

NORTH HIGHLANDS RECREATION AND PARK DISTRICT
PARK DEVELOPMENT FEE NEXUS STUDY

Prepared by
Infrastructure Finance Section
Municipal Services Agency
County of Sacramento

and SCI Consulting Group

REVISED FINAL REPORT v2

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EXECUTIVE SUMMARY

The North Highlands Recreation and Park District Park Development Fee Nexus Study was developed in compliance with the Mitigation Fee Act established by AB-1600 and contained in Government Code Section 66000, et seq. The purpose of this report is to provide the legal basis and foundation for the North Highlands Recreation and Park District, consistent with its adopted policies and state law, to request that Sacramento County establish an impact fee on new development in North Highlands for the purpose of providing needed funding for park facilities improvements to serve new development.

The North Highlands Recreation and Park District was established in 1955 and serves an area of approximately 12 square miles in unincorporated Sacramento County bounded on the west by 28th Street and the limits of unincorporated McClellan Park, on the southeast by the Union Pacific Railroad line, and on the north by Antelope and Elverta Roads. It is an independent special district governed by a five member elected board of directors.

The need for local recreation and park facilities and services stems from the population to be served by the local park agency. On that basis, this Fee Nexus Study uses a per capita standard for recreation and park facilities to calculate park impact fees to finance new North Highlands Recreation and Park District facilities to serve the population stemming from new development in North Highlands. Using this rationale, the cost components of the impact fees are based on level of service (“LOS”) standards adopted by the District. These LOS standards are derived from the National Recreation and Park Association and are consistent with most other agencies in the greater Sacramento area that provide local recreation and park facilities and services. They are also consistent with the LOS standards reflected in the Public Facilities Element of the Sacramento County General Plan.

The total per capita costs for recreation and park facilities needed for new residential and non-residential development are established in this Nexus Study. The Nexus Study demonstrates that a reasonable relationship or nexus exists between new development that occurs within the District and the need for additional developed parkland and recreational facilities as a result of new development. The findings and recommendations of the Nexus Study are listed below.

Agreement in Principle and Revised Park Impact Fees

On April 10, 2008, the District Board of Directors (“Board”) approved a park impact fee program and requested that Sacramento County Board of Supervisors adopted and implement it on behalf of the District. Amidst the significant deterioration of conditions in the housing market through 2008 and into 2009, the eight park district administrators, SCI Consulting Group and Sacramento County IFS staff work closely with the North State Building Industry Association and area developers to establish reasonable park impact fee programs that would to serve their needs and the needs of the development community as well.

In response to the direction of the Sacramento County Board of Supervisors, the parties engaged in a series of special meetings in late 2009 to review the “Fees, Standards and Costs” relating to proposed eight park impact fee programs. As a result of these meetings, an Agreement in Principle (“Agreement”) was reached that outlined a framework for establishing and implementing the new park impact fee programs.

A memorandum has been attached to this Revised Final Report that details the provisions of the Agreement and the modifications to the previously approved fee program. However, the content in this Revised Final Report has not been changed to reflect the revised fees. Instead, the memorandum (attached as Appendix A-9) serves to outline the Agreement and the District's revised fee program and modifications.

Findings

Based on the April 2008 Park Facilities Master Plan of the North Highlands Recreation and Park District, the level of service standards established therein, the construction cost estimates determined by the District, and applicable Quimby Act provisions set forth in Chapter 22.40 of the Sacramento County Code ("SCC"), the following findings are presented here:

- The North Highlands Recreation and Park District master-planned level of service objective is 5.0 acres of improved parks for every 1,000 residents.
- According to the 2008 Park Facilities Master Plan, the District's present population enjoys an existing level of service substantially below 5.0 acres of parks per 1,000 residents unless the available acreage of other public recreational facilities (e.g., school ballfields and playgrounds) located within the District is counted. Even including all available District-owned and other de facto parks, the current level of service is only 4.0 acres of parks per 1,000 residents.
- Upon approval of maps for new residential subdivisions, the District receives the dedication of park land, payment of fees in-lieu of land, or combination of both pursuant to the Quimby Act and SCC Chapter 22.40 equivalent to the minimum level of 3.0 acres per 1,000 residents expected to occupy each new residential subdivision.
- Beyond the Quimby Act exaction of land and in-lieu fees at a level inadequate to achieve the Master Plan standard or the existing level of service for park acres, the District does not receive any funding from new development earmarked for the construction of recreation and park facilities on the parkland obtained via Quimby requirements.
- Park impact fees, as may be imposed by Sacramento County pursuant to the Mitigation Fee Act, are necessary to enable the District to build recreation and park facilities needed to serve the resident and employee population growth resulting from new development.

Recommendations

Based on the findings of the Nexus Study, the following recommendations are presented:

1. Park development impact fees should be established to fund costs of developing and improving recreation and park facilities needed to serve new development within the District.
2. Sacramento County should establish the following park impact fees on behalf of the District in order to fairly allocate the cost of park development and recreational facilities construction attributable to new development within the District. The rates for land use categories are as follows:

Proposed Park Impact Fees for North Highlands Rec and Park District		
Land Use Category	Approved Park Impact Fees	Revised Park Impact Fees
<i>Residential Construction</i>		
Single-Family Detached Residential	\$7,915	\$6,551
2 to 4 Unit Attached Residential	\$7,218	\$5,973
5 + Unit Attached Residential	\$6,286	\$5,202
Mobile Homes	\$4,760	\$3,939
Second Residential Units	\$2,487	\$2,141
<i>Non-Residential Construction</i>		
Retail / Other	\$0.50	\$0.42
Office	\$0.83	\$0.69
Industrial	\$0.35	\$0.29

3. Pursuant to the Agreement in Principle between the District and the development community, the revised park impact fees shall be phased over a three-year period as follows:

Proposed Park Impact Fees for North Highlands Rec and Park District			
Land Use Category	First Year Fees	Second Year Fees	Third Year Fees
<i>Residential Construction</i>			
Single-Family Detached Residential	\$2,184	\$4,367	\$6,551
2 to 4 Unit Attached Residential	\$1,991	\$3,982	\$5,973
5 + Unit Attached Residential	\$1,734	\$3,468	\$5,202
Mobile Homes	\$1,313	\$2,626	\$3,939
Second Residential Units	\$714	\$1,427	\$2,141
<i>Non-Residential Construction</i>			
Retail / Other	\$0.14	\$0.28	\$0.42
Office	\$0.23	\$0.46	\$0.69
Industrial	\$0.10	\$0.19	\$0.29

4. These park impact fees should be collected from all new development within the District in addition to the continuing imposition of SCC Chapter 22.40 land dedication and in-lieu fee requirements on residential development.

5. After the third year, the park impact fees will be automatically adjusted based on the change in the Engineering News Record Construction Cost Index. However, the District should periodically conduct a review of park development and facility construction costs. If costs change significantly in either direction, this Nexus Study should be updated and the park impact fees adjusted accordingly.
6. The park impact fees for the North Highlands Recreation and Park District should be adopted and implemented in accordance with the applicable provisions of the Mitigation Fee Act (Government Code Section 66000, et seq.).

INTRODUCTION

New land use development in North Highlands generates additional demand for recreation and park facilities by bringing into the community new residents and other people who enjoy the opportunity to use local parks. The purpose of this report is to provide a foundation for the North Highlands Recreation and Park District to seek imposition by Sacramento County of an impact fee on new development in North Highlands for the purpose of providing adequate funding for park facilities improvements to meet these growth needs. The North Highlands Recreation and Park District Park Development Fee Nexus Study was developed in compliance with the Mitigation Fee Act established by AB-1600 and contained in Government Code Section 66000, et seq. The Sacramento County Infrastructure Finance Section prepared the Nexus Study pursuant to an agreement between the District and the County. As a development impact fee designed to mitigate the impact of new development on the North Highlands Recreation and Park District, the proposed Park Fee can only be charged to new development and must be based on analysis of the impact of new development on public recreation and park facilities in the District. This report determines the specific relationship between various types of new development in the District and the proposed Park Development Fee. It recommends the nexus findings to justify imposing the proposed Fee.

The Nexus Study contains sections on (1) the relationship of the proposed Park Development Fee to the District's Park Facilities Master Plan, (2) anticipated future development within the District, (3) the justification for establishing the proposed Park Development Fee, (4) compliance with the Mitigation Fee Act, (5) the allocation of facilities improvement costs to specific land uses and derivation of appropriate fee rates, and (6) implementation by the North Highlands Recreation and Park District and the County of Sacramento.

1. Relationship of the proposed Park Development Fee to Park Facilities Master Plan of the North Highlands Recreation and Park District

The North Highlands Recreation and Park District (North Highlands RPD or District) has prepared an updated Park Facilities Master Plan, which the District Board adopted in April 2008. The new version of the District's Master Plan responds to the challenges posed by recently proposed construction projects and longer term development anticipated to occur within the District. This growth outlook marks a new era for the North Highlands RPD, which has seen little construction of new homes during the last twenty years. The draft Park Facilities Master Plan was in preparation for many months and released for public review in November 2007.

This Park Development Fee Nexus Study is linked to the District's Park Facilities Master Plan. The development impact fees that it proposes are intended to become one of the primary funding sources for the near-term and longer range park facilities capital improvements targeted in the Master Plan. Imposition of the proposed Park Development Fees is made more secure and defensible by the direct connection between the park facilities standards and specific priorities for improvements as contained in the Master Plan. The District Board's approval of the Development Fee Nexus Study was concurrent with the approval of the 2008 North Highlands RPD Master Plan.

Park facilities standards – The North Highlands RPD has launched a concerted effort to upgrade its park facilities to the standards for local parks generally accepted in the Sacramento region and around the country. Nationally and in our region many cities and park districts have established standards that call for at least 5.0 acres of improved community and neighborhood parks per 1,000 residents. This level of park facilities per 1,000 in population is currently not met by the existing North Highlands RPD inventory of parks, but it is the policy of the 2008 Master Plan to pursue the achievement of the 5.0 acre standard. It is expected that new development within the District will provide funding for park improvements associated with the 5.0 acres per 1,000 residents level. The proposed Park Development Fee in concert with Quimby in lieu fees and land dedications will assure that new residential construction provides sufficient funding for those facilities improvements. Other sources of funding will be sought by North Highlands RPD to make up for the shortfall in park acreage resulting from the District's acreage standard in the County's Quimby land dedication ordinance (SCC Chapter 22.40) and to augment the amount of park facilities serving the District's existing residents. Part of the strategy may need to include polling District residents to see if they would support an assessment for park improvements. Making up for past deficiencies in park acreage or recreation facilities is not an allowed function of the proposed Park Development Fee.

Quimby factors in Sacramento County Code (SCC) Chapter 22.40 – The Quimby Act (CA Government Code Sec. 66477) provides the legal authority for requiring new residential development to dedicate land for park sites or to pay equivalent fees in lieu of dedication. The amount of land that a city or county acting on behalf of a park agency may exact from such development is limited to the status quo demonstrated by the park agency's existing park acreage divided by its population (in thousands) or the minimum Quimby Act standard of 3.0 acres of parks per one thousand population, whichever is greater. Sacramento County implemented the Quimby Act by enacting Chapter 22.40 of the County Code, which applies its provisions to subdivisions and parcel maps. Sacramento County imposes Quimby requirements on residential development in the North Highlands RPD at the minimum 3.0 acres per 1,000 residents standard. Based on the District's existing inventory of parks, the North Highlands RPD has not been listed in the County Code as qualifying for a Quimby land dedication of more than the minimum 3.0 acres per 1,000 standard (see Appendix Table A-8). However, the District could make a case that effective park acres available to North Highland RPD residents amount to a higher level of service standard of parks per 1,000 residents, when other improved public recreational sites are considered.

SACOG data from the 2000 Census shown in Table A-1 indicate a population of 41,835 compared to the District owned inventory of 71.84 acres of parks. There is a disparity

between the District's Master Plan policies calling for 5.0 acres of parks per 1,000 residents and the District's present inventory of parks, which amounts to 1.72 acres per 1,000 residents using the latest estimates of the District's population of 41,835. However, when other functional public recreation and park acreage consisting primarily of public school playgrounds and ballfields located in the District is taken into consideration, the acreage inventory of available parks increases to 167.5 acres or 4.0 acres per 1,000 population (sites listed in Table A-8). Thus it can be shown that the current deficiency of parks within the District to achieve the Master Plan's standard of 5.0 acres per 1,000 residents standard is about 41.8 acres. A conservative estimate is that the District will grow by about 6850 residents over the next ten years. To serve these new residents locating in the District, approximately 34.3 acres of developed parkland will be needed in addition to the 41.8 acres required to meet the 5.0 acres per 1,000 residents standard for the current population. The District needs to implement a strategy to seek adjustment of the County Code's land dedication factors for the North Highlands RPD as well as seeking additional funding to acquire additional park lands to overcome the deficiency and attain the 5.0 acre standard.

Park facilities costs – The 2008 Park Facilities Master Plan documents the park facilities currently in place in the North Highlands RPD and establishes a blueprint for the set of new park facilities that will be constructed to serve future development in the District. Because the future pattern of residential and commercial development in North Highlands RPD has yet to be established with certainty, the Master Plan specifies the types and general locations of planned new park facilities. The Master Plan serves as a foundation for estimating how much it will cost to provide these facilities, but cannot yet provide the details of facilities requirements on a site specific basis, except for near-term facilities improvements planned on sites owned or proposed for acquisition by the District. It is necessary to look to other park agencies with recent park construction projects to estimate the cost for park facilities improvements for the North Highlands RPD. The park facilities costs that are used in this Fee Nexus Study are based on typical costs for comparable new park facilities incurred by other park agencies in the region that have recent experience with construction of similar recreation and park facilities.

The Park Development Fee proposed here is intended to be an important tool for implementation of the North Highlands RPD Park Facilities Master Plan. In conjunction with other sources of funds, the North Highlands RPD Park Development Fee will enable the District to provide the park and recreation facilities it is planning to serve the needs of a growing population.

2. Anticipating the Future Development within the North Highlands Recreation and Park District

The area served by the North Highlands Recreation and Park District has experienced very little development activity over the last two decades (see Figure 1 map). The District's newest residential neighborhoods, North Country and Ridgepoint/Kirkland Place, were developed in the early and mid-1980s. Now, however, the District is likely to see substantial urban growth in its previously rural western flank as bounded by the underdeveloped Watt Avenue commercial corridor, along with infill development at scattered vacant sites in other parts of the North Highlands RPD. The west of Watt Avenue area of the District extends from Elverta Road on the north and 28th Street on the west, to McClellan Park on the south. During the McClellan Air Force Base closure process, the Sacramento Local Agency Formation Commission (LAFCo)

approved the addition of McClellan Park to the territory of the North Highlands RPD. McClellan Park is also a focus of new and ongoing commercial and residential development activity and includes the District's largest facility, Freedom Park.

2000 Census data and planning estimate of current population

The 2000 Census profile for the North Highlands CDP ("Census Designated Place") shows a total population of 44,187. Of this count some 43,564 persons lived in households while 623 lived in group quarters. About 95.3% of the total housing stock of 16,149 dwelling units was occupied as opposed to being vacant. Of those 15,389 occupied units, just under half were owner occupied (49.2%) with the balance being renter occupied (50.8%). Nearly 83% of the dwellings in the North Highlands CDP were constructed between 1940 and 1979. Only 3.5% of the homes were built from 1990 onward. To find out about variations in the population and housing characteristics of individual neighborhoods within the North Highlands Recreation and Park District, it would be necessary to look at the census tract level data.

As defined by the Bureau of the Census, the boundaries of the North Highlands CDP differ somewhat from those of the North Highlands Recreation and Park District. The Sacramento Area Council of Governments (SACOG) compiles estimates of population and housing units for jurisdictions in the region for the years after the most recent Federal decennial Census (2000). The SACOG demographers are currently working up the small area data for years subsequent to 2001, the most recent year posted. The SACOG data can be used to most accurately determine the population and housing counts within the North Highlands RPD. Assembling the SACOG census tract (and sub-census tract or "minor zone") data that corresponds to the North Highlands RPD territory for both years 2001 and 2000 gives near identical results. This shows a total population of 41,835 and a total housing stock of 14,362 units for North Highlands RPD.

North Highlands Recreation and Park District locations with potential for urban growth

The closure of McClellan Air Force Base in 2001 and its conversion to McClellan Business Park have created a major center for employment growth that is of regional significance. As of 2005 an estimated 10,000 jobs are located within McClellan Park, with a potential for employing as many as 34,000 at build-out. At the same time, the conversion of McClellan Field to a civilian facility substantially reduced the airport safety and noise constraints that have historically limited urban development west of Watt Avenue within the boundaries of the North Highlands RPD. A new Comprehensive Land Use Plan (CLUP) for the McClellan Field airport containing revised aircraft noise contours and approach-departure zone safety analysis needs to be prepared and adopted by the Airport Land Use Commission. Although the new airport operational characteristics have been analyzed, the updated CLUP is necessary to properly define the opportunities and remaining airport constraints for development of urban uses in this largely agricultural-residential and underutilized light industrial area west of the existing Watt Avenue commercial corridor.

Watt Avenue is a major north-south thoroughfare extending 16-miles in Sacramento County from the Placer County line to Florin Road (and continuing another 7.5 miles as Elk Grove-Florin Road southward to Highway 99). The North Watt Avenue portion of the corridor extends through the center of the North Highlands Recreation and Park District. Due to the importance of North Watt Avenue, public agencies are directing much attention to it. It is a

congested transportation corridor that presently accommodates up to 38,000 vehicle trips per day on its four-lane sections north of Don Julio Boulevard, about 45,000 daily trips on the six-lane segment between Don Julio Boulevard and Roseville Road, and up to 55,000 daily trips on the six-lane section between Roseville Road and I-80. The County has long planned to widen North Watt Avenue to 6-lane thoroughfare standards from Don Julio Boulevard north to Elverta Road and on to Placer County, but has been hampered by limited funding and constraints from fronting development. Watt Avenue is also an important bus transit corridor for Regional Transit routes connecting to the Light Rail station at Watt/I-80. Traffic is projected to increase substantially on North Watt Avenue as a result of future development of the recently approved Elverta and Placer Vineyards Specific Plans and other development that is proposed in West Roseville and Placer County.

The opportunities for new development and community revitalization in North Highlands have been incorporated in several urban planning initiatives that have been initiated in recent years. While their public policy objectives are broad based, these efforts are helping to define the nature of future development that will occur within the North Highlands RPD. These projects and studies include the following:

- McClellan Special Planning Area (McClellan SPA) – This zoning ordinance was implemented as a basic framework for guiding the use of the former military base. Besides defining the airport, office, industrial, and warehouse land use districts within McClellan Park, the McClellan SPA provides for over 350 acres along Freedom Park Drive and James Way for proposed residential and mixed-use development. Estimates for total residential units that may be developed within McClellan Park amount to about 1,200 dwellings.
- McClellan AFB/Watt Avenue Redevelopment Area – Administered by the Sacramento Housing and Redevelopment Agency (SHRA), this redevelopment project links the development engine represented by McClellan Park with the adjacent retail and services corridor along North Watt Avenue for the purpose of promoting the integrated revitalization of the former McClellan Air Force Base and the adjacent North Highlands Community. Having tax increment powers, the Redevelopment Area harnesses the increase in local property values for reinvestment of property tax revenues for infrastructure improvements, development incentives, and community amenities.
- North Watt Avenue Corridor Mobility Strategy – North Watt Avenue from Interstate 80 to Elverta Road was one of eleven major transportation corridors that were studied comprehensively by the County Department of Transportation (DOT) to develop strategies to enhance mobility (including travel time and reliability), increase the people-moving capacity, and improve transportation safety. Several design scenarios were developed for North Watt Avenue including one that would use 34th Street from U Street to Freedom Park Drive as one-half of a “couplet” with Watt Avenue resulting in paired one-way arterials. DOT in conjunction with SHRA has been constructing phased North Watt Avenue Enhancement improvements including installation of landscaping, ADA compliant frontage and sidewalk improvements, street lighting, transit access, and bicycle facilities.
- North Highlands Town Center Development Code –The Freedom Park Drive Corridor extends one-half mile from Watt Avenue west to 32nd Street and was identified through a community visioning process as the heart of North Highlands.

Freedom Park Drive is the focus of the North Highlands Town Center Development Code. This recently adopted Development Code represents a “form-based” set of building development standards and land use regulations intended to facilitate the development of a pedestrian-oriented, mixed use Town Center for the North Highlands Community.

- North Watt Avenue Corridor Plan – Encompassing about 500 acres in the North Highlands RPD bounded by Watt Avenue and 34th Street from McClellan Park north to U Street (as well as the Splinter City area along Roseville Road outside the District), the Corridor Plan in preparation by the County’s consultant EDAW will focus on how to redevelop Watt Avenue in North Highlands as a smart growth corridor with a series of mixed-use centers and urban villages. The May 2007 draft report looks at constraints and opportunities for transforming the North Watt Corridor to resemble the sustainable development patterns described in the Preferred Blueprint Scenario developed by SACOG. Sub-consultants have prepared traffic and corridor market analyses as part of the Corridor Plan project.
- Sacramento County General Plan Update –Completed in draft form in 2007 by the County Planning and Community Development Department and undergoing environmental review per CEQA, the County General Plan Update is intended to establish development policies in unincorporated Sacramento County for the planning period covering from 2005 to 2030. The draft General Plan includes many policies that will help to shape future development within the North Highlands RPD. The Update is expected to begin public hearings in the latter part of 2008 leading to its adoption by the Board of Supervisors.

General Plan Outlook: The Land Use Element of the draft General Plan Update specifies a strategy for accommodating urban growth demand in Sacramento County that emphasizes the build-out of identified urban infill sites. This approach calls for increasing residential development opportunities on vacant lands planned for residential use in established urban communities, supporting the rezoning of excess commercial and industrial lands to residential uses, and increasing the density of development on underutilized lands when appropriate. The draft Land Use Element also calls for Commercial Corridor Planning to promote new retail and employment opportunities along with a balance of supportive residential development. Its assessment of commercial and industrial land in the North Watt area found over 80 acres of vacant sites and about 45 acres of underutilized sites. Applying SACOG’s Blueprint Vision to this North Watt area vacant and underutilized land inventory results in a holding capacity of some 4,100 dwelling units. The draft Land Use Element also recognizes the need to accommodate some of the projected growth in the unincorporated County in new growth areas. The four identified growth areas include the “West of Watt” area in North Highlands, Aerojet’s Easton Planning Area, the Grant Line East area, and the Jackson Highway Corridor. With regard to the agricultural-residential oriented West of Watt area, the Land Use Element says:

- The *Corridor Conditions and Opportunities Assessment* report generated by Planning staff in September of 2004 indicates that there are 191 vacant acres and 99 acres of unused capacity in the West of Watt area, totaling over 240 vacant acres ready to be developed for urban uses. This report also illustrates that upwards of 6,000 residential units may be accommodated within this area if it is planned for in a strategic manner. Instead of allowing piecemeal development to occur, the County intends to

proactively master plan the entire area to ensure that future development is desirable and compatible with existing development, and that appropriate levels of residential, commercial and employment-related development are accommodated within this area.

Existing and Potential Development in District territory west of Watt Avenue: This portion of the District is bounded by Watt Avenue on the east, Elverta Road on the north, 28th Street on the west, and the full extent of McClellan Park on the south. The 2000 Census indicated a population for this west of Watt area of 3,299 residents and 1,075 dwelling units. About sixty percent of the current population and housing in this area is located north of U Street, which contains the single-family, RD-5 zoned subdivisions developed in the 1970s as Highland Estates, Midtown Village, and Quail Glen. Aside from some 500 residents in group quarters and other existing housing at McClellan Park, the rest of the west of Watt Avenue residents in the District are located in about 460 agricultural-residential homes between U Street and McClellan Park. Much land in this area is underutilized in relation to its basic pattern of AR-2 and M-1 zoning. Some of the land designated for these light industrial and agricultural-residential uses is contained in several blocks regulated by the McClellan North SPA zoning ordinance.

An estimated 111 additional agricultural-residential homes could be built on vacant AR-2 sites in the west of Watt area without rezoning. A seven-acre vacant site at U Street and 34th Avenue was rezoned in 2007 for 37 RD-7 tentative lots. As noted in the General Plan Update discussion about an urban growth master plan for this area could yield a holding capacity of up to 6,000 dwellings. About 77-acres of vacant or underutilized M-1 zoned land in this area could accommodate additional light industrial uses or be considered for alternative uses that may be compatible with industrial neighbors and updated McClellan CLUP policies.

Along the west side of Watt Avenue from U Street to McClellan Park, an entire half block depth extending west toward 34th Street is zoned commercial. Included here are some 52 acres, including 43 acres zoned GC, 7 acres zoned LC, and 2 acres zoned SC (see Table A-3), that are either vacant or underutilized. Recently several vacant sites in this commercial zoned strip have been proposed for multi-family residential development. Current Zoning Code provisions for the LC and SC zones allow multi-family residential development at up to 20 dwelling units per acre, and for the GC and BP zones allow with a conditional use permit multi-family residential at up to 40 units per acre. If all 52 acres were developed as multi-family uses at an RD-20 density for the LC and SC sites and an RD-30 density for the GC sites, some 1,607 additional residential apartment or condominium units could result. While complete conversion of potentially developable existing commercial sites to multi-family uses is not a realistic forecast, it does provide a baseline for the residential holding capacity that the North Watt Corridor could reasonably yield. When the proposed West of Watt Growth Area is considered in conjunction with new urban land use designations in the North Watt Corridor, along with additional dwellings in McClellan Park, an ultimate growth of up to 10,000 new residential units is achievable for the west side of the North Highlands RPD.

Existing and Potential Development in District territory east of Watt Avenue: The North Highlands RPD territory east of Watt Avenue can be divided into two sections. The small triangular section of the District east of Walerga Road that is also framed by Antelope Road on the north and the UPRR on the southeast was fully built out with the recent construction of the Kohl's department store at the southwest corner of Antelope Road and Don Julio

Boulevard intersection. The other, larger section is located between Watt Avenue and Walerga Road and extends from the former USAF Capehart Housing Tract on the north to the UPRR and the Aerohaven Elementary School neighborhood on the south.

Although the central section of the District located between Watt Avenue and Walerga Road is largely developed with single-family residential subdivisions, duplexes, apartments, and a few commercial sites, it contains several important vacant infill sites that will also add to the District's near-term residential growth. The existing duplex units at the former Air Force Capehart Housing Tract are proposed for owner occupancy as the Arbors Subdivision. Adjacent on the former Lawrence Links golf course site, in the County recently approved the 304-unit Lakes at Antelope project. Nearby is a 3.0 acre vacant LC site at the corner of Watt Avenue and Blackfoot Way. A 42-lot subdivision called Antelope Heritage Oaks is under development on the south side of Antelope Road just west of Walerga Road. Similar unused strips of vacant land extending south along the west side of Walerga Road include a total of 9.1 acres zoned BP and 11.2 acres zoned LC. The BP parcels could be developed with as multi-family residential with approval of a use permit, while the LC parcels would only need development plan approval. Finally wrapping around the Watt Towne Center is a vacant 20.9-acre commercial site that the County just designated as a Special Planning Area to include at least 10.0 acres of RD-20 multi-family residential uses. Two separate affordable residential projects containing 112 senior apartment units and 204 family-oriented apartment units were approved by the County for that site earlier this year.

SACOG 2025 and 2035 development projections

For purposes of modeling future development in the Sacramento region, the demographers at SACOG developed a forecast for growth beyond 2000 Census levels that was allocated to the sub-census tract level (referred to as Minor Zones or Traffic Analysis Zones [or "TAZ's"]). An early version projected development to the year 2025. It was based on the continuation of earlier development patterns in the region focusing growth in new outlying suburban areas as an extension of the conventional urban sprawl dynamic. The 2025 projections for TAZ's comprising the territory of the North Highlands RPD estimated that only 428 additional housing units would be added to the existing 2001 housing stock of 15,061 by the year 2025. Development project approvals within the District just within the last two years far exceed that number of units.

During the last several years, consistent with its Blueprint Vision Preferred Scenario for future "smart" growth in the region, SACOG has put together a regional development forecast for the 2035 time horizon. Using the Blueprint principles in the development model, the 2035 projections for the territory of the North Highlands RPD indicate an addition of more than 70% (or 10,200 units) to the 2001 housing stock by the year 2035. The achievement of this level of new development within the North Highlands RPD would only be likely to occur with County designation of more intensive urban land uses in the General Plan Update's proposed West of Watt Urban Growth Area as well as significant residential development within North Watt Corridor and McClellan Park. However, this defines the kind of upper limit for potential growth of households requiring recreation and park facilities and services over the next three decades within the District (see Appendix Table A-1).

Inventory of current developable, zoned land

Where the 2035 SACOG development projections as they apply to the North Highlands RPD probably represent the upper limit of development that can be expected to occur over the next several decades in the District, the land use holding capacity under existing patterns of zoning and land utilization is another way of assessing development potential. Using Assessor's and zoning information, as well as GIS overlays of 2004 aerial photographs, staff compiled an inventory of vacant and underutilized land within the North Highlands RPD. The resulting inventory is summarized in Appendix Table A-2. Following a scenario that assumes all vacant commercial acreage could be developed as multi-family residential uses, the data in Table A-2 extrapolate how many additional residential units could be accommodated by building out all of these currently vacant or underutilized sites. This could yield almost 3,100 units in addition to 1,200 in McClellan Park. These figures for "Potential Growth in Dwelling Units at Current Zoning" are shown in the last column of Table A-2 and are compared in Table A-1 with the corresponding SACOG Blueprint growth projections for each of the TAZ's comprising the North Highlands RPD.

3. Justification for County to impose a North Highlands RPD Park Development Impact Fee

As explained in Section 2 above, the details of exact locations and specific land use designs for future urban expansion in vacant and underutilized areas in the North Highlands RPD are not known at this time. The existing North Highlands Community Plan was last updated by Sacramento County in 1974. No specific development plan for the west of Watt Avenue area or updated North Highlands Community Plan has been prepared pursuant to the proposed General Plan Update by Sacramento County. Several private development applications for urban residential uses are pending on agricultural-residential zoned sites and others have recently been approved in other parts of the District, several proposals for multi-family housing sites on the Watt Avenue Corridor have been proposed, and the County and SHRA are working toward first phase implementation of the Town Center Development Code along Freedom Park Drive. Eventually a clearer picture of park and recreation location requirements for the future will emerge, allowing for continuing refinement of District plans for new facilities to serve the growing population. A reasonable ten year growth forecast uses one-third each of the 2035 SACOG forecast and the vacant land inventory averaged to calculate an estimate of 2,432 new dwelling units within the North Highlands RPD by 2017. At an average household size of 2.82 persons, this would mean an increase of about 6,858 new residents over the next decade (or about 686 additional residents per year) needing recreation and park facilities.

Acknowledging the uncertainty about how and when development will occur within the North Highlands RPD, the District Master Plan for park and recreation sites and facilities needs to be flexible in order to best serve the expected increase in users of District facilities and services. The flexibility required in the Master Plan is reflected in the financing strategy for facilities. The strategy proposes that the North Highlands RPD Park Development Impact Fee be established as an essential mechanism for generating funding for the necessary facilities capital improvements of District park sites. The Park Development Impact Fee will be supplemented by the existing SCC Chapter 22.40 requirement for either Quimby Act dedication of park land or payment of in lieu fees by residential development, as well as by grants and State park bond allocations. The District may need to poll residents to see if they would support an assessment measure for parks.

Expectations of residents, business owners, and employees

People moving into housing in new neighborhoods expect to have attractive and convenient park facilities to available meet their needs within a reasonable amount of time. Homebuilders recognize these expectations for recreational amenities in their potential home buyers and renters. Residents rely on local park facilities for both informal activities like jogging, bike riding, dog walking, children’s playground use, and picnicking, and formal activities such as organized sports, recreation classes, and meeting space for community groups. Business owners also prefer to locate where local parks enhance the community atmosphere for their employees and customers. Workers often enjoy stopping by local parks during lunch or breaks or to take part in classes and activities using park facilities before or after the work day.

Quality of life and community revitalization

With the community-wide economic development opportunities stimulated by redevelopment at McClellan Park and smart growth initiatives for the North Watt Corridor and Freedom Park Drive, the development of park facilities consistent with regional standards is a critical component in the quality of life that North Highlands can offer to both new and existing residents and businesses. To successfully compete with other locations in the Sacramento region, enhanced development of park facilities by the North Highlands RPD is essential. This will only be possible with the enactment of a development impact fee to finance the new park facilities designed to serve new growth in the District. Such park development fees are utilized in city jurisdictions throughout the region and in unincorporated growth areas of Sacramento County including Antelope, Vineyard Springs, and North Vineyard Station. Similar park fee initiatives are currently proposed by seven other recreation and park districts serving the northern Sacramento County.

Authority in provisions of Government Code Section 66000

Government Code Section 66000, et seq. (the Mitigation Fee Act), which codifies the AB1600 statute, provides the authority for Sacramento County to impose a Park Development Impact Fee program on behalf of the North Highlands RPD. The Mitigation Fee Act requires that such exactions be reasonably related to the impacts on facilities created by new development, that the funds collected from new development be earmarked to pay for additional facilities for which there is a capital improvement program (CIP), that the collected funds be spent within 5 years for provision of such facilities or otherwise that the timing of their expenditure be consistent with the CIP, and that the agency collecting the fees regularly report on the Fees collection and disposition in accord with its CIP and facilities plans.

4. Compliance with Government Code Section 66000 Requirements

Government Code Section 66001 requires that in any action establishing, increasing, or imposing a fee as a condition of approval on a development project by a local agency, the local agency shall do all of the following:

- identify the purpose of the fee;
- identify the use to which the fee will be put;
- determine how here is a reasonable relationship between the fee’s use and the type of development project on which the fee is imposed;

- determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed; and
- determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

Sacramento County has approval authority over development projects in the unincorporated portion of the County including all of the territory within the boundaries of the North Highlands Recreation and Park District. The County Subdivision Review Committee, Planning Commissions and Board of Supervisors act on land owner requests for subdivision maps and rezones, and when approving such requests may impose a wide variety of regulatory and financial conditions and performance standards on the requested development of property. The County also issues building permits, which is the stage of development at which development impact fees are typically collected. For purposes of implementing the proposed North Highlands RPD Park Development Fee program, only the County Board of Supervisors has the authority to impose this fee exaction on development located within the North Highlands Recreation and Park District, to direct staff to collect the fees at issuance of building permits, to periodically adjust fee levels when warranted, and to determine if the requirements of Government Code Section 66000 are being met.

This report section on compliance with the nexus stipulations of Government Code 66000 and the next section analyzing and establishing the development fee nexus address these requirements and justify the proposed development fees.

Purpose and use of the development fees

The purpose of the North Highlands Recreation and Park District Park Development Fee Program is to fund the required recreation and park facilities to serve ongoing development within the District. The required recreation and park facilities for the components making up the fee are identified in the District's Capital Improvement Program and in the following section of this report. These public facilities are required to ensure that future developments within the North Highlands Recreation and Park District are capable of being provided, within a reasonable time and at levels consistent with District standards, with recreation and park facilities.

Relationship of development fees and the need for park facilities to land uses

There is a reasonable relationship between the North Highlands RPD Park Development Fee's purpose and use and the type of development projects on which the fee is imposed. The North Highlands RPD Park Development Fee will be used to fund basic site improvements of neighborhood and community parks, recreation and park facilities improvements within those parks, a community center, and an aquatic center that will serve the residents and employees generated from new development within the District. There is also a reasonable relationship between the need for the park facilities and the type of development projects on which the fee is to be imposed. The developing residential land uses within the District will create the need for new parks and other recreation facilities such as a community center. Developing retail commercial, office, and industrial land uses will bring new employees that will use the park and recreation facilities during lunch or before and after work. In addition, unimproved parkland will be acquired from new residential development through Quimby Act land dedications and in-lieu fees. Thus the Park Development Fee and Quimby Act will complement each other and serve to

finance the improvement of recreation and park facilities needed to serve new development in North Highlands RPD. These facilities are included in the North Highlands RPD Park Facilities CIP and are identified in the North Highlands RPD Master Plan.

Relationship of development fee amount to land uses

There is a reasonable relationship between the proposed fee rates and the cost of the recreation and park facilities attributable to the development on which the fee is to be imposed. The development fee rates are calculated by apportioning the total costs of facilities comprising the development fee to land use categories based upon the expected number of resident persons (or their equivalent in employees) typically generated by each land use for each type of facility. A fee schedule has been created that indicates the relative responsibility of each land use category for recreation and park facilities. The rationale for the fee schedule is explained in detail in the next section of this report.

5. Development Fee Nexus Analysis

Park facilities costs per acre or facility

Like the costs for other public infrastructure, the costs associated with the construction of park improvements and recreation facilities have increased significantly over the last decade. Typical current construction costs for park and recreation facilities have been recently compiled and updated in March 2007 by the SCI Consulting Group using several park district sources in the Sacramento area. The standard park facility types being included in the North Highlands RPD Master Plan as future facilities to meet the needs of expected District population growth include neighborhood parks, community parks, a community center building, and an aquatics/swimming facility. The total cost of constructing each of these types of park and recreation facilities includes soft costs (i.e., design, engineering, fees, and administration), basic park site improvement costs, and specific facility/equipment component costs. The cost estimates for each facilities type as developed by the SCI Consulting Group are summarized in Table 1 below with details shown in Appendix Tables A-4 through A-7.

Table 1

NHRPD PARK COSTS AND STANDARDS*	Neighborhood Park (6 acre site)	Community Park (20 acre site)	Community Center (25,000 sq. ft. bldg.)	Aquatic Center (specs in A-7)
Soft costs	\$318,600	\$926,325	\$1,168,920	\$954,564
Site improvements	\$1,080,000	\$3,400,000	\$1,142,800	\$1,011,360
Facility improvements	\$690,000	\$2,775,500	\$6,650,000	\$5,452,400
Total cost	\$2,088,600	\$7,101,825	\$8,961,720	\$7,418,324
Acres per 1,000 pop.*	2.5	2.5	n.a.	n.a.
Cost per acre	\$348,100	\$355,091	n.a.	n.a.
Population served*	2,400	8,000	25,000	20,000
Cost per person	\$870.25	\$887.73	\$358.47	\$370.92
Cost per 1,000 new residents	\$870,250	\$887,730	\$358,470	\$370,920

*Level of service standards established in District's 2008 Park Facility Master Plan

The estimated costs for typical facilities by type are related through the standards for parks contained in the North Highlands RPD Master Plan to the cost of providing park facilities to meet the needs of the District's projected growth in service population. For example, the Master Plan standard for the amount of improved parks per 1,000 in population is 5.0 acres of improved parks composed of 2.5 acres of neighborhood parks and 2.5 acres of community parks. Using the 6-acre neighborhood park example above and the standard of 2.5 acres per 1,000 in population for North Highlands RPD neighborhood parks, one can calculate the population served by a \$2,088,600 neighborhood park to be 2,400 persons and the capital cost per person to be \$870.25 as shown in Table 1. Similarly, using the 20-acre community park example above and the standard of 2.5 acres/1,000 for North Highlands RPD community parks, one can calculate the population served by a \$7,101,825 community park to be 8,000 persons and the capital cost per person to be \$887.73. The Master Plan service population standards for the community center and aquatic center facilities are 25,000 persons and 20,000 persons, respectively. The cost per person for these facilities is also shown in the next to last row of Table 1 as \$358.47 and \$370.92, respectively. The final row shows the cost by facilities category for serving each 1,000 new residents. It is intended to illustrate the magnitude of park development costs that will be incurred by the District to serve each 1,000 new residents that future growth locates there.

Reducing existing park acreage deficiency

In the Quimby Act (Government Code Section 66477), California provides the authority for counties and cities to require residential development projects to dedicate land for park or recreational purposes or else pay fees in lieu of dedication to local park agencies. For park districts located in unincorporated Sacramento County like the North Highlands RPD, Sacramento County Code Chapter 22.40 implements the Quimby Act and assures that developers of residential projects on sites within local park districts either dedicate land to be used for parks or pay in-lieu fees. It is important to understand that the Quimby Act process is one designed to maintain the park inventory status quo of local park agencies. Only where park districts have demonstrated that their existing level of service standard for neighborhood and community parks exceeds three acres of park area per 1,000 members of their district population are higher acreage dedication requirements imposed for those districts up to a Quimby Act maximum of five acres per 1,000 residents. For park districts with park inventories amounting to less than 3.0 acres per 1,000 in population, SCC Chapter 22.40 provides that the minimum standard of 3.0 acres per 1,000 persons be the dedication required.

For the North Highlands Recreation and Park District to achieve its Master Plan policy of developing 5.0 acres of parks for each 1,000 additional residents brought by development of new housing in the District, it needs to supplement with other financial resources the park land dedication or in-lieu fee payment that the County will exact from new residential development in North Highlands RPD under the terms of SCC Chapter 22.40. The County's Quimby Act process will only require that new residential subdivision maps or apartment projects dedicate park sites or pay in-lieu fees to the North Highlands RPD based upon the minimum 3.0 acres per 1,000 persons standard unless and until the District petitions the Board of Supervisors to amend the Chapter 22.40 land dedication factors applicable to the North Highlands RPD pursuant to demonstrating that more than 3.0 acres of parks are available per 1,000 District residents. As noted in the Quimby Factors discussion on page 4 of this Study, the North Highlands RPD might be successful in requesting the increase to about 4.0 acres per 1,000 residents in the Chapter 22.40 provisions should it file such a request.

Even if that were to occur, however, the District would still require other sources of funding in order to secure the 5.0 acres of park land per 1,000 residents called for in the North Highlands RPD Master Plan. Objections have been raised to a proposal to include a supplementary park acreage component in the Park Development Impact Fee program as being inconsistent with the acreage constraints specified by the Quimby Act provisions of Chapter 22.40. The North Highlands RPD will need to consider alternative means of acquiring additional park sites in an effort to make up District's existing deficiency of park land compared to its goal of providing 5.0 acres of parks per 1,000 residents.

The financial cost for any North Highlands RPD park acreage augmentation strategy depends on the cost assumptions used for the typical price per acre of park site land that the District would be acquiring for future park sites. It may be reasonable to project that the District will primarily be acquiring sites for future parks in the portion of the North Highlands RPD located west of Watt Avenue and north of McClellan Park. Most of this land is zoned AR-2 agricultural-residential, but much that is underutilized is currently zoned light industrial. However, some of the District's targeted acquisitions may need to be located to expand on smaller park sites dedicated by newly rezoned suburban density subdivisions that will be approved west of Watt Avenue, which may have inflated land values. A reasonable average land cost assumption in the current real estate market is that 75% of the land to be purchased with augmentation fees would be vacant AR-2 or M-1 land valued at an average of \$150,000 per acre while 25% would be vacant acreage adjacent to RD-5 or higher density subdivisions that might be appraised at an average of \$350,000 per acre. This yields an average land cost assumption of \$200,000 per acre.

The present inventory of North Highlands RPD park lands amounts to a total of 71.8 acres with individual parks ranging in size from 0.9 acre Gateway (Ruth Inman) Park to 19.3 acre Freedom Park. As discussed in the Quimby Factors section on page 4, inclusion of other available public park areas raises the inventory of effective parks serving the District population to 167.5 acres or a ratio of 4.0 acres per 1,000 residents (see Table A-8). Using that rationale, for the District to achieve the adopted Master Plan standard of 5.0 acres of local parks per 1,000 population serving the current North Highlands RPD population would require acquisition and improvement of an additional 41.8 acres of land. The estimated cost to acquire that amount of land at an average price of \$200,000 per acre is \$8.36 million in today's dollars without including improvement costs. Serving population growth associated with new development would require additional park land acquisition above the amount provided by Quimby dedication and fees. Any strategy to remedy the existing park acreage shortfall and meet future needs for North Highlands RPD parks will require efforts to encourage District residents to tax themselves for more parks while aggressively pursuing other sources of funding such as state and federal grants.

Park facilities costs to serve one dwelling unit

The cost per person for each of the proposed facility types in the North Highlands RPD Master Plan can be related to the cost that must be incurred by the District to provide these additional park and recreation facilities to serve each new home that is built in North Highlands RPD. This total cost of facilities to serve each new household of residents depends on the size of the average household, which is different for the various types of residential structures. The decennial federal Census reveals the details of population and housing that were characteristic of the North Highlands Census Designated Place (CDP) in 2000. The Sacramento Area Council of Governments has compiled the 2000 Census data to show the average household sizes for single-family detached homes, attached homes in two to four unit structures, apartments and

condominiums with 5 or more attached units per building, and mobile homes. The average household size for all occupied dwelling types for Sacramento County was 2.64 persons in 2000. For the North Highlands CDP the average household size for occupied units was somewhat larger at 2.82 persons in 2000. For comparison, the following table shows the persons per household data for Sacramento County and the North Highlands CDP in 2000.

Table 2

2000 CENSUS DATA – HOUSEHOLD SIZE	Single-family detached units	2-4 unit attached residential	5+ unit attached residential	Mobile homes
Sacramento County				
Dwelling units in 2000	297,060	68,555	93,714	14,525
Avg. persons/household	2.92	2.44	2.00	1.93
North Highlands CDP				
Dwelling units in 2000	8,762	3,178	3,184	931
Avg. persons/household	3.06	2.79	2.43	1.84

This Study also includes a residential category for the addition of an accessory second home to a developed, single-family lot. Experience with other impact fee programs and community outreach efforts with this Study have indicated that a separate fee category is needed for such dwelling units, which are allowed not to exceed 1,200 square feet on lots with sufficient size and building setbacks. Insufficient data is available to calculate the average household occupancy of accessory second dwellings in the District. Therefore the Study uses a conservative estimate of 1.0 person per unit for this type of residence.

Establishing a nexus for the development impact fee requires assumptions about the number of persons expected to occupy each housing unit built in future years within the North Highlands Recreation and Park District. It is reasonable to assume that new housing units built in the North Highlands RPD in the near future will attract households with size characteristics more typical of the North Highlands CDP than of Sacramento County as a whole. For ease of administration, it is recommended that the North Highlands RPD Park Development Impact fee rates be established for these four housing structure types using the average persons per household figures demonstrated by the 2000 Census for the North Highlands CDP. The same four structure types are defined in the Quimby Act implementation provisions of the Sacramento County Code Chapter 22.40. Under those provisions any unit of each one of these housing types within an individual park district makes the same contribution to provide park land regardless of the floor area, number of bedrooms, or other specific characteristics of the housing unit. The same rationale is used here to develop an appropriate development fee rate structure. The number of accessory 2nd homes constructed is relatively small and the 1.0 person per household assumption is used.

A reasonable relationship is demonstrated here between the typical park and recreation facilities demands of each of these five residential types, according to their expected household sizes, and the costs of providing those park and recreation facilities to the projected increase in population in the North Highlands RPD. The following table extrapolates the costs of each of the facility types in the North Highlands RPD Master Plan on a Per Dwelling Unit basis for each of the five residential structure types based upon their expected average household sizes.

Table 3

North Highlands RPD FACILITIES COSTS	Single-family detached units	2-4 unit attached residential	5+ unit attached residential	Mobile homes	Accessory 2 nd Home
Neighborhood Parks	\$2,663	\$2,428	\$2,115	\$1,601	\$870
Community Parks	\$2,716	\$2,477	\$2,157	\$1,633	\$888
Community Center	\$1,097	\$1,000	\$871	\$660	\$358
Aquatic Center	\$1,135	\$1,035	\$901	\$683	\$371
Administration	\$304	\$278	\$242	\$183	\$100
TOTAL COST	\$7,915	\$7,218	\$6,286	\$4,760	\$2,487

Development fee administration costs

It is conventional practice to include administration components in development impact fees in order to recover the costs associated with fee collection, accounting, and compliance with annual reporting requirements, as well as recovering the cost of the original fee nexus study and periodic updates to the program. Since ongoing administrative costs are expected to be proportionate to the volume of building permit and associated development impact fee collection, it is recommended that the administration fee component be a percentage of the calculated fee for park facilities costs per building unit. An administration fee of 4% including the estimated cost of periodic Fee Nexus Study updates is recommended as consistent with other County development fee programs. This proportionate amount should typically be sufficient to recover costs incurred by the North Highlands RPD for revenue programming, accounting, and periodic fee program updates and by Sacramento County for the cost of building permit fee calculation, collection, accounting, and annual reporting to North Highlands RPD and to the Board of Supervisors. The contractual basis for the North Highlands RPD to reimburse the County for its ongoing administrative costs associated with the fee program should be established by adoption of a formal agreement by both boards.

Non-residential land use types and residential equivalent factors

A reasonable basis can be established for measuring the demand for park facilities created by the development of buildings for new businesses as well as dwellings for new households. Business employees working in a community often take advantage of the availability of local park facilities and visit them during lunch hours, breaks, or before/after their work shift. Whether they make active or passive use of the park facilities, they benefit from these facilities in a measurable way that can be estimated. Table 4 below establishes a rationale for comparing employees with residents.

Table 4

Non-Residential Equivalent Factor	
A. Total Park Hours Available per Year @ 16 hours per day, 7 days/week, 52 weeks/year	5,824
B. Hours Available to Employees for Park Use @ 2 hrs/day, 5 days/week, 52 weeks/year	520
C. Non-Residential Equivalent to Residential (B divided by A)	0.09

The comparison assumes that the typical local employee receives 9% of the park facilities benefit that accrues to the typical resident in the North Highlands RPD. Using this relationship and estimated average employment density figures for three basic non-residential land use types that are present in the District results in park facilities costs per square foot of building area for retail/other, office, and industrial buildings in North Highlands RPD. These are derived in Table 5 below.

Table 5

Non-Residential Facilities Cost Per Building Square Foot					
Non-Residential Land Use	Employees/ 1,000 Sq. Ft.*	Equiv. Persons/ 1,000 Sq. Ft.	Facilities Cost per Employee	Facilities Cost/ 1,000 Sq. Ft.	Facilities Cost/ Sq. Ft.
Retail / Other	2.16	0.19	\$223.86	\$483.54	\$0.48
Office	3.56	0.32	\$223.86	\$796.95	\$0.80
Industrial	1.50	0.13	\$223.86	\$335.79	\$0.34

*Based on employment density figures used in the SANDAG Traffic Generator Study and SCI Consulting Group.

Total costs and proposed fee rates by land use type

The costs and proposed fee rates for the eight recommended land use fee categories are shown in Table 6. Provisions for determining fees for other kinds of uses can be established in the fee ordinance. These may be determined to be appropriate for unusual land use types like residential care facilities, age-restricted housing projects, mixed use developments, mini-storage commercial, and so forth.

Table 6

North Highlands RPD Park Development Fee Rates

Land Use Type (dwellings or non-residential bldgs.)	Facilities Cost per Unit (d.u. or sq. ft.)	Administrative Fee per Unit	Total Park Development Fee per Unit (d.u. or sq. ft.)
Single-family residential	\$7,611	\$304	\$7,915
2-4 Unit attached resident.	\$6,940	\$278	\$7,218
5+ Unit attached resident.	\$6,044	\$242	\$6,286
Mobile home	\$4,577	\$183	\$4,760
Accessory 2 nd Home	\$2,387	\$100	\$2,487
Retail / other commercial	\$0.48	\$0.02	\$0.50
Office	\$0.80	\$0.03	\$0.83
Industrial	\$0.34	\$0.01	\$0.35

6. Implementation and Administration by District and Sacramento County

This chapter reviews the actions and procedures that will need to occur for a park development fee to be implemented and administered in Sacramento County. It presents an overview of the responsibilities of the park district and County of Sacramento.

Consideration for approval by North Highlands RPD Board of Directors

For independent park districts in Sacramento County like the North Highlands RPD, approval of a park development fee nexus study will establish as district policy that such a fee should be imposed on new development within the district to mitigate the impact of that development by means of fees to fund the provision of park and recreation facilities to serve that new development. Independent park district approval of a fee nexus study may best be accomplished by adoption of a formal resolution adopting the fee nexus study and requesting implementation by the County Board of Supervisors, since park districts lack the statutory authority to impose such fees. For dependent park districts in Sacramento County, advisory park boards may recommend the approval and implementation of park fees pursuant to such nexus studies by the Board of Supervisors.

Consideration for approval by County Board of Supervisors

With regard to imposing park development impact fees on new construction within unincorporated Sacramento County, the Board of Supervisors has the authority under the Mitigation Fee Act to impose such fees by ordinance on development under its jurisdiction. Such fees are consistent with long standing County policies contained in the General Plan for assuring that financing for adequate infrastructure and public facilities is provided to mitigate the impacts and serve the needs of new development within the County. The Board of Supervisors in imposing such fees takes into consideration the recommendations of service provider agencies as well as representatives of the development industry and other interested parties. The rationale for any proposed development impact fee must be adequately explained and justified to the Board in its fee nexus report.

Introduction and adoption of County Code fee ordinance

Development impact fees enacted by the Board of Supervisors are included in the Sacramento County Code. Those park development impact fees previously enacted by Sacramento County are limited to those imposed on portions of park districts included in new growth area infrastructure financing plans including:

- Antelope Public Facilities Financing Plan (PFFP) portion of the Sunrise Recreation and Park District in SCC Chapter 16.80;
- North Vineyard Station PFFP portion of the Southgate Recreation and Park District in SCC Chapter 16.81;
- Elk Grove/West Vineyard PFFP portion of the Elk Grove Community Services District in SCC Chapter 16.82 (not collected by the County subsequent to Elk Grove incorporation);
- Vineyard PFFP portion of the Southgate Recreation and Park District in SCC Chapter 16.83 (including Vineyard Springs Comprehensive Plan area); and
- Laguna West/Lakeside portion of the Elk Grove Community Services District in SCC Chapter 16.88 (not collected by the County subsequent to City of Elk Grove annexation).

Besides this Park Development Impact Fee Nexus Study prepared for the North Highlands Recreation and Park District, other park districts in Sacramento County engaged in the preparation and adoption of park fee nexus studies include the Rio Linda - Elverta RPD, the Arcade Creek RPD, the Mission Oaks RPD, the Fair Oaks RPD, the Carmichael RPD, the Orangevale RPD, and the Sunrise RPD (for the remainder of the District outside of Antelope and the City of Citrus Heights). Other park districts that may wish to pursue the establishment of park impact fees include the Cordova RPD (for portions of the District outside of the City of Rancho Cordova), the Southgate RPD (for portions of the District outside of the growth area financing plans), and County Service Areas 4B (Wilton-Cosumnes), 4C (Delta), and 4D (unincorporated Galt).

Sacramento County staff anticipates that a County Code ordinance will be prepared that can be amended to include the park development impact fees of all of the park districts that adopt district-wide or remainder infill area park fee nexus studies. The ordinance will have standard provisions for the fee rates applicable to different land use types, cost indexing in response to inflation, and fee credit or reimbursement for developers who construct “turnkey” park facilities under the direction and approval of the local park district. Park development impact fees will continue to be implemented as part of public facilities financing plans for new growth areas

approved for development by Sacramento County. Examples of the latter may include the Elverta Specific Plan, the Florin-Vineyard Community Plan, and the Easton Place/Glenborough at Easton Plan for property in the Aerojet SPA.

Collection at issuance of building permits

Most development impact fees imposed by Sacramento County are collected at the time of building permit issuance. This is relatively close to the time that development results in occupancy which creates, in this case, increased demand for recreation and park services by the building residents or commercial occupants. It is one of the last stages of the County development approval process that provides an opportunity to collect such fees relatively easily and securely.

Accounting and reporting

The Mitigation Fee Act requires that a county imposing development impact fees report annually to its board of supervisors on the collection and expenditure of such fees for construction of authorized facilities. This will require ongoing coordination of District and Sacramento County staffs to accomplish in a regular and timely fashion.

Periodic updating of fee program

As costs for the construction of recreation and park facilities change (beyond the scope of the automatic annual fee adjustment per published the published cost index) or as the capital improvement program reflecting the District Master Plan for facilities may be modified, it will become necessary to update and re-adopt the Park Development Fee Nexus Study. The need for such fee program updates should be anticipated to occur as frequently as every two to five years depending on circumstances of cost inflation and cycles of real estate development.

The requirements of fee collection, accounting and reporting on the fee program, and periodically updating the Fee Nexus Study are all components of the ongoing administration of the proposed fee program.

MEMORANDUM

TO: Kay Dahill, District Administrator
FROM: Blair Aas, SCI Consulting Group
RE: Revised Park Impact Fee Program
DATE: August 12, 2010

INTRODUCTION

The North Highlands Recreation and Park District ("District") retained SCI Consulting Group ("SCI") to prepare a Park Impact Fee Nexus Study ("Nexus Study") to establish district-wide park impact fees on new residential, commercial and industrial development within District. The park impact fees will help fund the future construction of park and recreation facilities within the District.

The District's park impact fee program was prepared in conjunction with the preparation of similar fee programs for seven other Sacramento County recreation and park districts ("park districts"). These park districts include Arcade Creek RPD, Carmichael RPD, Fair Oaks RPD, Mission Oaks RPD, Orangevale RPD, Rio Linda Elverta RPD and Sunrise RPD. Working with the Sacramento County Infrastructure Finance Section ("IFS"), early outreach to the development community began in December 2007. On April 10, 2008, the District's Board of Directors ("Board") approved a park impact fee program and requested that Sacramento County Board of Supervisors adopted and implement it on behalf of the District.

Throughout 2008, the District's proposed fee program was presented to numerous stakeholders including the North State Building Industry Association ("North State BIA"), the Sacramento Regional Builders Exchange, area real estate developers, the North Highlands Community Planning Advisory Council and the North Highlands Vision Task Force.

Amidst the significant deterioration of conditions in the housing market through 2008 and into 2009, the eight park district administrators, SCI and Sacramento County IFS staff continued to work closely with the North State BIA and area developers to establish reasonable park impact fee programs that would to serve their needs and the needs of the development community as well. In response to the direction of the Sacramento County Board of Supervisors, the parties engaged in a series of special meetings in late 2009 to review the "Fees, Standards and Costs" relating to proposed eight park impact fee programs. As a result of these meetings, an Agreement in Principle ("Agreement") was reached that outlined a framework for establishing and implementing the new park impact fee programs.

SCI has prepared this memorandum detailing the Agreement and the fee program modified to be consistent with the Agreement. A paragraph describing the Agreement and the proposed revisions has been inserted into the Nexus Study and this memorandum is attached as well. Based on the modifications to align the fee program with the agreed-upon framework, the previously adopted Nexus Study has been reissued as a Revised Final Report. The content of the Revised Final Report, however, has not been changed to reflect the revised fee program. Instead, this memorandum serves to explain the details of the Agreement and the revised fee program.

AGREEMENT IN PRINCIPLE

Again as an outcome of the “Fees, Standards and Costs” meetings, the Agreement provided the framework for establishing and implementing new park impact fees for the eight participating park districts. The Agreement in Principle was subsequently approved by the Sacramento County Board of Supervisors on March 24, 2010. The specific provisions of the Agreement are provided below.

1. The estimate of costs within the eight proposed park fee programs relating to infill development shall be reflective of current average park construction costs. The park districts will compare recent cost estimates and bids to the cost estimates within the proposed fee programs and adjust the fee programs as appropriate to reflect current costs, taking into consideration the highs and lows of the recently volatile bid climate for public construction projects.
2. In general, the average park development cost component within the proposed fee programs of the park districts may include the following costs and amenities (as appropriate to park size and function per park district master plans):
 - a. Reasonable design, engineering, fees and soft costs
 - b. On-site improvements including site grading, utility connections, soil preparation and amendments, lighting, automatic irrigation, planting and concrete pathways
 - c. Street frontage and off-street parking
 - d. Children’s play area
 - e. Shade structure(s)
 - f. Picnic Area(s)
 - g. Restroom(s)
 - h. Regulation or practice field or court facility(s)

All costs will be periodically adjusted based on an agreed upon construction cost index.

3. Proposed park fee programs may include a community center facility cost component. Construction of community centers will be phased depending on the availability of funding from anticipated sources including park fees. Park fee programs can only charge new development for its fair share of the cost for community centers. The park districts will need to fund the remaining costs for community centers from other sources.
4. At the discretion of each park district, proposed park fee programs may include in its park fee program proposal an aquatics facility of equal or lesser cost in lieu of a community center facility. Construction of aquatics facilities will be phased depending on the availability of funding from anticipated sources

including park fees. Park fee programs can only charge new development for its fair share of the cost for such aquatics facilities based on a cost equal or lesser than a community center. The park districts will need to fund the remaining costs for aquatics facilities from other sources.

5. Proposed park fee programs shall be based on each park district's master plan level of service ("LOS") which is 5.0 acres of parks per 1,000 residents for each district except for Sunrise RPD (Foothill Farms) with an LOS of 4.5 acres of parks per 1,000 residents.
6. The park districts shall work with the school district(s) and/or other public entities within their respective boundaries to achieve joint use by combining parks with school and/or other public sites when possible.
7. Implementation of any new infill park fee programs shall be phased. The parties have discussed a three-year phasing plan similar to the phasing plan for the recently adopted transportation impact fee adjustment (that specified one-third of the justified fee implemented upon adoption and increased an additional one-third each subsequent year until full implementation).
8. If a development project is conditioned (or otherwise agreement is achieved by mutual consent between the developer and park district) to construct park and recreation facilities or improvements that are included within an implemented park fee program, a credit for such facilities or improvements constructed shall be provided based upon the provisions and unit prices in the park fee program. A development project shall not be conditioned to construct park and recreation facilities that are not included within the proposed fee program unless a funding source is identified and a credit for such facilities or improvements constructed is provided and there is mutual agreement between the developer and the park district.

SUMMARY OF THE REVISED PARK IMPACT FEE – NHRPD

Pursuant to the Agreement reached with the development community, the park districts reviewed cost estimates and construction bids for mini, neighborhood and community parks throughout the greater Sacramento area to help evaluate the average development cost per acre assumed in the approved fee program. The park districts were mindful to take into consideration the highs and lows of the recently volatile bid climate for public construction projects. As a result, it was determined that the District's average park development cost of \$351,596 per acre should be revised to \$340,000 per acre to be more consistent with the Agreement. (The revised cost estimate for a typical neighborhood and community parks within the District are provided in tables at the end of this memorandum.)

Furthermore, the Agreement only allows for the inclusion of either a community center cost component or the aquatics facility cost component. Therefore, the aquatics facility cost component of \$370.92 has also been removed to be consistent with the Agreement. As a result, the total per capita cost is revised from \$2,586.60 to \$2,140.81. The table on the following page compares the resulting revised fees with the previously approved park impact fees.

TABLE 1 – APPROVED AND REVISED PARK IMPACT FEE COMPARISON – NHRPD

Land Use Category	Approved Park Impact Fees	Revised Park Impact Fees
Residential		
	Per Dwelling Unit	
Single-Family Detached Residential	\$7,915	\$6,551
2 to 4 Unit Attached Residential	\$7,218	\$5,973
5 + Unit Attached Residential	\$6,286	\$5,202
Mobile Homes	\$4,760	\$3,939
Second Residential Units	\$2,487	\$2,141
Nonresidential		
	Per Sq. Ft.	
Retail / Other	\$0.50	\$0.42
Office	\$0.83	\$0.69
Industrial	\$0.35	\$0.29

PROPOSED PHASING PHASING PLAN

Pursuant to the Agreement with the development community, the implementation of the revised impact fee programs for the eight park districts will be phased over a three-year period similar to the phasing of the recently adopted transportation impact fee adjustment by the Sacramento County Board of Supervisors. The three-year phasing plan call for one third of the revised fee to be implemented upon adoption and increased an additional third each subsequent year until full implementation. The schedule for the District's revised park impact fees under the proposed three-year phasing plan are shown in the table below.

TABLE 2 – THREE-YEAR PHASED PARK IMPACT FEE SCHEDULE

Land Use Category	First Year Fees	Second Year Fees	Third Year Fees
Residential			
Single-Family Detached Residential	\$2,184	\$4,367	\$6,551
2 to 4 Unit Attached Residential	\$1,991	\$3,982	\$5,973
5 + Unit Attached Residential	\$1,734	\$3,468	\$5,202
Mobile Homes	\$1,313	\$2,626	\$3,939
Second Residential Units	\$714	\$1,427	\$2,141
Nonresidential			
Retail / Other	\$0.14	\$0.28	\$0.42
Office	\$0.23	\$0.46	\$0.69
Industrial	\$0.10	\$0.19	\$0.29

TABLE 3 – REVISED TYPICAL NEIGHBORHOOD PARK COSTS

Item	Units		Unit Cost	Construction Cost
Design, Engineering, Fees and Admin				
Design, Eng, Fees and Admin	18%		\$1,454,750	\$261,855
				\$261,855
Site Improvements				
On-site Improvements ¹	5	AC	\$180,000	\$900,000
				\$900,000
Improvements				
Street Frontage	425	LF	\$150	\$63,750
Off street parking per stall	20	EA	\$2,500	\$50,000
Play Structures	1	EA	\$125,000	\$125,000
Bantum Soccer Field Small	1	EA	\$24,000	\$24,000
Basketball Court	1	EA	\$40,000	\$40,000
Small Restrooms	1	EA	\$150,000	\$150,000
Group Shade Structure	2	EA	\$30,000	\$60,000
Picnic/BBQ Area Small	2	EA	\$10,000	\$20,000
Players Benches	4	EA	\$500	\$2,000
Bleachers	2	EA	\$3,000	\$6,000
Entry Sign	1	EA	\$6,000	\$6,000
Benches	10	EA	\$800	\$8,000
Total Capital Improvement Cost				\$554,750
Total Cost				\$1,716,605
Total Cost per Acre (Rounded)				\$343,000
Arcres per 1,000 Population				2.5

Notes

¹ On-site improvements includes site grading, utility connections, soil prep & amendments, automatic irrigation, planting, concrete pathways.

Sources:

North Highlands Recreation and Park District, SCI Consulting Group, Jerry Fox, park construction manager and development consultant, Cordova Park Standards and guidelines for new development by MIG, El Dorado Hills Community Services District Master Plan by MIG, Elverta Specific Plan Financing Plan by EPS, and other park districts in the Sacramento area.

TABLE 4 – REVISED TYPICAL COMMUNITY PARK COSTS

Item	Units	Unit Cost	Construction Cost
Design, Engineering, Fees and Admin			
Design, Eng, Fees and Admin	15%	\$5,855,500	\$878,325
			<u>\$878,325</u>
Site Improvements			
On-site Improvements ¹	20 AC	\$170,000	\$3,400,000
			<u>\$3,400,000</u>
Improvements			
Street Frontage	1,500 LF	\$150	\$225,000
Off street parking per stall	150 EA	\$2,500	\$375,000
Play Structures	4 EA	\$125,000	\$500,000
Soccer Field	2 EA	\$50,000	\$100,000
Baseball Fields	3 EA	\$50,000	\$150,000
Basketball Court	3 EA	\$55,000	\$165,000
Restroom/Concession Stands	4 EA	\$175,000	\$700,000
Shade Structure	6 EA	\$30,000	\$180,000
Picnic/BBQ Areas	3 EA	\$10,000	\$30,000
Players Benches	8 EA	\$500	\$4,000
Bleachers	4 EA	\$3,000	\$12,000
Entry Sign	1 EA	\$6,500	\$6,500
Benches	10 EA	\$800	\$8,000
Total Capital Improvement Cost			<u>\$2,455,500</u>
Total Cost			<u>\$6,733,825</u>
Total Cost per Acre (rounded)			\$337,000
Acres per 1000 population			2.50

Notes

¹ On-site improvements include site grading, utility connections, soil prep & amendments, automatic irrigation, lighting, planting, concrete pathways.

Sources:

North Highlands Recreation and Park District, SCI Consulting Group, Jerry Fox, park construction manager and development consultant, EPS, Cordova Park Standards and guidelines for new development by MIG, El Dorado Hills Community Services District Master Plan by MIG, and other park districts in the Sacramento area.