

**PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT
M E M O R A N D U M**

Date: February 5, 2007
To: Honorable Mayor and City Council Members
From: Parks, Recreation and Community Services Director
Subject: Update on Consideration of Park Standard and Development Fee
Copy: City Manager, Community Development Director

In December of 2005, the City Council:

1. Directed the Planning Commission to consider a 3 acre/1000 resident active community parkland standard; and
2. Directed staff to bring back a park dedication or in-lieu fee ordinance for consideration.

Over the past year staff has: engaged a consultant and completed the nexus study required when considering a park development impact fee; updated the CORO fellows study which compared total development fees in seven similar jurisdictions and analyzed this updated information with the pending Water Capacity Charge/fee and various implementation levels of a park in-lieu fee.

With the suggested active community park land standard and the nexus study completed, we began an informational outreach program which included presentations to the Planning Commission, Housing & Human Concerns Committee the Chamber of Commerce's Economic Development Committee, as well as letters to local developers, architects, builders, professional organizations representing realtors, apartment owners and affordable housing advocates. Seven one-on-one meetings with individual developers also provided valuable reactions. Many of the comments received from these groups have been incorporated into the recommendation that is expected to come before Council in April or May of 2007.

Concurrently, the Council's Utilities Committee has been working with staff on refinements to the Water Capacity Charge for new development, which is the remaining implementation element of the Council's adopted 2006 Water Financing Plan.

Both Council Committees have provided staff with input on proposed fees levels for both the water charge and park development fees. Staff proposes to take these recommendations out for a final round of information and input sessions beginning with the Chamber's Economic Development Committee on Tuesday, February 6th. Attached are summaries of major recommendations with respect to each of these fees.

Overview of Redwood City's Proposed Park Standard and Development In-Lieu Fee Ordinance

Why establish a park standard for the City?

The Park and Recreation Commission recommended that Redwood City establish a standard to set the community expectation for parks and attempt to at least maintain our current ratio of active community parkland to residents as future development occurs. Redwood City is one of very few cities on the Peninsula where such a standard and fee is not in place. The creation of a standard would provide clear direction to staff as to the community's desire for parks as expressed by this Council policy. The Commission felt that the recommendation was also responsive to the Council priority to increase the number and quality of playing fields in the community. Consideration of a park standard and in-lieu fee is particularly timely as Redwood City contemplates substantial amounts of new residential development.

What is the Recommended Standard?

A 3 acres/1000 residents standard is recommended based on the existing level of "active community parkland". Our definition of **active community parkland** has three components: land that is within the City limits of Redwood City; owned by a public agency; and land with active recreational value. By selecting active community parkland acreage the Commission made a conscience choice about the type of space they felt was most needed in the City. Their choices for what is included in the inventory of active community parkland reflect a belief that we need a variety of spaces hence school fields are included as were places that are pedestrian friendly and promote community building, and more traditional parks. We realized that particularly school fields, which we coordinate organized use of, made up a large piece of what is available for active recreation. You will note that we also included areas that have very little turf such as Courthouse Square and the City Hall Plaza that meet the pedestrian friendly, community building character of active community space. Areas such as Edgewood Park and Don Edwards Preserve are not included because the vast majority of the land is held to preserve open space rather than provide active recreational value.

What are the Consequences of the Current Park to Resident Ratio Eroding?

There are several ways to look at the consequences of not establishing and maintaining our current standard. First, using the active parkland definition, Redwood City currently has 2.99 acres/1000 residents (225.5 acres/75,402 residents x1000). Growth estimates, through the year 2020, suggest the creation of 4,329 new residential units or new additions which are expected to add 7,845 new residents. That means that to simply stay at the same relative level we are at today we would need to add 23.5 acres of new parkland. Hoover, Marlin, Stafford and Maddux Parks total 23.5 acres.

What is the legal basis for the fee and how is it determined?

The State Quimby and Mitigation Act allow for the assessment of fees on development for park and recreation improvements. They require a nexus study to define the relationship between new development and the need for new parks. Redwood City's Nexus Study went through the following steps:

- Step 1 Assume a desired Park Standard = **3 acres per 1000 residents**
- Step 2 Determine number and type of new residential units = **4,329 units**
- Step 3 Determine average residents per unit type x new residential units = **7,845**
- Step 4 Determine acres of park needed based on standard = **23.5 acres**
- Step 5 Determine the cost of land and park improvements = **\$2.33 million/acre**
- Step 6 Determine total cost through 2020, Step 4 x Step 5 = **\$54,767,000**
- Step 7 Apply fee to various housing types based on average number of residents.

How does Redwood City compare on Development Fees at 100% park fee?

| Density Level Jurisdiction | Low, 1-7 | | Medium, 8-20 | | High, 21 + | | Addition Bedroom |
|-------------------------------|------------|--|--------------|------------|------------|------------|---------------------|
| | Owned | | Owned | Rental | Owned | Rental | |
| Daly City | 26,937 | | 12,273 | 8,439 | 12,375 | 8,539 | 4,086 |
| Menlo Park | 50,812 | | 24,297 | 23,241 | 24,297 | 23,241 | 3,344 |
| Palo Alto | 34,038 | | 15,256 | 8,924 | 15,256 | 8,924 | 2,885 |
| Redwood City | 44,671 | | 28,314 | 26,099 | 24,719 | 25,590 | 3,270 |
| San Leandro | 48,979 | | 25,190 | 20,507 | 25,190 | 20,507 | 3,950 |
| San Mateo | 29,310 | | 26,994 | 20,622 | 26,994 | 20,622 | 5,428 |
| Sunnyvale | 27,753 | | 18,420 | 15,212 | 15,562 | 12,808 | 2,533 |
| Redwood City Rank | 3rd | | 1st | 1st | 3rd | 1st | 5th |

| Where does Redwood City Rank? | | | | | | | | |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Percentage of Fee | 100% | 80% | 75% | 70% | 65% | 60% | 55% | 50% |
| Low Density Ranking (91 units) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Medium Density Ranking Owned (573 units) | 1 | 3 | 4 | 4 | 4 | 4 | 4 | 5 |
| High Density Ranking Owned (2,473 units) | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Medium Density Ranking Rental (145 units) | 1 | 2 | 2 | 3 | 4 | 4 | 4 | 5 |
| High Density Ranking Rental (436 units) | 1 | 2 | 2 | 4 | 4 | 4 | 4 | 4 |
| Additions Ranking | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 7 |

Where could we put new parks?

The City Council recently authorized a Needs Assessment Study to determine the priority needs and potential locations for new parks and facilities.

City of Redwood City
Proposed Water Capacity Charge

Final Draft – Includes Utilities Committee Comments – Updated Jan. 30, 2007

Purpose

- A. Implementation of the adopted *2006 Water Financing Plan* (“Plan”).
- B. Supports the overarching goal of eliminating Redwood City’s overdraft of drinking water from the San Francisco regional water system by 2010.
- C. Increases Water Enterprise Fund revenues to cover a “fair share” of construction costs of the recycled water project.

Policy Assumptions

1. The combination of increasing water rates and basic service charges for Redwood City drinking water customers provides balanced revenues and expenditures annually in the Water Enterprise Fund.
2. While revenues from rates and charges can be forecast with some certainty, the City has no control over the timing, frequency, or magnitude of new connections via development applications. Therefore, the Plan makes no assumptions about revenues from a new Capacity Charge, and therefore the full burden of constructing the recycled water system (including debt service on bonds) is 100% loaded into water rates and service charges.
3. To ensure equity between current and future water customers, a Water Capacity Charge should be implemented on the basis of projected water use by new customers (using the City Engineering Standard “Attachment Q” methodology).
4. A future “Redwood City Sub-Regional Recycled Water System” could supply 2,500 to 5,000 Acre Feet /year to other water agencies, above and beyond the 2,000 to 3,240 AF/yr needed within the Redwood City water service area.
5. Cost allocation will be based on estimated construction costs for Phase One only (east side of Hwy. 101): $\$74.2\text{M} \div 7,000 \text{ AF/yr maximum treatment/production} = \$10,600/\text{AF}$, or an estimated range of \$1,975 per new condominium, to about \$3,700 for a new single family home, to \$116,000 for a new 50-room hotel.
6. If and when the Council enters into agreement(s) for delivery of recycled water to other communities on a wholesale basis, terms and conditions will be based on a new set of City Council guiding principles for selling recycled water to other water agencies. Draft guidelines are being discussed by the Utilities Committee.
7. All debt service for revenue bonds has been added into the water enterprise rate base. As such, both current and future water customers will pay increments of the financing costs of the project via their water bills.
8. As revenues are collected via the new Water Capacity Charge and/or contracts with other water agencies, the City Council will have options on how to use those additional funds to mitigate the effects of capital costs on Redwood City’s water customers. This approach creates equity and fairness.

Recommendation

Staff recommends that the Water Capacity Charge be considered concurrently with the proposed Park Standard and Park Development Fee, and implemented by July 2007.

Attachment: *Sample Water Capacity Charges for Future Development/New Customers*

Redwood City

Revised 1/30/2007

Sample Water Capacity Charges for Future New Development / New Customers

| | Projected Water Use | | Estimated Water Capacity Charge*** |
|---|---------------------|-----------------|--|
| | Gallons Per Day | Acre Feet /year | |
| Water Capacity Charge | | | |
| Per AF | 893 | 1.000 | \$10,600 |
| Per 100 gpd | 100 | 0.112 | \$1,187 |
| Indoor Water Demand | | | |
| Single Family Residence | 204 | 0.229 | \$2,422 |
| Multi-Family Residential Unit - Mix of ownership and rental | | | |
| Downtown Precise Plan (Ave. 2.2 persons/unit) | 132 | 0.148 | \$1,567 |
| Office/Commercial | | | |
| 1,000 Square Feet | 130 | 0.146 | \$1,544 |
| 5,000 Square Feet | 650 | 0.728 | \$7,718 |
| 10,000 Square Feet | 1,300 | 1.456 | \$15,436 |
| Hotel | | | |
| Per Room | 195 | 0.218 | \$2,315 |
| 20 Rooms | 3,900 | 4.369 | \$46,307 |
| 50 Rooms | 9,750 | 10.921 | \$115,767 |
| Restaurants | | | |
| Per Seat | 30 | 0.034 | \$356 |
| 30 Seats | 900 | 1.008 | \$10,686 |
| 100 Seats | 3,000 | 3.360 | \$35,621 |
| Landscaping Water Demand | | | |
| 1,000 Square Feet | 72 | 0.080 | \$852 |
| 10,000 Square Feet | 717 | 0.803 | \$8,517 |
| 100,000 Square Feet | 7,173 | 8.035 | \$85,170 |
| Total Water Demand | | | |
| e.g. Precise Plan (indoor+outdoor) | 166 | 0.186 | \$1,975 |
| e.g. Single Family + 1,500 Sq Ft landscape | 312 | 0.349 | \$3,700 |

* Based on "Attachment Q", Engineering Standards

*** Final estimated demand - and therefore basis for fees, will vary from project to project.