



CITY OF DIXON

PARK IMPACT FEE NEXUS STUDY

DECEMBER 2023
FINAL REPORT

PREPARED FOR:
CITY COUNCIL
CITY OF DIXON

PREPARED BY:



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EXECUTIVE SUMMARY

INTRODUCTION

Since 2004, the City of Dixon (“City”) has imposed a park impact fee on new residential development. The purpose of the park impact fee is to fund the one-time cost of expanding the District’s parks, recreational facilities, and trails in order to meet the impact of new development.

The legal and policy basis for imposing the current park impact fee is supported by the City’s Development Impact Fee Study Report Update, dated May 28, 2019, which was adopted by the City Council on August 20, 2019, by resolution. The City’s current park impact fees, which became effective March 6, 2023, are \$15,379 per new single-family home and \$12,225 per multi-family unit.

This Park Impact Fee Nexus Study (“Nexus Study”) was prepared pursuant to the Mitigation Fee Act (“Act”) as found in Government Code § 66000 et seq. and City Municipal Code § 4.07.040. It was prepared in conjunction with the City’s 2023 Park and Recreation Master Plan Update. The purpose of this Nexus Study is to establish the legal and policy basis for establishing a new park impact fee. The park impact fee is intended to fund the one-time cost of expanding the City’s parks, recreational facilities, and trails in order to maintain its existing level of service. For purposes of this Nexus Study, “parks” shall mean neighborhood parks and community parks. The term “recreational facilities” shall mean, but not be limited to, playground equipment, fields, courts, shade structures, restroom buildings, community-use buildings, and aquatic facilities.

In order to impose such fees, this Nexus Study will demonstrate that a reasonable relationship or “nexus” exists between new development and the need for additional parks, recreational facilities, and trails as a result of new development. More specifically, this Nexus Study will present findings in order to meet the **substantive requirements** of the Act, also known as AB 1600, 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 parks, recreational facilities, and trails 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 (“**rough proportional relationship**”).

Additionally, the Act specifies that the fee shall not include costs attributable to existing deficiencies in public facilities but may include the costs attributable to the increased demand for public facilities reasonably related to the development project in order to refurbish existing facilities to maintain the existing level of service or achieve an adopted level of service that is consistent with the general plan.

Since the Act also prohibits development impact fees from funding existing deficiencies in public facilities, the fees must be used to fund only new or expanded parks, recreational facilities, and trails that add to the City’s park and recreational service capacity.

The use of fee proceeds for rehabilitating existing parks, recreational facilities, and trails is limited in that they may only cover the portion of an improvement that expands service capacity. For example, suppose the City planned to replace a shade structure with an existing park with a significantly larger shade structure. In that case, park impact fee proceeds could fund the portion equal to the percentage increase in the square footage of the larger shade structure or by another reasonable measurement of facility capacity. (See Figure 15 for more information.)

METHODOLOGY / APPROACH

To establish the park impact fee program consistent with the **substantive requirements** of the Act, this Nexus Study utilizes a citywide per capita standard-based methodology. A standard-based method is the most used method for the calculation of park impact fees. It was also upheld by the Homebuilders Association of Tulare/Kings Counties, Inc. v. City of Lemoore in 2010.

Under this method, the cost components are based on the City’s existing level of service (“LOS”) and defined on a per capita basis. Total per capita costs are applied to three residential land use categories according to their respective dwelling unit occupancy factor to establish a cost/fee per new dwelling unit.

The identification and use of a facility standard and the proper expenditure of the fee revenue ensure that new development will not fund any existing deficiencies. Instead, only facilities costs that expand the City park and recreational facilities to accommodate growth. Thus, consistent with the Act, this Nexus Study demonstrates a reasonable relationship between new development, the amount of the fee, and park and recreational facilities funded by the fee.

The Nexus Study details the **procedural requirements** for the adoption of the Nexus Study and updated park impact fee program (“fee program”). Also, the Act contains specific requirements for the **annual administration** of the fee program. These statutory requirements and other important information regarding the imposition and collection of the fee are provided in the last two sections of the Nexus Study.

SUMMARY OF KEY FINDINGS

The following key findings are presented:

1. After a review of the City’s 2023 Parks and Recreation Master Plan, the City’s 2019 Nexus Study and park impact fee program, the current park impact fee is found to be insufficient to fund the new parks, recreational facilities, and trails needed to serve the resident growth created by new development.
2. The City’s existing level of service is 4.72 acres of developed parks, 0.04 miles of developed trails, 562.7 building square feet of community-use facilities, and 618.9 square feet of aquatic facility space for every 1,000 residents.
3. According to the City’s adopted Master Plan and the City’s General Plan, the City’s goal is to provide 5.0 acres of neighborhood parks and community for every 1,000 residents.
4. The City may adopt the fee schedule in Figure 1 at or below the maximum levels determined by this Nexus Study. If the City chooses to adopt lower fees, the adopted fee for each land use category should be reduced by the same percentage.

FIGURE 1 – MAXIMUM PARK IMPACT FEE SCHEDULE

Land Use Category	Unit ¹	Maximum Park Impact Fee ²
Single-Family Housing	DU	\$17,954
Multi-Family Housing	DU	\$15,255
Mobile Homes	DU	\$13,026
Accessory Dwelling Unit	See Note 2	

Notes:

DU = Dwelling Unit

¹ See Figure 11.

² ADUs less than 750 sq. ft. exempt from the park impact fee. For all other ADUs, the park impact fee shall be imposed proportionately in relation to the square footage of the primary dwelling unit.

5. Consistent with the nexus requirements of the Act, this Nexus Study demonstrates that there is a reasonable relationship between new development, the amount of the proposed fee, and parks, recreational facilities, and trails funded by the fee.
6. The maximum park impact fee justified by this Nexus Study is consistent with the City's General Plan and 2023 Parks and Recreation Master Plan Update.

SUMMARY OF KEY RECOMMENDATIONS

Based on the findings presented in the Nexus Study, the following key recommendations are presented:

1. The park impact fee should be collected from new development in addition to land dedication and in-lieu fees pursuant to the City Municipal Code Chapter 17, Article 16.
2. The park impact fee should be adopted in accordance with Government Code Sections 66016, 66017, and 66018.
3. The City should comply with the transparency requirements under Government Code § 65940.1.
4. The City should comply with the annual reporting requirements under Government Code § 66006(b).
5. Following the fifth fiscal year after the first deposit of fee revenue and every five years thereafter, the City should comply with the reporting requirements under Government Code § 66001(d).
6. The cost estimates presented in this Nexus Study are in January 2023 dollars. The adopted park impact fee should be adjusted every January by the annual change in the Engineering News-Record Construction Cost Index for San Francisco for the twelve months from the preceding September to September.
7. In order to comply with the Act and recent court decisions, a fee credit must be given for demolished existing dwelling units as part of a new development project.
8. This Nexus Study and fee program must be updated at least every eight years. The next Nexus Study update is due no later than January 1, 2032.

PER CAPITA COST COMPONENTS

The Act requires that development impact fees be determined in a way that ensures a reasonable relationship between the amount of the fee and the cost of the parks, recreational facilities, and trails attributable to the new development on which the fee is imposed. This section presents the calculation of the total cost per capita for developed parks, community-use facilities, and aquatic facilities based on the City's existing level of service standards for such facilities.

CURRENT AND PROJECTED RESIDENT POPULATION

Figure 2 presents the City's current population and projected population through 2040. The City's current population was determined using figures from the California Department of Finance. The City's 2040 population was projected based on an annual growth rate of 2.4 or about 150 to 200 housing units per year. As shown below, it is estimated that the City's population, as of January 2023, is approximately 19,017. It is projected that the City will grow by 9,433 residents to a household population of 28,450 by 2040. This projection is generally consistent with the City's 2040 General Plan and 2023 Parks and Recreation Master Plan Update.

FIGURE 2 – CURRENT AND PROJECTED POPULATION

Population Projection ¹	2023	2025	2030	2035	2040	Growth 2023 thru 2040
City of Dixon	19,017	19,940	22,451	25,278	28,450	9,433

Source: California Department of Finance, January 2023 and the City's 2023 Parks and Recreation Master Plan Update

Notes:

¹ Based on an annual growth rate of 2.4% .

Certainly, arguments can be made for higher or lower population growth. However, the projected population growth and fee revenue are merely estimates for planning purposes. The maximum park impact fee determined by this Nexus Study does not depend upon the timing and level of development.

PARK DEVELOPMENT COST PER CAPITA

According to the District's Master Plan, neighborhood parks are typically a combination of playgrounds and parks designed primarily for non-supervised, non-organized recreational activities. They are typically 2 – 10 acres in size. Community parks, ranging from 10 acres to 100 acres in size, are designed for organized groups or team sports while also providing facilities for individual and family activities.

The City has seven developed parks totaling 89.85 acres or 4.72 acres for every 1,000 residents. Therefore, to accommodate the anticipated population growth of 9,433 new residents by 2040 and maintain the City's existing level of service, an additional 44.52 acres of developed parks will be required. See the City's 2023 Parks and Recreation Master Plan Update for the City's detailed inventory of parks.

Figure 3 below calculates the per capita cost of developing new neighborhood and community parks. As presented, the City's existing standard is multiplied by the estimated average per acre cost for park development to arrive at a per capita cost. The average park development cost shown represents the weighted average construction cost per acre (in 2023 dollars) for neighborhood and community parks per recent cost estimates developed during the master planning process. Any other facilities, such as trails, community use facilities, and aquatic facilities, are included as separate cost components.

FIGURE 3 – PARK DEVELOPMENT COST PER CAPITA

Cost Component	Developed	Acres per Capita ¹	Average	Cost per Capita	
	Acres per 1,000 Population ¹		Development Cost per Acre ²		
	Calc	a	b = a / 1,000	c	d = b * c
Neighborhood Parks		0.97	0.0010	\$580,000	\$562.60
Community Parks		3.75	0.0038	\$1,017,000	\$3,813.75
Total Parks		4.72	0.0047	\$927,193	\$4,376.35

Source: City of Dixon Parks and Recreation Master Plan Update 2023.

Notes:

¹ Based on City's existing level of service.

² Based on cost estimates from the City's Parks and Recreation Master Plan Update 2023.

The City must fund existing development's share of needed parks and any rehabilitation costs related to existing parks from other funding sources. Other potential sources of funds include, but are not limited to, a general obligation bond measure, state and federal grants, the City's general fund, sales tax proceeds, and existing or new special tax and assessment proceeds, if allowable.

TRAIL DEVELOPMENT COST PER CAPITA

Figure 4 calculates the per capita cost of developing new trails in the City. The average development cost for trails assumes \$270,000 per mile for a 10-foot-wide asphalt trail. The per-mile cost estimate includes excavation, clearing and grubbing, environmental permits, plans and engineering, construction management, and laying of the trail. Trail development is a new cost component of the fee program.

FIGURE 4 – TRAIL DEVELOPMENT COST PER CAPITA

Cost Component	Miles per 1,000 Population ¹	Miles per Capita ¹	Average Development Cost per Mile ²	Cost per Capita
Calc	a	b = a / 1,000	c	d = b * c
Trails	0.04	0.00004	\$270,000	\$10.80

Source: LPA; City of Dixon

Notes:

¹ Based on the City's existing level of service for developed trails.

² Assumes a 10-foot wide pathway

COMMUNITY USE FACILITIES COST PER CAPITA

City residents currently have the use of two community-use facilities. As shown in Figure 5 below, the City's two community use facilities provide 10,700 square feet of useable community use space to the City's population. Therefore, the existing level of service ("LOS") for community use facilities is 562.7 square feet per 1,000 residents.

FIGURE 5 – COMMUNITY USE FACILITIES EXISTING LEVEL OF SERVICE

Facility	Existing Space (BSQFT)	Current Resident Population ¹	Existing Sq. Ft. Per 1,000 Population
Calc	a	b	c = (a / b) * 1,000
Senior/Multi-Use Center	5,700	19,017	299.7
Performing Arts Center	5,000	19,017	262.9
Total Community Use Facilities	10,700		562.7

Sources: LPA; City of Dixon

Notes:

¹ See Figure 2.

The City's 2023 Master Plan includes the construction of a new 18,000-square-foot recreation/gym building in Southwest Community Park. The estimated construction cost for the project is nearly \$23.1 million. Based on the estimated site development and construction cost of \$1,284 per square foot, the cost of the recreation/gym building to serve new development is \$722.51 per capita, as shown below.

FIGURE 6 – COMMUNITY USE FACILITIES COST PER CAPITA

Cost Component	Calc	Estimated Cost		Cost per Capita $c = (a * b) / 1,000$
		LOS Standard ¹ a	Per Sq. Ft. ² b	
Recreation / Gym Building in Southwest Community Park		562.7 sq. ft. per 1,000 pop.	\$1,284	\$722.51

Notes:

¹ See Figure 5.

² See the City's 2023 Park and Recreation Master Plan Update for cost details.

The City will need to fund existing development's share of the new recreation/gym building and any other improvements not currently identified with other funding sources. Other potential sources of funds include, but are not limited to, Quimby in-lieu fees, a general obligation bond measure, state and federal grants, the City's general fund, and existing or new special tax and assessment proceeds, if allowable.

AQUATIC FACILITIES COST PER CAPITA

The City residents have the use of one aquatic facility – the Pat Granucci Aquatic Center. As shown in Figure 7 below, the City's aquatic facility provides 8,270 square feet of pool area and 3,500 square feet of pool building area. Therefore, the City's existing level of service ("LOS") for aquatic facilities is 434.9 of pool area and 184.0 square feet of pool building area per 1,000 residents.

FIGURE 7 – AQUATIC FACILITIES EXISTING LEVEL OF SERVICE

Facility	Existing Pool Space	Existing Pool Building Space	Current Resident Population ¹	Existing Pool Space	Existing Building Sq.
				Sq. Ft. Per 1,000 Population	Ft. Per 1,000 Population
Calc	a	b	c	$d = (a / c) *$	$e = (b / c) *$
Pat Granucci Aquatic Center	8,270	3,500	19,017	434.9	184.0

Source: LPA; City of Dixon

Notes:

¹ See Figure 2.

The City's 2023 Master Plan includes the construction of a new aquatic facility in Southwest Community Park. The estimated construction cost for the project is nearly \$15.0 million. Based on the estimated site development and construction cost of \$993 per square foot, the cost of the new aquatics facility to serve new development is \$614.80 per capita. See Figure 8 below for more detail.

FIGURE 8 – AQUATIC FACILITIES COST PER CAPITA

Cost Component	LOS Standard (sq.ft. per 1,000 population) ¹		Estimated Cost Per Sq. Ft. ²	Cost per Capita
	Calc	a		
Pool Space		434.9	\$993	\$432.02
Pool Building		184.0	\$993	\$182.78
Aquatic Facility		618.9		\$614.80

Notes:

¹ See Figure 7.

² See the City's 2023 Parks and Recreation Master Plan Update for cost details.

The City will need to fund existing development's share of the aquatic facility with other funding sources. Other potential sources of funds include, but are not limited to, Quimby in-lieu fees, a general obligation bond measure, state and federal grants, the City's general fund, sales tax proceeds, and existing or new special tax and assessment proceeds, if allowable.

PARK IMPACT FEE DETERMINATION

This section presents the calculation of the total cost per capita for parks, recreational facilities, and trails. The total cost per capita for each is then applied to three residential land use categories in proportion to the demand they create as measured by their respective dwelling unit occupancy factor.

PARK IMPACT FEE COST COMPONENTS

The figure below summarizes the per capita cost components from the previous section and includes an additional 2.5 percent for the administration of the park impact fee program. The fee program administrative cost component is designed to recover the cost collection, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Studies, and other costs reasonably related to compliance with the Act. SCI has estimated the amount of the administrative component based on our experience with similar fee programs within California. As shown, the total per capita cost is \$5,867.57.

FIGURE 9 – PARK IMPACT FEE COST COMPONENTS

Cost Component	Per Capita Cost
Park Development	\$4,376.35
Trail Development	\$10.80
Community Use Facilities	\$722.51
Aquatic Facilities	\$614.80
Fee Program Administration (2.5%) ¹	\$143.11
Total Cost per Capita	\$5,867.57

Notes:

¹ Collection, accounting, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Study updates and other costs reasonably related to compliance with the Act.

RESIDENTIAL LAND USE CATEGORIES

The Act requires that development impact fees be determined in a way that ensures 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. Since the demand for / need for park and recreational services is inherently driven by service population and different residential land uses, having varying household occupancies, the residential park impact fee is expressed per dwelling unit basis based on their respective dwelling unit occupancy factor for three residential land uses.

This Nexus Study also incorporates the addition of another residential unit to a single-family parcel as a fourth category labeled as “Accessory Dwelling Unit.”

For the purpose of this fee program, a “dwelling unit” means one or more rooms in a building or structure, or portion thereof, designed exclusively for residential occupancy by one or more persons for living or sleeping purposes and having kitchen and bath facilities.

The four residential land use categories are as follows:

- **“Single-family housing”** means one-family dwelling unit with an assessor’s parcel number for the dwelling unit.
- **“Multi-family housing”** means buildings or structures designed for two or more families for living or sleeping purposes and having kitchen and bath facilities for each family.
- **“Mobile home”** means a development area for residential occupancy in vehicles that require a permit to be moved on a highway, other than a motor vehicle designed or used for human habitation and for being drawn by another vehicle.
- **“Accessory dwelling unit”** means a dwelling unit, or “granny flat,” either a detached or attached dwelling unit, which provides complete, independent living facilities for one or more persons with provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the primary residence.

DWELLING UNIT OCCUPANCY FACTOR

Figure 10 below presents the calculation of the dwelling unit occupancy factor for the three residential land uses. The calculation is based on information from the *2020 American Community Survey 5-Year Estimate* from the 2020 U.S. Census for the City of Dixon. The previous dwelling unit occupancy factors were 3.20 persons per single-family home and 2.55 persons per multi-family unit. The occupancy density for mobile homes, which is a new land use category, is based on the countywide average due to an inadequate sample size within the City.

FIGURE 10 – DWELLING UNIT OCCUPANCY FACTOR

Land Use Categories	Occupied	Total Number	Dwelling Unit
	Dwelling Units	of Occupants	Occupancy Factor
Calc	a	b	c = b / a
Single-Family Housing	4,820	14,757	3.06
Multi-Family Housing	1,635	4,244	2.60
Mobile Home ¹	9	18	2.22
Average (2020 Census)	6,464	19,019	2.94

Source: 2020 U.S. Census, 2021: ACS 5-Year Estimates

Notes:

¹ The occupancy density for mobile homes is based on the countywide average due to inadequate sample size within the City.

RESIDENTIAL PARK IMPACT FEE DETERMINATION

Figure 11 below presents the maximum park impact fee calculation. As shown, the per dwelling unit fees for the three residential land uses are determined by multiplying the total cost per capita by their respective dwelling unit occupancy factor. The City may adopt fees lower than the maximum, justified amounts, provided they are reduced by the same percentage for each land use category.

FIGURE 11 – MAXIMUM PARK IMPACT FEE

Land Use Category	Unit	Total Cost Per Capita ¹	Dwelling Unit Occupancy Factor ²	Maximum Park Impact Fee ³
Calc		a	b	c = a * b
Single-Family Housing	DU	\$5,867.57	3.06	\$17,954
Multi-Family Housing	DU	\$5,867.57	2.60	\$15,255
Mobile Homes	DU	\$5,867.57	2.22	\$13,026
Accessory Dwelling Unit		----- See Note 4 -----		

Notes:

DU = Dwelling Unit

¹ See Figure 9.

² See Figure 10.

³ Maximum park impact fee is rounded down to the nearest dollar.

⁴ ADUs that are less than 750 square feet are exempt from the park impact fee. For all other ADUs, the park impact fee shall be imposed proportionately in relation to the square footage of the primary dwelling unit.

The park impact fee for an accessory dwelling unit of 750 square feet or greater shall be imposed proportionately in relation to the square footage of the primary dwelling unit. The construction of all other ADUs is exempt from the park impact fee. For example, the calculation of the maximum park impact fee for the construction of a 900 square-foot accessory dwelling unit on a single-family parcel with a 2,250 square-foot single-family home would be $(900 / 2,250) * \$17,954 = \$7,182$.

PROJECTED PARK IMPACT FEE REVENUE

The figure below projects park impact fee revenue through 2040. Total fee revenue (in 2023 dollars) is estimated by multiplying the total cost per capita by the projected resident population growth for the period. As shown, the City is projected to generate approximately \$55.3 million in 2023 dollars by 2040. Indeed, arguments can be made for higher or lower population growth. However, the projected population growth and fee revenue are merely estimates for planning purposes. The maximum fee amounts do not depend upon the timing and level of development.

FIGURE 12 – PROJECTED PARK IMPACT FEE REVENUE

Land Use Category	Total Cost per Capita ¹	Projected Population Growth (2040) ²	Projected Park Impact Fee Revenue (2023\$)
	Calc	a	b
			c = a * b
Residential Development	\$5,867.57	9,433	\$55,348,788

Notes:

¹ See Figure 9.

² See Figure 2.

The fee revenue must be deposited into a separate park impact fee account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the City.

The fee revenue will be restricted to funding new or expanded parks, recreational facilities, and trails that add to the City's park and recreational service capacity. Additionally, the use of fee proceeds for rehabilitating existing parks, recreational facilities, and trails is limited in that they may only cover the portion of an improvement that expands service capacity. For example, if the City planned to replace a shade structure within an existing park with a significantly larger shade structure, park impact fee proceeds may fund the portion equal to the percentage increase in the square footage of the larger shade structure or by another reasonable capacity measurement. (See Figure 15 for more information.)

Fee revenue will also be used to cover fee program administration costs such as collection, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Studies, and other costs reasonably related to compliance with the Act.

Fee revenue may not fund 1) the renovation or replacement of existing facilities and 2) operational, maintenance, or repair costs.

PARKS AND RECREATION CAPITAL IMPROVEMENT PLAN

In accordance with Government Code § 66016.5 (a)(6), the City's 2023 Parks and Recreation Capital Improvement Plan is shown below with the elements required by Government Code § 66002.

FIGURE 13 – PARKS AND RECREATION CAPITAL IMPROVEMENT PLAN 2023

Parks and Recreation Facilities	Location	Size	Timing of Availability	Estimated Cost (2023\$)
Southwest Community Park Phase 1 (Aquatics Facility Pool and Building)	SW Dixon	10,400 sq. ft.	2029	\$15,000,000
Southwest Community Park Phase 2 (Park)	SW Dixon	18.61 acres	2033	\$18,950,000
Southwest Community Park Phase 3 (Recreation / Gym Building)	SW Dixon	18,000 sq. ft.	2038	\$23,112,000
Hall Park Expansion	Hall Park Drive	49.93 acres	2027	\$12,610,779
Northeast Community Park	NE Dixon	10 acres	2045	\$10,170,000
Northeast Neighborhood Park	NE Dixon	4 acres	2043	\$2,320,000
Northwest Park Security and Sports Lighting	Parkgreen Drive	22.38 acres	2047	\$7,156,462
Total Parks and Recreation Improvements				\$89,319,241

Source: City of Dixon Parks and Recreation Master Plan Update 2023

COMPARISON OF CURRENT AND MAXIMUM PARK IMPACT FEES

The figure below compares the current park impact fee schedule with the maximum park impact fee schedule justified by this Nexus Study.

FIGURE 14 – COMPARISON OF CURRENT AND MAXIMUM PARK IMPACT FEES

Land Use Category	Unit	Current	Maximum	\$ Change	% Change
		Park Impact Fee ¹	Park Impact Fee ²		
	Calc	a	b	c	d = c / a
Single-Family Housing	DU	\$15,379	\$17,954	\$2,575	16.7%
Multi-Family Housing	DU	\$12,255	\$15,255	\$3,000	24.5%
Mobile Homes	DU	\$15,379	\$13,026	(\$2,353)	-15.3%
Accessory Dwelling Unit			----- See Note 3 -----		

Notes:

DU = Dwelling Unit

¹ Effective March 6, 2023.

² See Figure 11.

³ ADUs less than 750 sq. ft. are exempt from the park impact fee. For all other ADUs, the park impact fee shall be imposed proportionately in relation to the square footage of the primary dwelling unit.

NEXUS FINDINGS

This section summarizes the nexus findings required to demonstrate the legal justification of the park impact fee.

PURPOSE OF THE FEE

The purpose of the park impact fee is to fund new or expanded parks, recreational facilities, and trails to meet the needs of the new resident population generated by new residential development in the City. "Parks" means neighborhood parks and community parks. The term "recreational facilities" means, but not be limited to, playground equipment, fields, courts, shade structures, restroom buildings, community use buildings, and aquatic facilities.

USE OF FEE REVENUE

Park impact fee revenue will be used to fund the development and/or acquisition of new or expanded parks, recreational facilities, and trails to serve new development. A summary of the allowable and prohibited uses of the fee revenue is provided in Figure 15 below.

FIGURE 15 – SUMMARY OF ALLOWABLE AND PROHIBITED USES OF FEE REVENUE

<u><i>Allowable Uses</i></u>	<u><i>Prohibited Uses</i></u>
<ul style="list-style-type: none"> ▪ <i>The cost of new or expanded parks, recreational facilities, and trails (100%)</i> ▪ <i>The cost of new recreational facilities in <u>existing</u> parks that expand service capacity (100%)</i> ▪ <i>Parks, recreational facilities, and trail costs already incurred that provide growth-related capacity (100%)</i> ▪ <i>The proportional cost of parks, recreational facilities, and trail renovation projects that expand service capacity</i> ▪ <i>Collection, accounting, documentation, annual reporting requirements, five-year report requirements, periodic Nexus Studies, and other costs reasonably related to compliance with the Act.</i> 	<ul style="list-style-type: none"> ▪ <i>Existing deficiencies, such as renovation or replacement of existing recreational facilities that do not expand service capacity</i> ▪ <i>Parkland acquisition and purchase or lease of vehicles.</i> ▪ <i>Operational, maintenance, or repair costs</i>

BENEFIT RELATIONSHIP

The fee will be collected as development occurs. Fee revenue will be used to fund new and expanded parks, recreational facilities, and trails to meet the additional demand generated by the new residents created by new development projects. Fee revenue will be deposited into a separate park impact fee account or fund in a manner to avoid any commingling of the fees with other revenues and funds. The fee revenue will be restricted to the uses described in the "Use of Fee Revenue" finding. These actions ensure that a development project paying the park impact fee will benefit from its use.

IMPACT RELATIONSHIP

Since the need for park and recreational services is inherently population-driven, new residential development in the City will generate the need for new park and recreational services and the corresponding need for various facilities. The need is measured in proportion to the average household occupancy for three residential land uses. The City's existing level of standards are 4.72 acres of developed parks, 0.04 miles of trails, 562.7 square feet of community use facilities, 434.9 pool surface area, and 184.0 pool building space for every 1,000 residents. The fees' use (funding new or expanded parks, recreational facilities, and trails) is therefore reasonably related to the type of project (new residential development) upon which it is imposed.

PROPORTIONALITY

The amount of park and recreational facilities needed to serve a unit of development is based on the City's level of service standards for such facilities. The cost of new and expanded parks, recreational facilities, trails, and fee program administrative costs are defined on a cost-per-capita basis. These per capita costs are then applied to three residential land uses based on their respective dwelling unit occupancy factor.

The use of average dwelling unit occupancy for three residential land use categories to determine the park impact fee schedule achieves proportionality across the types of development on which the fee is imposed. In general, a single-family home will generate a higher number of persons than a multi-family unit and, as a result, will pay a higher fee per unit. Thus, applying the park impact fee schedule based on the type of housing and number of dwelling units to a specific project ensures a reasonable relationship between the fee and the cost of the parks, recreational facilities, and trails attributable to that residential development project.

Pursuant to Government Code § 66016.5 (a)(5)(b), it is found that square footage is not an appropriate basis for imposing park impact fees on new residential development since demand is resident-population driven, not square footage driven. For example, a single-family home that is one hundred square feet larger will not generate proportionally more demand than a similar home that is one hundred square feet less in size. Park impact fees solely based on square footage don't consider the occupancy density of different housing types and, as a result, are less proportional to the demand created.

FEE PROGRAM ADOPTION REQUIREMENTS

The following is a summary of the statutory procedural requirements for adopting the Nexus Study, the proposed park impact fee program (“fee program”), and the associated capital improvement plan. The specific statutory procedural requirements for adopting the Nexus Study and fee program may be found in the Act.

NEXUS STUDY AND FEE PROGRAM

1. The City Council shall conduct at least “one open and public meeting” as part of a regularly scheduled meeting on the proposed fee program.
2. At least 30 days before the meeting, the City shall mail a notice of the meeting to any interested party who filed a written request for notice of the adoption of new or increased fees.
3. At least 30 days before the meeting, the City shall make the Nexus Study available to the public for review.
4. At least 30 days before the public hearing, a notice of the meeting’s time and place shall be published twice in a newspaper of general circulation, with at least five days intervening between the first and last publication dates, not counting such publication dates.
5. After the public hearing, the City Council shall adopt a resolution adopting the Nexus Study, the new fee program, and fee schedule.

PARKS AND RECREATION CAPITAL IMPROVEMENT PLAN

1. The City Council shall adopt the CIP by resolution at a noticed public hearing.
2. At least 30 days before the public hearing, a notice of the meeting’s time and place shall be published once in a newspaper of general circulation.

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FEE PROGRAM ADMINISTRATION REQUIREMENTS

This section summarizes the statutory requirements and general recommendations for the annual administration of the park impact fee program. The specific statutory requirements for the administration of the fee program may be found in California Government Code § 66000 et seq.

ACCOUNTING REQUIREMENTS

Proceeds from the park impact fee should be deposited into a separate fund or account to avoid commingling fees with other revenue. The park impact fees should be expended solely for the purpose for which they were collected. Any interest earned by such an account should be deposited in that account and expended solely for the purpose for which it was originally collected.

REPORTING REQUIREMENTS

The following information, entitled "*Annual Report*," must be made available to the public within 180 days after the last day of each fiscal year:

- a brief description of the type of fee in the account;
- the amount of the fee;
- the beginning and ending balance of the account;
- the fees collected that year and the interest earned;
- an identification of each public improvement for which the fees were expended and the amount of the expenditures for each improvement;
- an identification of an approximate date by which development of the improvement will commence if the local agency determines that sufficient funds have been collected to complete financing of an incomplete public improvement;
- a description of each inter-fund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, the date on which any loan will be repaid, and the rate of interest to be returned to the account; and
- the amount of money refunded under section Govt. Code § 66001.

The City shall review the Annual Report at the next regularly scheduled public meeting, not less than 15 days after the Annual Report is made available to the public. Notice of the time and place of the meeting, including the address where this information may be reviewed, shall be mailed, at least 15 days prior to the meeting, to any interested party who files a written request for mailed notice of the meeting. Any written request for mailed notices shall be valid for one year from the date on which it is filed unless a renewal request is filed. Renewal requests for mailed notices shall be filed each year on or before April 1. The Council may establish a reasonable annual charge for sending notices based on the estimated cost of providing the service.

For the fifth fiscal year following the first receipt of any park impact fee proceeds and every five years thereafter, the City must comply with Government Code Section 66001(d)(1) by affirmatively demonstrating that the City still needs unexpended park impact fees to achieve the purpose for which it was originally imposed and that the City has a plan on how to use the unexpended balance to achieve that purpose. Specifically, the City shall make the following findings, entitled "*Five-Year Findings Report*," with respect to that portion of the account or fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put;
- Demonstrate a reasonable relationship between the fee and the purpose for which it is charged;
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements; and
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

The City shall provide for the refund of all or any part of such unexpended or unappropriated fee revenue, together with any actual interest accrued thereon, in the manner described in Government Code § 66001 (e) of the, to the current record owner of any property for which a fee was paid; provided that if the administrative costs of refunding such fee revenue exceed the amount to be refunded.

TRANSPARENCY REQUIREMENTS

The City must clearly post the following information regarding the fee program on the City's website. Information updates must be made within 30 days of any change.

- The current fee schedule indicating the effective date.
- Current and five previous annual financial reports required according to Government Code Section 66006 (b).

- Current and any previous park impact fee nexus studies conducted after January 1, 2018.

ANNUAL INFLATIONARY ADJUSTMENT

All costs and the associated park impact fee determined by this Nexus Study are in January 2023 dollars. The cost estimates presented in this Nexus Study are in January 2023 dollars. The adopted park impact fee should be adjusted every January by the annual change in the Engineering News-Record Construction Cost Index for San Francisco for the twelve months from the preceding September to September.

FEE EXEMPTIONS

The following are exempted from payment of the fee:

- The construction of a structure owned by a governmental agency.
- The construction of an accessory dwelling unit less than 750 square feet.
- A residential development project found to have no impact on the District's park and recreation system.

FEE WAIVERS AND CREDITS

Pursuant to the Act, City Municipal Code § 4.07.140, and recent court cases, the following circumstances must receive a fee credit or waiver:

- Demolished existing dwelling units as part of a development project.
- If a developer dedicates land or builds specific park facilities under a turn-key agreement, the fee imposed on that development project may be adjusted to reflect a credit for the parks, recreational facilities, and trails constructed.

NEXUS STUDY UPDATES

This Nexus Study and fee program must be updated at least every eight years. The next Nexus Study update is due no later than January 1, 2032.

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