

Carmichael

RECREATION AND
PARK DISTRICT

Memo

To: The Advisory Board of Directors

From: Tarry Smith, District Administrator
Ingrid S. Penney, Administrative Services Manager

Date: February 21, 2019

Subject: Park Impact Fee – Annual and Five (5) Years Findings Report and Updated Nexus Study

Introduction

According to the Mitigation Fee Act, it is necessary to perform an Annual and Five (5) Years Findings Report for the Park Impact Fee Program. It is also time to review the Nexus Study for possible updates.

Background

In 2010, the County Board of Supervisors held hearings to consider the request of eight local recreation and park district (Arcade Creek, Carmichael, Fair Oaks, Mission Oaks, North Highlands, Orangevale, Rio Linda-Elverta, and Sunrise) that the County consider imposing development fees to fund park and recreational facilities. In order to impose the requested fees each district underwent the preparation of a fee nexus analysis (Nexus Study), as required by the Mitigation Fee Act and adoption of a County Ordinance. In that same year, the County adopted the Ordinance to establish the Park Development Impact Fees.

SCI Consulting Group (SCI) performed the Nexus Studies for each of the districts. The fees established in the Report and Ordinance had undergone negotiation with the North State Building Industry Association. Compromises were made by all parties amidst the significant deterioration of conditions in the housing market through 2008 and into 2009.

Since inception, the Carmichael Recreation and Park District has received over \$788,174 in fees and interest.

Discussion

The District has received a proposal from SCI to perform the requisite Annual and Five (5) Years Findings Report and Nexus Study Update at a cost of \$13,500 to the

District. Advantages of contracting with SCI include their knowledge of the District and SCI has the original documents. They could prepare the review and updates with less of an introduction. Most of the eight districts have made the decision to contract with SCI.

The process following execution of the contract includes several steps:

- Initial coordination with the District and County to perform review and plan
- Contracted firm to determine and recommend the maximum park impact fees based on collected data.
- Report and Draft Nexus Report Update prepared for administrative review and comment by the District and County.
- Meetings with Stakeholders – North State Building Industry Association (BIA)
- Back to the District Advisory Board to recommend approval – October 2019
- County Board of Supervisors adoption – December 2019; Park impact fees (updated) become effective 60 days after adoption.

Recommendation:

It is the recommendation of the Budget Committee and Staff that the Advisory Board accept the proposal from SCI Consulting Group to perform an Annual and Five (5) Years Findings Report and Updated Nexus Study; that the Advisory Board delegate signature authority to the District Administrator to execute the contract and expend the funds.

Attachments:

SCI Consulting Services, Inc. Proposal
Nexus Study – July 2010

Thursday, January 3, 2019

Submitted via e-mail

tsmith@carmichaelpark.com

Tarry Smith, District Administrator
Carmichael Recreation and Park District
5750 Grant Avenue
Carmichael, CA 95608

Re: Proposal for Park Impact Fee Nexus Study Update, Annual and Five-Year Findings Report for FY 2018-19, and Related Consulting Services

Dear Tarry:

SCI Consulting Group (“SCI”) is pleased to submit, for your review, this proposal to provide a Park Impact Fee Nexus Study Update (“Nexus Study”) and an Annual and Five-Year Findings Report for FY 2018-19 for the Carmichael Recreation and Park District (“District”). We understand that the County of Sacramento (“County”) is requiring an update to the District’s park impact fee program established in 2010. We also understand that the District’s second Five-Year Findings Report is due by December 2019.

The Nexus Study would establish the legal and policy basis for updating the District’s park impact fee program. Specifically, the Nexus Study and the updated fee programs will comply with the substantive and procedural requirements of the Mitigation Fee Act (“Act”) 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 (“benefit relationship”).
- Determine how there is a reasonable relationship between the need for the park and recreational facilities and the type of development project on which the fee is imposed (“impact relationship”).
- Determine how there is a reasonable relationship between the amount of the fee and the cost of the facilities or portion of the facilities attributable to the development on which the fee is imposed (“proportional relationship”).

The Nexus Study will utilize a standards-based methodology to update the park impact fee. Under this method, the cost components are based on level of service (“LOS”) standards and defined on a per capita basis. These costs are then applied to different land uses according to their respective average household density or employment density to establish a cost / fee per unit or per square foot of building area. The Nexus Study Update and updated fee program will abide by the terms of the Agreement in Principal

reached with the County, the North State Building Industry Association (“North State BIA”), and local developers adopted in 2010.

SCI has the proven ability to develop the most appropriate and properly justified park impact fees for the District. We also have a proven track record in establishing development impact fee programs for multiple agencies as part of a consolidated effort.

- Sacramento County Recreation and Park Districts (“RPD”) (2010) – Arcade Creek RPD, Carmichael RPD, Fair Oaks RPD, Mission Oaks RPD, North Highlands RPD, Orangevale RPD, Rio Linda Elverta RPD, Sunrise RPD
- Solano County Fire Protection Districts (2014) – Cordelia FPD, Dixon FPD, Suisun FPD, Vacaville FPD
- El Dorado County Fire Protection Districts (2015) – Cameron Park FD, Diamond-Springs El Dorado FPD, El Dorado County FPD, El Dorado Hills FD, Georgetown FPD, Lake Valley FPD, Pioneer FPD, Rescue FPD; Mosquito FPD; Garden Valley FPD
- Amador County Parks 2016 – Amador City, Amador County, City of Jackson, City of Lone, City of Pioneer, City of Plymouth

The Annual and Five-Year Findings Report for FY 2018-19 would provide the information and findings required by the Act. An audit of the District’s park impact fee expenditures since inception will be included in this effort.

Our approach to the Nexus Study and the Annual and Five-Year Findings Report would be based on a close interaction and coordination of the project with District staff, County staff, and other key stakeholders. If selected, SCI would provide comprehensive services in a manner that limits the time and resources of District staff. We do not have any work commitments that would interfere with their responsiveness and ability to complete the projects within a reasonable timeframe.

PROPOSED WORK PLAN AND APPROACH

Based on our current understanding of the projects and the technical analysis and services needed by the District, we propose the following scope of work and approach:

Task 1: Initial Research and Planning. SCI will first coordinate a project kick-off conference call to discuss the process of gathering all the available data and cost estimates needed for the project. SCI will review the County’s General Plan, the District’s Park and Recreation Master Plan, the current park impact fee program, the authorizing County ordinance, and other technical studies and plans related to the District’s funding of park and recreational facilities. SCI will then coordinate a project kick-off meeting with the District and County staff to discuss the goals and objectives, proposed methodologies, and approaches, and develop a detailed timeline, task list, and deliverables for the project.

Task 2: Impact Analysis and Fee Determination. Following the strategy and utilizing the gathered data and cost estimates, SCI will determine the maximum park impact fees to fund new development’s fair allocation of the proposed park and recreational facilities. SCI, the District, and the County will need to maintain a productive dialogue throughout this process to ensure cost allocation methodologies are appropriate and comply with the requirements of the Act. Upon completion of the initial cost allocation

and fee determination, SCI will review the technical analysis, key findings and recommendations with District and County staff and make any adjustments as necessary.

Task 3: Nexus Study Report. SCI will then prepare a draft Nexus Study Report for administrative review and comment. The Nexus Study will include a summary of fee methodologies, approach, and findings along with technical analysis and documentation to support the updated fees. The Nexus Study will also provide the required findings to demonstrate compliance with nexus requirements of the Act. Additionally, the Nexus Study will summarize the adoption, accounting and reporting requirements of the Act for implementation and annual administration of the updated fee programs. A comparison of the current and updated fees to those of neighboring jurisdictions will also be provided. After review of the Administrative Draft Report, SCI will provide a Public Review Draft of the Nexus Study according to one set of consolidated comments from the District and County staff.

Task 4: Stakeholder Outreach. SCI will present the Public Review Draft and the updated fee program before the County Board of Supervisors, the North State Building Industry Association, area developers, and other key stakeholders, as necessary. The purpose of these stakeholder outreach meetings is to educate the stakeholders on the purpose and details of the updated fee program and solicit their input and support. A PowerPoint presentation will be prepared for each meeting to succinctly present the District's plans, an overview of key findings and recommendations, and the updated fee schedule.

Task 5: Nexus Study Final Report and Approval by District Board. After incorporating input from the various stakeholders, SCI will make any necessary changes based on one set of consolidated comments from the District and the County and provide a Nexus Study Final Report. SCI will also review and present the Nexus Study and updated fee program before the District Board and the public for approval. SCI will also make any revisions to the Nexus Study Final Report, if any, requested by the District Board. SCI will also provide the District with a draft resolution, notice of public hearing, and submittal report for the approval of the updated fee program.

Task 6: Adoption by Board of Supervisors. Upon approval of the updated fee program by the District Board, SCI will also review and present the Nexus Study and updated fee program before County staff, County Counsel and eventually the County Board of Supervisors and public for adoption.

Task 7: Annual and Five-Year Findings Report. SCI shall prepare an Annual Report and Five-Year Report for FY 2019-20 for the District's park impact fee program which satisfies the requirements of the Mitigation Fee Act (Government Code Section 66000 et seq.). SCI shall also prepare a draft resolution and notice of public hearing for adoption of the Report.

DISTRICT RESOURCES

SCI will carry out all tasks specified in the Work Plan and any other related services, as appropriate, for the preparation of the Nexus Study, preparation of the Annual Report and Five-Year Report, and adoption of the updated fee program. The District would be responsible for the following:

- Meet or participate in video conference calls periodically with SCI as needed.
- Provide information and documentation regarding the District's capital improvement plan, park and recreation master plan, park inventory, park impact fee expenditures since inception, fee revenue and expenditures for FY 2018-19, and additional data as requested.

- Assist with the review of the Nexus Study, the Annual and Five-Year Findings Report, and other information presented and prepared by SCI.
- Assist with planning, review, and coordination of action items.

TIMELINE

We anticipate that preparation of the Public Review Nexus Study and stakeholder outreach meetings would take approximately 6 months. The timeline will in part depend upon the availability of the required data and cost estimates and level of stakeholder outreach. District Board approval of the fee program could occur the following month or subsequent month, depending upon the District's Board meeting calendar and ability to satisfying the noticing requirements. The final adoption by the County Board of Supervisors could occur 2 months later. As required by law, the updated park impact fee could become effective 60 days after adoption.

Tentative timelines for the preparation, review, District Board approval, and County Board adoption of the Nexus Study, updated fee program, and the Annual and Five-Year Findings Report is provided in Appendix A and B to this proposal. Note that the timelines can and will likely be adjusted to meet the requirements of the District and County that may arise during initial meetings.

FEE SCHEDULE / MANNER OF PAYMENT

Compensation for **Tasks 1, 2, 3 and 5 services** shall be fixed fee of \$9,500 and include one (1) in-person meeting with the District and two (2) meetings with the County, the District, and other participating RPDs. Additional in-person meetings or out-of-scope services shall be billed at the hourly billing rate of \$185. Payments shall be due and payable upon submission of an invoice upon the completion of each task. Incidental costs incurred by SCI for the purchase of property or statistical data, publication of legal notices, travel, and other out-of-pocket expenses incurred shall be reimbursed by the District at the actual cost.

Compensation for **Task 4 services and Task 6 services** shall be billed proportionately on a time and materials basis among all participating RPDs represented by SCI at the hourly billing rate of \$185, with compensation not to exceed \$1,500 without prior authorization from the District. Incidental costs incurred by SCI for travel and other out-of-pocket expenses incurred in performing Task 4 services and Task 6 services shall be reimbursed by the District for their proportionate share of the actual cost.

Compensation for **Task 7 services** shall be fixed fee of \$2,500. In-person meetings shall be billed at the hourly billing rate of \$185. Payments shall be due and payable upon submission of an invoice upon completion of the draft report. Incidental costs incurred by SCI for publication of legal notices, travel and other out-of-pocket expenses incurred shall be reimbursed by the District at the actual cost.

Note that all costs associated this Work Plan may be funding by current park impact fee proceeds.

ABOUT SCI CONSULTING GROUP

Established in 1985, **SCIConsultingGroup** is a recognized public finance consulting firm with leading expertise in assisting California public agencies with local funding of public services and improvements. We also possess industry-leading expertise with the important legal and procedural requirements for establishing development impact fee programs, Community Facilities Districts, Benefit Assessment Districts, and other local financing mechanisms. SCI has prepared over 120 development impact fee nexus studies and facility financing plans. SCI has also formed and annually administers over 900 special taxes, assessments, and fees for over 150 public agencies throughout the State.

This expertise and experience will ensure that the District's goals and objectives are met successfully, collaboratively, on schedule and on budget.

PROJECT TEAM

If selected, I would serve as the project manager and principal-in-charge. Melanie Lee, Senior Consultant would also be involved with the technical analysis and preparation of the Nexus Study. The two of us do not have any work commitments that would interfere with our responsiveness and ability to complete the project within a reasonable timeframe.

I specialize in the areas of developer mitigation, Mello-Roos formations, development impact fees, and other new revenue mechanisms to offset the need for new or increased services and public facilities to serve new development. With over 17 years of experience in public finance and developer mitigation, I have developed extensive expertise in assisting public agencies in addressing of the financial impact of new development. I have prepared over 75 development impact nexus studies and public facility financing plans.

I graduated from Boise State University with a B.A. in Economics with an emphasis in public finance. I am also a frequent presenter on impact fee programs at annual conferences and area workshops held by the CSDA, CPRS, CARPD, FDAC and CSMFO. In 2012, I was invited to speak at the annual conference of the California Association of Recreation and Park Districts on strategies for successfully establishing impact fee programs. I am a commercial associate member of the California Society of Municipal Finance Officers, member of the CSDA Legislative Committee, and former Parks and Recreation Commissioner (Community Resources) for the City of Fairfield.

If you have any questions or require additional information, please do not hesitate to contact me. I can be reached at 707-430-4300 ext. 113 or via email at blair.aas@sci-cg.com. We look forward to the possibility of assisting the District with this important project and stand ready to proceed.

Sincerely,



Blair E. Aas
Director of Planning Services

cc: Melanie Lee, SCI Consulting Group

APPENDIX A - TENTATIVE NEXUS STUDY UPDATE SCHEDULE

<u>APPROXIMATE DATE</u>	<u>TASK TO BE COMPLETED</u>	<u>RESPONSIBLE</u>
January / February 2019	Approval of agreement for preparation of the Nexus Study and Annual and Five-Year Findings Report for FY 2018-19	District / SCI
Late January - Early February 2019	District to provide SCI with required information from District, discuss methodology and approach to the fee program update	District / SCI
TBD	Project meeting with County and Districts	Districts / SCI / County
Early April 2019	Administrative Review Draft made available for two-week review by the District and County	SCI
End of May 2019	Public Review Draft made available for two-month review by stakeholders	District / SCI
June / July 2019	Stakeholder Outreach	District / SCI / County
End of July 2019	Publish the notice of the time and place of meeting, including a general explanation of the matter to be considered 10 days prior to meeting <i>Govt. Code § 66018(a), Govt. Code § 6062(a)</i>	District
August 2019 District Board Meeting	Presentation to District Board and public on the Nexus Study and updated park impact fee program. District Board adoption of resolution approving updated park impact fee and requesting the Sacramento Board of Supervisors adopt the fee program on behalf of the District	SCI District Board
October 2019 Board of Supervisors Meeting	Adoption of the updated fee program by Sacramento County Board of Supervisors on behalf of the District	BOS
January 2020	Park impact fees become effective 60 days after adoption. <i>Govt. Code § 66017(a)</i>	District / County Building Department

* Note that the timeline can and will likely be adjusted to meet the requirements of the District and County that may arise during initial meetings.

APPENDIX B - TENTATIVE SCHEDULE FOR ANNUAL AND FIVE-YEAR FINDINGS REPORT

APPROXIMATE DATE	TASK TO BE COMPLETED	RESPONSIBLE
January / February 2019	Approval of agreement for preparation of the Nexus Study and Annual and Five-Year Findings Report for FY 2018-19	District / SCI
May - July 2019	Audit of park impact fee expenditures since inception	SCI / District
Early July 2019 (Fiscal Year Ending 2018-19)	District and County to provide SCI with required information for preparation of the Annual and Five-Year Findings Report for FY 2018-19	District / County
Mid-August 2019	Administrative Review Draft of the Annual and Five-Year Findings Report for FY 2018-19 made available for three-week review by District and County	SCI
Mid-August 2019 – Early September 2019	Three-week review of Administrative Review Draft of the Annual and Five-Year Findings Report for FY 2018-19 by District and County	District / County
Late September 2019	Annual and Five-Year Findings Report for FY 2018-19 completed	SCI
October 2019 District Board Meeting	District Board adoption of resolution approving Annual and Five-Year Findings Report for FY 2018-19	District Board
December 2019 Board of Supervisors Meeting	Adoption of the Annual and Five-Year Findings Report by Sacramento County Board of Supervisors on behalf of the District	BOS

* Note that the timeline can and will likely be adjusted to meet the requirements of the District and County that may arise during initial meetings.