

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Feasibility of Establishing a Park Mitigation Fee for Non-residential Development Study Issue DPW 15-09 (Information Only)

BACKGROUND

In 2015, the City Council approved Study Issue DPW 15-09 (Attachment 1), Feasibility of Establishing a Park Mitigation Fee for Non-Residential Development. The intent of the Study was to consider the feasibility of expanding the park dedication fee to include retail, commercial, and industrial development. The consultant study was expected to include a review of existing conditions, existing fee, future land uses, and complete a fee nexus study. As part of the Study Issue, the City expected that collecting fees from non-residential development would generate additional revenue to the Park Dedication Fund (PDF).

DISCUSSION

Staff went through a Request for Proposals (RFP) process to select a consultant to develop the new fee. However, when developing a scope of work with the selected consultant, it was determined that additional revenue would not be collected and the source for the revenue be shifted partially from residential development to non-residential development. This conclusion is based on two different approaches for assessing the fee:

- Service-based Approach - This approach is the one the City currently uses and it's based on the Quimby Act/Map Act. The service-based approach establishes a fee per the number of residents within the City and required park acreage per resident. Incorporation of non-residential uses into the existing service-based approach does not change the resident to park acreage ratio and will likely reduce residential fees on a per-unit basis, while simultaneously introducing new fees on non-residential development.
- Capital Improvement Based Approach - This approach would develop a nexus study that analyzes the City's park capital program, the funding required for build-out, and the level of funding responsibility from new development. Per the consultant's initial review, it seems likely that the current service-based approach is simpler to implement and results in greater revenue generation than the alternative Capital Improvement approach. Less overall revenue would be collected, and it will likely reduce residential fees on a per-unit basis, while simultaneously introducing new fees on non-residential development.

Staff verified these findings with a second consultant that had submitted a proposal as part of the RFP.

At this time, staff has determined that the addition of park fees to non-residential development would not increase the amount of PDF revenue collected, and instead would only be a recalculation that would lower residential fees and transfer that reduction to the new non-residential fees. Based on this conclusion, staff is not proposing to move forward with the analysis and nexus study and will continue to collect PDF fees only from residential development.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

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ATTACHMENTS

1. DPW 15-09