



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julie Edmonds-Mares

SUBJECT: PARK TRUST FUND ANNUAL
REPORT FOR FY 2010-11

DATE: April 17, 2012

Approved

Date

4-17-12

RECOMMENDATION

Accept this Park Trust Fund annual report for fiscal year 2010-2011.

OUTCOME

Acceptance and approval of the above recommendation completes the City's obligation to provide a year-end report on the performance of the Park Trust Fund as previously directed by the Council, and to annually make available to the public a report of mandatory fees assessed against a development, as required by the California Mitigation Fee Act.

BACKGROUND

The City of San José enacted the Parkland Dedication Ordinance (PDO) in 1988 to help meet the demand for new neighborhood and community parkland generated by the development of new residential subdivisions. The City's PDO is consistent with the State's Quimby Act (Government Code Section 66477). In 1992, the Council adopted the Park Impact Fee Ordinance (PIO), which is similar to the PDO, but applies to new non-subdivided residential projects such as apartment buildings. The City's PIO is consistent with the State's Mitigation Fee Act (Government Code Section 66000 et seq).

Under the PDO and PIO, residential developers are required to dedicate land, improve parkland, and/or pay a parkland fee in lieu of dedication for neighborhood and community parklands. For projects of 50 units or less, the City can only request the associated in-lieu fees from developers. The parkland fees are in-lieu of a requirement for developers to dedicate land for park purposes at the rate of three undeveloped acres for every 1,000 new residents added to the City by new residential development. Fees in-lieu of land dedication are deposited into, and accounted for, in the Subdivision Park Trust Fund (Fund 375). Attachment B shows the fees charged in fiscal year 2010-2011.

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This memorandum responds to Council direction to provide an annual update on the Park Trust Fund. It also serves as a single source report of information required by the California Mitigation Fee Act to annually make available a report of mandatory fees assessed against a development to the public. This information is provided in Attachment C.

ANALYSIS

During fiscal year 2010-2011, a total of \$8,800,000 was collected and deposited in the Park Trust Fund. 94 percent of the in-lieu fees (\$7,200,000) came from Council Districts 3 and 4. Major collections in District 4 totaling \$5,400,000 include \$3,200,000 from Fairfield Development for the planned development at Zanker Road and Tasman Drive, \$1,300,000 from the Irvine Company for the development at Zanker Road and River Oaks Parkway, and \$900,000 from Pulte Homes for the Pepper Lane development at Berryessa Road and Jackson Avenue. In District 3, \$1,600,000 collected from Green Valley Corporation (GVC) was used towards land purchase of 3.5 acres from the Santa Clara Valley Transportation Authority (VTA) at Tamien. This includes the original April 2006 GVC deposit of \$1,400,000, plus interest, that was held in escrow pending resolution of agreement between VTA, the City, and GVC. Finally, another \$200,000 was collected from Almaden Tower Venture. Interest earnings of \$500,000 brought the total revenues for fiscal year 2010-2011 to \$9,300,000. The fiscal year 2010-2011 collection of \$8,800,000 was significantly higher than the \$1,800,000 collected in fiscal year 2009-2010.

Expenditures for fiscal year 2010-2011 totaled \$11,700,000. Funds were expended in accordance with the nexus requirement to benefit the residents of the development generating the funds. Below is a comparison of revenues and expenditures for the two most recent fiscal years.

	2009-2010	2010-2011	% Increase/(Decrease)
Fees	\$1.85 million	\$8.82 million	376%
Interest and Other Revenues	(\$.02) million *	\$0.50 million	N/A
Total Revenues	\$1.83 million	\$9.32 million	409%
Expenditures	\$8.6 million	\$11.7 million	37%

* The negative investment income for fiscal year 2009-2010 (-\$22,000) was a result of reporting the cash investments balance at fair market value on June 30, 2010.

Funds appropriated for program oversight, management, and administration of the fund totaled \$985,000 (or 1.4%), which included funds for the Department of Parks, Recreation and Neighborhood Services and Public Works' design, review, inspection, and management of capital projects.

A Statement of Revenues, Expenditures and Changes in Fund Balance for the Year ended June 30, 2011, is included in this memorandum as Attachment A, and is derived from the 2011 Comprehensive Annual Financial Report (CAFR).

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Information Required by the Mitigation Fee Act

Information for fiscal year ending June 30, 2011, required by the California Mitigation Fee Act for the Park Impact Fees was posted on the City's website at <http://www.sjpark.org/pdopio/> on December 30, 2011, and is provided as Attachment B to this memorandum.

Status of Land Dedication and Turnkey Projects

During fiscal year 2010-2011, the City continued working on parkland and turnkey agreements with developers. However, there was no new land dedication to the City, and no new turnkey parks were opened to the public.

EVALUATION AND FOLLOW-UP

Consistent with City Council direction in September 2006 and the requirement of the Mitigation Fee Act, staff will continue to report to Council on the status of the Park Trust Fund on an annual basis.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This memorandum reports on the fiscal status of the Park Trust Fund and on the implementation of Council-approved recommendations relating to the reconciliation of the Park Trust Fund and to revisions to the PDO and PIO. It does not meet any of the criteria listed above. However, this memorandum will be posted on the City's website for the May 1, 2012 City Council meeting.

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COORDINATION

This memorandum was coordinated with the City Manager's Budget Office, the City Attorney's Office, the Finance Department, and Planning, Building and Code Enforcement.

FISCAL/POLICY ALIGNMENT

Consistent with the Council approved Budget Strategy, Economic Recovery section, expenditure of these funds will help stimulate construction spending in our local economy.

CEQA

Not a Project, File No. PP10-069(a), Annual Reports and Assessments.

/s/

JULIE EDMONDS-MARES
Acting Director of Parks, Recreation and
Neighborhood Services

For questions please contact Matt Cano, Deputy Director, at 408-535-3580.

Attachments

ATTACHMENT A

City of San Jose Park Trust Fund

Statement of Revenues, Expenditures and Changes in Fund Balance For the Year Ended June 30, 2011

REVENUES

Charges for current services - In Lieu Fees	\$	8,817,996
Investment income		<u>501,146</u>
Total Revenues		<u>9,319,142</u>

EXPENDITURES

Capital Project Expenditures		10,985,267
Capital Outlay		<u>719,974</u>
Total Expenditures		<u>11,705,241</u>
Excess (deficiency) of revenue over (under) expenditures		<u>(2,386,099)</u>

OTHER FINANCING SOURCES (USES)

Transfers In		330,000
Transfers Out		<u>(635,306)</u>
Total Other Financing Sources (Uses)		(305,306)

Net Change in fund balance		(2,691,405)
Fund balance - beginning		<u>81,277,939</u>
Fund balance - ending	\$	<u>78,586,534</u>

CASH BALANCE ADJUSTMENTS

Ending Fund Balance	78,586,534
Adjustment to Previous Year Cash Balance (Advance to RDA)	(11,129,992)
Adjustment for Fair Value	(179,246)
Accrued Interest	(49,564)
Accounts Payable	4,691,771
Accrued Salary	123,818
SERAF Interest	18,192
Total Funds Available After Adjustments	<u>\$ 72,061,513</u>

FUND BALANCE COMPONENTS

1	Funds appropriated to specific projects	66.3%	47,744,064
2	Reserves	28.3%	20,370,776
3	Administrative Overhead Allocation ¹	1.4%	984,718
4	Uncommitted Funds	4.1%	2,961,955
	Total	<u>100.00%</u>	<u>\$ 72,061,513</u>

Sources: City of San José CAFR and June 2011 General Ledger Trial Balance

¹ Includes costs for DPW (Development Services, Preliminary Studies), Real Estate Services, and PRNS Fund Administration.

ATTACHMENT B
FEES SET AT 100% OF 2010 LAND VALUES

MLS ZONE	AREA COVERED	100% OF COST PER SQUARE FOOT	PROPOSED FEE PER UNIT*					
			SINGLE FAMILY DETACHED	SINGLE FAMILY ATTACHED	MULTI - FAMILY 2-4 UNITS	MULTI - FAMILY 5+ UNITS	SINGLE RESIDENCY OCCUPANCY UNIT (SRO)	Secondary Residential Unit (Granny Unit) Maximum of 700 sq feet
<i>Number of Persons Per Unit - 2000 Census Data or Adopted by Council</i>			3.50	3.06	3.23	2.29	1.00	0.50
2	SANTA TERESA	\$20.00	\$ 9,100	\$ 8,000	\$ 8,400	\$ 6,000	\$ 2,600	\$ 1,300
3	EVERGREEN	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
4	ALUM ROCK	\$20.00	\$ 9,100	\$ 8,000	\$ 8,400	\$ 6,000	\$ 2,600	\$ 1,300
5	BERRYESSA	\$20.00	\$ 9,100	\$ 8,000	\$ 8,400	\$ 6,000	\$ 2,600	\$ 1,300
7	ALVISO (North of 237)	\$20.00	\$ 9,100	\$ 8,000	\$ 8,400	\$ 6,000	\$ 2,600	\$ 1,300
7	NORTH SAN JOSE (So. of 237)	\$70.00	\$ 32,000	\$ 28,000	\$ 29,500	\$ 20,900	\$ 9,100	\$ 4,550
8	SANTA CLARA	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
9	DOWNTOWN	\$70.00	\$ 32,000	\$ 28,000	\$ 29,500	\$ 20,900	\$ 9,100	\$ 4,550
10	WILLOW GLEN	\$40.00	\$ 18,300	\$ 16,000	\$ 16,900	\$ 12,000	\$ 5,200	\$ 2,600
11	SOUTH SAN JOSE	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
12	BLOSSOM VALLEY	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
13	ALMADEN VALLEY	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
14	CAMBRIAN	\$25.00	\$ 11,400	\$ 10,000	\$ 10,600	\$ 7,500	\$ 3,300	\$ 1,650
15 & 18	WEST SAN JOSE	\$30.00	\$ 13,700	\$ 12,000	\$ 12,700	\$ 9,000	\$ 3,900	\$ 1,950
9- DC	Downtown Core - East of Highway 87 High Rise Projects 12+ Stories		NA	NA	NA	\$8,950**	NA	NA

* Fees for Low Income Units shall be at the rate of 50% of the applicable parkland fees for each residential unit type per Section 1 of Resolution No. 75540

** These fees are subject to provisions of Section 2 of Resolution No. 73587

ATTACHMENT C
Information Required by the Mitigation Fee Act
A Report on PIO Fees for the Fiscal Year ending June 30, 2011

The Mitigation Fee Act requires the City to make available to the public on an annual basis the following information concerning Park Impact Ordinance (PIO) fees within 180 days after the last day of the fiscal year:

- Description of the type of fee
- Amount of the fee
- Beginning and ending balances of the fund
- Identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that is funded with fees, and
- Description of inter-fund transfers or loans, date of loan repayment, and rate of interest that the fund will receive.

This report provides information on the PIO fees for the fiscal year ending June 30, 2011.

The City's PIO requires residential developers to dedicate land, improve parkland, and/or pay a parkland fee in lieu of dedication for neighborhood and community parklands. Fees are collected in lieu of dedicating land or improving parkland to help meet the demand for new neighborhoods and community parkland generated by the development of new non-subdivided residential projects. The amount of fees to be paid in lieu of land dedication are established by resolution of the City Council and calculated based on the type of dwelling units and the land value per an annual land value study. For projects of 50 units or less, the City can only require the associated in-lieu fees from developers. On May 10, 2011, the City Council adopted Resolution No. 75799 that set the schedule of In-Lieu Fees charged pursuant to Chapter 14.25 PIO of the San Jose Municipal Code to reflect the 2010 Land Value Study. These fees took effect on August 1, 2011.

A list of public improvements on which PIO fees were expended in FY 2010-11 and the amount of the expenditures on each improvement is provided below. It also includes the total percentage of the cost of the public improvement that is funded with the fees.

Finally, FY 2010-11 inter-fund transfers and loans in the Park Trust Fund totaling \$635,306 consisted of:

- A transfer to the City Hall Debt Service Fund (Fund 210) in the amount of \$143,808 (the Fund's share of the debt service for the new City Hall)
- A transfer to the Gift Trust Fund in the amount of \$403,637 for the maintenance of Newhall Park.
- A transfer to the Redevelopment Agency in the amount of \$87,861 for repayment of the interest portion of a prior loan taken from the Watson Park project.

No inter-fund transfers supported by PIO collections were made in FY 2010-11.

ATTACHMENT C

INFORMATION REQUIRED BY THE MITIGATION FEE ACT

2010-2011 PARK IMPACT FEE COLLECTIONS

Developer	Fee Paid	Date Paid	Project Description	2010-2011 Project Expenses *	2010-2011 Ending Balance **	% of Fee's Contribution to Total Project Cost
Da Vinci Homes Inc.	16,000.00	3/16/11	CD1 Uncommitted Funds	\$ -	\$ 14,400	
Shin Hiro H et al	2,300.00	6/09/11	CD1 Uncommitted Funds	\$ -	\$ 2,070	
Mathews Candice	1,300.00	11/18/10	CD2 Uncommitted Funds	\$ -	\$ 1,170	
90 Archer LP	22,400.00	11/04/10	CD3 Uncommitted Funds	\$ -	\$ 20,160	
Wong James & Yep Lisa Bing	15,000.00	11/19/10	CD3 Uncommitted Funds	\$ -	\$ 13,500	
Wong James & Yep Lisa Bing	15,000.00	11/19/10	CD3 Uncommitted Funds	\$ -	\$ 13,500	
CCS Inc. John Glitseh	47,800.00	12/16/10	CD3 Uncommitted Funds	\$ -	\$ 43,020	
Almaden Tower Venture, LLC	200,000.00	2/10/11	Used as repayment of interest			
Green Valley Corporation	1,585,998.34	5/24/11	Tamien Land Purchase	\$ 1,275,613	\$ 151,786	32.0%
Green Valley Corporation	18,150.00	7/23/10	Reserve: Commodore Park Development	\$ -	\$ 16,335	0.9%
The Irvine Company LLC	1,328,400.00	11/12/10	Trail: Coyote Crk.237 Bkwy to Tasman	\$ -	\$ 450,000	56.3%
The Irvine Company LLC	(same as above)	11/12/10	Vista Montana Turnkey Park	\$ -	\$ 147,780	4.9%
Fairfield Development LP	3,169,577.00	12/17/10	Vista Montana Turnkey Park	\$ -	\$ 2,852,619	95.1%
Pulte Homes	908,382.73	6/28/11	CD4 Uncommitted Funds	\$ -	\$ 817,545	
Flores Caudia M	2,275.00	7/14/10	Alum Rock SF Partnership (Sheppard MS)	\$ -	\$ 2,048	0.1%
Timothy Chen	31,850.00	12/16/10	Alum Rock SF Partnership (Sheppard MS)	\$ -	\$ 28,665	1.4%
Timothy Chen	31,850.00	12/20/10	Alum Rock SF Partnership (Sheppard MS)	\$ -	\$ 28,665	1.4%
Cardenas Jesus & Minerva	9,100.00	6/27/11	CD5 Uncommitted Funds	\$ -	\$ 8,190	
Cardenas Rick & Amanda	4,525.00	7/30/10	CD6 Uncommitted Funds	\$ -	\$ 4,073	
Mason John & Christina A Trustee	4,525.00	7/30/10	CD6 Uncommitted Funds	\$ -	\$ 4,073	
Nexgen Builders, Inc. Jim Hardcasle	48,000.00	8/31/10	CD6 Uncommitted Funds	\$ -	\$ 43,200	
Coe Development Partners LP	16,000.00	11/12/10	CD6 Uncommitted Funds	\$ -	\$ 14,400	
Coe Development Partners LP	16,000.00	11/12/10	CD6 Uncommitted Funds	\$ -	\$ 14,400	
Coe Development Partners LP	16,000.00	11/12/10	CD6 Uncommitted Funds	\$ -	\$ 14,400	

Developer	Fee Paid	Date Paid	Project Description	2010-2011 Project Expenses *	2010-2011 Ending Balance **	% of Fee's Contribution to Total Project Cost
Plaza Dennis A & Lorraine M	2,300.00	2/02/11	CD6 Uncommitted Funds	\$ -	\$ 2,070	
Hawkstone San Felipe LLC	64,000.00	2/14/11	CD6 Uncommitted Funds	\$ -	\$ 57,600	
Lifeng Su	16,000.00	3/4/11	CD6 Uncommitted Funds	\$ -	\$ 14,400	
Tomasso, Raymond & Peggy	16,000.00	3/15/11	CD6 Uncommitted Funds	\$ -	\$ 14,400	
Hunter Properties Inc.	9,100.00	1/05/11	Fair Swim Center Improvements	\$ -	\$ 8,190	0.7%
Tran Ha Tom M	1,300.00	1/07/11	CD7 Uncommitted Funds	\$ -	\$ 1,170	
Tina Phan	11,400.00	5/11/11	CD7 Uncommitted Funds	\$ -	\$ 10,260	
Manion John & O'Malley-Manion Helen	2,300.00	7/27/10	CD9 Uncommitted Funds	\$ -	\$ 2,070	
Shinji Kichise	22,800.00	10/07/10	Allen at Steinbeck School Soccer Field	\$ -	\$ 20,520	0.8%
Shifman Larry & Ruth Trustee	2,275.00	1/24/11	CD10 Uncommitted Funds	\$ -	\$ 2,048	
TOTAL	\$ 7,657,908			\$ 1,275,613	\$ 4,838,727	

* Excludes the fee's share of the administrative costs.

** Reflects deduction for Administration costs and addition of interest earnings.

ATTACHMENT C

PROJECTS CONTINUING FROM 2009-2010

DEVELOPER	FEES PAID	PROJECT DESCRIPTION	PROJECT EXPENSES*	ENDING BALANCE**	% of FEES' CONTRIBUTION TO TOTAL PROJECT COST
Abdy Mirzadegan	\$ 31,000	Reappropriated to Cypress Parking Lot & Patio (from West SJ Community Center Dance Room)	\$ -	\$ 15,964	4.5%
801 Assoc, LLC	\$ 716,182	Reappropriated to Cypress Center Minor Improvements (from Cypress Parking Lot Expansion)	\$ -	\$ 10,000	17.5%
Savings- Saraydarpour Javad	\$ 12,550	Southside Center Improvements (from savings)	\$ -	\$ 28,561	100%
Attachment A	\$ 75,000	Reappropriated to Tamien Land Purchase (savings from Bestor Art Park Improvements)	\$ 85,796	\$ -	1.9%
Attach A (06-07 budget process)	\$ 65,000	Reappropriated to Watson Soccer Field (Phase II) (savings from Bernal Park Improvements)	\$ 65,018	\$ -	3.1%
Doherty Karen & Patrick	\$ 27,950	Watson Soccer Field (Phase II)	\$ -	\$ 25,325	1.2%
Brookwood Terrace Family Apartments, L.P.	\$ 10,425	Watson Soccer Field (Phase II)	\$ 4,053	\$ 5,178	0.4%
Core Homes, LLC	\$ 20,850	Watson Soccer Field (Phase II)	\$ -	\$ 18,639	0.9%
Starr Properties	\$ 15,700	Watson Soccer Field (Phase II) (Savings from Parque de Padre Park Improvement)	\$ 2,003	\$ -	0.1%
360 Residences, LLC	\$ 172,299	Tamien Land Purchase	\$ 153,871	\$ -	3.5%
360 Residences, LLC	\$ 1,548,055	Tamien Land Purchase	\$ 1,411,537	\$ -	31.7%
360 Residences, LLC	\$ 23,000	Tamien Land Purchase	\$ 22,930	\$ -	0.5%
Sobrato Development	\$ 1,435,734	GRP Rotary Children's Garden	\$ -	\$ 892,421	63.7%
North White Rd Apts # 1	\$ 783,300	Alum Rock SF Partnership (Sheppard MS)	\$ -	\$ 177,813	8.9%
Sobrato Development Tim Steele	\$ 2,512,930	West Home Street Land Acquisition	\$ -	\$ 2,150,000	100.0%
Rockwell Homes, Inc	\$ 105,000	Buena Vista Park Expansion (\$392K)	\$ 17,496	\$ 8,951	6.7%
Palacio/M Building	\$ 15,700	TRAIL: Three Creeks Interim Improvements & Trestle Bridge Retro-fit	\$ -	\$ 22,623	2.6%
Greg Blackwell, INC	\$ 132,500	TRAIL: Three Creeks Interim Improvements & Trestle Bridge Retro-fit	\$ -	\$ 117,924	13.6%
TOTAL	\$ 7,703,175		\$ 1,762,704	\$ 3,473,399	

* Excludes the fee's share of the administrative costs.

** Reflects deduction for Administration costs and addition of interest earnings.