			
Applicable Fee Type	<i>Calculation</i>	Quimby	MFA
\$/Acre (valuation 12-31-2017)	<i>A</i>	\$3,738,000	\$3,738,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	3	2.53
Total Cost per 1,000	$C = A \times B$	\$11,214,000	\$9,457,140
Cost per capita	$D = C/1000$	\$11,214	\$9,457
Density Single Family (2010 Census)	$D \times 2.9$	\$32,521	\$27,426
Improvements (Kitchell Report)	$\$4076 \times 2.90$	\$11,820	\$11,820
Admin Charge	0.02	\$887	\$785
Total Single Family (SF) Dwelling Fee		\$45,228	\$40,031
Density Multi Family (2010 Census)	$D \times 2.24$	\$25,119	\$21,184
Improvements (Kitchell Report)	$\$4076 \times 2.24$	\$9,130	\$9,130
Admin Charge	0.02	\$685	\$606
Total Multi Family (MF) Dwelling Fee		\$34,934	\$30,920

Attachment B.

Table B			
Parkland Dedication In Lieu Fee Schedule - FY2018-19			
95051			
Applicable Fee Type	<i>Calculation</i>	Quimby	MFA
\$/Acre (valuation 12-31-2017)	<i>A</i>	\$3,993,000	\$3,993,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	3	2.53
Total Cost per 1,000	<i>C = A x B</i>	\$11,979,000	\$10,102,290
Cost per capita	<i>D = C/1000</i>	\$11,979	\$10,102
Density Single Family (2010 Census)	<i>D x 2.9</i>	\$34,739	\$29,297
Improvements (Kitchell Report)	<i>\$4076 x 2.90</i>	\$11,820	\$11,820
Admin Charge	<i>0.02</i>	\$931	\$822
Total Single Family (SF) Dwelling Fee		\$47,490	\$41,939
Density Multi Family (2010 Census)	<i>D x 2.24</i>	\$26,833	\$22,629
Improvements (Kitchell Report)	<i>\$4076 x 2.24</i>	\$9,130	\$9,130
Admin Charge	<i>0.02</i>	\$719	\$635
Total Multi Family (MF) Dwelling Fee		\$36,682	\$32,394

Attachment C.

Table C			
Parkland Dedication In Lieu Fee Schedule - FY2018-19			
95054			
Applicable Fee Type	<i>Calculation</i>	Quimby	MFA
\$/Acre (valuation 12-31-2017)	<i>A</i>	\$4,035,000	\$4,035,000
Park Acres/1000 Pop. LOS Standard	<i>B</i>	3	2.53
Total Cost per 1,000	<i>C = A x B</i>	\$12,105,000	\$10,208,550
Cost per capita	<i>D = C/1000</i>	\$12,105	\$10,209
Density Single Family (2010 Census)	<i>D x 2.9</i>	\$35,105	\$29,605
Improvements (Kitchell Report)	<i>\$4076 x 2.90</i>	\$11,820	\$11,820
Admin Charge	<i>0.02</i>	\$938	\$829
Total Single Family (SF) Dwelling Fee		\$47,863	\$42,254
Density Multi Family (2010 Census)	<i>D x 2.24</i>	\$27,115	\$22,867
Improvements (Kitchell Report)	<i>\$4076 x 2.24</i>	\$9,130	\$9,130
Admin Charge	<i>0.02</i>	\$725	\$640
Total Multi Family (MF) Dwelling Fee		\$36,970	\$32,637