

#33

LATE DISTRIBUTION

DATE 7/13/2018

BOS 7/17/2018

July 12, 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: Comments and Responses for the El Dorado Hills Community Services District Park Impact Fee Nexus Study and Updated Impact Fee Schedule

The El Dorado Hills Community Services District (District) appreciates the opportunity to provide comments and responses to the above referenced items to the Board of Supervisors. The District recognizes that such written comments often arrive in the final hours prior to a hearing due to the offline conversations and new material that continue to occur on a given subject, which then require written responses to add to the record. It must be noted that this memo is complementary and supplementary to the responsive memos provided to the County on:

- February 5, 2018 – Response to Comments Provided by the North State Building Industry Association (BIA) and Parker Development Company, Re. 2017 Nexus Study Update. With attachments:
 - January 10, 2018 Memo from BIA (3 pages).
 - District’s 2016 Master Plan document (136 pages).
 - Copies of El Dorado Hills Developers’ Webpages (14 pages)
 - Graph depicting Park Impact Fees as a Percentage of New Construction in the Sacramento Region (1 page).
 - January 10, 2018 Memo from Serrano Associates LLC / Parker Development and associated response attachments (18 pages)
- April 5, 2018 – Request and Recommend The County of El Dorado to Approve and Adopt the El Dorado Hills Community Services District Impact Fee Nexus Study and Updated Impact Fee Schedule (2 pages).
- May 14, 2018 – Clarification Points for the El Dorado Hills Community Services District Park Impact Fee Nexus Study and Updated Impact Fee Schedule (4 pages).

The District has sought out the concerns, questions and comments on this matter and is providing another responsive comment letter.

Economic Development and the County's General Plan

El Dorado County's General Plan addresses concerns expressed that development impact fees are impinging upon economic development. Through these County Policies:

"Require that all costs of upgrading and/or constructing civic, public and community facilities, and basic infrastructure exclusively needed to serve new development be the responsibility of new development and not existing residents." Policy 10.2.1.3

"Require new discretionary development to pay its fair share of the costs of all civic and public and community facilities it utilizes based upon the demand for these facilities which can be attributed to new development." Policy 10.2.1.4

The El Dorado Hills Community Services District development impact fee nexus study for park and recreation facilities ("Study" or "Nexus Study") complies with the General Plan policies and Section 66000 et seq. of the Government Code, "by identifying additional public facilities required by new residential development ("Future Facilities") and determining the level of fees that may be imposed to pay the costs of the Future Facilities ("Park Fees") (Nexus Study, Pg. 1 and Pg. 3)." The pro rata share of impacts onto facilities by new development is applied through the Study and Park Fees to ensure that the responsibility for costs associated with existing residential development is provided by other resources, e.g., capital reserves, financing, grants, etc. The pro rata value is derived through a standard methodology – not a new methodology – which is best described in the Nexus Study.

Economic Development and the Positive Effects from Parks & Recreation

The flagship parks and recreation organization, National Recreation and Parks Association (NRPA), provides several research reports and findings related to the economic impact of local parks. Rather than reciting the many benefits within those publications the District is providing NRPA's main talking points and a reference for all those interested to learn more, should they choose to review the technical documentation.

Parks build healthy, vibrant and resilient communities. However, they are also powerful engines of economic activity. A new report issued by the National Recreation and Park Association — in partnership with the Center for Regional Analysis at George Mason University — demonstrates the vast economic impact of local parks nationwide.

*Operations and capital spending for local parks generates **more than \$154 billion dollars in economic activity** and supports **more than 1.1 million jobs**.*

This is a conservative estimate that does not capture parks' other economic benefits:

- *Higher real estate values*
- *Health and wellness benefits*
- *Conservation/Resiliency benefits*
- *Tourism*
- *Economic development*

*The report also includes a state-level analysis that highlights the economic impact of local parks in **all 50 states and the District of Columbia**.*

*The **top 10 states** with the highest economic impact include:*

- **California — \$15.9 billion dollars**
- **Illinois — \$10.6 billion dollars**
- **Texas — \$7.7 billion dollars**
- **Florida — \$7.2 billion dollars**
- **New York — \$5.2 billion dollars**
- **Colorado — \$4.0 billion dollars**
- **Ohio — \$3.4 billion dollars**
- **Virginia — \$3.2 billion dollars**
- **North Carolina — \$2.7 billion dollars**
- **Washington — \$2.6 billion dollars**

*NRPA urges policymakers and elected officials **at all levels of government** to prioritize park and recreation funding, as local parks are a critical part of what makes a city, town or county a vibrant and prosperous community.*

Other important points to consider:

- *Public support for parks and recreation is strong.*
- *A recent survey found **92 percent of Americans agree** parks and recreation are important local government services (comparable to police/fire/schools/transportation).*
- *Moreover, **85 percent of Americans** seek high-quality park and recreation amenities when choosing a new place to live.*
- *Americans, on average, visit their local park and recreation facilities **approximately twice a month**.*

The full report and supplementary information may be found at

<https://www.nrpa.org/publications-research/research-papers/the-economic-impact-of->

[local-parks/](#) and here <https://www.nrpa.org/siteassets/nrpa-economic-development-report.pdf>.

An additional article from NRPA cites findings “that economic development leaders place a high level of value on park and recreation amenities for their efforts. For example, 72 percent of communities use images of urban parks and public spaces, outdoor amenities, and recreational and cultural facilities in their economic development marketing materials (<https://www.nrpa.org/parks-recreation-magazine/2018/june/recognizing-parks-and-recreations-role-in-economic-development/>).” This specific sentiment was illustrated in a responsive document to County Administration by the District in February 2018, and may be further verified by reviewing the County’s Elevate to El Dorado webpages, where it states in the *strategic advantages* “El Dorado County began its entrepreneurial spirit with the California Gold Rush, and is still open for business today. With unmatched rural beauty, **endless recreational opportunities**, and world class public schools, the County provides an **unparalleled quality of life**.” A review of any and all homebuilder websites, the El Dorado County Chamber of Commerce, and the El Dorado Hills Chamber of Commerce’s page *Welcome to El Dorado Hills* will further verify the dependency on quality of life elements that parks and recreational facilities provide; which in-turn add value to their products, including the value to homes and businesses.

The State as a whole is facing a tremendous housing crisis, with affordable housing increasingly difficult to find. The El Dorado Hills Chamber of Commerce’s Annual Business Walk 2018 Report found that 22% of people they spoke to, “mentioned the lack of diverse housing in El Dorado Hills.” The El Dorado Hills Community Services District, along with El Dorado County, are trailblazing a responsive way forward in tackling this pressing problem through both meeting the park facility needs and providing homebuilders of affordable housing (very low, low and moderate affordable housing) a reduced development impact fee. The efforts of the District and County to incentivize action will now need to be met with sincere support from the building community by creating affordable housing products.

The most important point to make here is, although housing has been assigned qualities of/for generating economic development, there are so many other factors, efforts and policies that drive economic development. Rooftops do not equal economic development; instead, rooftops create demands upon existing and future resources that will have to be met by public entities such as the County and Special Districts in El Dorado Hills.

In a June 14, 2018 memo, the BIA expressed a concern for the reduction in impact fees to affordable housing then causing an increased burden upon the non-affordable housing products, and in-turn an effect upon delivery of parks by the District. Unfortunately, there is no

increased financial burden transferred to the non-affordable housing product types through the fee reduction to affordable products – that simply is not how a nexus study is performed, nor is that how funding liabilities are transferred. To illustrate, the District updated its Nexus Study in late 2015, however, acknowledgement of a need for increasing the impact fee structure did not result in a recommendation to the County to make those changes. Instead, the District sought to complete its Master Plan update, then to revisit the Nexus Study and Impact Fees. That 2015 Nexus Study identified an overall higher impact fee for Single-Family (\$12,837), Multi-Family (\$10,125) and Age-Restricted (\$7,626), than the current Nexus Study. It appears as though any impact fee increase is being met with resistance from the BIA, when it has been more than adequately justified that the public facilities these fees (e.g., Traffic Impact, Park Impact, Other) provide for are part of a larger symbiotic relationship which adds to the holistic recipe for smart growth.

The District's commitment to proactively and thoughtfully addressing the community's most pressing problems related to quality of life and smart growth do not stop with its impact fee update. At the time of this impact fee update hearing, District Staff have enrolled in a UC Davis Extension course titled *Development Agreements, Public-Private Partnerships and Redevelopment 2.0*, in which all parties affected and involved in such matters may learn more about collaborating to address economic development. The course session has recently been postponed to Fall 2018, and the District encourages all parties expressing an interest in seeking solutions through positive collaboration to also enroll.

District's Reliance on Park Development Impact Fees

The BIA has levied a concern that the District's Study does not adequately address other funding sources for the pro rata share of costs that current residents should be contributing. Although there is no requirement for the Study to identify all other funding sources to complement the findings of need related to new development impacts, the District has proactively pursued other funding sources, such as:

- The District's Park & Facilities Master Plan includes an entire appendix on park development financing options, as previously identified in comment letters to the County.
- The District Board has received presentations from governmental financing feasibility experts as recent as December 2017. The presentations included a variety of public facility development and maintenance financing options, such as special taxes, bonds, financing, and even reserve balance funding.
- In April 2018 the District Board approved the preliminary work to form a District-wide Community Facilities District (CFD) for assistance with ongoing maintenance-related costs of future parks and facilities and future housing development projects. Such

maintenance cost planning for the future will reduce the impact to available resources which can then be applied to other pressing needs.

- The District secured financial modeling and forecasting consultancy and related software application(s) to better plan the inflow/outflows of resources while pursuing the goals of the community's Parks & Facilities Master Plan.
- California voters recently approved Proposition 68, a bond that will afford public agencies competitive opportunities for funding park and recreation development projects. The District is in the process of identifying projects which it could compete for in the grant process that will follow.

Finally, the BIA again levies its concern for the per acre cost to develop a park. The District has received per acre cost estimates for park development directly from local homebuilders/developers. Those estimates range from \$600,000 - \$750,000 per acre, on average, at today's market. It cost the District \$600,000 an acre to build the Valley View Sports Park in 2014-2015.

The primary reason for these high costs are related first and foremost to the park sites being offered for dedication to the District. Those park sites have severe topographical, wetland, cultural and geological challenges. The District would encourage the BIA to provide a complete and thorough review of dedicated, and proposed-to-be dedicated, parkland from its represented homebuilders to the Board of Supervisors, including the associated topographical, wetland, cultural, and geological maps. This would further illustrate the justification for arguments toward park development costs.

As always, the District holds many public meetings, workshops and hearings that the BIA, local builders, and any others are welcomed to attend to participate and collaborate on the many facets related to smart growth, impact fees, economic development, park facility planning, and more.

Website/Webpage References

https://www.edcgov.us/government/planning/adoptedgeneralplan/documents/10_econdev.pdf

<https://www.nrpa.org/publications-research/research-papers/the-economic-impact-of-local-parks/>

<https://www.nrpa.org/siteassets/research/economic-impact-talking-points.pdf>

<https://www.nrpa.org/parks-recreation-magazine/2018/june/recognizing-parks-and-recreations-role-in-economic-development/>

<https://www.nrpa.org/siteassets/nrpa-economic-development-report.pdf>

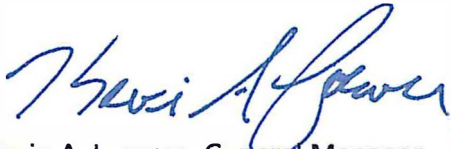
<https://www.elevatetoeldorado.com/strategic-advantages/>

<https://www.eldoradocounty.org/visitor.html>

<https://eldoradohillschamber.org/explore-el-dorado-hills/welcome-to-el-dorado-hills>

<https://www.parkerdevco.com/communities/serrano>

Cordially,

A handwritten signature in blue ink, appearing to read "Kevin A. Loewen". The signature is fluid and cursive, with the first name being the most prominent.

Kevin A. Loewen, General Manager

July 12, 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: Comments and Responses for the El Dorado Hills Community Services District Park Impact Fee Nexus Study and Updated Impact Fee Schedule

The El Dorado Hills Community Services District (District) appreciates the opportunity to provide comments and responses to the above referenced items to the Board of Supervisors. The District recognizes that such written comments often arrive in the final hours prior to a hearing due to the offline conversations and new material that continue to occur on a given subject, which then require written responses to add to the record. It must be noted that this memo is complementary and supplementary to the responsive memos provided to the County on:

- February 5, 2018 – Response to Comments Provided by the North State Building Industry Association (BIA) and Parker Development Company, Re. 2017 Nexus Study Update. With attachments:
 - January 10, 2018 Memo from BIA (3 pages).
 - District’s 2016 Master Plan document (136 pages).
 - Copies of El Dorado Hills Developers’ Webpages (14 pages)
 - Graph depicting Park Impact Fees as a Percentage of New Construction in the Sacramento Region (1 page).
 - January 10, 2018 Memo from Serrano Associates LLC / Parker Development and associated response attachments (18 pages)
- April 5, 2018 – Request and Recommend The County of El Dorado to Approve and Adopt the El Dorado Hills Community Services District Impact Fee Nexus Study and Updated Impact Fee Schedule (2 pages).
- May 14, 2018 – Clarification Points for the El Dorado Hills Community Services District Park Impact Fee Nexus Study and Updated Impact Fee Schedule (4 pages).

The District has sought out the concerns, questions and comments on this matter and is providing another responsive comment letter.

Economic Development and the County's General Plan

El Dorado County's General Plan addresses concerns expressed that development impact fees are impinging upon economic development. Through these County Policies:

“Require that all costs of upgrading and/or constructing civic, public and community facilities, and basic infrastructure exclusively needed to serve new development be the responsibility of new development and not existing residents.” Policy 10.2.1.3

“Require new discretionary development to pay its fair share of the costs of all civic and public and community facilities it utilizes based upon the demand for these facilities which can be attributed to new development.” Policy 10.2.1.4

The El Dorado Hills Community Services District development impact fee nexus study for park and recreation facilities (“Study” or “Nexus Study”) complies with the General Plan policies and Section 66000 et seq. of the Government Code, “by identifying additional public facilities required by new residential development (“Future Facilities”) and determining the level of fees that may be imposed to pay the costs of the Future Facilities (“Park Fees”) (Nexus Study, Pg. 1 and Pg. 3).” The pro rata share of impacts onto facilities by new development is applied through the Study and Park Fees to ensure that the responsibility for costs associated with existing residential development is provided by other resources, e.g., capital reserves, financing, grants, etc. The pro rata value is derived through a standard methodology – not a new methodology – which is best described in the Nexus Study.

Economic Development and the Positive Effects from Parks & Recreation

The flagship parks and recreation organization, National Recreation and Parks Association (NRPA), provides several research reports and findings related to the economic impact of local parks. Rather than reciting the many benefits within those publications the District is providing NRPA's main talking points and a reference for all those interested to learn more, should they choose to review the technical documentation.

Parks build healthy, vibrant and resilient communities. However, they are also powerful engines of economic activity. A new report issued by the National Recreation and Park Association — in partnership with the Center for Regional Analysis at George Mason University — demonstrates the vast economic impact of local parks nationwide.

*Operations and capital spending for local parks generates **more than \$154 billion dollars in economic activity** and supports **more than 1.1 million jobs**.*

This is a conservative estimate that does not capture parks' other economic benefits:

- *Higher real estate values*
- *Health and wellness benefits*
- *Conservation/Resiliency benefits*
- *Tourism*
- *Economic development*

*The report also includes a state-level analysis that highlights the economic impact of local parks **in all 50 states and the District of Columbia**.*

*The **top 10 states** with the highest economic impact include:*

- ***California — \$15.9 billion dollars***
- *Illinois — \$10.6 billion dollars*
- *Texas — \$7.7 billion dollars*
- *Florida — \$7.2 billion dollars*
- *New York — \$5.2 billion dollars*
- *Colorado — \$4.0 billion dollars*
- *Ohio — \$3.4 billion dollars*
- *Virginia — \$3.2 billion dollars*
- *North Carolina — \$2.7 billion dollars*
- *Washington — \$2.6 billion dollars*

*NRPA urges policymakers and elected officials **at all levels of government** to prioritize park and recreation funding, as local parks are a critical part of what makes a city, town or county a vibrant and prosperous community.*

Other important points to consider:

- *Public support for parks and recreation is strong.*
- *A recent survey found **92 percent of Americans agree** parks and recreation are important local government services (comparable to police/fire/schools/transportation).*
- *Moreover, **85 percent of Americans** seek high-quality park and recreation amenities when choosing a new place to live.*
- *Americans, on average, visit their local park and recreation facilities **approximately twice a month**.*

The full report and supplementary information may be found at

<https://www.nrpa.org/publications-research/research-papers/the-economic-impact-of->

[local-parks/](#) and here <https://www.nrpa.org/siteassets/nrpa-economic-development-report.pdf>.

An additional article from NRPA cites findings “that economic development leaders place a high level of value on park and recreation amenities for their efforts. For example, 72 percent of communities use images of urban parks and public spaces, outdoor amenities, and recreational and cultural facilities in their economic development marketing materials (<https://www.nrpa.org/parks-recreation-magazine/2018/june/recognizing-parks-and-recreations-role-in-economic-development/>).” This specific sentiment was illustrated in a responsive document to County Administration by the District in February 2018, and may be further verified by reviewing the County’s Elevate to El Dorado webpages, where it states in the *strategic advantages* “El Dorado County began its entrepreneurial spirit with the California Gold Rush, and is still open for business today. With unmatched rural beauty, **endless recreational opportunities**, and world class public schools, the County provides an **unparalleled quality of life**.” A review of any and all homebuilder websites, the El Dorado County Chamber of Commerce, and the El Dorado Hills Chamber of Commerce’s page *Welcome to El Dorado Hills* will further verify the dependency on quality of life elements that parks and recreational facilities provide; which in-turn add value to their products, including the value to homes and businesses.

The State as a whole is facing a tremendous housing crisis, with affordable housing increasingly difficult to find. The El Dorado Hills Chamber of Commerce’s Annual Business Walk 2018 Report found that 22% of people they spoke to, “mentioned the lack of diverse housing in El Dorado Hills.” The El Dorado Hills Community Services District, along with El Dorado County, are trailblazing a responsive way forward in tackling this pressing problem through both meeting the park facility needs and providing homebuilders of affordable housing (very low, low and moderate affordable housing) a reduced development impact fee. The efforts of the District and County to incentivize action will now need to be met with sincere support from the building community by creating affordable housing products.

The most important point to make here is, although housing has been assigned qualities of/for generating economic development, there are so many other factors, efforts and policies that drive economic development. Rooftops do not equal economic development; instead, rooftops create demands upon existing and future resources that will have to be met by public entities such as the County and Special Districts in El Dorado Hills.

In a June 14, 2018 memo, the BIA expressed a concern for the reduction in impact fees to affordable housing then causing an increased burden upon the non-affordable housing products, and in-turn an effect upon delivery of parks by the District. Unfortunately, there is no

increased financial burden transferred to the non-affordable housing product types through the fee reduction to affordable products – that simply is not how a nexus study is performed, nor is that how funding liabilities are transferred. To illustrate, the District updated its Nexus Study in late 2015, however, acknowledgement of a need for increasing the impact fee structure did not result in a recommendation to the County to make those changes. Instead, the District sought to complete its Master Plan update, then to revisit the Nexus Study and Impact Fees. That 2015 Nexus Study identified an overall higher impact fee for Single-Family (\$12,837), Multi-Family (\$10,125) and Age-Restricted (\$7,626), than the current Nexus Study. It appears as though any impact fee increase is being met with resistance from the BIA, when it has been more than adequately justified that the public facilities these fees (e.g., Traffic Impact, Park Impact, Other) provide for are part of a larger symbiotic relationship which adds to the holistic recipe for smart growth.

The District's commitment to proactively and thoughtfully addressing the community's most pressing problems related to quality of life and smart growth do not stop with its impact fee update. At the time of this impact fee update hearing, District Staff have enrolled in a UC Davis Extension course titled *Development Agreements, Public-Private Partnerships and Redevelopment 2.0*, in which all parties affected and involved in such matters may learn more about collaborating to address economic development. The course session has recently been postponed to Fall 2018, and the District encourages all parties expressing an interest in seeking solutions through positive collaboration to also enroll.

District's Reliance on Park Development Impact Fees

The BIA has levied a concern that the District's Study does not adequately address other funding sources for the pro rata share of costs that current residents should be contributing. Although there is no requirement for the Study to identify all other funding sources to complement the findings of need related to new development impacts, the District has proactively pursued other funding sources, such as:

- The District's Park & Facilities Master Plan includes an entire appendix on park development financing options, as previously identified in comment letters to the County.
- The District Board has received presentations from governmental financing feasibility experts as recent as December 2017. The presentations included a variety of public facility development and maintenance financing options, such as special taxes, bonds, financing, and even reserve balance funding.
- In April 2018 the District Board approved the preliminary work to form a District-wide Community Facilities District (CFD) for assistance with ongoing maintenance-related costs of future parks and facilities and future housing development projects. Such

maintenance cost planning for the future will reduce the impact to available resources which can then be applied to other pressing needs.

- The District secured financial modeling and forecasting consultancy and related software application(s) to better plan the inflow/outflows of resources while pursuing the goals of the community's Parks & Facilities Master Plan.
- California voters recently approved Proposition 68, a bond that will afford public agencies competitive opportunities for funding park and recreation development projects. The District is in the process of identifying projects which it could compete for in the grant process that will follow.

Finally, the BIA again levies its concern for the per acre cost to develop a park. The District has received per acre cost estimates for park development directly from local homebuilders/developers. Those estimates range from \$600,000 - \$750,000 per acre, on average, at today's market. It cost the District \$600,000 an acre to build the Valley View Sports Park in 2014-2015.

The primary reason for these high costs are related first and foremost to the park sites being offered for dedication to the District. Those park sites have severe topographical, wetland, cultural and geological challenges. The District would encourage the BIA to provide a complete and thorough review of dedicated, and proposed-to-be dedicated, parkland from its represented homebuilders to the Board of Supervisors, including the associated topographical, wetland, cultural, and geological maps. This would further illustrate the justification for arguments toward park development costs.

As always, the District holds many public meetings, workshops and hearings that the BIA, local builders, and any others are welcomed to attend to participate and collaborate on the many facets related to smart growth, impact fees, economic development, park facility planning, and more.

Website/Webpage References

https://www.edcgov.us/government/planning/adoptedgeneralplan/documents/10_econdev.pdf

<https://www.nrpa.org/publications-research/research-papers/the-economic-impact-of-local-parks/>

<https://www.nrpa.org/siteassets/research/economic-impact-talking-points.pdf>

<https://www.nrpa.org/parks-recreation-magazine/2018/june/recognizing-parks-and-recreations-role-in-economic-development/>

<https://www.nrpa.org/siteassets/nrpa-economic-development-report.pdf>

<https://www.elevatetoeldorado.com/strategic-advantages/>

<https://www.eldoradocounty.org/visitor.html>

<https://eldoradohillschamber.org/explore-el-dorado-hills/welcome-to-el-dorado-hills>

<https://www.parkerdevco.com/communities/serrano>

Cordially,

Kevin A. Loewen, General Manager