



SUPPLEMENTAL DEVELOPMENT IMPACT FEE CALCULATION AND NEXUS REPORT

FOR THE

CITY OF OROVILLE

AND

FEATHER RIVER RECREATION AND PARK DISTRICT

MARCH 2009

PREPARED BY:

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SECTION 1 EXECUTIVE SUMMARY

INTRODUCTION

This Supplemental Development Impact Fee Calculation and Nexus Report ("Report") was prepared by SCI Consulting Group ("SCI") at the request of Feather River Recreation and Park District ("District"). The purpose of the Report is to establish the legal and policy basis for the imposition of the District's development impact fees ("fees") within the City of Oroville ("City") as well as establish the basis for City Fees in light of prior nexus studies and current costs. The Report relies on the findings and cost estimates (adjusted for inflation) from the City's January 2003 *Development Impact Fee Calculation and Nexus Report* ("City Report") and the District's May 2003 *Development Impact Fee Calculation Report* ("District Report"), both prepared by Revenue and Cost Specialists, LLC.

The park and recreational needs of City residents are primarily met by a combination of City-owned neighborhood parks and District-owned and operated community parks, sport parks and other recreational facilities. Although the District provides parks and recreational services within the City, the District also provides recreational programs and facilities in other rural communities within its boundaries.

According to the City Report, new residential development in the City will increase the community's population by approximately 14,089 residents, or approximately 108% by buildout. Consequently, the City's "service population" and the District's "service population" will grow as well. As this population growth occurs, the City and District will need to continue to work together to provide new neighborhood parks, community parks and other recreational facilities to accommodate the needs of the new residents generated by future housing development.

PURPOSE OF REPORT

The fees in the City Report and the District Report both rely on the minimum Quimby park standard of 3 acres per 1,000 population. Since the City and the District have separate but overlapping service populations, both Reports need to be harmonized before the City can require collection of District fees to ensure that total fees don't exceed the maximum Quimby standard of 5 acres per 1,000 population. For this reason, the fees proposed by this Report rely on a consolidated Quimby 3 acre per 1,000 population standard for both entities and allocate the joint fees between the two entities based on their respective 2003 levels of service.

Both the City and District are in the process of updating their park and recreation facility master plans. Additionally, the City is currently working to update its General Plan.

In order to impose these fees, this Report will demonstrate that a reasonable relationship or “nexus” exists between new development that occurs within the City and the need for/demand for additional park and recreational facilities as a result of new development. More specifically, this Report will present findings in order to meet the procedural requirements of the Mitigation Fee Act, also known as AB 1600, which are 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.

METHODOLOGY / APPROACH

Since the need for park and recreational services and facilities is inherently population-driven, the Report utilizes the same per capita standard-based methodology from the City Report and the District Report to calculate the fees. Under this method, the adjusted cost components are defined on a per capita basis based conservatively on a shared level of service (“LOS”) standard of 3 acres of neighborhood and community parks for every 1,000 new City residents. Next the adjusted total cost per capita is allocated between the City and the District in proportion to their respective levels of service at the time of their 2003 reports. Then the adjusted per capita costs for the City and District are applied to the four housing types from the City Report based on their respective average dwelling occupancy.

STRUCTURE OF REPORT

This Report is divided into four sections. Following this executive summary, Section 2 provides a summary of findings and calculations used to determine the fees for the City and District. In accordance with the Mitigation Fee Act (Govt. Code § 66000 et seq.), Section 3 contains the nexus requirements necessary to justify the imposition of the fees. Section 4 makes specific recommendations based on the findings from the Report.

SECTION 2 SUMMARY OF FINDINGS

1. As stated in both the City Report and District Report, park and recreational facilities are provided to City residents by both the City and the District. The City Report indicates that the City's level of service ("LOS") is 2.09 acres per 1,000 City residents. The District Report indicates that the District's LOS is 1.63 acres per 1,000 District residents.
2. The parkland acquisition and development fees established by the District Report were based on the District's entire population (including City residents). This is shown by Schedule 4.1 which plainly references the entire District population of 48,353. Footnote 3 on Schedule 4.1 indicating that the population figure is "less City population (13,004)" thus is an error.¹
3. New residential construction within the City will increase the City's service population and the District's service population and, therefore, the need for/demand for new park and recreational services and facilities for both entities.
4. For purposes of determining fees for the City and District, this Report will rely on a shared Quimby park standard of 3 acres per 1,000 new City residents. That is, the cost of acquiring and developing new City and District park facilities to accommodate new residential development within the City will be based on 3 acres of neighborhood and community parks per 1,000 new residents.
5. According to the City Report (page 117), the average cost per acre for land acquisition and development of neighborhood and community parks in January 2003 dollars is as follows:

Land acquisition	\$87,120 per acre
Park development	\$178,408 per acre
Total	\$265,528 per acre

¹ It is important to note that the District Report has related inconsistencies with respect to the District's service population and level of service. Page 18 refers to a "non-City" population of 48,353 and a level of service of 1.63 acres of developed District parks per 1,000 District residents. In fact, the District's total population (including Oroville) is 48,353 and their district-wide park standard is 1.63 acres of developed parks per 1,000 residents. These figures are correctly shown in Table 4.2 on page 19 of the District Report.

6. According to the City Report (page 117), the average cost per capita for land acquisition and development of neighborhood and community parks in January 2003 dollars is as follows: ²

Land acquisition	\$261.36 per capita
Park development	\$535.22 per capita
Total	\$796.58 per capita

7. For purposes of this Report, the net percentage change in the median home price for the City will be used to adjust land acquisition costs to current dollars.³ This method is found to be a reasonable method of determining the change in land values over time. In fact, this method is also used by the County of Butte for periodic adjustments to the park impact fees for the District and three other County park districts.⁴

Date	Median City Home Price
January 2003	\$110,000 (61 sales)
August 2008	\$139,000 (28 sales)
% Change	26.4%

8. For purposes of this Report, the net change in the Engineering News Record Construction Cost Index for San Francisco ("ENR CCI") from December 2002 to October 2008 is used to adjust park development costs to current dollars.

The ENR CCI for San Francisco is a common index for adjusting development impact fees to reflect changes in construction costs in Northern California. In fact, the County of Butte requires this index to be used for periodic adjustments to the park impact fee for the District and three other County park districts.⁵

Date	ENR CCI - San Francisco
December 2002	7644.46
October 2008	9853.42
% Change	28.9%

² Per capita costs are derived by multiplying the average cost per acre by 3 and then dividing by 1,000.

³ Source: DataQuick Information Systems

⁴ See Butte County Code Chapter 16.

⁵ See Butte County Code Chapter 16.

9. Applying the 26.4% parkland acquisition cost inflationary adjustment and the 28.9% park development cost inflationary adjustment to the January 2003 per capita cost components, the inflationary adjusted per capita costs are as follows:

Adjusted Land acquisition costs	\$330.36 per capita
Adjusted Park development costs	\$689.90 per capita
Adjusted Total Cost per Capita	\$1,020.26 per capita

10. For purposes of this Report and determination of the fees, the 3 acre per 1,000 population LOS standard (Finding 4) will be allocated between the City and District in proportion to the level of service for developed parks indicated in their respective 2003 reports (Finding 1). Therefore, 56.2% of the adjusted total per capita costs are needed for the City to develop and/or expand City parks to meet the needs of new residential development in Oroville. Likewise, 43.8% of the adjusted total per capita is needed for the District to develop new and/or expand District parks to meet the needs of new residential development in Oroville.

City Per Capita Share	56.2%	\$573.39 per capita
District Per Capita Share	43.8%	\$446.87 per capita
Adjusted Total Cost per Capita	100%	\$1,020.26 per capita

11. According to the City Report (page 122), the average dwelling occupancy within the City of Oroville is as follows:

Housing Type	Ave. Persons per Unit
Single family detached residence	2.677 persons
Single family attached residence	2.595 persons
Multiple family residence	2.379 persons
Mobile home residence	1.774 persons

12. Based on the adjusted per capita cost allocation between the City and District (Finding 10) and the average dwelling occupancy (Finding 11), the following fees are justified for the City and District:

Interim Fee Schedule	City	District
Single family detached residence	\$1,535 per unit	\$1,196 per unit
Single family attached residence	\$1,488 per unit	\$1,160 per unit
Multiple family residence	\$1,364 per unit	\$1,063 per unit
Mobile home residence	\$1,017 per unit	\$793 per unit

13. The City and District are justified in imposing the fees on new residential development within the City.
14. The fees are consistent with the City of Oroville General Plan policies adopted by the City Council. The City's General Plan states that the City will cooperate with the District and other agencies "in establishing and maintaining park and recreational facilities within and adjacent to the Planning Area."⁶ The General Plan also states that the City will coordinate parks and trails development and operation with the District and other entities and acknowledges that the District may develop and/or operate parks within the City.⁷

⁶ City of Oroville General Plan, Objective 7.10.b.

⁷ City of Oroville General Plan, Policy 7.10.g.

SECTION 3 NEXUS REQUIREMENTS AND FINDINGS

This section frames the findings of this Report, the City Report and the District Report in terms of the legislated requirements (“nexus findings”) as set forth in Govt. Code § 66000. These requirements are discussed below.

IDENTIFY THE PURPOSE OF THE FEES

The fees, justified by this Report, are for the purpose of funding parkland acquisition and park development by the City and the District to meet the needs of the new residents generated by new residential development within the Oroville.

IDENTIFY THE USE OF THE FEES

The fees for the City, justified by this Report, will be used to fund parkland acquisition and park development to serve the new residents generated by new residential development within the City. The corresponding fees for the District, justified by this Report, will be used to fund parkland acquisition and park development to serve the new residents generated by new residential development within the City.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE FEES’ USE AND THE TYPE OF DEVELOPMENT PROJECT ON WHICH THE FEES ARE IMPOSED

The uses of the fees, justified by this Report, are reasonably related to the type of development project on which the fees are imposed. New residential development within the City and the District will increase the service populations of both the City and the District and create a corresponding need for / demand for additional park and recreational services and facilities. The cost of parkland acquisition and development are defined on a per capita basis and allocated between the City and District based on the level of service allocations detailed in Finding No. 10 of this Report. The fees were derived by applying the costs per capita to the four housing types based on the respective average dwelling occupancy specified in the City Report. Since the fees will be used to fund acquisition and development of park facilities necessitated by new residential development that will be subject to the fees, there is a reasonable relationship between the fees’ use and the type of development project on which the fees are imposed.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE NEED FOR THE PUBLIC FACILITIES AND THE TYPE OF DEVELOPMENT PROJECTS ON WHICH THE FEES ARE IMPOSED

The fees, justified by this Report, bear a reasonable relationship to the need for parkland acquisition and park development and new residential development upon which the fees are imposed. New residential development within the City will increase the service populations of each jurisdiction. This additional development creates the need for/demand for additional park and recreational services and facilities to serve the new City residents at the rates (in acres) shown below.

Per 1,000 new residents	3.0 acres
Per capita	0.003 acres
Single family detached unit	0.0080 acres
Single family attached unit	0.0078 acres
Multiple family unit	0.0071 acres
Mobile home	0.0053 acres

Since the need for additional park facilities is directly related to population increases associated with new residential development and the fees correspond to the average occupancy per dwelling type specified in the City Report, there is a reasonable relationship between the need for the public facilities and the type of development projects on which the fees are imposed.

DETERMINE HOW THERE IS A REASONABLE RELATIONSHIP BETWEEN THE AMOUNT OF THE FEES AND THE COST OF THE PUBLIC FACILITIES OR PORTION OF THE PUBLIC FACILITIES ATTRIBUTABLE TO THE DEVELOPMENT ON WHICH THE FEES ARE IMPOSED

The amount of the fees, justified by this Report, bears a reasonable relationship to the cost of the park and recreational facilities attributable to the development on which the fees are imposed. The cost of parkland acquisition and development are defined on a cost per capita basis and allocated between the City and District based on the level of service allocations detailed in Finding No. 10 of this Report. The costs per capita are then applied to four housing types based on their respective average dwelling occupancy. The resulting fee schedules for the City and District are shown below and on the following page.

CITY SCHEDULE Housing Type	City Cost (Per Capita)	Ave. Persons (Per Unit)	City Fee (Per Unit)
Single family detached residence	\$573.39	2.677	\$1,535
Single family attached residence	\$573.39	2.595	\$1,488
Multiple family residence	\$573.39	2.379	\$1,364
Mobile home residence	\$573.39	1.774	\$1,017

DISTRICT SCHEDULE Housing Type	District Cost (Per Capita)	Ave. Persons (Per Unit)	District Fee (Per Unit)
Single family detached residence	\$446.87	2.677	\$1,196
Single family attached residence	\$446.87	2.595	\$1,160
Multiple family residence	\$446.87	2.379	\$1,063
Mobile home residence	\$446.87	1.774	\$793

Since the amount of the fees are based on the cost of acquiring and developing additional park and recreational facilities to accommodate population increases associated with new residential development and directly corresponds to the average occupancy per dwelling type specified in the City Report, there is a reasonable relationship between the amount of the fees and the cost of the public facilities or portion of the public facilities attributable to the development on which the fees are imposed.

SECTION 4 SUMMARY OF RECOMMENDATIONS

Based on the findings presented in this Report, the City Report and District Report, the following recommendations are presented:

1. The District is justified in imposing the fees set forth in Finding No. 12 on new residential development within the City.
2. The City is justified in imposing the fees set forth in Finding No. 12 on new residential development within the City.
3. The fees justified by this Report should be adopted and implemented in accordance with the applicable provisions of the Mitigation Fee Act (California Govt. Code § 66000 et seq.).

City of Oroville / Feather River Recreation and Park District
Supplemental Development Impact Fee Calculation Report, March 2009
Printed March 24, 2009
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