

CITY OF SOUTH SAN FRANCISCO

**PARK CONSTRUCTION FEE AND PARKLAND ACQUISITION FEE
SUPPLEMENTAL REPORT**

MANAGEMENT ADVISORY SERVICES

JUNE 2019

**CITY OF SOUTH SAN FRANCISCO
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SUPPLEMENTAL REPORT**

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**CITY OF SOUTH SAN FRANCISCO
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EXECUTIVE SUMMARY

The City of South San Francisco ("City") has established goals of three acres of community and neighborhood parkland and park facilities per one-thousand residents and one-half acre of parks per one-thousand employees. City policy is for new development projects to contribute proportionately toward these goals.

The City adopted ordinances in 2016, 2017 and 2018 amending the South San Francisco Municipal Code (SSFMC) and adopting a Parkland Acquisition Fee and a Park Construction Fee to provide funding to achieve the City's parkland and park facility goals. This Supplemental Report has been prepared by Management Advisory Services (MAS) to assist the City in achieving three additional objectives:

(i) Confirm that Park Construction Fees may be used to refurbish and expand park facilities on existing City-owned parkland

City park and recreation facilities are reaching capacity. Refurbishing and expanding certain existing park facilities is a cost effective and efficient way to serve future residents and employees, and to maintain existing levels of service.

This Supplemental Report identifies the types of facilities the City may refurbish. Expanded playgrounds, improvements to sports fields and sports courts, building passive park facilities, installing lighting, paths, grading, drainage and irrigation, and implementing other similar refurbish project improvements will address and mitigate the additional impacts and demands created by future residential and non-residential development projects. Chapter II of this Supplemental Report describes the refurbish projects and provides the basis and proposed findings to confirm that Park Construction Fees may be used to fund refurbish projects.

(ii) Update the estimate of the average park construction cost per acre

The SSFMC permits the City to periodically obtain an updated estimate of park construction costs to adjust the Park Construction Fee. The City adjusted the Park Construction Fee in 2018 by a 3.94% inflation escalator, as permitted in the SSFMC. However, the City has not previously obtained a new estimate of the average construction cost per acre since the initial Park Construction Fee ordinance and resolution were adopted in 2016.

The previously established park construction and soft cost estimate for purposes of calculating a maximum Park Construction Fee was \$1,019,911 per acre. The City has now obtained a new estimate of the average construction cost per acre and intends to modify the Park Construction Fee to reflect current construction costs. The 2019 average construction and soft cost is estimated at \$2,526,395 per acre. This cost is higher than the 2016 costs primarily due to the type of park improvements and facilities that the City now expects to construct, and in part due to generally increasing park construction costs.

The Park Construction Fee is based on the acres required to serve residents and employees, the average number of residents in residential units, the average number of employees in non-residential projects, and the average construction cost per acre. The

maximum Park Construction Fee based on 2019 park construction costs is presented in Table ES-1 and Table ES-2.

Table ES-1: Maximum Park Construction Fee per Residential Unit

| Units in Structure | Fee per Unit |
|------------------------------------|--------------|
| 1 (single-family residential unit) | \$26,148 |
| 2 to 4 (duplex to four-plex) | \$22,586 |
| 5 to 19 | \$19,175 |
| 20 to 49 | \$15,462 |
| 50 or more | \$13,491 |
| Mobile home | \$20,085 |

Source: City of South San Francisco; MAS

Table ES-2: Maximum Park Construction Fee per Non-Residential 1,000 Square Feet

| Classification | Fee per 1,000 Square Feet |
|-------------------|---------------------------|
| Commercial/Retail | \$3,158 |
| Hotel/Visitor | \$3,006 |
| Office/R&D | \$2,804 |
| Industrial | \$1,326 |

Source: City of South San Francisco; MAS

The City may adopt a Park Construction Fee under authority of the Mitigation Fee Act for future development projects that is equal to or below the amounts identified in Table ES-1 and Table ES-2. Chapter III of this Supplemental Report further describes the methodology establishing the maximum Park Construction Fee that the City may levy using the updated park construction costs.

(iii) Restructure the existing park fee reduction factors to increase the Park Construction Fee to fund refurbish projects, and reduce the Parkland Acquisition Fee commensurately, while not increasing the total amount of park fees

This Supplemental Report calculates by how much the Park Construction Fee may be increased to provide additional funding to refurbish and expand existing facilities, and by how much the Parkland Acquisition Fee would need to be reduced to offset that increase, with the ultimate goal being no net increase in total park fees levied on future development projects.

After adoption of the Parkland Acquisition Fee and the Park Construction Fee for residential development projects in 2016, the City reduced (“discounted”) the maximum fees by a factor of 0.30. Current fees per residential unit are presented in Table ES-3.

Table ES-3: Current Reduced Park Fees per Residential Unit

| Residential Units in Structure | Park Construction Fee | Parkland Acquisition Fee | Total Current Park Fees |
|------------------------------------|-----------------------|--------------------------|-------------------------|
| Discount Factor | .30 | .30 | |
| 1 (single-family residential unit) | \$7,389 | \$21,735 | \$29,124 |
| 2 to 4 (duplex to four-plex) | \$6,383 | \$18,744 | \$25,157 |
| 5 to 19 | \$5,419 | \$15,939 | \$21,358 |
| 20 to 49 | \$4,369 | \$12,852 | \$17,221 |
| 50 or more | \$3,812 | \$11,214 | \$15,026 |
| Mobile home | \$5,676 | \$16,695 | \$22,371 |

Source: City of South San Francisco

Note: Rounding may result in minor differences in this table and others in the Supplemental Report.

In adopting the Parkland Acquisition Fee and the Park Construction Fee for non-residential development projects in 2017, the City reduced the maximum fees by a factor of 0.75. Current fees for non-residential development projects per one-thousand square feet are presented in Table ES-4.

Table ES-4: Current Reduced Park Fees per Non-Residential 1,000 Square Feet

| Non-Residential Land Use Type | Park Construction Fee | Parkland Acquisition Fee | Total Current Park Fees |
|-------------------------------|-----------------------|--------------------------|-------------------------|
| Discount Factor | .75 | .75 | |
| Commercial/Retail | \$319 | \$938 | \$1,257 |
| Hotel/Visitor | \$303 | \$893 | \$1,196 |
| Office/R&D | \$283 | \$833 | \$1,116 |
| Industrial | \$134 | \$394 | \$ 528 |

Source: City of South San Francisco

Proposed Fees

Removing the .30 discount factor entirely for the Park Construction Fee for residential development projects would allow that fee to be at its maximum level. The Parkland Acquisition Fee for residential development projects would need to be changed from the current discount factor of .30 to a discount factor of .904 to offset the increase, in order to maintain the current total park fees. The total proposed park fees per residential unit would be as presented in Table ES-5. The total proposed park fees per residential unit would be the same as the current total park fees in Table ES-3.

Table ES-5: Proposed Park Fees per Residential Unit

| Residential Units in Structure | Park Construction Fee | Parkland Acquisition Fee | Total Park Fees |
|------------------------------------|-----------------------|--------------------------|-----------------|
| Discount Factor | None | .904 | |
| 1 (single-family residential unit) | \$26,148 | \$2,976 | \$29,124 |
| 2 to 4 (duplex to four-plex) | \$22,586 | \$2,571 | \$25,157 |
| 5 to 19 | \$19,175 | \$2,183 | \$21,358 |
| 20 to 49 | \$15,462 | \$1,759 | \$17,221 |
| 50 or more | \$13,491 | \$1,535 | \$15,026 |
| Mobile home | \$20,085 | \$2,286 | \$22,371 |

Source: MAS

The calculation of the proposed fees for non-residential development projects is somewhat different than the calculation of the proposed fees for residential development projects because the proposed maximum Park Construction Fee for non-residential development projects is higher than the sum of the current Park Construction Fee and Parkland Acquisition Fee for non-residential development projects.

The maximum proposed Park Construction Fee would need to be reduced by a factor of .602 to achieve a fee that does not exceed the sum of both current fees. The Parkland Acquisition Fee would need to be changed from its current discount factor of .75 to a discount factor of 1.0 to offset the increase in the Park Construction Fee (i.e. the City would discount 100% of the Parkland Acquisition Fee for non-residential development projects).

The proposed fees per one-thousand square feet of non-residential development projects would be as presented in Table ES-6. The total proposed park fees per one-thousand square feet would be the same as the current total park fees in Table ES-4.

Table ES-6: Proposed Park Fees per Non-Residential 1,000 Square Feet

| Non-Residential Land Use Type | Park Construction Fee | Parkland Acquisition Fee | Total Park Fees |
|-------------------------------|-----------------------|--------------------------|-----------------|
| Discount Factor | .602 | 1 (or 100%) | |
| Commercial/Retail | \$1,257 | \$ 0 | \$1,257 |
| Hotel/Visitor | \$1,196 | \$ 0 | \$1,196 |
| Office/R&D | \$1,116 | \$ 0 | \$1,116 |
| Industrial | \$ 528 | \$ 0 | \$ 528 |

Source: MAS

Park Fee Revenue Estimate

The City has conducted an analysis to estimate the current Parkland Acquisition Fee and Park Construction Fee revenue that will be received through fiscal year 2023-24, based on the expected future residential and non-residential development and the existing fee levels. The City estimated that Park Construction Fee revenue may total approximately \$5.3 million and Parkland Acquisition Fee revenue may total approximately \$18.3 million (including Quimby Act In-lieu Fees).

Under the proposed fee structure, the estimated Park Construction Fee revenue may total approximately \$16.6 million and Parkland Acquisition Fee revenue may total approximately \$7.0 million (including Quimby Act In-lieu Fees). This would be an increase of \$11.3 million in Park Construction Fee revenue (and a commensurate decrease in Parkland Acquisition Fee revenue).

Table ES-7 summarizes the current reduction factors, proposed reduction factors and estimated fee revenue through fiscal year 2023-24.

Table ES-7: Summary of Current and Proposed Reduction Factors, and Estimated Fee Revenue

| | Residential Development | | Non-Residential Development | | Estimated Fee Revenue Through FY 2023-24 (millions) | |
|----------|---------------------------------------|--|---------------------------------------|--|---|--------------------------|
| | Park Construction Fee Discount Factor | Parkland Acquisition Fee Discount Factor | Park Construction Fee Discount Factor | Parkland Acquisition Fee Discount Factor | Park Construction Acquisition Fee | Parkland Acquisition Fee |
| Current | .30 | .30 | .75 | .75 | \$ 5.3 | \$18.3 |
| Proposed | None | .904 | .602 | 1.0 (100%) | \$16.6 | \$ 7.0 |

Source: City of South San Francisco; MAS

The City has estimated the cost to refurbish and expand certain facilities in eleven existing parks. The total cost, at a “planning level” exceeds sixty-five million dollars. While Park Construction Fee revenue alone will not nearly be sufficient to fund all of the refurbish projects, the fees will provide partial funding to offset the impact of new development, to serve new residents and employees, and to maintain existing levels of service.

I. INTRODUCTION, BACKGROUND INFORMATION AND PURPOSE

Introduction and Background Information

The City of South San Francisco ("City") General Plan, Parks + Recreation Master Plan and East of 101 Area Plan establish goals of three acres of community and neighborhood park facilities per one-thousand residents and one-half acre of parks per one-thousand employees. City policy is for new development projects to contribute proportionately toward these goals.

The City adopted ordinances in 2016, 2017 and 2018 amending the South San Francisco Municipal Code (SSFMC) to provide funding to achieve the City's parkland and park facility goals. Parkland dedication requirements and in-lieu fees for qualifying residential subdivision development projects were established under authority of the Quimby Act (Government Code section 66477 et seq.). A Parkland Acquisition Fee for non-Quimby Act residential and non-residential (commercial) development projects was established under authority of the Mitigation Fee Act (Government Code section 66000 et seq.). A Park Construction Fee for all development projects were also established under authority of the Mitigation Fee Act.

The Quimby Act In-Lieu Fee and the Parkland Acquisition Fee provide funding to purchase land suitable for park purposes. The Park Construction Fee provides funding to build park facilities and physical improvements.

The adopted land dedication and fee requirements were based in part on a report prepared by Municipal Resource Group LLC (MRG) (March 2016) which recommended the framework for the land dedications and fee requirements to offset the impact of future development projects. The MRG report summarized the procedural requirements and proposed findings required to adopt the fees.

Purpose of the Supplemental Report

This Supplemental Report has been prepared by Management Advisory Services (MAS) to assist the City in achieving three additional objectives:

(i) Confirm that the Park Construction Fee may be used to refurbish and expand park facilities on existing City-owned parkland

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 Mitigation Fee Act states "(a) fee shall not include the costs attributable to existing deficiencies in public facilities but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to (1) *refurbish* existing facilities to maintain the existing level of service or (2) achieve an adopted level of service that is consistent with the general plan." (italics added) (Government Code section 66001(g)).

The 2016 MRG report focused primarily on the need to acquire new parkland and construct new facilities to serve residents and employees generated by future development projects. The City has recognized that existing City park and recreation facilities are reaching capacity and the City finds that in addition to acquiring new land and constructing new facilities, refurbishing and expanding certain existing park facilities is a cost effective

and efficient way to serve future residents and employees and to maintain existing levels of service. Consequently, the City commissioned this Supplemental Report in order to outline the appropriate way to use the Park Construction Fee for the refurbishment and expansion of existing facilities to serve new residents and employees and to maintain existing levels of service. This Supplemental Report expands upon but does not alter the analysis and conclusions of the 2016 MRG report and findings that the Parkland Acquisition Fee and the Quimby Act In-Lieu Fee may be used for acquisition of new parkland and the Park Construction Fee may be used to construct new facilities on new parkland.

This Supplemental Report identifies the types of facilities the City may refurbish and expand to serve new residents and employees and to maintain existing levels of service, and supports the City's objective to confirm and codify the intent to use the Park Construction Fee for this purpose by following the Mitigation Fee Act procedural requirements. This Supplemental Report proposes findings required by the Mitigation Fee Act, including 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.

Chapter II of this Supplemental Report addresses this objective.

(ii) Update the estimate of the average park construction cost per acre

The SSFMC permits the City to periodically obtain an updated estimate of park construction costs to adjust the Park Construction Fee.

The City increased the Park Construction Fee in 2018 by a 3.94% inflationary increase in park construction costs as reflected in the Engineering News Record Construction Cost Index and as permitted in the SSFMC. However, the City has not previously obtained a new estimate of the average construction cost per acre since the initial Park Construction Fee ordinance and resolution were adopted in 2016. The City has now obtained a new estimate of the average construction cost per acre and intends to modify the Park Construction Fee to reflect current construction costs.

Chapter III of this Supplemental Report addresses this objective.

(iii) Restructure the existing park fee reduction factors to increase Park Construction Fee to fund refurbish projects, and reduce the Parkland Acquisition Fee commensurately, while not increasing the total amount of park fees

The 2016 MRG report identified the maximum Parkland Acquisition Fee and Park Construction Fee that could be levied on development projects. The SSFMC currently includes reduction ("discount") factors that set fees below the maximum fees.

This Supplemental Report calculates by how much the Park Construction Fee may be increased to provide additional funding to refurbish and expand existing facilities, and by how much the Parkland Acquisition Fee would need to be reduced to offset that increase, with the ultimate goal being no net increase in total park fees levied on residential and non-residential development projects.

Chapter IV of this Supplemental Report addresses this objective.

II. PARK CONSTRUCTION – REFURBISH PROJECTS

The Mitigation Fee Act requires that “(a)t the time the local agency imposes a fee for public improvements on a specific development project, it shall identify the public improvements that the fee will be used to finance.” (Government Code section 66006(f)). The City has identified eleven projects to refurbish and expand parks and recreation facilities that if constructed would accommodate new residents and employees and would maintain existing levels of service or would achieve the City’s adopted levels of service established in the General Plan and other City policy documents.

Refurbish Projects

Table II-1 identifies the refurbish and expansion projects that the Park Construction Fee may be used to finance. Additional projects may also be added to the list over time, which will be identified by the City in a capital improvement plan or other documents, consistent with the requirements of the Mitigation Fee Act.

Table II-1: Park Improvement Refurbish Projects

| Park | Park Improvements to Accommodate New Residents and Employees and to Maintain Existing Levels of Service |
|-------------------------------|---|
| Gardiner Park | Expand the playground to accommodate and provide activities for additional age groups of children; replace a basketball court with a multi-sport court to increase the range of activities and use; construct sitting and picnic areas to accommodate additional park activities and multi-generational use of park facilities. |
| Orange Memorial Park | Replace the existing baseball and softball fields with more durable fields including potential conversion from natural turf to synthetic turf to accommodate additional hours of programming; add facilities for soccer programming; install lighting to provide more hours of play; expand seating to accommodate additional use of facilities; construct a new path of travel to increase access and use of fields. |
| Sellick Park | Construct a new playground to accommodate all age groups; regrade the lawn area to allow soccer practice and informal sports and games; construct a new path of travel to increase access and use of fields. |
| Avalon Park | Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use. |
| Buri Buri Park | Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use. |
| Hillside Park | Construct drainage improvements and replace soccer field turf and irrigation; improve the path of travel; and install redesigned lighting to allow concurrent play and significantly higher overall field use. |
| Southwood Park | Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use. |
| Alta Loma Park | Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use. |
| Newman and Gibbs Park | Expand the playground to accommodate and provide activities for additional age groups of children; construct new sitting and picnic areas to accommodate additional park use and multi-generational use of park. |
| Dundee Park | Expand the playground to accommodate and provide activities for additional age groups of children; construct new sitting and picnic areas to accommodate additional park use and multi-generational use of park. |
| Orange Memorial Park Aquatics | Construct major expansion of facility to full aquatics center and construct new pool to accommodate expanded programming including water aerobics, swim lessons and water recreational activities use. |

Source: City of South San Francisco

The City may continue to use the proceeds of the Park Construction Fee to construct improvements on new parkland acquired by the City, and by way of this Supplemental Report and actions to be taken by the City to codify, the City may also use the proceeds to refurbish and expand existing park facilities to serve new residents and employees and to maintain existing levels of service.

The Mitigation Fee Act requires a local agency considering an action establishing, increasing or imposing a fee to address certain procedural requirements, which may also be used in making findings in support of City actions to confirm such uses, as follows:

1. *Identify the purpose of the fee.*

The purpose of the Park Construction Fee is to provide funding to achieve the City's 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. The Park Construction Fee supports the City's goal of three acres of community and neighborhood parks per one-thousand future residents and one-half acre of parks per one-thousand new employees. The Association of Bay Area Governments (ABAG) estimated a 2015 South San Francisco population of 66,600 and forecasts a 2035 population of 76,200 (an increase of 14.4%). ABAG estimated a 2015 workforce of 46,340 employees and forecasts a 2025 workforce of 53,380 employees (an increase of 15.2%). These new residents and new employees will place additional demand on park facilities. The City will continue to use the proceeds of the Park Construction Fee to construct new park facilities on new parkland acquired by the City and will also use the proceeds of the Park Construction Fee to refurbish and expand existing park facilities to serve new residents and employees, to maintain the existing level of service for all residents and employees, and to ensure continued levels of service that are consistent with the General Plan.

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

The proceeds from the Park Construction Fee will continue to be used to construct new park facilities on new parkland acquired by the City, and will also be used to refurbish existing park facilities, including expanding playgrounds, constructing improvements to sports fields and sports courts, adding passive park facilities such as picnic and sitting areas, installing night lighting, paths, grading, drainage and irrigation, and implementing other similar refurbish projects that will maintain and further the City's goals of three acres of parkland per one-thousand future residents and one-half acre 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 Park Construction Fee is levied upon residential development projects and non-residential (commercial) development projects. New residents in residential development projects and new employees in non-residential development projects will place additional demands on park and recreational facilities, which are near or at capacity. Expanding playgrounds, improving sports fields and sports courts, building passive park facilities, installing lighting, paths, grading, drainage and irrigation, and implementing other similar refurbish projects will address and mitigate the additional impacts and demands created by future residential and non-residential 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 Park Construction Fee is levied upon residential development projects and non-residential development projects, which generate new residents and employees in the community. The refurbished park facilities will serve the needs of new residents in residential development projects and new employees in non-residential development projects by expanding active and passive park facilities and areas and by enhancing access and adding hours of use for residents and employees.

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 Park Construction Fee has been updated with 2019 estimated park construction costs specific to the types of park facilities and improvements to be undertaken by the City of South San Francisco.

The Park Construction Fees were 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 generated per one-thousand square feet in each type of non-residential development project.

Confirming that Park Construction Fee can be used for refurbish projects does not alter the calculation of the Park Construction Fee and each new development project will be charged a Park Construction Fee commensurate with its impact on all park and recreational facilities.

III. UPDATED AVERAGE PARK CONSTRUCTION COST PER ACRE; UPDATED PARK CONSTRUCTION FEE USING UPDATED AVERAGE PARK CONSTRUCTION COST

The Park Construction Fee adopted in 2016 was based on an estimated average construction (hard) cost of \$785,000 per acre (Group 4 Architecture Research + Planning Inc., October 2, 2015 Memorandum, Attachment 2 in the March 2016 MRG report) and design, construction management and permitting (soft) costs of \$196,250 per acre, for a total park construction cost of \$981,250 per acre.

The City increased the Park Construction Fee in 2018 by a 3.94% inflationary escalation in park construction costs as reflected by the Engineering News Record Construction Cost Index (ENR-CCI) and as permitted in SSFMC section 8.67.080(i). The previously established park construction cost for purposes of calculating a maximum Park Construction Fee was \$1,019,911 per acre.

SSFMC section 8.67.080(g) Determining Average Construction Cost per Acre states: "In order to determine the average hard and soft construction costs per acre, the city will obtain an estimate of these costs from a qualified architecture or construction firm. Such estimate setting the average construction cost per acre shall be approved by resolution of the city council. A new estimate may be periodically conducted to reflect changes in the cost of construction; provided, however, that such estimate may not be conducted more than once per year."

The City has not previously obtained a new estimate of the average construction cost per acre since the initial Park Construction Fee ordinance and resolution were adopted in 2016, but did adjust the average construction cost in accordance with the above-referenced 3.94% ENR-CCI escalation. The City now intends to modify the Park Construction Fee to reflect 2019 park construction costs based on a new estimate of the average construction cost per acre.

This chapter of the Supplemental Report updates park construction costs and provides the analysis to modify the Park Construction Fee levied upon future residential development projects and non-residential development projects.

Updated Average Park Construction Cost per Acre

In May 2018 the City received estimates from SSA Landscape Architecture and Verde Design for construction costs for six representative South San Francisco park construction projects. The 2018 cost estimates have been escalated by an Engineering News Record – Construction Cost Index factor of 2.65% from May 2018 to May 2019. Group 4 Architecture Research + Planning Inc. recommended soft costs in the range of 20% to 30% of hard construction costs. Soft costs are assumed in the 2019 park construction cost estimate to be 30% of hard construction costs, due to the higher expected design and construction management costs related to refurbish projects.

Table III-1 provides the 2019 construction cost, park project acreage and construction cost per acre. The average construction cost is estimated at \$2,526,395 per acre. This construction cost is higher than the 2016 construction costs primarily due to the type of park improvements and facilities that the City now expects to construct, and in part due to generally increasing park construction costs.

Table III-1: Estimated Park Construction Cost per Acre

| Park Project | 2019 Construction Cost Estimate | Park Project Acreage |
|------------------------------------|---------------------------------|----------------------|
| Avalon Park Ballfields | \$ 735,176 | 0.87 acres |
| Buri Buri Park Ballfields | \$ 3,069,304 | 1.26 acres |
| Gardiner Tot Lot | \$ 1,150,238 | 0.23 acres |
| Hillside Park Field | \$ 6,331,539 | 3.48 acres |
| Orange Memorial Park Ballfield | \$14,467,928 | 4.11 acres |
| Sellick Park Playground | \$ 3,728,842 | 1.72 acres |
| Total | \$29,483,027 | 11.67 acres |
| Average Construction Cost per Acre | \$ 2,526,395 | |

Source: City of South San Francisco; SSA Landscape Architecture; Verde Design; MAS

The City may use this updated park construction cost in setting the average construction cost per acre by resolution to be adopted by the City Council.

The six park construction project descriptions and cost estimates are further detailed in Attachment 1 to this Supplemental Report.

Calculation of the Maximum Park Construction Fee per Residential Unit

The Park Construction Fee for residential development projects is levied 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 information, known as American FactFinder data. The 2014 American FactFinder data has been used by the City in establishing residents per residential unit. The data is provided per residential unit, based on the number of units in a structure. For all South San Francisco 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 III-2 provides data for residents per unit.

Table III-2: 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 parkland improvements required per residential unit are calculated in Table III-3, below, by multiplying .003 acres per resident by the average number of residents in the residential units indicated in Table III-2.

Table III-3: 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; MAS

Note: Rounding may result in minor differences in calculations in this table and others in the Supplemental Report

The Park Construction Fee is based on the amount of land required to be improved and the cost of constructing park facilities and improvements. Table III-4 calculates the maximum Park Construction Fee per residential unit by multiplying the required acres per unit (from Table III-3) by the \$2,526,395 park construction cost per acre (from Table III-1).

Table III-4: Maximum 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 | \$2,526,395 | \$26,148 |
| 2 to 4 (duplex to four-plex) | 0.00894 | \$2,526,395 | \$22,586 |
| 5 to 19 | 0.00759 | \$2,526,395 | \$19,175 |
| 20 to 49 | 0.00612 | \$2,526,395 | \$15,462 |
| 50 or more | 0.00534 | \$2,526,395 | \$13,491 |
| Mobile home | 0.00795 | \$2,526,395 | \$20,085 |

Source: City of South San Francisco; MAS

The City may adopt a Park Construction Fee under authority of the Mitigation Fee Act for residential development projects that is equal to, or below the amounts identified in Table III-4.

The City will also incur costs to administer the fee program and to prepare the compliance analyses and reports required by the Mitigation Fee Act. The City has imposed an administrative fee by resolution of the City Council to cover the cost of administering the programs and the cost of compliance with statutory requirements.

Calculation of the Maximum Park Construction Fee per One-thousand Square Feet of Non-Residential Development Projects

The Park Construction Fees is levied on a per one-thousand square foot basis for non-residential development (commercial) projects. Different types of non-residential development projects have different average numbers of employees per one-thousand square feet. 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 III-5, below.

Table III-5 calculates the parkland acreage required to be improved per one-thousand square feet of new non-residential 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-5: Park Acres to be Improved per Non-Residential 1,000 Square Feet

| 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 | .000525 acres |

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

The Park Construction Fee for non-residential development projects is based on the amount of land required to be improved and the cost of constructing park facilities and improvements. Table III-6 calculates the maximum Park Construction Fee per one-thousand square feet of non-residential building space by multiplying the required acres to be improved per one-thousand square feet (from Table III-5) by the \$2,526,395 construction cost per acre (from Table III-1).

Table III-6: Maximum Park Construction Fee per Non-Residential 1,000 Square Feet

| Classification | Park Acres per 1,000 Square Feet | Construction Cost per Acre | Fee per 1,000 Square Feet |
|-------------------|----------------------------------|----------------------------|---------------------------|
| Commercial/Retail | .00125 acres | \$2,526,395 | \$3,158 |
| Hotel/Visitor | .00119 acres | \$2,526,395 | \$3,006 |
| Office/R&D | .00111 acres | \$2,526,395 | \$2,804 |
| Industrial | .000525 acres | \$2,526,395 | \$1,326 |

Source: City of South San Francisco; MAS

The City may adopt a Park Construction Fee under authority of the Mitigation Fee Act for non-residential development projects that is equal to, or below the amounts identified in Table III-6.

IV. CALCULATION OF THE PROPOSED INCREASE IN THE PARK CONSTRUCTION FEE AND REDUCTION OF THE PARKLAND ACQUISITION FEE

Refurbish Project Cost Estimates

The City has estimated the costs to refurbish and expand facilities in eleven existing parks. The total cost, at a “planning level” exceeds sixty-five million dollars. Table IV-1 provides the cost estimates. A City goal is to increase the Park Construction Fee (and reduce the Parkland Acquisition Fee commensurately) to provide partial funding to refurbish existing park facilities.

Table IV-1: Estimated Park Construction Refurbish Project Costs

| Park | Park Refurbish Projects: Planning Budget |
|-------------------------------|---|
| Gardiner Park | \$ 1,150,000 |
| Orange Memorial Park | \$ 14,467,000 |
| Sellick Park | \$ 3,728,000 |
| Avalon Park | \$ 735,000 |
| Buri Buri Park | \$ 3,069,000 |
| Hillside Park | \$ 6,331,000 |
| Southwood Park | \$ 720,000 |
| Alta Loma Park | \$ 3,080,000 |
| Newman and Gibbs Park | \$ 820,000 |
| Dundee Park | \$ 800,000 |
| Orange Memorial Park Aquatics | \$30,800,000 |
| Total | \$65,700,000 |

Source: City of South San Francisco; SSA Landscape Architecture; Verde Design

Maximum and Current Fees

The City adopted the Parkland Acquisition Fee and Park Construction Fee based on the 2016 MRG report. The City subsequently adjusted the Park Construction Fee in 2018 by a 3.94% increase in park construction costs. While the City has reduced (“discounted”) the fees by certain factors, as discussed below, Table IV-2 presents the current maximum fees now allowed (without reduction or discount factors) for residential development projects; Table IV-3 presents the current maximum fees now allowed for non-residential development projects.

Table VI-2: Current Maximum Park Fees per Unit for Residential Development Projects

| Residential Units in Structure | Park Construction Fee | Parkland Acquisition Fee | Total Maximum Park Fees |
|---------------------------------------|------------------------------|---------------------------------|--------------------------------|
| 1 (single-family residential unit) | \$10,556 | \$31,050 | \$41,606 |
| 2 to 4 (duplex to four-plex) | \$ 9,118 | \$26,820 | \$35,938 |
| 5 to 19 | \$ 7,741 | \$22,770 | \$30,511 |
| 20 to 49 | \$ 6,242 | \$18,360 | \$24,602 |
| 50 or more | \$ 5,446 | \$16,020 | \$21,466 |
| Mobile home | \$ 8,108 | \$23, 850 | \$31,958 |

Source: 2016 MRG Report; City of South San Francisco

Table IV-3: Current Maximum Park Fees per Non-Residential 1,000 Square Feet

| Non-Residential Land Use Type | Park Construction Fee | Parkland Acquisition Fee | Total Maximum Park Fees |
|-------------------------------|-----------------------|--------------------------|-------------------------|
| Commercial/Retail | \$1,275 | \$3,750 | \$5,025 |
| Hotel/Visitor | \$1,214 | \$3,570 | \$4,784 |
| Office/R&D | \$1,132 | \$3,330 | \$4,462 |
| Industrial | \$ 535 | \$1,575 | \$2,110 |

Source: 2016 MRG Report; City of South San Francisco

After adoption of the Parkland Acquisition Fee and the Park Construction Fee for residential development projects in 2016, the City elected to reduce the maximum fees by a factor of 0.30. Current fees per residential unit are presented in Table IV-4.

Table IV-4: Current Reduced Park Fees per Unit for Residential Development

| Residential Units in Structure | Park Construction Fee | Parkland Acquisition Fee | Total Current Park Fees |
|------------------------------------|-----------------------|--------------------------|-------------------------|
| Discount Factor | .30 | .30 | |
| 1 (single-family residential unit) | \$7,389 | \$21,735 | \$29,124 |
| 2 to 4 (duplex to four-plex) | \$6,383 | \$18,744 | \$25,157 |
| 5 to 19 | \$5,419 | \$15,939 | \$21,358 |
| 20 to 49 | \$4,369 | \$12,852 | \$17,221 |
| 50 or more | \$3,812 | \$11,214 | \$15,026 |
| Mobile home | \$5,676 | \$16,695 | \$22,371 |

Source: City of South San Francisco

In adopting the Parkland Acquisition Fee and the Park Construction Fee for non-residential development projects in 2017, the City reduced the maximum fees by a factor of 0.75. Current fees for non-residential development projects per one-thousand square feet are presented in Table IV-5.

Table IV-5: Current Reduced Park Fees per Non-Residential 1,000 Square Feet

| Non-Residential Land Use Type | Park Construction Fee | Parkland Acquisition Fee | Total Current Park Fees |
|-------------------------------|-----------------------|--------------------------|-------------------------|
| Discount Factor | .75 | .75 | |
| Commercial/Retail | \$319 | \$938 | \$1,257 |
| Hotel/Visitor | \$303 | \$893 | \$1,196 |
| Office/R&D | \$283 | \$833 | \$1,116 |
| Industrial | \$134 | \$394 | \$ 528 |

Source: City of South San Francisco

Proposed Fees

The purpose of this section of the Supplemental Report is to calculate by how much the Park Construction Fee may be increased to provide additional funding to refurbish existing facilities (but not to exceed the maximum fee level) and by how much the Parkland Acquisition Fee would need to be reduced to offset that increase, with the ultimate goal being no net increase in total park fees.

Removing the .30 discount factor entirely from the Park Construction Fee for residential development projects would allow that fee to be at its maximum level, as identified in this Supplemental Report. The Parkland Acquisition Fee for residential

development projects would need to be changed from its current discount factor of .30 to a discount factor of .904 to offset the increase. The resulting total park fees per residential unit would be as presented in Table IV-6.

Note that the total proposed park fees per residential unit in Table IV-6 are the same as the current total park fees in Table IV-4. Essentially, this change would result in (1) collection of the Park Construction Fee for residential development projects at the proposed maximum level, (2) collection of the Parkland Acquisition Fee for residential development projects at 9.6% of the maximum fees outlined in the 2016 MRG report, and (3) no change in the total park fees per residential unit.

Table IV-6: Proposed Park Fees per Unit for Residential Development

| Residential Units in Structure | Park Construction Fee | Parkland Acquisition Fee | Total Park Fees |
|------------------------------------|-----------------------|--------------------------|-----------------|
| Reduction Factor | None | .904 | |
| 1 (single-family residential unit) | \$26,148 | \$2,976 | \$29,124 |
| 2 to 4 (duplex to four-plex) | \$22,586 | \$2,571 | \$25,157 |
| 5 to 19 | \$19,175 | \$2,183 | \$21,358 |
| 20 to 49 | \$15,462 | \$1,759 | \$17,221 |
| 50 or more | \$13,491 | \$1,535 | \$15,026 |
| Mobile home | \$20,085 | \$2,286 | \$22,371 |

Source: MAS

The calculation of the proposed fees for non-residential development projects is somewhat different than the calculation for residential development projects because the proposed maximum Park Construction Fee for non-residential development projects is higher than the sum of the current Park Construction Fee and Parkland Acquisition Fee for non-residential development projects.

This Supplemental Report proposes to set the Park Construction Fee to be equal to the sum of both current fees, which again is lower than the proposed maximum Park Construction Fee. The maximum Park Construction Fee would need to be reduced by a discount factor of .602 to achieve a fee that does not exceed the sum of both current fees. The Parkland Acquisition Fee would need to be changed from its current discount factor of .75 to a discount factor of 1.0 to offset the increase in the Park Construction Fee (i.e. the City would discount 100% of the Parkland Acquisition Fee).

The resulting fees per one-thousand square feet of non-residential development projects for both fees would be as presented in Table IV-7. Note that the proposed total park fees per one-thousand square feet in Table IV-7 would be the same as the current total park fees in Table IV-5. Essentially, this change would result in (1) collection of the Park Construction Fee for non-residential development projects at approximately 39.8% of the proposed maximum fee, (2) no collection of the Parkland Acquisition Fee for non-residential development projects, as it would be set at 0% of the maximum fees outlined in the 2016 MRG report, and (3) no change in the total park fees for non-residential development projects.

Table IV-7: Proposed Park Fees per Non-Residential 1,000 Square Feet

| Non-Residential Land Use Type | Park Construction Fee | Parkland Acquisition Fee | Total Park Fees |
|-------------------------------|-----------------------|--------------------------|-----------------|
| Discount Factor | .602 | 1 (or 100%) | |
| Commercial/Retail | \$1,257 | \$ 0 | \$1,257 |
| Hotel/Visitor | \$1,196 | \$ 0 | \$1,196 |
| Office/R&D | \$1,116 | \$ 0 | \$1,116 |
| Industrial | \$ 528 | \$ 0 | \$ 528 |

Source: MAS

Other combinations of changes to the reduction factors for the Park Construction Fee and the Parkland Acquisition Fee could also be considered.

Park Fee Revenue Estimate

The City has conducted an analysis to estimate the current Parkland Acquisition Fee revenue and Park Construction Fee revenue that will be received through fiscal year 2023-2024, based on the expected future residential and non-residential development projects and the existing fee levels. The City estimated that Park Construction Fee revenue may total approximately \$5.3 million and Parkland Acquisition Fee revenue may total approximately \$18.3 million (including Quimby Act In-lieu Fees). The City's analysis assumed continuation of a .30 discount factor for the Parkland Acquisition Fee and Park Construction Fee for residential development projects, and a .75 discount factor for the Parkland Acquisition Fee and Park Construction Fee for non-residential development projects.

Under the proposed fee structure, which provides the maximum Park Construction Fee and a .904 discount factor for the Parkland Acquisition Fee for residential development projects, and a .602 discount factor for the Park Construction Fee and a 1.0 (100%) discount factor for the Parkland Acquisition Fee for non-residential development projects, the estimated Park Construction Fee revenue may total approximately \$16.6 million and Parkland Acquisition Fee revenue may total approximately \$7.0 million (including Quimby Act In-lieu Fees). This would be an increase of \$11.3 million in Park Construction Fee revenue through fiscal year 2023-2024 (and a commensurate decrease in Parkland Acquisition Fee revenue). Table IV-8 summarizes the current discount factors, proposed discount factors and estimated fee revenue through fiscal year 2023-2024.

Table IV-8: Summary of Current and Proposed Reduction Factors, and Estimated Fee Revenue

| | Residential Development | | Non-Residential Development | | Estimated Fee Revenue Through FY 2023-24 (millions) | |
|----------|---------------------------------------|--|---------------------------------------|--|---|--------------------------|
| | Park Construction Fee Discount Factor | Parkland Acquisition Fee Discount Factor | Park Construction Fee Discount Factor | Parkland Acquisition Fee Discount Factor | Park Construction Acquisition Fee | Parkland Acquisition Fee |
| Current | .30 | .30 | .75 | .75 | \$ 5.3 | \$18.3 |
| Proposed | None | .904 | .602 | 1.0 (100%) | \$16.6 | \$ 7.0 |

Source: MAS

While the Park Construction Fee alone will not be sufficient to fund all of the refurbish projects, the fees will provide partial funding to offset the impact of new development, to serve new residents and employees, and to maintain existing levels of service.

EXHIBIT A-1

City of South San Francisco Park Construction Estimate
May 2019Park Name:
Avalon Park Ballfield ImprovementsProject Description:
Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use.

Estimated Park Construction Cost:

| | |
|----------------------|------------------|
| Design | \$169,656 |
| Construction | \$514,109 |
| Contingency | <u>\$ 51,411</u> |
| Total Estimated Cost | \$735,176 |

Project Acreage: 0.87 acres

Estimated Cost per Acre: \$845,030

EXHIBIT A-2

City of South San Francisco Park Construction Estimate
May 2019Park Name:
Buri Buri Park

Project Description:

Construct grading, drainage, irrigation and structural improvements to reduce closure time due to rain and routine maintenance, resulting in additional and expanded hours of field use.

Estimated Park Construction Cost:

| | |
|----------------------|-------------------|
| Design | \$ 708,301 |
| Construction | \$2,146,366 |
| Contingency | <u>\$ 214,637</u> |
| Total Estimated Cost | \$3,069,304 |

Project Acreage: 1.26 acres

Estimated Cost per Acre: \$2,435,955

EXHIBIT A-3

City of South San Francisco Park Construction Estimate
May 2019Park Name:
Gardiner Park

Project Description:

Expand playground to accommodate and provide activities for additional age groups of children; replace a basketball court with multi-sport court to increase range of activities and use; construct sitting and picnic areas to accommodate additional park activities and multi-generational use of park facilities.

Estimated Park Construction Cost:

| | |
|----------------------|------------------|
| Design | \$ 265,440 |
| Construction | \$ 804,362 |
| Contingency | <u>\$ 80,436</u> |
| Total Estimated Cost | \$1,150,238 |

Project Acreage: 0.23 acres

Estimated Cost per Acre: \$5,001,030

EXHIBIT A-4

City of South San Francisco Park Construction Estimate
May 2019Park Name:
Hillside Park

Project Description:
Construct drainage improvements and replace soccer field turf and irrigation; improve path of travel; and install redesigned lighting to allow concurrent play and significantly higher overall field use.

Estimated Park Construction Cost:

| | |
|----------------------|-------------------|
| Design | \$1,461,124 |
| Construction | \$4,427,650 |
| Contingency | <u>\$ 442,765</u> |
| Total Estimated Cost | \$6,331,539 |

Project Acreage: 3.48 acres

Estimated Cost per Acre: \$1,819,408

EXHIBIT A-5

City of South San Francisco Park Construction Estimate
May 2019Park Name:
Orange Memorial Park

Project Description:

Replace existing baseball and softball fields with more durable fields including potential conversion from natural turf to synthetic turf to accommodate additional hours of programming; add facilities for soccer programming; install lighting to provide more hours of play; expand seating to accommodate additional use of facilities; construct new path of travel to increase access and use of fields.

Estimated Park Construction Cost:

| | |
|----------------------|---------------------|
| Design | \$ 3,338,753 |
| Construction | \$10,117,432 |
| Contingency | <u>\$ 1,011,743</u> |
| Total Estimated Cost | \$14,467,928 |

Project Acreage: 4.11 acres

Estimated Cost per Acre: \$3,520,177

EXHIBIT A-6

City of South San Francisco Park Construction Estimate
May 2019

Park Name: Sellick Park

Project Description:

Replace existing baseball and softball fields with more durable fields including potential conversion from natural turf to synthetic turf to accommodate additional hours of programming; add facilities for soccer programming; install lighting to provide more hours of play; expand seating to accommodate additional use of facilities; construct new path of travel to increase access and use of fields.

Estimated Park Construction Cost:

| | |
|----------------------|-------------------|
| Design | \$ 860,502 |
| Construction | \$2,607,582 |
| Contingency | <u>\$ 260,758</u> |
| Total Estimated Cost | \$3,728,842 |

Project Acreage: 1.72 acres

Estimated Cost per Acre: \$2,167,932