



Memorandum

TO: COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE

**SUBJECT: FEE STUDY WORK PLAN:
PARKLAND DEDICATION AND
PARK IMPACT ORDINANCE**

FROM: Jon Cicirelli
Director of PRNS

DATE: February 9, 2021

Approved

Date

2/11/2021

RECOMMENDATION

Accept the Fee Study work plan to study, evaluate, and make recommendations regarding the City's Parkland Dedication and Park Impact ordinances (San José Municipal Code Chapters 19.38 and 14.25).

BACKGROUND

The City's Parkland Dedication (PDO) and Park Impact Ordinances (PIO) require new residential development projects (Development) to satisfy a parkland obligation that is equivalent to dedicating three acres of land for public recreational use for every 1,000 new residents. Residential projects can comply with this obligation by a variety of means:

- **Land Dedication:** Dedicating half an acre or more of land to the City of San José for recreational purposes;
- **Fee Payment:** Paying a *park impact in-lieu fee* that equals the value of the land dedication requirement;
- **Park Development:** Constructing new recreational facilities;
- **Enhancement:** Improving existing recreational facilities; or
- **Combined Approach:** Through a combination of these methods.

A Development's parkland obligation must be contractually satisfied prior to the issuance of a Parcel Map, Final Map, or Building Permit. Revenue gained from the payment of *park impact in-lieu fees* is deposited into the Park Trust Fund. The Park Trust Fund represents the second-highest source of funding capital projects for the Parks, Recreation and Neighborhood Services Department (the Department) and supports several staff positions that administer the program.

Monies in the Park Trust Fund can only be spent on capital recreational projects. Capital projects include the acquisition of land, design and/or other studies that enable new construction, renovation, repair, expansion, or replacement of an existing public recreational facility. Per State law (the Quimby Act), these monies cannot be spent on maintenance or operation. Park Trust Fund dollars must be spent within $\frac{3}{4}$ of a mile of the residential development for a neighborhood-serving capital project or within three miles for a regional or community-serving capital project from the development project that supplies the funds.

The Parkland Fee Schedule (Resolution Number 78474)¹ lists all current park impact in-lieu fees and is typically modified annually to adjust the fees to reflect current land value prices consistent with land valuation studies.

While land valuations were last comprehensively evaluated in 2007 and updated through 2014, the method to determine the land value calculations, geographic collection and spending locations, and the methods in which to grant credits towards the parkland obligation and expend resources, has not been comprehensively analyzed since the ordinances were adopted in 1988 (PDO) and 1992 (PIO).

Concurrently, the City of San José (City) is considering how its impact fee programs can be translated into a more transparent framework. The Office of Economic Development (OED) is leading an effort to address Council Priority #7: The Universal Development Fee Framework. This framework aims to align three residential impact fee programs including The Inclusionary Housing Ordinance, the PDO and PIO, and Construction Taxes. The work plan proposed for the PDO/PIO program will inform the OED effort.

ANALYSIS

The Department of Parks Recreation and Neighborhood Services is in the process of selecting a consultant to review and recommend updates to the PDO/PIO. The selected consultant will assist staff in a comprehensive analysis of the ordinances which may include:

- Recommending a methodology for the City to annually assess fair market land values for the purposes of assessing impact fees in-lieu of land dedication;
- Assessing various methods of how fees are calculated in other jurisdictions and recommending a method for San José;
- Evaluating the geographic boundaries where fees can be spent and evaluate mechanisms for equitable and fair distributions;
- Modernizing how credits toward the PDO/PIO are qualified and applied; and
- Demonstrating the legal nexus for any recommended changes.

¹ Schedule of Parkland Fees set forth in Exhibit A of Resolution [#78474](https://records.sanjoseca.gov/Resolutions/78474.pdf) (adopted 12/19/2017)
<https://records.sanjoseca.gov/Resolutions/78474.pdf>

The selected consultant will develop a community engagement plan that includes establishing a task force representative of the diversity of San José, and a schedule for public participation. The task force may include representatives from park advocate groups, the development community, other local government agencies, and other City departments. The Department embraces people of all ages, cultures, and abilities. Department staff are committed to forming a task force that represents the diversity of San José.

The overall process is anticipated to take approximately 18 to 24 months to complete. Table 1 below summarizes the initial tasks that will be completed with anticipated milestones.

Table 1 – PDO/PIO Fee Study Initial Schedule

Task	Target Date
Selection of a Consultant	February 2021
Award of Consultant Contract	March 2021
Kick-off Meeting with Consultant	April 2021
Refine Scope of Work; Establish Task Force; Create Community Engagement Plan	April and May 2021
Initial Task Force Meeting	June 2021
Technical Analysis and Community Outreach	June – December 2021
Report to City Commissions	First Quarter 2022

COORDINATION

This memo was coordinated with the City Attorney's Office, City Manager's Budget Office, the Office of Economic Development, and the Housing Department.

CEQA

Public Project number PP17-009. Not a project. Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/

JON CICIRELLI
Director, Parks, Recreation and
Neighborhood Services

For questions, please contact Nicolle Burnham, Deputy Director, by email at nicolle.burnham@sanjoseca.gov.