

CITY OF SOUTH SAN FRANCISCO

**PARK LAND ACQUISITION AND PARK CONSTRUCTION FEES
QUIMBY ACT AND MITIGATION FEE ACT REPORT**

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MARCH 2016





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**CITY OF SOUTH SAN FRANCISCO
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EXECUTIVE SUMMARY

The City of South San Francisco adopted an ordinance in 1981 requiring certain residential developments to dedicate land for park and recreation purposes, or to pay a fee in-lieu of the land dedication. The General Plan, Parks + Recreation Master Plan and the East of 101 Area Plan have revised the City's park and recreation goals to include acquisition and construction of three acres of parks per one-thousand residents for all new residential development projects, and acquisition and construction of 0.5 acres per one-thousand employees for all new commercial development projects.

The City has engaged Municipal Resource Group LLC to prepare an analysis and Report with recommendations to update the Park Land Acquisition Fee and to adopt a Park Construction Fee.

The fees calculated in this Report are the maximum fees that the City may adopt for Park Land Acquisition and Park Construction. The City may adopt fees as calculated in this Report, or may discount the fees and explore other methods to finance the achievement of its park goals.

AUTHORITY TO ADOPT PARK LAND ACQUISITION FEES AND PARK CONSTRUCTION FEES

The City's goal of three acres per thousand residents can continue to be partially achieved through the authority of the Quimby Act. Generally, Quimby Act land dedication and in-lieu fee requirements apply to new subdivisions, but not to multifamily residential development projects (rental units) or commercial development projects. To establish fee requirements for these other development projects, cities may adopt a Park Land Acquisition Fee for future residential and commercial development projects that are not subject to the Quimby Act, based on the authority provided in the Mitigation Fee Act.

The proposed Quimby Act In-lieu Fee and the Mitigation Fee Act Park Land Acquisition Fee are intended to provide funds to acquire park land to serve new residents and employees.

A separate Park Construction Fee is proposed to pay for the construction of park facilities and improvements to serve new residents and employees, also under the authority of the Mitigation Fee Act.

CURRENT DEDICATION REQUIREMENTS AND IN-LIEU FEES

The City of South San Francisco Municipal Code (Chapter 19.24) establishes the existing procedures for the Quimby Act dedication of land or the payment of an in-lieu fee. The Municipal Code requires the City to obtain a separate appraisal for each development project that is subject to the Quimby Act. The City then calculates the in-lieu fee per residential unit based on each appraisal and other criteria established in the Municipal Code.

Under existing Municipal Code procedures, the Quimby Act in-lieu fees can vary widely based on the appraisals of the subject properties. Instead of these individual appraisals, this Report recommends the use of a single market land valuation for park land acquisition fees for all future residential and commercial development projects and proposes a common fee for similar residential development projects and commercial development projects.

PARK LAND ACQUISITION FEES - RESIDENTIAL DEVELOPMENTS

The proposed methodology for calculating both the Quimby Act In-lieu fees for residential subdivisions and the Mitigation Fee Act fee for all other residential development projects is based on the City’s standard of three acres of park land per one-thousand residents (.003 acres per resident), the number of residents in each residential classification, and the market value of land.

The acres required for each residential classification (Units in Structure) are identified in Table ES-1 by multiplying .003 acres per resident by the average number of residents in each land use classification.

Table ES-1: Park Land Acres Required per Residential Unit

Units in Structure	Acres per Resident	Residents per Unit	Park Land Acres Required per Unit
1 (single-family residential unit)	0.003	3.45	0.01035
2 to 4 (duplex to four-plex)	0.003	2.98	0.00894
5 to 19	0.003	2.53	0.00759
20 to 49	0.003	2.04	0.00612
50 or more	0.003	1.78	0.00534
Mobile home	0.003	2.65	0.00795

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Municipal Resource Group LLC

To determine the value of land, the City contracted with Dana Property Analysis to prepare an analysis of the average market value of vacant land, estimated at \$3,000,000 per acre. Table ES-2 calculates the Park Land Acquisition Fee per residential unit by multiplying the park land acres required per unit (from Table ES-1) by the \$3,000,000 market value per acre.

Table ES-2: Park Land Acquisition Fee per Residential Unit

Units in Structure	Park Land Acres Required per Unit	Market Value of Land per Acre	Fee per Unit
1 (single-family residential unit)	0.01035	\$3,000,000	\$31,050
2 to 4 (duplex to four-plex)	0.00894	\$3,000,000	\$26,820
5 to 19	0.00759	\$3,000,000	\$22,770
20 to 49	0.00612	\$3,000,000	\$18,360
50 or more	0.00534	\$3,000,000	\$16,020
Mobile home	0.00795	\$3,000,000	\$23,850

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Municipal Resource Group LLC

PARK LAND ACQUISITION FEES – COMMERCIAL DEVELOPMENTS

The South San Francisco General Plan and the East of 101 Area Plan establish a standard of 0.5 acres per one-thousand new employees. Fees on commercial projects are typically applied per one-thousand square feet of building space. The number of employees per one-thousand square feet of building space varies among commercial uses.

Table ES-3 calculates the park land acreage required per one-thousand square feet of new commercial building space by multiplying the number of employees per one-thousand square feet by the acreage required per employee (0.5 acres per one-thousand employees is equal to .0005 acres per employee).

Table ES-3: Park Land Acreage Required per One-thousand Square Feet of Commercial Space

Classification	Employees per 1,000 Square Feet	Park Land Acres Required per Employee	Park Land Acres Required per 1,000 Square Feet
Commercial/Retail	2.50	.0005 acres	.00125 acres
Hotel/Visitor	2.38	.0005 acres	.00119 acres
Office/R&D	2.22	.0005 acres	.00111 acres
Industrial	1.05	.0005 acres	.00052 acres

Source: City of South San Francisco General Plan Land Use Element, page 55; Municipal Resource Group LLC

The Park Land Acquisition Fee is based on the amount of land required to meet the applicable park land standard, and the \$3,000,000 market value of land.

Table ES-4 calculates the fee per one-thousand square feet of commercial space by multiplying the required acres per 1,000 square feet (from Table ES-3) by the \$3,000,000 market value per acre.

Table ES-4: Park Land Acquisition Fee per One-thousand Square Feet of Commercial Space

Classification	Park Land Acres per 1,000 Square Feet	Market Value of Land per Acre	Fee per 1,000 Square Feet
Commercial/Retail	.00125 acres	\$3,000,000	\$3,750
Hotel/Visitor	.00119 acres	\$3,000,000	\$3,571
Office/R&D	.00111 acres	\$3,000,000	\$3,333
Industrial	.00052 acres	\$3,000,000	\$1,571

Source: City of South San Francisco General Plan Land Use Element, page 55; Dana Property Analysis; Municipal Resource Group LLC

PARK CONSTRUCTION FEES

While the Quimby Act In-lieu Fee and the Park Land Acquisition Fee will provide for the acquisition of park land, the proposed Park Construction Fee provides funds for the construction of park facilities and improvements on the land acquired with the proceeds from the other fees.

PARK CONSTRUCTION FEES - RESIDENTIAL DEVELOPMENTS

The acreage to be improved with park facilities to serve residential development is the same as established for park land acquisition: three acres per one-thousand future residents.

The Park Construction Fee is based on the amount of land required to be improved and the cost of constructing park facilities and improvements. The average hard and soft construction cost per acre is \$981,250, as estimated by Group 4 Architecture, Research + Planning, Inc.

Table ES-5 calculates the fee per residential unit by multiplying the required acres per unit by the \$981,250 construction cost per acre per acre.

Table ES-5: Park Construction Fee per Residential Unit

Units in Structure	Park Acres per Unit	Construction Cost per Acre	Fee per Unit
1 (single-family residential unit)	0.01035	\$981,250	\$10,156
2 to 4 (duplex to four-plex)	0.00894	\$981,250	\$ 8,772
5 to 19	0.00759	\$981,250	\$ 7,448
20 to 49	0.00612	\$981,250	\$ 6,005
50 or more	0.00534	\$981,250	\$ 5,240
Mobile home	0.00795	\$981,250	\$ 7,801

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Group 4 Architecture, Research + Planning Inc.; Municipal Resource Group LLC

PARK CONSTRUCTION FEES - COMMERCIAL DEVELOPMENTS

The South San Francisco General Plan and the East of 101 Area Plan establish a standard of 0.5 acres per one-thousand new employees in the City. The acreage to be improved with park facilities to serve commercial development is the same as established for park land acquisition: 0.5 acres per one-thousand employees.

Table ES-6 calculates the park acreage required to be improved per one-thousand square feet of new commercial building space by multiplying the employees per one-thousand square feet by the acreage required per employee.

Table ES-6: Park Acres to be Improved per One-thousand Square Feet of Commercial Space

Classification	Employees per 1,000 Square Feet	Park Acres Required per Employee	Acres to be Improved per 1,000 Square Feet
Commercial/Retail	2.50	.0005 acres	.00125 acres
Hotel/Visitor	2.38	.0005 acres	.00119 acres
Office/R&D	2.22	.0005 acres	.00111 acres
Industrial	1.05	.0005 acres	.00052 acres

Source: City of South San Francisco General Plan Land Use Element, page 55; Dana Property Analysis; Municipal Resource Group LLC

Table ES-7 calculates the fee per one-thousand square feet of commercial space by multiplying the required acres per employees (from Table ES-6) by the \$981,250 construction cost per acre per acre.

Table ES-7: Park Construction Fee per One-thousand Square Feet of Commercial Space

Classification	Park Acres per 1,000 Square Feet	Construction Cost per Acre	Fee per 1,000 Square Feet
Commercial/Retail	.00125 acres	\$981,250	\$1,227
Hotel/Visitor	.00119 acres	\$981,250	\$1,168
Office/R&D	.00111 acres	\$981,250	\$1,090
Industrial	.00052 acres	\$981,250	\$ 514

Source: City of South San Francisco; Parks + Recreation Master Plan; Group 4 Architecture, Research + Planning Inc.; Municipal Resource Group LLC

FEE SUMMARY

Table ES-8 presents the proposed Park Land Acquisition Fees (Quimby Act and Mitigation Fee Act) and the Park Construction Fees for residential units. The City may adopt fees equal to, or below the amounts identified in Table ES-8.

Table ES-8: Total Park Fees per Residential Unit

Units in Structure	Park Land Acquisition Fee	Park Construction Fee	Total Park Fees
1 (single-family residential unit)	\$31,050	\$10,156	\$41,206
2 to 4 (duplex to four-plex)	\$26,820	\$ 8,772	\$35,592
5 to 19	\$22,770	\$ 7,448	\$30,218
20 to 49	\$18,360	\$ 6,005	\$24,365
50 or more	\$16,020	\$ 5,240	\$21,260
Mobile home	\$23, 850	\$ 7,801	\$31,651

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Group 4 Architecture + Planning Inc.; Municipal Resource Group LLC

Table ES-9 presents the proposed Park Land Acquisition Fees and the Park Construction Fees for commercial development projects. The City may adopt fee equal to, or below the amounts identified in Table ES-9.

Table ES-9: Total Park Fees per One-thousand Square Feet of Commercial Space

Classification	Park Land Acquisition Fee	Park Construction Fee	Total Park Fees
Commercial/Retail	\$3,750	\$1,227	\$4,977
Hotel/Visitor	\$3,571	\$1,168	\$4,739
Office/R&D	\$3,333	\$1,090	\$4,423
Industrial	\$1,571	\$ 514	\$2,085

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Group 4 Architecture + Planning Inc.; Municipal Resource Group LLC

QUIMBY ACT AND MITIGATION FEE ACT REQUIREMENTS; FEE ADJUSTMENTS

The Report provides recommended findings to adopt the Quimby Act In-lieu fees and the Mitigation Fee Act fees. It also provides a summary of the statutory and administrative requirements for both Acts and proposes mechanisms to adjust the fees on an annual basis.

I. INTRODUCTION AND BACKGROUND INFORMATION

The City of South San Francisco adopted an ordinance in 1981 requiring certain new residential subdivisions to dedicate land for park and recreation purposes, or to pay a fee in-lieu of the land dedication. The City subsequently adopted a revised General Plan, an East of 101 Area Plan and a revised Parks + Recreation Master Plan with new park and recreation goals.

The purpose of this analysis and Report is to provide recommendations to revise and update the Park Land Acquisition In-lieu Fee ordinance, and to adopt a Park Construction Fee, to be consistent with and to implement the goals of the General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan.

The fees calculated in this Report are the maximum fees that the City may adopt for Park Land Acquisition and Park Construction. The City may adopt fees as calculated in this Report, or may discount the fees and explore other methods to finance the achievement of its park goals.

GENERAL PLAN GOALS

The City of South San Francisco General Plan, adopted in 1999, contains several Guiding Policies and Implementing Policies regarding park and recreation facilities. The General Plan provides for new park land in South San Francisco by setting a park land acreage standard for new residents and employees. The following policies are articulated in the General Plan:

- “Guiding Policy 5.1-G-1: Develop additional park land in the City, particularly in areas lacking facilities, to meet the standards of required park acreage for new residents and employees.”
- “Implementing Policy 5.1-I-2: Maintain park land standards of 3.0 acres of community and neighborhood parks per 1,000 new residents, and 0.5 acres of park land per 1,000 new employees, to be located in employment areas.”
- “Implementing Policy 5.1-I-3: Prefer in-lieu fees to dedication, unless sites offered for dedication provide features and accessibility similar in comparison to sites shown on General Plan Figure 5-1 and shown in more detail in the El Camino Real / Chestnut Avenue Area Plan. Opportunities for park dedication with new residential

development are limited. In-lieu fees are intended to give the City flexibility to purchase available park land elsewhere in the City.”

- “Implementing Policy 5.1-I-10: Review the current regulations for the dedication of park land in subdivisions to ensure that requirements are adequate to meet the standards of the General Plan at Plan build-out.”

PARKS + RECREATION MASTER PLAN GOALS

The Parks + Recreation Master Plan adopted in July 2015 reiterates park facility goals:

- “Goal #1: South San Francisco should provide a minimum of 3 acres of developed park land per 1,000 residents, and 0.5 acres of park land per 1,000 employees.”

The Parks + Recreation Master Plan also provides policy guidance regarding the use of the Mitigation Fee Act (California Government Code section 66000 et seq) for the purpose of including all future residential and commercial development projects in a fee program to acquire park land and to construct park facilities. The Parks + Recreation Master Plan states, in part, beginning on page 122:

“The improvement and expansion of the Parks and Recreation Facilities as recommended in this Master Plan and the City’s General Plan are policies based a comprehensive needs assessment. Fees exacted under AB1600 (Mitigation Fee Act) would be designated for carrying out the improvements set forth in these documents, which reflect the demands that will result from the increased population of residents and employees resulting from development projects. Whereas the Quimby Act applies only to owner-occupied development projects, fees may be assessed against other development types, including rental and commercial projects. The City should implement park fees on new development projects. This is particularly important at this time, when the pace of rental and commercial construction is accelerating rapidly, and the increase in the number of new residents and employees will significantly impact the parks system” (underlining added).

EAST OF 101 AREA PLAN GOALS

The East of 101 Area Plan was adopted in 1994, and as its name reflects, it establishes policies and goals for the area east of Highway 101. The East of 101 Area Plan discusses the importance of public facilities to serve the area, and states the following policy:

- “Policy RE-2: Developers in the East of 101 Area shall be required to either pay park in-lieu fees or dedicate park land based on a formula developed by the City which estimates the demand for park and recreational facilities generated by the expected employment of the project.”

THE QUIMBY ACT

Park land dedication requirements for residential subdivisions are authorized by the Quimby Act, as codified in the California Government Code, beginning with Section 66477. The Quimby Act authorizes a City to require the dedication of a minimum of three acres of land per one-thousand residents in proposed residential subdivisions, or the payment of an in-lieu fee. If the amount of existing park land in the City exceeds a ratio of three acres per one-thousand residents, the City may require the dedication of the existing ratio of park land per one-thousand residents, up to a maximum of five acres per one-thousand future residents.

Quimby Act land dedication and in-lieu fee requirements apply to parcels created by a major residential subdivision (five or more parcels). They also apply to parcel maps created by a minor residential subdivision (a subdivision of four parcels or less) if a building permit is requested within four years of the approval of the parcel map for the minor subdivision. The Quimby Act requirements do not apply to commercial development projects or multifamily residential (rental) development projects, existing single family residential lots that do not require a subdivision to develop, or minor subdivisions that do not seek building permits within four years of receiving parcel map approval.

In the event that a proposed residential subdivision is less than fifty parcels, the City may only require the payment of an in-lieu fee (and not the dedication of land).

The in-lieu fees may only be used for acquiring land and developing new park and recreation facilities, or rehabilitating existing neighborhood parks, community parks and recreational facilities.

The City of South San Francisco General Plan (1999) provides park land inventory data:

“South San Francisco currently includes 319.7 acres of parks and open space, or 5.4 acres per 1,000 residents...This includes 70 acres of developed park land (community, neighborhood, mini and linear parks), 168.5 acres of open space and 81.2 acres of school lands. While the overall amount of park land appears to meet the community’s needs, closer analysis reveals that only 1.2 acres of developed park land, excluding school parks and open space, is available per 1,000 residents.” (South San Francisco General Plan, Chapter 5: Parks, Public Facilities and Services Element, 1999).

The Parks + Recreation Master Plan updates the current inventory of park land:

“Currently, there are approximately 1.4 acres of community, neighborhood and mini-park per 1,000 South San Francisco residents. Including the linear parks, specialty parks and common greens, the ratio rises to a total of 2.7 acres of developed park land per 1,000. When Open Space is included in this calculation, South San Francisco provides 3.9 acres of park land per 1,000 residents. Finally, including school sites that currently have joint use facilities, the acreage increases to 5.4 per 1,000.” (Parks + Recreation Master Plan, page 98)

Based on the current inventory of park land, the General Plan and the Park + Recreation Master Plan establish a park land standard of three acres per one-thousand future residents, consistent with the minimum dedication standard in the Quimby Act.

Chapter II in this Report provides the analysis for the calculation of a Quimby Act In-lieu Fee based on the three acres per one-thousand future residents’ standard established in the General Plan and the Parks + Recreation Master Plan.

THE MITIGATION FEE ACT

Separate from the Quimby Act, authority for establishing development impact fees for residential and commercial development projects is found in the Mitigation Fee Act, also

known as AB 1600, as codified in the California Government Code beginning with Section 66000.

The Mitigation Fee Act permits local agencies to establish and collect a fee as a condition of approval of a development project for the purpose of defraying the cost of public facilities required to serve the development project. The fee may include the cost of refurbishing existing facilities to maintain the existing level of service or to achieve an adopted level of service that is consistent with the General Plan. The public facilities must be identified in a capital improvement plan, the General Plan, an applicable specific plan or other public documents. The fee may not be used to pay for existing deficiencies in public facilities.

Under the Mitigation Fee Act, a local agency considering an action establishing, increasing or imposing a fee as a condition of approval of a development project must do all of the following:

1. Identify the purpose of the fee.
2. Identify the use to which the fee is to be put.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project upon which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project upon which the fee is imposed.
5. Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development upon which the fee is imposed.

To establish equal fee requirements for future residential development projects that are not subject to the Quimby Act, cities may also adopt a Park Land Acquisition Fee under authority of the Mitigation Fee Act. Chapter III in this Report provides the analysis required by the Mitigation Fee Act for a proposed Park Land Acquisition Fee for residential development projects that are not subject to the Quimby Act. Under no circumstances would both the Quimby Act In-lieu Fee and the Park Land Acquisition Fee apply to the same residential parcel.

The General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan establish a standard of 0.5 acres of parks per one-thousand new employees for future

commercial developments. Chapter III in this Report provides the analysis required by the Mitigation Fee Act for a proposed Park Land Acquisition Fee for commercial development projects.

The proposed Quimby Act In-lieu Fee and the Mitigation Fee Act Park Land Acquisition Fee are based on the cost of acquiring the land required by the City's three acres per one-thousand residents' standard and the 0.5 acres per one-thousand new employees' standard. These park land acquisition fees do not include the cost of constructing park facilities and improvements on the park land. Therefore, a separate Park Construction Fee is proposed to pay for the construction of park facilities and improvements on park land required to serve new residents and employees. Chapter IV in this Report provides the analysis required by the Mitigation Fee Act for a proposed Park Construction Fee.

PROPOSED REVISIONS TO THE MUNICIPAL CODE

The City of South San Francisco currently imposes park land acquisition in-lieu fees on residential subdivisions that are subject to the Quimby Act. The City's Municipal Code Chapter 19.24 establishes procedures for the dedication of land or the payment of an in-lieu fee for Quimby Act park land acquisition. The Municipal Code requires the City to obtain an appraisal for each development project that is subject to the Quimby Act (and for the developer to reimburse the City for the cost of the appraisal). The City then calculates the in-lieu fee per residential unit based on the appraisal and other criteria established in the Municipal Code.

Under existing Municipal Code procedures, the Quimby Act fees for the two most recent projects were \$27,522 per residential unit and \$22,966 per residential unit (before partial project-related credits for private recreational space). The fees for both projects were calculated using the existing "multi-family/high density" formula. Yet there is disparity between the fees for the two projects, due to differences in appraised values for the two projects, even though both projects generate the same demand for park facilities per person and per residential unit.

This Report proposes that the Municipal Code be revised by setting an in-lieu fee that would apply equally to all residential developments with similar population densities, based on a single current land value. By adopting this methodology, the requirement for an appraisal on every residential subdivision will be eliminated. Moreover, potential developers will know what the fee will be in advance of seeking permit approvals.

REPORT OBJECTIVES AND RECOMMENDATIONS

This Report is intended to assist the City of South San Francisco in achieving the policies, goals and implementation measures in the General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan. The overall objective is to offer procedures to ensure that the City attains its goal of acquiring and constructing three acres of community and neighborhood park land per one-thousand future residents, and 0.5 acres of park land per one-thousand new employees, and that fees paid by new development projects contribute proportionately toward these goals.

II. QUIMBY ACT PARK LAND ACQUISITION IN-LIEU FEE

The Quimby Act authorizes the dedication of land or a payment of an in-lieu fee for three acres of park land per one-thousand future residents, or up to five acres of park land per one-thousand future residents if there is an existing inventory of at least five acres of park land per one-thousand residents. The South San Francisco General Plan and the Parks + Recreation Master Plan identify and establish a City goal of three acres of park land per one-thousand future residents. This Chapter calculates the Quimby Act Park Land Acquisition In-lieu Fee based on three acres per one-thousand future residents. As previously discussed, the Quimby Act in-lieu fee applies only to parcels created by a major residential subdivision (five or more parcels) and to parcels created by a minor residential subdivision (four parcels or less) if a building permit is requested within four years of the approval of the parcel map for the minor subdivision.

CALCULATION OF THE ACREAGE REQUIRED PER RESIDENTIAL UNIT

Park land acquisition in-lieu fees are charged on a per residential unit basis, based on the average number of residents who live in a particular type of residential unit. Different types of residential units have different average numbers of residents per unit.

The United States Census Bureau publishes annual demographic and population data, known as American FactFinder data. The 2014 American FactFinder data is the most current, credible and verifiable data available. The data is provided per residential unit, based on the number of units in a structure. For all residential units, the average is 3.12 persons per unit. The data indicates that the more units in a structure, the fewer persons live in each unit. Table II-1 provides 2014 American FactFinder data for residents per unit.

Table II-1: Residents per Residential Unit, City of South San Francisco

Units in Structure	Residents per Unit
1 (single-family residential unit)	3.45
2 to 4 (duplex to four-plex)	2.98
5 to 19	2.53
20 to 49	2.04
50 or more	1.78
Mobile home	2.65
Average, City of South San Francisco	3.12

Source: United States Census Bureau, 2014 American FactFinder, Table B25124

The City's standard of three acres per one-thousand future residents is equal to .003 acres per resident (three acres divided by one-thousand residents). The park land acreage required per residential unit is calculated in Table II-2, below, by multiplying .003 acres per resident by the average number of residents in the residential units indicated previously in Table II-1.

Table II-2: Park Land Acres Required per Residential Unit

Units in Structure	Acres per Resident	Residents per Unit	Park Land Acres Required per Unit
1 (single-family residential unit)	0.003	3.45	0.01035
2 to 4 (duplex to four-plex)	0.003	2.98	0.00894
5 to 19	0.003	2.53	0.00759
20 to 49	0.003	2.04	0.00612
50 or more	0.003	1.78	0.00534
Mobile home	0.003	2.65	0.00795

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124

CALCULATION OF THE FEE PER RESIDENTIAL UNIT

The in-lieu fee is based on the amount of land required to meet the applicable park land standard, and the market value of land. To determine the market value of land, the City contracted with an appraisal firm, Dana Property Analysis, to prepare an analysis of the average market value of vacant land in South San Francisco. The Dana Property Analysis is provided as Attachment 1 to this Report. The average market value of vacant land in South San Francisco is estimated by Dana Property Analysis to be \$3,000,000 per acre.

South San Francisco Municipal Code Chapter 19.24.090(a) currently requires that the in-lieu fee include the fair market value of land, plus a factor of twenty percent to provide funding for off-site improvements required by Municipal Code Section 19.24.080(c). More specifically, Section 19.24.080(c) requires “(1) full street improvements and utility connections, including, but not limited to curbs, gutters, street paving, traffic control devices, street trees, and sidewalks to the land dedicated pursuant to this section; (2) fencing along the property line of that portion of the subdivision contiguous to the dedicated land; (3) improved drainage throughout the dedicated land; and (4) other minimal improvements which the City Council determines to be essential to the acceptance of the land for recreational purposes.” This Report and analysis of the Quimby Act in-lieu fee proposes

that the twenty percent factor currently added to the in-lieu fees be deleted from the South San Francisco Municipal Code, for the following reasons:

- The market value of land estimated by Dana Property Analysis is based on comparable sales data for recent sales in the South San Francisco area. Many of the comparable sales already have the public improvements referenced in 19.20.080(c)(1); therefore, the cost of these public improvements is already included in the market value of land.
- Fencing along the property line adjacent to the subdivision as referenced in 19.20.080(c)(2) would not be required, because the in-lieu fees will be used to purchase suitable park land that is not likely to be adjacent to the subdivision.
- This Report recommends a separate Park Construction Fee, based on the projected cost of building parks, which would include the improved drainage and other minimal improvements referenced in sections 19.24.080(c)(3) and 19.24.080(c)(4).

Table II-3 calculates the Quimby Act Park Land Acquisition In-Lieu fee per residential unit by multiplying the required acres per unit (from Table II-2) by the \$3,000,000 market value per acre.

Table II-3: Quimby Act Park Land Acquisition In-Lieu Fee per Residential Unit

Units in Structure	Park Land Acres Required per Unit	Market Value of Land per Acre	Fee per Unit
1 (single-family residential unit)	0.01035	\$3,000,000	\$31,050
2 to 4 (duplex to four-plex)	0.00894	\$3,000,000	\$26,820
5 to 19	0.00759	\$3,000,000	\$22,770
20 to 49	0.00612	\$3,000,000	\$18,360
50 or more	0.00534	\$3,000,000	\$16,020
Mobile home	0.00795	\$3,000,000	\$23,850

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Municipal Resource Group LLC

Table II-3 demonstrates that fees under the proposed methodology would vary only by the difference in expected number of units in a structure and residents per unit, and not by different appraisal values.

The City may adopt Quimby Act Park Land Acquisition In-lieu fees equal to, or below the amounts identified in Table II-3.

The City will incur costs to administer the fee program and to prepare the compliance analyses and reports required by the Quimby Act. The compliance requirements are identified in Chapter VII of this Report. The City may add an administration cost factor to the fee, to cover the cost of administering the programs and the cost of compliance with statutory requirements.

QUIMBY ACT REQUIREMENTS

The Quimby Act requires a local agency to address the following key procedural requirements when adopting the dedication requirements and the in-lieu fee. The Quimby Act contains other requirements as well, which may be found in the California Government Code beginning with Section 66477.

1. *Adopt a general plan or specific plan containing policies and standards for parks and recreation facilities.*

The City of South San Francisco General Plan and the Parks + Recreation Master Plan establish a standard of three acres of park land for each one-thousand residents.

2. *Adopt an ordinance requiring the dedication of land or the imposition of a requirement for the payment of a fee in-lieu of the dedication of land, or a combination of both. The ordinance must include definite standards for determining the proportion of a subdivision to be dedicated and the amount of the in-lieu fee. The amount of land to be dedicated and the fee must be based upon the density of each residential type.*

It will be necessary for the City to revise its enabling ordinance to implement the proposed in-lieu fee methodology. It is also recommended that the City adopt a fee resolution, implementing the proposed in-lieu fee.

3. *The amount and location of land to be dedicated or the fees to be paid must bear a reasonable relationship to the use of the park and recreational facilities by the future inhabitants of the subdivision.*

The City of South San Francisco has established a standard level of service of three acres of park land for each one-thousand residents. This standard is based upon the minimum requirement in the Quimby Act. The land dedication requirement and the in-lieu fees are calculated to maintain this standard for future residents.

4. *A schedule must be developed specifying how, when, and where the City will use the land or fees to develop park and recreational facilities.*

The General Plan and the Parks + Recreation Master Plan identify the location of several of the proposed future parks. It will be necessary for the City to adopt a separate schedule showing *how* the City will use the land or fees (site acquisition), *when* the City will use the fees (in five year intervals) and *where* the City will use the fees (specific sites and locations).

III. PARK LAND ACQUISITION FEE – MITIGATION FEE ACT (NON-QUIMBY ACT DEVELOPMENT PROJECTS)

The City of South San Francisco currently collects park land acquisition fees only from residential development projects that are subject to the Quimby Act. Quimby Act land dedication and in-lieu fee requirements apply to parcels created by a major residential subdivision (five or more parcels) and to parcels created by a minor residential subdivision (four parcels or less) if a building permit is requested within four years of the approval of the parcel map for the minor subdivision. Quimby Act requirements do not apply to an existing residential lot that has not previously paid a park fee, multi-family residential (rental) development projects or commercial development projects.

The General Plan and the Parks + Recreation Master Plan include goals to collect park land acquisition fees from all new residential development projects and all new commercial development projects.

Residents who will occupy future residential units that are not currently subject to the Quimby Act in-lieu fee will nonetheless create demand for park facilities. To address this demand, public agencies may adopt a residential Park Land Acquisition Fee under the authority of the Mitigation Fee Act to collect a similar fee from residential development projects that are not subject to the Quimby Act.

Similarly, employees who work in future commercial projects will also impact park facilities (lunch time activity and picnic areas, before and after work activities, outdoor exercise, sports leagues and other recreational activities). To address this demand, public agencies may adopt a commercial Park Land Acquisition Fee under the authority of the Mitigation Fee Act to collect a proportionate fee from commercial development projects that are not subject to the Quimby Act. The City of South San Francisco has established a goal of creating one-half acre of park land for each one-thousand employees, and has directed that this Report identify a potential fee to implement this goal for future employees.

This Chapter provides the analysis and findings required by the Mitigation Fee Act to collect park land acquisition fees from future residential development projects and commercial development projects that are not subject to the Quimby Act. The analysis and calculation of the Park Land Acquisition Fee in this Chapter parallels the analysis and calculation of the Quimby Act Park Land Acquisition In-lieu Fee in Chapter II. However,

under no circumstance would both the Quimby Act Park Land Acquisition In-lieu Fee and the Mitigation Fee Act Park Land Acquisition Fee apply to the same residential development parcel or project.

CALCULATION OF THE ACREAGE REQUIRED PER RESIDENTIAL UNIT

Park land acquisition fees are charged on a per unit basis, based on the average number of residents who live in a residential unit. As discussed in Chapter II, different types of residential units have different average number of residents per unit. Table III-1 provides 2014 American FactFinder data for residents per unit.

Table III-1: Residents per Residential Unit, City of South San Francisco

Units in Structure	Residents per Unit
1 (single-family residential unit)	3.45
2 to 4 (duplex to four-plex)	2.98
5 to 19	2.53
20 to 49	2.04
50 or more	1.78
Mobile home	2.65
Average	3.12

Source: United States Census Bureau, 2014 American FactFinder, Table B25124

The City's standard of three acres per one-thousand future residents is equal to .003 acres per resident (three acres divided by one-thousand residents). The park land acreage required per residential unit is calculated in Table III-2, below, by multiplying .003 acres per resident by the average number of residents in residential units indicated previously in Table III-1.

Table III-2: Park Land Acres Required per Residential Unit

Units in Structure	Acres per Resident	Residents per Unit	Park Land Acres Required per Unit
1 (single-family residential unit)	0.003	3.45	0.01035
2 to 4 (duplex to four-plex)	0.003	2.98	0.00894
5 to 19	0.003	2.53	0.00759
20 to 49	0.003	2.04	0.00612
50 or more	0.003	1.78	0.00534
Mobile home	0.003	2.65	0.00795

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Municipal Resource Group LLC

CALCULATION OF THE FEE PER RESIDENTIAL UNIT

The Park Land Acquisition Fee is based on the amount of land required to meet the applicable park land standard, and the market value of land. As discussed in Chapter II, the average market value of vacant in South San Francisco is estimated to be \$3,000,000 per acre.

Table III-3 calculates the fee per residential unit by multiplying the required acres per unit (from Table III-2) by the \$3,000,000 market value per acre.

Table III-3: Mitigation Fee Act Park Land Acquisition Fee per Residential Unit

Units in Structure	Park Land Acres Required per Unit	Market Value of Land per Acre	Fee per Unit
1 (single-family residential unit)	3.45	\$3,000,000	\$31,050
2 to 4 (duplex to four-plex)	2.98	\$3,000,000	\$26,820
5 to 19	2.53	\$3,000,000	\$22,770
20 to 49	2.04	\$3,000,000	\$18,360
50 or more	1.78	\$3,000,000	\$16,020
Mobile home	2.65	\$3,000,000	\$23,850

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Municipal Resource Group LLC

The City may adopt Mitigation Fee Act Park Land Acquisition Fees for residential development projects not subject to the Quimby Act, under the authority of the Mitigation Fee Act that are equal to, or below the amounts identified in Table III-3.

The City will incur costs to administer the fee program and to prepare the compliance analyses and reports required by the Mitigation Fee Act. The compliance requirements are identified in Chapter VII of this Report. The City may add an administration cost factor to cover the cost of administering the programs and the cost of compliance with statutory requirements.

CALCULATION OF THE ACREAGE REQUIRED FOR COMMERCIAL DEVELOPMENT PROJECTS

The South San Francisco General Plan establishes a standard of 0.5 acres per one-thousand new employees in the City. The East of 101 Area Plan reaffirms this goal and standard for that particular commercial area.

Fees on commercial projects are typically applied per one-thousand square feet of building space. The number of employees per one-thousand square feet of building space

varies among commercial uses. The City of South San Francisco provided the data for the number of employees per one-thousand square feet of building space, as cited in Table III-4.

Table III-4 calculates the park land acreage required per one-thousand square feet of new commercial building space by multiplying the number of employees per one-thousand square feet by the acreage required per employee (0.5 acres per one-thousand employees is equal to .0005 acres per employee).

Table III-4: Park Land Acreage Required per One-thousand Square Feet of Commercial Space

Classification	Employees per 1,000 Square Feet	Park Land Acres Required per Employee	Park Land Acres Required per 1,000 Square Feet
Commercial/Retail	2.50	.0005 acres	.00125 acres
Hotel/Visitor	2.38	.0005 acres	.00119 acres
Office/R&D	2.22	.0005 acres	.00111 acres
Industrial	1.05	.0005 acres	.00052 acres

Source: City of South San Francisco General Plan Land Use Element, page 55; Municipal Resource Group LLC

CALCULATION OF THE COMMERCIAL FEE

The commercial Park Land Acquisition Fee is based on the amount of land required to meet the applicable park land standard (Table III-4) and the market value of land. As discussed in Chapter II, the average market value of vacant land in South San Francisco is estimated to be \$3,000,000 per acre.

Table III-5 calculates the fee per one-thousand square feet of commercial space by multiplying the required acres per 1,000 square feet (from Table III-4) by the \$3,000,000 market value per acre.

Table III-5: Mitigation Fee Act Park Land Acquisition Fee per One-thousand Square Feet of Commercial Space

Classification	Park Land Acres per 1,000 Square Feet	Market Value of Land per Acre	Fee per 1,000 Square Feet
Commercial/Retail	.00125 acres	\$3,000,000	\$3,750
Hotel/Visitor	.00119 acres	\$3,000,000	\$3,571
Office/R&D	.00111 acres	\$3,000,000	\$3,333
Industrial	.00052 acres	\$3,000,000	\$1,571

Source: City of South San Francisco General Plan Land Use Element, page 55; Dana Property Analysis; Municipal Resource Group LLC

The City may adopt Park Land Acquisition Fees under the Mitigation Fee Act for commercial development projects that are equal to, or below the amounts identified in Table III-5.

The City will incur costs to administer the fee program and to prepare the compliance analyses and reports required by the Mitigation Fee Act. The compliance requirements are identified in Chapter VII of this Report. The City may add an administration cost factor to cover the cost of administering the programs and the cost of compliance with statutory requirements.

AB 1600 NEXUS

The Mitigation Fee Act (AB 1600) requires a local agency considering an action establishing, increasing or imposing a fee to address the following procedural requirements.

1. *Identify the purpose of the fee.*

The purpose of the Park Land Acquisition Fee is to provide funding to achieve the City's goal of maintaining park service levels and to provide adequate recreational services for South San Francisco residents and employees, as established in the General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan.

2. *Identify the use to which the fee is to be put.*

The proceeds from the fees will be used to acquire three acres of park land per one-thousand future residents and 0.5 acres per one-thousand new employees, as identified in the City's General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan.

3. *Identify the relationship between the fee's use and the type of development project on which the fee is imposed.*

The fee will be applied to residential development projects and commercial development projects that are not subject to the City's Quimby Act park land dedication or in-lieu fee requirements. New residents in residential developments and new employees will place an additional demand on park and recreational facilities. The park land acquired with the proceeds of the fee will address and

mitigate the additional impacts and demands created by these residential and commercial development projects.

4. *Determine the relationship between the need for the community facility and the type of development project on which the fee is imposed.*

The fee will be applied to residential development projects and commercial development projects, which generate new residents and new employees in the community. The park land will serve the needs of new residents in residential development projects and new employees in commercial development projects.

5. *Determine the relationship between the amount of the fee and the cost of the community facility or portion of the community facility attributable to the development on which the fee is imposed.*

The fee has been calculated by apportioning the cost of park land acquisition to the number of residents generated by each type of new residential unit and the number of employees per one-thousand square feet in commercial development projects.

IV. PARK CONSTRUCTION FEE

City of South San Francisco park goals include the development of three acres of parks for each one-thousand future residents and 0.5 acres of parks for each one-thousand new employees. While the Quimby Act In-lieu Fee and the Mitigation Fee Act Park Land Acquisition Fee will provide funds for the acquisition of park land, the proposed Park Construction Fee discussed in this Chapter would provide funds for the construction of park facilities and improvements on the land acquired with the proceeds from the other fees. This Chapter provides the analysis and findings required by the Mitigation Fee Act to establish a fee for the construction of park facilities and improvements on acquired park land.

CALCULATION OF THE PARK ACREAGE TO BE IMPROVED PER RESIDENTIAL UNIT

The acreage to be improved with park facilities to serve residential development is the same acreage as established for park land acquisition: three acres per one-thousand future residents.

Table IV-1, using the same factors as in Table II-2, calculates the amount of acreage to be improved (park acreage construction) for the benefit of residential units by multiplying the park acres per resident by the residents per unit.

Table IV-1: Park Acres to be Improved per Residential Unit

Units in Structure	Acres per Resident	Residents per Unit	Park Acres to be Improved per Residential Unit
1 (single-family residential unit)	0.003	3.45	0.01035
2 to 4 (duplex to four-plex)	0.003	2.98	0.00894
5 to 19	0.003	2.53	0.00759
20 to 49	0.003	2.04	0.00612
50 or more	0.003	1.78	0.00534
Mobile home	0.003	2.65	0.00795

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Municipal Resource Group LLC

CALCULATION OF THE FEE PER RESIDENTIAL UNIT

The Park Construction Fee is based on the amount of land required to be improved (Table IV-1) and the cost of constructing park facilities and improvements.

The General Plan and Parks + Recreation Master Plan include a policy to maintain a three acre standard of community and neighborhood parks per one-thousand residents and one-half acre per one-thousand employees, and describes the facilities that should be included in community and neighborhood parks. While individual park construction projects will differ in the type of park facilities and construction costs, a representative per acre construction cost estimate has been prepared by Group 4 Architecture, Research + Planning, Inc., for the purpose of calculating the Park Construction Fee. Attachment 2 identifies the representative park facilities and improvements and the cost per acre. The average construction (hard) cost per acre is \$785,000. Soft costs, such as design, construction management and permitting costs, are estimated at 20% to 30% of hard construction costs. This Report assumes a mid-point of 25% for soft costs. Accordingly, hard construction costs and soft costs are estimated at \$981,250 per acre.

Table IV-2 calculates the Park Construction Fee per residential unit by multiplying the required acres per unit (from Table IV-1) by the \$981,250 park construction cost per acre.

Table IV-2: Park Construction Fee per Residential Unit

Units in Structure	Park Acres per Unit	Construction Cost per Acre	Fee per Unit
1 (single-family residential unit)	0.01035	\$981,250	\$10,156
2 to 4 (duplex to four-plex)	0.00894	\$981,250	\$ 8,772
5 to 19	0.00759	\$981,250	\$ 7,448
20 to 49	0.00612	\$981,250	\$ 6,005
50 or more	0.00534	\$981,250	\$ 5,240
Mobile home	0.00795	\$981,250	\$ 7,801

Source: City of South San Francisco General Plan and Park + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Group 4 Architecture, Research + Planning Inc.; Municipal Resource Group LLC

The City may adopt Park Construction Fees under the Mitigation Fee Act for residential development projects that are equal to, or below the amounts identified in Table IV-2.

The City will incur costs to administer the fee program and to prepare the compliance analyses and reports required by the Mitigation Fee Act. The compliance requirements are identified in Chapter VII of this Report. The City may add an

administration cost factor to cover the cost of administering the programs and the cost of compliance with statutory requirements.

CALCULATION OF THE PARK ACREAGE TO BE IMPROVED FOR COMMERCIAL DEVELOPMENT PROJECTS

The South San Francisco General Plan establishes a standard of 0.5 acres per one-thousand new employees in the City. The East of 101 Area Plan reaffirms this goal and standard for that particular commercial area.

Fees on commercial projects are typically applied per one-thousand square feet of building space. The number of employees per one-thousand square feet of building space varies among commercial uses. The South San Francisco General Plan provides the data for the number of employees per one-thousand square feet of building space, as cited in Table IV-3, below.

Table IV-3 calculates the park land acreage required to be improved per one-thousand square feet of new commercial building space by multiplying the employees per one-thousand square feet by the acreage required per employee (0.5 acres per one-thousand employees is equal to .0005 acres per employee).

Table IV-3: Park Acres to be Improved per One-thousand Square Feet of Commercial Space

Classification	Employees per 1,000 Square Feet	Park Acres Required per Employee	Acres to be Improved per 1,000 Square Feet
Commercial/Retail	2.50	.0005 acres	.00125 acres
Hotel/Visitor	2.38	.0005 acres	.00119 acres
Office/R&D	2.22	.0005 acres	.00111 acres
Industrial	1.05	.0005 acres	.00052 acres

Source: City of South San Francisco General Plan Land Use Element, page 55; Park + Recreation Master Plan; Municipal Resource Group LLC

CALCULATION OF THE COMMERCIAL FEE

The park construction fee is based on the amount of land required to be improved (Table IV-3) and the cost of constructing park facilities and improvements. As discussed above, hard construction costs and soft costs are estimated at \$981,250 per acre.

Table IV-4 calculates the fee per one-thousand square feet of commercial space by multiplying the required acres per unit (from Table IV-3) by the \$981,250 construction cost per acre.

Table IV-4: Park Construction Fee per One-thousand Square Feet of Commercial Space

Classification	Park Acres per 1,000 Square Feet	Construction Cost per Acre	Fee per 1,000 Square Feet
Commercial/Retail	.00125 acres	\$981,250	\$1,227
Hotel/Visitor	.00119 acres	\$981,250	\$1,168
Office/R&D	.00111 acres	\$981,250	\$1,090
Industrial	.00052 acres	\$981,250	\$ 514

Source: City of South San Francisco General Plan Land Use Element, page 55; Park + Recreation Master Plan; Architecture, Research + Planning Inc.; Municipal Resource Group LLC

The City may adopt Park Construction Fees under the Mitigation Fee Act for commercial development projects that are equal to, or below the amounts identified in Table IV-4.

AB 1600 NEXUS

The Mitigation Fee Act (AB 1600) requires a local agency considering an action establishing, increasing or imposing a fee to address the following procedural requirements.

1. *Identify the purpose of the fee.*

The purpose of the Park Construction Fee is to provide funding to achieve the City’s goal of maintaining park service levels and to provide adequate recreational services for South San Francisco residents and employees, as established in the General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan.

2. *Identify the use to which the fee is to be put.*

The proceeds from the fees will be used to construct park facilities and improvements on three acres of park land per one-thousand future residents and 0.5 acres per one-thousand new employees, as identified in the City’s General Plan, the Parks + Recreation Master Plan and the East of 101 Area Plan.

3. *Determine the relationship between the fee’s use and the type of development project on which the fee is imposed.*

The fee will be applied to residential development projects and commercial development projects. New residents in residential developments and new employees will place an additional demand on park and recreational facilities. The

park facilities and improvements constructed with the proceeds of the fee will address and mitigate the additional impacts and demands created by these residential and commercial development projects.

4. *Determine the relationship between the need for the community facility and the type of development project on which the fee is imposed.*

The fee will be applied to residential development projects and commercial development projects, which generate new residents and employees in the community. The park facilities and improvements will serve the needs of new residents in residential development projects and new employees in commercial development projects.

5. *Determine the relationship between the amount of the fee and the cost of the community facility or portion of the community facility attributable to the development on which the fee is imposed.*

The fee has been calculated by apportioning the cost of constructing park facilities and improvements to the number of residents generated by each type of new residential unit and the number of employees per one-thousand square feet in commercial development projects.

V. PARK ACQUISITION AND PARK CONSTRUCTION FEES SUMMARY

Table V-1 presents the proposed Park Land Acquisition Fees (Quimby Act and Mitigation Fee Act) and the Park Construction Fees for residential units. The City may adopt fees equal to, or below the amounts identified in Table V-1.

Table V-1: Total Park Fees per Residential Unit

Units in Structure	Park Land Acquisition Fee	Park Construction Fee	Total Park Fees
1 (single-family residential unit)	\$31,050	\$10,156	\$41,206
2 to 4 (duplex to four-plex)	\$26,820	\$ 8,772	\$35,592
5 to 19	\$22,770	\$ 7,448	\$30,218
20 to 49	\$18,360	\$ 6,005	\$24,365
50 or more	\$16,020	\$ 5,240	\$21,260
Mobile home	\$23, 850	\$ 7,801	\$31,651

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American FactFinder, Table B25124; Dana Property Analysis; Group 4 Architecture + Planning Inc.; Municipal Resource Group LLC

Table V-2 presents the proposed Park Land Acquisition Fees and the Park Construction Fees for commercial developments. The City may adopt fees equal to, or below the amounts identified in Table V-2.

Table V-2: Total Park Fees per One-thousand Square Feet of Commercial Space

Classification	Park Land Acquisition Fee	Park Construction Fee	Total Park Fees
Commercial/Retail	\$3,750	\$1,227	\$4,977
Hotel/Visitor	\$3,571	\$1,168	\$4,739
Office/R&D	\$3,333	\$1,090	\$4,423
Industrial	\$1,571	\$ 514	\$2,085

Source: City of South San Francisco General Plan and Parks + Recreation Master Plan; United States Census Bureau, 2014 American Fact Finder, Table 25124; Dana Property Analysis; Group 4 Architecture + Planning Inc.; Municipal Resource Group LLC

VI. ANNUAL FEE ADJUSTMENT

One of the challenges in administering a mitigation fee program is that the cost of land and the cost of construction may continue to change over time, while the fees remain static, unless reviewed annually by the public agency. Many public agencies address this by including an annual fee adjustment in the resolution adopting the fees.

LAND VALUE ADJUSTMENT

Several different methods can be used to adjust park land values and park land acquisition fees. Some agencies conduct an annual market valuation of land and apply the percentage change in land costs to the fees. Others conduct an Assessor's Office records research for recent land sales, as compared to prior year land sales. Still others use publicized indices, such as a consumer price index or the Data Quick Information Systems' change in median purchase prices.

This Report recommends the use of the U.S. Bureau of Labor Statistics Consumer Price Index, All Urban Consumers, San Francisco-Oakland-San Jose (AUC-CPI) for an annual adjustment. It is recommended that the Quimby Act In-lieu Fees and the Mitigation Fee Act Park Land Acquisition Fees be adjusted annually by the AUC-CPI

It is also recommended that a market valuation of land be prepared every five years to validate and adjust the Quimby Act In-Lieu Fees and the Mitigation Fee Act Park Land Acquisition Fees.

CONSTRUCTION COST ADJUSTMENT

Several different methods can be used to adjust construction costs and Park Construction Fees. This Report recommends that the fees be adjusted by the Engineering News Record - Construction Cost Index (ENR-CCI) on an annual basis. The ENR-CCI is a twenty-city average of construction labor and materials costs. The ENR-CCI is similar to a consumer price index, but one that is designed to reflect changing construction costs.

VII. COMPLIANCE REQUIREMENTS

The City of South San Francisco may add a factor to the fees to cover the cost of compliance with applicable statutes. The compliance requirements are summarized in this Chapter.

THE MITIGATION FEE ACT

The Mitigation Fee Act imposes certain administrative requirements on local agencies. Pursuant to Government Code Section 66005(a) of the Act, a City is authorized to recover the full cost of providing services that are funded by the mitigation fees. This includes recovery of administrative fees incurred in compliance with the Act. The procedural and administrative requirements include the following:

1. Analysis required to enact or modify a fee:

In any action establishing, increasing, or imposing a fee as a condition of approval of a development project, the City shall cause a report to be prepared and make findings as follows:

- Identify the purpose of the fee.
- Identify the use to which the fee is to be put.
- Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
- Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
- Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

2. Notice and conduct a public hearing:

Prior to adopting an ordinance, resolution, or other legislative enactment adopting a new fee or approving an increase in an existing fee, the City shall hold a public hearing, at which time oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, shall be published.

3. Accounting requirements

The City shall deposit the fees in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the City, and expend those fees solely for the purpose for which the fee is collected. Any interest income earned by money in the capital facilities account or fund shall also be deposited in that account or fund and shall be expended only for the purpose for which the fee was originally collected.

4. Annual reporting requirements; public hearing

For each separate account or fund established, the City shall, within 180 days after the last day of each fiscal year, make available to the public the following information for the fiscal year:

- A brief description of the type of fee in the account or fund.
- The amount of the fee.
- The beginning and ending balance of the account or fund, the amount of the fees collected and the interest earned.
- An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.
- An identification of an approximate date by which the construction of the public improvement will commence if it is determined that sufficient funds have been collected to complete financing on an incomplete public improvement.
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid, and the rate of interest that the account or fund will receive on the loan.
- The amount of refunds made.

The City shall review this information at the next regularly scheduled public meeting not less than 15 days after this information is made available to the public. Notice of the time and place of the meeting, including the address where this information may be

reviewed, shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request with the local agency for mailed notice of the meeting.

5. Five year reporting requirements: public hearing

For the fifth fiscal year following the first receipt of fees, and every five years thereafter, the City shall make all of the following findings with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put.
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.
- Identify all sources and amounts of funding anticipated to complete financing for incomplete improvements.
- Designate the approximate dates on which the funding referred to above is expected to be deposited into the appropriate account or fund.
- For purposes of these findings, the City shall hold a public hearing, at which oral or written presentations can be made, as part of a regularly scheduled meeting. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, shall be published.

CAPITAL IMPROVEMENT PLANNING

The Mitigation Fee Act provides that the City may adopt a capital improvement plan to identify the location, size, time of availability, and estimates of cost for all facilities or improvements to be financed with the fees. The capital improvement plan shall be adopted by, and shall be annually updated by a resolution of the City Council adopted at a noticed public hearing. Notice of the time and place of the meeting, including a general explanation of the matter to be considered, shall be published. In addition, mailed notice shall be given to any city or county which may be significantly affected by the capital improvement plan.

THE QUIMBY ACT

In addition to the analysis, notice, hearing, accounting and reporting requirements of the Mitigation Fee Act, the Quimby Act (as codified in the California Government Code, beginning with Section 66477) adds additional requirements that must be addressed by the City. The City must adopt an ordinance meeting the following requirements:

- The ordinance must be in effect for 30 days prior to the filing of a tentative map for a subdivision subject to the dedication or in-lieu fee requirement.
- The ordinance must include definite standards for determining the proportion of a subdivision to be dedicated and the amount of the in-lieu fee. The amount of land to be dedicated and the fee must be based upon the density of each residential type.
- The park area per one-thousand residents must be derived from the ratio that the existing amount of park area bears to the existing population. A minimum ratio of three acres per one-thousand residents is permitted where the existing ratio is less than three acres per one-thousand residents.

The City must also assure that the following conditions are met:

- The dedicated land, and the fees, may only be used for developing new parks or rehabilitating existing parks.
- The City must have an adopted general plan or specific plan containing policies and standards, and the park and recreational facilities must be in accordance with definite principles and standards.
- The amount and location of land to be dedicated and the fees to be paid must bear a reasonable relationship to the use of the park and recreational facilities for the future inhabitants of the subdivision.
- A schedule must be developed specifying how, when, and where the City will use the land or fees to develop park and recreational facilities.
- Fees collected must be committed within five years of payment, or the issuance of one-half of the lots created by the subdivision, whichever occurs later.
- If the fees are not committed within the applicable time frames, they must be distributed to the then owners of record.

**A STUDY TO ESTIMATE
A WEIGHTED AVERAGE
MARKET VALUE OF LAND IN
SOUTH SAN FRANCISCO, CALIFORNIA**

PREPARED FOR

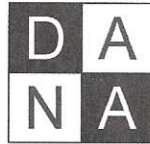
**Ms. Sharon Ranals
Director of Parks and Recreation
City of South San Francisco
33 Arroyo Drive
South San Francisco, California 94080**

DATE OF VALUATION

July 28, 2015

PREPARED BY

**Paul E. Talmage, MAI Dana
Property Analysis
6543 E. Rochelle Circle
Mesa, Arizona 85215**



DANA Property Analysis

6543 E. Rochelle Circle
Mesa, Arizona 85215
(480) 636-0878 talmage@danaproperty.com

February 2, 2016

Ms. Sharon Ranals
Director of Parks and Recreation
City of South San Francisco
33 Arroyo Drive
South San Francisco, California 94080

Re: Estimation of a weighted average market value for South San Francisco, CA, per specified parameters

Dear Ms. Ranals:

In accordance with your request I have conducted research of 1) neighborhood areas, parcel sizes, and types of properties in the City of South San Francisco (SSF) that are the most likely to be developed or re-developed over the next few years; and 2) sales of land in and around South San Francisco to estimate average per-square-foot land values for residential and commercial/industrial properties; both for the purpose of determining an approximate weighted average per-acre value for SSF land.

The effective date of the weighted average market value is July 28, 2015, which is the date I inspected various SSF neighborhoods, properties on the City of SSF Planning Division's "Caseload Status" list, and land and improved parcels in and around SSF that had recently sold. The conclusion is as follows:

Weighted Average Value \$3,000,000/acre

The data and analysis leading to the above conclusion is included in the body of this report. It is subject to standard limiting conditions included in the Addenda of the report.

Sincerely,

Paul E. Talmage, MAI
California Certified General
Real Estate Appraiser AG004846

SCOPE OF APPRAISAL ASSIGNMENT

Objective of Appraisal Assignment

To determine a weighted-average, per-acre land value for South San Francisco, under specified parameters.

Clarification

The per-acre land value conclusion of this report does not apply to a particular property but rather is a composite of land values derived by analyzing sales of land parcels in and around South San Francisco as well as sales of improved properties from which land values could be extracted by residual analysis.

Definitions:

“Weighted Average:” Weighted toward the value of land that is currently (or that may in the near-term future be) available for 1) residential - and more specifically multi-residential - development, and 2) commercial/industrial - and more specifically R&D - development, for which there are likely to be supportive market conditions.

“Unentitled:” Land that has not come before the City for development consideration or is not significantly advanced in the City approval process. The analysis reflects land as though unentitled.

“Per Acre:” South San Francisco is predominantly urban and as such per-unit land prices are typically stated as prices-per-square-foot. The values initially concluded for this assignment are estimated on a per-square-foot basis but then are converted to the equivalent per-acre value by multiplying the conclusion by 43,560, which is the number of square feet in one acre.

Steps to Estimating the Weighted-Average “Per-Acre” Land Value

1. Accumulate regional property sales and listing data for comparison analysis. The search for such sales has extended beyond South San Francisco due to the insufficient number of recent sales therein to arrive at credible value conclusions.
2. Determine roughly the approximate land areas in South San Francisco that are currently (or that may in the near-term future be) available for the various types of development.
3. Conclude 1) by comparison analysis the average per-acre land value by use and then 2) the final weighted-average per-acre value.

Intended Use of the Report

The concluded per-acre values will be used by the City of South San Francisco to assess park fees for proposed new development projects based on the sizes and locations of the properties in the City.

Intended Users of the Report

The client for the assignment is the City of South San Francisco, and the intended users are the City staff and City consultants. My primary contact with the City is Ms. Sharon Ranals.

Extent of Research

Sales Research. Land sales were researched in South San Francisco. When determined that there were insufficient numbers of sales to confidently conclude the composited value, the search was extended to all of San Mateo County. When the county-wide sales were reviewed it was further determined that there were sufficient sales in the northern portion of the county to confidently conclude the composite value.

The sales were initially researched through subscription data services and internet sources. The lead sales data were verified by review of the deeds for all the transactions, and the reported property physical features were checked against assessor's maps and aerial photographs, and by personal inspections. Principals to the transactions and sales agents were contacted when the data collected were deemed insufficient or questionable.

Supply and Demand Factors. Research to determine the availability of and demand for development land in South San Francisco included the following: review of City documents such as the General Plan and specific plans thereof, proposed development projects currently before the City for consideration, and conversations with key City personnel. Additionally, market trends have been determined by reviewing recent internet articles and published market surveys/reports from reliable sources. Numerous sales and listings of land have been researched and inspected, including the 23 sales included in the valuation section of this report.

Extent of Analysis

Research has led to an understanding of the types of projects and the locations where the City encourages and/or expects development over the next few years as well as the demand for the types and locations of projects that are currently appealing to developers and end-users, who represent prospective buyers of land. Analysis of the land sales in this report have led to conclusions regarding per-square-foot values attributed to residential and commercial/industrial land in various sectors of the City.

The weighted average value conclusion is derived by deciding the types and locations of projects that are likely to be developed, and proportioning the per-square-foot land values for each type of use. The conclusion is converted from a per-square foot to a per-acre unit value.

Forecasted Development Activity in South San Francisco

There are numerous avenues of research to understand the likely future development activity in the City of South San Francisco. These are discussed below.

Interviews with City Representatives

City representatives were interviewed to determine the likely concentrated areas of new development or redevelopment in SSF. Conclusions derived from these interviews are summarized below:

Residential

1. Downtown Station Specific Plan area
2. SSF BART Station vicinity
3. El Camino Real

Commercial/Industrial

1. East of US 101
2. Downtown Station Specific Plan area
3. Lindenwood, south of downtown
4. El Camino Real

In the residential category, multi-residential development should predominate, and new single family subdivisions should be rare. In the commercial/industrial category, R&D/life sciences development should predominate; conventional industrial uses such as warehousing and light manufacturing should be less frequently developed.

Development Potential by Location

Many of the comments by City representatives are incorporated in this sub-section. On the following page is a summary of the South San Francisco (SSF) Planning Department's caseload status as of July 16, 2015. At the end of this section are two maps showing the locations of the proposed projects described in the caseload report. These projects suggest the level of demand that presently exists for residential, commercial, and industrial development in the city.

Following are discussions of various anticipated development areas of SSF and include brief descriptions of the caseload properties.

East of US 101. East Grand Avenue generally marks the boundary between areas of differing predominant uses: to the north of the street (roughly two-thirds of the land area east of US 101) are mostly newer R&D/life sciences facilities (R&D); to the south of the street (roughly one-third of the land) are mostly older conventional industrial buildings.

**Planning Division Case Load
July 16, 2015**

Map No.	Location	Project	Status
1	101 Oyster Point	Britannia Cove with over 1,000,000 SF of R&D/office space	PC Review
2	475 Eccles Avenue	Office/R&D 263,000 sf 4-story building 5-level parking structure on 6.1 acres	Pending app response
3	101 Haskins Way	Auto rental business	Approved
4	151 Mitchell Avenue	Technical training school, restaurant and bakery	Approved
5	127 W. Harris Avenue	Five-story hotel with 128 rooms	Pending CWQA
6	Bayshore Boulevard	Centennial Towers to allow R&D; additional tower under consideration	Under review
7	211 Airport Boulevard	Seven-story residential building with 83 units + 2- level parking structure	Under review
8	255 Cypress Avenue	Five-story residential building with 46 units and ground floor retail	Under review
9	488 Linden Avenue	Five-story residential building with 38 units	Under review
10	300 Miller Avenue	Four-story senior housing with 91 units	Under review
11	423 Baden Avenue	Hawaiian Culturam Center	Approved
12	230 S. Spruce Avenue	Full service restaurant	PC review
13	137 S. Linden Avenue	Tasting room	Approved
14	30 Tanforan Avenue	MTA bus training facility; a building of 140,000 square feet was demolished, for the new training facility now to have only 1,500 square feet, the rest open yard	Under review
15	1070-80 San Mateo Avenue	Reduce building area from 570,000 SF to 455,000 sf to allow for more parking	Approved

R&D has over the last several years encroached into the southern portion. The City neither encourages nor discourages R&D or conventional industrial in that area. Driving the encroachment is in part the higher land values that R&D uses command.

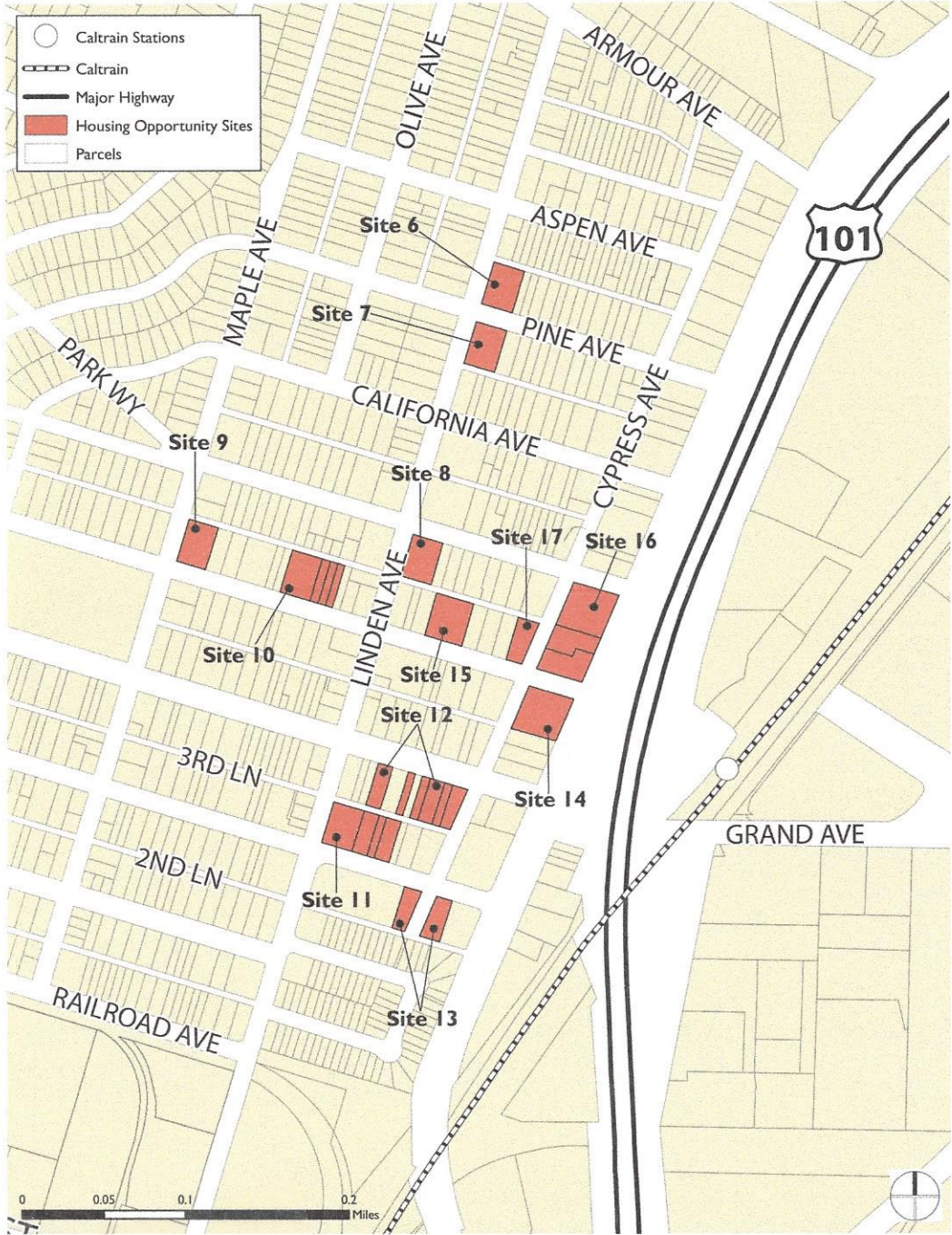
According to the newly released Downtown Station Area Specific Plan, no residential development is permitted east of US 101. However, the City is now considering allowance of residential uses in particular locales. Examples of areas under consideration include: east of the Caltrain station, south of East Grand Avenue near US 101, Oyster Point, and along Dubuque Avenue. Because residential is not now permitted and the results of the City's decision are only speculative, residential is excluded as a possible land use in the analysis for the area east of US 101.

See Caseload Status proposal Nos. 1-6 on the table preceding this page. These describe possible new land uses east (or just west) of US 101; the first map at the end of this section shows their approximate locations. The case load includes proposals and recent approvals for R&D use, R&D/office use, a hotel, an auto rental business, and a technical training school. Three of the six would involve mid-rise Class A developments, which are similar to the newer buildings housing much of the intensive life science growth east of the freeway over the last 10 years. No. 6 is just west of the freeway but its character and allowed uses are similar to the new R&D/office development in the eastern sector.

Downtown SSF. The most significant potential area of growth in SSF, particularly for new multi-residential projects, is the Downtown Station Specific Plan Area. The recently completed specific plan substantially intensifies the development potential of properties within a half mile of the Caltrain Station (at Grand Avenue and Airport Boulevard) that itself is slated for significant renovation/expansion. Housing opportunity sites downtown are identified by the City on the map following this page. The plan forecasts over 1,400 new residential units and over one million square feet of office space over the next 20 years. First floor retail along Grand Avenue will be a continued City requirement; upper floor development along Grand and new development along the other streets will probably be predominantly multi-residential rather than office. Office development downtown has been sparse for decades, and the vacancy level continues high at 20 percent, even during a favorable economic climate.

See Caseload Status proposal Nos. 7-11 on the previous table. The first three are proposed multi-residential projects with maximum densities at 100-120 units per acre. No. 10 is also a high density project proposed for senior housing. No. 11 is a proposed cultural center. Four of the five projects suggest that there is demand for the higher density residential uses. See the map following this page showing the possible development sites as identified by the City.

Figure 3: Housing Opportunity Sites in Downtown Area



SSF BART Station. The General Plan identifies numerous properties in the BART station vicinity that have multi-residential potential. The maximum density in the immediate vicinity is 50 units per acre, though two approved projects fronting Mission Road are intended for moderate density development. See the map following this page showing the possible development sites as identified by the City.

South of Downtown SSF (Lindenville). Lindenville is characterized by older conventional industrial development on smaller land parcels than are typical to the east of US101. The character of this neighborhood is not expected to change, and any new development would probably be of like-kind to that presently existing.

Nos. 12-15 in Lindenville are a mix of proposed uses including a restaurant, tasting room, and MTA bus training facility. No. 14 at 30 Tanforan involves the demolition of a 140,000± square foot industrial building to be replaced by a new 1,500 square foot building; the rest of the land will be available for driver training. No. 15 at 1070-80 San Mateo Avenue involves the demolition of a 115,000± square foot portion of a massive complex once occupied by GSA but now primarily tenanted by Federal Express, which needed a bigger parking area.

El Camino Real. Moderate to high density residential and some commercial development is expected along or close to El Camino Real, especially near the BART station (see above) and the Chestnut/El Camino Real intersection. The latter allows up to 100 units per acre. Few new retail projects are expected in SSF, but renovation to and expansion of existing retail centers will likely occur over the next few years. An example is a shopping center at the El Camino-S. Spruce intersection that will expand from 150,000± square feet to 220,000± square feet; there will also be an addition of 284 medium–density residential units to the site.

Summary. Currently the areas involving the most planning activity are east of US 101 and in the downtown area. In the former, R&D/life science will likely be prevalent. Moderate to high density residential will likely be prevalent in the latter.

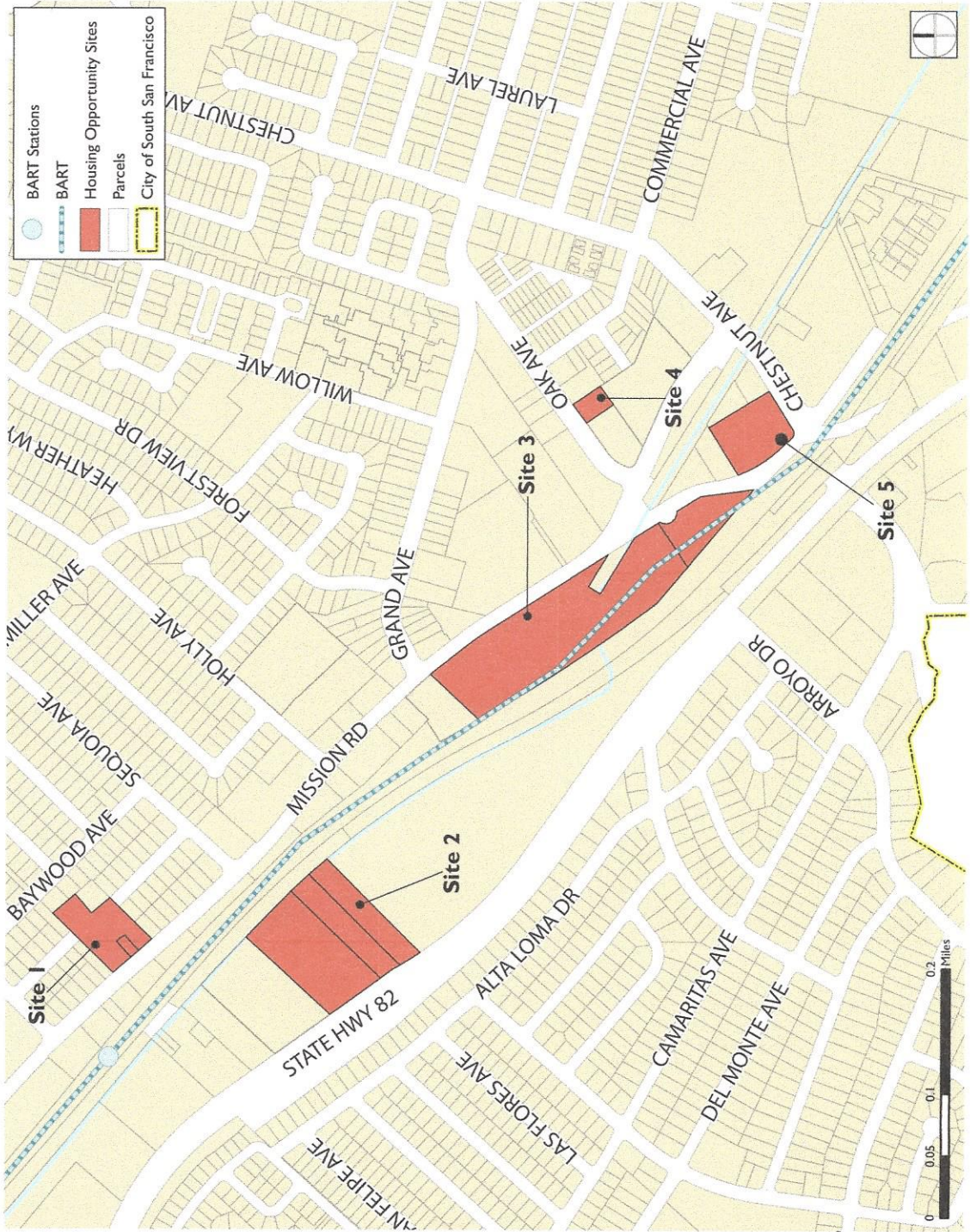
Market Conditions

At present real estate markets are generally favorable for development or redevelopment in SSF as shown on the second following page. The only negative condition is a high vacancy rate for office space. Historically, vacancy percentages for office buildings in the City have been in high teens or low 20s.

Conclusions: Likely Development Activity in South San Francisco

Residential. I forecast that mid- to high-density multi-residential development will predominate the area of SSF west of US 101, particularly downtown, near the SSF BART station, and along El Camino Real.

Figure 2: Housing Opportunity Sites in Transit Village Area

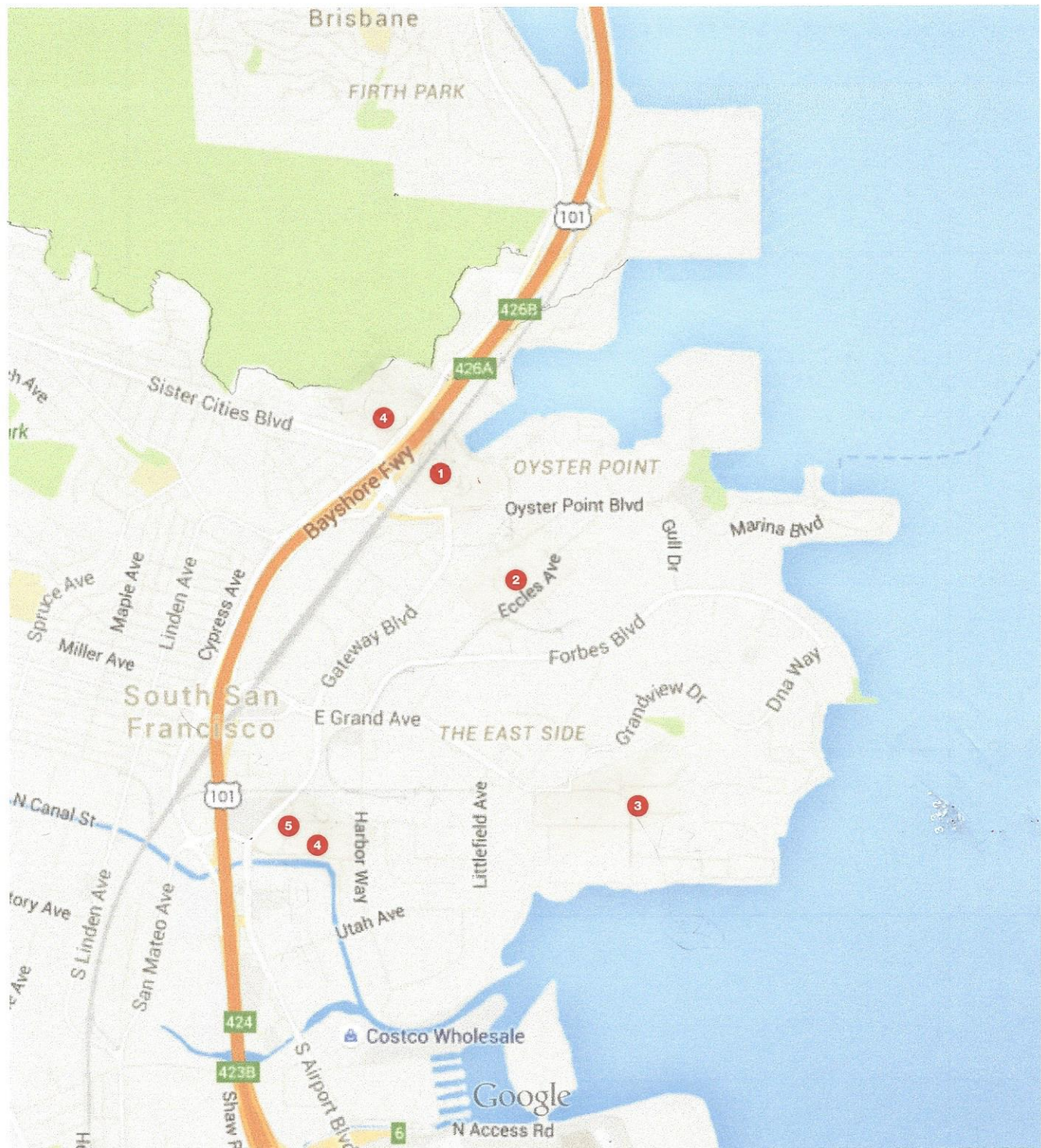


Market Trends			
	<u>County</u>	<u>SSF+Brisbane +Burlingame</u>	
R&D/Life Science			
Inventory (SF)	19,500,000	9,000,000	(a)
Vacancy - May, 2015	4.8%	6.8%	
May, 2014	7.9%		
Historic Avg.	10.6%		
Net Absorption (SF)	+384,000	-20,000	
Avg Rent (\$/SF/Mo)	\$2.75	\$3.09	
Last year	\$2.26		
Conventional Industrial			(a)
Inventory (SF)	40,000,000	17,000,000	
Vacancy - May, 2015	3.80%	4.50%	
May, 2014	4.80%		
Net Absorption (SF)	+67,000	+26,000	
Avg Rent (\$/SF/Mo)	\$1.00	\$0.93	
Last year	\$0.80		
Office			(a)
	<u>County</u>	<u>SSF</u>	
Inventory (SF)	33,000,000	2,300,000	
Vacancy - May, 2015	11.3%	20.0%	
May, 2014	13.4%		
Net Absorption (SF)	+248,000	139,000	
Avg Rent (\$/SF/Mo)	\$4.14	\$3.33	
Last year	\$3.76		
Retail Shopping Center			(a)
	<u>County</u>	<u>North SMC</u>	
Inventory (SF)	10,000,000	4,000,000	
Vacancy - May, 2015	2.50%	4.3%	
May, 2014	2.90%		
Net Absorption (SF)	-3,000	+1,000	
Avg Rent (\$/SF/Mo)	\$2.54	\$2.38	
Last year	\$2.44		
Residential			
<u>County</u>		<u>\$/SF/Month</u>	(b)
Multi-family rents		June, 2015 June, 2014	
1 bedroom		\$3.20 \$2.93	
2-bedroom		\$2.85 \$2.65	
3-bedroom		\$2.57 \$2.31	
		<u>Price/Unit</u>	(c)
Multi-family projects		\$385,000 \$347,000	
		<u>Price/Residence</u>	(d)
		May, 2015 May, 2014	
Single-family prices			
San Mateo County		\$1,050,000 \$880,000	
SSF		\$777,000 \$605,000	

Sources: (a) Colliers International, (b) Zillow.com, (c) DQ News, (d) Loopnet

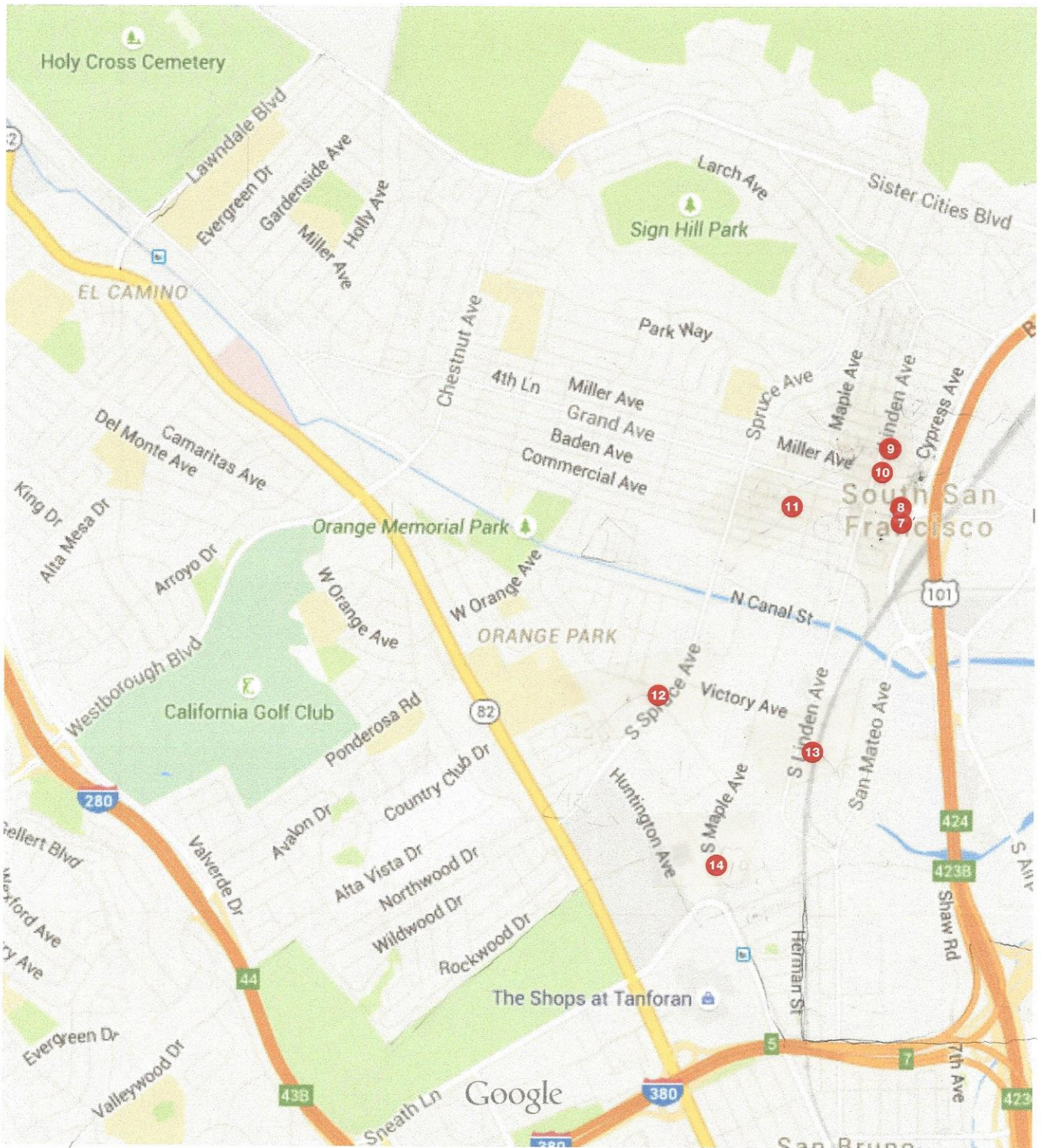
Commercial/Industrial. I forecast that R&D/Life sciences development will predominate the area of SSF east of US 101. Traditional industrial uses such as warehousing and light manufacturing have been, and are likely continue being, replaced by the more intensive R&D uses. Residential development is not presently permitted east of US 101.

I forecast a broad mix of traditional industrial and commercial development will occur west of US 101, though with less frequency than multi-residential development. The industrial projects will mostly be restricted to either upgrading or redeveloping existing industrial properties. The commercial projects will mostly involve upgrading and possible expansion of existing retail facilities; office development will likely be less common.



Traffic, Transit, Bicycling, Terrain, Directions

Map data ©2015 Google 2000 ft 



Traffic, Transit, Bicycling, Terrain, Directions

Map data ©2015 Google 2000 ft

VALUE ESTIMATES FROM THE MARKET SALES DATA

On the following page is a table showing sales information for 19 land parcels and four improved properties in the northern region of San Mateo County. At the end of the next section of the report, which reports the weighted average value conclusion, are maps showing the locations of the properties. The properties are identified as being residential or commercial/industrial by the color given to their identifying numbers, blue for the former and red for the latter.

In the Addenda of the report are aerial photographs and assessor's maps which more specifically identify the locations and character of each of the 23 properties.

Analysis of Residential Sales Leading to a Representative Per-Acre Value Conclusion

The residential sale properties will be used to help determine the weighted mean (average) value for the region west of US 101.

The Comparables. Eleven residential sales are presented on the table. Five of these are in South San Francisco (SSF) and the rest are in neighboring Daly City or San Bruno. The five in SSF are considered the best for estimating the mean value of residential properties having the potential for development over the next few years. All but one of the sales took place in 2014 or 2015; the one exception was for a SSF land parcel that sold in November, 2013.

The search for comparables was not limited to a size range, and the parcels thus range broadly from 0.26 acres to 4.91 acres. The mean of the sizes is 1.26 acres (the median is 0.69 acres). The properties are presented first by city location and then by size in ascending order. For example, Sale R1 is the smallest SSF parcel at 0.13 acres and the R5 is largest SSF parcel at 1.71 acres. They are arranged in this manner because there is a roughly inverse correlation, after equalizing differences, between increasing parcel sizes and decreasing per-square-foot selling prices.

The empirical data support the maxim that smaller properties tend to sell at higher unit prices than larger properties, all else equal. Thus the two weighted mean price conclusions will reflect the approximate mean size of each type of properties in the geographic area.

Unit Prices. The eleven sales prices range from \$23.38 to \$135.48 per square foot of land area, and mean value is \$81.23 per square foot. The lowest unit price is for a raw parcel of land that is also the largest of the comparables at 4.91 acres. The highest unit price is for a relatively small parcel that has a good corner location in Daly City.

Land Sales

(Blue and Red sales below correspond to colored circles on map)

Residential				Sale	Price	Acres	Price/ Land SF
No.	Address	City	APN	Date			
R1	806 Baden Avenue	South SF	012-183-130	04/30/14	\$425,000	0.1286	\$75.89
R2	1309 Mission Road	South SF	010-213-070	11/04/13	\$1,575,000	0.4039	\$89.52
R3	932 El Camino Real	South SF	014-011-330	10/08/14	\$2,400,000	0.6310	\$87.32
R4	211 Airport Boulevard	South SF	012-337-050	12/08/14	\$3,200,000	0.6920	\$106.16
R5	1256 Mission Road	South SF	011-171-330&500	06/19/15	\$4,415,000	1.7138	\$59.14
R6	6098 Mission Street	DalyCity	004-031-160&170	05/27/14	\$2,000,000	0.3389	\$135.48
R7	1548 Annie Street	DalyCity	006-341-010,020+ (b)	09/19/14	\$4,050,000	1.3621	\$68.26
R8	515 Washington Street	DalyCity	006-344-020, 110+ (a)	03/24/15	\$5,650,000	1.7218	\$75.33
R9	360 3rd Avenue	DalyCity	006-392-050-080+ (c)	12/03/14	\$5,650,000	1.7677	\$73.38
R10	Wellington Avenue	DalyCity	003-211-310	07/02/14	\$5,000,000	4.9100	\$23.38
R11	173 San Benito Avenue	S Bruno	021-176-010	03/05/15	\$1,130,000	0.2603	\$99.65
Commercial/Industrial				Sale	Price	Acres	Price/ Land SF
No.	Address	City	APN	Date			
C1	221 Miller Avenue	South SF	012-315-030	05/15/14	\$375,000	0.1026	\$83.87
C2	901 Airport Blvd	South SF	012-080-710	08/12/14	\$1,800,000	0.5200	\$79.47
C3	127 W. Harris Street	South SF	015-123-600	07/03/14	\$3,250,000	1.4700	\$50.76
C4	400 Washington Street	DalyCity	006-345-070	10/24/14	\$1,100,000	0.3444	\$73.32
C5	493 Eastmoor Avenue	DalyCity	008-082-200	09/10/13	\$750,000	0.3680	\$46.79
C6	811 Huntington Ave	S Bruno	020-111-130&140	03/11/14	\$412,500	0.1090	\$86.84
C7	99 California Drive	Burling	029-242-040	04/04/14	\$850,000	0.1271	\$153.54
C8	350 Beach Road	Burling	026-350-130	03/15/15	\$47,700,000	16.2280	\$67.48

Land Residual Value Estimates from Improved South SF Commercial/Industrial Sales

No.	Address	Land Acres	APN	Sale Date	Price		Residual Value/SF
					\$	/Land SF	
West of US 101							
C9	123 S. Linden Avenue	0.4017	014-212-030	12/17/14	\$1,600,000	\$91.44	\$74.29
2 bldgs = 10,000 SF, age 54 & 30± yrs; est. value = \$30/SF; residual to land = \$1,300,000 = \$74.29/SF							
East of US 101							
C10	514 Eccles Avenue	1.3000	015-082-120	06/12/14	\$4,200,000	\$74.17	\$67.10
1 bldg = 26,686 SF, age 51 yrs; est. value = \$15/SF; residual to land = \$3,799,710 = \$64.74/SF							
C11	267 Wattis Way	2.9093	015-124-090	05/01/14	\$7,800,000	\$61.55	\$53.64
1 bldg = 50,090 SF, age 45 yrs; est. value = \$20/SF; residual to land = \$6,798,200 = \$53.64/SF							
C12	436 Rozzi Place	6.5684	015-082-220, 230* (d)	06/02/15	\$15,844,500	\$55.38	\$47.35
4 bldgs = 114,897 SF, age 38-49 yrs, est. value = \$20/SF; residual to land = \$13,546,560 = \$47.35/sf							

(a) + 160 & 170; (b) + 006-188-030; (c) + 006-393-080, 090, 190, & 200; (d) + 080, 090, 100, & 015-071-320

The price range for the residential properties in SSF is \$59.14 to \$106.16 per square foot and mean value is \$83.61 per square foot. The high-end price is for a rectangular, well exposed property in downtown SSF having the most liberal zoning of all the properties, allowing a very high residential density of up to 120 units per acre. The low-end price is for the largest of the SSF properties at 1.71 acres.

Probable Types of Development. Included in the 11 sale properties are parcels having the potential for development as a single family residence and as a multi-residential projects. Single family subdivision land parcels in SSF are few, and development proposals are rare. Proposed residential developments currently in the city planning phase are mostly high-density, multi-family projects. The City encourages mid- to high-density projects for most locations, especially downtown where substantial population growth is anticipated over the next several years. The market trends for such developments are favorable. There is a correlation between high densities and high per-unit sales prices. The best example is Sale R4 which has the highest residential density potential at 120 units per acre and the highest SSF unit price of \$106.16 per square foot.

Assume No Entitlements. The weighted value conclusions reflect no entitlements. The prices of those properties that had achieved entitlement or had progressed significantly in the planning process prior to sale have been discounted for the comparison analysis.

Size Factor. The sizes of parcels influence their per-square-foot prices. The mean and median (the mid-point parcel size) sizes of the 11 residential sale parcels west of US 101 are 1.26 and 0.69 acres, respectively. An aerial photographic view of the potential development areas in the western sector suggest a mean parcel size of between one-half acre and one acre. The downtown parcels will typically be nearer the low end of this range; in other areas the parcels will be nearer the high end. The most representative size is estimated at 0.75 acres.

Locations of the Anticipated Residential Development. The downtown is expected to produce the most residential building square footage in SSF. The residential unit value component of the weighted mean value of land west of US 101 will reflect this condition. The only sale of multi-residential land in the downtown area is No. R4 at 211 Airport Boulevard, which sold for \$106.16 per square foot. This price is higher than the mean for residential properties because the parcel is very well located and rectangular, and has two corners and the most liberal zoning, allowing 120 units per acre. A more representative value for downtown would be about \$90.00 per square foot.

The \$90.00 per square foot estimate is higher than the prices for SSF residential land outside of the downtown area, which range from \$59.14 to \$89.52 per square foot. The mean of these four prices is \$77.97 per square foot. Considering the five SSF sales alone, the weighted mean residential value is estimated at \$87.00 per square foot.

Sales R6-R10 are in Daly City. R7 and R8 are in the Sullivan Corridor Specific Plan area where densities are generally less than in the development areas of SSF. The same is true for R9. The prices for these properties range from \$68.26 to \$75.33 per square foot, and by comparison the SSF property values should be higher. The extremes in prices are R1 and R6, and for various reasons the subject value should be within the broad price range for these properties. R11 is a single lot in San Bruno, and its price of \$99.65 per square foot is higher than reasonable for larger residential parcels in SSF. The non-SSF sales suggest a mean SSF value at about \$80.00 per square foot.

In summary, the mean values estimated from the comparables are as follows: SSF sales indicate \$87.00 per square foot; non-SSF sales indicate \$80.00 per square foot. Giving more weight to the SSF sales, the most representative value of prospective future residential development sites in SSF is estimated at \$85.00 per square foot, or \$3,700,000 per acre (rounded).

Analysis of Commercial/Industrial Sales Leading to Two Representative Per-Acre Value Conclusions

The commercial/industrial (C/I) sale properties will be used to help determine the weighted mean value for the SSF sectors east and west of US 101. Eight land sales and four improved sales are identified as C1 – C12 on the earlier sales table. Three of the land sales and all four of the improved sales are in SSF and the rest are in neighboring Daly City or San Bruno, or further south in Burlingame. Again the SSF sales are considered the best for estimating the mean land value under the criteria discussed earlier. All but one of the sales took place in 2014 or 2015.

The land areas of the 12 C/I properties range broadly from 0.11 to 16.23 acres. The mean and median of the 12 parcels are 2.56 acres and 0.46 acres, respectively. Broken down to east (C3, C10, C11, and C12) and west of US 101, the sizes are as follows:

	<u>East of US 101</u>	<u>West of US 101</u>
Mean Size (Acres)	3.43	2.41
Median Size (Acres)	2.19	0.36

C/I parcels to the east of US 101 having development potential are generally larger than those to the west.

The first eight C/I sales are vacant. They are presented first by city location and then by size in ascending order as was done with the earlier residential sales. The inverse size to unit price relationship applies here as well. All four of the improved sales, Nos. 9-12, are in SSF, and three of these are east of US 101.

Per-square-foot values for C/I parcels are estimated separately for land east and west of US 101. The uses and average sizes of the parcels vary, and thus the per-square-foot values vary by the two locales.

1. C/I Values East of US 101. Only four of the sale properties are east of US 101, and these include three of the four improved properties, Nos. C10, C11, and C12. C3 is also to the east though it is slated for hotel development, which is not a dominant use for the area. The heaviest use concentrations are research and development (R&D), followed by traditional industrial (warehousing and light manufacturing).

Residual land values are derived from the sales of the improved properties. As shown at the bottom of the earlier sales table the estimated residual land values are as follows:

<u>Sales</u>	<u>Residual Land Values/ sq. Ft.</u>
C10	\$67.10
C11	\$53.64
C12	\$47.35

The price of C3 was \$50.76 per square foot. While the other eight C/I sales west of US 101 are considered in the analysis of the eastern sector, the residual land value estimates from C10, C11, and C12 are considered the most reliable comparisons. The three properties were selected considered the age and type of the improvements and the building to land area ratios. Older warehouses with minimal interior build-out contribute the least to the overall values of the properties, and thus estimating their depreciated building values are least vulnerable to significant error.

Demolition of existing warehouses to make way for more intense developments are common in eastern sector of SSF. For example, redevelopment plans for the site of an existing warehouse facility at 475 Eccles Avenue east of the freeway have been submitted to City Planning. As shown for No. 2 on the earlier Planning Division Case Load table, a proposal to develop a four-story, 263,000 square foot office/R&D project has been submitted for review. Presently on the 6.10 acre site is a 152,145 square foot warehouse built in 1965 that has already been razed for the redevelopment.

The three improved sale properties are similar to the 475 Eccles Avenue property, and two of them are right across the street from it. The buildings on the sites were, with one exception, built in the 1960s. After inspecting these properties I have for purposes of the residual analysis estimated the building values at \$15.00 to \$20.00 per square foot of building area. The residual land value estimates are shown at the top of this page.

Land sizes for the three improved properties range from 1.30 to 6.57 acres. From aerial views of the eastern region it appears that the typical parcel size is close to the size of

C11, which is 2.91 acres. And as such its residual land value of \$53.64 per square foot likely approximates the mean value for land parcels that are candidates for near-term development east of US 101.

The prices for the eight pure land sales, Nos. C1–C8, range from \$46.79 to \$153.54 per square foot and the mean is \$81.06 per square foot. The best of these is C3, which sold at \$50.76 per square foot, because it is the only parcel of the eight east of US 101 and its size is close to the mean size of parcels on the east side; the price supports the residual value of \$53.64 per square foot estimated for C11.

In conclusion, the most representative size of prospective future development sites is considered to be about three acres. The most representative value of prospective future development sites east of US 101 is considered to be \$53.00 per square foot, or \$2,300,000 per acre (rounded).

2. C/I Values West of US 101. Sales C1 and C2 are in or near downtown SSF and sold for \$83.87 and \$79.47 per square foot, respectively. Sale C3 as discussed is a SSF land parcel east of US 101. Sales 4-8 in three nearby cities sold within a range of \$46.79 to \$153.54 per square foot. The residual land value from improved C9, which is in the Lindenville area, is \$74.29 per square foot. The mean of the prices for the eight properties excluding the four east of US 101 (Nos. C3 and C10-C12) is \$84.03 per square foot and the median is \$76.88 per square foot.

Commercial Land. Commercial properties having development potential west of US 101 are scattered, though many are along or close to El Camino Real. Their sizes are probably slightly larger than that industrial properties, say three-quarter acres on average.

The best sales, given a size range of one-half to three-quarter acres, are 1) the 0.52-acre C2 which sold at \$79.47 per square foot and 2) the 0.34-acre C4 which sold at \$73.32 per square foot. C5 is within the size range of these two, but its un-level terrain diminishes its usefulness for comparison purposes. C3 east of the freeway is 1.47 acres and sold for \$50.76 per square foot; however this parcel is burdened by power lines which diminishes its functional utility. The smallest sale properties, Nos. C6 and C7, sold at higher than reasonable prices. In conclusion, a representative value for a three-quarter acre commercial parcel is estimated at \$75.00 per square foot.

Industrial Land. Industrial properties west of US 101 are traditional facilities, smaller than typical for properties east of US 101. They are concentrated generally south of downtown and north of Interstate 380, centered along the north-south-lying San Mateo Avenue; the area, known as Lindenville, extends east-west between S. Spruce Avenue and US 101. Lindenville is almost 100 percent developed with older industrial buildings, built out at higher than typical FARs on parcels whose mean size is estimated at about

one-half acre. The size of Sale C9 at 0.40 acres is considered typical. Its residual land value at \$74.29 per square foot is probably a good representation of the price of the typical industrial lot. A representative value for a one-half acre industrial parcel is estimated at \$75.00 per square foot.

In conclusion, the most representative size of prospective future C/I development site is considered to be one-half to three-quarter acres. The most representative value of prospective future development sites is considered to be \$75.00 per square foot, or \$3,300,000 per acre (rounded).

WEIGHTED AVERAGE UNIT VALUE CONCLUSIONS

The unit value conclusions from the previous section are as follows:

Residential - West of US 101	\$3,700,000/acre
Commercial/Industrial	
East of US 101	\$2,300,000/acre
West of US 101	\$3,300,000/acre

The area east of US 101 is expected to experience the most new commercial/industrial development in coming years. In this area, land parcels are generally larger than parcels to the west of the freeway. As such the per-acre values are lower. The overall unit value for commercial/industrial land is concluded to be closer to that of land to the east of the freeway, in the \$2,500,000 - \$2,600,000 range. To summarize: The residential conclusion is \$3,700,000 and the commercial/industrial value is \$2,550,000±.

Significant multi-residential development is expected west of US 101 over the next few years. The relative numbers of multi-residential versus commercial/industrial developments depend on future conditions. Present conditions suggest similarly strong demand forces. As such the concluding unit value for the two categories of use should reflect equal rating. This would suggest a conclusion of about \$3,150,000 (rounded).

However, zoning currently restricts residential development to the western portion of the city whereas commercial/industrial development can occur city-wide. For this reason a slightly greater weight is given to the commercial/industrial unit value conclusion of \$2,550,000±.

The weighted average market value conclusion for land in South San Francisco under the criteria discussed in this report is as follows:

\$3,000,000/acre

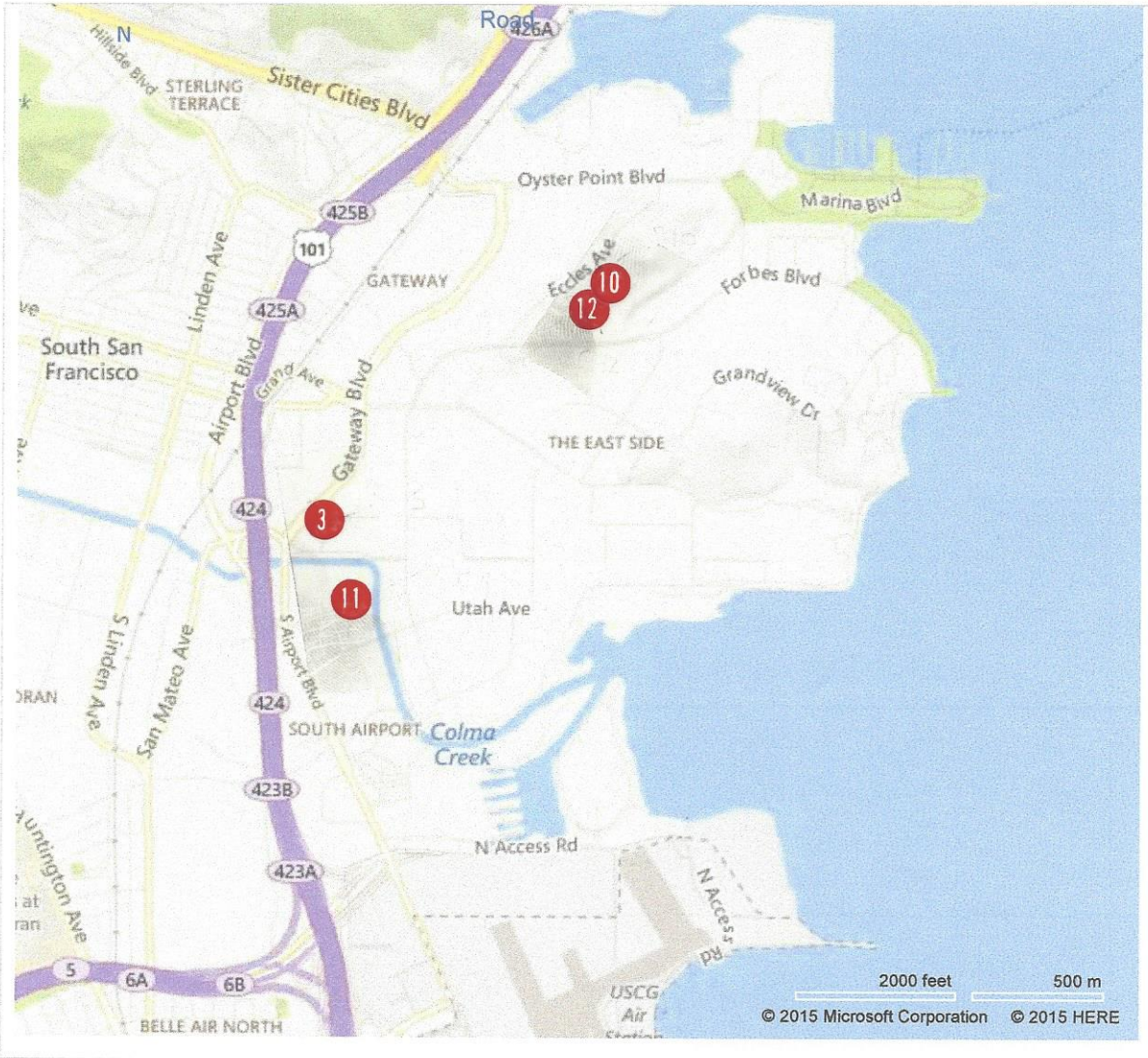
This value is estimated as of July 28, 2015. It is subject to standard limiting conditions included in the Addenda of the report.

Street Map Plus Report

For Property Located At



SOUTH SAN FRANCISCO EAST



 = Exact location of subject may vary by up to 300 feet

Street Map Plus Report

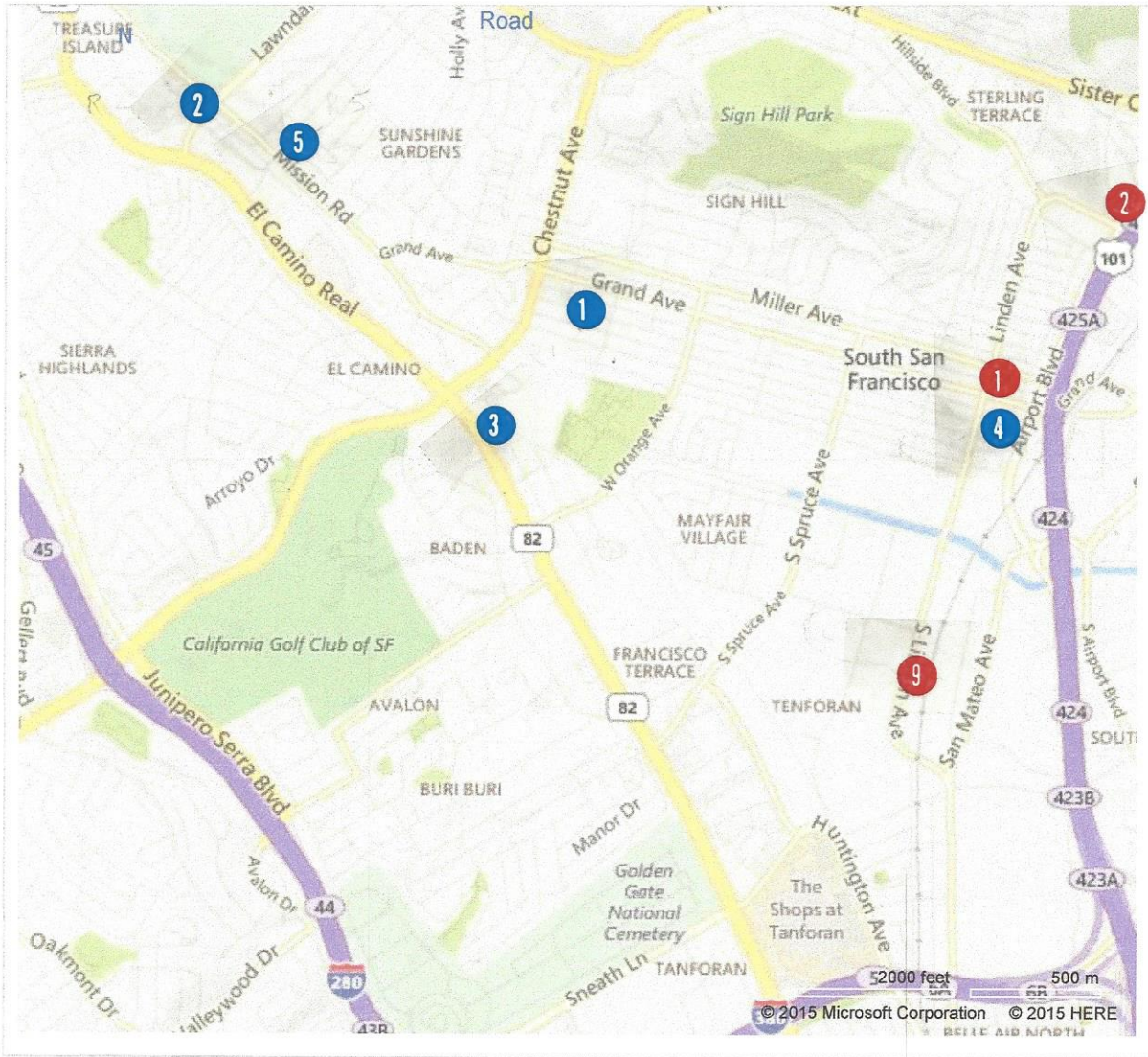
For Property Located At



CoreLogic

RealQuest Professional

SOUTH SAN FRANCISCO WEST



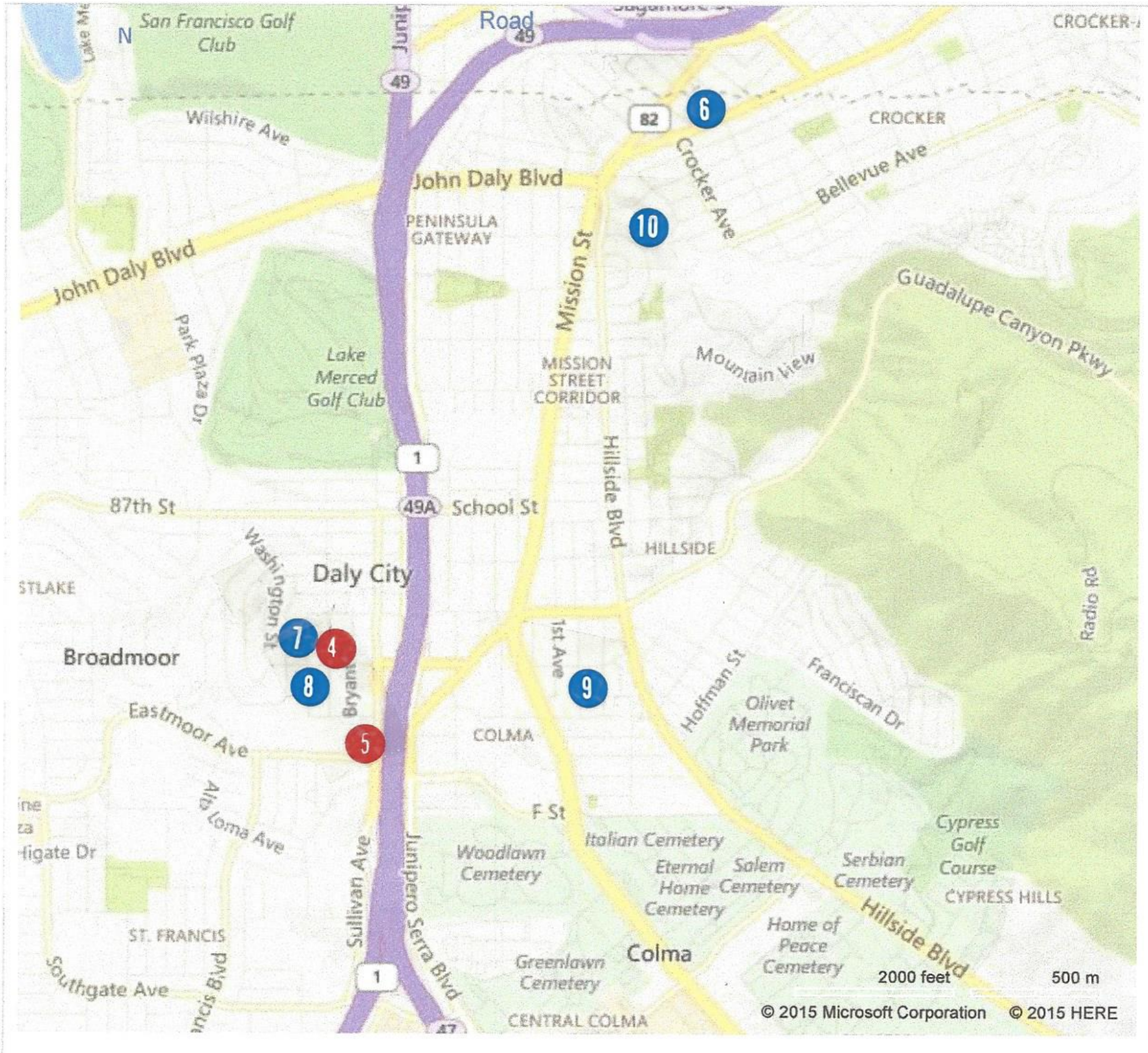
= Exact location of subject may vary by up to 300 feet


Street Map Plus Report

For Property Located At



DALY CITY

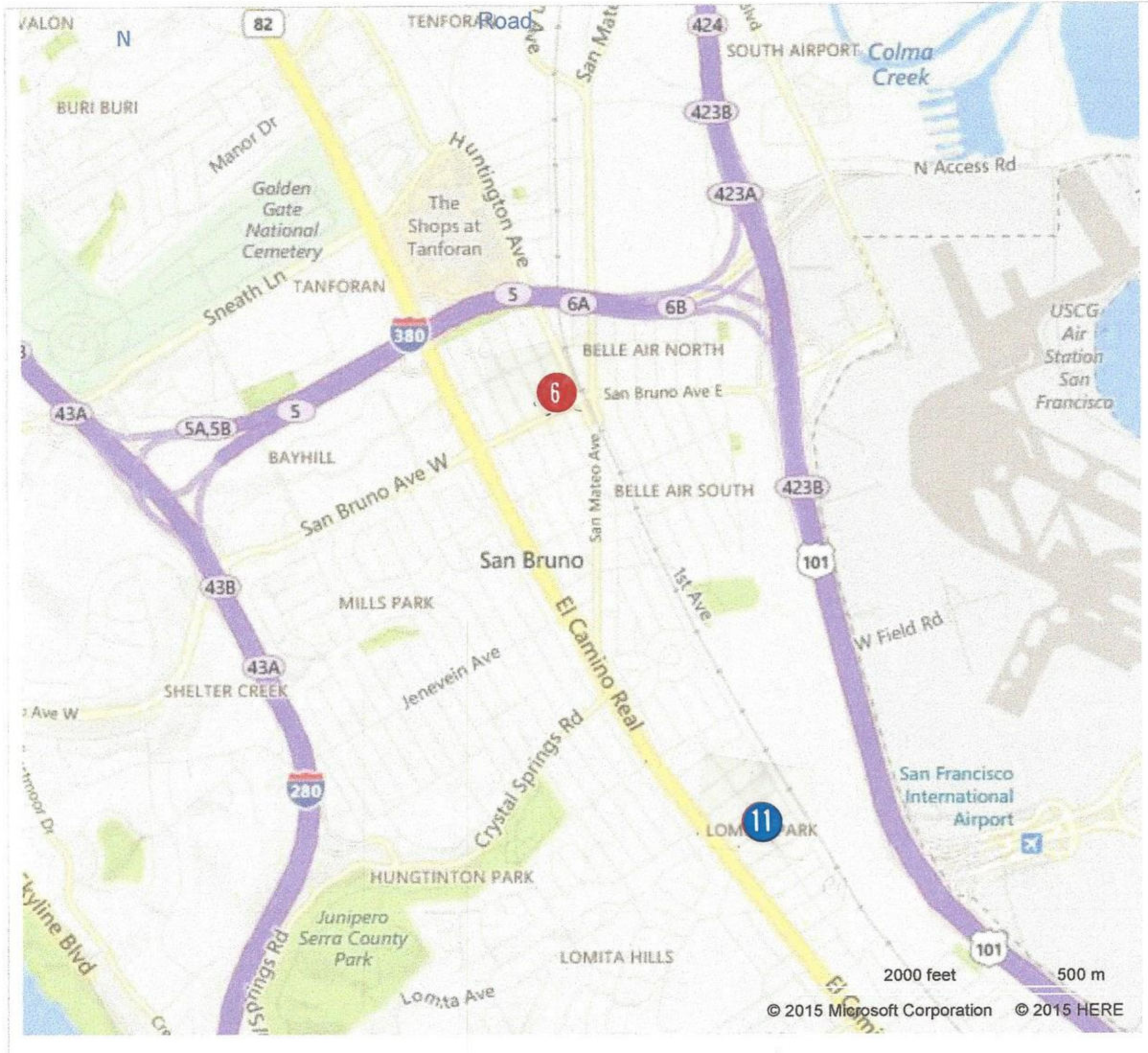


 = Exact location of subject may vary by up to 300 feet

Street Map Plus Report

For Property Located At

SAN BRUNO



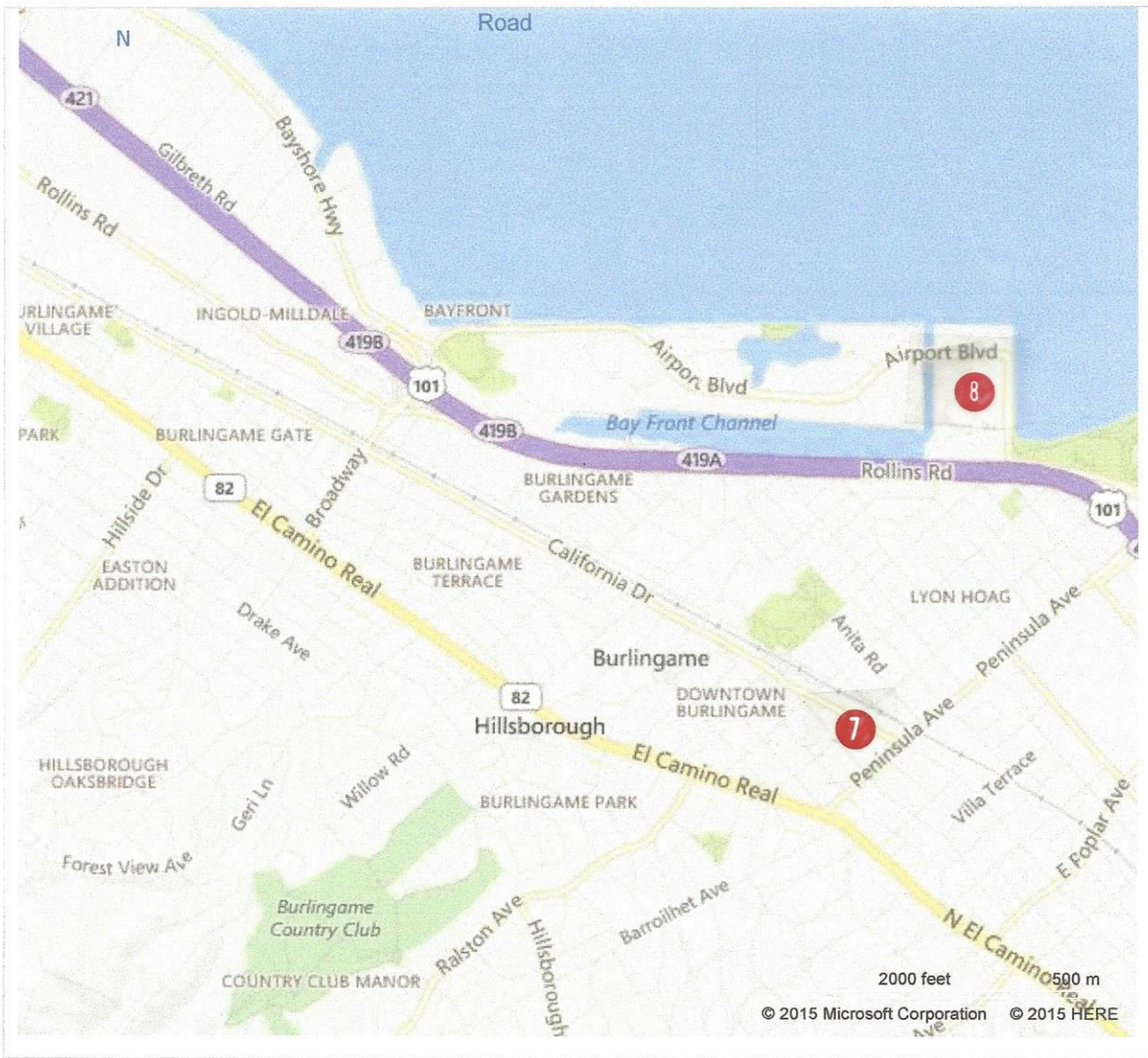
= Exact location of subject may vary by up to 300 feet

Street Map Plus Report

For Property Located At



BURLINGAME



= Exact location of subject may vary by up to 300 feet

ADDENDA

STANDARD LIMITING CONDITIONS

Warranties and Representations by Appraiser

Appraiser warrants and represents to Client that Appraiser has no present or contemplated future interest in the real estate that is the subject of this assignment and that Appraiser has no personal interest or bias with respect to the subject matter of this assignment or the parties involved. No one other than Appraiser (or the individual who signs the appraisal report on behalf of the Appraiser) shall form the analyses, conclusions, or opinions to be set forth in the appraisal report, unless such participation by another party is indicated by the co-signing of the appraisal report by such other party.

Appraiser's Responsibilities

All statements of fact in the appraisal report which are used as the basis of Appraiser's analyses, opinions and conclusions will be true and correct to the best of Appraiser's knowledge and belief. Appraiser shall have no responsibility for legal matters, questions of survey, opinions of title, soil or sub-soil conditions, engineering or other technical matters. Any sketches prepared by Appraiser and contained in the appraisal report will be included solely to aid the user of the report in visualizing the property and its location.

Each finding, prediction, assumption or conclusion contained in the appraisal report will be Appraiser's personal opinion and will not be an assurance that an event will or will not occur. Appraiser may assume that there are no conditions relating to the real estate, sub-soil or structures located on the real estate which would affect Appraiser's analyses, opinions or conclusions with respect to the real estate that are not apparent.

Confidential Information and Ownership of Documents

The data gathered in the appraisal process (except data furnished by Client) and the appraisal report prepared pursuant to the Agreement will remain the property of Appraiser. With respect to the data provided Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any confidential information furnished to Appraiser. Appraiser is, however, authorized by Client to disclose all or any portion of the appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institution now or hereafter in effect.

Limitations Upon Use of Appraisal Report by Client

Client agrees that the appraisal report to be prepared pursuant to this Agreement shall not be quoted or referred to in any report or financial statement of Client or in any documents filed with any governmental agency without the prior written consent of Appraiser. The contents of this appraisal report (especially the conclusions as to value, the identity of Appraiser, references to the Appraisal Institute or references to the MAI designation), if disseminated to the public through advertising media, public relations media, news media, sales media or other public means or communications, must be provided in its entirety.

Contamination Issues

Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the subject property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulations, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.



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2 October 2015

MEMORANDUM

Tom Sinclair
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PROJECT

SOUTH SAN FRANCISCO PARK DEVELOPMENT IMPACT FEES UPDATE

SENT VIA

E-Mail:

TOPIC

PARK CONSTRUCTION BUDGETS

This memorandum describes the methodology and recommendation for capital budgeting for future park construction as part of Municipal Resource Group's park development impact fee update study for the City of South San Francisco.

RECOMMENDATION

We are recommending a budget of approximately **\$18 per square foot**, or approximately **\$785,000 per acre** for park construction. As discussed in more detail below, these numbers are for construction only, and do not include soft costs.

METHODOLOGY

Scope of Park Construction

This study considers only future parks in South San Francisco; operations and maintenance costs for current and future parks are ineligible. The City's 2015 *Parks + Recreation Master Plan* identified specific future park needs. Of these proposed projects, the only one with any level of documented planning is the proposed expansion of Orange Memorial Park, which is described in the 2007 *Orange Memorial Park Master Plan Update*. To date, no formal planning has been done for the other projects proposed in the City's 2015 *Parks + Recreation Master Plan*.

On July 31, 2015, I met with Sharon Ranals and Samantha Haimovitch of the City's Parks and Recreation Department to review potential development strategies for future parks. The purpose was not to develop a specific construction scope for each park, but to discuss the types of activities that these parks should support and the associated amenities that would be needed to support those activities.

Based on this discussion, the following projects were selected as generally representative of the level/intensity of development that South San Francisco anticipates for future parks. These parks and their general scope of amenities/ improvements served as the foundation of the construction budget for future parks.

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2 October 2015

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Sample Parks Used for Cost Model	Park Type	Acres
1. Orange Memorial Park Expansion	community park	7.6
2. El Camino Real/Chestnut Avenue Park	community park	9.1
3. Downtown Park	neighborhood park	2.0
4. East of 101 Park	neighborhood park	2.0
5. Sunshine Gardens Elementary	playlot (on SSFUSD property)	0.5
6. Linden & Armour Park	mini park	0.3
7. Miller Avenue Playlot	playlot/mini park	0.4
8. Railroad Avenue Linear Park	linear park	7.5
9. Lindenville Linear Park	linear park	1.6
10. PG&E Corridor Park	linear park	4.0
11. SFPUC/Elkwood Linear Park	linear park	0.4
Total Acres Used in Analysis		35.4

Park Construction Cost Model

Costs for park construction were generally developed on a per-unit basis. Reference materials included City-provided data on recent park construction projects (such as the 2014-2015 improvements at Buri Buri Park, Clay Avenue Playground, Francisco Terrace Playlot, and Winston Manor #1 Park); anticipated construction costs for development of Brentwood Park (currently in design); and the anticipated costs for projects identified in the 2015 *South San Francisco Parks Deferred Maintenance Assessment*. These unit costs were adjusted as needed to include contractor overhead and profit and for escalation to 2015 as appropriate. For perspective, we also connected with some of the landscape consultants with whom we work regularly to review the trends they're seeing in park construction costs in the Bay Area and Northern California.

The amenities planned for selected future parks were quantified and totaled, and the unit costs were applied to each, as follows:

Amenity	Quantity	Cost/ Cost Range	Extended Cost
Diamond fields	2 fields	\$275,000/each	\$550,000
Soccer/rectangular fields (including lights)	2 fields	\$310,000/each	\$620,000
Basketball/hard courts	1 court	\$55,000/each	\$55,000
BBQ area	3 areas	\$80,000/each	\$240,000
Play equipment (including base/footing, etc.)	8 structures	\$350,000/each	\$2,100,000
Small park building (e.g., restroom, concessions)	5 buildings	\$200,000/each	\$1,000,000
Site demolition/preparation	~950,000 SF	\$4-\$5/SF	\$3,990,000
Site equipment – benches, water fountains, etc.	~950,000 SF	\$0.5-\$1/SF	\$670,000
Hardscape – parking, walkways, plazas, etc.	~110,000 SF	\$10-\$25/SF	\$1,590,000
Landscaping (including irrigation, drainage, etc.)	~550,000 SF	\$4-10/SF	\$2,120,000
Linear park (inclusive of all developments)	~590,000 SF	\$15/SF	\$8,850,000
Subtotal			\$21,400,000
Design contingency*	15%		\$3,210,000
Construction contingency**	10%		\$2,140,000
Construction Budget for 11 sample parks		~\$16/SF	\$26,750,000

* design contingency to allow for development of the program and design at individual future parks

** construction contingency to accommodate unforeseen issues/changes during construction



2 October 2015

Tom Sinclair

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The budget model also includes an allowance of \$4.5 million for improvements at the Terra Bay, Sign Hill, and Skyline open space amenities proposed in the 2015 *Parks + Recreation Master Plan*, which represents approximately **\$2 per square foot in addition** to the per-square-foot construction budget for parks.

Together, the total amount represents an estimate of what these future parks and open space projects would cost to build today. Dividing the total construction cost by the combined total park development area resulted in the recommended construction cost per square foot and per acre.

DISCUSSION

These estimates are for construction only. They include allowances for general conditions, contractor overhead and profit, and design and construction contingencies. They do not include design fees or other soft costs (which could be budgeted at 20%-30% of construction), escalation beyond 2015, land acquisition, surveying, geotechnical services, hazardous materials abatement, project management services, construction management services, etc.

The absence of detailed scope for most of the proposed future park projects is a factor in this methodology. In some cases, land for the proposed future parks has not yet been identified or acquired. The contingencies we have built into this cost model should accommodate minor variations in project size and development scope as the City moves forward with individual projects.

Please do not hesitate to contact us to discuss our methodology.

Jill Eyres
Associate

JE/s