



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 17, 2005

ITEM NUMBER:

SUBJECT: PARK IN-LIEU IMPACT FEE ADJUSTMENTS

DATE: MAY 5, 2005

FROM: DEVELOPMENT SERVICES DEPARTMENT/PLANNING DIVISION

PRESENTATION BY: CLAIRE L. FLYNN, AICP, SENIOR PLANNER

FOR FURTHER INFORMATION CONTACT: CLAIRE L. FLYNN, AICP, SENIOR PLANNER
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RECOMMENDATION

Adopt attached resolution to:

- 1) Find and determine the population density standard for single- and multiple-family dwelling units.
- 2) Adjust park impact fees over a three-year period, as shown in the table below.

	July 16, 2005	July 16, 2006	July 16, 2007
Single-Family Dwelling Unit	\$8,178	\$10,875	\$13,572
Multi-family Dwelling Unit	\$7,829	\$10,829	\$13,829

- 3) Apply adjusted park impact fees to residential subdivisions filed with the City on or after July 16, 2005.

BACKGROUND

On April 12, 2005, City Council conducted a study session on the adjustment of park impact fees. The item was continued from the March 15, 2005 City Council meeting, (Staff report, Attachment 2). Supplemental information based on comments received at the study session is provided in the "Analysis" section of this report. As requested by Council, this report also includes a staff recommended approach to adjusting park impact fees.

ANALYSIS

SUPPLEMENTAL INFORMATION REQUESTED AT STUDY SESSION

Current Park Impact Fees of Orange County Cities

The following table indicates park impact fees of other Orange County cities. Because cities vary in their approach to calculating park impact fees, and demographic and housing characteristics also differ from city to city, the following table is not a direct comparison of park impact fees.

City	2005 Park Fee* (Per Unit)
City of Santa Ana	Varies, up to \$4,823
City of Fullerton	\$6,510
City of Newport Beach	\$6,894
City of San Clemente	\$6,823
City of Brea	\$6,945
City of Laguna Hills	\$7,700
City of Orange	\$8,894
City of Seal Beach	\$10,000
City of Huntington Beach	\$11,400
City of San Juan Capistrano	\$11,600
City of Irvine	Fee varies based on acreage value of land to be dedicated. May be as low as \$1,150 per acre of land dedication.

**All fees shown have been in effect for at least two years, excluding Fullerton and Seal Beach for which the fees have been in effect for about a year. Thus, park fees for most of these cities may need to be updated in the short-term future (next 1-2 years).*

Appraisal of TeWinkle Park

Council questioned the validity of using Heller Park as a representative neighborhood park. The M.A.I. certified appraiser has indicated that the appraisal of other neighborhood parks would likely result in comparable appraisal value per acre given that the same methodology would be used. On the other hand, TeWinkle Park was not evaluated because it is considered as a "community park" similar to Fairview Park. The appraiser will be present at the May 17th City Council meeting to answer any Council inquiries regarding his appraisal methodology.

Developments Subject to Park Impact Fees

The following table describes residential projects that would be required to pay park impact fees:

SUBJECT to Park Impact Fees	NOT SUBJECT to Park Impact Fees
<ul style="list-style-type: none"> • New common-interest condominium subdivisions • New single-family "detached" subdivisions • New townhouse "attached" subdivisions • New Live/Work Units • New condominiums in mixed-use developments 	<ul style="list-style-type: none"> • New apartments • Conversion of apartments to condominiums (unless new additional units are added) • Granny units and accessory apartments • Single-family home remodels or additions

Determination of a "Pending Project"

When adjusting park impact fees, Council shall also determine when the fees will be applied. Park impact fees may be applied to "pending projects," or projects that have been filed with the City but have not been approved by Planning Commission. As an alternative, Council may wish to apply the adjusted park impact fees to residential subdivision applications which have been filed with the City on or after July 16, 2005.

ALTERNATIVE METHODOLOGIES CONSIDERED

Presented below are three alternatives to calculate the adjusted park impact fees.

Methodology	Single-Family Residential	Multi-Family Residential	Estimated Effective Date
Current Park Impact Fees	\$5,481.72	\$4,829.09	
<u>Methodology #1: Staff Recommendation</u> Use current methodology to apply adjusted Park Fees over a three year period	\$13,572	\$13,829	July 16, 2005
<u>Methodology #2: GPA/Code Amendments</u> Initiate a General Plan & Zoning Code Amendment to parkland per population ratio of 3.78 acres per 1,000 persons ratio, based on 2000 Census data.	\$12,043	\$12,271	January 13, 2006
<u>Methodology #3: GPA/Code Amendments</u> Initiate a General Plan & Zoning Code Amendment to strictly apply the parkland per population ratio of 3.0 acres per 1,000 persons, as the minimum ratio suggested by State Law.	\$9,558	\$9,739	January 13, 2006

Analysis of each methodology is provided below.

1. **Methodology #1 – Use current methodology to adjust park fees.** The City Attorney's Office has determined that this methodology complies with State Law. Once the parkland per population ratio was adopted by City Council in the early 1990s, State Law does not require that this ratio be updated to incorporate subsequent U.S. Census data. Therefore, this methodology is consistent with State Law and would not require a General Plan or Zoning Code amendment.

Staff recommends implementation of Methodology #1, as follows:

- (a) Adjusted park fees shall be implemented over a 3-year period; and,
- (b) Adjusted park fees shall be applied to residential subdivision applications filed with the City on or after July 16, 2005.

Justification for this methodology is as follows:

- City Attorney's Office has deemed the current methodology described in the Zoning Code is in compliance with State Law.
 - Application of current methodology would be consistent the City's parkland per population ratio established in 1992.
 - Adjusted fees will become effective 60 days after final Council action (July 16, 2005).
 - Proposed phasing of impact fees over three years would allow a gradual increase in fees over a period of time. This would result in comparable park fees that are within the range of other Cities' park fees.
2. **Methodology #2 – Initiate a General Plan and Zoning Code amendment to reduce parkland-to-population standard to 3.78 acres per 1,000 persons to reflect 2000 Census.** As requested at the Council study session, another methodology would involve reducing the parkland per population ratio (currently 4.26 acres per 1,000 persons). While State Law does not require the City to update the parkland per population ratio at this time, Council may wish to reduce this variable based on the 2000 Census and acreage of new parks added since the last update (e.g. Ketchum-Liebolt, Shalimar, and Hamilton Community Garden). This process would require a General Plan amendment and Zoning Code amendment to reflect the new rate. If a General Plan amendment were processed in November, the park fees would be effective in January, 2006.
 3. **Methodology #3 - Initiate General Plan Amendment and Zoning Code amendment to reduce parkland-to-population standard to 3.0 acres per 1,000 persons.** The Quimby Act establishes a maximum parkland-to-population ratio of 3 acres per 1,000 population, "unless the amount of neighborhood and community parkland within a community already exceeds that number." Since the City's actual parkland per population ratio is higher than this State standard, this

methodology would not maintain the City's current parkland ratio as new residential development occurs. As with Methodology #2, park fees would be effective in January, 2006.

ALTERNATIVES CONSIDERED

Council has the following alternatives available for consideration of adjusting park fees.

1. Phasing the adjusted park impact fees over three years allowing the City's park impact fees to be within the range of other cities' fees. If Council agrees with this approach, staff recommends the following implementation schedule.

	July 16, 2005	July 16, 2006	July 16, 2007
Single-Family Dwelling Unit	\$8,178	\$10,875	\$13,572
Multi-family Dwelling Unit	\$7,829	\$10,829	\$13,829

2. Immediately increase to maximum allowable park fees of \$13,572 for single-family dwelling units and \$13,829 for multi-family dwelling units.
3. Retain the current fee schedule. State Law legislates a methodology capping the maximum fee a city may impose. While the City must conduct periodic review of the park impact fees, we are not required to increase the fee nor even impose a fee.

FISCAL REVIEW

The fee adjustments would update the dedication and fee requirements to reflect 2000 Census data on population density standards and the 2005 Appraisal Report. Park in-lieu fees may only be spent on capital improvements in parks directly serving needs of the subdivision's residents.

LEGAL REVIEW

Legal review is not required at this time.

CONCLUSION

Changes to the park impact fee requirements reflect the following: (1) current average park land acquisition costs of residential land for neighborhood and community parks; and, (2) 2000 Census population density standards. Pursuant to State law and the Municipal Code, the City may increase its park impact fees to: \$13,572 per single-family residence and \$13,829 per multi-family residence. The methodology used in calculating these fees is based on the Quimby Act provisions of the State Subdivision Map Act, and the park fees only apply to new residential subdivisions. Park impact fees are not applicable to home remodeling, new home construction on an existing lot, or construction of apartments (excluding Sakioka Lot #1 pursuant to a development agreement), unless a subdivision map is needed.



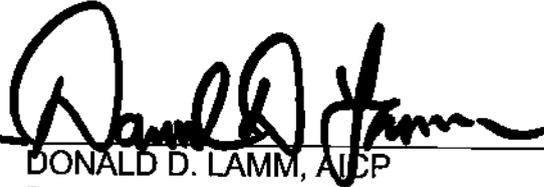
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Attachments: 1. Draft Resolution
 2. 3/15/05 City Council Report

cc: City Manager
 Assistant City Manager
 City Attorney
 Assistant City Attorney
 Public Services Director
 City Clerk
 Staff (4)
 File (2)

RESOLUTION NO. 05-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, FINDING AND DETERMINING THE POPULATION DENSITY STANDARD FOR SINGLE- AND MULTIPLE-FAMILY DWELLING UNITS, AND AMENDING THE CURRENT PARK IMPACT FEE FOR NEW RESIDENTIAL SUBDIVISIONS WITHIN THE CITY OF COSTA MESA.

THE CITY COUNCIL OF THE CITY OF COSTA MESA FINDS AND DECLARES AS FOLLOWS:

WHEREAS, California Government Code Section 66477 authorizes the legislative body of a City to require by ordinance the payment of fees in-lieu of the dedication of land for park and recreation purposes by residential subdividers;

WHEREAS, Objective OSR-1A.1 of the Costa Mesa 2000 General Plan establishes the park land-to-population ratio of 4.26 acres for every 1,000 residents;

WHEREAS, Chapter IX, Subdivisions, of Title 13 of the Costa Mesa Municipal Code sets forth provisions relating to the dedication of land and collection of park impact fees for park and recreation purposes by residential subdividers;

WHEREAS, the City Council is required to find and determine the population density standard for single- and multiple-family dwelling units for park fee and dedication purposes as set forth in Article 5, Park and Recreation Dedications, Section 13-254 of the Costa Mesa Municipal Code;

WHEREAS, the City Council reviewed the methodology related to calculating the park impact fees and establishing the required population density standards and park dedication and park impact fee requirements;

WHEREAS, the City Council shall establish park impact fees which reflect the average value of community and neighborhood park land within the community as set forth in Article 5, Park and Recreation Dedications, Section 13-256 of the Costa Mesa Municipal Code;

WHEREAS, a duly noticed public hearing was held by the City Council on May 17, 2005 where public testimony was received for and against the amended park impact fees;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Costa Mesa that the population density standards for single-family and multi-family dwelling units shall be set based on the 2000 U.S. Census Bureau data, as follows:

TYPE OF UNIT	POPULATION DENSITY STANDARD
Single-family residence	2.66 persons per unit
Multi-family residence	2.71 persons per unit

BE IT FURTHER RESOLVED that the adjusted park impact fees shall apply to residential subdivision applications filed with the City on or after July 16, 2005;

BE IT FURTHER RESOLVED that the park impact fee schedule for single-family and multi-family dwelling units shall be implemented on the following dates over the next three years, as follows:

	July 16, 2005	July 16, 2006	July 16, 2007
Single-Family Dwelling Unit	\$8,178	\$10,875	\$13,572
Multi-family Dwelling Unit	\$7,829	\$10,829	\$13,829

BE IT FURTHER RESOLVED that pursuant to State Law the above-fees shall go into effect no sooner than **60 days** after the Council action is final.

PASSED AND ADOPTED this 17th day of May, 2005

Mayor of the City of Costa Mesa



CITY OF COSTA MESA

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS
REPORT, PLEASE CONTACT THE CITY CLERK'S
OFFICE AT (714) 754-5121**