

**NEEDS ASSESSMENT FOR
PARK DEDICATION AND
DEVELOPMENT
IMPACT FEES**

City of Madison
Parks Division

August 6, 2002

I. INTRODUCTION

In March, 2002 the Common Council adopted accepted a staff team report entitled "Infrastructure and Capital Facility Financing System Evaluation and Recommendations", and directed staff to implement its recommendations. One of the recommendations was: "to raise the payment of fees in lieu of parkland dedication to more closely approximate the actual value and cost of acquiring land at the time of development, and to raise the park development fees to cover the full cost of basic park improvements including streets adjacent to the parks."

II. PARKLAND AND FACILITIES NEEDS ASSESSMENT

The basic needs assessment for parklands is provided in the Parks and Open Space Plan (POSP), which was first adopted in 1961 and is updated approximately every five years. The original park development fee was implemented with the adoption of recommendations from the Impact Fee Task Force in 1991. The following needs assessment varies from the 1991 report to meet current needs and comply with The Impact Fees Statute.

A. Park Dedication Required under Subdivision Ordinance

1. Inventory of Parkland. In 2000, the Madison Park System contained 6,088 acres of open space for a Madison population of 208,054 (29.26 acres per thousand people). The major acreage categories are 1,997 acres of parkland, 3,322 acres of conservation, golf and miscellaneous, and 769 acres of traffic and drainage greenways (see Appendix 1). The previous park dedication and fees focused primarily on neighborhood and area parks, although it is allowable under state statute to impose dedication and fee requirements for any facilities for which there a rational relationship to the need created by new development. The rationale is that as residential units and population increase, parkland and facilities will be added to meet the needs of the new residents. The impact fees statute allows cities to charge the cost of the added parkland and facilities to the new units, rather than being paid by the existing city residents. Acreage and facility needs can be determined from the following park standards (from 1997 POSP) and actual park acreages.

December 2000 Acreage (in acreage per 1,000 population)

CATEGORY*	STANDARD	EXISTING
Neighborhood Parks & Playlots	(2.75) Service area radius 1/4 mile	1.89
Area Parks	(3.75) Service area radius 1/2 mile	2.67
Playfields	(1.25)	1.06
Community Parks	(5.0) Service area radius 2 1/2 miles	3.99
Total Acreage/1,000 people for the above categories	(12.75)	9.61
Other open space (conservation, greenway, golf, cemetery, etc.)	(Not recommended for impact fees)	19.65
TOTAL OPEN SPACE		29.26

*Neighborhood parks include 21.4 acres of beaches that function as neighborhood parks. Acreage is counted only in one category for this analysis.

These data show that the city is about 25% below its standard for its major park categories. However, the deficiencies in park acreage are dramatically reduced by 160 acres of public school grounds that function as neighborhood and area parks, and by 45 acres of high school playfields and 51 acres of UW and MATC playfields. If those adjustments were considered, the actual total acreage/1,000 for these four park categories would be 10.84 acres, 15% below the standard of 12.75 acres. However, the statute may be interpreted as limiting the impact fees to the amount of land and facilities that have typically been provided rather than imposing a higher standard for new development.

The statute allows the city to determine what parks and facilities will be provided through dedication and development fees. This assessment is recommending that the dedication and fees provide the basic park land and facilities for playfields, neighborhood, area, and community parks based on the existing levels of land and facilities per population, and to update fees which have fallen behind due to inflation. Under the state statute, it may be possible to require dedication and fees for additional land and facilities, such as conservation parks, although that is not being recommended at this time. While the city acquired extensive conservation parks and land for regional facilities in the past, such acquisitions are less likely in the future. Lands of regional significance are more likely to be acquired by Dane County; may be outside the growth boundaries of the City of Madison; and are likely to utilize state and federal grants which are not available for smaller city parks.

2. **Parkland Dedication Requirement.** Based on current occupancy rates of 1.9 people/multifamily unit and 2.6 people/single family or duplex unit, the current park dedication requirement of 1,100 square feet/single family provides 9.71 acres/1,000 people and 700 sq. ft./multifamily unit provides 8.46 acres/1,000 people. Those figures average 9.08 acres/1,000 people for a 50-50 mix of sf and mf, which are 71% of the POSP standard (12.75) and 95% of the actual acreage of existing city-owned parklands (9.61) in these categories.

It is recommended that the current dedication requirement be continued. While not at 100% of what could be required, the remaining cushion allows for several provisions of the statute and any unusual situations where the city fails to secure sufficient land to fully meet the standard. The city may be subject to legal challenge if it takes land or fees from a development and does not provide equivalent benefits to the area that paid the fees.

3. **Fees in lieu of dedication.** The current city ordinance provides that a fee in lieu of land dedication may be taken when land dedication is not appropriate. The per-unit fee is a flat fee for all developments, and is based on the estimated value of the square footage of dedication required, using values for land prior to subdivision at the periphery of the city. It is recommended that the fee system be changed to a fee based on the actual value of the land that would have been required for dedication, with a maximum fee to limit the expense for infill projects where land is very expensive.

B. Collecting and Spending Fees in Lieu of Parkland Dedication

1. **Objective.** The current ordinance allows for these fees to be spent for either land acquisition or park development with few restrictions. The impact fees statute appears to require a rationale for spending them in relation to where they were collected. Tying fees in lieu of dedication directly to land acquisition benefiting the new development will be very difficult, due to the lengthy time period over which acquisitions occur. For example, the first purchases for Elver Park occurred in 1968. Major acquisitions will still be occurring after 2002. The park serves development occurring from the 1950's to perhaps the 2050's. With advanced acquisition and belated purchase of inholdings occurring throughout the city over long periods of time, it is unreasonable to target these fees too specifically. It is recommended that they be left in a fund for citywide land acquisition and development with no time limit on their use. Where the city has spent and will spend other capital budget

monies on land acquisition, it has completed its obligation to those paying the fees. The only requirement for refunds would be if a challenger could prove that more total fees were paid than land had been or would be provided. That situation is probably not found anywhere in the city.

The use of fees in lieu of dedication for park development instead of land acquisition is recommended as an option, because situations may arise where the developer, the neighborhood and the city find it a reasonable way for the residents to benefit from fees paid to serve them.

C. Park Development Fees under Impact Fees Ordinance

Park development fees were first imposed in 1992, and have provided a source of money to improve new parks reasonably soon after platting, rather than having to wait many years until capital budget money could be provided. Spending of the first monies collected began in 1995. However, the intent of the original development fees was much more limited than what is allowed by state statute and what is currently proposed. The impact fees statute requires a needs assessment and rationale for the development fees similar to the parkland dedication requirement.

1. **Inventory of Park Development Costs.** Assuming that future parkland is developed at the same proportionate rate as the existing parkland in Madison, development fees should pay the development cost per acre for each acre dedicated for parkland. Appendix 1 shows an analysis of the development costs of the existing development in existing parks. This analysis shows an estimated development cost of \$31,918 per acre for playfields, neighborhood, area and community parks. Approximately \$24,068/acre of that total is for actual park facilities; \$7,850/acre is the cost of the street improvements abutting the parks.

2. **Park Development Fee Requirement.** Based on the information presented above, the current fees of \$7140 per acre dedicated are only 30% of the actual park facilities costs, and only 22% of the full development costs of the parks. The recommendation is to raise the fees to \$700 per single family or duplex unit and \$450 per multifamily unit. This will raise the development fees to 87% of the full cost of development that we have now in existing parks.

D. Collecting and Spending Park Development Fees

The intention is to spend the development fees within the service area where they were generated. That will be relatively straightforward in the case of new neighborhood and area parks in new plats. The connection will be somewhat less direct where money from later or infill developments is spent in parks which are already substantially developed.

1. **Accounts by Park Districts.** It is recommended that eleven park districts, shown on Appendix 2, be established for the purpose of collecting and spending the park development fees within the service areas for which they were intended. These accounts should be separate from the fees in lieu of dedication so that development fees are not spent for land acquisition, which is not allowable by statute. Each district will include a variety of athletic fields, neighborhood, area and community parks. Within these districts it will be necessary to keep a record of all fees and expenditures that can be compared by location.

2. **Uses.** Any development of new or upgraded park facilities would be eligible for funding with park development fees. Maintenance items would not be eligible.

Appendix 1 - Park Acreage, Facilities, Costs

Facility / Improvement	Playlot	Neighborhood	Area	Community	Playfields (serve Neigh. & Com. Pk function)	Beaches (serve neighborhood park function)	Golf	Conservation	Open Space	Parkway	Drainageways	Trafficways	Special Facilities	Total #	Cost / Facility	Total \$
Acres (Total)	14	88	39	12	9	13	4	16	43	9			15	262		
Acres for Fee Calculation	16.2	354.7	555.9	829.5	219.7	21.4	957.2	1579.9	336.6	54.8	638	131	393.1	6088	N/A	N/A
Baseball (* 3 lighted - see note)			555.9	829.5	219.7	21.4								1997.4	N/A	N/A
Basketball	3.5	49.5	33.5	11	5	1								4	\$3,000	\$12,000
Benches	17	118	63	62	5	16								281	\$1,000	\$281,000
Bike Rack	2	6	6	15		10								39	\$1,000	\$39,000
Bike Path / Access. Path		24,182	27,435	38,200	11,965	600								102,382	\$20	\$2,047,640
Cross-Country Skiing														0	N/A	N/A
Drinking Fountains	2	23	22	29	19	15								110	\$5,000	\$550,000
Drives (entry / service)			3,255	11,568	1,110									15,933	\$75	\$1,194,975
Electrical Service		3	11	10	4	8								36	\$5,000	\$180,000
Exercise Course														0	\$15,000	\$0
Football (* 1 lighted - see note)			1	3	1									5	\$3,000	\$15,000
Grading & Seeding	15	319	492	414	198	19								1,457	\$8,000	\$11,656,000
Hockey / Skating Rink			4	7										11	\$100,000	\$1,100,000
Landscaping (%)*	3.5	66	39	18	9	3.25								138.75	\$25,000	\$3,468,750
Parking Spaces (%)**		62	298	1,444	2,126	237								4,167	\$1,100	\$4,583,700
Shelter - (Small / Sun)		22		3	1									26	\$15,000	\$390,000
Shelter - (Large / Open)			11											11	\$35,000	\$385,000
Shelter / Reservable			8	10										18	\$450,000	\$8,100,000
Street Frontage	4,431	60,028	58,308	67,669	16,035	2,597								209,068	\$75	\$15,680,100

Based on Park Inventory 1/1/01

*75% NP, 150% CP, 500% G, 25% Cn, 50% Pkwy.
 **25% Gravel Parking allotment

Appendix 1 - Park Acreage, Facilities, Costs

Facility / Improvement	Playlot	Neighborhood	Area	Community	Playfields (serve Neigh & Com Pk function)	Beaches (serve neighborhood park function)	Golf	Conservation	Open Space	Parkway	Drainageways	Trafficways	Special Facilities	Total #	Cost / Facility	Total \$
Playground/Neighborhood	13	67	11	7	1	1								100	\$20,000	\$2,000,000
Playground / Area		3	22	7	2									34	\$30,000	\$1,020,000
Playground / Supplemental		4	3	2	1	4								14	\$20,000	\$280,000
Soccer	1	6	19	12	16									54	\$3,000	\$162,000
Softball (backstop)	1	45	28	14										88	\$3,000	\$264,000
Baseball, Football, Softball (lighted, competitive)				26										26	\$100,000	\$2,600,000
Athletic Field Shelters													7	7	\$150,000	\$1,050,000
Tennis Courts		15	27	35	11									88	\$25,000	\$2,200,000
Volleyball / Grass	1	5	3											9	\$1,200	\$10,800
Volleyball / Sand		1	3	6	2	6								18	\$5,000	\$90,000
Fireplace		2	15	6										23	\$4,000	\$92,000
PARK DEVELOPMENT COSTS -- NEEDS ANALYSIS																
																grading & seeding / acre = \$11,656,000 / 1997.4 ac. = \$ 5,836
																landscaping / acre = \$3,468,750 / 1997.4 ac. = \$ 1,737
																street frontage / acre = \$15,680,100 / 1997.4 ac. = \$ 7,850
																facilities cost / acre = \$29,682,115 / 1799.5 ac.* = \$16,495
																TOTAL COST / ACRE = \$31,918
<p>Each single family lot dedicates 1100 square feet (.025 acre). To develop that .025 ac. costs \$806. Multifamily cost per unit would be \$513. Current fee is \$180 SF and \$115 MF. Proposed fees are \$700 SF and \$450 MF.</p> <p>*197.9 acres of land that had been dedicated but had no facilities were deducted. Fees have been paid for development.</p>																
Total																\$60,486,965

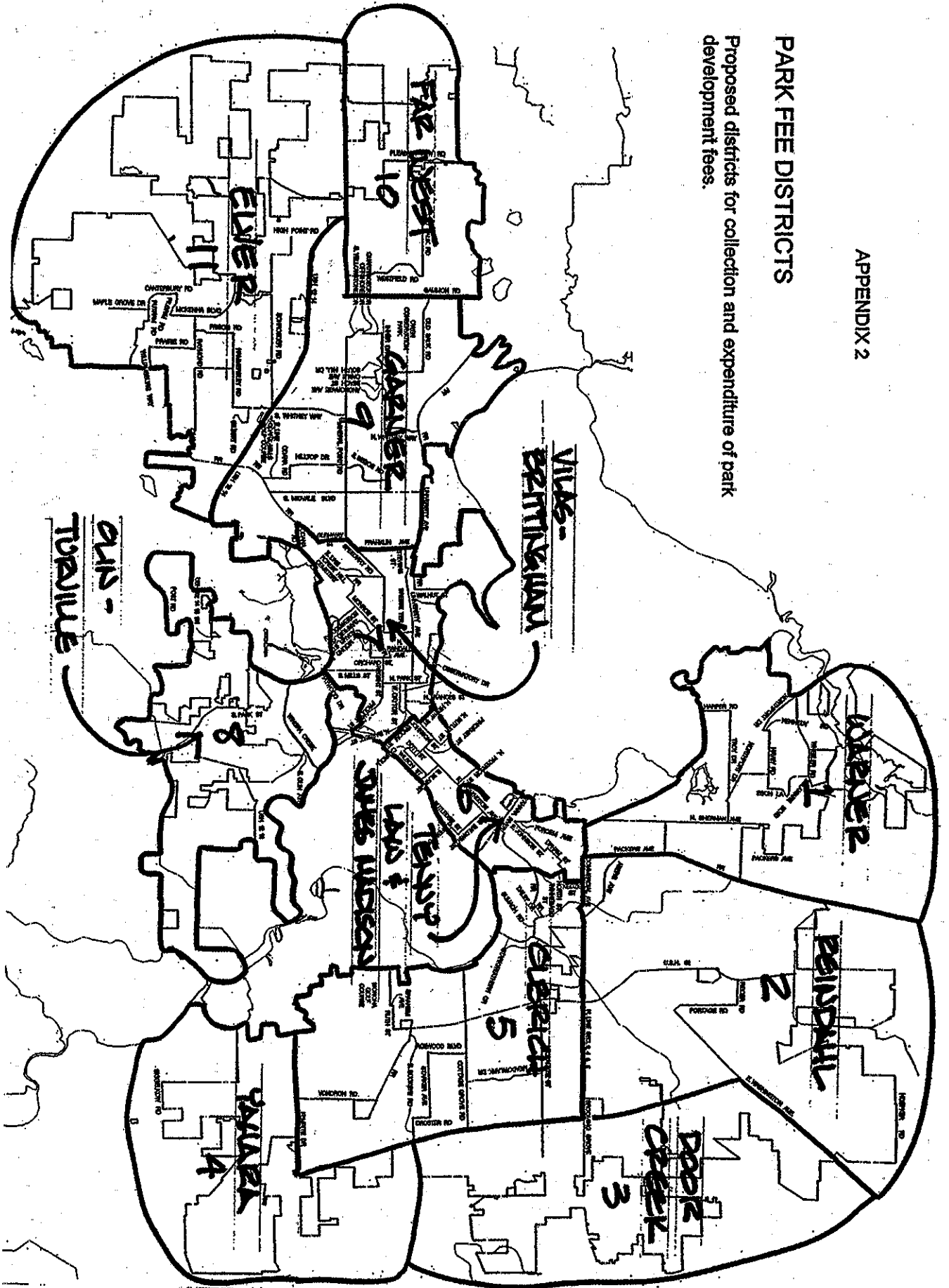
*75% NP, 150% CP, 500% G, 25% Cr, 50% Pkwy.
 **25% Gravel Parking allotment

Based on Park Inventory 1/1/01

APPENDIX 2

PARK FEE DISTRICTS

Proposed districts for collection and expenditure of park development fees.



Appendix 3: Summary of Park Dedication and Fees Required from Developers

Community	Parkland Dedication ¹	Fee in Lieu of Parkland ²	Impact Fee	Street Construction	Estimated Cost/Unit ²	Notes
City of Verona	1300 sq. ft./SF & DP 850 sq. ft./MF	\$1,200/SF & DP \$800/MF	\$150/bedroom	Yes	\$1,488	land and fees for comm-indust
Village of DeForest	2,178 sq. ft./unit	\$1,100/unit	\$150/unit	Yes	\$1,898	developer also builds trails
Village of Waunakee	10% of parcel being developed	\$475/SF \$315/DP & MF	\$939/SF \$524/DP & MF	Yes	\$1,408	
Village of McFarland	2,904 sq. ft./unit	\$1,175/unit	None	Yes	\$2,185	
Village of Cottage Grove	2,919 sq. ft./unit	\$1,054.64/unit	\$65.60/unit	Yes	\$2,198	
City of Sun Prairie	1,556 sq. ft./unit	\$954.51/unit	\$216.57/unit	Yes	\$1,550	
City of Middleton	1,450 sq. ft./unit	\$1,500/SF & DP \$900/MF	None	Yes	\$1,398	
City of Fitchburg	2,900 sq. ft./unit	\$687.01/unit	\$389.16/SF \$171.75/DP \$71.46/MF	Yes also \$55/ft. in lieu of streets	\$2,169	complex street formula
Estimated Averages	1,982 sq. ft./unit	\$945.75/unit	\$211.75/unit (\$282 for the 6 with fees)	\$190/unit	\$1,787	
City of Madison (proposed)	1,100 sq. ft./SF & DP 700 sq. ft./MF	\$1,010/SF & DP \$643/MF	\$700/SF & DP \$450/MF	No	\$1,403	

¹ SF Single Family Unit
DP Duplex Unit
MF Multi-family Unit

² Assumptions:

- Half dedication, half fee-in-lieu.
- Land Value \$40,000/acre
- 50-50 mix of SF-MF
- Streets cost \$75/ft. (105 ft/park acre)
- Units average 2 bedrooms
- 5 units/acre for Waunakee