TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DEPARTMENT: PLANNING AND COMMUNITY ENVIRONMENT
DATE: JUNE 5, 2006

SUBJECT: ADOPTION OF A PARKLAND DEDICATION ORDINANCE PURSUANT TO GOVERNMENT CODE SECTION 66477 ("QUIMBY ACT") AND AN ORDINANCE TO AMEND PALO ALTO MUNICIPAL CODE CHAPTER 16.58 (DEVELOPMENT IMPACT FEES FOR PARKS, COMMUNITY CENTERS AND LIBRARIES) TO EXEMPT DEVELOPMENTS THAT ARE SUBJECT TO THE PROPOSED PARKLAND DEDICATION ORDINANCE FEES FROM ADDITIONAL PARK IMPACT FEES

RECOMMENDATION
Staff and the Planning and Transportation Commission (Commission) recommend that the City Council adopt an ordinance for the new Parkland Dedication Ordinance and to amend the current park impact fees, PAMC Chapter 16.58, to exempt projects that are subject to the proposed parkland dedication ordinance fees as shown in Attachment A.

DISCUSSION
City Council colleague’s memo, dated January 23, 2006, directed staff to develop a draft parkland dedication ordinance pursuant to the Quimby Act, to provide the City a mechanism to collect fees for improving park facilities and/or require land dedication for new public parks (Attachment B).

If Council adopts the proposed parkland dedication ordinance, staff also recommends an amendment to the existing park impact fee to exempt projects, or portions of projects, that would be subject to the parkland dedication ordinance. The proposed park impact fee amendment would provide an exemption for residential portions of a subdivision. For example, for a mixed-use subdivision, the non-residential area would be subject to park impact fees and the residential portion would be subject to the parkland dedication ordinance. The purpose of the proposed park impact fee amendment is to ensure that projects will not be subject to paying double fees; all projects will be subject to either the park impact fee or the park dedication ordinance, as appropriate. A new nexus study will need to be prepared for the Park Impact Fee.
Parkland Dedication Assessment
In response to Planning and Transportation Commission input, staff has further refined the parkland dedication fee calculation since the Commission meeting. Based on the existing acreage of Neighborhood and District Parks (174 acres) in Palo Alto and the 2000 census population (58,598 residents) for the City, the ratio of 3 acres/1,000 residents was calculated as the standard to use to determine the fees and parkland dedication. The information below provides the breakdown of how the parkland dedication assessments would be calculated.

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit Type</td>
<td>Residents/Unit (2000 census data)</td>
<td>Parkland Standard (3 Acres/1000 Residents)</td>
<td>Area Requirement Per Unit Type (B x C)</td>
</tr>
<tr>
<td>Single-Family</td>
<td>2.44</td>
<td>0.003 Acre/Person</td>
<td>0.0073</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>1.68</td>
<td>0.003 Acre/Person</td>
<td>0.0050</td>
</tr>
</tbody>
</table>

Every residential subdivision would be subject to either fees or parkland dedication, or a combination thereof.

Fees ($)
(D) x (Number of Residential Units in Subdivision) x ($/Acre for Land at Current Market Value)

Example: 15 multi-family units: (0.0050) x (15) x ($3.268 million/acre*) = $245,100 ($16,340/unit)

By comparison, current park impact fees for the same project would be $83,310 ($5,554/unit).

Parkland Dedication (acres)
(D) x Number of Residential Units in Subdivision

Example: 15 multi-family units: (0.0050) x (15) = 0.075 acres (3,267 s.f.)

*Estimated land cost of $3.268 million per acre provided by Administrative Services Department. This value would be determined by an appraisal at the time the project is assessed.

Alternatives
In addition to the neighborhood and district parks, the City also provides a large amount of recreational open space to its residents. When this open space is included in the parkland dedication assessment, the acreage per resident is well above five, the maximum acreage that may be required for dedication under the Quimby Act.
One alternative to using the 3 acres/1,000 ratio is to utilize the maximum 5 acres/1,000 ratio as allowed under the Quimby Act. If this number were used, the requirements would be as follows:

<table>
<thead>
<tr>
<th>A</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Unit Type</td>
<td>Residents/Unit (2000 census data)</td>
<td>Parkland Standard (5 Acres/1000 Residents)</td>
<td>Area Requirement Per Unit Type (B x C)</td>
</tr>
<tr>
<td>Single-Family</td>
<td>2.44</td>
<td>0.005 Acre/Person</td>
<td>0.00122</td>
</tr>
<tr>
<td>Multi-Family</td>
<td>1.68</td>
<td>0.005 Acre/Person</td>
<td>0.0084</td>
</tr>
</tbody>
</table>

Using the 5 acres/1,000 residents ratio, the sample project above would pay $411,768 in parkland fees, or $27,451 per unit.

The following table shows the net increase in park impact fees from the two alternatives:

<table>
<thead>
<tr>
<th>Parkland Standard</th>
<th>Proposed Quimby Act Fees (per unit)</th>
<th>Park Impact Fee Exemption</th>
<th>Net new fees per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 acres / resident</td>
<td>$27,451</td>
<td>($5,554)</td>
<td>$21,897</td>
</tr>
<tr>
<td>3 acres / resident</td>
<td>$16,340</td>
<td>($5,554)</td>
<td>$10,917</td>
</tr>
</tbody>
</table>

*Based on estimated land value of $3.268 million per acre. Actual land costs are determined when the fee is assessed, and could be higher or lower.

Attachment H shows the total development fees applicable to multi-family and single-family subdivisions, and how this ordinance would impact that total.

**COMMISSION REVIEW AND RECOMMENDATION**

The proposed adoption of a parkland dedication ordinance and amendment to the existing park impact fees was reviewed by the Commission on May 10, 2006 and there was unanimous support for the recommendation of approval (6-0-0-1, Commissioner Bialson absent) without any significant discussion; there were no members of the public present to speak to this item at the public hearings.

The May 10, 2006 Commission staff report and meeting minutes are attached for background information (Attachments F & G).
ENVIRONMENTAL REVIEW
The Comprehensive Plan Environmental impact report provides sufficient environmental analysis for the adoption of the parkland dedication ordinance. The proposed ordinance is consistent with the Comprehensive Plan policies assessed in the Comprehensive Plan EIR. As new parkland is proposed, a site specific environmental analysis will be completed at that time to determine impacts from park creation.

PREPARED BY:          ________________________________
                      CLARE CAMPBELL
                      Planner

DEPARTMENT HEAD REVIEW: ___ ________________________________
                      STEVE EMSLIE
                      Director of Planning and Community Environment

CITY MANAGER APPROVAL: ________________________________
                      EMILY HARRISON
                      Assistant City Manager

ATTACHMENTS:
A. Ordinance
B. Colleague’s Memo, January 23, 2006
C. City Council Meeting Excerpt Minutes, January 23, 2006
D. Quimby Act
E. Comprehensive Plan Policies
F. Planning and Transportation Commission Staff Report, May 10, 2006 (w/o attachments)
G. Planning and Transportation Commission Minutes, May 10, 2006
H. Comparison Table of Impact Fees with Other Cities

COURTESY COPIES:
Amy L Glad, Home Builders Association
Chris Draper, Silicon Valley Realtors