

**FINAL**

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# **Parkland Dedication Fee Update and Park Facilities Impact Fee Nexus Report**

Prepared for:

**City of Lafayette**

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# I. Introduction

This report presents the facts and reasoning supporting the 2008 update to the City of Lafayette's Parkland Dedication In Lieu Fee (Parkland Dedication Fee or Parkland Fee) and the proposed Park Facilities Fee, collectively called the Park Fees. The Park Fees will allow the City to purchase parkland and provide recreation facilities to meet the demand generated by new residential development. Thus, they will ensure that new development helps to sustain a comprehensive park system in Lafayette.

The report builds upon the City's existing Parkland Fee, established in 1993 and subsequently updated in 1999 and 2005. This report presents updates to the existing Parkland Fee and a methodology for the fee to be updated on an annual basis between comprehensive update efforts that may include new land appraisal.

Additionally, this report establishes the nexus for the proposed Park Facilities Fee, a development impact fee, which will support the provision of needed park facilities for the City's parks system. The new fee would be adopted under the authority allowed by AB 1600, the "Mitigation Fee Act."

## A. Report Organization

This report presents the background supporting the update to the City's Parkland Fee and establishment of the proposed Park Facilities Fee. It also summarizes the purpose of each fee, describes the methodology for how each fee is calculated, presents the proposed fee amounts, and discusses how each fee will be updated in the future. Following the introductory chapter of this report, the remaining chapters and appendices of this report are organized as follows:

- Chapter II presents the purpose and use of the Park Fees, including the legislative requirements and the types of developments on which the City will levy the Park Fees.
- Chapter III discusses the update to the City's existing Parkland Fee, including background information, the calculation of the fee, and the proposed methodology for annually updating the fee.
- Chapter IV discusses the proposed Park Facilities Fee, including background information, the determination of the relationship (or nexus) between new residential development and the need for providing new park facilities, the calculation of the fee, and the proposed methodology for annually updating the fee.
- Chapter V provides an explanation of the administrative costs included in the Park Fees.
- Chapter VI summarizes the total Park Fees, including the Parkland Fee, Park Facilities Fee and administrative costs.
- Chapter VII discusses the methodology for annual updates to the Park Fees.
- Appendix A provides the indices used for the annual update of the Park Fees.

## II. Purpose and Use of the Park Fees

Lafayette's park system plays an integral role in ensuring the quality of life in the City. As described in the Background Report to the City's Parks Master Plan, Lafayette has a comprehensive 91-acre system of parkland and facilities, consisting of neighborhood and community parks, which provide recreational facilities for its residents.

As the City continues to grow through additional residential development, this development will bring new residents who will increase the demand for parkland and recreation facilities. Thus, new development needs to help increase the capacity of the park system to accommodate the additional demand for parkland and park facilities needed by future growth. To that end, Lafayette is considering an update to the Parkland Fee and adoption of a new Park Facilities Fee. Together, the Park Fees would help to more closely match the cost of acquiring new parkland and providing park facilities needed to meet the increased demand generated by new residential development.

The Park Fees will allow the City to purchase and improve new parkland as well as to intensify the use of current recreational resources so that they can accommodate more users. The potential revenues from the combined Park Fees will fund the acquisition of new parkland; improvements to parks and supporting facilities; expansion of trails; construction and renovation of playgrounds, playing fields, and outdoor courts; as well as other amenities that will be needed to serve future Lafayette residents.

Chapters II and III describe the purpose and use of each of the Park Fees in further detail.

### A. Overview of Legislative Requirements

Lafayette imposes requirements for the dedication of parkland or payment of a parkland fee in lieu of dedicating land under the authority of the Government Code and pursuant to its police power. Section 66477 of the Government Code (commonly referred to as the Quimby Act) establishes procedures for cities and counties to require the dedication of parkland or payment of fees in lieu of parkland from a residential subdivision. The Quimby Act establishes a park dedication standard that ranges from three to five acres of parkland per 1,000 residents according to the population published in the most recent U.S. Census and the City's existing park acreage.

Lafayette is also considering a new Park Facilities Fee, a development impact fee, which the city may charge under the authority of the Government Code and pursuant to its police power. Sections 66000 et seq. of the Government Code establishes procedures for development impact fees. This legislation (enacted as AB 1600) requires a local agency that establishes, increases, or imposes a development impact fee as a condition of development after January 1, 1989 to do the following:

1. Identify the purpose of each impact fee;
2. Describe the use or improvements for which the fee will be used; and

3. Demonstrate a reasonable relationship (or nexus) between:
  - The need for the public improvements and facilities and the type of new development which will benefit from them, and
  - The amount of the fee, which reflects the proportional cost of the public improvement and facility attributable to the new development on which the fee is imposed.

## B. Type of Development on Which Fees Are Imposed

The Park Fees will be assessed on new residential development and additions in Lafayette that will result in an increase in the resident population, thus increasing the demand by new residents for parks and recreation facilities.<sup>1</sup> The proposed fee schedule is differentiated among residential land use types to reflect the differences in facility need among types of new development, based on the number of new residents each residential unit type is likely to generate. The need resulting from residential development is based on the number of new residents living in new units, as indicated in the most recent U.S. Census and reflected in Section 16-1615 of the Lafayette Municipal Code.<sup>2</sup>

The City will also assess the Park Fees on additions to residential units that increase the habitable space of residential structures. Lafayette currently charges its Parkland Fee on additions, per Ordinance 503 from April 1999. In order to ensure that the Park Fees are only assessed on residential development that may increase the City's population, the City will only levy the Park Fees on additions that increase the habitable space of a residential unit by at least 120 square feet.<sup>3</sup>

The City will levy the Parkland Fee and Park Facilities Fee on the following types of residential land uses, as described in the Lafayette Municipal Code:

- **Single Family Detached:** A dwelling including one and only one kitchen, designed for occupancy as a residence of one family, located on a single lot of its own, and surrounded on all sides by yard space.
- **Single Family Attached, Duplex:** A dwelling including one and only one kitchen, designed for occupancy as a residence of one family, located on a single lot of its own, but not surrounded on all sides by yard space.

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<sup>1</sup> The Park Facilities Fee cannot be used to address existing deficiencies to park facilities serving current residents.

<sup>2</sup> Chapters II and III discuss the average number of persons by each residential unit type in further detail.

<sup>3</sup> The minimum floor area of dwelling units and congregate residences, as defined by Section 32 of Title 25 of the California Code of Regulations, based on Uniform Housing Code standards.

- **Apartment/Condominium:** A separate suite, including kitchen facilities, designed for and occupied as the home, residence or sleeping place of one or more persons living as a single housekeeping unit. A condominium consists of an undivided interest in common in a portion of real property coupled with a separate interest in space called a unit, the boundaries of which are described on a recorded final map, parcel map, or condominium plan in sufficient detail to locate all boundaries thereof.
- **Mobile Home:** Units certified under the National Mobile Home Construction and Safety Standards Act of 1974, and any subsequent revisions thereto, and confirming to the requirements of Section 6-527 of the Lafayette Municipal Code.
- **Secondary Unit:** An attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons, as provided for in Section 6-560 of the Lafayette Municipal Code. It shall include permanent provisions for living, sleeping, eating, cooking and sanitation on the same parcel as the primary unit is situated.
- **Additions:** The habitable area of a residential structure of at least 120 square feet to accommodate additional resident(s).

## C. Caveats

The data and analysis presented in this report has been gathered from the most reliable sources available to the City and Seifel Consulting Inc. (Seifel). This information has been assembled for the sole purpose of establishing a reasonable estimate of the Parkland Fee and Park Facilities Fee. Some of the numbers presented in tables within this report may not exactly calculate due to rounding.

### III. Update of the Parkland Dedication Fee

#### A. Background on the Parkland Dedication Fee

The City imposes the Parkland Fee requirement in order to ensure that additional parkland will be provided to meet the demand generated by future residential development. The requirement helps to ensure that parkland serving the existing population will not become overburdened by the demand created by new residents. Thus, it ensures that new residential development bears its fair-share responsibility for maintaining a comprehensive park system.

The City's Parkland Fee is based on the cost for the City to acquire land that can be improved as parkland. Typically, this cost has been determined by an appraisal of land that could later be developed into parks in Lafayette. The City updates the fee whenever an appraisal is performed.<sup>4</sup> While the City has charged a Parkland Fee since 1993, the Parkland Fee historically did not include a mechanism by which it could be updated annually in order to keep pace with the growth in land costs. As a result, the City has faced challenges in reaching and maintaining its goal of providing 5 acres of parkland per 1,000 residents.

As the value of land in Lafayette increases over time, it becomes more costly to acquire parkland. Moreover, as the City must accumulate funds in advance of purchasing land, the City must typically pay a higher cost per acre for land than the amount originally charged per acre when the fees were collected. Therefore, to keep pace with the growth in land costs, the City Council asked the Parks, Trails and Recreation (PTR) Commission to update the Parkland Fee to reflect land costs in 2008 and to provide a mechanism that would allow the fee to be updated annually.

Furthermore, the current Parkland Fee includes a 20 percent allowance to help offset the costs of providing park facilities and improvements to newly acquired land. The PTR Commission believes that it would be preferable to use Parkland Fee revenues strictly to acquire new parkland, and that a separate impact fee would be more appropriate to fund costs of park facilities and improvements. Thus, the calculation of the proposed 2008 Parkland Fee will not include the 20 percent allowance, and the Park Facilities Fee described in the next chapter will address the nexus between new residential development and the need to provide more park facilities in Lafayette.

The existing methodology used to calculate the Parkland Fee would generally remain unchanged. The proposed update to the Parkland Fee allows for annual updates to the fee.

The PTR Commission worked with Seifel in 2007 and recommended the following updates:

- Update the Parkland Fee amount annually, using the annual median home sales price for Lafayette to keep better pace with changes in land cost.

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<sup>4</sup> As the number of parcels that can be developed into parkland in Lafayette is limited, future appraisals may include parcels from the Lafayette-Moraga-Orinda ("Lamorinda") area.



- For the 2008 Parkland Fee, increase the 2005 land cost by the average annual change in the annual median sales price of attached and detached single family homes from 2005 through 2007.
- Perform a comprehensive update of the Parkland Fee every five to seven years, including an appraisal of comparable properties that could be purchased for parkland, to make sure that fee levels are based on the market value for land in Lafayette.
- In 2010, or soon thereafter, undertake a land appraisal to update and reset the cost per buildable acre fee basis.
- Continue to use the existing persons per dwelling unit ratios for each dwelling unit type based on the most recent U.S. Census data.

## B. Calculation of Parkland Fee

The formula for calculating the Parkland Fee for each housing type, based on the standards outlined in Section 6-16 of the Lafayette Municipal Code, is as follows:

$$\begin{aligned}
 &\text{Parkland Fee} = \text{Acres per Person} \\
 &\quad \text{multiplied by} \\
 &\quad \text{Persons per Dwelling Unit} \\
 &\quad \text{multiplied by} \\
 &\quad \text{Fair Market Value per Buildable Acre}
 \end{aligned}$$

<b>Acres per Person:</b>	Ratio of acres per person under Quimby Act standard
<b>Persons per Dwelling Unit:</b> <sup>5</sup>	Number of persons per unit by dwelling unit type
<b>Fair Market Value per Buildable Acre:</b>	Citywide estimated cost for acquisition of vacant land

Each of these factors is discussed below.

### 1. Acres per Person

The Quimby Act allows cities to charge residential development for parkland acquisition at a standard that ranges between three and five acres per 1,000 residents, based on the City's total park acreage divided by the population in the previous Census. Lafayette currently provides parkland at a ratio of 0.0038 acres per person, or 3.8 acres per 1,000 persons.<sup>6</sup>

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<sup>5</sup> Per Section 6-1615 of the Lafayette Municipal Code.

<sup>6</sup> Lafayette's 2000 population was 23,908, according to the Census. The Background Report of the Parks Master Plan states that the City has 91 acres of parkland, including neighborhood and community parks and the Lafayette Community Center.

## 2. Persons per Dwelling Unit

The number of persons per dwelling unit is based on the average number of persons residing in different types of dwelling unit, as outlined in Section 6-1615 of the Lafayette Municipal Code and shown in Table III-1. Table III-1 also calculates the number of acres of parkland required per dwelling unit type, based on the standard of 0.0038 acres per person.

**Table III-1**  
**Park Acreage Requirement per Dwelling Unit Type**  
**City of Lafayette**

	Average Persons per Dwelling Unit <sup>a</sup>	Acres per Dwelling Unit <sup>b</sup>
Single Family Detached	2.794	0.0106
Single Family Attached, Duplex	1.940	0.0074
Apartment/Condominium	1.689	0.0064
Mobile Home	1.650	0.0063
Second Unit	1.000	0.0038

a. Based on 2000 Census, per Section 6-1615 of the Lafayette Municipal Code.

b. Based on 3.8 acres per 1,000 residents equivalent to .0038 acres per resident.

Source: City of Lafayette Municipal Code, Section 6-1615; City of Lafayette;  
Seifel Consulting Inc.

## 3. Fair Market Value per Buildable Acre

Fair market value per buildable acre is based on the appraised value of land that might be acquired as parkland. The fair market value per buildable acre was determined in 2005 at \$532,982.<sup>7</sup> To estimate the cost per buildable acre in 2008 dollars, the 2005 fair market value per buildable acre was adjusted by the average annual change in median sales price of detached and attached single-family units in Lafayette from 2005 through 2007 based on sales data from the Contra Costa Association of Realtors.<sup>8</sup> In addition, the adjusted cost includes a five percent allowance for title and escrow fees and other transaction costs associated with the sale and transfer of land.

Table III-2 displays the proposed 2008 adjusted cost per acre for acquisition of parkland.

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<sup>7</sup> April 2004 Residential Land Sales Report for the In Lieu Park Fee Study, Lafayette, California. Prepared by Burchard & Rinehart Real Estate Appraiser & Consultants for the City of Lafayette.

<sup>8</sup> There is currently no index for the fair market value of land. The median sales price of single family homes is an appropriate proxy as residential land is often purchased for conversion into parkland and the Park Fees Program will apply to residential property.

Table III-2  
Proposed 2008 Adjustment to Fair Market Value per Buildable Acre for Parkland Fee  
City of Lafayette

Fair Market Value per Buildable Acre (2005)	\$532,982
Estimated Fair Market Value per Buildable Acre (2008) <sup>a</sup>	\$560,838
Plus: 5% Allowance for Transaction Costs <sup>b</sup>	\$28,042
<b>Proposed Adjusted Value per Buildable Acre (2008)</b>	<b>\$588,880</b>

- a. Estimated based on average annual increase in median home sale price from 2005 through 2007 calculated at 2.58%, per the Contra Costa Association of Realtors.
- b. Includes title and escrow fees and other land transaction costs.

Source: City of Lafayette, Contra Costa Association of Realtors, Seifel Consulting Inc.

#### 4. Residential Additions

As mentioned in Section II.B of Chapter I, the City also levies the Parkland Fee on additions that increase the habitable area of a residential structure. The fee requirement for residential additions was established by Ordinance 503 in April 1999 and was recently updated in 2005. The fee for residential additions is calculated by dividing the fee levied on single-family detached units by the average habitable space of a typical single-family home. For this update, the building permits issued between 2005 and 2007 were used to determine the average size of a single-family home at approximately 4,400 square feet. The fee will only apply to additions to residential units that can potentially generate an increase in the resident population. As such, it will be assessed on a square foot basis on additions that increase the habitable area of residential structures by at least 120 square feet.

#### 5. Proposed Updated 2008 Parkland Fee

Table III-3 shows the proposed 2008 Parkland Fee. The proposed fee includes the adjustment to the fair market value per buildable acre and the typical size of a single-family home, which is used to calculate the Parkland Fee for residential additions.

Table III-3  
Proposed 2008 Parkland Fee by Dwelling Unit Type  
City of Lafayette

	<b>Parkland Fee</b>
Single Family Detached	\$6,262 per unit
Single Family Attached, Duplex	\$4,348 per unit
Apartment/Condominium	\$3,785 per unit
Mobile Home	\$3,698 per unit
Second Unit	\$2,241 per unit
Additions <sup>a</sup>	\$1.42 per SF

a. Estimated 2008 Parkland Fee for additions calculated by dividing the fee for single family detached units by 4,400 square feet, the average habitable space of new home, calculated from building permits issued from 2005 through 2007.

Source: City of Lafayette, Seifel Consulting Inc.

## IV. Proposed Park Facilities Fee

### A. Background on the Park Facilities Fee

The Park Facilities Fee will provide funds for improving parkland in order to maintain a comprehensive system of parks and recreation facilities to meet the additional demand created by new residential development. The fee will ensure that existing park facilities will not become overburdened, and future residential development will bear its fair-share responsibility for the park system.

The City of Lafayette intends to establish a Park Facilities Fee in order to fund facility improvements to the City's neighborhood and community parks that will complement the parkland acquired by the City's Parkland Fee. The proposed Park Facilities Fee would replace the 20 percent allowance to the Parkland Fee that the City currently charges to fund new park facilities, and more accurately reflect the cost to the City to provide park facilities to residents. Park facilities may include trails, landscaping, picnic areas, children play areas, playing fields, and other amenities. The Park Facilities Fee may also fund improvements to existing recreational resources that allow for more intense usage of the parks system by Lafayette's future residents.

The costs of recent park facilities, Quimby Act standards for parkland acquisition and the Parks Master Plan Background Report help to establish the relationship, or nexus, between future residential development and the provision of new park and recreation facilities. The rationale for the nexus is based on the following:

- Increases in Lafayette's population create a corresponding increase in the demand for parks and recreation facilities. Use of the system by future residents burden the parks system and diminish its capacity to serve the existing population. Therefore, the capacity of the system needs to be expanded to maintain the level of service enjoyed by the City's residents and to meet the demand created by future residents. The capacity of the system can be expanded by the acquisition of new parkland, installation of new facilities and/or the intensification of current parkland and facilities so that they can accommodate usage by additional residents.
- The City's park system currently includes 91 acres of parkland. The distribution of acreage in the system is 96.4 percent community parks and 3.6 percent neighborhood parks.<sup>9</sup> Looking forward, the City is the process of preparing a Parks Master Plan that will place more emphasis on neighborhood and/or downtown parks. Therefore, the current estimate is that the City will seek to spend 20 percent of fee revenues on improvements to neighborhood parks and 80 percent on community parks.

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<sup>9</sup> The City's community parks network includes the Lafayette Community Center.

Based on the Background Report for the Parks Master Plan, discussions with the PTR Commission and historical improvements to parks in Lafayette, the City developed a profile of typical park facilities developed on neighborhood and community parks. The profiles are intended to provide certain baseline facilities within each type of park and allow for the calculation of the Park Facilities Fee based on the City's target for provision of community and neighborhood parks. The Lafayette Community Center falls within the community parks category and expenditures that increase the capacity of the Community Center to meet the demands of new residents would be eligible to receive funding from Park Facilities Fee revenues.

## B. Calculation of Park Facilities Fee

The formula for calculating the Park Facilities Fee for each dwelling unit type, based on the standards outlined in Section 6-16 of the Lafayette Municipal Code, is as follows:

**Park Facilities Fee = Acres per Person**  
multiplied by  
**Persons per Dwelling Unit**  
multiplied by  
**Weighted Facilities Cost per Acre**

<b>Acres per Person:</b>	Ratio of acres per person based on Quimby Act standard
<b>Persons per Dwelling Unit:</b>	Number of persons per unit by dwelling unit type
<b>Weighted Facilities Cost per Acre:</b>	Cost for park facilities weighted for future neighborhood/community parks mix, based on profile of parks in Lafayette

Each of these factors is discussed below.

### 1. Acres per Person

The calculation of acres per person is based on Lafayette's Quimby Act standard of 3.8 acres per 1,000 residents, as described in Section III.B.1.

### 2. Persons per Dwelling Unit

As discussed in Section III.B.2 and shown in Table III-1 above, the number of persons per dwelling unit is based on average number of persons residing in different types of dwelling unit.

### 3. Weighted Facilities Cost per Acre

Table IV-1 details typical neighborhood and community park facilities in Lafayette. Neighborhood park facilities include a children's play area, picnic or group BBQ facilities, and landscaping. Community parks typically have the same amenities as neighborhood parks in addition to outdoor sports fields. Costs for these facilities are based on recent expenditures and cost estimates by the City on similar neighborhood and community parks.

**Table IV-1  
Facilities Costs for Typical Neighborhood and Community Parks  
City of Lafayette**

	<b>Cost</b>	<b>Year of Cost</b>	<b>Cost Escalation Factor<sup>a</sup></b>	<b>Cost in 2008 Dollars</b>
<b>Neighborhood Parks</b>				
Children's Play Area/Tot Lot <sup>b</sup>	\$133,510	2005	7.85%	\$143,996
Picnic/Group BBQ Facilities <sup>c</sup>	\$85,000	2004	10.98%	\$94,336
Landscaping, paths and irrigation <sup>d</sup>	\$118,008	2004	10.98%	\$130,970
<i>Neighborhood Parks Subtotal</i>				\$369,302
Average Acreage of Neighborhood Park <sup>e</sup>				0.5
<b>Average Cost per Acre<sup>f</sup></b>				<b>\$740,000</b>
<b>Community Parks</b>				
Children's Playground <sup>g</sup>	\$268,000	2008	0.00%	\$268,000
Outdoor sports fields <sup>h</sup>	\$1,500,000	2004	10.98%	\$1,664,760
Picnic/Group BBQ Facilities <sup>c</sup>	\$85,000	2004	10.98%	\$94,336
Landscaping, paths and irrigation <sup>d</sup>	\$695,841	2004	10.98%	\$772,272
<i>Community Parks Subtotal</i>				\$2,799,368
Average Acreage of Community Park <sup>e</sup>				5.0
<b>Average Cost per Acre<sup>f</sup></b>				<b>\$560,000</b>

- a. Based on the reported change in construction costs in December of each year by the ENR CCI (Engineering News-Record monthly Construction Cost Index) for the San Francisco Bay Area.
- b. Based on cost of tot lot built in 2005.
- c. Based on cost of covered picnic area built in 2004.
- d. Based on landscaping costs in 2004 dollars for facilities constructed at Buckeye Fields and Leigh Creekside Park. The landscape costs for Buckeye Fields include a new water meter, irrigation system, trees, shrubs, ground cover, fencing, clearing, storm drains, tree grates, rocks, mulch, and design and engineering. Also includes estimated 2004 costs based on 2001 renovations to Leigh Creekside Park for pathways, benches and signage.
- e. Based on Lafayette Parks Master Plan proposed park category characteristics and discussions with Parks Subcommittee.
- f. Rounded to nearest ten thousand.
- g. Based on the estimated cost of children's playground to be built in 2008. Park will include one section to accommodate pre-school-aged children and another to accommodate elementary school-aged children.
- h. Based on improvements made to Buckeye Fields in 2004. Costs include restrooms, parking and concession stand.

Source: City of Lafayette, Engineering News-Record, Seifel Consulting Inc.

In calculating a weighted cost for park facilities, Lafayette is assumed to spend 20 percent of its Park Facilities Fee revenues on neighborhood parks and 80 percent on community parks. As the costs of providing facilities to each of these types of parks varies, the cost per acre for park facilities has been weighted accordingly. Table IV-2 shows the weighted average cost per acre for park facilities.

Table IV-2  
Proposed 2008 Park Facilities Cost per Acre  
City of Lafayette

Typical Facilities Cost for Neighborhood Parks	\$740,000
% of Total Park Acreage <sup>a</sup>	20%
Typical Facilities Cost for Community Parks	\$560,000
% of Total Park Acreage <sup>a</sup>	80%
<b>Weighted Average Cost/Acre</b>	<b>\$600,000</b>

a. Based on estimation by the Parks Subcommittee for future park development.

Note: Numbers rounded to the nearest ten thousand.

Source: City of Lafayette, Seifel Consulting Inc.

## C. Residential Additions

As with the Parkland Fee, the City will also levy the Park Facilities Fee on residential additions. The fee for residential additions is calculated by dividing the fee on single family detached units by 4,400 square feet, the average habitable space of a typical single-family home permitted between 2005 and 2007. As the fee will only apply to additions to residential units that can potentially generate an increase in the resident population, it will only be assessed, on a square foot basis, on additions that increase the habitable area of residential structures by at least 120 square feet.

## D. Proposed 2008 Park Facilities Fee

Table IV-3 shows the proposed 2008 Park Facilities Fee by dwelling unit type. The proposed fee would be levied on new residential development in addition to the proposed Parkland Fee.



**Table IV-3**  
**Proposed 2008 Park Facilities Fee by Dwelling Unit Type**  
**City of Lafayette**

	<b>Park Facilities Fee</b>
Single Family Detached	\$6,380 per unit
Single Family Attached, Duplex	\$4,430 per unit
Apartment/Condominium	\$3,857 per unit
Mobile Home	\$3,768 per unit
Second Unit	\$2,283 per unit
Additions <sup>a</sup>	\$1.45 per SF

a. Estimated 2008 Parkland Fee for additions calculated by dividing the fee for single family detached units by 4,400 square feet, the average habitable space of new home, calculated from building permits issued from 2005 through 2007.

Source: City of Lafayette, Seifel Consulting Inc.

## V. Administrative Costs for the Park Fees Program

The administration of the Park Fees program will require a variety of activities that will involve additional costs to the program that must be accounted for in the total fees. The type and amount of these costs are described below.

### A. Types of Development Impact Fee Administrative Activity

Three types of administrative activity and costs are associated with the Park Fees Program.

- Project Specific
- General Administration
- Comprehensive Updates

#### Project Specific

Project specific activities relate to a development project in the city planning or building permit review process for which the applicant has requested an adjustment to their impact fee assessment. This request for fee adjustment can either be an informal or formal process for which the applicant pays all associated costs. This review process is cost recoverable and is not included in any Park Fees calculations.

#### General Administration

Ongoing efforts necessary to administer the Park Fees program are considered relevant staff activities under the general administration category. These work efforts include annual reviews and adjustments, staff training, legislative reporting requirements, financial or program monitoring and analysis, and response to requests for and maintenance of information.

#### Comprehensive Updates

The comprehensive updates of the fee program are periodic reviews, which involve in-depth analysis necessary to fairly balance the burden of costs attributable to new and existing development. This detailed analysis and subsequent establishment of fee levels maintains equity in the Park Fees program. Activities related to the comprehensive updates include reviews of the methodology used to calculate fees, updates of project costs, amendments to the program, forecasts for land use and financial data, and reviews of space requirements.

### B. Administrative Costs

Lafayette's administrative costs for the Park Fees program are estimated at approximately one percent of base fees. This amount will be assessed in addition to the base fee, to cover costs of administration. As the actual cost of administration is determined through assessment of the program, this administrative assessment may be adjusted to better reflect the real cost of administration, should it differ significantly from the one percent estimate.

## VI. Summary of Parkland and Park Facilities Fees

Table V-1 shows the total Park Fees, including the Parkland Fee and Park Facilities Fee. The calculation of the total Park Fees adds one percent of the base fee to cover administrative costs of the fee program. The one percent administrative cost assessment is based on the estimated cost of administering the City's existing fees. As the Park Fees are updated and assessed over time, this administrative assessment may be adjusted to reflect costs of administration of the fee program, should they differ from the one percent estimate. Components of the program administration cost are described in more detail in Appendix A. These fees are the final proposed fees to be assessed on new development.

Table VI-1  
Proposed 2008 Park Fees by Dwelling Unit Type  
City of Lafayette

	<b>Parkland Fee</b>	<b>Park Facilities Fee</b>	<b>Program Administration<sup>a</sup></b>	<b>Total Park Fees</b>
Single Family Detached	\$6,262	\$6,380	\$126	\$12,768 per unit
Single Family Attached, Duplex	\$4,348	\$4,430	\$88	\$8,865 per unit
Apartment/Condominium	\$3,785	\$3,857	\$76	\$7,718 per unit
Mobile Home	\$3,698	\$3,768	\$75	\$7,540 per unit
Second Unit	\$2,241	\$2,283	\$45	\$4,570 per unit
Additions	\$1.42	\$1.45	\$0.03	\$2.90 per SF

a. Program administration estimated at one percent of park dedication and park improvement fees.

Source: City of Lafayette, Seifel Consulting Inc.

## VII. Methodology for Annual Updates to Park Fees

As noted in Chapter III, the City of Lafayette has had difficulty in keeping its Parkland Fee up-to-date with changes in the fair market value for land in Lafayette. As a result, fee revenues have not been sufficient for the City to purchase the land that is needed to ensure new residential development does not overburden the City's park system. In 2007, the PTR Commission and Seifel recommended that the City make annual adjustments to its Parkland Fee in order to reflect changes occurring in the fair market value for land in Lafayette. Similarly, the Park Facilities Fee should be updated annually to keep pace with inflation in construction costs in the San Francisco Bay Area.

### A. Annual Updates to Parkland Fee

As the PTR Commission and Seifel proposed in 2007, the Parkland Fee should be updated annually to reflect changes in the fair market value for land in Lafayette. To this end, the City will index the fair market value per buildable acre used in the calculation of the Parkland Fee to the average annual change in the median sale price of attached and detached single-family homes in Lafayette, as determined by sales data from the Contra Costa Association of Realtors over the previous two calendar years.

The 2009 update to the Parkland Fee, for example, will increase the 2008 fair market value per buildable acre by the average annual percent change in the median sale price of single-family homes sold in each calendar year between January 1, 2007 and December 31, 2008. The two-year average will likely smooth out dramatic year-to-year variations in the often volatile real estate market. As Appendix Table A-1 shows, the average annual increase in the median sale price of single-family homes between 2005 and 2007 was 2.58 percent, while the change for each year was 7.5 percent and -2.0 percent, respectively.

### B. Annual Updates to the Park Facilities Fee

The Park Facilities Fee should also be updated annually in order to keep pace with inflation of construction costs in the San Francisco Bay Area. To this end, the Park Facilities Fee would be indexed to changes in the prior year's Construction Cost Index (CCI), published for the Bay Area by Engineering News-Record. Thus, the 2009 update to the Park Facilities Fee will increase the fee by the percent increase in the CCI between December 2007 and December 2008. As Appendix Table A-2 demonstrates, the increase in the CCI during calendar year 2007 was 0.4 percent.

**Appendix A:**  
**Indices Used for Park Fees Update**

Appendix Table A-1  
 Change in Median Sale Price of Single-Family Homes  
 1998 to 2007  
 City of Lafayette

<b>Year</b>	<b>Median Sale Price of Single Family Homes<sup>a</sup></b>	<b>Change in Median Sale Price from Prior Year</b>
1998	\$475,000	N/A
1999	\$515,000	8.4%
2000	\$630,000	22.3%
2001	\$650,000	3.2%
2002	\$703,000	8.2%
2003	\$771,625	9.8%
2004	\$870,750	12.8%
2005	\$1,024,000	17.6%
2006	\$1,100,000	7.4%
2007	\$1,077,500	-2.0%
Average Annual Growth 1998–2005	11.60%	
Average Annual Growth 2005–2007	2.58%	

a. Annual median sales price of detached and attached units in Lafayette, per Contra Costa Association of Realtors.

Source: City of Lafayette, Contra Costa Association of Realtors.

Appendix Table A-2  
Construction Cost Index  
1997 to 2007  
San Francisco Bay Area

<b>Year</b>	<b>CCI</b>	<b>Annual Growth</b>
<b>1997</b>	6,731.08	1.9%
<b>1998</b>	6,845.59	1.7%
<b>1999</b>	6,816.70	-0.4%
<b>2000</b>	7,447.99	9.3%
<b>2001</b>	7,399.07	-0.7%
<b>2002</b>	7,644.46	3.3%
<b>2003</b>	7,788.80	1.9%
<b>2004</b>	8,228.39	5.6%
<b>2005</b>	8,462.45	2.8%
<b>2006</b>	9,108.66	7.6%
<b>2007</b>	9,131.80	0.3%

Source: Engineering News-Record.