Plano City of Excellence | Memorandum

Date: June 5, 2019

To: Shelli Siemer, Deputy City Manager

From: Robin Reeves, Director of Parks and Recreation

Subject: Review of Code of Ordinances / Chapter 16 – Planning and Development, Article - XII Park and Recreation Fee

We propose to submit an update of the Park Fee Ordinance to City Council for consideration at their June 24 meeting. I would like to review the proposed changes with them at their Preliminary Open Meeting on June 10.

The Park Fee program was first approved in 1993. It is a one-time fee assessed on new residential development, collected at the time building permits are issued. Fees are assessed within fourteen service areas within the city on a per housing unit basis. Beginning with the updates to the the Park and Recreation Fee Service Boundaries Map in June 2018, ordinances that regulate the park fees charged and the basis and method by which the park fees are derived were reviewed by staff and by outside consultants. A market study was made to determine an average cost per acre of unimproved land that could be used for neighborhood and linear parks. Resulting calculations were reviewed by an outside consultant to confirm the method by which the fee is determined, and to benchmark the proposed fee increases against those charged by neighboring cities. As a result of the review and consultant comments, portions of Chapter 16, Article XII were updated to simplify the method of how fees are derived and to clarify the process of collection, use, and appeal of park fees. The proposed changes were presented to and reviewed by the Parks and Recreation Planning Board at the May 7, 2019 meeting. The Board did not recommend any additional change to the ordinance.

Significant Changes:

- Clarifying the names of the Park Master Plan and Park Improvement Plan
- Changing the title of the Director of Development Services to the City Manager
- Clarifying the applicability of new kinds of development such as backyard cottages
- Clarifying the purpose for which fees are collected to be for total costs including land value and all development costs for neighborhood and linear park facilities
- Simplifying the method by which park fees are developed
- Increasing the cost per unit paid by the builder for the park fees charged for single family dwelling units from $467.47 to $2,065.44
- Increasing the cost per unit paid by the builder for the park fees charged for multi-family dwelling units from $323.96 to $1,442.66
- Correcting the name of the program from the park recoupment fund to the park fee program
- Clarifying the use of funds collected to be used solely within the service area from which they are collected
- Clarifying the process of refunds and reimbursements for fees collected
- Changing the process of update and review of park fees to coincide with the update of the Parks, Recreation, Trails & Open Space Master Plan every five years
- Clarifying the process of appeals for park fees charged

June 5, 2019

Subject: Review of Code of Ordinances / Chapter 16 – Planning and Development, Article - XII Park and Recreation Fee

The Parks and Recreation Department recommends approval of the ordinance updating Chapter 16, Article XII – Park and Recreation Fee to reflect the present costs of parkland acquisition and development and to bring the fee in line with other cities in the area. If the ordinance is not updated, the fee will not provide sufficient funds to acquire and develop neighborhood and linear parks in developing areas of the city.

ARTICLE XII. - PARK AND RECREATION FEE

Sec. 16-261. - Title.

This article shall be known and cited as the "Plano Park and Recreation Fee Article."

(Ord. No. 93-10-35, § I(Art. I, § 1.01), 12-13-93)

Sec. 16-262. - Purpose and imposition of park fee.

A parks and recreation fee ("park fee") is hereby imposed on residential development for the purpose of assuring that linear and neighborhood park facilities are available and adequate to meet the needs created by such development while maintaining current and proposed park and recreation standards pursuant to the ~~Plano Park and Recreation Master Plan~~ Parks, Recreation, Trails & Open Space Master Plan. The park fee is imposed in conjunction with and in addition to subdivision regulations requiring the dedication of neighborhood and linear park land and the construction of neighborhood and linear park improvements for which contributions the property owner shall be reimbursed from proceeds of park fees imposed. The park fee shall be imposed by the city on all residential development, and all fees collected shall be used solely and exclusively for the purpose of acquisition and development of park facilities reasonably attributable to residential dwelling units charged the park fee.

(Ord. No. 93-10-35, § I(Art. I, § 1.02), 12-13-93)

Sec. 16-263. - Definitions.

For purposes of this article only, the terms that follow shall have the meanings set forth herein. Terms not herein defined shall have those meanings given them by other provisions of the Code of the City of Plano.

Applicant. The property owner or duly designated agent of the property owner of land for which approval of a building permit has been requested for residential development.

Building. Any enclosed residential structure designed or intended for the support, enclosure, shelter or protection of persons.

Building permit. The permit required for new residential construction and/or additions to buildings pursuant to the Code of City of Plano.

City. The City of Plano, Texas.

City council. The City Council of Plano, Texas.

Development. Any activity that requires the securing of building permit for residential uses.

~~*Director.* The director of the department of development services, his successor or appointee.~~

Dwelling. Any building, or portion thereof, designed exclusively for residential occupancy and containing one (1) or more dwelling units.

Dwelling unit. One (1) or more rooms arranged, designed or used as separate living quarters for an individual family, which contains kitchen facilities (only one (1) per dwelling unit permitted), including at least a stove or cooking device and permanently installed sink, plus bathroom facilities.

Linear park. Public land and associated improvements to be used primarily for passive recreation and connecting residential neighborhoods to one another and to public facilities and services, as specified in the park master plan.

Neighborhood park. Public land, with associated improvements, typically from seven and one-half (7.5) to ten (10) acres in size, and providing both active and passive recreational opportunities for neighborhood residents, as specified in the park master plan.

Park board. The park and recreation ~~and~~ planning board or its successor.

Park facilities. Land and/or facilities used or to be used as a neighborhood or linear park, regardless of location, including both the acquisition of such land, the construction of improvements thereon and the expenditure of funds incidental thereto, including but not necessarily limited to planning, engineering and design of the park and improvements, utility relocation, provision of improvements, ~~utility relocation,~~ provision of pedestrian and vehicular access thereto and purchase of equipment, the need for which are attributable to new residential development.

Park improvements program. The adopted ~~plan~~ Community Investment Program, as may be amended from time to time, which identifies those park facilities and their costs, for a period of at least five (5) years, which are to be financed in whole or in part through the imposition of park fees pursuant to this article. The ~~plan~~ program shall contain only those facilities which are anticipated to be acquired or developed within the period covered by the ~~plan~~ program.

Park master plan. The official adopted ~~parks and recreation element of the comprehensive plan~~ Parks, Recreation, Trails & Open Space Master Plan for the City of Plano and amendments thereto.

Property. A legally described parcel of land capable of development pursuant to applicable city ordinances and regulations.

Property owners. Any person, group of persons, firm or firms, corporation or corporations, or any other entity have a proprietary interest in the land on which a building permit has been requested.

Residential development. The development of any property for a dwelling or dwellings, other than motels, hotels, shelter used temporarily for transients and other similar uses, as indicated by an application for a building permit.

Zoning ordinance. The Zoning Ordinance of the City of Plano and including all duly adopted amendments thereto.

(Ord. No. 93-10-35, § I(Art. I, § 1.03), 12-13-93)

Sec. 16-264. - Applicability of park fee.

(a) This article shall be uniformly applicable to residential development of property in the city which is or will be served by park facilities as herein defined. This article does not apply to activities involving the replacement, reconstruction, remodeling, rehabilitation or other improvements to an existing residential structure, or to the rebuilding of a damaged structure or to permits required for backyard cottages or accessory use~~s, unless such activity results in a change in the type or increase in the number of dwelling units~~.

(b) For purposes of this article, property is "served by" park facilities when funds collected for such facilities have been constructed in accordance with the ~~spent for facilities identified in the~~ park master plan and park improvements ~~plan~~ program within ten (10) years from the date of collection within the service area in which the property is located.

(Ord. No. 93-10-35, § I(Art. I, § 1.04), 12-13-93)

Sec. 16-265. - Authority and imposition of park fee.

(a) This article is enacted pursuant to the city's police powers existing under the city's Charter and consistent with the Texas Constitution, article XI, section 5, and applies to all property within the city's corporate boundaries.

(b) A park fee shall be imposed on all residential development in the city at the time of application for a building permit pursuant to section 16-267, except as provided in subsection 16-265(c).

(c) The park fee shall not be imposed on any residential development for which a completed application for a building permit had been received and accepted by the city on or before the effective date of this article.

(d) Imposition of the park fee does not alter, negate, supersede or otherwise affect any other requirements of city, county, state or federal legislation or regulations that may be applicable to a development, including city zoning and/or subdivision regulations that may impose open space and park requirements and standards.

(e) The provisions of this article shall not be construed to limit the power of the city to utilize other methods authorized under state law or pursuant to other city powers to accomplish the purposes set forth herein, either in substitution or in conjunction with this article. Guidelines may be developed by resolution, ordinance or otherwise to implement and administer this article.

(Ord. No. 93-10-35, § I(Art. I, § 1.05), 12-13-93)

Sec. 16-266. - Service areas, park improvements plan and park fees.

(a) There are hereby established fourteen (14) service areas for park facilities, each of which is designated on the map attached to the ordinance from which this section derives as Exhibit "A" and incorporated herein by reference. Service area boundaries may be amended from time to time by ordinance or resolution.

(b) The city shall adopt a park improvements program, which identifies the park facilities and their costs, which are to be financed in whole or in part through the imposition of park fees. Park fees may only be spent for park facilities identified in such program. The park improvement program shall be reviewed and updated ~~annually following a public hearing before the city council~~ as part of the City's annual budget.

(c) The park fee for each service area shall be uniform and shall be determined by dividing the total anticipated costs, including land value and all development costs, of all neighborhood and linear park facilities set forth in the master plan by the total population to be served by such facilities. Park fees shall be separately calculated for single-family dwelling units and for multifamily dwelling units, by multiplying the per capita costs of neighborhood and linear park facilities by the number of persons expected to reside within each type of dwelling unit. ~~The park fee per dwelling unit herein established has been discounted by an amount equivalent to that portion of future property taxes collected in order to pay debt service related to existing neighborhood and linear parks for each type of dwelling unit.~~

(d) There is hereby established a park fee for single-family dwelling units in the amount of ~~four hundred sixty-seven dollars and forty-seven cents ($467.47)~~ two thousand sixty five dollars and forty three cents ($2,065.43), and a park fee for multifamily dwelling units in the amount of ~~three hundred twenty-three dollars and ninety-six cents ($323.96)~~ one thousand four hundred forty two dollars and sixty six cents (1,442.66). The park fees herein established may be amended by ordinance or resolution of the city council from time to time.

(Ord. No. 93-10-35, § I(Art. I, § 1.06), 12-13-93; Ord. No. 2018-6-8, § I, 6-25-18)

Sec. 16-267. - Processing and collection of park fee.

(a) Applicants for a building permit for residential development subject to this article must submit, on a form provided by the city, the proposed number of dwelling units in the development.

(b) Upon receipt of an application for a building permit, the city shall calculate the amount of the applicable park fee due, pursuant to section 16-266 of this article. The park fee rate in effect at the

time of application for the permit shall be used to calculate the park fee, except as provided in subsection 16-267(d).

(c) The applicable park fee shall be collected prior to the issuance of a building permit. In the event that the number of dwelling units proposed at such time has changed since the application for the building permit was filed, the city shall recompute the park fee using the method set forth in subsection 16-267(b), except that the fee for any additional units shall be based on the park fee rate then in effect.

(d) If a building permit for which a park fee has been paid has expired and a new application is filed, the park fee due shall be computed on the basis of the park fee rate in effect at the time of the new application, with credit for payment of the old fee being applied against the new rate.

(e) In the event that fewer dwelling units are constructed than authorized by a building permit, the property owner may apply for a refund for the difference in the number of dwelling units pursuant to section 16-270.

(Ord. No. 93-10-35, § I(Art. I, § 1.07), 12-13-93)

Sec. 16-268. - Use of park fee funds.

(a) Park fees collected for each service area pursuant to this article must be used solely for one (1) of the following purposes:

(1) To repay developers for contributions of land or park improvements pursuant to section 16-271 hereof;

(2) To acquire and develop neighborhood and linear park facilities for the service area~~, in accordance with the park master plan and the park improvements plan~~;

~~(3) To acquire and develop neighborhood and linear park facilities for service areas other than the service area in which fees are collected, subject to the provisions in section 16-269;~~

~~(4)~~(3) To reimburse the city for prior acquisition and development of such park facilities; or

~~(5)~~(4) To make refunds pursuant to section 16-270.

(b) Park fees collected shall not be used to maintain, repair or operate the existing park system, nor to finance park and recreational activities other than park facilities as herein defined.

(c) Nothing in this article shall prevent the city from issuing and utilizing general obligation bonds, revenue bonds, revenue certificates or other certificates of indebtedness as are within the authority of the city in such manner and subject to such limitations as may be provided by law in furtherance of the financing and provision of park facilities as set forth in the park master plan. Park fees paid pursuant to this article, however, shall be used for park facilities acquisition and development as defined herein.

(Ord. No. 93-10-35, § I(Art. I, § 1.08), 12-13-93; Ord. No. 94-9-18, § I, 9-12-94)

Sec. 16-269. - Accounting procedures.

(a) The city shall establish a separate, interest bearing account into which all park fees collected shall be deposited. Funds collected within each service area designated in Exhibit "A" shall be earmarked for expenditure solely for the purposes set forth in section 16-268(a).

(b) The city shall establish a separate account known as a "park ~~recoupment fund~~ fee program," into which fees used to reimburse the city for prior expenditures for acquisition and development of park facilities are to be deposited upon transfer from service area park fee accounts. Disbursements from the ~~recoupment fund~~ program shall be utilized solely and exclusively either to reimburse developers

who have made contributions to neighborhood and linear park facilities pursuant to section 16-271 of this article, or for the purpose of acquiring and development such facilities. ~~Disbursements from the recoupment fund may be used within any park service area.~~

(c) Interest earned on park fees shall be considered funds of the park fee account and shall be used solely for the purposes specified for the funds of such account.

(d) The city shall establish adequate financial and accounting controls to ensure that park fees disbursed are utilized solely for the purposes and intent of this article; provided, however, that funds shall be expended within a reasonable period of time, not to exceed ten (10) years from the date park fees are collected.

(e) The city shall maintain and keep financial records for park fees, which shall show the source and disbursement of all fees collected in or expended from each service area.

(f) The city may supplement the park service area accounts from any available funds. In the event the city discounts park fees due, it shall cause to be deposited a sum in the amount of the discount in the account for the park service area in which the fee was collected.

~~(g) The city may transfer park fees from the accounts of other service areas for the purpose of acquiring or constructing neighborhood park facilities to serve new development within a given service area, provided that such funds are repaid to such accounts, either from the proceeds of the service area account to which the fees were transferred or from other city park revenues, within a period not to exceed five (5) years; and further provided that the service area(s) from which park fee proceeds were transferred are adequately served by park facilities in the interim.~~

(Ord. No. 93-10-35, § I(Art. I, § 1.09), 12-13-93; Ord. No. 94-9-18, § II, 9-12-94)

Sec. 16-270. - Refunds.

(a) The current owner of property on which a park fee has been paid may apply for a refund of such fee if:

(1) The property on which a park fee has been paid has not been served by park facilities, as provided in section 16-~~264~~ 204(b);

(2) The building permit for a residential development, pursuant to which a park fee has been paid, has been withdrawn or has expired without substantial completion of the structure, and no application for extension or renewal has been made; or

(3) Fewer dwelling units are constructed than authorized by a building permit.

(b) Only the current owner of property may petition for a refund. A petition for refund may be filed within one (1) year of the event giving rise to the right to claim a refund.

(c) The petition for refund must be submitted to the ~~director~~ City Manager on a form provided by the city for such purpose. The petition must contain: A certified copy of the latest recorded deed for the subject property; current legal description; the date of payment of the park fee; and a statement of the reasons for which a refund is sought.

(d) A refund shall be due under subsection 16-270(a)(1) only if the ~~director~~ City Manager determines that the total park fee collected for the service area for a period of ten (10) years from the date of collection of the park fee for the development for which a refund is being sought exceeds the total expenditures from the park fee account for the service area for the same period ("excess amount"). The refund amount shall be the development's pro rata share of the excess of fees collected over expenditures, together with interest earned on such amount for the period. The city may periodically compute the difference between expenditures and fees collected for purposes of reviewing refund requests under this subsection. After the expiration of at least one (1) year after refunds are due under this subsection, the city council may, after notice by publication in the section of a local newspaper reserved for legal notices, and after a public hearing, vote to apply any unclaimed excess

amounts to the acquisition or construction of capital facilities which will benefit the area in which the excess amount was collected. When the city council votes to apply the excess amounts, the right to refund of the applied excess amounts shall be extinguished.

(e) Within one (1) month of the date of receipt of a petition for refund, the ~~director~~ City Manager must provide the petitioner, in writing, with a decision on the refund request. The decision must include the reasons for the decision. If a refund is due petitioner, the ~~director~~ City Manager shall notify the city's ~~finance department~~ accounting department and request that a refund payment be made to petitioner.

(f) Petitioner may appeal the determination of the ~~director~~ City Manager to the city council, pursuant to the process in Section 16-273 with the City Council replacing the City manager as the decision maker.

(Ord. No. 93-10-35, § I(Art. I, § 1.10), 12-13-93)

Sec. 16-271. - Reimbursement of developer contributions.

(a) The city shall reimburse a developer for the reasonable costs of any neighborhood or linear park land which has been dedicated to and accepted by the city for park facilities, or the reasonable costs of park improvements constructed and accepted by the city, pursuant to a reimbursement contract, subject to guidelines established by the city. For multifamily development projects and for complete phases of a single-family subdivision plat, the developer may elect to apply the entire amount to be reimbursed under this section as a credit against park fees due for the development; provided that the application of the credit does not result in a partial fee for any dwelling unit, in accordance with guidelines established by the city.

(b) The amount of the reimbursement shall be based upon standards promulgated by the city, which may be adopted as administrative guidelines. The city shall retain sole discretion to determine whether to accept proposed contributions of park land or park improvements, and the timing and extent of park improvements to be accepted by the city.

(c) An applicant shall propose dedication of park land or the construction of park improvements in conjunction with the subdivision platting process or in conjunction with a development agreement. The city shall determine the amount of reimbursement due in accordance with the standards referenced in subsection (b). In the event that the applicant is dissatisfied with the city's determination of the amount of reimbursement, he may at his own expense seek an appraisal to be performed by a qualified appraiser acceptable to the city. The city council shall compare the appraisal with the standards established by the city and shall determine the amount to be the subject of the reimbursement contract.

(d) The city may promulgate additional rules for execution of reimbursement contracts pursuant to this section by administrative guidelines.

(e) In determining the disbursements to be made from the park fee service area and recoupment funds established in section 16-269, the city shall give priority, wherever practicable, to outstanding reimbursement contracts. In any event, reimbursement contracts involving contribution to park land together with the costs of minimum park improvements required to be made as a condition of subdivision approval, shall be fully repaid within five (5) years, and reimbursement contracts for all other park improvements shall be fully repaid within ten (10) years, of the date of execution.

(Ord. No. 93-10-35, § I(Art. I, § 1.11), 12-13-93; Ord. No. 97-8-29, § I, 8-25-97)

Sec. 16-272. - Procedures for updating park fees.

(a) At least every ~~three (3)~~ five (5) years, the director shall prepare a report to the city council on park fees. In the preparation of such report, the following information shall be reviewed:

(1) A statement summarizing park fees collected and disbursed during the year;

(2) A statement summarizing park facilities acquisition and development and the status thereof for the preceding year;

(3) A statement summarizing the administration and enforcement of park fees; and

(4) A statement and recommendation from the park board on any and all aspects of the park and recreation fee and city park needs.

(b) The report shall make recommendations, if appropriate, on amendments to the article, changes in the administration or enforcement of the article, changes in the park fee rates, changes in the park improvements plan and changes in the park master plan.

(c) Based upon the report and such other factors as the city council deems relevant and applicable, the city council may amend the park and recreation fee article, including but not limited to exhibits and fee schedules. If the city council fails to take such action, the park fee rates then in effect shall remain in effect. Nothing herein precludes the city council or limits its discretion to amend the park and recreation fee articles at such other times as may be deemed necessary.

(d) In the review process, the city council may take into consideration, among others, the following factors: Inflation as measured by changes in an appropriate land and construction cost index used by the city; improvement cost increases as measured by actual experience during the year; changes in the design, engineering, location or other elements of proposed park facilities; revisions to the park master plan; changes to the park improvements plan; and changes in the projected mix and/or intensity of residential development in the city.

(Ord. No. 93-10-35, § I(Art. I, § 1.12), 12-13-93)

Sec. 16-273. - Appeals, variances and exceptions.

(a) The property owner or applicant may appeal the following ~~decisions of the director~~ to the city ~~council~~ manager:

(1) The applicability of the park fee;

(2) The amount of the fee due;

~~(3) The amount of refund due, if any; or~~

~~(4)~~(3) The amount of a reimbursement contract pursuant to section 16-271.

The burden of proof is on the appellant to demonstrate that the park fee is not applicable; or the amount of the fee, ~~the amount of the~~ credit or reimbursement was either:

(1) ~~n~~Not calculated according to the applicable schedule of fees; or

(2) Not established pursuant to the guidelines established for determining such amounts~~.~~; or

(3) The fair market value of land or cost of the improvements is such that the basis for the fee is not valid.

The appellant must file a notice of appeal with the ~~city council~~City Manager within thirty (30) days following the original written determination ~~by the director~~. If the notice of appeal is accompanied by a bond or other sufficient surety satisfactory to the city attorney in an amount equal to the park fee due as calculated by the director, the development application shall be processed. The filing of an appeal shall not stay the collection of the fee due, unless a bond or other sufficient surety has been filed.

(b) The city council may grant a variance from any requirements of this article, upon written request by a property owner subject to the article, following a public hearing, and only upon a finding that a strict application of such requirement would result in a substantial hardship which is not common to similarly situated property owners.

(Ord. No. 93-10-35, § I(Art. I, § 1.13), 12-13-93)

Sec. 16-274. - Park fee as additional and supplemental requirement.

The park fee is additional and supplemental to and not in substitution of any other requirements imposed by the city on the development of the land. It is intended to be consistent with and to further the objectives and policies of the park master plan and the comprehensive plan and to be coordinated with other city policies, ordinances and resolutions by which the city seeks to ensure the provision of adequate park facilities in conjunction with the development of land. In no event shall a property owner be obligated to pay for park facilities in an amount in excess of the amount calculated pursuant to this article; but provided that a property owner may be required, pursuant to city zoning and subdivision regulations, to provide open lands, setbacks, buffers and other nonbuildable area on-site in addition to meeting the park fee requirement.

(Ord. No. 93-10-35, § I(Art. I, § 1.14), 12-13-93)

TO: Renée Burke Jordan, AICP, Park Planning Manager

FROM: Leon Corbett, Project Manager

DATE: March 4, 2019

SUBJECT: **NEIGHBORHOOD AND LINEAR PARK FEES REVIEW FOR CITY OF PLANO**

1. TASK BACKGROUND

The City of Plano Parks and Recreation Department (the City) tasked MGT Consulting Group (MGT) to review the City's neighborhood and linear park impact fee methodology, review surrounding communities' approaches to park impact fees for best practices, and offer comments on the soundness of the City's fee methodology. Fees imposed by the City have not been updated since 1993, and the department seeks to recognize the increase in property values and costs to develop parks since that time as well as ensure the department is utilizing practices common in other communities.

2. OPINION ON PROPOSED CALCULATION METHODOLOGY

MGT finds that the City's proposed fee calculation methodology is acceptable and demonstrates the incorporation of best practices found in other communities in Texas as well as those highlighted in academic research. Support for this opinion is provided in Section 6 below.

3. RECOMMENDATION ON LAND VALUATION APPROACH

Among the three land valuation methods (Prices Paid, Central Appraisal District Value, or Appraised Value) presented by the City, MGT finds that using the Appraised Value provided by an independent party is an acceptable method for determining fair market value.

Land valuation is a critical variable in the fee setting. A broadly accepted goal is to attain fair market value of the land acquisition cost, but as Texas A&M professor John L. Crompton asserts, some Texas cities have discounted the land values in their fee calculations, perhaps succumbing to developer or other political pressures.

Based on the staff's calculations, utilizing the appraised value resulted in a total single-family dwelling unit fee of $2065 and a multi-family dwelling unit of $1,443. For comparison purposes, MGT reviewed neighboring communities' fees with a focus on nearby communities that recently adopted fee structures. We found the City's calculated rates to be reasonably within the range of those we surveyed.

The City must ultimately weigh the benefits of the Appraised Value approach against the potential cost of defending its position with property owners who dispute the valuations. One best practice identified

is to stipulate when and how land values used for the fee calculations will be updated. For example, the cities of Rockwall and Haltom City stipulate that the land value fee will be revised annually. Lewisville uses the fair market value of the land at the time of construction of the development. The Lewisville fair market value is established by a land appraisal conducted by a third party.

Recommendation: The City should consider language in the revised ordinance that stipulates periodic updates to the land value appraisal by a third party in order to consistently capture fair market value as it fluctuates over time.

4. SUMMARY OF MATERIALS REVIEWED

As part of the study, MGT reviewed the following:

- 1993 Plano ordinance allowing the imposition of a Park and Recreation Fee
- JLL market study conducted in 2018
- Ordinances, fee amounts, and calculation methodologies in other Texas cities
- Research concerning park impact fees in Texas conducted in 2010 by Texas A&M professor John L. Crompton. Crompton's research is the most comprehensive study of its type available. It was based on surveys of relevant ordinances enacted in 48 Texas cities.
- Assumptions and methodology for the calculations provided by City Staff. The calculations included options based on Prices Paid, CAD Value, and Appraised Value.

5. KEY OBSERVATIONS FROM THE REVIEW

- The City's fee calculation methodology incorporates the cost to develop each park in addition to the land value of each park.
- The City separately calculates park fees for single-family and multi-family dwelling units.
- The City's current fees include a discount for the portion of future property taxes collected in order to pay debt service related to existing parks. Per discussion with staff, there is no record available as to how the current fees and discount were calculated.

6. SUPPORT OF MGT'S OPINION AND ADDITIONAL RECOMENDATIONS

- The City's inclusion of the cost to develop each park in addition to the land value of each park in its calculations is sound and considered a best practice by Crompton, who found that 10 city ordinances include a provision of the park development fee.
  Recommendation: The City should consult with legal staff to determine if the current ordinance, which specifies "total anticipated costs," is clear enough, or should be revised to state "total costs including land value and all development costs." The City should consider language in the ordinance stipulating that the park development costs will be updated in concert with the adoption of the Master Plan.
- Calculating separate park fees for single-family and multi-family dwelling units is practiced in other communities in Texas, including at least seven identified in Crompton's survey.
- The City's current ordinance incorporates a discount for property taxes supporting debt service related to existing parks. In our review of other city ordinances, we did not find similar

provisions for a property tax discount. In discussions with staff, we understand that while a small portion of trail construction in linear parks may be bond-funded, it is difficult to ascertain the amount of debt service tied to existing parks. While we do not know what discount rate was used to determine the 1993 fee levels, one could assume that the debt service (if any) supporting existing parks in 1993 has been retired or is nearing retirement. Any discount to account for the remaining debt service would likely have a de minimis impact to the amount of fees proposed.

Recommendation: The City should consult with legal staff and consider removing the 1993 discount provision.

7. SAMPLING OF OTHER TEXAS CITIES' FEES

This chart is a summary of information compiled for the study. See Appendix A for full details.

City	**Total Per Dwelling Unit Fee (*SFDU for Plano and Frisco)**	**Total Per Multi-Family Dwelling Unit Fee (if separate MFDU)**
Plano (proposed fee)	$2065*	$1,443
Frisco (Fees based on the example park development fee calculation provided in ordinance.)	$1661* park development + 60% of appraised value for cash in lieu	$1052 park development + 60% of appraised value for cash in lieu
Heath (fee in lieu of land $2,247+ new park development fee $1,293)	$3540	N/A
Melissa	$1,624	N/A
New Braunfels	$1528	N/A
Lewisville	$1000 park development + appraised value for cash in lieu	N/A
Allen	Sufficient to cover acquisition and development, set by resolution	N/A
Richardson	None found	N/A
McKinney	Land value based on most recent appraisal made by CAD	N/A

APPENDIX A: ADDITIONAL CALCULATION DETAILS AND NOTES

Plano, TX (revised fee calculation proposed by City staff)

Neighborhood & Linear Park - Park Fee worksheet	3/29/2018		
Park information	**Acreage**	**Number**	
Neighborhood parks	267.9	31	
Neighborhood parks within community parks	109	14	
Neighborhood parks within open space preserves	32	4	
Neighborhood parks within special use facilities	11	3	
Neighborhood parks within linear parks		5	
Proposed NPs (Mall, Hag land)	16	2	
TOTAL ex/prop neighborhood park acreage/numb	***435.9***	***59***	
Linear parks	779.86	16	
Proposed linear parks (Mall, Hag land)	60	2	
TOTAL ex/prop linear park acreage/number	***839.86***	***18***	
***Land cost is based on APPRAISED VALUE**			
Avg. cost to develop each neighborhood park	No. of NPs		
$1,500,000	59	$88,500,000	
Avg. cost to develop each linear park	No. of LPs		
$2,500,000	18	$45,000,000	
Avg. value per acre of neighborhood park	NP Acreage		
$164,131	435.9	$71,544,703	
Avg. value per acre of linear park	LP Acreage		
$75,935	839.86	$63,774,769	
	TOTAL	$268,819,472	
Total Population		300,000	
Fee per person		$ 896.06	
Fee per SFDU at 2.305 ap/sfdu		**$ 2,065.43**	
Fee per MFDU at 1.61 ap/mfdu		**$ 1,442.66**	

Frisco, TX
Cash in Lieu: The amount of cash in lieu of dedication to be paid shall be sixty percent (60%) of the appraised fair market value of the net acreage of the tract(s) of land to be developed and proportionately applied to the amount of land that would otherwise be required to be dedicated under the formula set out in the city's ordinance. The appraisal report must be from an independent appraiser approved by the city utilizing a comparable sales method to value the fair market value of the net acreage of the tract(s). The applicant shall bear all costs of the appraisal.

Park Development Fee Example:
Community parks: $145,646/3 = $48,548.66
Average construction costs = $22,971,286.28/48,548.66 = $473.16
Neighborhood parks: 145,646/33 = 4414
Average construction costs= $1,574,374.70/4414 = $356.68
Linear parks:
Average construction costs = $979,896.99/16,183 = $60.55
TOTAL = $890.39
Single-family: $890.39 x 3.11 (PPH) = $2,769.11 per DU
Multifamily: $890.39 x 1.97 (PPH) = $1,754.06 per DU
The final figure is reduced to sixty percent (60%) of the amount owed.
Single-family: $1,661.46 per DU
Multifamily: $1,052.44 per DU
(Ordinance 18-06-29 adopted 6/5/18. See end of article for full history of the article.)

McKinney, TX
Cash in Lieu:
Any payment of money required to be paid by this article shall be in an amount equal to the value of the property established by the most recent appraisal of all or part of the property made by the central appraisal district**.** Periodically the city may have an independent appraisal conducted for a sampling of properties to determine if the appraised value established by the central appraisal district is appropriate. The city council may adjust the amount assessed based on any difference between the value of property established by the central appraisal district and the value of property per the independent appraisal. The adjustment shall be a percentage change to all properties of the values established by the central appraisal district.

Allen, TX
Payment of money in lieu of land will be sufficient to acquire and develop neighborhood parks at a rate set by the council by resolution.

Richardson, TX
None found

Heath, TX (March 2018)
Fee-in-lieu of such land dedication is $2,246.94 per dwelling unit.
A new park development fee of $1,293.19 per dwelling unit has been added

Melissa, TX (March 2015)
Money in Lieu of Parkland Dedication
“A land owner shall pay a fee of $1,623.62 per dwelling unit in lieu of parkland dedication and required improvements."

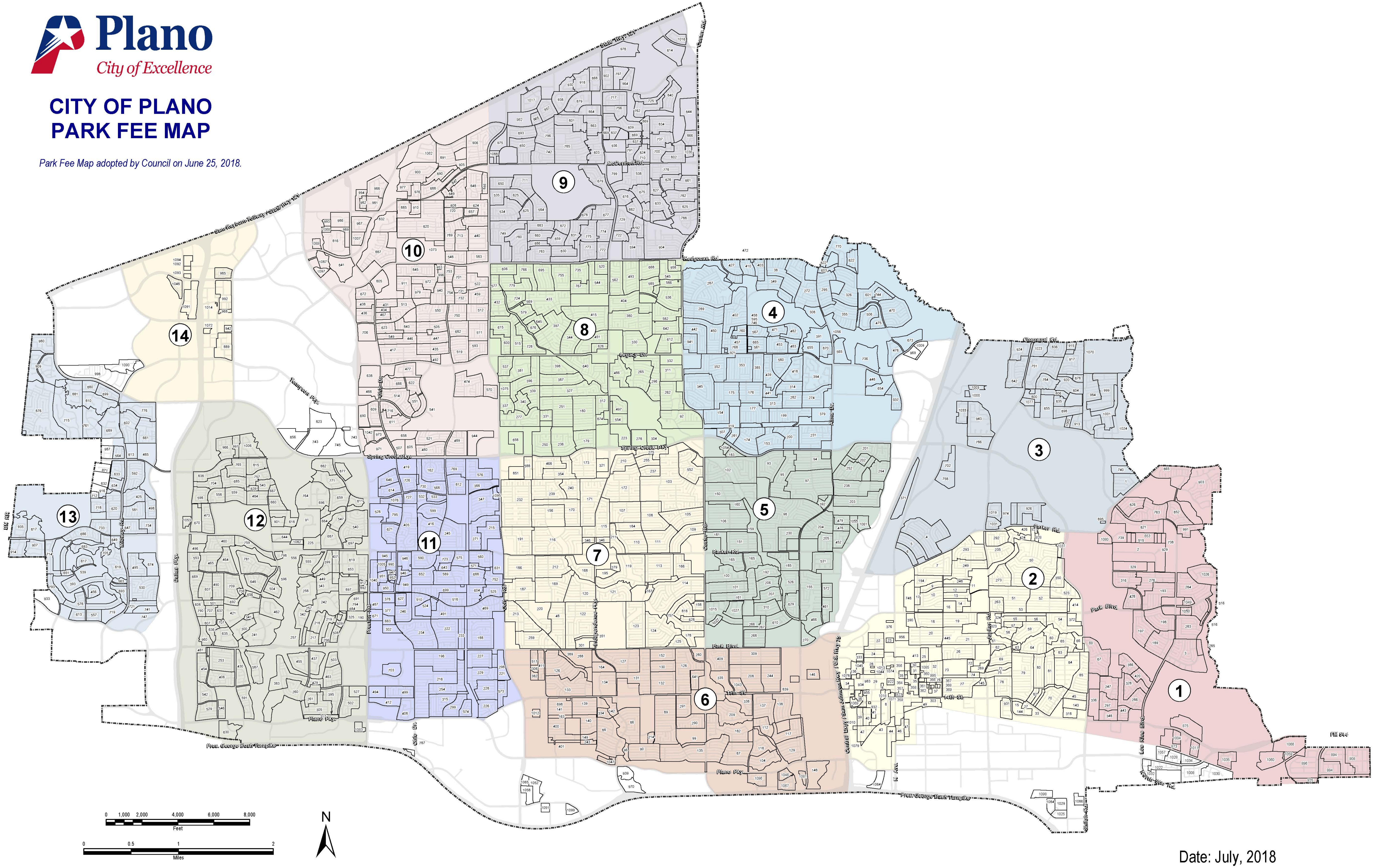
New Braunfels, TX
Neighborhood/Community Park Land Requirements
Fee in Lieu Of - $142 per dwelling unit
Park Development Cost $1,387 per dwelling unit
Combined $1528 per du

Lewisville, TX (July 2018)
(park fee updated every five years)
Park fee – 3 acres of land per 100 dwelling units or cash in lieu (uses land appraisal conducted by third party) appraisal at time of construction
Park development fee rate $1000 for each new du

Plano
City of Excellence

CITY OF PLANO PARK FEE MAP

Park Fee Map adopted by Council on June 25, 2018.



The Park Fee boundaries are subject to change.

Date: July, 2018
Source: City of Plano, Parks Division