

TO: PARKS AND RECREATION COMMISSION

FROM: SARAH DUFFY

DEPARTMENT: COMMUNITY SERVICES

DATE: FEBRUARY 22, 2022

SUBJECT: SUPPLEMENT TO DEVELOPMENT IMPACT FEE JUSTIFICATION STUDY

RECOMMENDATION

Staff recommends that the Parks and Recreation Commission review and recommend to Finance Committee the approval of the following nexus study and impact fee updates as found in the Supplement to Park, Community Center, and Library Development Impact Fee Justification Study (the “Study”):

1. Updated fees based on an increased land valuation of \$6.5 million per acre that took into consideration additional transactions that have occurred within the past 12 months since completion of the Study. See Table 2 of Attachment A for a comparison of existing and proposed updated fees using the \$6.5 million valuation.
2. A differentiated fee structure in which the commercial/industrial fee is separated into five categories: retail, office, industrial, hotel/motel, and commercial. See Table 3 of Attachment A for fees associated with the proposed differentiated fee structure.
3. No further updates to the office density calculation that used 200 square ft. per employee.
4. Nexus Study updates every 5-8 years, in accordance with new requirements under Assembly Bill 602.
5. Waiting until the next nexus study to make additional changes to the fee structure by converting residential fees to reflect a per-square-foot amount, rather than a single amount per dwelling, regardless of size. Cities will be required to adopt a square footage approach after July 1, 2022, per AB602, so it will be necessary to take this approach for future Parks, Community Center, and Library fee studies.

BACKGROUND

On November 8, 2019, staff released an RFP for a Parks, Library, and Community Center Development Impact Fee Nexus Study. The local firm of DTA was determined to be the most qualified consultant. DTA prepared the Park, Community Center, and Library Development Impact Fee Justification Study, found [here](#), which provides a detailed framework for the imposition of impact fees, defines the City facilities addressed in the Study, illustrates the calculation methodology used, and specifies the maximum fee levels which the City could charge to new development.

On December 15, 2020, staff and DTA presented the draft Study to Finance Committee to receive feedback prior to presenting to City Council. The Staff Report and presentation can be found [here](#). Finance Committee passed a motion to recommend that the City Council approve the adjustments to fee levels and direct staff to return with the necessary ordinance and fee schedule updates, as well as the addition of a possible tiered approach to implement the fees.

On February 23, 2021, staff and DTA presented to the Parks and Recreation Commission. The Staff Report and presentation can be found [here](#). The Commission passed a motion with a 5-2 vote to recommend that City Council adopt an ordinance based on Study recommendations to update the City's Park, Community Center, and Library Impact Fee Program. Dissenting commissioners expressed concerns that the fair market value land valuation figure seemed too low and the square footage per employee used as demographics information seemed too high. Additionally, there was a request to see commercial fees differentiated between retail and office space. At the April 12, 2021, meeting City Council approved the fees recommended in the Study, which were implemented as of August 23, 2021, with the understanding that staff would evaluate the impact of various City Council recommendations on the fee calculations and provide an update to the Study. The Staff Report and presentation can be found [here](#).

Staff contracted with DTA to conduct the Supplement to the fee Study (attached), which is Attachment A.

DISCUSSION

Per Council's direction, staff requested that DTA prepare an analysis of the following items, which are addressed in the Supplement to Development Impact Fee Justification Study in Attachment A:

- A. Update land acquisition costs;
- B. Differentiate the fee structure for retail space versus office space;
- C. Update office density;
- D. Recommend the frequency with which these fee schedules should be updated;
- E. Evaluate whether the multi and single-family fee dwelling land use categories should be divided into multiple categories based on total square feet or some other measure; and
- F. Evaluate options for a reduction in fees for new multi-family housing construction for projects that exceed required percentages of below market rate ("BMR") units.

Based on this analysis the nexus study makes the following suggestions:

1. Updated fees based on an increased land valuation of \$6.5 million per acre that took into consideration additional transactions that have occurred within the past 12 months since completion of the Study. See Table 2 of Attachment A for a comparison of existing and proposed updated fees using the \$6.5 million valuation.
2. A differentiated fee structure in which the commercial/industrial fee is separated into five categories: retail, office, industrial, hotel/motel and commercial. See Table 3 of Attachment A for fees associated with the proposed differentiated fee structure.
3. No further updates to the office density calculation that used 200 square ft. per employee.
4. Nexus Study updates every 5-8 years, in accordance with new requirements under Assembly Bill 602.
5. Waiting until the next fee study to make additional changes to the fee structure by converting residential fees to reflect a per-square-foot amount, rather than a single amount per dwelling, regardless of size. Cities will be required to adopt a square footage approach after July 1, 2022, per AB602 so it will be necessary to take this approach for

future Parks, Community Center and Library fee studies.

Note that item F requires more research, which DTA is available to conduct upon direction of Council and staff.

TIMELINE

- Parks and Recreation Commission recommendations presented to Finance Committee in March 2022.
- Finance Committee recommendations presented to City Council in April 2022.



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Attachment A

MEMORANDUM

February 14, 2022

To: City of Palo Alto
 From: DTA
 Subject: Supplement to Development Impact Fee Justification Study

On January 15, 2021, DTA issued a Development Impact Fee Justification Study (the "Study") to the City of Palo Alto (the "City"), reflecting the updated fee recommendations outlined in **Table 1** below. The Study was reviewed by the City's Finance Committee, Parks and Recreation Commission, and City Council on December 12, 2020, February 23, 2021, and April 12, 2021, respectively. The fees recommended in the Study were approved by City Council and implemented as of August 23, 2021, with the understanding that DTA would evaluate the impact of various City Council recommendations on the fee calculations and provide an update to the Study accordingly.

Table 1: 2021 Development Impact Fee Summary Adopted by City Council

Land Use Type	Park	Community Center	Library	Total Fees
Single Family Residential (Per Unit)	\$57,420	\$4,438	\$2,645	\$64,504
Multi-Family Residential (Per Unit)	\$42,468	\$3,283	\$1,956	\$47,707
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$1.301	\$0.776	\$18.914
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$0.222	\$0.132	\$3.220

*Note: Some figures may not sum due to rounding.

In January 2022, the City requested that DTA prepare the follow-up analysis, outlined in this Supplement to the Development Impact Fee Justification Study (the "Supplement"). Based on the comments received from City Council, below are the specific tasks addressed in this Supplement:

- Task A – Update land acquisition costs;
- Task B – Differentiate the fee structure for retail space versus office space;
- Task C – Update office density from 250 sq. ft. per employee to 190 sq. ft.;
- Task D – Recommend the frequency with which these schedules should be updated;
- Task E – Evaluate whether the multi- and single family fee dwelling land use categories should be divided into multiple categories based on total square feet or some other measure; and

- Task F – Evaluate options for a reduction in fees for new multi-family housing construction for projects that exceed required percentages of below market rate (“BMR”) units.

A Update Land Acquisition Costs

Utilizing CoStar, a leading commercial real estate database, DTA’s Study analyzed sales transactions of vacant land within the City over the previous ten (10) years, as well as in the neighboring cities of Campbell, Santa Clara, Sunnyvale, Saratoga, Mountain View, San Jose, and Los Altos. Based on DTA’s research and discussions with the City’s real estate and planning teams regarding their fair market value analysis, a land valuation of \$5.7 million per acre was utilized in the Study and in the corresponding updates to the Municipal Code.

Feedback from City Council suggested that the \$5.7 million per acre land valuation was too low and that the figure should be closer to \$20 million, as seen in recent home sales. However, it is important to note that DTA’s estimated valuation per acre reflects sales prices of vacant land, a customary industry standard when calculating the development impact fees for park facilities (the “Park Fees”), as vacant land is the most likely property type to be purchased for the creation of new park facilities. The average price per acre of developed land is significantly higher and not typically used for purposes of calculating parkland acquisition costs.

Per the City’s direction, DTA has updated and analyzed the CoStar data to include transactions that have occurred in the 12 months since completion of the Study. According to our analysis, the average vacant land valuation per acre within the City has increased from the \$5.7 million per acre outlined in the Study to approximately \$6.5 million per acre. **Figure 1** below shows the current and proposed land valuation figures compared to the land valuation figures used in Park Fee calculations of neighboring communities.

Figure 1: Land Valuation Comparison

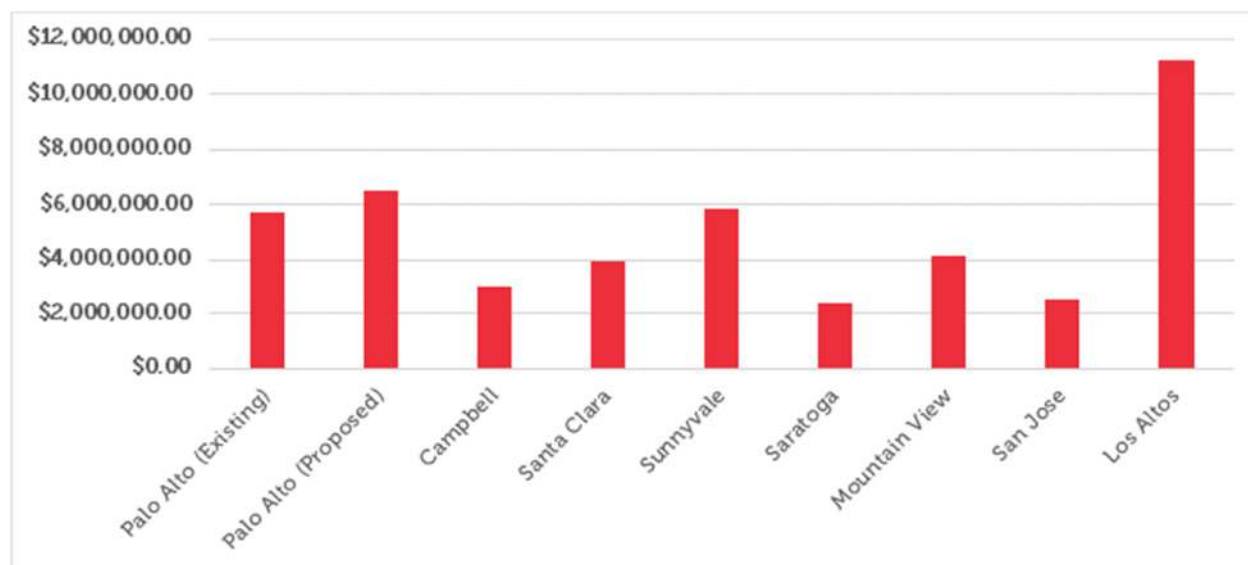


Table 2 below shows the increase from the current Park Fee if the \$6.5 million per acre land valuation was implemented. The Park Fee for a single family dwelling, which is currently \$57,420, would increase to \$62,802 based on this updated valuation.

Table 2: Land Valuation Impact on Park Fees

Land Use Type	Current Park Fee (\$5.7 Million per Acre Valuation)	Proposed Park Fee (\$6.5 Million per Acre Valuation)	% Increase
Single Family Residential (Per Unit)	\$57,420	\$62,802	9.37%
Multi-Family Residential (Per Unit)	\$42,468	\$46,448	
Commercial/Industrial (Per Net New Sq. Ft.)	\$16,837	\$18,415	
Hotel/Motel (Per Net New Sq. Ft.)	\$2,866	\$3,135	

B Differentiate Fee Structure for Retail vs Office

Currently, the City's Development Impact Fee structure reflects two non-residential fee categories: commercial/industrial and hotel/motel. DTA was asked to evaluate a revised fee structure in which the commercial/industrial fee is separated into three categories: retail, office, and industrial. The updated fees under this revised structure are shown below in **Table 3**. Please note that these proposed fees also reflect a land valuation of \$6.5 million per acre, as outlined above in Task A. Under this scenario, the combined park, community center, and library impact fees for the retail, office, and industrial categories would have the following changes:

- The retail fee would decrease 41%, from \$18.914 per net new sq. ft. to \$11.206.
- The office fee would increase 30%, from \$18.914 per net new sq. ft. to \$24.530.
- The industrial fee would decrease 12%, from \$18.914 per net new sq. ft. to \$16.605.

City staff have also indicated that implementation of this proposed fee structure may be difficult when attempting to determine the land use for commercial projects that do not fall under any of the four (4) proposed non-residential fee categories. There are multiple ways to remedy this, one of which being the addition of an "other commercial" category. This fee would be calculated as the average of the proposed non-residential fees. An example of this calculation is shown in **Table 3**.

Table 3: Proposed Development Impact Fee Summary

Land Use Type	Park	Community Center	Library	Total Fees
Single Family Residential (Per Unit)	\$62,802	\$4,438	\$2,645	\$69,886
Multi-Family Residential (Per Unit)	\$46,448	\$3,283	\$1,956	\$51,687
Retail (Per Net New Sq. Ft.)	\$10.070	\$0.712	\$0.424	\$11.206
Office (Per Net New Sq. Ft.)	\$22.044	\$1.558	\$0.928	\$24.530
Industrial (Per Net New Sq. Ft.)	\$14.922	\$1.055	\$0.629	\$16.605
Hotel/Motel (Per Net New Sq. Ft.)	\$3.135	\$0.222	\$0.132	\$3.488
Other Commercial ¹ (Per Net New Sq. Ft.)	\$12.543	\$0.886	\$0.528	\$13.957

***Notes:**

1. Includes any non-residential project with a land use that does not fall under the Retail, Office, Industrial, or Hotel/Motel categories, as defined in the City's zoning code.

C Update Office Density

In addition to bifurcating the commercial land use category into retail and office, DTA was asked to evaluate a revised fee structure with the "sq. ft. per employee" assumption reduced from approximately 250 sq. ft. to 190 sq. ft., which is the average based on the U.S. General Service Administration's 2012 public sector survey. This assumption is validated by a 2017 Cushman Wakefield analysis, which indicates that the Bay Area has one of the fastest shrinking square-foot-per-employee ratios in the country.

The CoStar data that DTA evaluated in the Study supports this adjustment as well. By isolating office development into a separate land use category, rather than combining with retail as outlined in the Study, the office fee calculation reflects approximately 200 sq. ft. per employee. Unless requested by City Council, DTA believes no additional adjustment beyond the category bifurcation is necessary to accommodate this request, as this ratio of 200 sq. ft. per employee is based on existing square footage and employees in the City. The proposed fees outlined in **Table 3** reflect the requested office density update.

D Frequency of Fee Study Updates

It is generally recommended that fees be increased annually and that a new fee study be completed every five (5) to eight (8) years to ensure that the fees are reflective of the most accurate projections of future development, as well as infrastructure needs and cost estimates. Commonly used escalators include the Engineering News Record ("ENR") construction cost index ("CCI"), which the City currently uses to escalate their fees, consumer price index ("CPI"), or other appropriate adjustment factor.

E Evaluate Changes to Single and Multi-Family Fee Structure

The City's previous fee program separated residential land uses into four categories – single family units less than 3,000 square feet, single family units greater than 3,000 square feet, multi-family units less than 900 square feet, and multi-family units greater than 900 square feet. After discussion with City staff, DTA's Study recommended a revision to this structure, given the fact that the distinction between these land uses no longer reflected the type of proposed housing in the City and was difficult to align with underlying data and current industry practices. As a result, residential land use types were reduced from four to two categories, as reflected in the fees adopted as of August 23, 2021 and reflected in **Table 1**. DTA continues to recommend this simplification of the fee structure.

The City may wish to consider converting residential fees to reflect a per-square-foot amount, rather than a single amount per dwelling unit, regardless of size. The-per-square foot amounts could be calculated by dividing the total fee (either the current fees outlined in **Table 1** or the proposed updated fees outlined in **Table 3**) by the average square footage of single family and multi-family units, as reflected in building permit data or other City data source. AB 602, which is recently passed legislation related to development impact fee nexus studies, will require that fee studies completed after July 1, 2022 reflect all impact fee amounts as a charge on a per-square-foot basis. If the City chooses to implement any updates reflected in this Supplement after July 1, the per-square-foot fee structure will be required.

F Evaluate Fee Credit Option for Exceeding Required Below Market Rate ("BMR") Units

At the April 2021 meeting, City Council voiced concerns about the fee updates disincentivizing multi-family residential development, and therefore negatively impacting the City's goal of increasing the supply of affordable housing. Subsequently, DTA was asked to evaluate a potential reduction or credit in fees for new multi-family housing projects in which the number of BMR units exceeds the City's requirements for that development. Currently, as outlined in Section 16.58.030 of the City's Municipal Code, any BMR units that exceed the minimum number required by the City's BMR Housing Program are exempt from 100% of all impact fees, so this incentive appears to already be in place.

Municipalities take many different approaches to providing fee credits for BMR units, such as:

- Reducing development impact fee obligations within the Development Agreement between the city/county and the developer, which is likely the most common approach;
- Implementing an across-the-board fee discount for BMR units, such as giving a 50% reduction of the fee applicable to all BMR units (whether they are above the required number or not); or
- Implementing an across-the-board fee exemption for BMR units (whether they are above the required number or not).

If you have any questions upon review of the attached analysis, please feel free to call us at (800) 969-4DTA.

Enclosures:

1. Attachment 1 – Fee Derivation Worksheets

ATTACHMENT 1

City of Palo Alto
Supplement to Development Impact Fee Justification Study



FEE DERIVATION WORKSHEETS

**APPENDIX A-1
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES ONLY TASK A)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Commercial/Industrial (per 1,000 SF)	18,772	23,323	0.80	0.29	6,839
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Commercial/Industrial (per 1,000 SF)	1,946	2,418	0.80	0.29	709
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$6,489,851	26.11	\$1,406,530	\$84,392	\$70,327	\$210,213,753	\$44,548.00
Natural Open Space	Acres	604.38	\$64,899	604.38	\$40,000	\$2,400	\$2,000	\$66,058,156	\$13,998.89
Total								\$276,271,909	\$58,546.88

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,334	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,723	\$4,255.03

Parks LOS Facilities Fee Total \$62,801.92

Notes:

- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
- [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
- [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
- [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
- [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
- [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
- [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
- [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

**APPENDIX A-2
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS A, B, AND C)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,823	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$6,489,851	26.11	\$1,406,530	\$84,392	\$70,327	\$210,213,759	\$44,548.00
Natural Open Space	Acres	604.38	\$64,899	604.38	\$40,000	\$2,400	\$2,000	\$66,058,157	\$13,998.89
Total								\$276,271,917	\$58,546.88

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,335	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,724	\$4,255.04

Parks LOS Facilities Fee Total \$62,801.92

Notes:

- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
- [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
- [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
- [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
- [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
- [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
- [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
- [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

**APPENDIX A-3
CITY OF PALO ALTO
COMMUNITY CENTER DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS B AND C)**

I. Inventory of Existing Community Center Facilities		
Facility	Facility Units	Quantity
Cubberley Community Center	Square Feet	65,046
Lucie Stern Community Center	Square Feet	12,203
Mitchell Park Community Center	Square Feet	15,000
Palo Alto Art Center	Square Feet	23,000
Junior Museum and Zoo	Square Feet	45,071
Improvements, Upgrades, and Renovations	Integrated Unit	5
Building Master Plans	Integrated Unit	5

II. Existing Community Center Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,823	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
Cubberley Community Center	Square Feet	65,046	753.09
Lucie Stern Community Center	Square Feet	12,203	141.28
Mitchell Park Community Center	Square Feet	15,000	173.67
Palo Alto Art Center	Square Feet	23,000	266.29
Junior Museum and Zoo	Square Feet	45,071	521.82
Improvements, Upgrades, and Renovations	Integrated Unit	5	0.06
Building Master Plans	Integrated Unit	5	0.06

IV. Future Community Center Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
Cubberley Community Center	Square Feet	753.09	9,755.01
Lucie Stern Community Center	Square Feet	141.28	1,830.10
Mitchell Park Community Center	Square Feet	173.67	2,249.56
Palo Alto Art Center	Square Feet	266.29	3,449.33
Junior Museum and Zoo	Square Feet	521.82	6,759.34
Improvements, Upgrades, and Renovations	Integrated Unit	0.06	0.75
Building Master Plans	Integrated Unit	0.06	0.75

VI. Community Center Summary Cost Data					
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Cost Per Unit	Total Facility Cost for Future Development	Cost per EDU
Cubberley Community Center	Square Feet	9,755.01	\$629	\$6,135,363	\$1,300.19
Lucie Stern Community Center	Square Feet	1,830.10	\$629	\$1,151,029	\$243.92
Mitchell Park Community Center	Square Feet	2,249.56	\$629	\$1,414,852	\$299.83
Palo Alto Art Center	Square Feet	3,449.33	\$629	\$2,169,439	\$459.74
Junior Museum and Zoo	Square Feet	6,759.34	\$718	\$4,856,117	\$1,029.10
Improvements, Upgrades, and Renovations	Integrated Unit	0.75	\$12,469,894	\$9,350,610	\$1,981.56
Building Master Plans	Integrated Unit	0.75	\$171,692	\$128,744	\$27.28
Total				\$25,206,155	\$5,341.63

VII. Community Center Facility Cost Summary										
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU	Offsetting Revenues
Cubberley Community Center	Square Feet	65,046	9,755.01	99,326	753.09	9,755.01	\$629	\$6,135,363	\$1,300.19	
Lucie Stern Community Center	Square Feet	12,203	1,830.10	99,326	141.28	1,830.10	\$629	\$1,151,029	\$243.92	
Mitchell Park Community Center	Square Feet	15,000	2,249.56	99,326	173.67	2,249.56	\$629	\$1,414,852	\$299.83	
Palo Alto Art Center	Square Feet	23,000	3,449.33	99,326	266.29	3,449.33	\$629	\$2,169,439	\$459.74	
Junior Museum and Zoo	Square Feet	45,071	6,759.34	99,326	521.82	6,759.34	\$718	\$4,856,117	\$1,029.10	
Improvements, Upgrades, and Renovations	Integrated Unit	5	0.75	99,326	0.06	0.75	\$12,469,894	\$9,350,610	\$1,981.56	
Building Master Plans	Integrated Unit	5	0.75	99,326	0.06	0.75	\$171,692	\$128,744	\$27.28	
Total								\$12,644,820	\$20,944,257	(\$4,261,898)
										(\$903.17)

Community Center LOS Facilities Fee Total \$4,438.46

Notes:

- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
- [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
- [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
- [4] Estimates based on current Community Center inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
- [5] Estimates based on cost assumptions for Community Center improvement costs provided by City of Palo Alto.

**APPENDIX A-4
CITY OF PALO ALTO
LIBRARY DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS B AND C)**

I. Inventory of Existing Library Facilities		
Facility	Facility Units	Quantity
Children's Library (1276 Harriet)	Square Feet	6,043
College Terrace Library (2300 Wellesley)	Square Feet	2,392
Downtown Library (270 Forest Ave.)	Square Feet	9,046
Mitchell Library (3700 Middlefield)	Square Feet	41,000
Rinconada Library (1213 Newell)	Square Feet	29,608
Furniture, Fixtures & Equipment	Integrated Unit	5
Volumes	Volumes	485,157
Technology Upgrades	Integrated Unit	5

II. Existing Library Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,500	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,823	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
Children's Library (1276 Harriet)	Square Feet	6,043	69.96
College Terrace Library (2300 Wellesley)	Square Feet	2,392	27.69
Downtown Library (270 Forest Ave.)	Square Feet	9,046	104.73
Mitchell Library (3700 Middlefield)	Square Feet	41,000	474.69
Rinconada Library (1213 Newell)	Square Feet	29,608	342.80
Furniture, Fixtures & Equipment	Integrated Unit	5	0.06
Volumes	Volumes	485,157	5,617.05
Technology Upgrades	Integrated Unit	5	0.06

IV. Future Library Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
Children's Library (1276 Harriet)	Square Feet	69.96	906.27
College Terrace Library (2300 Wellesley)	Square Feet	27.69	358.73
Downtown Library (270 Forest Ave.)	Square Feet	104.73	1,356.64
Mitchell Library (3700 Middlefield)	Square Feet	474.69	6,148.81
Rinconada Library (1213 Newell)	Square Feet	342.80	4,440.34
Furniture, Fixtures & Equipment	Integrated Unit	0.06	0.75
Volumes	Volumes	5,617.05	72,759.46
Technology Upgrades	Integrated Unit	0.06	0.75

VI. Library Summary Cost Data					
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Cost Per Unit	Total Facility Cost for New Development	Cost per EDU
Children's Library (1276 Harriet)	Square Feet	906.27	\$ 628.94	\$569,997	\$120.79
College Terrace Library (2300 Wellesley)	Square Feet	358.73	\$ 628.94	\$225,622	\$47.81
Downtown Library (270 Forest Ave.)	Square Feet	1,356.64	\$ 628.94	\$853,250	\$180.82
Mitchell Library (3700 Middlefield)	Square Feet	6,148.81	\$ 628.94	\$3,867,262	\$819.54
Rinconada Library (1213 Newell)	Square Feet	4,440.34	\$ 628.94	\$2,792,729	\$591.83
Furniture, Fixtures & Equipment	Integrated Unit	0.75	\$500,000	\$374,927	\$79.45
Volumes	Volumes	72,759.46	\$50	\$3,637,973	\$770.95
Technology Upgrades	Integrated Unit	0.75	\$500,000	\$374,927	\$79.45
Total				\$12,696,687	\$2,645.14

VII. Library Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost for Future Development	Total Facilities for Future Development	Cost per EDU
Children's Library (1276 Harriet)	Square Feet	6,043	906.27	99,326	69.96	906.27	\$629	\$569,997	\$120.79
College Terrace Library (2300 Wellesley)	Square Feet	2,392	358.73	99,326	27.69	358.73	\$629	\$225,622	\$47.81
Downtown Library (270 Forest Ave.)	Square Feet	9,046	1,356.64	99,326	104.73	1,356.64	\$629	\$853,250	\$180.82
Mitchell Library (3700 Middlefield)	Square Feet	41,000	6,148.81	99,326	474.69	6,148.81	\$629	\$3,867,262	\$819.54
Rinconada Library (1213 Newell)	Square Feet	29,608	4,440.34	99,326	342.80	4,440.34	\$629	\$2,792,729	\$591.83
Furniture, Fixtures & Equipment	Integrated Unit	5	0.75	99,326	0.06	0.75	\$500,000	\$374,927	\$79.45
Volumes	Volumes	485,157	72,759.46	99,326	5,617.05	72,759.46	\$50	\$3,637,973	\$770.95
Technology Upgrades	Integrated Unit	5	0.75	99,326	0.06	0.75	\$500,000	\$374,927	\$79.45
Total							\$1,005,195	\$12,481,908	\$2,645.14

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Library inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Library improvement costs provided by City of Palo Alto.

Library Facilities Fee Total \$2,645.14

**APPENDIX A-5
CITY OF PALO ALTO
EDU & EBU CALCULATION YEAR TO BUILD-OUT (2040) (INCLUDES TASKS B AND C)**

Existing EDU Calculation (FY 2020)

Service Factor (Residents and Employees)									
Land Use Type	Number of Persons Served*	Employment Adjustment Factor	Adjusted Persons Served	Residents per Unit/**		EDUs per Unit/ per 1,000 Non-Res. SF	Estimated Number of Units/Non-Res. SF	Total EDUs	
				Adjusted Persons Served	per 1,000 Non-Res. SF				
Single Family	42,392	100%	42,392	2.75	1.00		15,443	15,443	
Multi-Family	24,992	100%	24,992	2.03	0.74		12,310	9,104	
Retail (per 1,000 SF)	9,420	19.63%	1,849	0.44	0.16		4,200,000	673	
Office (per 1,000 SF)	70,206	19.63%	13,778	0.96	0.3510		14,300,000	5,019	
Industrial (per 1,000 SF)	16,027	19.63%	3,145	0.65	0.2376		4,822,578	1,146	
Hotel/Motel (per 1,000 SF)	1,101	19.63%	216	0.14	0.0499		1,577,422	79	
Total	164,138		86,372					31,465	

* Source: David Taussig & Associates; U.S. Census Bureau (ACS); City of Palo Alto Comprehensive Plan Update.

** Persons Served = Residents plus 20% of Employees, customary industry practice designed to capture the reduced levels of service demanded by employees. Subject to change.

Future EDU Calculation (FY 2040)

Service Factor (Future Residents and Employees)									
Land Use Type	Number of Persons Served*	Employment Adjustment Factor	Adjusted Persons Served	Residents per Unit/**		EDUs per Unit/ per 1,000 Non-Res. SF	Estimated Number of Units/Non-Res. SF	Total EDUs	
				Adjusted Persons Served	per 1,000 Non-Res. SF				
Single Family	6,911	100%	6,911	2.75	1.00		2,517	2,517	
Multi-Family	4,074	100%	4,074	2.03	0.74		2,007	1,484	
Retail (per 1,000 SF)	977	19.63%	192	0.44	0.16		435,418	70	
Office (per 1,000 SF)	7,278	19.63%	1,428	0.96	0.35		1,482,496	520	
Industrial (per 1,000 SF)	1,662	19.63%	326	0.65	0.24		499,962	119	
Hotel/Motel (per 1,000 SF)	114	19.63%	22	0.14	0.05		163,533	8	
Total	21,015		12,953					4,719	

* Source: David Taussig & Associates; California Dept. of Finance, Demographic Research Unit - Report E-5 May 1, 2020.

** Persons Served = Residents plus 20% of Employees, customary industry practice designed to capture the reduced levels of service demanded by employees. Subject to change.

Total Hours of Potential Park, Community Center, and Library Usage per Week

User of Facilities	Potential Recreation Hours per Work Day	Number of Work Days per Week	Hours Per Weekend Day	Number of		Potential Recreation Hours Per Week Per Person	Percentage of Household Population	Person Hours	Employee User Percentage
				Weekend Days Per Week	Per Week				
Resident, non-working	10	5	10	2	2	70	52.38%	37	NA
Resident, working	2	5	10	2	2	30	47.62%	14	NA
Employee	2	5	0	0	0	10	NA	10	19.63%

City of Palo Alto Household Population	67,384
City of Palo Alto Labor Force	32,085
Employee Percentage of Household Population	47.62%