

May 14, 2018

El Dorado County Board of Supervisors
c/o Sue Hennike, County Administrative Office
County of El Dorado
360 Fair Lane
Placerville, CA 95667



Subject: Clarification Points for the El Dorado Hills Community Services District Park Impact Fee Nexus Study and Updated Impact Fee Schedule

On April 5, 2018 the El Dorado Hills Community Services District (“District”) submitted a formal request for the El Dorado County Board of Supervisors to review and approve the Nexus Study and associated Park Development Impact Fee Update. That written request contained a brief summary of:

1. A description of *what* a development impact fee nexus study *is*;
2. The process steps taken by the District to engage the local home-building community (i.e., the North State Building Industry Association or BIA) by meeting with them, as a group, on no less than three occasions and by communicating/responding to BIA inquiries on several other occasions and;
3. To identify that the District made a response to County Administration on February 9, 2018 to the County’s request for a formal letter addressing the BIA’s and Parker Development’s comment letters and concerns for the District’s Nexus Study (8-page response letter; 172 pages of support material). That material also contained a description and proof of how new home builders in El Dorado Hills utilize the amenities of parks & recreation to market their product/homes – which directly ties the benefits to supporting development impact fees to homes sales, and the property value gained to those homes and ultimately the revenue(s) from property taxes.

At this time, the District is responding to County Staff’s request for further explanation as to the methodology applied by the District and its consultant during this Nexus Study, as well as to expand upon the definition of what an “EDU” is and how it is applicable to this study. The following provides the response to the current request.

Methodology

The theory behind development impact fees is that *Development* pays for itself. That is, *Development* will pay for its impacts (e.g., roads, water, sewer, parks, other impacts), and an agency may limit infrastructure impacts to existing and future development. This may be done by fairly allocating costs of impacts between land uses and developments. The legal framework for this is found in AB1600 (Government Code 66000 et. seq.). Beyond theory and the framework, common industry methodology for impact fee development follows this path:

- Define land uses impacted.
- Identify infrastructure needs.
- Identify benefiting land uses.
- Identify usage factors.
- Allocate costs.
- Calculate fees.

The District's consultant, David Taussig & Associates (DTA), describes the methodology within the Nexus Study and some explanation is additionally provided here. In determining a reasonable nexus for each specific type of park facility, DTA utilized the following methodologies:

1. Plan-Based Fees and,
2. Standard Based Fees.

Plan-Based fees are based on a "plan" such as a Master Plan of Facilities, which identifies a finite set of improvements. In the case of the District, the Board of Directors adopted a Master Plan in 2016, which identified, among other assets, the following facilities:

- Disc golf course.
- New sprayground.
- An additional restroom facility.
- New rectangular sports field(s).
- New diamond sports field(s).
- New parks.
- Conversion of a sports fields to artificial turf.
- Aquatic center.
- Multi-generational recreation center.

This methodology then applies a Buildout Level of Service ("LOS") standard to proportionally allocate the fee. The Buildout Standard represents the LOS for facilities that the District plans to make available to its residents at buildout (2037). This standard is based on all of the existing and future recreation facilities presented in the Master Plan. The Master Plan provides square

footages/integrated units for both existing and future recreational facilities, and together these square footages/integrated units make up the estimated buildout planned. For example, the Current and Future square feet of Multi-Generational Recreational type facilities equate to 58,946 square feet. This is then divided by the residential population at build out (56,973) and multiplied by 1,000 (per 1,000 residents). This equals a LOS Standard of 1,034 square feet per 1,000 residents. This LOS standard is then applied to the future residents which totals 13,565 square feet of Multi-Generational Recreational type facilities to be paid for by **new development**. An important point to make is that new development is not being burdened by the total anticipated cost of those future facilities that would serve the larger community. Rather, the District will be contributing through other financial means (e.g., capital reserves, bond, etc.) to make-up for the difference in impacts to those facilities which will be presented by the existing population.

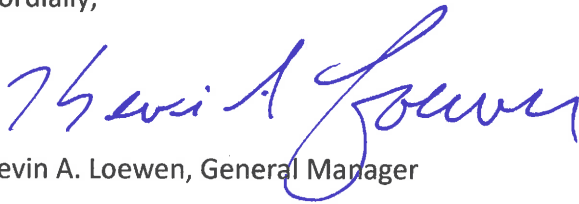
Fees for the actual acquisition and development of parkland have been calculated utilizing the “Standards-Based Fee Approach.” This methodology utilizes a facility “standard” established for future development, against which facilities costs are determined based on “units of demand” or a “level of service” from a development. This approach establishes a generic unit cost for capacity, which is then applied to each land use type per unit of demand. This standard is not based on the cost of a specific existing or future facility, but rather on the cost of providing a certain standard of service, such as the 5.33 acres of park and recreational facilities per 1,000 residents, which is the current level of service for the District. To meet the standard of service required, the District will need to develop new park land and open space. Anecdotally, it should be noted that the National Recreation and Park Association’s 2018 Agency Performance Review research found that park jurisdictions of populations in the 20,000 to 49,999 range provided 5.4 acres per 1,000 residents in the lower quartile; 9.6 acres in the median and; 17.5 acres in the upper quartile (webpage <https://www.nrpa.org/siteassets/nrpa-agency-performance-review.pdf>) .

EDU – Equivalent Dwelling Unit

The Nexus Study calculates a per-resident, or population density, impact on park & recreation facilities, and the Study utilizes the term EDU. Some studies assert an impact based on FAR (floor area ratio), or the size of a structure. The District relies on the County Subdivision Ordinance to establish a population density for the purposes of “Land or fees required” (120.12.090.A.3.). The County Subdivision Ordinance Section 120.12.090, Dedication – Park and Recreational Uses cites within A.9, “Single-family dwelling units and duplexes, ...3 3/10 persons per dwelling unit within the boundaries of the El Dorado Hills Community Services District... and Multiple-family dwelling units, 2 1/10 persons per dwelling unit.”

The Nexus Study's references to *EDU*, or equivalent dwelling unit are a standard means of quantifying different land uses in terms of their equivalence to a residential dwelling unit, where equivalence is measured in terms of potential infrastructure use or benefit for each type of public facility. For instance, One (1) EDU is equal to one (1) Single-Family Residential Unit. Nearly all of the facilities proposed to be financed by the levy of impact fees will serve residential property, the District's consultant, DTA, projected the number of future EDUs based on the number of residents generated by each land use classification. The term EDU is so common that it is found in El Dorado County's other mitigation fees (see EDC Resolution 172-2017, Adopting the El Dorado County General Plan Traffic Impact Mitigation Fee Program 2017 TIM Fee Schedule). The description for the TIM fee EDU is, "equals the demand placed on the transportation network relative to one single family detached dwelling unit. EDU factors are expressed per dwelling unit for residential development, per room for hotel/motel/B&B, and per 1,000 square feet for all other nonresidential development" with the source being cited as the TIM Mitigation Fee Program Update Nexus & Funding Model (El Dorado County, 2017).

Cordially,



Kevin A. Loewen, General Manager