



Parks, Recreation and Waterfront Commission

CONSENT CALENDAR

June 25, 2024

To: Honorable Mayor and Members of the City Council
 From: Parks, Recreation and Waterfront Commission
 Submitted by: Claudia Kawczynska, Chairperson
 Subject: Allocation of funds for a Nexus Study to develop a Parks Impact Fee for new developments

RECOMMENDATION

To provide for the foreseeable new park and recreation needs generated by the City's assigned (RHNA) population growth, the Parks, Recreation and Waterfront Commission recommends that the City Council allocate \$100,000 to fund a Nexus Study, in the FY24/25 Budget, as a first step toward adopting a Parks Impact Fee for new developments.

FINANCIAL IMPLICATIONS

Most Californian cities charge Parks Impact Fees on new development, which generate millions of dollars to mitigate the park needs created by population growth. While a Parks Impact Fee can be established by legislative action, an Impact Study (Nexus) is required.

For example, a modest impact fee of \$5,000 per unit would generate \$0.5M/per new 100 units. If such a fee had been in place in 2022 when the City approved plans for nearly 900 homes, a Parks Impact Fee would have generated \$4.5 million in single year. Thus, any delay is making this upfront investment of \$100,000 to fund a Nexus Study will result in the loss of millions in future funding for our parks!

CURRENT SITUATION AND ITS EFFECTS

A. Berkeley's Parks Service Standards Are Below Average

The City of Berkeley currently maintains a parks service standard of 2 acres of parks per 1,000 residents. This standard was adopted in the 1977 "Master Plan" and has been incorporated in the City's General Plan guidance ever since; most recently in the City's 2002 Open Space Plan, which is significantly out of date. Furthermore, Berkeley's 2 acres/1,000 residents fails to meet the Quimby Act's base standard of 3 acres/1,000 residents.

The City of Berkeley’s 2 acres/1000 park service standard is below average in comparison to comparable municipalities. The below table shows that Berkeley’s standard is significantly lower than Fremont, Sacramento, Los Angeles, and Fresno..

City	Parks Acres/1000 residents
Fremont	5
Sacramento	5
Los Angeles	4.2
Fresno	3
Berkeley	2

B. Population Growth’s Impact on Parks

Berkeley’s current population is 122,580. Based on the Regional Housing Needs Assessment (RHNA) assigned to Berkeley by the Association of Bay Area Governments (ABAG), Berkeley must accommodate the addition of 8,934 new residential units between 2023-2031. This new growth will bring Berkeley’s population to 140,935 by 2040. To meet Berkeley’s policy goal of 2 acres/1,000 residents would require 52 acres of new parkland by 2040.

C. Berkeley’s Current Parks Taxes Insufficient is to Meet Future Needs

The existing City Parks tax of \$0.213/ft2 is needed primarily for maintenance of existing park facilities and is insufficient to cover major capital improvements or property acquisition for new parks. Thus, the City’s current parks taxes are not intended or expected to address the impacts of residential and employee population growth.

D. Parks Impact Fees Mitigates Growth Impacts on Parks

Each of the Cities in Table 1 has a parks impact fee, which is charged to new development to mitigate the impact of new growth (residents and employees) on parks infrastructure. Park impact fees may be used to pay for park land, park improvements, community centers, recreation facilities, trails, open space, and etc.

Santa Monica, a city to which Berkeley often compares itself, currently charges the following park impact fees:

- Single Family Residential – \$9,092 per unit
- Multi-Family Residential – Studio/1 Bedroom - \$4,927 per unit
- Multi-Family Residential – 2+ Bedrooms - \$7,936 per unit
- Retail \$1.78 per square foot
- Office \$2.75 per square foot
- Medical Office \$1.51 per square foot
- Lodging \$3.71 per square foot
- Industrial \$1.55 per square foot

In FY 2021-22, the City of Santa Monica collected \$1,952,613 in parks impact fees and expended \$944,782 from its improvement fund.

The City of Berkeley does not have a parks impact fee. By way of information, Berkeley does have a “Percent for Art Policy” that assesses a fee [BMC 23.316], which applies to multi-family residential development and commercial developments and requires on-site artwork values at 1.75% of construction costs: or an in-lieu valued at 0.8% of the construction costs: or combination of the two.

D. Procedure for Adopting a Parks Impact Fee

Adopting a Parks Impact Fee does not require a vote of the people, and it can be approved by City Council action after complying with the Mitigation Fee Act and conducting requisite public hearings. A Parks Impact Fee would be charged only on new development. Accordingly, it would provide a way for new growth to contribute a “fair share” to address the parks infrastructure need created by that growth.

The process for adopting impact fees is well-established. The principal requirement is the preparation of a “Nexus study.” Nexus studies are typically prepared by well-established professional consulting firms with expertise in municipal finance and real estate issues. After completing the nexus study, the final step is to determine and adopt a fee for each land use through the legislative process, after evaluating local policy and financial considerations, and deciding how the impact fee program will be implemented. This step includes an evaluation regarding whether fees should be charged at or below the maximum nexus fee amount and how the impact fee program will be implemented, including how fees may be annually adjusted.

E. Summary

Berkeley is not keeping up with its *modest* park service standard. As the City’s residential and employee population grows—as it must grow as the City responds to its Regional Housing Needs Allocation—Berkeley’s parks infrastructure will foreseeably fall further behind. Berkeley is an outlier in terms of its being a densely urbanized area that has not adopted a Parks Impact Fee.

Adopting a Parks Impact Fee will require a meaningful allocation of resources (i.e., funding of a nexus study) as well as a commitment of staff time from PRW, Planning and Economic Development and resources to support the preparation of the nexus study. However, it is well established that new development may be asked to pay for its “fair share” of the cost attributable to the increased demand for public facilities: the City Council has the legal authority to adopt a Parks Impact Fee (and has adopted other impact fees); and that—considering Berkeley’s projected growth—meaningful funding to meet the needs of that growth would be generated by a Parks Impact Fee.

CITY MANAGER

The City Manager takes no position on the recommendation contained in this report.

COMMISSION

At a regular meeting on May 8, 2024, the Parks, Recreation and Waterfront Commission M/S/C to approve recommendation and designate Abshez, Kawczynska, and Wozniak to present PRW Commission at City Council meeting re: budget: (M/S/C: Cox/Hurtado/U) Ayes: Cox; Diehm; Hurtado; Kawczynska; Lee; Ranuzzi; Wozniak; Noes: None; Absent: Abshez.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONAL FOR RECOMMENDATION

See body of report.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

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