# CITY OF ALAMEDA

# PARK AND RECREATION FACILITIES IMPACT FEE UPDATE AND NEXUS STUDY

## DECEMBER 28, 2017

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# Executive Summary

This report presents an analysis of park and recreation facilities development impact fees needed to support future development in the City of Alameda through 2040. The purpose of these fees is to collect sufficient money from future development to pay its fair share for the parks and recreation facilities necessary to serve future residents of such development.

## Background and Study Objectives

The primary policy objective of a development impact fee (fee) program is to ensure that new development pays its fair share of the capital costs for public facilities that are needed to support future growth. The primary purpose of this report is to calculate and present fees that will enable the City to expand its inventory of parks and recreation facilities, as new development increases resident demand for these facilities.

The City imposes fees under its police power authority, but this authority is subject State law requirements set forth in the Mitigation Fee Act (the Act), contained in *California Government Code* Sections 66000 *et seq*. This report provides the necessary findings required by the Act for adoption of the fees presented in the fee schedules contained in this report. These fees are calculated based on the proportional relationship (or "nexus") between new development's impact on the City's park and recreational facilities and the amount of the fee charged per residential unit.

The City previously adopted updates to its Development Impact Fee ("DIF") program in July 2014 via Ordinance No. 3098. The City's current DIF program includes four categories of fees for public improvements:

(1) Public safety facilities (e.g. police and fire);

(2) General public facilities;

(3) Transportation facilities; and

(4) Parks and recreation improvements.

The City's current fees were established in 2014 based on a nexus analysis that updated fees for all four categories of public improvements, referred to as the 2014 Nexus Study.

Litigation was filed challenging Ordinance No. 3098, resulting in a judgment finding that the 2014 Nexus Study did not adequately justify the "parks and recreation" component of the DIF. While the City is currently appealing that judgment, the present 2017 Parks Nexus Study is designed to remedy all of the flaws that the Court found in the 2014 Nexus Study.

Chapter 1 of the 2017 Parks Nexus Study describes the purpose of the study, provides background on the nexus study approach, including the analysis methods used to calculate the fee levels. Appendix A to this report includes a detailed description of the material differences between the 2014 Nexus Study and this 2017 Parks Nexus Study, including changes made to comply with the Court's decision.

The remainder of this Executive Summary presents a summary overview of the nexus analysis approach used in the 2017 Parks Nexus Study and the "maximum justified fee levels" for the 2017 Park and Recreation Facilities Impact Fee. As further described below, the 2017 Parks Nexus Study uses two alternative methods to calculate the fee levels, and both methodologies result in similar maximum justified fee levels. In addition, the fee levels calculated in this study are similar to the City's current park fee levels, after taking into account inflationary adjustments from 2014. These results further reinforce the 2017 Nexus Study findings that the fee methodologies and resulting calculations are reasonable and justified.

# 2017 Parks Nexus Study Approach

This 2017 Parks Nexus Study includes two different methods for calculating the parks and recreation development fee, both of whicht are frequently used by local communities in California:

- **Existing standard method**– This method is similar to the nexus analysis approach used in the 2014 Nexus Study, but the approach has been revised both to incorporate current information on the City's existing park and recreational facilities as of 2017, and to address flaws in the 2014 Nexus Study identified by the court (as further discussed in Appendix A). The existing standard method calculates the "maximum justified" fee level assuming the City provides additional parks and recreation facilities to serve future residents at the same service level standard that the City currently provides to existing City residents in 2017. As the fee amount is calculated based on the existing level of service, the amount of the fee does not depend on the estimated cost of future park and recreation facilities that the City intends to develop. ***Chapter 2 of this report presents the information and analysis used to calculate fees based on the existing standard method.***
- **System standard method** – This method is an alternative approach that performs the nexus analysis based on the City's future system of parks and recreational facilities rather than what currently exists in 2017. The system standard method calculates the maximum justified fee level assuming the City provides additional facilities to serve new development based on a future system of park and recreation facilities that the City plans to have in place by 2040. As the fee amount is calculated based on the future system of park and recreation facilities, the amount of the fee is based on the planned 2040 inventory of park and recreation facilities, excluding any facility that the City expects to replace or phase out of service by 2040. ***Chapter 3 of this report presents the information and analysis used to calculate fees based on the system standard method.***

The City can utilize either the **existing standard** or the **system standard method** in setting the amount of the Park and Recreation Facilities Impact Fee, as there is no preferred standard method for calculating impact fees in California. The courts have recognized that local agencies have broad discretion in deciding what method to use, subject only to the requirement that the fee calculation method be "reasonable."

# 2017 Parks Nexus Study Fee Results

The 2017 Parks Nexus Study calculates the maximum justified fee levels under the two methods (existing standard and system standard) described above. As shown below in Table E.1, the fee results under each method used in the 2017 study are similar, and they are also similar to the City's current fee levels for park and recreation facilities after taking into account allowable annual adjustments for inflation from 2014 to 2017.

**Table E.1** presents and compares the fee levels that were calculated based on the 2014 Nexus Study with the fee levels calculated based on this 2017 Parks Nexus Study, as described below:

- The first column of Table E.1 identifies the maximum justified 2014 fee level for the Park and Recreation Facilities Impact Fee component of the DIF, as presented in the 2014 Nexus Study.
- The second column identifies the actual amount of the Park and Recreation Facilities component of the DIF as adopted by the City Council in Ordinance No. 3098 in 2014. (This reflects a lower single family fee as the City Council adopted a lower fee than the the 2014 Nexus Study concluded was the maximum justified fee level for single family homes.)

- The third column identifies the City's current (2017) Park and Recreation Facilities Impact Fee component of the DIF, increased from 2014 levels based on the annual allowable adjustment for inflation in the DIF program.
- The fourth column identifies the maximum justified fee as calculated in the 2017 Parks Nexus Study using the existing standard method for the Parks and Recreation Facilities Impact Fee.
- The fifth column identifies the maximum justified fee as calculated in 2017 Parks Nexus Study using the system standard method for the Parks and Recreation Facilities Impact Fee.

The comparison of the fee calculations shown in Table E.1 demonstrates that the City's existing Park and Recreation Impact Fee schedule is reasonable because the City's current fee levels are similar to the fee calculation results under each method used in the 2017 Parks Nexus Study.

**Table E.1: Comparison of Park and Recreation Facilities Impact Fee Under Alternative Fee Calculations and Methodologies**

| Land Use | 2014 Maximum Justified | 2014 Adopted | 2014 Adopted (Adjusted to 2017 Dollars) | Existing Standard 2017 Maximum Justified | System Standard 2017 Maximum Justified |
|---|---|---|---|---|---|
| *Residential* | | | | | |
| Single Family | $ 12,809 | $ 11,528 | $ 12,377 | $ 14,273 | $ 14,546 |
| Multifamily | 9,149 | 9,149 | 9,822 | 9,769 | 9,955 |

Sources: City of Alameda; Development Impact Fee Update and Nexus Study, June 18, 2014, Willdan Financial Services; Tables 2.7 and 3.7.

In conclusion, the 2017 Parks Nexus Study provides the necessary findings for the City to adopt updated fee levels, and the City can utilize either method (existing standard or system standard) to update the Park and Recreation Impact Fee schedule. Alternatively, this analysis also demonstrates that the City could simply re-adopt the current fee amounts ($12,377 per single family unit and $9,822 per multifamily unit) since both amounts are less than the maximum justified amounts calculated using the System Standard methodology.

# 1. Introduction

This report, also referred to as "the 2017 Parks Nexus Study," presents an analysis of the need for public facilities to accommodate new development in the City of Alameda. This chapter provides background for the study and explains the study approach under the following sections:

- Development Impact Fees in California;
- Study Objectives;
- Study Background; and,
- Study Methodology.

## Development Impact Fees in California

The changing fiscal landscape in California during the past 30 years has significantly affected the financial capacity of local governments to fund infrastructure. Three dominant trends stand out:

- The passage of a number of tax limitation measures, starting with Proposition 13 in 1978 and continuing through the passage of Proposition 218 in 1996;
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses; and
- Steep reductions in federal and state assistance.

Faced with these trends, local agencies often impose development impact fees on new development to ensure that it "pays its own way" by funding its "fair share" of the cost of public facilities and infrastructure needed to serve new residents and/or employees. The Mitigation Fee Act (Government Code §§ 66000 *et seq*.) imposes restrictions and requirements to ensure that development impact fee amounts do not exceed what is reasonably necessary to offset the additional capital improvement burdens from new development.

The purpose of this 2017 Parks Nexus Study is to calculate a "maximum justified" impact fee that is based on the proportional relationship (or "nexus") between new development's impact on the City's park and recreational facilities and the amount of the fee charged per residential unit. The fee methodologies presented in this report are designed to ensure that the City does not establish a fee amount that would exceed new development's fair share.

## Study Objectives

The primary policy objective of a public facilities fee program is to ensure that new development pays the capital costs associated with growth. Guiding Policies of the City's General Plan Land Use Element "[r]equire that all new development pay appropriate development impact fees."[1]

The primary purpose of this report is to update the City's impact fees for park and recreation facilities based on the City's most current available information regarding these facilities and to respond to the Court's determinations regarding the 2014 Nexus Study. The proposed fees will enable the City to expand its inventory of park and recreation facilities as new development leads to increases in service demands.

The City of Alameda is forecasted to experience moderate growth through this study's planning horizon of 2040. This growth will create an increase in demand for public services and the facilities required to deliver them. Given the revenue challenges described above, Alameda has

[1] Based on General Plan Land Use Policies in Sections 2.4.q, 2.5.zzz, 2.7.f and 2.8.i.

decided to update its development impact fee program to ensure that new development funds its fair share of facility costs associated with growth. This report incorporates the City's best available information on its existing inventory and its planned park and recreation facilities to ensure that the fee program accurately represents and forecasts the capital facility needs associated with new development.

# Study Background

The City previously adopted an updated Development Impact Fee ("DIF") program in July 2014, via Ordinance No. 3098. Ordinance No. 3098 established updated development fees for four categories of public improvements within the City of Alameda (excluding Alameda Point):

(1) Public safety facilities (e.g. police and fire);
(2) General public facilities;
(3) Transportation facilities; and
(4) Park and recreation improvements.

The fees established in this 2014 Ordinance were based on the analysis set forth in a prior nexus study, referred to in this report as the 2014 Nexus Study.2 As the result of litigation challenging Ordinance No. 3098 (Boatworks, LLC v. City of Alameda, Case No. RG14-746654), the Superior Court found that the 2014 Nexus Study did not adequately support the fourth category of fees attributable to park and recreation improvements.

This 2017 Parks Nexus Study addresses all of the Court's determinations, as further described in Appendix A, and it calculates the maximum justified fee levels for an updated parks and recreation impact fee.

As described above, the City imposes public facilities fees under the authority granted by the Mitigation Fee Act (the Act). This report provides the necessary findings required by the Act for adoption of the fees presented in the fee schedules of this report.

# Study Methodology

Development impact fees are calculated to fund the cost of facilities required to accommodate growth from new development. The six steps followed in this 2017 Parks Nexus Study include:

1. **Estimate existing development and future growth:** Identify a base year for existing development and a growth forecast that reflects increased demand for public facilities;
2. **Identify facility standards:** Determine the facility standards used to plan for new and expanded facilities;
3. **Determine facilities required to serve new development:** Estimate the total amount of planned facilities, and identify the share required to accommodate new development;

2 It should be noted that Ordinance No. 3098 established separate development impact fees for Alameda Point than it established for the remainder of the City. The separate Alameda Point Development Impact Fee (DIF) was not challenged in the litigation and remains in effect. The new DIF calculated in this 2017 Parks Nexus Study is intended to be imposed on new residential development in the City outside of Alameda Point.

4. **Determine the cost of facilities required to serve new development:** Estimate the total amount and the share of the cost of planned facilities required to accommodate new development;
5. **Calculate fee schedule:** Allocate facilities costs per unit of new development to calculate the development impact fee schedule; and
6. **Identify alternative funding requirements:** Determine if any non-fee funding is required to complete projects.

The key public policy issue in development impact fee studies is the identification of facility standards (step #2, above). Facility standards document a reasonable relationship between new development and the need for new facilities. Standards ensure that new development does not fund deficiencies associated with existing development.

## New Development Facility Needs and Costs

A number of approaches are used to identify facility needs and costs to serve new development. This is often a two-step process: (1) identify facility needs, and (2) allocate to new development its fair share of those needs.

This report investigates two methods for determining new development's fair share of park and recreational facility costs needed to serve future growth: the **existing standard method** and the **system standard method**. For the purpose of this 2017 Parks Nexus Study, the costs of park and recreation facilities are considered to be equal to the current value of these facilities, which is determined based on City data regarding development costs for recent projects and the replacement cost of existing facilities. The formula used in each approach, and the advantages and disadvantages of each method are summarized below:

### *Existing Standard Method*

The existing standard method allocates costs based on the ratio of existing facilities to demand from existing development as follows:

$$\frac{\text{Current Value of Existing Facilities}}{\text{Existing Development Demand}} = \$/\text{unit of demand}$$

This method, as presented in Chapter 2 of this 2017 Parks Nexus Study, calculates the "maximum justified" fee level assuming the City provides additional parks and recreation facilities to serve future residents at the same level of service that the City currently provides to its existing residents. The City's current level of service is calculated by determining the collective value for the City's existing inventory of park and recreation facilities.[3] The cost of the existing facilities is then divided by the City's current population to determine the City's existing level of service, calculated on a "cost per resident" basis. The fee is then calculated for each major type of residential development, based on the average number of new residents expected to live in each new single family and multifamily unit.

Under the existing standard method, new development is required to fund the expansion of park and recreation facilities based on the City's current service standard. As the fee amount is calculated based on the existing level of service, the amount of the fee does not depend on the estimated cost of future park and recreation facilities that the City intends to develop.

[3] As further described in Chapter 2, the current values of existing park and recreation facilities are calculated based on the City's recent project costs for land acquisition and improvements for new park and recreational facilities, as well as the replacement cost or value of existing facilities.

### *System Standard Method*

The system standard method calculates the fee based on the value of existing facilities plus the cost of planned facilities, divided by demand from existing plus new development:

$$\frac{\text{Value of Existing Facilities + Cost of Planned Facilities}}{\text{Existing + New Development Demand}} = \$/\text{unit of demand}$$

This method, as presented in Chapter 3 of this 2017 Parks Nexus Study, calculates the maximum justified fee level assuming the City provides additional facilities to serve new development based on a future system of park and recreation facilities that the City plans to have in place by 2040. The City's future level of service is calculated by determining the collective value of its planned 2040 inventory of park and recreation facilities (excluding facilities the City expects to replace or phase out of service in 2040).[4] The value (in today's dollars) of the planned facilities is then divided by the projected future population for 2040 to calculate a "cost per resident." The fee is similarly calculated for each major type of residential development based on the average number of new residents expected to live in each new single family and multifamily unit. Under the system standard method, new development pays its fair share of planned facilities that are needed to serve the City's future population in 2040, as part of this system-wide plan.

### *Either Existing Standard or System Standard Method May be Used*

The City could utilize either the existing standard or system standard method to establish the amount of the Park and Recreation Facilities Impact Fee. There is no preferred statewide fee calculation method because the courts have recognized that local agencies have broad discretion in deciding what method to use, subject only to the requirement that the fee calculation method be "reasonable."

The calculated fee amounts in this report under both methods result in similar maximum justified fee levels, which further suggests that both methods are reasonable. In addition, both methods also demonstrate that the City's current Park and Recreation Facility Impact Fee schedule is reasonable, because the City's current 2017 fee levels (as adopted in 2014 and adjusted for inflation from 2014 to 2017) are similar to those calculated in this 2017 Parks Nexus Study.

[4] As further described in Chapter 3, the current values of existing and future facilities are calculated based on a combination of recent project costs for land acquisition and improvements for new park and recreational facilities, replacement cost or value of existing facilities and the projected costs for future improvements.

# 2. Existing Standard

This chapter calculates park impact fees using the ***existing standard*** method. Under this method, new development will fund the expansion of park and recreation facilities at the same level of service that the City currently provides to its existing residents.

## Service Population

Residents are assumed to be the primary users of parks and recreation facilities, so the service population only includes residents. The estimate for residents in 2017 is based on the California Department of Finance's estimates of household population in the City of Alameda. Household population is used because people housed in group quarters (assisted living, congregate care, correctional facilities, etc.) do not contribute significantly to demand for public facilities.

The estimate of total household population in 2040 is based on assumptions from the Association of Bay Area Government's (ABAG) Plan Bay Area and CA DOF. ABAG estimated a total of 35,100 households in 2040. This figure is multiplied by DOF's estimate of 2.5 persons per household resulting in an estimate of 87,750 residents in 2040. **Table 2.1** summarizes the estimates of the City's current and projected residential population, which are further described in Appendix B.

**Table 2.1: Park and Recreation Service Population**

| | Residents |
|---|---|
| Existing (2017) | 78,395 |
| Growth (2017 - 2040)[1] | 9,355 |
| Total (2040) | 87,750 |

[1] Growth in residents (household population) projected using Plan Bay Area's estimate of 35,100 households in 2040, multiplied by DOF's estimate of 2.5 persons per household.

Sources: California Department of Finance Tables E-5; California Department of Finance, Plan Bay Area 2040 Draft Supplemental Report (March 2017); Seifel Consulting Inc.; Willdan Financial Services.

## Facility Inventories and Standards

This section describes the City's park facility inventory, facility standards, and park facility costs.

### Existing Inventory

The City of Alameda maintains many park and recreation facilities throughout the city. Park and recreation facilities collectively consist of all of the land, buildings, amenities (such as skateparks, boat ramps, and other special facilities) and park improvements (such as benches, paths, and landscaping,) that the City provides to the residents of Alameda for park and recreation activities. Broadly speaking, the cost of each facility includes the land that it occupies and any structures or improvements needed to make it useable by the public. The following analysis includes parks,

open space, recreational areas and other facilities, such as the skatepark and buildings, that the public uses for recreation activities.[5]

Facilities are divided into two categories: active park and recreation, and passive park and recreation.[6] Dividing the City's inventory into these categories allows different cost assumptions to be applied to each category of parkland, as development costs for active parkland differ from those of passive parkland.

**Table 2.2** summarizes the City's existing inventory for all park and recreation facilities that are located within the City limits, including land and improvements. The land value per acre assumption is assumed to be $2 million per acre, as further explained in Appendix C, this is a conservative estimate of the actual replacement value of land in Alameda. Of note, no land value ($0) is shown in the land value column for the facilities located at Alameda Point, to reflect the no-cost conveyance of the land from the Navy to the City of Alameda.

The improvement value assumptions shown in Table 2.2 are based on actual recent construction cost contracts and cost estimates to develop the active and passive components of Jean Sweeney Park, which are being built in three separate phases.[7] As with the second phase of Jean Sweeny Park, the City's passive parks typically include site improvements such as grading, utilities, landscaping, pathways, benches, and limited hardscape improvements while active parks also include interactive park and recreational improvements, such as playgrounds, athletic fields, boat launches, and other structures and amenities.

In total, the City has an existing inventory of park and recreation improvements that are valued at approximately $347.8 million.

[5] In the interest of being conservative in the analysis, the City's municipal golf course is not included in the park and recreation inventory for this study, even though it arguably could be included as it is owned by the City and operated as a municipal recreational facility.

[6] Passive parks provide natural habitat and landscaping with minimal amenities such as benches, picnic tables, trails, grass and landscaping. These parks require a lower level of capital development. In contrast, active parks often include these minimal amenities but also include highly interactive park and recreational amenities such as playgrounds, athletic fields and tennis or basketball courts.

[7] The first and third phase of Jean Sweeny Park both consist of active parks, while the second phase consists of passive park improvements. The design and associated costs for each phase of Jean Sweeny Park are reflective of the City's programmed improvements for passive and active park and recreational facilities. See Appendix D for further detail.

**Table 2.2: Valuation of Existing Park and Recreation Inventory - Existing Standard**

| Facility Name | Location | A Improved Acreage | B Land Value per Acre | C Improvement Value per Acre | D = A x (B + C) Total Value |
|---|---|---|---|---|---|
| *Active Park and Recreation Facilities* | | | | | |
| Bayport Park | Existing City | 4.25 | $ 2,000,000 | $ 791,400 | $ 11,863,500 |
| Bill Osborne Model Airplane Field | Existing City | 1.30 | 2,000,000 | 791,400 | 3,628,800 |
| Encinal Boat Ramp | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Franklin Park | Existing City | 2.98 | 2,000,000 | 791,400 | 8,318,400 |
| Franklin Pools[1] | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Godfrey Park | Existing City | 5.38 | 2,000,000 | 791,400 | 15,017,700 |
| Grand St Boat Ramp | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Harrington Soccer Field | Existing City | 2.02 | 2,000,000 | 791,400 | 5,638,600 |
| Krusi Park | Existing City | 7.46 | 2,000,000 | 791,400 | 20,823,800 |
| Leydecker Park | Existing City | 5.88 | 2,000,000 | 791,400 | 16,413,400 |
| Lincoln Park | Existing City | 7.80 | 2,000,000 | 791,400 | 21,772,900 |
| Lincoln Park Pools[1] | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Littlejohn Park | Existing City | 3.45 | 2,000,000 | 791,400 | 9,630,300 |
| Longfellow Park | Existing City | 1.14 | 2,000,000 | 791,400 | 3,182,200 |
| Marina Cove Park | Existing City | 3.20 | 2,000,000 | 791,400 | 8,932,500 |
| McKinley Park | Existing City | 1.22 | 2,000,000 | 791,400 | 3,405,500 |
| Rittler Park | Existing City | 4.81 | 2,000,000 | 791,400 | 13,426,600 |
| Tillman Park | Existing City | 4.00 | 2,000,000 | 791,400 | 11,165,600 |
| Washington Park | Existing City | 14.71 | 2,000,000 | 791,400 | 41,061,500 |
| Woodstock Park | Existing City | 3.96 | 2,000,000 | 791,400 | 11,053,900 |
| Alameda Point Multi-Purpose Field | Alameda Point | 4.80 | - | 791,400 | 3,798,700 |
| City View Skate Park | Alameda Point | 0.55 | - | 791,400 | 435,300 |
| Hornet Field | Alameda Point | 3.56 | - | 791,400 | 2,817,400 |
| Lexington Fields at Alameda Point | Alameda Point | 5.00 | - | 791,400 | 3,957,000 |
| Main Street Soccer Field | Alameda Point | 4.70 | - | 791,400 | 3,719,600 |
| Main Street Dog Park | Alameda Point | 1.30 | - | 791,400 | 1,028,800 |
| Subtotal | | 93.83 | | | $ 221,812,000 |
| *Passive Park and Recreation Facilities* | | | | | |
| Jackson Park | Existing City | 2.28 | $ 2,000,000 | $ 427,500 | $ 5,534,700 |
| Main Street Linear Park | Existing City | 11.00 | 2,000,000 | 427,500 | 26,702,500 |
| Neptune Park | Existing City | 3.08 | 2,000,000 | 427,500 | 7,476,700 |
| Portola Triangle | Existing City | 2.15 | 2,000,000 | 427,500 | 5,219,100 |
| Towata Park | Existing City | 1.55 | 2,000,000 | 427,500 | 3,762,600 |
| Shoreline Park | Existing City | 31.83 | 2,000,000 | 427,500 | 77,267,300 |
| Subtotal | | 51.89 | | | $ 125,962,900 |
| Total | | 145.72 | | | $ 347,774,900 |

Note: Totals are rounded to the nearest 100.

[1] Improvement value for all pools shown in Table 2.3.

Source: City of Alameda.

**Table 2.3** displays the City's investment in special use facilities. For the purposes of this study, special use facilities are defined as recreation buildings, pools, skate parks, boat ramps, and the vehicles and equipment necessary to maintain the City's parks and recreation facilities. See **Appendix E -- Table A.3** for a detailed inventory of parks and recreation vehicles and equipment.

The building inventory unit value of $592 per square foot (applied to all facilities except Building 76) is based on recent recreation facility building costs from Krusi and Washington Parks, and it

includes construction contingencies and soft costs. A different value assumption is used for Building 76, as this building is only used for storage. The building inventory unit value for Building 76 is based on the insured cost of that building and reflects a lower standard of construction.

**Table 2.3: Existing Special Use Park and Recreation Facility Inventory**

| | Quantity | Units | Unit Cost | Total Value |
|---|---|---|---|---|
| *Buildings* | | | | |
| Franklin Park Building | 1,203 | Sq. ft. | $ 592 | $ 712,200 |
| Franklin Park Pool Building | 1,400 | Sq. ft. | 592 | 828,800 |
| Bayport Recreation Center | 1,509 | Sq. ft. | 592 | 893,300 |
| Godfrey Park Recreation Center | 1,189 | Sq. ft. | 592 | 703,900 |
| Krusi Park Building | 2,300 | Sq. ft. | 592 | 1,361,600 |
| Leydecker Park Recreation Center | 1,152 | Sq. ft. | 592 | 682,000 |
| Littlejohn Park Building | 1,800 | Sq. ft. | 592 | 1,065,600 |
| Lincoln Park Recreation Center | 2,961 | Sq. ft. | 592 | 1,752,900 |
| Lincoln Park Pool Building | 1,400 | Sq. ft. | 592 | 828,800 |
| Longfellow Park Recreation | 1,175 | Sq. ft. | 592 | 695,600 |
| McKinley Park Recreation Center | 1,673 | Sq. ft. | 592 | 990,400 |
| Tillman Park Building | 714 | Sq. ft. | 592 | 422,700 |
| Washington Park Building | 1,794 | Sq. ft. | 592 | 1,062,000 |
| Woodstock Park Recreation | 1,777 | Sq. ft. | 592 | 1,052,000 |
| Mastick Senior Center | 26,000 | Sq. ft. | 592 | 15,392,000 |
| Building 76 - Storage - Alameda Point[1] | 2,300 | Sq. ft. | 242 | 556,600 |
| Building 134, Gymnasium - Alameda Point | 5,490 | Sq. ft. | 592 | 3,250,100 |
| Subtotal | | | | $ 32,250,500 |
| *Boat Ramps* | | | | |
| Encinal Boat Ramp | | | | $ 1,100,000 |
| Grand St Boat Ramp | | | | 1,100,000 |
| Subtotal | | | | $ 2,200,000 |
| *Pools* | | | | |
| Franklin Park Pool #1 | | | | $ 1,407,000 |
| Franklin Park Pool #2 | | | | 1,407,000 |
| Lincoln Park Pool #1 | | | | 1,407,000 |
| Lincoln Park Pool #2 | | | | 1,407,000 |
| Subtotal | | | | $ 5,628,000 |
| *Skateboard Park* | | | | $ 500,000 |
| *Vehicles and Equipment (Appendix Table A.3)* | | | | $ 648,000 |
| Total Value - Special Use Facilities | | | | $ 41,226,500 |

Notes:
- The value of the facilities included in this table is in addition to the value calculated in Table 2.2, and is not double counted.
- All facilities are located in The City of Alameda outside Alameda Point except where noted.
- Totals are rounded to the nearest 100.

[1] This facility has a different unit value to reflect its use for storage, rather than active recreation.

Sources: California Joint Powers Risk Management Authority Inventory, August 20, 2013; City of Alameda; Willdan Financial Services.

## Existing Value of Park and Recreation Facilities Inventory

**Table 2.4** summarizes the existing value of the City's current investment in park and recreation faciltiies as detailed in Tables 2.2 and 2.3. In total, the City owns approximately $389 million in park and recreation facilites.

**Table 2.4: Existing Value of Park and Recreation Facilities**

| Facility Category | | Total Existing Value |
|---|---|---|
| Existing Park and Recreation Inventory | $ | 347,774,900 |
| Special Use Facilities | | 41,226,500 |
| Total | $ | 389,001,400 |

Sources: Tables 2.2 and 2.3.

## Planned Park and Recreation Facilities

**Table 2.5** displays a list of planned park and recreation facilities, which is shown for informational purposes only and is not factored into the calculation of impact fees under the existing standard method that is the subject of this chapter. The City has planned for approximately $66.1 million in new park and recreation facilities by 2040, and impact fees will only represent a portion of the funding that will be needed to pay for these facilities as further described later in this chapter.

Table 2.5 reflects an allocation of the Citywide portion of the cost attributable to the Alameda Point Sports Complex development in Alameda Point, which allocates $10 million to the Alameda Point development and the remaining $35.2 million to the City's DIF program. The $10 million allocation is a policy decision that the City has made regarding Alameda Point's contribution to future improvements.[8]

[8] More specifically, if the City allocated the costs of the Alameda Point Sports Complex based solely on future population estimates, a significantly lower amount (approximately only $3 million) of the cost would be allocated to future development within Alameda Point, and the remainder of the cost would be allocated to the rest of the City. But the City, as the owner of the Alameda Point property, is electing to allocate a greater share of the cost of that facility ($10 million rather than $3 million) to future development of Alameda Point, which will have the effect of reducing the cost of that facility borne by the remainder of the City.

**Table 2.5: Projected Cost of Planned Park and Recreation Facilities**

| DIF No. | City Project No. | Project Name | 2017 Total Project Cost |
|---|---|---|---|
| 1 | New | Adding maintenance vehicles to fleet | $ 100,000 |
| 2 | New | Encinal Boat Ramp Facility Expansion[1] | 210,000 |
| 3 | 98-27 | Alameda Point Sports Complex[2] | 35,168,000 |
| 4 | 94-26 | Recreation Supply Storage & Park Maint Yard[1] | 1,950,000 |
| 5 | New | Jean Sweeney Open Space Park Construction[1] | 18,200,000 |
| | New | Jean Sweeney Land Acquisition | 958,000 |
| 6 | New | Estuary Park Construction[1] | 9,100,000 |
| 7 | New | Main Street Linear Park Improvements[1] | 450,000 |
| Subtotal | | | $ 66,136,000 |

[1] Based on construction cost information provided by Alameda Parks Department.
[2] Based on engineer's estimate from the Master Infrastructure Plan, adjusted for inflation. $35.2 million allocated to Citywide fee; $10 million allocated to development in Alameda Point.

Sources: City of Alameda; Willdan Financial Services.

## Park and Recreation Facility Cost per Resident - Existing Standard

In order to determine the appropriate level of impact fees for each housing type under the existing standard method, the value of existing park and recreation facilities is divided by the existing service population to calculate the park and recreation cost per resident. This standard represents the investment in park and recreation facilities that the City has made to date on a per resident basis. As shown in **Table 2.6**, the standard is calculated by dividing the total value of existing park and recreation facilities from Table 2.4 by the existing service population in Table 2.1.

**Table 2.6: Park and Recreation Facilities Cost per Resident - Existing Standard**

| | |
|---|---|
| Value of Existing Facilities | $ 389,001,400 |
| Existing Service Population | 78,395 |
| Cost per Resident | $ 4,962 |

Sources: Tables 2.1 and 2.4.

# Fee Schedule

**Table 2.7** shows the park and recreation facilities fee schedule, calculated using the existing standard method. The fee levels are based on the cost per resident calculated in Table 2.6. The cost per resident is converted to a fee per housing unit of new development based on the

average number of residents per dwelling unit by housing type, calculated using the most recent data available from the US Census American Community Survey.

The total maximum justified fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee is a conservative estimate of costs associated with fee program administration, and the City's Finance Department confirms that this estimate is conservative based on the City's experience administering the DIF program. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

**Table 2.7: Park and Recreation Facilities Impact Fee - Existing Standard**

| Land Use | *A* Cost Per Resident | *B* Residents Per Unit[1] | *C = A x B* Base Fee[2] | *D = C x 0.02* Admin Charge[2, 3] | *E = C + D* Total Fee[2] |
|---|---|---|---|---|---|
| *Residential* | | | | | |
| Single Family | $ 4,962 | 2.82 | $ 13,993 | $ 280 | $ 14,273 |
| Multifamily | 4,962 | 1.93 | 9,577 | 192 | 9,769 |

[1] Average residents per dwelling unit.

[2] Fee per dwelling unit.

[3] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables B25033 and B25024 from the U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates; Table 2.6, Willdan Financial Services.

# Revenue Projection and Other Funding Requirements

**Table 2.8** details a projection of park and recreation fee revenue from the DIF program, based on the growth in service population identified in Table 2.1. To fully fund the planned facilities identified in Table 2.5, the City will need to obtain an additional $19.7 million from other funding sources. Potential sources of revenue include, but are not limited to, existing or new general fund revenues, existing or new taxes, special assessments, and grants.

## Table 2.8: Revenue Projection - Existing Standard

| | |
|---|---|
| Cost per Resident | $ 4,962 |
| Growth in Service Population (2016- 2040) | 9,355 |
| Fee Revenue | $ 46,420,000 |
| Net Cost of Planned Facilities | 66,136,000 |
| Difference[1] | $ (19,716,000) |

[1] As has been the case historically the City can meet this need through sources such as bonds, grants and general fund revenues.

Sources: Tables 2.1, 2.5 and 2.6.

# 3. System Standard

This chapter calculates park impact fees using the ***system standard*** method. Under this method new development will fund its fair share of the system of parks and recreation facilities that will be achieved as of 2040.

## Service Population

Residents are assumed to be the primary users of parks and recreation facilities, so the service population only includes residents. As described in Chapter 2 of this report, the estimate for residents in 2017 is based on the California Department of Finance's estimates of household population in Alameda.[9] **Table 3.1** summarizes the estimates of the City's current and projected residential population.

**Table 3.1: Park and Recreation Service Population**

| | Residents |
|---|---|
| Existing (2017) | 78,395 |
| Growth (2017 - 2040)[1] | 9,355 |
| Total (2040) | 87,750 |

[1] Growth in residents (household population) projected using Plan Bay Area's estimate of 35,100 households in 2040, multiplied by DOF's estimate of 2.5 persons per household.

Sources: California Department of Finance Tables E-5; California Department of Finance, Plan Bay Area 2040 Draft Supplemental Report (March 2017); Seifel Consulting Inc.; Willdan Financial Services.

## Facility Inventories and Standards

This section describes the City's park facility inventory, facility standards, and park facility costs.

### Existing Inventory

As described in Chapter 2 of this report, the City of Alameda maintains many park and recreation facilities throughout the city, which collectively consist of all of the land, buildings, amenities and

[9] As described in Chapter 2, household population is used because people housed in group quarters (assisted living, congregate care, correctional facilities, etc.) do not contribute significantly to demand for public facilities. The estimate of total household population in 2040 is based on assumptions from the Association of Bay Area Government's (ABAG) Plan Bay Area and CA DOF. ABAG estimated a total of 35,100 households in 2040. This figure is multiplied by DOF's estimate of 2.5 persons per household resulting in an estimate of 87,750 residents in 2040.

improvements that the City provides to the residents of Alameda for park and recreation activities. As explained in Chapter 2, facilities are divided into two categories: active and passive park and recreation facilities. Dividing the City's inventory into these categories allows different valuation and cost assumptions to be applied to each category of parkland, as development costs for active parkland differ from those of passive parkland.

As in Chapter 2, the land value per acre assumption is based on a conservative assumption of $2 million per acre, with the exception of facilities located at Alameda Point that do not include any land value ($0) to reflect the no-cost conveyance of the land from the Navy to the City of Alameda.

The improvement assumptions are based on the actual construction cost estimates to develop active and passive components of Jean Sweeney Park.

Table 3.2, below details the current value of land and improvements owned by the City for park and recreation, with one important difference. Some facilities from Table 2.2 are not present in Table 3.2 because they will no longer be in service in 2040, primarily because they will be replaced by new facilities as further described below. As shown in Table 3.2, the total value of the City's park and recreation inventory under the system standard totals $336.4 million.

**Table 3.2: Existing Park and Recreation Land Valuation - System Standard**

| Facility Name | Location | A Improved Acreage | B Land Value per Acre | C Improvement Value per Acre | D = A x (B + C) Total Value |
|---|---|---|---|---|---|
| *Active Park and Recreation Facilities* | | | | | |
| Bayport Park | Existing City | 4.25 | $ 2,000,000 | $ 791,400 | $ 11,863,500 |
| Bill Osborne Model Airplane Field | Existing City | 1.30 | 2,000,000 | 791,400 | 3,628,800 |
| Encinal Boat Ramp | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Franklin Park | Existing City | 2.98 | 2,000,000 | 791,400 | 8,318,400 |
| Franklin Pools[1] | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Godfrey Park | Existing City | 5.38 | 2,000,000 | 791,400 | 15,017,700 |
| Grand St Boat Ramp | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Harrington Soccer Field | Existing City | 2.02 | 2,000,000 | 791,400 | 5,638,600 |
| Krusi Park | Existing City | 7.46 | 2,000,000 | 791,400 | 20,823,800 |
| Leydecker Park | Existing City | 5.88 | 2,000,000 | 791,400 | 16,413,400 |
| Lincoln Park | Existing City | 7.80 | 2,000,000 | 791,400 | 21,772,900 |
| Lincoln Park Pools[1] | Existing City | 0.09 | 2,000,000 | - | 180,000 |
| Littlejohn Park | Existing City | 3.45 | 2,000,000 | 791,400 | 9,630,300 |
| Longfellow Park | Existing City | 1.14 | 2,000,000 | 791,400 | 3,182,200 |
| Marina Cove Park | Existing City | 3.20 | 2,000,000 | 791,400 | 8,932,500 |
| McKinley Park | Existing City | 1.22 | 2,000,000 | 791,400 | 3,405,500 |
| Rittler Park | Existing City | 4.81 | 2,000,000 | 791,400 | 13,426,600 |
| Tillman Park | Existing City | 4.00 | 2,000,000 | 791,400 | 11,165,600 |
| Washington Park | Existing City | 14.71 | 2,000,000 | 791,400 | 41,061,500 |
| Woodstock Park | Existing City | 3.96 | 2,000,000 | 791,400 | 11,053,900 |
| Lexington Fields at Alameda Point[2] | Alameda Point | 5.00 | - | 791,400 | 3,957,000 |
| City View Skate Park[2] | Alameda Point | 0.55 | - | 791,400 | 435,300 |
| Subtotal | | 79.47 | | | $ 210,447,500 |
| *Passive Park and Recreation Facilities* | | | | | |
| Jackson Park | Existing City | 2.28 | 2,000,000 | $ 427,500 | $ 5,534,700 |
| Main Street Linear Park | Existing City | 11.00 | 2,000,000 | 427,500 | 26,702,500 |
| Neptune Park | Existing City | 3.08 | 2,000,000 | 427,500 | 7,476,700 |
| Portola Triangle | Existing City | 2.15 | 2,000,000 | 427,500 | 5,219,100 |
| Towata Park | Existing City | 1.55 | 2,000,000 | 427,500 | 3,762,600 |
| Shoreline Park | Existing City | 31.83 | 2,000,000 | 427,500 | 77,267,300 |
| Subtotal | | 51.89 | | | $ 125,962,900 |
| Total | | 131.36 | | | $ 336,410,400 |

Note: Totals are rounded to the nearest 100.

[1] Improvement value for all pools shown in Table 3.3.

[2] Certain Alameda Point Facilities indicated in Table 2.2 have been excluded here because they will not be in place after the development of Alameda Point.

Source: City of Alameda.

**Table 3.3** displays the City's investment in special use facilities in 2040. For the purposes of this study, special use facilities are defined as recreation buildings, pools, skate parks, boat ramps, and the vehicles and equipment necessary to maintain the City's parks and recreation facilities. Of the facilities that the City currently owns, it will still own approximately $41.2 million in special use facilities in 2040. (See **Appendix E -- Table A.3** for a detailed inventory of parks and recreation vehicles and equipment.)

As in Chapter 2, the unit value of $592 per square foot for park buildings (applied to all facilities except Building 76) is based on recent recreation facility building costs from Krusi and Washington Parks, and includes construction contingencies and soft costs.

## Table 3.3: Existing Special Use Park and Recreation Facility Inventory - System Standard

| | Quantity | Units | Unit Cost | Total Value |
|---|---|---|---|---|
| *Buildings* | | | | |
| Franklin Park Building | 1,203 | Sq. ft. | $ 592 | $ 712,200 |
| Franklin Park Pool Building | 1,400 | Sq. ft. | 592 | 828,800 |
| Bayport Recreation Center | 1,509 | Sq. ft. | 592 | 893,300 |
| Godfrey Park Recreation Center | 1,189 | Sq. ft. | 592 | 703,900 |
| Krusi Park Building | 2,300 | Sq. ft. | 592 | 1,361,600 |
| Leydecker Park Recreation Center | 1,152 | Sq. ft. | 592 | 682,000 |
| Littlejohn Park Building | 1,800 | Sq. ft. | 592 | 1,065,600 |
| Lincoln Park Recreation Center | 2,961 | Sq. ft. | 592 | 1,752,900 |
| Lincoln Park Pool Building | 1,400 | Sq. ft. | 592 | 828,800 |
| Longfellow Park Recreation | 1,175 | Sq. ft. | 592 | 695,600 |
| McKinley Park Recreation Center | 1,673 | Sq. ft. | 592 | 990,400 |
| Tillman Park Building | 714 | Sq. ft. | 592 | 422,700 |
| Washington Park Building | 1,794 | Sq. ft. | 592 | 1,062,000 |
| Woodstock Park Recreation | 1,777 | Sq. ft. | 592 | 1,052,000 |
| Mastick Senior Center | 26,000 | Sq. ft. | 592 | 15,392,000 |
| Building 76 - Storage - Alameda Point[1] | 2,300 | Sq. ft. | 242 | 556,600 |
| Building 134, Gymnasium - Alameda Point | 5,490 | Sq. ft. | 592 | 3,250,100 |
| Subtotal | | | | $ 32,250,500 |
| *Boat Ramps* | | | | |
| Encinal Boat Ramp | | | | $ 1,100,000 |
| Grand St Boat Ramp | | | | 1,100,000 |
| Subtotal | | | | $ 2,200,000 |
| *Pools* | | | | |
| Franklin Park Pool #1 | | | | $ 1,407,000 |
| Franklin Park Pool #2 | | | | 1,407,000 |
| Lincoln Park Pool #1 | | | | 1,407,000 |
| Lincoln Park Pool #2 | | | | 1,407,000 |
| Subtotal | | | | $ 5,628,000 |
| *Skateboard Park* | | | | $ 500,000 |
| *Vehicles and Equipment (Appendix Table A.3)* | | | | $ 648,000 |
| Total Value - Special Use Facilities | | | | $ 41,226,500 |

Notes:

- The value of the facilities included in this table is in addition to the value calculated in Table 3.2, and is not double counted.
- All facilities are located in The City of Alameda outside Alameda Point except where noted.
- Totals are rounded to the nearest 100.

[1] This facility has a different unit value to reflect its use for storage, rather than active recreation.

Sources: California Joint Powers Risk Management Authority Inventory, August 20, 2013; City of Alameda; Willdan Financial Services.

## Planned Park and Recreation Facilities

**Table 3.4** displays a list of planned park and recreation facilities, which was also described for informational purposes in Chapter 2. City staff provided the cost estimates based on the latest planning and construction cost estimates available at the time this analysis was conducted. The City has planned for approximately $66.1 million in planned new park and recreation facilities by 2040, and impact fees will only represent a portion of the funding that will be needed to pay for these facilities as further described in this report.

**Table 3.4: Projected Cost of Planned Park and Recreation Facilities**

| DIF No. | City Project No. | Project Name | 2017 Total Project Cost |
|---|---|---|---|
| 1 | New | Adding maintenance vehicles to fleet | $ 100,000 |
| 2 | New | Encinal Boat Ramp Facility Expansion[1] | 210,000 |
| 3 | 98-27 | Alameda Point Sports Complex[2] | 35,168,000 |
| 4 | 94-26 | Recreation Supply Storage & Park Maint Yard[1] | 1,950,000 |
| 5 | New | Jean Sweeney Open Space Park Construction[1] | 18,200,000 |
| | New | Jean Sweeney Land Acquisition | 958,000 |
| 6 | New | Estuary Park Construction[1] | 9,100,000 |
| 7 | New | Main Street Linear Park Improvements[1] | 450,000 |
| Subtotal | | | $ 66,136,000 |

[1] Based on construction cost information provided by Alameda Parks Department.

[2] Based on engineer's estimate from the Master Infrastructure Plan, adjusted for inflation. $35.2 million allocated to Citywide fee; $10 million allocated to development in Alameda Point.

Sources: City of Alameda; Willdan Financial Services.

## 2040 System Value of Park and Recreation Facilities

**Table 3.5** summarizes the total value of the system of park and recreation facilities in 2040. The value of the park and recreation inventories detailed in Tables 3.2 and 3.3 is added to the cost of the planned facilities from Table 3.4. The system of park and recreation facilities will be worth approximately $443.8 million in 2040.

**Table 3.5: System Value of Park and Recreation Facilities**

| Facility Category | Total System Value |
|---|---|
| Existing Park and Recreation Facilities | $ 336,410,400 |
| Special Use Facilities | 41,226,500 |
| Subtotal | $ 377,636,900 |
| Planned Park and Recreation Facilities | $ 66,136,000 |
| Total System Value - 2040 | $ 443,772,900 |

Sources: Tables 3.2, 3.3 and 3.4.

## Park and Recreation Facility Cost per Resident - System Standard

In order to determine the appropriate level of impact fees for each housing type under the system standard method, the system value of park and recreation facilities is divided by the projected service population in 2040 to calculate the park and recreation cost per resident. This standard represents new development's projected investment in parks and recreation facilities at the planning horizon on a per resident basis. As shown in **Table 3.6,** the standard is calculated by dividing the total value of existing park and recreation facilities from Table 3.5 by the future service population in Table 3.1.

**Table 3.6: Park and Recreation Facilities Cost per Resident - System Standard**

| | |
|---|---|
| Value of Existing Park and Recreation Facilities | $ 377,636,900 |
| Value of Planned Park and Recreation Facilities | 66,136,000 |
| Total System Value (2040) | $ 443,772,900 |
| Future Service Population (2040) | 87,750 |
| Cost per Resident | $ 5,057 |

Sources: Tables 3.1 and 3.5.

# Fee Schedule

**Table 3.7** shows the park and recreation facilities fee schedule, calculated using the system standard method. The fee levels initially are based on the cost per resident calculated in Table 3.6. The cost per resident is converted to a fee per housing unit of new development based on

the average number of residents per dwelling unit by housing type, calculated using the most recent data available from the US Census American Community Survey.

The total maximum justified fee includes a two percent (2%) administrative charge to fund costs that include: a standard overhead charge applied to all City programs for legal, accounting, and other departmental and administrative support, and fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

In Willdan's experience with impact fee programs, two percent of the base fee is a conservative estimate of costs associated with fee program administration, and the City's Finance Department, confirms that this estimate is conservative based on the City's experience administering the DIF program. The administrative charge should be reviewed and adjusted during comprehensive impact fee updates to ensure that revenue generated from the charge sufficiently covers, but does not exceed, the administrative costs associated with the fee program.

**Table 3.7: Park and Recreation Facilities Impact Fee - System Standard**

| Land Use | *A* Cost Per Resident | *B* Residents Per Unit[1] | *C = A x B* Base Fee[2] | *D = C x 0.02* Admin Charge[2, 3] | *E = C + D* Total Fee[2] |
|---|---|---|---|---|---|
| *Residential* | | | | | |
| Single Family | $ 5,057 | 2.82 | $ 14,261 | $ 285 | $ 14,546 |
| Multifamily | 5,057 | 1.93 | 9,760 | 195 | 9,955 |

[1] Average residents per dwelling unit.

[2] Fee per dwelling unit.

[3] Administrative charge of 2.0 percent for (1) legal, accounting, and other administrative support and (2) impact fee program administrative costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analyses.

Sources: Tables B25033 and B25024 from the U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates; Table 3.6, Willdan Financial Services.

# Revenue Projection and Other Funding Requirements

Completing the planned facilities will provide a higher value of facilities per capita than is currently provided in Alameda, and impact fee revenue may not be used to increase the level of service provided to existing development. Therefore, other funding will be required in addition to fee revenues. **Table 3.8** shows the projected fee revenue and funding from other sources that will be required through 2040. After accounting for the projected future impact fee revenue, approximately $18.8 million in non-fee funding will be needed to complete the planned parks and recreation facilities.

The City has historically secured and utilized other funding sources to fund existing development's share of the planned parks and recreation facilities. Given that the City would need to secure less than $1 million in funding per year through 2040 from non-fee revenues, this amount of funding can reasonably be expected to be provided by the City and/or other sources. Potential sources of funding include, but are not limited to, existing or new general fund revenues, existing or new taxes, special assessments, and grants.

## Table 3.8: Revenue Projection - System Standard

| | | |
|---|---|---|
| Cost per Resident | $ | 5,057 |
| Growth in Service Population (2016- 2040) | | 9,355 |
| Fee Revenue | $ | 47,308,000 |
| Cost of Planned Facilities | | 66,136,000 |
| Non-Fee Revenue to Be Identified[1] | $ | (18,828,000) |

[1] As has been the case historically the City can meet this need through sources such as bonds, grants and general fund revenues.

Sources: Tables 3.1, 3.4 and 3.6

# Appendices

## Appendix A – Summary of Material Changes the 2017 Parks Nexus Study Makes to the 2014 Nexus Study's Analysis of the Parks and Recreation Fee

The City previously adopted an updated Development Impact Fee ("DIF") program in July 2014, via Ordinance No. 3098. Ordinance No. 3098 established updated development fees for four categories of public improvements within the City of Alameda (excluding Alameda Point): (1) public safety facilities (e.g. police and fire); (2) general public facilities; (3) transportation facilities; and (4) park and recreation improvements. The fees established in the Ordinance were based on the analysis set forth in a prior nexus study, referred to in this report as the 2014 Nexus Study.

As a result of litigation challenging Ordinance No. 3098 (*Boatworks, LLC v. City of Alameda*, Case No. RG14-746654), the Superior Court issued an order on December 1, 2016 finding that the 2014 Nexus Study did not adequately support the component of development fees attributable to park and recreation improvements (the fourth category above). The Court specifically identified three overall flaws in the 2014 Nexus Study. First, the Court found that the prior study appeared to be based in part on an alleged need to purchase additional land for parks and recreation purposes when, in fact, the City did not need to purchase as much land as the prior study appeared to indicate. Second, the Court found that the prior study was improperly based on the assumption that two parks (Jean Sweeney and Estuary Parks) were in the City's existing inventory when those parks were not yet open to the public (although the court found that the City could include in its inventory new parks that are "on the cusp" of opening). And third, the Court found that the terminology in the study relating to "parks" and "open space" was not consistent with the City's General Plan's use of those terms.

The Court thus entered judgment on January 31, 2017, ordering the City to excise and vacate those portions of Ordinance No. 3098 that concern or purport to authorize development impact fees for parks and recreation improvements (the fourth category listed above). The judgment does not affect the portions of Ordinance No. 3098 authorizing the first three categories of improvements. The City has appealed from that judgment, and the City's appeal is currently pending.

This 2017 Parks Nexus Study presents the necessary information and analysis to remedy each of the legal flaws identified by the Court related to the calculation of the park and recreation DIF. While the City is appealing the Court's judgment, this 2017 Parks Nexus Study nonetheless is intended to fully remedy all legal flaws identified in that judgment and the Court's underlying findings.

The following is a summary of the most material changes between the 2014 Nexus Study's analysis of the Parks and Recreation component of the DIF and the 2017 Parks Nexus Study:

- The 2014 Nexus Study calculated the Parks and Recreation Facilities Impact Fee using the "existing standard" method (also sometimes known as the "standard-based" method), which is further described in both nexus studies. Under this method, the study calculates an existing level of service ratio based on the total parks and recreation facilities as compared to the total existing City population. The 2014 Nexus Study developed a ratio measured in terms of park acres per 1,000 residents and used this ratio to calculate new development's fair share of land acquisition and capital improvement costs. This updated 2017 Parks Nexus Study instead develops a ratio measured in terms of dollar value per resident and no longer includes the language criticized by the Court suggesting that the fee assumes a certain acreage of land acquisition. Instead of language suggesting the

acquisition of a specified number of park acres, the 2017 Nexus Study simply looks at the existing asset value of the City's existing parks and recreation facilities and calculates a fee that will require new development to match that level of asset investment. It thus more clearly follows existing California court case authority that recognizes that "it is reasonable to base the fee on the existing ratio of community and recreation asset value to population." (See *Homebuilders Ass'n of Tulare/Kings Counties, Inc. v. City of Lemoore* (2010) 185 Cal.App.4th 554, 565.)

- The Court criticized the 2014 Nexus Study for not considering as a "relevant factor" the fact that the City obtained much of the land it intends to develop into new parks either at no cost (as part of the "no cost" conveyance of land at Alameda Point) or at a much smaller cost than the average price per acre estimated in that study (which was the case with much of the land the City acquired for Jean Sweeney Park). To avoid any further argument as to whether this updated 2017 Parks Nexus Study is adequately complying with the Court's decision, the present study now assigns no dollar value to land at Alameda Point (the former Alameda Naval Air Station), which the City acquired at no direct cost from the Navy. (See Tables 2.2 and 3.2.) This study also assigns no dollar value to the land the City previously acquired at Jean Sweeney Park for $1 million (but it does take into account additional parkland the City is currently negotiating for Jean Sweeney Park).

- In identifying the City's inventory of existing parks and recreation facilities, the 2017 Parks Nexus Study now fully excludes both Jean Sweeney Park and Estuary Park for the purpose of calculating the fees. It should be noted that both parks have been long under construction and are being developed in phases. The first phase of Estuary Park is scheduled to have its grand opening on January 20th, 2018, and the first phases of Jean Sweeney Park are expected to be open to the public in the Summer of 2018. Thus, it would be appropriate under the court's ruling for this study to treat the first phases of both parks as part of the "existing inventory" since they are either open or "on the cusp" of opening. Nevertheless, this study elects to take the conservative approach of fully excluding both parks from the existing inventory and instead treats them as future planned facilities, in the interest of minimizing any further confusion over this issue.

- The 2017 Parks Nexus Study no longer distinguishes between "Parkland" and "Open Space," as those labels have a different purpose in the City's General Plan than the purpose of the 2014 Nexus Study, and that difference led to some confusion in the court proceedings. Instead, this 2017 Parks Nexus Study distinguishes between "Active Park" and "Passive Park" land. Passive parks have more natural habitat and landscaping with minimal amenities such as benches, picnic tables, trails, grass and landscaping. These parks require a lower level of capital development. In contrast, active parks include the basic minimal amenities in addition to highly interactive amenities such as playgrounds and athletic fields and courts. Subsequently, these parks require a higher level of infrastructure and capital development.

- The 2017 Parks Nexus Study values the improvement cost of "Active Park" land at $791,400 per acre, and "Passive Park" land at $427,500 per acre (whereas the 2014 Nexus Study used the low estimate of $435,000 per acre as the improvement cost for all park acreage). These cost estimates are based on the actual improvement costs for the City's current development of Jean Sweeney Park. Phases A and C of Jean Sweeney consist of "active park" improvements typical of active parks, and the actual engineered cost of those improvements have totaled $791,400 per acre (including soft costs). By comparison, Phase B of Jean Sweeney Park consists of "Nature in the City" passive park improvements, at an engineered estimate of $427,500 per acre (including soft costs). All of these figures are based on 2017 estimated costs. With respect to the Court's decision, it should be noted that the Court primarily criticized the 2014 Nexus Study for categorizing Shoreline Park as "Parkland" rather than "Open Space." Consistent with the Court's direction, the current study categorizes Shoreline Park as "passive park" rather than "active park."

- While the above changes should suffice to develop a revised Parks and Recreation Facilities Impact Fee in compliance with the Court's decision, the current study goes further by also including a second alternative method for calculating the fee. In addition to using a modified version of the "existing standard" approach as described above, the current study also includes an analysis of the Parks and Recreation fee component under the alternative "system standard" method, as further described in the study. During the litigation challenging the 2014 DIF Ordinance, petitioner's expert argued that the 2014 Nexus Study should have used this "system standard" method rather than the "existing standard" method, and so this 2017 Parks Nexus Study is including both alternative methodologies.
- The 2017 Parks Nexus Study includes a more detailed estimate of the cost of future planned park and recreation facilities (as set forth in Tables 2.5 and 3.4). The cost estimates in those tables include the actual improvement costs for Jean Sweeney and Estuary Parks as well as an updated estimate of the cost of the Alameda Point Sports Complex. Total future construction costs estimated in these tables ($66,136,000) are higher than what the 2014 Nexus Study had estimated, but they are based upon updated and more reliable cost estimates.
- As noted above, the 2017 Parks Nexus Study assigns no dollar value to land at Alameda Point and to the Jean Sweeney Park. However, the 2017 Parks Nexus Study uses a higher estimated value per acre of existing parkland within the remainder of the City than the estimate used in the 2014 Nexus Study based on additional information and analysis. The 2014 Nexus Study estimated land value at $1.437 million per acre, which was the lowest estimated land value identified in an appraisal conducted in 2014 (*Appraisal of: City of Alameda Fire Station #3 1703 Grand Street Alameda, California Alameda, California Carneghi-Blum & Partners, Inc. 2014*). However, as further discussed in Appendix C, this appraisal indicates an actual weighted average land value of $2.638 million per acre as of 2014. Furthermore, a more recent Loopnet Land Sales Comparison suggests an average weighted land value of $2.254 million per acre, as shown in Appendix C. For the purpose of the 2017 Parks Nexus Study, the City has decided to use an estimated value of $2 million per acre as a conservative estimate of the 2017 value of existing parkland in the City of Alameda.
- The 2017 Parks Nexus Study uses updated citywide population figures for 2017 and updated estimates of future population growth by 2040. The 2014 Nexus Study estimated an existing (2013) household population of 73,100 persons and a future 2040 estimated household population of 81,360 persons (for a total growth of 8,260 persons over 27 years). However, data from the California Department of Finance estimates that the City's current household population in 2017 is 78,395 persons, which reflects a significant decrease in vacancy rates in the City since 2013. Based on updated household population projections prepared by the Bay Area regional planning agency, the 2017 Parks Nexus Study estimates that the City will grow by 9,355 persons between 2017 and 2040, for a total citywide household population of 87,750, as shown in Tables 2.1 and 3.1. Additional information on the City's estimated growth in household population is located in Appendix B.

# Appendix B – Current (2017) and Future (2040) Estimated Populations for City of Alameda

This study's estimate of total household population in 2040 is based on assumptions from the Association of Bay Area Government's (ABAG) Plan Bay Area and the California Department of Finance (CA DOF). ABAG estimates a total of 35,100 households in 2040. This figure is multiplied by DOF's estimate of 2.5 persons per household resulting in an estimate of 87,750 residents in 2040. **Appendix Table A.1** illustrates the calculations used to calculate the City's estimated population in 2040.

**Appendix Table A.1**

| | DOF E-5 DATA | | | | | | | Plan Bay Area 2040 |
|---|---|---|---|---|---|---|---|---|
| | POPULATION | | | HOUSING UNITS | | | | |
| Year | Total | Household | Group Quarters | Total | Occupied (Households) | Vacancy Rate | Persons per Household | Households |
| 2017 | 79,928 | 78,395 | 1,533 | 32,863 | 31,408 | 4.4% | 2.50 | |
| 2040 | | | | | | | | 35,100 |
| | ESTIMATED POPULATION | | | | | | | |
| 2040 | 89,283 | 87,750 | 1,533 | | 35,100 | | 2.50 | 35,100 |
| *Notes* | | *(a)* | *(b)* | | *(c)* | | *(d)* | *(e)* |

*Notes:*

*(a)* Calculated - equals (d) times (e); households times household size

*(b)* Assumed to be consistent to the 2017 level, w hich is close to 2016 level.

*(c)* Assumed to be consistent to the "Households" figure by ABAG data.

*(d)* Assumed to be consistent to the 2017 level.

*(e)* Per Plan Bay Area 2040 Draft Supplemental Report (March 2017).

Sources: California Department of Finance, Plan Bay Area 2040 Draft Supplemental Report (March 2017).

# Appendix C – Data Supporting the City's Estimated Value of Park Land

This study conservatively estimates the value of land in the City at $2 million per acre. This estimate is based on an analysis sales comparisons of raw land in Alameda since 2014, as reported by Loopnet.com. The sales comparison data included eight observations ranging from a sales price of $45,000 to $2.7 million, and lot sizes ranging from 0.1 acre to 1.18 acres. The properties were primarily zoned for residential and commercial uses, although one property was zoned industrial. The weighted average for the sales comparisons was $2,254,000 per acre. This data is summarized in Appendix Table A.2 on the following page.

The prior analysis in the 2014 Nexus Study estimated land value in the City at only $1.437 million per acre. This figure was actually the lowest comparison from the *Appraisal of: City of Alameda Fire Station #3 1703 Grand Street Alameda, California Alameda, California Carneghi-Blum & Partners, Inc. 2014.* As is also summarized in Table A.2 below, that appraisal identified 5 sales of property in the City, the lowest value of which (1217 Lincoln Avenue) was for $1.437 million per acre (the figure used in the 2014 Nexus Study), while the remaining four properties all sold well in excess of $2 million per acre. Thus, the 2014 Nexus Study's estimated sales price of $1.437 million per acre was extremely conservative (and even moreso now, three years later, in light of increasing property values).

Indeed, the aforementioned appraisal of the City's Fire Station #3 ultimately concluded that the value of the unimproved 0.19 acre parcel on which the station sits was $400,000 (or $2.105 million per acre), which is another data point supporting this study's conservative estimate of land value in Alameda as being in excess of $2 million per acre. (By comparison, that appraisal ultimately valued the fire station property with the fire station improvements on it at $475,000.)

After evaluating the aforementioned data, Willdan and the City decided that an assumption of $2 million per acre conservatively reflected the value of an acre of land in the City of Alameda. The weighted average value per acre from the Loopnet.com data and the Carneghi-Blum appraisals indicated that $2 million per acre does not exceed the market value for land in Alameda.

## Appendix Table A.2: Land Value Analysis Summary

| | Sales Price | Lot Size (acres) | Cost per Acre | Cost per Square Foot |
|---|---|---|---|---|
| *Loopnet Sales Comparisons* | | | | |
| 1810 Clement Avenue | $ 45,000 | 0.11 | $ 392,000 | $ 9 |
| 1435 Webster Street | 1,400,000 | 0.34 | 4,136,000 | 95 |
| 1250 Porta Ballena | 171,000 | 1.18 | 145,000 | 3 |
| 1212 Saint Charles St | 2,700,000 | 0.02 | 138,367,000 | 3,176 |
| 1113 Lincoln Ave | 1,100,000 | 0.32 | 3,462,000 | 79 |
| 2350 Harbor Bay Pkwy | 1,500,000 | 1.17 | 1,282,000 | 29 |
| 1435 Webster Street | 825,000 | 0.34 | 2,437,000 | 56 |
| 2905 Madison Street | 330,000 | 0.10 | 3,339,000 | 77 |
| Weighted Average | | | $ 2,254,000 | $ 52 |
| *2014 Appraisal Comparisons* | | | | |
| 2905 Madison Street | $ 325,000 | 0.10 | $ 3,267,000 | $ 75 |
| 1217 Lincoln Avenue | 155,000 | 0.11 | 1,437,000 | 33 |
| 2004 Clinton | 500,000 | 0.20 | 2,483,000 | 57 |
| 3283 Madison Street | 398,000 | 0.11 | 3,485,000 | 80 |
| 3258 Briggs Avenue | 300,000 | 0.11 | 2,614,000 | 60 |
| Weighted Average | | | $ 2,638,000 | $ 61 |

Sources: Loopnet.com; Appraisal of: City of Alameda Fire Station #3 1703 Grand Street Alameda, California Alameda, California Carneghi-Blum & Partners, Inc. 2014; Willdan Financial Services.

# Appendix D – Data Supporting the City's Estimated Value of Park Improvements

This study estimates the value of park improvements based on an assessment of whether a given park is a "passive" park or an "active" park. Passive parks provide natural habitat and landscaping with minimal amenities such as benches, picnic tables, trails, grass and landscaping. These parks require a lower level of capital development. In contrast, active parks often include these minimal amenities but also include highly interactive park and recreational amenities such as playgrounds, athletic fields and tennis or basketball courts.

This study estimates park improvement value at $427,500 per acre for passive parks and $791,400 per acre for active parks. These estimates are based on the actual engineered 95% cost estimates for the Jean Sweeney Park as calculated in 2016. Jean Sweeney Park consists of three phases. Phase A ("Community Gathering East") and Phase C ("Urban Agriculture") both consist of typical active park improvements, whereas Phase B ("Nature in the City") consists of typical passive park improvements. The following analysis demonstrates how these estimates were calculated:

***Passive Park Estimated Cost***

Phase B of the Jean Sweeney Park consists of 10.6 acres of passive park uses. Using 2017 figures, the total construction bid estimate for development of Phase B is $3,485,719, without soft costs, or $328,841 per acre. Based on the City's recent experience for similar facilities, soft costs for design, construction oversight and other project administrative costs typically represent a 30% add-on to construction costs. Increasing this amount by 30% to account for soft costs brings the total to roughly $427,500 per acre.

***Active Park Estimated Cost***

Phases A and C of the Jean Sweeney Park consists of a total of 14.0 acres of active park uses (6.6 acres for Phase A and 7.4 acres for Phase C). Using 2017 figures, the bid estimate total for development of Phase A is $4,887,478 and of Phase C is $4,080,018, which totals $8,523,179 over 14.0 acres, or $608,798 per acre. Adding in 30% soft costs brings the total to roughly $791,400 per acre.

# Appendix E – Park Department Vehicle Inventory

**Appendix Table A.3: Park and Recreation Department Vehicle Inventory**

| Entity ID | Vehicle Make/Model | Model Year | Replacement Cost |
|---|---|---|---|
| ARPD23 | Chevrolet - 3500 W/ Utility Bed | 2007 | $ 35,000 |
| ARPD12 | Chevrolet - 3500 | 2007 | 35,000 |
| PRKDIV1 | Ford - Loader/Tractor [Expired] | 1996 | 105,000 |
| ARPD-17 | Ford - Flatbed [Expired] | 1999 | 35,000 |
| ARPD-15 | Chevrolet - 3500 | 2007 | 35,000 |
| ARPD-36 | Chevrolet - 3500 W/ Utility Bed | 2007 | 35,000 |
| 1145 | John Deere | 1999 | 27,000 |
| 58 | Chevrolet - Colorado | 2008 | 24,000 |
| ARPD-427 | Chevrolet | 2014 | 32,000 |
| ARPD-24 | Ford - Ranger | 1997 | 25,000 |
| ARPD-25 | Ford - Ranger | 1997 | 25,000 |
| ARPD-57 | Ford - Ranger | 1990 | 25,000 |
| ARPD-68 | Dodge | 2000 | 25,000 |
| ARPD-69 | Dodge | 1999 | 25,000 |
| ARPD-70 | Dodge | 2001 | 25,000 |
| ARPD-92 | Ford - F 150 | 2016 | 35,000 |
| ARPD-93 | Ford - F 150 | 2016 | 35,000 |
| ARPD-91 | Ford - F 150 | 2016 | 35,000 |
| | Chevrolet - Colorado | 2017 | 30,000 |
| Total | | | $ 648,000 |

Source: City of Alameda Recreation and Parks Department.

# Appendix F – Report Preparation

This report was prepared for the City of Alameda by Willdan Financial Services, with input, editing, and further review by Seifel Consulting, Inc., and the law firm of Jarvis, Fay, Doporto & Gibson, LLP. Individuals involved in the preparation of this report are listed below.

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