



CITY OF
**PALO
ALTO**

FINANCE COMMITTEE
Tuesday, May 3, 2022
Special Meeting
Council Chamber & Virtual
5:30 PM

Pursuant to [AB 361](#) Palo Alto City Council and Committee meetings will be held as “hybrid” meetings with the option to attend by teleconference/video conference or in person. To maximize public safety while still maintaining transparency and public access, members of the public can choose to participate from home or attend in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda.

HOW TO PARTICIPATE

VIRTUAL PARTICIPATION

[CLICK HERE TO JOIN](https://cityofpaloalto.zoom.us/j/99227307235) (<https://cityofpaloalto.zoom.us/j/99227307235>)
Meeting ID: 992 2730 7235 Phone:1(669)900-6833

The meeting will be broadcast on Cable TV Channel 26, live on YouTube at <https://www.youtube.com/c/cityofpaloalto>, and streamed to Midpen Media Center at <https://midpenmedia.org>.

PUBLIC COMMENTS

Public Comments will be accepted both in person and via Zoom meeting. All requests to speak will be taken until 5 minutes after the staff’s presentation. Written public comments can be submitted in advance to city.council@cityofpaloalto.org and will be provided to the Committee and available for inspection on the City’s website. Please clearly indicate which agenda item you are referencing in your email subject line.

CALL TO ORDER

ORAL COMMUNICATIONS

Members of the public may speak to any item NOT on the agenda.

ACTION ITEMS

1. Adoption of a Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) Reflecting a 4.2 Percent Consumer Price Index Rate Increase to \$15.98 Per Month Per Equivalent Residential Unit for Fiscal Year 2023
[Presentation](#)

2. Recommend City Council Approve the Supplement to the Development Impact Fee Justification Study; Approval of Adjustments to Park, Community Center, and Library Development Impact Fees and the
[Presentation 1](#)
[Presentation 2](#)

Park Dedication Fee, and Direct Staff to Implement the Fee Updates With the Fiscal Year 2023 Budget

FUTURE MEETINGS AND AGENDAS

ADJOURNMENT

PUBLIC COMMENT INSTRUCTIONS

Members of the Public may provide public comments to virtual meetings via email, teleconference, or by phone.

1. **Written public comments** may be submitted by email to city.council@cityofpaloalto.org.
2. **Spoken public comments using a computer or smart phone** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
 - You may download the Zoom client or connect to the meeting in- browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer. Or download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below
 - You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
 - When you wish to speak on an Agenda Item, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
 - When called, please limit your remarks to the time limit allotted.
 - A timer will be shown on the computer to help keep track of your comments.
3. **Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit *9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

[Click to Join](#) **Zoom Meeting ID: 992-2730-7235 Phone: 1(669)900-6833**

AMERICANS WITH DISABILITY ACT (ADA)

Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact (650) 329-2550 (Voice) 48 hours or more in advance.



City of Palo Alto

Finance Committee Staff Report

(ID # 14107)

Meeting Date: 5/3/2022

Report Type: Action Items

Title: Adoption of a Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage) Reflecting a 4.2 Percent Consumer Price Index Rate Increase to \$15.98 Per Month Per Equivalent Residential Unit for Fiscal Year 2023

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that the Finance Committee recommend that Council adopt the attached resolution (Attachment A) amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage), to implement a 4.2% rate increase consistent with the applicable Consumer Price Index, increasing the monthly charge per Equivalent Residential Unit (ERU) by \$0.64, from \$15.34 to \$15.98 for Fiscal Year 2023.

Background

In April 2017, a majority of Palo Alto property owners approved a ballot measure adopting a monthly Storm Water Management Fee to fund storm drain capital improvement projects, enhanced maintenance of the storm drain system, storm water quality protection programs and related activities. The ballot measure authorizes the Council to consider raising the Storm Water Management Fee each year to account for inflation and subject to a maximum annual increase of 6%. Specifically, the ballot measure stated that:

“In order to offset the effects of inflation on labor and material costs, the maximum rate for the Storm Water Management Fee (and each component of the Storm Water Management Fee) will be increased annually each July 1 (beginning July 1, 2018), by the lesser of (i) the percentage change in the Consumer Price Index [CPI] for the San Francisco-Oakland-San Jose CSMA, published by the United States Department of Labor, Bureau of Labor Statistics during the prior calendar year or (ii) 6%. The City Council would have the authority to set the rate for the Storm Water Management Fee (and each component of the Storm Water Management Fee) at any rate that is less than or equal to the inflation adjusted maximum rate.”

On June 21, 2021, Council adopted a resolution to implement the Storm Water Management Fee to be \$15.34 per month per ERU, effective July 1, 2021.

Discussion

According to Bureau of Labor Statistics records, the CPI for the San Francisco-Oakland-San Jose CMSA increased by 4.2% between December 2020 and December 2021. This CPI increase is substantially lower than the 6% maximum allowable increase, and therefore consistent with the ballot measure, staff recommends that the Storm Water Management Fee be increased by 4.2% to allow fee revenues to keep pace with general cost increases and to provide sufficient funds for planned storm water management capital and operating expenditures. To enact the Storm Water Management Fee increase, Council must adopt the attached resolution amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage). The new rate for the Storm Water Management Fee will be \$15.98 per month per ERU. Single-family residential properties are billed a monthly amount based on parcel size, in accordance with the following table:

RESIDENTIAL RATES (Single-Family Residential Properties)	
PARCEL SIZE (sq.ft.)	ERU
< 6,000 sq.ft.	0.8 ERU
6,000-11,000 sq.ft.	1.0 ERU
> 11,000 sq.ft.	1.4 ERU

Commercial, industrial, institutional, and multi-family residential properties are billed monthly at a rate of 1.0 ERU for each 2,500 square feet of impervious surface on the parcel.

Timeline

The Stormwater Management Fee increase will take effect on July 1, 2022.

Resource Impact

The 4.2% fee increase is expected to increase annual revenue to the Stormwater Management Fund by approximately \$312,000 and, if adopted, will be reflected in the Public Works Department Stormwater Management Fund Fiscal Year 2023 Operating Budget revenue.

Policy Implications

The Stormwater Management Fund supports the City's Sustainability and Climate Action Plan goals.

Stakeholder Engagement

Stakeholder engagement occurs throughout the year during the Stormwater Management Committee meetings that occur on the first Thursday of even months. The Committee's role is to review the budget of the Stormwater Management Fee.

Environmental Review

Council action on the proposed resolution is not a project subject to CEQA review because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines Section

15378(b)(4).

Attachments:

- Attachment A: DRAFT Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage)- track changes

NOT YET APPROVED

Resolution No. _____
Resolution of the Council of the City of Palo Alto Amending Utility Rate
Schedule D-1 (Storm and Surface Water Drainage) to Increase Storm
Water Management Fee Rates by 4.2% Per Month Per Equivalent
Residential Unit for Fiscal Year 2023

The Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rate Schedule D-1 (Storm and Surface Water Drainage) is hereby amended to read in accordance with sheet D-1-1, attached hereto and incorporated herein. The foregoing Utility Rate Schedule, as amended, shall become effective July 1, 2022.

SECTION 2. The Council finds that this rate increase is being imposed to offset the effects of inflation on labor and material costs pursuant to the annual inflationary fee escalator provision of the Storm Water Management Fee ballot measure, which was approved by a majority of Palo Alto property owners on April 11, 2017.

SECTION 3. The Council finds that the revenue derived from the authorized adoption enumerated herein shall be used only for the purpose set forth in Article VII, Section 2, of the Charter of the City of Palo Alto.

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Attachment: Attachment A: DRAFT Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage)- track changes (14107 :

NOT YET APPROVED

SECTION 4. The Council finds that the adoption of this resolution changing the Storm Water Management Fee to meet operating expenses, purchase supplies and materials, meet financial reserve needs and obtain funds for capital improvements necessary to maintain service is not subject to the California Environmental Quality Act (CEQA), pursuant to California Public Resources Code Sec. 21080(b)(8) and Title 14 of the California Code of Regulations Sec. 15273(a). After reviewing the staff report and all attachments presented to Council, the Council incorporates these documents herein and finds that sufficient evidence has been presented setting forth with specificity the basis for this claim of CEQA exemption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

City Manager

Director of Public Works

Director of Administrative Services

Attachment: Attachment A: DRAFT Resolution Amending Utility Rate Schedule D-1 (Storm and Surface Water Drainage)- track changes (14107 :

GENERAL STORM AND SURFACE WATER DRAINAGE

UTILITY RATE SCHEDULE D-1

A. APPLICABILITY:

This schedule applies to all Storm and Surface Water Drainage Service, excepting only those users and to the extent that they are constitutionally exempt under the Constitution of the State of California or who are determined to be exempt pursuant to Rule and Regulation 25.

B. TERRITORY:

Inside the incorporated limits of the city of Palo Alto and land owned or leased by the City.

C. RATES:

Per Month:

Storm Water Management Fee per Equivalent Residential Unit (ERU)..... \$15.98

D. SPECIAL NOTES:

1. An Equivalent Residential Unit (ERU) is the basic unit for computation of storm drainage fees for residential and non-residential Customers. All single-family residential properties shall be billed the number of ERUs specified in the following table, based on an analysis of the relationship between impervious area and lot size for Palo Alto properties.

RESIDENTIAL RATES (Single-Family Residential Properties)	
PARCEL SIZE (sq.ft.)	ERU
<6,000 sq.ft.	0.8 ERU
6,000 - 11,000 sq.ft.	1.0 ERU
>11,000 sq.ft.	1.4 ERU

All other properties will have ERU's computed to the nearest 1/10 ERU using the following formula:

$$\text{No. of ERU} = \frac{\text{Impervious Area (Sq. Ft.)}}{2,500 \text{ Sq. Ft.}}$$

2. For more details on the Storm Water Management Fee, refer to Utilities Rule and Regulation 25.

{End}

CITY OF PALO ALTO UTILITIES

Issued by the City Council



Supersedes Sheet No.D-1-1 dated 7-1-2021

Effective 7-1-2022
Sheet No. **D-1-1**



City of Palo Alto

Finance Committee Staff Report

(ID # 14137)

Meeting Date: 5/3/2022

Report Type: Action Items

Title: Recommend City Council Approve the Supplement to the Development Impact Fee Justification Study; Approval of Adjustments to Park, Community Center, and Library Development Impact Fees and the Park Dedication Fee, and Direct Staff to Implement the Fee Updates With the Fiscal Year 2023 Budget

From: City Manager

Lead Department: Finance Committee

Recommendation

Staff recommends that Finance Committee recommend that Council:

1. Approve the following recommendations from the Supplement to Park, Library, and Community Center Development Impact Fee Justification Study:
 - a. Differentiate the commercial/industrial fee structure into four separate categories: retail, office, industrial and commercial.
 - b. Maintain the office density calculation of 200 square ft. per employee.
 - c. Update the fee study every 5-8 years, in accordance with new state law requirements in Assembly Bill 602.
2. Select and apply one of the following land valuations for use in calculating the Park Development Impact Fees:
 - a. Maintain the current \$5.7 million/acre valuation.
 - b. Increase the land valuation to \$6.5 million/ acre based on the addition of the last 12 months of vacant Palo Alto property sales data.
 - c. Increase the land valuation to \$17.6 million/acre based on the average of the last 5 years of underutilized Palo Alto properties sales data.
3. Make a recommendation to Council on whether to convert residential fees to reflect a per-square-foot amount, rather than a single amount per dwelling regardless of size.
4. Defer any development impact fee increase on multi-family housing and direct staff to prepare economic feasibility studies to evaluate the potential impact of higher fees on housing production and other development.
5. If applicable based on Recommendation #2, direct staff to implement new approved fee levels as part of the Fiscal Year 2023 budget process.

6. If applicable based on Recommendation #2, adopt an ordinance to update the fair market value per acre of land for the Park Land in Lieu Fee in PAMC section 21.50.070.

Background

Under California law (AB 1600), cities have the ability to charge new development for its relative share of the cost to fund the acquisition of land and improvements to public facilities and services. Impact fees are established based on the reasonable relationship, or nexus, between impacts caused by new development and the improvements to mitigate those impacts that will be funded by the fee.

On November 8, 2019, staff released an RFP for a Parks, Library, and Community Center Development Impact Fee Nexus Study. The local firm of DTA was determined to be the most qualified consultant. DTA prepared a Park, Community Center, and Library Development Impact Fee Justification Study, which provided a detailed legal framework for the imposition of impact fees, defined the City facilities addressed in the study, illustrated the calculation methodology used, and specified the maximum fee levels which the City could charge to new development.

On December 15, 2020, staff and DTA presented the draft study to Finance Committee to receive feedback prior to presenting to Council. Finance Committee passed a motion to recommend that the City Council approve any adjustments to fee levels and direct staff to return with the necessary ordinance and fee schedule updates, as well as the addition of a possible tiered approach to implement the fees.

On February 23, 2021, staff and DTA presented to the Parks and Recreation Commission. The Commission passed a motion with a 5-2 vote to recommend that City Council adopt an ordinance based on study recommendations to update the City's Park, Community Center, and Library Impact Fee Program. Dissenting commissioners expressed concerns that the fair market value land valuation figure seemed too low and square footage per employee used as demographics information seemed too high. Additionally, there was a request to see commercial fees differentiated between retail and office space.

On April 12, 2021 staff and DTA presented the study and recommendations to the City Council, and the Council passed a motion approving the fees recommended in the study and directing the Finance Committee and Parks and Recreation Commission to review the fee structures next Fiscal Year with a focus on:

- i. Updated land acquisition costs;
- ii. The differentiating fee structure for retail space versus office space;
- iii. An update on office density;
- iv. Recommendation from the Finance Committee on the frequency these schedules should be updated; and
- v. Recommendations on if there should be changes between multi and single-family fee structures.

The April 12th Staff Report and a Parks, Library, and Community Center Development Impact Fee Nexus Study can be found [here](#). Following in Table 1 are the City of Palo Alto's current Park, Community Center, and Library Development Impact Fees.

Table 1: 2021 Development Impact Fee Summary Adopted by City Council on April 12, 2021

Land Use Type	Park	Community Center	Library	Total Fees
Single-Family Residential (Per Unit)	\$57,420	\$4,438	\$2,645	\$64,504
Multi-Family Residential (Per Unit)	\$42,468	\$3,283	\$1,956	\$47,707
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$1.301	\$0.776	\$18.914
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$0.222	\$0.132	\$3.220

***Note:** Some figures may not sum due to rounding.

Discussion

Staff engaged DTA to prepare a follow up analysis to address the tasks from the April 12th Council motion, outlined in the Supplement to the Development Impact Fee Justification Study (the "Supplement" in Attachment A).

Following is a discussion of each of the additional tasks requested for follow up by Council:

- Task A- Update land acquisition costs.
- Task B- Differentiate the fee structure for retail space versus office space.
- Task C- Update office density from 250 sq. ft. per employee to 190 sq. feet per employee.
- Task D- Recommend the frequency with which these schedules should be updated.
- Task E- Evaluate whether the multi- ad single-family fee categories should be divided into multiple categories based on total square feet or some other measure.
- Task F- Evaluate options for a reduction in fees for new multi-family housing construction for projects that exceed required percentages of below market rate ("BMR") units.

On February 22, 2022 staff and DTA presented the Supplement to the Parks and Recreation Commission. The Parks and Recreation Commission passed a motion approving the methodology detailed in Tasks B, C, and E (no comment on D) of the nexus study as found in the Supplement. The Commission requested further study related to Task A on land valuation costs based on realistic considerations for acquiring land, including residential and commercial teardown acquisition data, and to provide alternative fee calculation data based on a) existing

per unit methodology, and b) residential square footage. The following motion was approved by a 5:0 vote:

The Parks and Recreation Commission recommends:

1. The Finance Committee approve the methodology for points 2, 3, and 5 (no comment on 4) of the nexus study as found in the Supplement to Park, Community Center, and Library Development Impact Fee Justification Study (the “Study”).
2. Further study on land valuation costs based on realistic considerations for acquiring land, including residential and commercial teardown acquisition data.
3. Provide alternative fee calculation data based on a) existing per unit methodology, and b) residential square footage.

The Discussion of Task A addresses the Parks and Recreation Commission’s motion.

Task A: Update Land acquisition costs

The original Study analyzed sales transactions of vacant land within the City over the previous ten (10) years, as well as in the neighboring cities of Campbell, Santa Clara, Sunnyvale, Saratoga, Mountain View, San Jose, and Los Altos. Using vacant land sales is the industry standard for calculating the development impact fees for park facilities. Based on DTA’s research and discussions with the City’s real estate and planning teams regarding their fair market value analysis, a land valuation of \$5.7 million per acre was utilized in the Study and in the corresponding updates to the City’s Municipal Code. Feedback from the City Council suggested that the \$5.7 million per acre land valuation may be too low.

Per the City’s direction, DTA updated the analysis to include transactions that occurred in the 12 months since completion of the Study, finding that the average vacant land valuation per acre within the City has increased from the \$5.7 million per acre outlined in the Study to approximately \$6.5 million per acre.

Of note, in cases where a city is fully built out and there are very few vacant parcels available, alternative methodologies can be utilized to value the specific types of properties that might be suitable for acquisition and conversion by a city into parkland, such as an improved property on which structures could be demolished in the future and replaced with other uses, or “teardown properties.”

On February 22, 2022, DTA was directed by the Parks and Recreation Commission to evaluate the market value of teardown properties within the City. The City provided DTA with a list of residential and commercial properties classified under this designation; however, sales data for these properties was not available. After discussions with City staff, it was decided that the assessed valuations of teardown properties were not representative of the cost to the City of acquiring potential parkland. In lieu of data on teardown properties, DTA analyzed sales data over the last five (5) years for “underutilized” sites within the City that would be classified as parcels that:

- Are considered practically uncompetitive with respect to the needs of typical tenants;
- May require significant renovation; and/or

- Are possibly functionally obsolete.

An analysis of this data across three land uses – industrial, office, and retail – substantiated an average sales price of approximately \$17.6 million per acre had the City acquired these properties with the purpose of converting them into parkland facilities. Utilizing data from both vacant land and “underutilized” property sales, DTA determined the anticipated increase in the Park Fees that would occur under the following two scenarios, which are summarized in Tables 2 and 3:

Table 2: Land Valuation Impact on Park Fees (\$6.5 Million /Acre Scenario)

Land Use Type	Current Park Fee (\$5.7 Million per Acre Valuation)	Proposed Park Fee (\$6.5 Million per Acre Valuation)	% Increase
Single-Family Residential (Per Unit)	\$57,420	\$62,802	9.37%
Multi-Family Residential (Per Unit)	\$42,468	\$46,448	
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$18.415	
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$3.135	

Table 3: Land Valuation Impact on Park Fees (\$17.6 Million /Acre Scenario)

Land Use Type	Current Park Fee (\$5.7 Million per Acre Valuation)	Proposed Park Fee (\$17.6 Million per Acre Valuation)	% Increase
Single-Family Residential (Per Unit)	\$57,420	\$138,742	141.62%
Multi-Family Residential (Per Unit)	\$42,468	\$102,613	
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$40.682	
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$6.925	

While the land valuation of \$17.6 million dollars may be based on a more realistic set of residential and commercial teardown acquisition data, raising the current Park Impact Fee by 141.62% may have an impact of discouraging development. The proposed fees are the

maximum possible fee, and the City could choose to set these fees lower than those shown above.

The City needs to prepare an economic feasibility study, which is not included in the current DTA scope of services. The feasibility study would evaluate potential impacts increased fees may have on housing production, especially multi-family housing, and other types of development. Staff anticipates conducting this analysis as part of the housing element update and can report back to the Finance Committee and Council with its findings when complete.

Task B: Differentiate Fee Structure for Retail vs Office

Currently, the City's Development Impact Fee structure reflects two non-residential fee categories: commercial/industrial and hotel/motel. Staff was asked to differentiate a fee structure for retail versus office space. A revised fee structure in which the commercial/industrial fee is separated into three categories: retail, office, and industrial is shown in Tables 4 and 5. Other commercial includes any non-residential project with a land use that does not fall under the Retail, Office, Industrial, or Hotel/Motel categories.

Please note that these proposed fees also reflect a land valuation of \$6.5 million per acre, as outlined above in Task A. Under this scenario, the combined park, community center, and library impact fees for the retail, office, and industrial categories would have the following changes:

The retail fee would decrease 41%, from \$18.914 per net new sq. ft. to \$11.206.

The office fee would increase 30%, from \$18.914 per net new sq. ft. to \$24.530.

The industrial fee would decrease 12%, from \$18.914 per net new sq. ft. to \$16.605.

Table 4: Proposed Development Impact Fee Summary using a \$6.5 Million/ Acre Valuation

Land Use Type	Park	Community Center	Library	Total Fees
Single-Family Residential (Per Unit)	\$62,802	\$4,438	\$2,645	\$69,886
Multi-Family Residential (Per Unit)	\$46,448	\$3,283	\$1,956	\$51,687
Retail (Per Net New Sq. Ft.)	\$10.070	\$0.712	\$0.424	\$11.206
Office (Per Net New Sq. Ft.)	\$22.044	\$1.558	\$0.928	\$24.530
Industrial (Per Net New Sq. Ft.)	\$14.922	\$1.055	\$0.629	\$16.605
Hotel/Motel (Per Net New Sq. Ft.)	\$3.135	\$0.222	\$0.132	\$3.488
Other Commercial (Per Net New Sq. Ft.)	\$12.543	\$0.886	\$0.528	\$13.957

Table 5: Proposed Development Impact Fee Summary using a \$17.6 Million/ Acre valuation

Land Use Type	Park	Community Center	Library	Total Fees
Single-Family Residential (Per Unit)	\$138,742	\$4,438	\$2,645	\$145,826
Multi-Family Residential (Per Unit)	\$102,613	\$3,283	\$1,956	\$107,852
Retail (Per Net New Sq. Ft.)	\$22.247	\$0.712	\$0.424	\$23.383
Office (Per Net New Sq. Ft.)	\$48.699	\$1.558	\$0.928	\$51.185
Industrial (Per Net New Sq. Ft.)	\$32.966	\$1.055	\$0.629	\$34.649
Hotel/Motel (Per Net New Sq. Ft.)	\$6.925	\$0.222	\$0.132	\$7.279
Other Commercial (Per Net New Sq. Ft.)	\$27.709	\$0.886	\$0.528	\$29.124

Task C: Update on Office Density

In response to the request to evaluate a revised fee structure with the “sq. ft. per employee” assumption reduced from approximately 250 sq. ft. to 190 sq. ft., which is the average based on the U.S. General Service Administration’s 2012 public sector survey. This assumption is validated by a 2017 Cushman Wakefield analysis, which indicates that the Bay Area has one of the fastest shrinking square-foot-per-employee ratios in the country.

The CoStar data that DTA evaluated in the Study supports this adjustment as well. By isolating office development into a separate land use category, rather than combining with retail as outlined in the Study, the office fee calculation reflects approximately 200 sq. ft. per employee, therefore the proposed fees outlined in Tables 4 and 5 reflect the requested office density update.

Task D: Frequency of Fee Study Updates

It is generally recommended that impact fees be increased annually and that a new fee study be completed every five (5) to eight (8) years to ensure that the fees are reflective of the most current projections of future development, as well as infrastructure needs and cost estimates. Commonly used annual fee escalators include the Engineering News Record (“ENR”) construction cost index (“CCI”), which the City currently uses to escalate its fees, consumer price index (“CPI”), or other appropriate adjustment factor. New state law requires a fee study at least once every eight years (see AB 602).

Task E: Evaluate Changes to Single and Multi-Family Fee Structure

The City’s previous fee program separated residential land uses into four categories – single-family units 3,000 square feet or less, single-family units greater than 3,000 square feet, multi-family units 900 square feet or less, and multi-family units greater than 900 square feet.

After discussions with City staff, DTA’s Study recommended a revision to this structure, given that the distinction between these land uses no longer reflected the types of proposed housing currently under construction in the City and was difficult to align with underlying residential data and current development industry practices. As a result, residential land use types were reduced from four to two categories, as reflected in the fees adopted as of August 23, 2021, and illustrated in Table 1. DTA and staff continues to recommend this simplification of the fee structure.

AB 602, which was recently adopted by the State Legislature, will require that impact fee studies adopted by the City Council after July 1, 2022, designate all impact fee amounts as a charge on a per-square-foot basis. For any updates reflected in this Supplement after July 1, the per-square-foot fee structure will be required.

The Parks and Recreation Commission requested an alternative fee calculation data based on residential square footage, which is displayed in Table 6 below using the average square footage of recent residential single family (2,154 square feet) and multi-family unit sales (1,255 square feet).

Table 6: Land Valuation Impact on Park Fees (\$17.6 Million /Acre Scenario)

Land Valuation per Acre	Estimated Residential Park Fee per sq. ft.	Sample Park Fee for SFR Unit (2,154 sq. ft.)	Sample Park Fee for MFR Unit (1,255 sq. ft.)
\$5,700,000	\$28.93	\$62,323	\$36,317
\$6,489,851	\$31.64	\$68,164	\$39,721
\$17,634,659	\$69.91	\$150,588	\$87,752

Note: Figures are estimates and subject to change.

Task F: Evaluate Fee Credit Option for Excess Below Market Rate (“BMR”) Units

At the April 2021 meeting, the City Council voiced concerns about fee updates disincentivizing multi-family residential development, and therefore negatively impacting the City’s goal of increasing the supply of affordable housing. DTA evaluated a potential reduction or credit in park impact fees for new multi-family housing projects in which the number of BMR units exceeds the City’s requirements for that development. Currently, as outlined in Section 16.58.030 of the City’s Municipal Code, any BMR units that exceed the minimum number required by the City’s BMR Housing Program are exempt from park, community center, and library impact fees, so this incentive appears to already be in place.

Municipalities take many different DTA approaches to providing fee credits for BMR units, including:

- Reducing development impact fee obligations within the Development Agreement between the city/county and the developer, which is a commonly utilized approach but would be burdensome for staff to implement;
- Implementing an across-the-board fee discount for BMR units, such as giving a 50% reduction of the fee applicable to all BMR units (whether or not they exceed the required number); or
- Implementing an across-the-board fee exemption for BMR units (whether or not they exceed the required number).

Timeline

The Finance Committee’s recommendation and any other feedback is tentatively scheduled to be presented to City Council on May 16, 2022. Based on Council recommendation and approval, new fee levels would be brought forward as part of the FY 2023 annual budget process unless additional consultant study is required, or alternative direction is provided. Impact fee ordinances require formal public notice and do not become effective until 60 days after adoption on a second reading.

Resource Impact

Development Impact Fees provide funding for capital improvements to mitigate the impacts of new development on public services. The revenues received each year vary based on the amount of residential and non-residential development occurring in Palo Alto during that timeframe. CSD will monitor revenues from the Parks, Community Center and Library Development Impact fees and revenue adjustments will be brought forward in the future budget processes as appropriate to recognize the projected impacts of any fee updated and adopted by the City Council.

According to the FY 2020-21 Annual Status Report on the Development Impact Fees Schedule ([CMR #13798](#), January 24, 2022), a total of approximately \$318,561 was collected in Park, Community Center, and Library fees. Note that these fees were collected before the increase in fees that went into effect on August 23, 2021.

DTA projects that the total fee revenues will increase significantly should the fee levels be associated with the increased land valuation of \$6.5 million per acre be approved and adopted as new fees. Please see Table 7 below for more detail.

Table 7: FY2020-21 and Projected Revenues¹

Fee Category	Total Revenues Collected FY 2020-2021²	Total Projected Annual Revenues based on a \$6.5 Million per Acre	Total Projected Annual Revenues based on a \$17.6 Million per Acre
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		Valuation	Valuation ³
Park	\$219,423	\$658,269	\$1,316,538
Community Center	\$70,000	\$105,000	\$210,000
Library	\$29,138	\$43,707	\$87,414
Total	\$318,561	\$806,976	\$1,613,952

Notes:

1. Projected revenues are an approximation and subject to change
2. Total revenues collected reflect last available report as of period ending June 30, 2021.
3. Projected revenues do not take into consideration whether an increase in fees will generate additional revenue or discourage new development and result in a reduction of total fees collected.

Parkland Dedication in Lieu Fee

In some projects, a parkland dedication in lieu fee applies instead of a park impact fee. This occurs for residential projects that require a subdivision or parcel map, and developers can choose to dedicate land for parks or pay an in-lieu fee. The in-lieu fee is required for subdivisions resulting in more than 50 parcels. (See PAMC Ch. 21.50). The fee is based on the cost to acquire land for new parks as a result of housing development. Should the City change the land valuation for the park impact fee, it should similarly update the parkland in lieu fee. Should the fee be based on the highest land valuation option, an economic feasibility study should look at possible development impacts to housing.

Stakeholder Engagement

The Community Services department presented the Supplemental report to the Parks and Recreation Commission (PRC) on February 22, 2022, for review.

Policy Implications

City Council has the authority to charge new development for its relative share of the cost of specific public facilities, as calculated based on a nexus study and pursuant to state law requirements. Council also has the authority, for policy reasons, to restructure fees based on articulated City policies. The information provided in this Supplemental report allows Council to take the next step towards reevaluating and adjusting the City’s Development Impact Fees for Parks, Community Centers and Libraries.

However, with respect to multi-family housing, the City is currently evaluating constraints to housing production as part of the housing element update. Staff recommends the Finance Committee and Council defer increasing any impact fees for multi-family housing until proper studies and analysis can be prepared to ensure this action does not present a constraint on housing production.

Environmental Review

The recommended actions are not considered a Project as defined by the California Environmental Quality Act pursuant to CEQA regulation 15061(b)(3). The projects in the 2021

nexus study associated with these fees have been fully analyzed as part of the City's 2030 Comprehensive Plan and its EIR, as well as the City's Parks and Open Space Master Plan and its Mitigated Negative Declaration and no further CEQA analysis is necessary.

Attachments:

- Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee Justification Study



MEMORANDUM

April 8, 2022

To: City of Palo Alto
 From: DTA
 Subject: Supplement to Development Impact Fee Justification Study

On January 15, 2021, DTA issued a Development Impact Fee Justification Study (the "Study") to the City of Palo Alto (the "City"), reflecting the updated fee recommendations outlined in **Table 1** below. The Study was reviewed by the City's Finance Committee, Parks and Recreation Commission, and City Council on December 12, 2020, February 23, 2021, and April 12, 2021, respectively. The fees recommended in the Study were approved by the City Council and implemented as of August 23, 2021, with the understanding that DTA would evaluate the impact of various City Council recommendations on the fee calculations and provide an update to the Study accordingly.

Table 1: 2021 Development Impact Fee Summary Adopted by the City Council

Land Use Type	Park	Community Center	Library	Total Fees
Single-Family Residential (Per Unit)	\$57,420	\$4,438	\$2,645	\$64,504
Multi-Family Residential (Per Unit)	\$42,468	\$3,283	\$1,956	\$47,707
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$1.301	\$0.776	\$18.914
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$0.222	\$0.132	\$3.220

*Note: Some figures may not sum due to rounding.

In January 2022, the City requested that DTA prepare the follow-up analysis, outlined in this Supplement to the Development Impact Fee Justification Study (the "Supplement"). Based on the comments received from the City Council, the following specific tasks have been addressed in this Supplement:

- Task A – Update land acquisition costs;
- Task B – Differentiate the fee structure for retail space versus office space;
- Task C – Update office density from 250 sq. ft. per employee to 190 sq. ft. per employee;
- Task D – Recommend the frequency with which these schedules should be updated;
- Task E – Evaluate whether the multi- and single-family fee categories should be divided into multiple categories based on total square feet or some other measure; and

- Task F – Evaluate options for a reduction in fees for new multi-family housing construction for projects that exceed required percentages of below market rate (“BMR”) units.

A Update Land Acquisition Costs

Utilizing CoStar, a leading commercial real estate database, DTA’s Study analyzed sales transactions of vacant land within the City over the previous ten (10) years, as well as in the neighboring cities of Campbell, Santa Clara, Sunnyvale, Saratoga, Mountain View, San Jose, and Los Altos. Based on DTA’s research and discussions with the City’s real estate and planning teams regarding their fair market value analysis, a land valuation of \$5.7 million per acre was utilized in the Study and in the corresponding updates to the City’s Municipal Code (the “Municipal Code”).

Feedback from the City Council suggested that the \$5.7 million per acre land valuation may be too low and that the figure should be closer to \$20 million, as indicated by recent home sales. However, it is important to note that DTA’s estimated valuation per acre at that time reflected sales prices of vacant land, a customary industry standard when calculating the development impact fees for park facilities (the “Park Fees”), as vacant land is the most likely property type to be purchased for the creation of new park facilities. The average price per acre of developed land is significantly higher and not typically used for purposes of calculating parkland acquisition costs.

Per the City’s direction, DTA updated and analyzed the CoStar data so that it now includes transactions that have occurred in the 12 months since completion of the Study. According to our analysis, the average vacant land valuation per acre within the City has increased from the \$5.7 million per acre outlined in the Study to approximately \$6.5 million per acre.

Of note, in cases where a city is fully built out and there are very few vacant parcels available, alternative methodologies can be utilized to value the specific types of properties that might be suitable for acquisition and conversion by a city into parkland, such as an improved property on which structures could be demolished in the future and replaced with other uses, or “teardown properties.”

On February 22, 2022, DTA was directed by the Parks and Recreation Commission to evaluate the market value of teardown properties within the City that were demolished or deconstructed in the last five (5) years. Importantly, in contrast to the evaluation completed for vacant land for which the relevant data points were limited, the evaluation of teardown properties provided more data points to consider in estimating the market value of property for purposes of this Supplement. The City provided DTA with a list of residential and commercial properties classified under this designation. DTA assigned Santa Clara County’s current published assessed value of these teardown properties as of June 30, 2021, to determine an average valuation, since sales data for these properties was not available; However, assessed valuations do not necessarily reflect current market values of these teardown properties, many of which are located on sites that would not be eligible or practical for acquisition by the City and conversion into parkland. As a result, after discussions with City staff, it was decided that the assessed valuations of teardown properties were not representative of the cost to the City of acquiring potential parkland.

In lieu of data on teardown properties, DTA analyzed sales data over the last five (5) years for “underutilized” sites within the City that would be classified as “one-star” properties based on CoStar’s Building Rating System. One-star properties are those parcels that:

- Are considered practically uncompetitive with respect to the needs of typical tenants;
- May require significant renovation; and/or
- Are possibly functionally obsolete.

An analysis of this data across three (3) land uses – industrial, office, and retail – substantiated an average sales price of approximately \$17.6 million per acre, had the City acquired and converted them into parkland facilities.

Utilizing data from both vacant land and “underutilized” property sales, DTA determined the anticipated increase in the Park Fees that would occur under the following two scenarios, which are also summarized in **Tables 2 and 3**:

- Implementation of a \$6.5 million per acre land valuation based on vacant land sales over the last ten (10) years. Under this scenario, the Park Fees for single-family and multi-family dwelling units, which are currently \$57,420 and \$42,468 per unit, would increase to \$62,802 and \$46,448, respectively.
- Implementation of a \$17.6 million per acre land valuation based on developed land sales of one-star properties over the last five (5) years. Under this scenario, the Park Fees for single-family and multi-family dwelling units, which are currently \$57,420 and \$42,468 per unit, would increase to \$138,742 and \$102,613, respectively.

Table 2: Land Valuation Impact on Park Fees (\$6.5 Million Scenario)

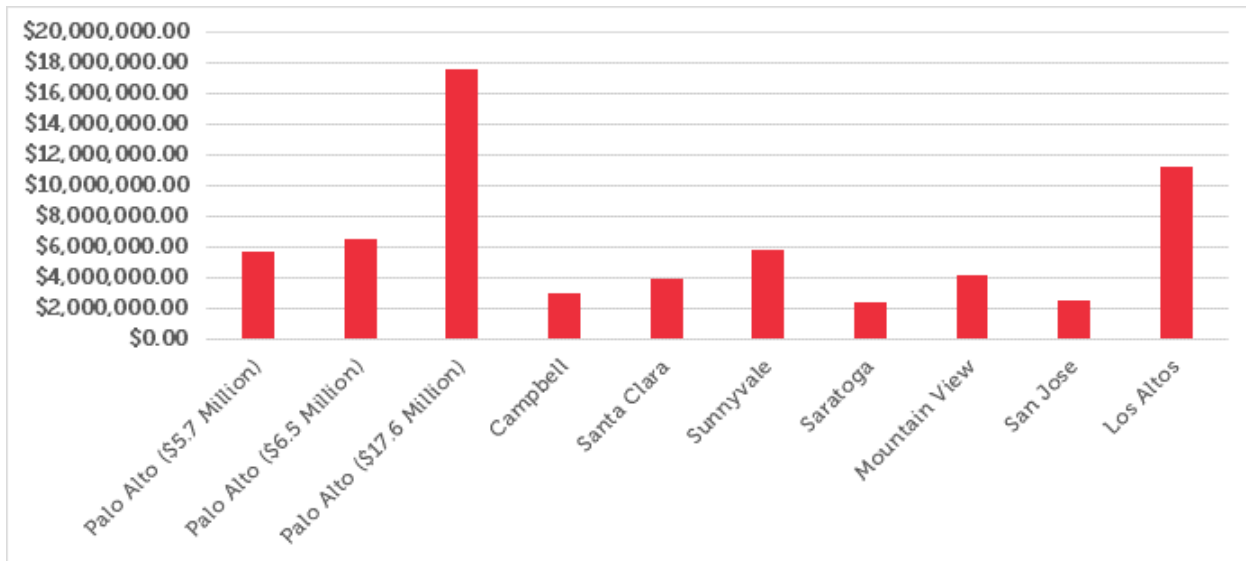
Land Use Type	Current Park Fee (\$5.7 Million per Acre Valuation)	Proposed Park Fee (\$6.5 Million per Acre Valuation)	% Increase
Single-Family Residential (Per Unit)	\$57,420	\$62,802	9.37%
Multi-Family Residential (Per Unit)	\$42,468	\$46,448	
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$18.415	
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$3.135	

Table 3: Land Valuation Impact on Park Fees (\$17.6 Million Scenario)

Land Use Type	Current Park Fee (\$5.7 Million per Acre Valuation)	Proposed Park Fee (\$17.6 Million per Acre Valuation)	% Increase
Single-Family Residential (Per Unit)	\$57,420	\$138,742	141.62%
Multi-Family Residential (Per Unit)	\$42,468	\$102,613	
Commercial/Industrial (Per Net New Sq. Ft.)	\$16.837	\$40.682	
Hotel/Motel (Per Net New Sq. Ft.)	\$2.866	\$6.925	

Additionally, **Figure 1** below illustrates the City’s current land valuation figure of \$5,700,000 and proposed land valuation figures of \$6.5 million and \$17.6 million, as compared with valuations currently utilized in Park Fee calculations by neighboring communities.

Figure 1: Land Valuation Comparison



B Differentiate Fee Structure for Retail vs Office

Currently, the City’s Development Impact Fee structure reflects two non-residential fee categories: commercial/industrial and hotel/motel. DTA was asked to evaluate a revised fee structure in which the commercial/industrial fee is separated into three categories: retail, office, and industrial. The updated fees under this revised structure are shown in **Table 4**. Please note that these proposed fees also reflect a land valuation of \$6.5 million per acre, as outlined above in Task A. Under this scenario, the combined park, community center, and library impact fees for the retail, office, and industrial categories would have the following changes:

- The retail fee would decrease 41%, from \$18.914 per net new sq. ft. to \$11.206.

- The office fee would increase 30%, from \$18.914 per net new sq. ft. to \$24.530.
- The industrial fee would decrease 12%, from \$18.914 per net new sq. ft. to \$16.605.

City staff have also indicated that implementation of this proposed fee structure may be difficult when attempting to determine the appropriate land use categories for commercial projects that do not fall under any of the four (4) proposed non-residential fee categories. There are multiple ways to remedy this issue, one of which would call for the addition of a fifth “other commercial” category. The fee for this additional category could be calculated as the average of the four proposed non-residential fee levels. An example of this calculation is shown in **Table 4** and would yield an “other commercial” category with a combined park, community center, and library fee of \$13,957 per unit.

Table 4: Proposed Development Impact Fee Summary

Land Use Type	Park ¹	Community Center	Library	Total Fees
Single-Family Residential (Per Unit)	\$62,802	\$4,438	\$2,645	\$69,886
Multi-Family Residential (Per Unit)	\$46,448	\$3,283	\$1,956	\$51,687
Retail (Per Net New Sq. Ft.)	\$10.070	\$0.712	\$0.424	\$11.206
Office (Per Net New Sq. Ft.)	\$22.044	\$1.558	\$0.928	\$24.530
Industrial (Per Net New Sq. Ft.)	\$14.922	\$1.055	\$0.629	\$16.605
Hotel/Motel (Per Net New Sq. Ft.)	\$3.135	\$0.222	\$0.132	\$3.488
Other Commercial ² (Per Net New Sq. Ft.)	\$12.543	\$0.886	\$0.528	\$13.957

Notes:

1. Park fees reflect an updated land valuation of approximately \$6.5 million per acre.
2. Includes any non-residential project with a land use that does not fall under the Retail, Office, Industrial, or Hotel/Motel categories, as defined in the City’s zoning code.

C Update Office Density

In addition to bifurcating the commercial land use category into retail and office, DTA was asked to evaluate a revised fee structure with the “sq. ft. per employee” assumption reduced from approximately 250 sq. ft. to 190 sq. ft., which is the average based on the U.S. General Service Administration’s 2012 public sector survey. This assumption is validated by a 2017 Cushman Wakefield analysis, which indicates that the Bay Area has one of the fastest shrinking square-foot-per-employee ratios in the country.

The CoStar data that DTA evaluated in the Study supports this adjustment as well. By isolating office development into a separate land use category, rather than combining with retail as outlined in the Study, the office fee calculation reflects approximately 200 sq. ft. per employee. Unless requested by the City Council, DTA believes no

additional adjustment beyond the category bifurcation is necessary to accommodate this request, as this ratio of 200 sq. ft. per employee is based on the existing square footage and number of employees in the City. The proposed fees outlined in **Table 4** reflect the requested office density update.

D Frequency of Fee Study Updates

It is generally recommended that impact fees be increased annually and that a new fee study be completed every five (5) to eight (8) years to ensure that the fees are reflective of the most current projections of future development, as well as infrastructure needs and cost estimates. Commonly used annual fee escalators include the Engineering News Record ("ENR") construction cost index ("CCI"), which the City currently uses to escalate its fees, consumer price index ("CPI"), or other appropriate adjustment factor.

E Evaluate Changes to Single and Multi-Family Fee Structure

The City's previous fee program separated residential land uses into four categories – single-family units with fewer than 3,000 square feet, single-family units with greater than 3,000 square feet, multi-family units with fewer than 900 square feet, and multi-family units with greater than 900 square feet. After discussions with City staff, DTA's Study recommended a revision to this structure, given that the distinction between these land uses no longer reflected the types of proposed housing currently under construction in the City and was difficult to align with underlying residential data and current development industry practices. As a result, residential land use types were reduced from four to two categories, as reflected in the fees adopted as of August 23, 2021, and illustrated in **Table 1**. DTA continues to recommend this simplification of the fee structure.

The City may wish to consider converting residential fees to reflect a per-square-foot metric, rather than a single amount per dwelling unit that disregards a dwelling unit's size. The-per-square foot amounts could be calculated by dividing the total fee (either the current fees outlined in **Table 1** or the proposed updated fees outlined in **Table 4**) by the average square footage of newly constructed single-family and multi-family units, as reflected in building permit data or other City data sources. AB 602, which was recently adopted by the State Legislature, will require that impact fee studies adopted by the City Councils after July 1, 2022, designate all impact fee amounts as a charge on a per-square-foot basis. If the City chooses to implement any updates reflected in this Supplement after July 1, the per-square-foot fee structure will be required.

F Evaluate Fee Credit Option for Excess Below Market Rate ("BMR") Units

At the April 2021 meeting, the City Council voiced concerns about the fee updates disincentivizing multi-family residential development, and therefore negatively impacting the City's goal of increasing the supply of affordable housing. Subsequently, DTA was asked to evaluate a potential reduction or credit in park impact fees for new multi-family housing projects in which the number of BMR units exceeds the City's requirements for that development. Currently, as outlined in Section 16.58.030 of the City's Municipal Code, any BMR units that exceed the minimum number required by the City's BMR Housing Program are exempt from 100% of all impact fees, so this incentive appears to already be in place.

Municipalities take many different approaches to providing fee credits for BMR units, including:

- Reducing development impact fee obligations within the Development Agreement between the city/county and the developer, which is a commonly utilized approach;
- Implementing an across-the-board fee discount for BMR units, such as giving a 50% reduction of the fee applicable to all BMR units (whether or not they exceed the required number); or
- Implementing an across-the-board fee exemption for BMR units (whether or not they exceed the required number).

If you have any questions upon review of the attached analysis, please feel free to call us at (800) 969-4DTA.

Enclosures:

1. Attachment 1 – Fee Derivation Worksheets

ATTACHMENT 1

City of Palo Alto
Supplement to Development Impact Fee Justification Study



FEE DERIVATION WORKSHEETS

**APPENDIX A-1
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES ONLY TASK A)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Commercial/Industrial (per 1,000 SF)	18,772	23,323	0.80	0.29	6,839
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Commercial/Industrial (per 1,000 SF)	1,946	2,418	0.80	0.29	709
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$6,489,851	26.11	\$1,406,530	\$84,392	\$70,327	\$210,213,753	\$44,548.00
Natural Open Space	Acres	604.38	\$64,899	604.38	\$40,000	\$2,400	\$2,000	\$66,058,156	\$13,998.89
Total								\$276,271,909	\$58,546.88

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,334	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,723	\$4,255.03

Parks LOS Facilities Fee Total \$62,801.92

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
 - [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
 - [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
 - [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-2
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES ONLY TASK A)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Commercial/Industrial (per 1,000 SF)	18,772	23,323	0.80	0.29	6,839
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Commercial/Industrial (per 1,000 SF)	1,946	2,418	0.80	0.29	709
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$17,634,659	26.11	\$1,406,530	\$84,392	\$70,327	\$501,204,061	\$106,213.97
Natural Open Space	Acres	604.38	\$176,347	604.38	\$40,000	\$2,400	\$2,000	\$133,415,475	\$28,273.09
Total								\$634,619,536	\$134,487.06

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,334	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,723	\$4,255.03

Parks LOS Facilities Fee Total \$138,742.09

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
 - [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
 - [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
 - [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-3
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS A, B, AND C)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,825	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$6,489,851	26.11	\$1,406,530	\$84,392	\$70,327	\$210,213,759	\$44,548.00
Natural Open Space	Acres	604.38	\$64,899	604.38	\$40,000	\$2,400	\$2,000	\$66,058,157	\$13,998.89
Total								\$276,271,917	\$58,546.88

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,335	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,724	\$4,255.04

Parks LOS Facilities Fee Total \$62,801.92

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
 - [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
 - [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
 - [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-4
CITY OF PALO ALTO
PARK DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS A, B, AND C)**

I. Inventory of Existing Park Facilities		
Facility	Facility Units	Quantity
City Parks	Acres	174.10
Natural Open Space	Acres	4,030.00
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33
Bayland Preserve Capital Improvements	Integrated Facilities	1.00
Foothills Park Capital Improvements	Integrated Facilities	1.00

II. Existing Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,825	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
City Parks	Acres	174.10	2.02
Natural Open Space	Acres	4,030.00	46.66
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154.00	1.78
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.05
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.01
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.01

IV. Future Recreation and Park Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
City Parks	Acres	2.02	26.11
Natural Open Space	Acres	46.66	604.38
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	1.78	23.10
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	0.05	0.65
Bayland Preserve Capital Improvements	Integrated Facilities	0.01	0.15
Foothills Park Capital Improvements	Integrated Facilities	0.01	0.15

VI. Park and Open Space Summary Cost Data									
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Land Acquisition per Acre	Acres Being Developed	Park Development per Acre [6]	Planning and Design per Acre [7]	Administration (5%) [8]	Total Facility Cost for New Development	Cost per EDU
City Parks	Acres	26.11	\$17,634,659	26.11	\$1,406,530	\$84,392	\$70,327	\$501,204,075	\$106,213.97
Natural Open Space	Acres	604.38	\$176,347	604.38	\$40,000	\$2,400	\$2,000	\$133,415,479	\$28,273.09
Total								\$634,619,554	\$134,487.06

VII. Parks & Recreation Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Recreation Facilities (Courts, Play Areas, Ball Fields, etc.)	Integrated Facilities	154	23.10	99,326	1.78	23.10	\$663,173	\$15,316,335	\$3,245.80
Special Recreation Facilities (Winter Lodge, Gamble Garden, King Plaza)	Acres	4.33	0.65	99,326	0.05	0.65	\$6,693,925	\$4,346,862	\$921.18
Bayland Preserve Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$25,000,000	\$3,749,274	\$794.54
Foothills Park Capital Improvements	Integrated Facilities	1.00	0.15	99,326	0.01	0.15	\$15,000,000	\$2,249,564	\$476.72
Offsetting Revenues								(\$5,583,312)	(\$1,183.20)
Total							\$47,357,098	\$20,078,724	\$4,255.04

Parks LOS Facilities Fee Total \$138,742.10

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Park inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Park improvement costs provided by City of Palo Alto.
 - [6] Park development costs have been escalated to Fiscal Year 2019 according to the Construction Cost Index (CCI).
 - [7] Planning and Design Costs have been estimated to be approximately 6% of development costs, as seen in other California communities.
 - [8] Administration costs have been estimated at 5% to appropriately reflect City staff's time.

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-5
CITY OF PALO ALTO
COMMUNITY CENTER DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS B AND C)**

I. Inventory of Existing Community Center Facilities		
Facility	Facility Units	Quantity
Cubberley Community Center	Square Feet	65,046
Lucie Stern Community Center	Square Feet	12,203
Mitchell Park Community Center	Square Feet	15,000
Palo Alto Art Center	Square Feet	23,000
Junior Museum and Zoo	Square Feet	45,071
Improvements, Upgrades, and Renovations	Integrated Unit	5
Building Master Plans	Integrated Unit	5

II. Existing Community Center Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	2.03	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,823	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,572	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
Cubberley Community Center	Square Feet	65,046	753.09
Lucie Stern Community Center	Square Feet	12,203	141.28
Mitchell Park Community Center	Square Feet	15,000	173.67
Palo Alto Art Center	Square Feet	23,000	266.29
Junior Museum and Zoo	Square Feet	45,071	521.82
Improvements, Upgrades, and Renovations	Integrated Unit	5	0.06
Building Master Plans	Integrated Unit	5	0.06

IV. Future Community Center Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	435	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
Cubberley Community Center	Square Feet	753.09	9,755.01
Lucie Stern Community Center	Square Feet	141.28	1,830.10
Mitchell Park Community Center	Square Feet	173.67	2,249.56
Palo Alto Art Center	Square Feet	266.29	3,449.33
Junior Museum and Zoo	Square Feet	521.82	6,759.34
Improvements, Upgrades, and Renovations	Integrated Unit	0.06	0.75
Building Master Plans	Integrated Unit	0.06	0.75

VI. Community Center Summary Cost Data					
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Cost Per Unit	Total Facility Cost for Future Development	Cost per EDU
Cubberley Community Center	Square Feet	9,755.01	\$629	\$6,135,363	\$1,300.19
Lucie Stern Community Center	Square Feet	1,830.10	\$629	\$1,151,029	\$243.92
Mitchell Park Community Center	Square Feet	2,249.56	\$629	\$1,414,852	\$299.83
Palo Alto Art Center	Square Feet	3,449.33	\$629	\$2,169,439	\$459.74
Junior Museum and Zoo	Square Feet	6,759.34	\$718	\$4,856,117	\$1,029.10
Improvements, Upgrades, and Renovations	Integrated Unit	0.75	\$12,469,894	\$9,350,610	\$1,981.56
Building Master Plans	Integrated Unit	0.75	\$171,692	\$128,744	\$27.28
Total				\$25,206,155	\$5,341.63

VII. Community Center Facility Cost Summary										
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU	Offsetting Revenues
Cubberley Community Center	Square Feet	65,046	9,755.01	99,326	753.09	9,755.01	\$629	\$6,135,363	\$1,300.19	
Lucie Stern Community Center	Square Feet	12,203	1,830.10	99,326	141.28	1,830.10	\$629	\$1,151,029	\$243.92	
Mitchell Park Community Center	Square Feet	15,000	2,249.56	99,326	173.67	2,249.56	\$629	\$1,414,852	\$299.83	
Palo Alto Art Center	Square Feet	23,000	3,449.33	99,326	266.29	3,449.33	\$629	\$2,169,439	\$459.74	
Junior Museum and Zoo	Square Feet	45,071	6,759.34	99,326	521.82	6,759.34	\$718	\$4,856,117	\$1,029.10	
Improvements, Upgrades, and Renovations	Integrated Unit	5	0.75	99,326	0.06	0.75	\$12,469,894	\$9,350,610	\$1,981.56	
Building Master Plans	Integrated Unit	5	0.75	99,326	0.06	0.75	\$171,692	\$128,744	\$27.28	
Total								\$12,644,820	\$20,944,257	\$4,438.46

Community Center LOS Facilities Fee Total \$4,438.46

- Notes:**
- [1] Employee Adjustment Factor of 19.64% has been applied to capture the reduced hours of facilities usage for an employee compared to a resident.
 - [2] Population estimates based on California Dept. of Finance, Demographic Research Unit - Report E-5 January 1, 2020.
 - [3] Persons Served per Unit based on U.S. Census Bureau's American Community Survey (ACS) 2018.
 - [4] Estimates based on current Community Center inventory as identified within the Palo Alto Parks, Trails, Natural Open Space, and Recreation Master Plan.
 - [5] Estimates based on cost assumptions for Community Center improvement costs provided by City of Palo Alto.

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-6
CITY OF PALO ALTO
LIBRARY DEVELOPMENT IMPACT FEE CALCULATION (INCLUDES TASKS B AND C)**

I. Inventory of Existing Library Facilities		
Facility	Facility Units	Quantity
Children's Library (1276 Harriet)	Square Feet	6,043
College Terrace Library (2300 Wellesley)	Square Feet	2,392
Downtown Library (270 Forest Ave.)	Square Feet	9,046
Mitchell Library (3700 Middlefield)	Square Feet	41,000
Rinconada Library (1213 Newell)	Square Feet	29,608
Furniture, Fixtures & Equipment	Integrated Unit	5
Volumes	Volumes	485,157
Technology Upgrades	Integrated Unit	5

II. Existing Library Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	42,392	15,443	2.75	1.00	15,443
Multi-Family	24,992	12,310	0.74	0.74	9,104
Retail (per 1,000 SF)	1,849	4,200	0.44	0.16	673
Office (per 1,000 SF)	13,778	14,300	0.96	0.35	5,019
Industrial (per 1,000 SF)	3,145	4,823	0.65	0.24	1,146
Hotel/Motel (per 1,000 SF)	216	1,577	0.14	0.05	79
Total	86,372	52,653	NA	NA	31,465

III. Existing Facility Standard			
Facility Type	Facility Units	Quantity	Facility Units per 1,000 Persons Served
Children's Library (1276 Harriet)	Square Feet	6,043	69.96
College Terrace Library (2300 Wellesley)	Square Feet	2,392	27.69
Downtown Library (270 Forest Ave.)	Square Feet	9,046	104.73
Mitchell Library (3700 Middlefield)	Square Feet	41,000	474.69
Rinconada Library (1213 Newell)	Square Feet	29,608	342.80
Furniture, Fixtures & Equipment	Integrated Unit	5	0.06
Volumes	Volumes	485,157	5,617.05
Technology Upgrades	Integrated Unit	5	0.06

IV. Future Library Facilities EDU Calculation					
Land Use Type	Number of Persons Served [1]	Number of Units/ Non-Res 1,000 SF [2]	Residents per Unit/ Persons Served per 1,000 Non-Res. SF [3]	EDUs per Unit/ per 1,000 Non-Res SF	Total Number of EDUs
Single Family	6,911	2,517	2.75	1.00	2,517
Multi-Family	4,074	2,007	2.03	0.74	1,484
Retail (per 1,000 SF)	192	455	0.44	0.16	70
Office (per 1,000 SF)	1,428	1,482	0.96	0.35	520
Industrial (per 1,000 SF)	326	500	0.65	0.24	119
Hotel/Motel (per 1,000 SF)	22	164	0.14	0.05	8
Total	12,953	7,106	NA	NA	4,719

V. Future Facility Standard			
Facility Type [4]	Facility Units	Facility Units per 1,000 Persons Served	Facility Units Funded by Future Development
Children's Library (1276 Harriet)	Square Feet	69.96	906.27
College Terrace Library (2300 Wellesley)	Square Feet	27.69	358.73
Downtown Library (270 Forest Ave.)	Square Feet	104.73	1,356.64
Mitchell Library (3700 Middlefield)	Square Feet	474.69	6,148.81
Rinconada Library (1213 Newell)	Square Feet	342.80	4,440.34
Furniture, Fixtures & Equipment	Integrated Unit	0.06	0.75
Volumes	Volumes	5,617.05	72,759.46
Technology Upgrades	Integrated Unit	0.06	0.75

VI. Library Summary Cost Data					
Facility Type [5]	Facility Units	Facility Units Funded by Future Development	Cost Per Unit	Total Facility Cost for New Development	Cost per EDU
Children's Library (1276 Harriet)	Square Feet	906.27	\$ 628.94	\$569,997	\$120.79
College Terrace Library (2300 Wellesley)	Square Feet	358.73	\$ 628.94	\$225,622	\$47.81
Downtown Library (270 Forest Ave.)	Square Feet	1,356.64	\$ 628.94	\$853,250	\$180.82
Mitchell Library (3700 Middlefield)	Square Feet	6,148.81	\$ 628.94	\$3,867,262	\$819.54
Rinconada Library (1213 Newell)	Square Feet	4,440.34	\$ 628.94	\$2,792,729	\$591.83
Furniture, Fixtures & Equipment	Integrated Unit	0.75	\$500,000	\$374,927	\$79.45
Volumes	Volumes	72,759.46	\$50	\$3,637,973	\$770.95
Technology Upgrades	Integrated Unit	0.75	\$500,000	\$374,927	\$79.45
Total				\$12,696,687	\$2,690.65

VII. Library Facility Cost Summary									
Facility Type	Facility Units	Current Development	Future Development	Buildout Persons Served Population	Facility Units per 1,000 Persons Served	Facilities Funded by Future Development	Facility Cost	Total Facilities for Future Development	Cost per EDU
Children's Library (1276 Harriet)	Square Feet	6,043	906.27	99,326	69.96	906.27	\$629	\$569,997	\$120.79
College Terrace Library (2300 Wellesley)	Square Feet	2,392	358.73	99,326	358.73	27.69	\$629	\$225,622	\$47.81
Downtown Library (270 Forest Ave.)	Square Feet	9,046	1,356.64	99,326	104.73	1,356.64	\$629	\$853,250	\$180.82
Mitchell Library (3700 Middlefield)	Square Feet	41,000	6,148.81	99,326	474.69	6,148.81	\$629	\$3,867,262	\$819.54
Rinconada Library (1213 Newell)	Square Feet	29,608	4,440.34	99,326	342.80	4,440.34	\$629	\$2,792,729	\$591.83
Furniture, Fixtures & Equipment	Integrated Unit	5	0.75	99,326	0.06	0.75	\$500,000	\$374,927	\$79.45
Volumes	Volumes	485,157	72,759.46	99,326	5,617.05	72,759.46	\$50	\$3,637,973	\$770.95
Technology Upgrades	Integrated Unit	5	0.75	99,326	0.06	0.75	\$500,000	\$374,927	\$79.45
Total							\$1,003,195	\$12,481,908	\$2,645.14

Library Facilities Fee Total **\$2,645.14**

Attachment: Supplement to City of Palo Alto Park Community Center and Library Development Impact Fee

**APPENDIX A-7
CITY OF PALO ALTO
EDU & EBU CALCULATION YEAR TO BUILD-OUT (2040) (INCLUDES TASKS B AND C)**

Existing EDU Calculation (FY 2020)									
Service Factor (Residents and Employees)									
Land Use Type	Number of Persons Served*	Employment Adjustment Factor	Adjusted Persons Served	Residents per Unit/**		EDUs per Unit/ per 1,000 Non-Res. SF	Estimated Number of Units/Non-Res. SF	Total EDUs	
				Adjusted Persons Served	per 1,000 Non-Res. SF				
Single Family	42,392	100%	42,392	2.75	1.00		15,443	15,443	
Multi-Family	24,992	100%	24,992	2.03	0.74		12,310	9,104	
Retail (per 1,000 SF)	9,420	19.63%	1,849	0.44	0.16		4,200,000	673	
Office (per 1,000 SF)	70,206	19.63%	13,778	0.96	0.35		14,300,000	5,019	
Industrial (per 1,000 SF)	16,027	19.63%	3,145	0.65	0.24		4,822,578	1,146	
Hotel/Motel (per 1,000 SF)	1,101	19.63%	216	0.14	0.05		1,577,422	79	
Total	164,138		86,372					31,465	

* Source: David Taussig & Associates; U.S. Census Bureau (ACS); City of Palo Alto Comprehensive Plan Update.
 ** Persons Served = Residents plus 20% of Employees, customary industry practice designed to capture the reduced levels of service demanded by employees. Subject to change.

Future EDU Calculation (FY 2040)									
Service Factor (Future Residents and Employees)									
Land Use Type	Number of Persons Served*	Employment Adjustment Factor	Adjusted Persons Served	Residents per Unit/**		EDUs per Unit/ per 1,000 Non-Res. SF	Estimated Number of Units/Non-Res. SF	Total EDUs	
				Adjusted Persons Served	per 1,000 Non-Res. SF				
Single Family	6,911	100%	6,911	2.75	1.00		2,517	2,517	
Multi-Family	4,074	100%	4,074	2.03	0.74		2,007	1,484	
Retail (per 1,000 SF)	977	19.63%	192	0.44	0.16		435,418	70	
Office (per 1,000 SF)	7,278	19.63%	1,428	0.96	0.35		1,482,496	520	
Industrial (per 1,000 SF)	1,662	19.63%	326	0.65	0.24		499,962	119	
Hotel/Motel (per 1,000 SF)	114	19.63%	22	0.14	0.05		163,533	8	
Total	21,015		12,953					4,719	

* Source: David Taussig & Associates; California Dept. of Finance, Demographic Research Unit - Report E-5 May 1, 2020.
 ** Persons Served = Residents plus 20% of Employees, customary industry practice designed to capture the reduced levels of service demanded by employees. Subject to change.

Total Hours of Potential Park, Community Center, and Library Usage per Week									
User of Facilities	Potential Recreation Hours per Work Day	Number of Work Days per Week	Hours Per Weekend Day	Number of		Potential Recreation Hours Per Week Per Person	Percentage of Household Population	Person Hours	Employee User Percentage
				Weekend Days Per Week	Per Week				
Resident, non-working	10	5	10	2	2	70	52.38%	37	NA
Resident, working	2	5	10	2	2	30	47.62%	14	NA
Employee	2	5	0	0	0	10	NA	10	19.63%

City of Palo Alto Household Population	67,384
City of Palo Alto Labor Force	32,085
Employee Percentage of Household Population	47.62%