

ORDINANCE AMENDMENT REVIEW SHEET

Amendment: C20-2022-002 Commercial Parkland Dedication

Description: Consider an amendment to Title 25-1 of the City Code to require parkland dedication for commercial developments.

Proposed Language: See attached draft ordinance.

Summary of proposed code amendment

- Parkland dedication would apply to new commercial developments, specifically office, retail, industrial/warehouse, and hotel uses. This would be in addition to the existing residential requirements currently in effect.
- The commercial requirement would use the current formula of 9.4 acres of parkland per 1,000 new users of the parks system. The commercial uses would be calculated based on the number of employees per square foot, discounted by hours of operation, occupancy rate, and commuter percentage rates.
- Criteria for dedication and fee in-lieu would remain the same as for residential developments.

Background: Initiated by City Council Resolution 20220407-042

On April 7, 2022, Council approved resolution No. 20220407-042, which initiated code amendments to the Parkland Dedication Ordinance in City Code Chapter 25- I (General Requirements and Procedures) to require parkland dedication for office, industrial, and commercial developments; and directed the City Manager to place the code amendment on an upcoming Council agenda that provides Council with sufficient time to adopt the ordinance and place the fee into the Fiscal Year 2023 budget; a 10-0 vote with Council Member Harper-Madison off the dais.

Staff Recommendation: Staff brings forward the amendment with recommendation.

Board and Commission Actions

July 12, 2022: To be reviewed by the Planning Commission.

July 25, 2022: To be reviewed by the Parks and Recreation Board.

Council Action

June 16, 2022: A public hearing has been scheduled for July 28, 2022

Ordinance Number: NA

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**PROPOSED CHANGES TO ARTICLE 14 (PARKLAND DEDICATION)
 ADDING COMMERCIAL PARKLAND DEDICATION REQUIREMENTS
 DRAFT SUBJECT TO ADDITIONAL CHANGES**

ARTICLE 14. PARKLAND DEDICATION.¹

§ 25-1-601 GENERAL PROVISIONS.

- (A) The City of Austin has determined that recreational areas in the form of public parks are necessary for the well-being of residents and employees. The City has further determined that the approval of new residential and commercial development is reasonably related to the need for additional parkland and park amenities to serve new development. This article establishes a fair method for determining parkland dedication, or the payment of a fee in-lieu of dedication, to be required as a condition to the approval of new development in an amount proportionate to the impact of development on existing parks and established levels of service.
- (B) Except as otherwise provided in this section, the parkland dedication requirements of this article apply to:
- (1) a residential and commercial subdivision within the planning jurisdiction;
 - (2) a site plan within the zoning jurisdiction that includes residential units or commercial square footage [a hotel-motel-use]; and
 - (3) a [residential] building permit for residential and commercial development, as provided under Section 25-1-608 (*Dedication of Land or Payment In-Lieu at Building Permit*).
- (C) The following are exempt from the requirements of this article:
- (1) a subdivision or site plan for which parkland was previously dedicated or payment made under this title, except for the dwelling units or commercial square footage [lots] that exceed the number for which dedication or payment was made;
 - (2) development within the City's extraterritorial jurisdiction that is within Travis County and governed by Title 30 (*Austin/Travis County Subdivision Regulations*); [and]
 - (3) affordable dwelling units that are certified under the S.M.A.R.T. Housing Policy approved by the city council; and[-]
 - (4) civic uses as defined in Section 25-2-6 (*Civic Uses*).
- (D) The following definitions apply throughout this article:
- (1) ANNUAL OCCUPANCY RATE means the hotel-motel occupancy rate for the City of Austin, as reported annually by the Texas Economic Development & Tourism Office.
 - (2) COMMERCIAL OCCUPANCY RATE means the commercial, occupancy rate for the City of Austin as determined by the Director annually using the most recent data from the U.S Chamber of Commerce or a comparable equivalent source if deemed necessary by the Director.
 - (3) COMMUTER POPULATION PERCENTAGE means the percentage of employees within the City of Austin that reside outside of the corporate limits based on the most recent U.S. Census Data.

¹Editor's note(s)—Ord. No. 20160128-086, Pt. 2, adopted February 8, 2016 , amended article 14 in its entirety to read as herein set out. Former article 14, §§ 25-1-601—25-1-607, pertained to similar subject matter. See Code Comparative Table for complete derivation.

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- (4[2]) DEFICIENT PARK AREA MAP means a map depicting areas that the director has determined lack sufficient parkland based on locational criteria established by the Parkland Dedication Operating Procedures and the parkland policies of the Imagine Austin Comprehensive Plan.
- (5[3]) DIRECTOR means the director of the Parks and Recreation Department.
- (6[4]) DISTRICT PARK means a park of 31 to 100 acres with a two-mile service area.
- (7) EMPLOYEE DENSITY means the average amount of floorspace per full-time equivalent member of staff. This number is used to measure the intensity of the proposed commercial development.
- (8) FUNCTIONAL POPULATION means the effective population of a commercial development for purposes of calculating the amount of parkland dedication required under this Article. The Functional Population is calculated using a combination of factors to account for the time a commercial development is occupied and thereby creating an impact on the existing park system.
- (9[5]) GREENWAYS means a multi-functional linear park that:
- (a) links two or more separate parks;
 - (b) serves as a wildlife corridor;
 - (c) provides flood control; or
 - (d) contains routes for non-motorized vehicles.
- (10) HOTEL-MOTEL: Hotel-Motel use as described in Section 25-2-4(36).
- (11) INDUSTRIAL: Any uses described in Section 25-2-5 (*Industrial Uses Described*).
- (12[6]) METRO PARK means a park of 200 or more acres that serves the entire city.
- (13[7]) NEIGHBORHOOD PARK means a park of two to thirty acres with a one-mile service area.
- (14) OFFICE means Administrative and Business Offices, Medical Offices, Professional Office, Software Development and Research Services uses as described in 25-2-4 (*Commercial Uses Described*).
- (15) OPERATION HOURS means the average time during which a commercial use is open for employee use.
- (16[8]) PARKLAND DEDICATION URBAN CORE means an area bound by Highway 71/Ben White Boulevard to the south; Highway 183 to the east and north; Loop 1 (MOPAC) on the west to FM 2222; FM 2222 on the north to Loop 360; Loop 360 on the west to Lake Austin; Lake Austin on the west to Loop 1 (MOPAC); and Loop 1 (MOPAC) on the west to Highway 71 (Ben White); [A copy of map can be found in city offices.]
- (17[9]) POCKET PARK means a park of no more than two acres with a one-quarter mile service area.
- (18) RETAIL means any uses described in 25-2-4 (*Commercial Uses Described*) except for Hotel-Motel and Office uses.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

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§ 25-1-602 DEDICATION OF PARKLAND.

- (A) A subdivision or site plan applicant shall provide for the parkland needs of the residents **and employees** by the dedication of suitable land for park and recreational purposes under this article or by payment of a fee in-lieu of dedication under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*).
- (B) For a **residential** subdivision, the area to be dedicated must be shown on the preliminary plan and final plat as "Parkland Dedicated to the City of Austin." The subdivider shall dedicate to the City all parkland required by this article when a plat is approved, except that the director may defer dedication of parkland to site plan approval if development within the subdivision will require a site plan under Chapter 25-5 (*Site Plan*).
- (C) For a site plan, the area to be dedicated must be shown on the site plan as "Parkland Dedicated to the City of Austin" and in a deed to the City. The applicant shall dedicate the parkland required by this article to the City by deed before the site plan is released, except that dedication may be deferred until issuance of a certificate of occupancy if construction of amenities is authorized under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) or Section 25-1-606 (*Parkland Development Fee*). In negotiating a deed under this section, the director may require that a reasonable portion of the total impervious cover permitted on the site be allocated to the dedicated parkland to allow for construction of parkland amenities without unduly impacting development of the proposed site plan.
- (D) For a building permit that is subject to Section 25-1-608 (*Dedication of Land or Payment In-Lieu at Building Permit*), the area to be dedicated must be shown in a deed to the City. The applicant shall dedicate to the City all parkland required by this article before a building permit is issued.
- (E) **If a subdivision or site plan proposes both residential and commercial uses, parkland dedication will be required for both uses. The amount of parkland required will be calculated based on the number of residential units and amount of commercial square footage being proposed in the development.**
- (F[E]) Except as provided under Subsection (O[J]) of this section, the amount of parkland required to be dedicated to the City is 9.4 acres for every 1,000 residents **or employees**. ~~[as determined by the following formula:]~~
- (G) **For residential development, the following formula will apply:**

$$\frac{9.4 \times (\text{Number Of Units})}{\text{Residents Per Unit}} = \text{Acres of parkland}$$

1000

- (H[F]) In calculating the amount of parkland to be dedicated **for residential development [under this section]**, the number of residents in each dwelling unit is based on density as follows:

| Density Classification | Residents In Each Dwelling Unit |
|--|---------------------------------|
| <i>Low Density:</i> Not more than 6 units per acre | 2.8 |
| <i>Medium Density:</i> More than 6 and not more than 12 units per acre | 2.2 |
| <i>High Density:</i> More than 12 units per acre | 1.7 |
| <i>Hotel-Motel Occupancy Density:</i> Total number of rooms | 1.7 × Annual Occupancy Rate |

- (I[G]) If the density of a development is not known:

- (I) the density is assumed to be the highest permitted in the zoning district, or if the property is not zoned, 24 dwelling units per acre; or

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- (2) for a residential subdivision within the extraterritorial jurisdiction, the applicant may reduce the assumed density by agreeing, in a manner that is enforceable by the City and approved by the city attorney, that any subsequent increases in density may require additional dedication of parkland under this section or payment of a fee in-lieu of dedication under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*).

(J) For commercial development, the following formula will apply:

$$\text{Parkland Owed} = \frac{9.4 \text{ acres} \times \text{Functional Population}}{1,000}$$

- (K) To calculate the Functional Population, divide the total proposed square feet of the commercial development by the Employee Density multiplied by the Occupancy Rate, Operation Hours, and Commuter Population Percentage.

(1) Functional Population= (Square Feet of Building/Square Feet Per Occupant) x Occupancy Rate x Operation Hours x Commuter Population Percentage

(2) The Employee Density and Operation Hours are listed below for each Commercial Classification:

| Commercial Classification | Employee Density (per employee) | Operation Hours |
|---------------------------|---------------------------------|-----------------|
| Industrial | 2,500 sf | 70.08% |
| Hotel-Motel | 1,500 sf | 70.08% |
| Office | 300 sq ft | 23.8% |
| Retail | 550 sq ft | 37.5% |

- (L) If the amount of square footage for a commercial development is not known at the time parkland dedication is being required for approval of an application, then the amount of parkland dedication required will be based on the maximum square footage that could theoretically be built under the applicable zoning site development standards. If the amount of square footage built is less than the amount used for calculating parkland dedication requirements, the Director shall issue a refund under Section 25-1-607(E).

(M[H]) The subdivision or site plan applicant shall pay all costs of transferring the parkland to the City, including the costs of:

- (1) an environmental site assessment without any further recommendations for clean-up, certified to the City not earlier than the 120th day before the closing date;
- (2) a Category 1(a) land title survey, certified to the City and the title company not earlier than the 120th day before the closing date;
- (3) a title commitment with copies of all Schedule B and C documents, and an owner's title policy;
- (4) a fee simple deed;
- (5) taxes prorated to the closing date;
- (6) recording fees; and
- (7) charges or fees collected by the title company.

(N[H]) Development within a Planned Unit Development (PUD) zoning district may, if required by the ordinance adopting the PUD, be subject to additional parkland requirements and may be entitled to count dedicated

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parkland towards meeting open space requirements under Chapter 25-2, Article 2, Division 5 (*Planned Unit Developments*).

(O[4]) The amount of parkland required to be dedicated within the Parkland Dedication Urban Core may not exceed 15% of gross site area for the development required to provide the dedication except upon consent of the applicant or as authorized under this subsection.

- (1) The director may request that the Land Use Commission approve dedication in excess of the 15% cap, up to the amount required under Subsection (E) of this section, if doing so is necessary to:
 - (a) address a critical shortage of parkland for an area identified in the Deficient Parkland Area Map; or
 - (b) provide connectivity with existing or planned parks or recreational amenities.
- (2) Before the Land Use Commission considers a request under this subsection for approval, the director shall present the request to the Parks Board for a recommendation.
- (3) In considering a request from the director under this subsection, the Land Use Commission may:
 - (a) deny the director's request and limit the required dedication to no more than 15% of gross site area; or
 - (b) require additional parkland dedication beyond the 15% cap, up to the lesser of:
 - (i) the amount required under Subsection (F[E]) of this section; or
 - (ii) the minimum amount the Land Use Commission finds to be necessary based on the criteria in Paragraph (1)(a)-(b) of this subsection and the Parkland Dedication Operating Procedures.
- (4) If an applicant dedicates less than the amount of land required for dedication under Subsection (E) due to the cap imposed by this subsection, the director shall require payment of a fee in-lieu of dedication under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) for the remaining undedicated land.
- (5) A request by the director under this subsection may be consolidated with an appeal by the applicant under Section 25-1-605(F) (*Payment of Fee In-Lieu Dedication*).

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

§ 25-1-603 STANDARDS FOR DEDICATED PARKLAND.

- (A) In addition to the requirements of this article, land to be dedicated as parkland must meet the requirements of this subsection.
 - (1) Parkland must be easily accessible to the public and open to public view so as to benefit area residents, enhance the visual character of the City, protect public safety, and minimize conflicts with adjacent land uses.
 - (2) On-street and off-street connections between residential neighborhoods shall be provided, wherever possible, to provide reasonable access to parks and open space areas.
 - (3) In addition to the requirements of this subsection, parkland must comply with the standards in the Comprehensive Plan, the Park and Recreation Long-Range Plan, the Environmental Criteria Manual, and the Parkland Dedication Operating Procedures.

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- (B) The director shall determine whether land offered for dedication complies with the standards for dedication under Subsection (A) of this section and may require a subdivision or site plan applicant to provide information deemed necessary to determine compliance.
- (C) Unless otherwise required under the Parkland Dedication Operating Procedures, fifty percent of acreage in the 100 year floodplain that is dedicated as parkland may be credited toward fulfilling the requirements of this article if any adjoining land within the 25 year floodplain is also dedicated as parkland. The land within the 25 year floodplain may not be credited toward fulfilling the requirements of this article.
- (D) Land identified on the Deficient Parkland Area Map maintained by the Parks and Recreation Department that does not otherwise comply with the standards for parkland dedication may be accepted as dedicated parkland if the director determines that the land will provide recreational or educational opportunities for the surrounding community. In this event, 50 percent of the acreage may be credited toward fulfilling the requirements of this article.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

§ 25-1-604 PRIVATE PARKLAND.

- (A) The director may allow up to a 100 percent credit toward fulfilling the requirements of:
 - (1) Section 25-1-602 (*Dedication of Parkland*) for privately owned and maintained parkland or recreational easements that are available for use by the public and meet the standards of the Parkland Dedication Operating Procedures; and
 - (2) Section 25-1-606 (*Parkland Development Fee*) for recreational facilities that are located on privately owned and maintained parkland and available for use by the public.
- (B) The director may allow up to a 100 percent credit toward fulfilling the requirements of this article for private parkland in a subdivision or site plan located outside the city limits, if:
 - (1) the director determines that the private parkland meets City parkland standards; and
 - (2) the land owner agrees to dedicate the private parkland to the City when the City annexes the land for all purposes.
- (C) If private parkland will include construction of recreational amenities, the applicant must post fiscal surety in an amount equal to the fee in-lieu provided for under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) and the development fee required under Section 25-1-606 (*Parkland Development Fee*). The fiscal surety must be posted:
 - (1) before final plat approval; or
 - (2) before site plan release, for any portion of the subdivision that will require a site plan.
- (D) Yards, setback areas, and private personal open spaces required by this title may not be counted as private parkland under this section, except for a required setback or yard that includes a public trail.
- (E) If private parkland is allowed, a recreation easement must be recorded prior to site plan or subdivision approval.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

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§ 25-1-605 FEE IN-LIEU OF PARKLAND DEDICATION.

- (A) The director may require or allow a subdivision or site plan applicant to deposit with the City a fee in-lieu of parkland dedication under Section 25-1-602 (*Dedication of Parkland*) if:
- (1) the director determines that payment of a fee in-lieu of dedication is justified under the criteria in Subsection (B) of this section; and
 - (2) the following additional requirements are met:
 - (a) less than six acres is required to be dedicated under Section 25-1-602 (*Dedication of Parkland*); or
 - (b) the land available for dedication does not comply with the standards for dedication under Section 25-1-603 (*Standards for Dedicated Parkland*).
- (B) In determining whether to require dedication of land under Section 25-1-602 (*Dedication of Parkland*) or allow payment of a fee in-lieu of dedication under this section, the director shall consider whether the subdivision or site plan:
- (1) is located within the Deficient Park Area Map;
 - (2) is adjacent to existing parkland;
 - (3) has sufficient acreage to meet the standards for dedicated parkland under the Parkland Dedication Operating Procedures;
 - (4) is needed to address a critical need for parkland or to remedy a deficiency identified by the Deficient Park Area Map; or
 - (5) would provide increased connectivity with existing or planned parks or recreational amenities.
- (C) If an applicant seeks payment of fee in-lieu of parkland dedication, the director shall not accept a preliminary plan or plat application until the applicant shall request payment, and the director shall determine whether payment will be allowed. The director shall, at the request of an applicant, determine whether payment of a fee in-lieu of parkland dedication will be allowed prior to formal submittal of a site plan. The director may establish requirements for obtaining the determination in the Parkland Dedication Operating Procedures and may require an applicant to provide information relevant to the criteria in Subsection (B) of this section. A determination issued under this subsection is valid for a period of one-year from the date of issuance.
- (D) The amount of the fee in-lieu of parkland dedication for residential development is established in the annual fee schedule based on a recommendation by the director in accordance with this subsection.
- (1) **Residential** Fee In-Lieu of Dedication:

| Density Classification | Fee In-Lieu Amount |
|--|--|
| <i>Low Density:</i> Not more than 6 units per acre | $2.8 \times \text{Land Cost Per Person}$ |
| <i>Medium Density:</i> More than 6 and not more than 12 units per acre | $2.2 \times \text{Land Cost Per Person}$ |
| <i>High Density:</i> More than 12 units per acre | $1.7 \times \text{Land Cost Per Person}$ |
| <i>Hotel-Motel Occupancy Density:</i> Total number of rooms | $1.7 \times \text{Land Cost Per Person} \times \text{Annual Occupancy Rate}$ |

- (2) For purposes of determining the **residential** fee in-lieu under Subsection (D)(1):

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$$\text{Land Cost Per Person} = \frac{\text{Parkland Cost Factor}}{\text{Parkland Level-of-Service}}$$

where:

- (a) "Parkland Cost Factor" is determined by the director based on the average purchase price to the City for acquiring an acre of parkland, excluding a metro or district park or golf course; and
- (b) "Parkland Level-of-Service" is:

$$\frac{\text{City Population}}{\text{Net Park Acreage}}$$

where "City Population" is determined by the city demographer and "Net Park Acreage" is the total citywide acreage of neighborhood parks, pocket parks, and greenways, as determined by the director prior to adoption of the annual fee ordinance by the city council.

- (E) The amount of the fee in-lieu of parkland dedication for commercial development is established in the annual fee schedule based on a recommendation by the director in accordance with this subsection.

- (1) Commercial Development In-Lieu of Dedication:

$$\text{Fee In – Lieu} = \text{Functional Population} \times \text{Land Cost Per Person}$$

- (2) For purposes of determining the fee in-lieu for commercial development under Subsection (E)(1):

$$\text{Land Cost Per Person} = \frac{\text{Parkland Cost Factor}}{\text{Parkland Level-of-Service}}$$

where:

- (a) "Parkland Cost Factor" is determined by the director based on the average purchase price to the City for acquiring an acre of parkland, excluding a metro or district park or golf course; and
- (b) "Parkland Level-of-Service" is:

$$\frac{\text{City Population}}{\text{Net Park Acreage}}$$

where "City Population" is determined by the city demographer and "Net Park Acreage" is the total citywide acreage of neighborhood parks, pocket parks, and greenways, as determined by the Director prior to adoption of the annual fee ordinance by the City Council.

- (F(E)) If the director determines that payment of a fee in-lieu of parkland dedication is authorized under this section for only a portion of the land required to be dedicated under Section 25-1-602 (*Dedication of Parkland*), the director may allow an applicant to pay a fee in-lieu for that portion and require that the remaining land be dedicated. If an applicant dedicates parkland under Section 25-1-602 (*Dedication of Parkland*), the director may not include that acreage in calculating the fee in-lieu required by this section for any remaining land not included in the dedication.

- (G[F]) If the director rejects a request to pay a fee in-lieu of dedication under Subsection (B) of this section, the applicant may appeal the director's decision to the Land Use Commission consistent with the procedures in Article 7, Division 1 (*Appeals*) of this chapter. Before the Land Use Commission considers the appeal, the

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director shall present the case to the Parks Board for a recommendation, but failure by the Parks Board to act shall not prohibit the Land Use Commission from considering the appeal.

Source: Ord. No. 20150128-086, Pt. 2, 2-8-16 ; Ord. No. 20190822-117 , Pt. 16, 9-1-19.

§ 25-1-606 PARKLAND DEVELOPMENT FEE.

- (A) Except as provided in Subsection (C), an applicant must pay a parkland development fee as a condition to subdivision or site plan approval in order to ensure that land is developed with recreational amenities sufficient for park use.
- (B) The amount of the development fee is established in the annual fee schedule based on a recommendation by the director in accordance with this subsection.

- (1) **Residential** Parkland Development Fee:

| Density Classification | Development Fee Amount |
|--|--|
| <i>Low Density:</i> Not more than 6 units per acre | $2.8 \times \text{Park Development Cost Per Person}$ |
| <i>Medium Density:</i> More than 6 and not more than 12 units per acre | $2.2 \times \text{Park Development Cost Per Person}$ |
| <i>High Density:</i> More than 12 units per acre | $1.7 \times \text{Park Development Cost Per Person}$ |
| <i>Hotel-Motel Occupancy Density:</i> Total number of rooms | $1.7 \times \text{Park Development Cost Per Person} \times \text{Annual Occupancy Rate}$ |

- (2) For purposes of determining the development fee under Subsection (B)(1):

$$\text{Park Development Cost} = \frac{\text{Park Development Cost Factor}}{\text{Park Facilities Level-of-Service}}$$

where:

- (a) "Park Development Cost Factor" is determined by the director based on the average cost of developing an acre of parkland up to the standards of a neighborhood park; and
- (b) "Park Facilities Level-of-Service" is:

$$\frac{\text{City Population}}{\text{Number of Developed Parks}}$$

where "City Population" is determined by the city demographer and "Number of Developed Parks" is the total number of parks developed with a recreational amenity or trail, as determined by the director prior to adoption of the annual fee ordinance by the city council.

- (3) **Commercial Development Fee Formula:**

$$(a) \quad \text{Park Development Fee} = \text{Functional Population} \times \text{Park Development Cost Per Person}$$

- (4) For purposes of determining the development cost per person under Subsection (B)(3)(a):

$$\text{Park Development Cost Per Person} = \frac{\text{Park Development Cost Factor}}{\text{Park Facilities Level-of-Service}}$$

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where:

- (a) "Park Development Cost Factor" is determined by the director based on the average cost of developing an acre of parkland up to the standards of a neighborhood park; and
- (b) "Park Facilities Level-of-Service" is:

City Population
Net Park Average

where "City Population" is determined by the city demographer and "Number of Developed Parks" is the total number of parks developed with a recreational amenity or trail, as determined by the director prior to adoption of the annual fee ordinance by the city council.

- (C) The director may allow an applicant to construct recreational amenities on public parkland or private parkland, if applicable, in-lieu of paying the development fee required by this section. In order to utilize this option, the applicant must:
 - (1) post fiscal surety in an amount equal to the development fee;
 - (2) if a dedication of land is required, construct recreational amenities prior to the dedication in a manner consistent with the Parkland Dedication Operating Procedures; and
 - (3) document the required amenities concurrent with subdivision or site plan approval, in a manner consistent with the Parkland Dedication Operating Procedures.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

§ 25-1-607 FEE PAYMENT AND EXPENDITURE.

- (A) Payment of a fee required under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) or Section 25-1-606 (*Parkland Development Fee*) must be paid as required by this subsection.
 - (1) If a fee in-lieu of dedication or a parkland development fee is required as a condition to subdivision approval, the applicant must deposit the fee with the City before final plat approval. The applicant may defer payment of a fee until site plan approval unless development proposed within the subdivision is exempt from the requirement to submit a site plan under Section 25-5-2 (*Site Plan Exemptions*).
 - (2) If a fee in-lieu of dedication or a parkland development fee is required as a condition to site plan approval, the applicant must deposit the fee with the City before the site plan may be approved.
- (B) The director shall place fees paid under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) and Section 25-1-606 (*Parkland Development Fee*) into separate funds and use the fees consistently with the requirements of this subsection.
 - (1) Except as provided in Subsection (B)(3), the director shall use fees paid under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) solely to acquire parkland or recreational easements that will benefit residents and employees of the development for which the fees are assessed and are located within a service area designated by the director under the Parkland Dedication Operating Procedures.
 - (2) The director shall use fees paid under Section 25-1-606 (*Parkland Development Fees*) solely to acquire and develop recreational amenities that will benefit residents and employees of the development for which the fees are assessed and are located within a service area designated by the director under the Parkland Dedication Operating Procedures.

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- (3) The director may use fees paid under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*) consistent with the purposes described in Subsection (B)(2) if, within one year from the date the fees are appropriated for expenditure, the director determines that land which meets the requirements of Section 25-1-603 (*Standards for Dedicated Parkland*) is unavailable for purchase within the service area for which the fees were assessed.
- (C) The City shall expend a fee collected under this article within five years from the date the fees are appropriated for expenditure by the director. This period is extended by five years if, at the end of the initial five-year period, less than 50 percent of the residential units or commercial square footage within a subdivision or site plan have been constructed.
- (D) If the City does not expend a fee payment by the deadline required in Subsection (C), the subdivision or site plan applicant who paid the fee may request a refund under the requirements of this subsection.
 - (1) A refund may only be requested for unbuilt units for which a fee in-lieu of dedication was paid. The refund request must be made in writing and filed with the Parks and Recreation Department not later than 180 days after the expiration of the deadline under Subsection (C).
 - (2) If the refund request is timely filed, the director shall:
 - (a) refund the amount of unspent fees that were collected under this article in connection with approval of a subdivision or site plan; and
 - (b) if a site plan for which fees were assessed was subsequently revised to reduce the number of units, recalculate the amount due based on the reduced number of units and refund any fees paid in excess of that amount.
- (E) If a commercial development has already paid a fee in-lieu of dedication and the amount of square footage for the commercial development built decreased from the amount that was previously assessed, the subdivision or site plan applicant may request a refund in writing to the director. The director will recalculate the amount of parkland dedication due based on the reduction of square footage and refund any fees paid in excess of that amount.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

§ 25-1-608 DEDICATION OF LAND OR PAYMENT IN-LIEU AT BUILDING PERMIT.

- (A) Dedication of parkland or payment in lieu of dedication, as determined by the director under this article, is required as a condition to obtaining a building permit for ~~residential~~ development located within a subdivision that:
 - (1) at the time of approval, was deemed to be exempt from a requirement to dedicate parkland or pay a fee in-lieu of dedication based on the assumption that development within the subdivision would be limited to non-residential uses; ~~and~~
 - (2) has not subsequently developed with a use for which parkland was dedicated or a fee in-lieu of dedication was paid; ~~and~~ [-]
 - (3) adds additional square footage to a commercial development that is required to dedicate parkland under this Article.
- (B) The amount of a fee in-lieu of parkland dedication under this section shall be calculated in accordance with Section 25-1-602 (*Dedication of Parkland*) and Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*).

**PROPOSED CHANGES TO ARTICLE 14 (PARKLAND DEDICATION)
ADDING COMMERCIAL PARKLAND DEDICATION REQUIREMENTS
DRAFT SUBJECT TO ADDITIONAL CHANGES**

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16 .

§ 25-1-609 ADMINISTRATIVE AUTHORITY.

- (A) The director is authorized to adopt administrative rules and take other actions that are necessary to implement this article.
- (B) The director shall, at a minimum, adopt the following by administrative rule under Chapter 1-2 (*Administrative Rules*):
 - (1) a Deficient Park Area Map illustrating shortages in parkland; and
 - (2) Parkland Dedication Operating Procedures establishing:
 - (a) boundaries for service areas required by Section 25-1-607 (*Fee Payment and Expenditure*) for use of a fee in-lieu of parkland dedication and parkland development fee;
 - (b) general standards for dedicated parkland under Section 25-1-603 (*Standards for Dedicated Parkland*);
 - (c) methodology for determining:
 - (i) parkland cost factor and park level-of-service under Section 25-1-605 (*Fee In-Lieu of Parkland Dedication*); and
 - (ii) park development cost factor and facilities level-of-service under Section 25-1-606 (*Parkland Development Fee*); and
 - (d) other provisions deemed necessary for implementing this article.
- (C) Before initiating the administrative rules process, as required by Subsection (B) of this section, the director shall present a proposed Deficient Park Area Map and Parkland Dedication Operating Procedures to the Parks Board for a recommendation.

Source: Ord. No. 20160128-086, Pt. 2, 2-8-16)



Updated : 6/27/22

--Draft: Study of Parkland Dedication Requirements for Commercial Uses--

This study provides an overview of parkland dedication as it pertains to retail, industrial, and office uses, as directed by City Council in Resolution No. 20220407-042, passed April 7th, 2022. This Study, produced by the Parks and Recreation Department, outlines the applicability of creating a new ordinance to require parkland dedication for commuters of commercial developments and outlines the methodology behind said ordinance.

This Study may be used as the basis for creating a parkland dedication commuter commercial ordinance, for review and approval by City Council after a public and stakeholder engagement period.

Purpose

Parkland is an essential city service that affords well documented economic, recreational, physical, and mental health benefits to its users (see research conducted by Rigolon, et al. 2022, who cite Crompton and Nicholls 2019, and Markevych, [et al.](#) 2017). The current parkland dedication ordinance is a critical tool that allows the Parks and Recreation Department (PARD) to mitigate the impact of new users on the park level of service for the people of Austin in accordance with goals and mandates set forth in the City Charter, City Council Resolution 20091119-068, Imagine Austin Comprehensive Plan, and the PARD Long Range Plan. Parks provide recreational opportunities, create community, preserve the city's character and natural resources, contribute to economic growth and tourism, increase transportation opportunities, and keep Austin beautiful. Parkland dedication requires new developments to account for their direct impact on the existing park system, thereby addressing several of the Imagine Austin Comprehensive Plan's key goals including : "Expanding Transportation Choices" in Austin. "Tackling the Ethnic Divide", "Prosperity for All", "Protecting Our Natural Resources" and "Preserving Livability" by providing consistent parkland under rapidly changing development conditions.

On February 25, 2020, the Parks and Recreation Board passed Recommendation 20200225-B3, which included the provision that commercial developments be subject to parkland dedication requirements. On March 28, 2022, the Parks and Recreation Board reaffirmed its support to require parkland dedication for office, retail, and industrial developments in Recommendation 20220328-B5. Enacting this provision would better provide parkland to Austin's growing workforce; currently, 58% of the workforce commute from outside the city limits, and as such are not served by the existing parkland dedication ordinance, which only addresses the impact of full-time residential and hotel developments.

Research shows that access to parkland is directly connected to an individual's health, safety and wellness. St. David's 'Healthy Parks Plan for Travis, Bastrop, Caldwell Counties' states that "Local Parks provide enormous community health benefits.... Parks enhance community health by":

1. Improving Mental and Physical Health
2. Increasing Community Cohesion and Combating Isolation
3. Improving Air Quality
4. Reducing Climate Hazards

The study cites several stressors resultant from the rapidly densifying urban environment that is unique to the Austin area. Urban stressors include: increased occurrence of asthma, diabetes, chronic health conditions, high rates of premature mortality, assaults and homicide, environmental stressors related to climate change including extreme heat, extreme floods, drought, clean water availability, and life-threatening pollutants. The study presents research that shows how increased access to parkland is proven to: reduce stress, improve immune system function, increase levels of mutual trust and willingness to help others, reduce effects of urban heat islands through shade trees and green infrastructure that decreases flooding while increasing availability of clean water.¹

Currently, office, retail, industrial and hotel developments located in park deficient areas, along greenbelts, or adjacent to parks are not subject to the existing parkland dedication ordinance. These types of development have a direct impact on the city's park system, by employing potential park users. While the visitors of hotel/motel developments have been accounted for in the Parkland Dedication Ordinance since 2016, the employees of hotel/motel are not accounted for. Currently, the city is hindered from offering proportionate park services to those employees due to a lack of regulation. Enacting a new parkland dedication ordinance to include new office, retail, industrial and hotel developments would account for that direct impact by proportionally expanding park service. In turn, this would allow PARD to close critical gaps and resolve park deficiencies within the park system in an effort to serve park users occupying new commercial developments..

Parkland dedication is paramount to fulfilling City Council Resolution 20091119-068, which establishes the goal that all Austinites be within walking distance of a park. By accounting for the impacts new commercial developments would have on the City's parks system, PARD would be able to better fulfill this goal so that employees and residents alike have access to the parks system.

By addressing the impacts new commercial developments have on Austin's park system, the City would be able to advance its overall mission. Notably, parkland dedication has been proven to address many of the goals outlined in the Imagine Austin Comprehensive Plan adopted by City Council in 2012². Park trails and greenbelts acquired through the parkland dedication ordinance expand multi-modal access to

¹ St. David's Foundation. "Healthy Parks Plan for Travis, Bastrop and Caldwell Counties". 2019, page xii.

² AUSTIN, TX., Image Austin Comprehensive Plan. (2012).

transportation across the city, in accordance with the goal of “Expanding Transportation Choices” in Austin. “Tackling the Ethnic Divide”, another goal outlined in Imagine Austin, is addressed through parkland by providing relief from urban life, green space to those who do not have access to a yard, opportunities to gather and recreate, and numerous physical and mental health benefits in historically underserved communities. Over the last 20 years, nearly 80% of PARD’s investment through land acquisition and parkland development has been in the Eastern Crescent, a collection of economically and socially underserved neighborhoods along the eastern borders of the city. Furthermore, parkland dedication aids in “Protecting Our Natural Resources” and the numerous services they provide by preserving necessary green spaces, natural habitats, creeks, and other environmental features in perpetuity through State law and City Charter protections. Parkland acquired through parkland dedication promotes “Prosperity for All” by helping to attract high-tech industries, creative professionals, and local entrepreneurs, ensuring Austin continues to experience job growth and economic opportunities for its residents.

The PARD Long Range Plan provides a roadmap for park planning throughout the Austin parks system. The Long Range Plan identified parkland dedication as an essential tool to mitigate the impact of new development on the park system. Community stakeholders identified closing critical gaps in trail and greenbelt infrastructure as a number one priority for park planning and development initiatives. New trail infrastructure and greenbelt acquisition is a major focus of existing Parkland Dedication Ordinance for residential and hotel/motel site development permits. A new ordinance enacting a parkland dedication requirement for office, retail, industrial and hotel developments would address the impact of commercial commuters have on existing infrastructure, and further address these critical gaps in order to complete Austin’s trail infrastructure

Applicability

Currently, the parkland dedication ordinance requires dedication or fee-in-lieu for new residential and visitors in hotel/motel developments, as parks are necessary for the well-being of the future occupants of the new development. Public parks are also necessary for the well-being of the City’s commuting workforce and commerce, and as such, new commercial developments do create a need for additional parkland in order to serve future occupants of the commercial spaces. New commercial developments bring additional commuting employees, clients, and consumers that use the City’s parks, thereby establishing an essential nexus³ between parkland dedication requirements and commercial development. Per the latest Census information, 58 percent of the City’s workforce commutes into Austin, adding park users that do not factor into the City of Austin’s current parkland dedication requirements⁴.

A Core Principle of the Imagine Austin Comprehensive Plan is to “integrate nature into the city”, which has “an increased need for parks” as “we grow into a more compact city”. One of the growth tenets to accomplishing this is to “provide parks and open space close to where people live, work and play.” Currently, Austin’s parkland dedication ordinance accounts for where people live, but not where they work and play – the impact of

³ Consistent with U.S. Supreme Court decision *Nollan v. California Coastal Commission*, 483 U.S. 825

⁴ U.S. Census, LEHD OnTheMap 2019

commercial developments. In downtown Austin alone, there are 14,000 residents, but 106,000 employees that enjoy its parks (as of 2021). According to reporting from the Downtown Austin Alliance, half of all those employees commute in from other jurisdictions and not currently accounted-for in the parkland dedication ordinance.

Establishing An Essential Nexus and Rough Proportionality

In accordance with U.S. case law, a “city may enact reasonable regulations to promote the health, safety, and general welfare of its people”⁵. In a ruling on a public agency’s powers, the U.S. Supreme Court case *Berman v. Parker* case (1954) established that the concept of public welfare has broad range, which has since generally included the need for parks⁶. Numerous cases in the U.S. have upheld that parkland dedication is a reasonable regulation that is substantially related to the needs of a community. In *City of College Station v Turtle Rock Corporation* (1984), the Texas Supreme Court found that parkland dedication can fulfill a legitimate goal, namely, so long as it is “substantially related” to the health, safety, or general welfare of the people, and the regulation is reasonable. To demonstrate the reasonableness and substantial relation of the regulation, parkland dedication requirements must establish an “essential nexus” and “rough proportionality”, so as to comply with case law in the United States.

The concepts of essential nexus and rough proportionality were established in the *Nollan* and *Dolan* decisions, respectively, in which the U.S. Supreme Court held that the regulation of land use does not equate to a taking of property if the regulation substantially advances a legitimate governmental interest and is reasonably related to the need created by the development. The two cases, *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*, established the two-prong ‘nexus test’ for evaluating land use ordinances requiring any form of fee or land dedication. In *Nollan v. California Coastal Commission*, the Court held that constitutionality is satisfied through demonstrating a connection between a required dedication – whether imposition of fee or conveyance of property – and a legitimate governmental interest.

From the Court’s majority opinion:

“No precise mathematical calculation is required, but the city must make some sort of individualized determination that the required dedication is related both in nature and extent to the impact of the proposed development”

The following methodology demonstrates a parkland dedication ordinance for office, retail, industrial and hotel developments promotes the health, safety, and general welfare of the community and establishes an essential nexus and a rough proportionality of parkland dedication requirements.

Methodology – Essential Nexus

Austin’s quality of life is routinely cited as an economic driver for workforce growth, and parkland plays a pivotal role in creating that high quality of life. A new parkland

⁵ *City of College Station v Turtle Rock Corporation*, 1984, 666 S.W.2d 318

⁶ *Berman v Parker*, 1954, 348 U.S. 26

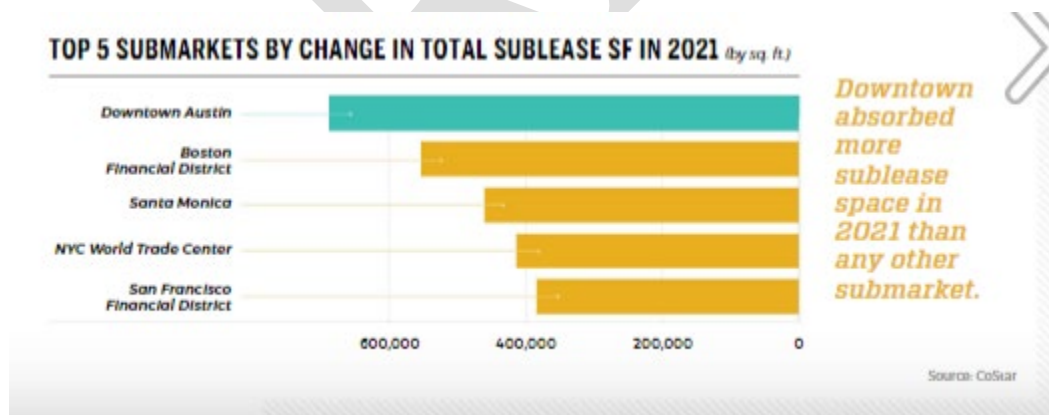
dedication ordinance for office, retail, industrial and hotel development would account for the impact of Austin's competitive job market, which attracts jobs and employees nationwide, on the current level of service of Austin's high-quality parks, trails, natural spaces, and recreational opportunities.

PART 1: Establishing Austin's Unique Rapid Workforce Growth and Contributing Factors

Austin is considered one of the fastest-growing and most attractive U.S. cities for its job market, in great part due to its quality of life (see [U.S. News and World Report](#), [Forbes](#)). The Downtown Austin Alliance's (DAA) 'State of Downtown Report 2022' provides insights on the economic and workforce growth that is unique to Austin, Texas. The report emphasizes Austin's unique character, "The city center connects the community providing an atmosphere like no other, featuring high-quality parks, art and public spaces." The report acknowledges the direct connection between growth and the demand on public services, "As the region flourishes, the *demand* for transportation connections and *well-maintained park space* continue to grow." (emphasis added). This is no truer than downtown, the core employment center for the city, where some of the city's foundation parks are located.

The report further emphasizes the importance of parkland to the overall character of downtown, citing them as a place for community building and entertainment, key factors in what make the urban core so successful, according to the DAA. Republic Square is noted several times as a community hub, 'On a more regular basis, downtown's public markets are a community staple, bringing together local artisans, specialty shops, unique finds and eateries that embody that Austin vibe.'

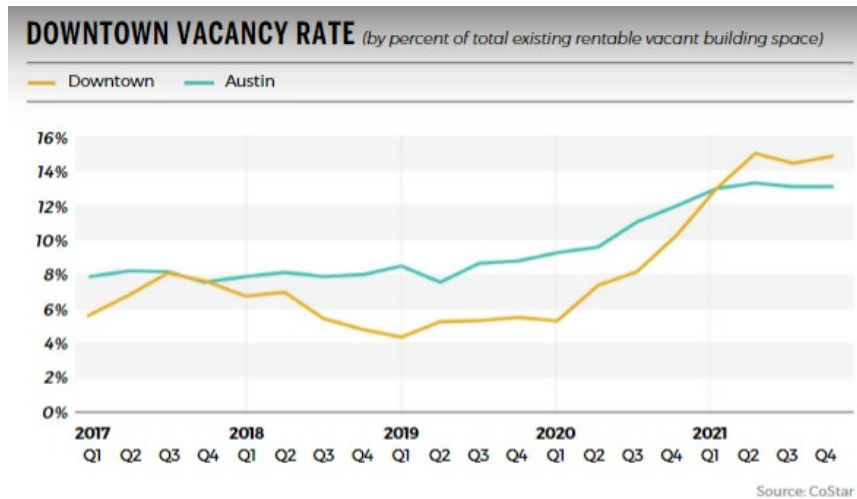
Rapid job-market growth is unique to Austin. DAA reports that post-pandemic, Austin absorbed more sublease space than any other sub-market, including downtown Boston, Santa Monica, NYC's World Trade Center and San Francisco's Financial District.



Source: Downtown Austin Alliance 'State of Downtown Report 2022'

In fact, according to DAA, 'Total leasing activity downtown has surpassed its 2018-2019 average', revealing that 'Major tech companies continue to see downtown as a place to hire and retain talents in such a highly competitive employment market'. Just under 2 million new square feet of office space were built downtown between 2020 and 2021, 3.3 million square feet are currently in progress, and 6.2 million are in the proposal or planning stage. This indicates that the number of employees commuting in from out of

town to work will only grow in the foreseeable future, increasing the demand on parkland.



Source: Downtown Austin Alliance 'State of Downtown Report 2022'

Also unique to Austin is the percentage of employees that commute into town from outside jurisdictions. DAA reports that "Downtown employers draw talent from the entire Central Texas region, where half of the downtown's 106K employees lie outside the city limits."

DAA attributes this rapid job-market growth to the prime location and high quality of life offered to residents and employees alike. Specifically, DAA mentions "Lady Bird Lake and the string of quality parks along its banks serve as downtown's backyard" and downtown's proximity to the airport as major contributors to why Austin is able to "attract and retain a highly educated workforce." There is a clear demand for parks downtown, and throughout the City, for employment centers to offer the kinds of amenities expected from a city like Austin. As the commercial growth indicated by the DAA report continues to put pressure on the city's park system, the City needs tools account for that impact.

The National Recreation and Park Association (NRPA) has documented this relationship, stating that "quality-of-life considerations (including those made possible by high-quality parks and recreation) play a supporting role in site-location decisions. For some companies, high-quality park amenities can be critical in their final location decisions."⁷ As such, commercial developments do receive direct benefits in the form of parks for employees, thereby attracting, expanding, and retaining their workforces, all while creating a greater demand for parks with the growth of those workforces. By enacting a new parkland dedication ordinance to create dedication requirements for office, retail, industrial and hotel, developments, the City would be able to continue to provide active and passive recreational opportunities near the places of employment, thereby advancing the health, safety, and general welfare of the workforce.

UT Arlington, sponsored by the Landscape Architecture Foundation further documented this correlation between economic performance and adjacency to parkland in a case

⁷ NRPA, "Promoting Parks and Recreation's Role in Economic Development, 2018, p ii

study on The Shops at Park Lane in the north Dallas area. The project replaced surface parking with an integrated pedestrian-focused landscape including a central community park adjacent to a vertical mixed use development housing residential, office and retail space. The study measured the environmental and economic impacts of the park space and determined there is a positive correlation between the park and the economic performance of the commercial space.



(Source: TBG Partners, 2017)

Illustration of the parkland integrated into the commercial development at the Shops at Park Lane.

The economic performance benefits reported by the third-party retailers at this site include:

1. 'Stimulated increase in occupancy rates for retail and multifamily up to 95% and for office up to 100% in its newly added 550,000 sq ft of retail and mixed-use development as well as other adjacent buildings since its inception. According to project client, the office tenants attribute this change to park, on site amenities and restaurants.'⁸
2. 'Contributed to the position of most of the national retailers* in The Shops at Park Lane in the top 10% of their respective chains in sales by increasing customer dwell time and providing additional park-side restaurants.' *retailers included chains like Starbucks⁹
3. 'Contributed to a 1% increase in total market value (or property value) of Park Lane District between 2010 and 2016'

Overall, the park space and park programming positively impacted the economic viability and operations of the shopping center.

⁸ Ozdil, T., & Munshi, R., & Pradhan, R. "2017 LAF's SCI Program Performance Series: Shops at Parklane, Dallas Methodology", 2017 p 12

⁹ Ozdil, T., & Munshi, R., & Pradhan, R. "2017 LAF's SCI Program Performance Series: Shops at Parklane, Dallas Methodology", 2017 p 13

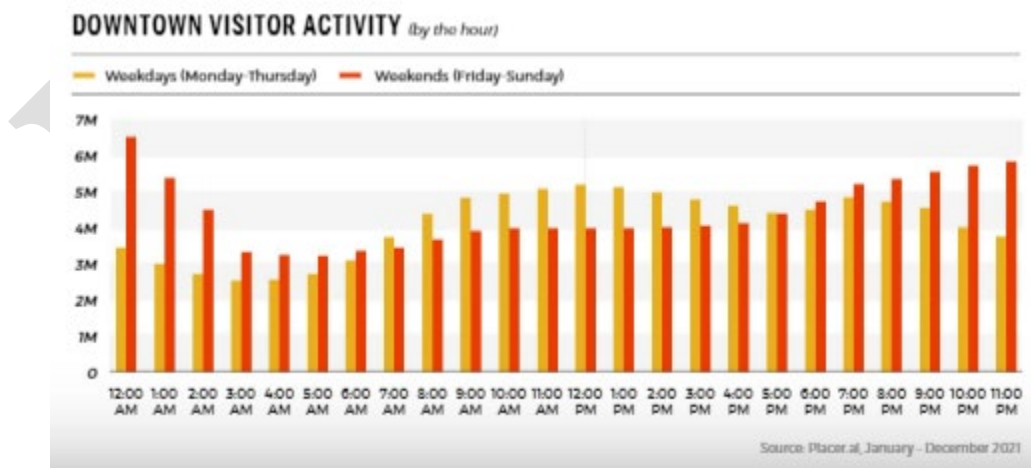
PART 2: Establishing Essential Nexus Between Parkland and Commuting Employees

In order to meet the legal requirements in the United States described in the previous section, an “essential nexus” must exist between a requirement imposed on a development and the stated police power objective of requiring development to meet the needs created by said development. The commuting workforce of office, retail, industrial and hotel developments increase the potential service population of the city’s park system, and therefore create a greater demand for the City’s parks services. To quote Dr. John Crompton, Texas A&M distinguished professor of parks and recreation:

“[...] commercial buildings and office spaces attract new businesses and workers to fill new jobs. The new workers need parks, so the commercial buildings contribute to growth and, therefore, should contribute to paying for the needs that growth creates. They are directly linked to creating new employment opportunities and to increasing demand for new or improved park facilities.”¹⁰

Reports from the Downtown Austin Alliance, The Trail Foundation and third party Placer.ai reporting all affirm the correlation between the impact on park use and the work day. During weekdays, there is a consistent spike in park and public space usage during the hours around lunch and the immediately after work.

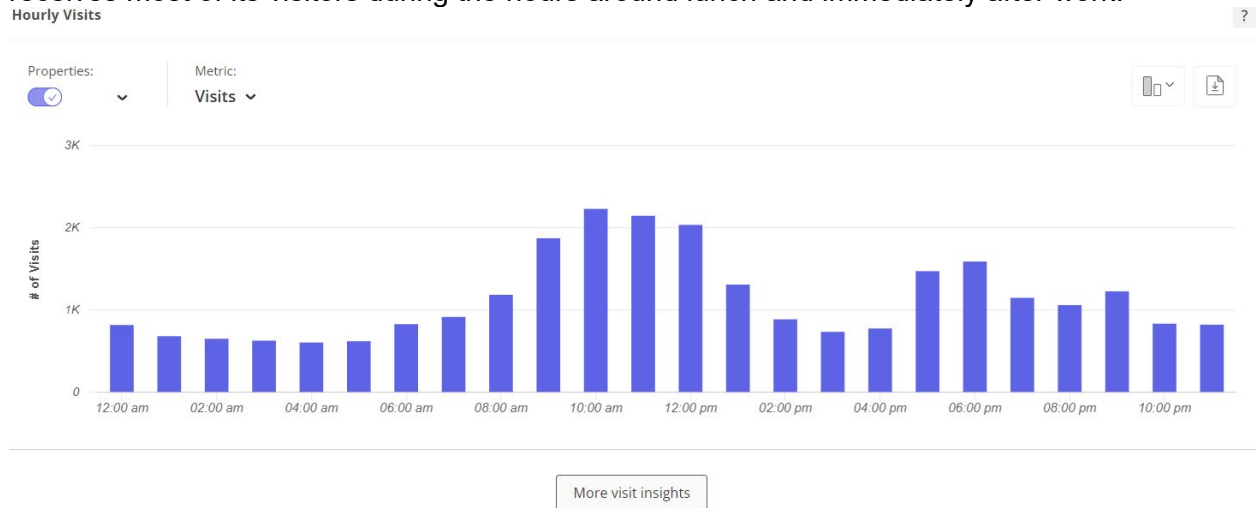
The chart below shows a spike of activity in downtown public spaces during the lunch hour on weekdays specifically. The chart compares weekday and weekend usage and shows that weekday lunch time activity is higher than weekend activity at the same time, indicating a direct correlation between workforce and increased park usage.



Source: Downtown Austin Alliance 'State of Downtown Report 2022

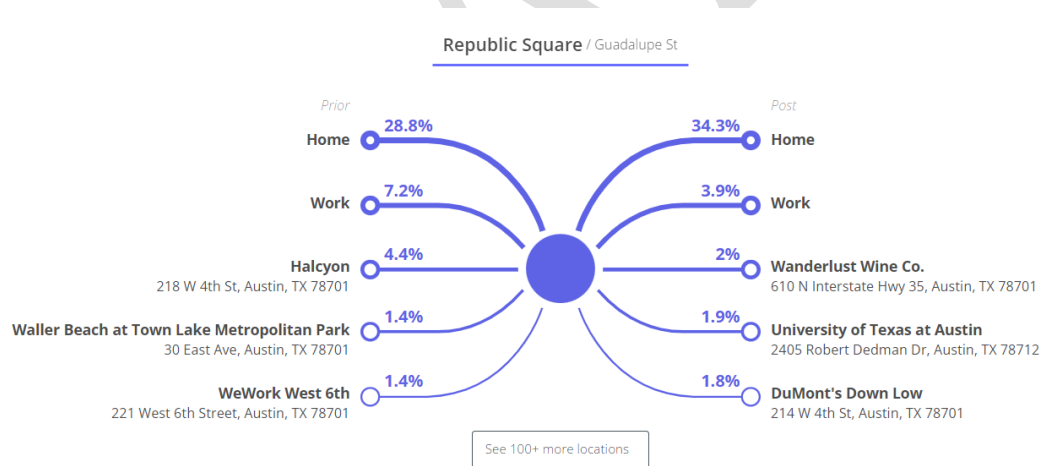
¹⁰ Crompton, “Parkland Dedication: Optimizing an Underutilized Resource”, 2022 p. 51

Placer.ai is a population count tool that utilizes cell phone location data to provide detailed user analytics. Republic Square Park in the downtown commercial center receives most of its visitors during the hours around lunch and immediately after work:

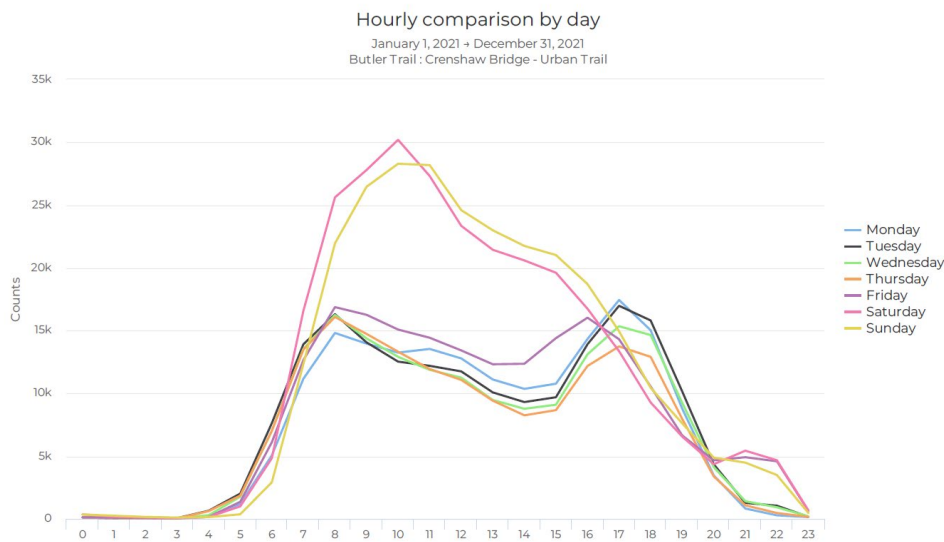


Source: *placer.ai* June, 2022

8.6% of all Republic Square visitors, or 645 people, go to the park regularly on their way from work (work and WeWork totals combined) , 3.9% of Republic Square visitors go to the park on their way to work.



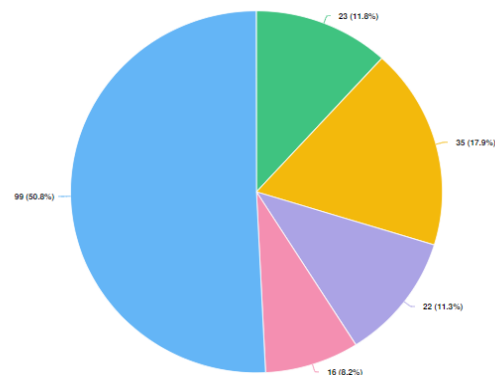
The Trail Foundation trail count data show park usage on weekdays compared to weekends broken down throughout the day:



The trail use shows a distinct use spike during the hours of 7-8 am and again between 4:30-6:30 pm on weekdays, the hours directly before and after work. There is a distinct lull in trail usage between 1pm and 4:30 pm, during the workday. These use patterns are distinct from the use patterns on the weekend, which shows a greater trail usage in the morning. The weekday use pattern is clearly tied to typical employee shift hours.

In a survey conducted by PARD which was made available to the public, over 50% of the survey takers indicated that they used a park before, during or after work more than twice a month. Another 19.5% visited a park before during or after work at least 10 times a year.

Q2 How often do you access public parks before, during, or after work?



Question options
 Never Rarely (fewer than 5 times a year) Occasionally (5 to 10 times a year)
 Sometimes (10 to 20 times a year) Often (more than twice a month)

Optional question (193 responses); 3 skipped

Source: Public opinion survey conducted by PARD May and June 2022

Many companies utilize parkland during or after work for corporate intramural teams. The Austin Sports and Social Club (Austin SSC) reserves time at parks throughout Austin to host corporate intramural games such as sand volleyball, kickball and flag football. Austin SSC advertises: “Include team sports in your wellness program and get coworkers communicating, building bonds, and strategizing for success!”¹¹ Parks are booked most weeknights for intramural games throughout the year according to the Austin SSC Schedule.

The Waterloo Greenway Conservancy also partners with Ascension Seaton to provide active recreational programming in Waterloo Park on weekdays at 6pm to accommodate the availability of employees after work.

In sum, there is an established relationship between parkland and commercial uses. Commercial uses benefit directly from parkland by appealing to their growing workforce through the improved quality of life, and by employing externalities of being near parkland to drive consumer demand. In turn, the growth in commercial development resulting from a robust park system further increases impact on said park system, thereby requiring that the park system grow proportionate to the impact

Methodology – Rough Proportionality

The existing parkland dedication ordinance for residential developments requires 9.4 acres of parkland per 1,000 new residents or hotel occupants, roughly proportional¹² to maintaining Austin’s current level of park service. However, parkland is utilized by more than just residents and hotel occupants, with commuting workforces adding to the demand for park services. According to census data, 58% of Austin’s workforce, approximately 450,000 employees, travel in from cities and areas outside of the City’s planning jurisdiction and are not subject to the City’s current parkland dedication ordinance through residential development requirements. Employees commuting into Austin have an impact on parkland that is proportionate to their relative opportunity to use park spaces and amenities. A new parkland dedication requirement should extend to office, retail, industrial and hotel developments based on the impact of the commuting workforce, the number of people occupying commercial spaces, and amount of time the commercial spaces are occupied to proportionately address the impact of the workforce users on the city’s park system.

Estimates from the U.S. Green Building Council (USGBC) of the employees per square foot of commercial space provide a basis for establishing the impact that new office, retail, industrial and hotel developments have on the demand for nearby parkland. It is assumed that commuter employees do not have the same opportunity to access parkland as full-time residents and requirements will need to be roughly proportional to the relative demand created by commuting employees. To adjust for this relative impact, a functional population equation is applied to the total employee population. The

¹¹ Austin Sports and Social Club.

https://austinssc.com/corporate?utm_source=header&utm_medium=website&utm_campaign=menu&utm_content=Company. 2022. ‘Corporate Culture’.

¹² Consistent with U.S. Supreme Court decision *Dolan v. City of Tigard*, 512 U.S. 374

“Functional Population” approach is a commonly used methodology for “estimating the current and future demand for facilities” and helps to address the “need to rationalize differences in facility demand by land-use category” by “properly weigh[ing] population and employment figures to create a common unit of measure.”¹³ For the purpose of this requirement, the functional population formula is a combination of factors that account for the time commercial development is occupied and impacting the park system. The resulting figure is representative of the “full-time equivalent” population of any given commercial development, considering the relative opportunity of employees to access parkland. Factors include Business Operation Hours, City-wide occupancy/vacancy rate of commercial spaces, percent of employees commuting from beyond Austin’s city limits, and employee density. This rough proportionality and equation for accounting impact to the parks system—including assumptions and parks level of service—is further expanded in the worksheet at the end of this Study.

Comparison Cities

Fewer cities currently have an established parkland dedication requirement for commercial development, compared to those cities with a residential requirement. This Study explores the U.S. landscape for commercial parkland dedication requirements with specific metropolitan examples.

Texas

In Texas, Hutto accounts for the impact of non-residential developments on parkland by assessing a parkland development fee at a rate of \$800/acre for developments consisting of 3 or more acres¹⁴. El Paso requires non-residential developments to meet parkland dedication requirements through payment of a fee-in-lieu, on-site land dedication, or purchase of park facilities for existing or proposed park space at the subdivision phase¹⁵. For fees, El Paso uses a rate of \$1,000 per acre of the non-residential subdivision. In the case of land dedication, park space must meet the criteria outlined in the City of El Paso’s Open Space Master Plan and have a value equivalent to the fee amount required for the subdivision. The El Paso ordinance also expands on the use of any funds collected through parkland dedication for non-residential subdivisions. The ordinance stipulates that all funds must be used on the acquisition or the development of both public parkland and other recreational facilities, but not for any ongoing maintenance. Additionally, funds must be spent on a neighborhood park within the applicable park planning zone or on a community or regional park within an adjacent park zone. El Paso is in the process of updating their parkland dedication ordinance fee

¹³ Nelson, Arthur; Nicholas, James. “Estimating Functional Population for Facility Planning.” *Journal of Urban Planning and Development*, Vol. 118, Issue 2. (1992)

¹⁴ HUTTO, TX., City Fee Schedule, Sec. A1.005(a), Updated 9, 20, 21

¹⁵ EL PASO, TX., Code of Ordinances, Chapter 19.20.110(A)2.b,

schedule, which has not been updated since it was passed in 2008¹⁶. Colleyville, within the Dallas-Fort Worth Metropolitan Statistical Area, established a parkland dedication requirement of 1 acre of parkland for every 56 gross acres of non-residential development¹⁷. Colleyville argues that parkland dedication helps to address the negative environmental and societal impacts of commercial developments. Similar to the El Paso ordinance, developers have the option to satisfy parkland dedication requirements through payment of fee-in-lieu, improvement to existing facilities, or through on-site land dedication.

Overall, the rough proportionality for these Texas cities may be based on the acreage of their parklands, rated against the percentage of the cities' gross acreage devoted to commercial/non-residential use. This Study focuses more on the actual impact on levels of service, like the Impact Fees observed in California, Denver, and Atlanta, and described in more detail below.

California

In California, several cities charge impact fees for parks, using an established level of service from which a fee is derived. **Impact fees are based on a different legal framework than existing parkland dedication ordinances in Texas and are not allowed in the State. While the proposed commercial parkland dedication ordinance is not an impact fee, the methods used in development of the fee schedule do help to inform assumptions used in crafting a roughly proportional commercial parkland dedication ordinance.** In Sacramento, the park impact fees are derived from a maximum justifiable rate associated with the planned expansion of the city's parks system and established level of service¹⁸. Similarly, Palo Alto updated its fee schedule for fiscal year 2021 with a rate of \$5,564 per 1,000 sf of new commercial or industrial development based on an established level of service¹⁹. Belmont, CA, a mid-sized city in the Bay Area, formulated their current park service level and apportions park impact fees to commercial developments based on a service population factor²⁰. As described in their nexus report, the demand from employees must be 'informed by assumptions about the hours of availability of park facilities and an employee's relative opportunity to access the City's park facilities'. Below are the steps outlined in the service population factor calculation:

$$\text{Service Population Factor} = ((\% \text{ Employees Live in the City} \times \text{Park Impact Weight}) + (\% \text{ Employees Live Outside the City} \times \text{Park Impact Weight})) / ((\% \text{ Residents Not in Labor Force} \times \text{Park Impact Weight}))$$

¹⁶ Communication with Park Planner in El Paso

¹⁷ COLLEYVILLE, TX., Land Development Code, Chapter 11.5.B.2.b, 2000

¹⁸ SACRAMENTO, CA., Chapter 18.56.220

¹⁹ Palo Alto, CA. "Adopted Municipal Fee Schedule," (2022)

²⁰ CITY OF BELMONT, CA, Economic & Planning Systems, Inc., "Park Improvement Impact Fee Nexus Study", (2020).

Weight) + (% Residents Employed in the City x Park Impact Weight) + (% Residents Employed Outside the City x Park Impact Weight))

% Employees and Residents commuting based on U.S. Census Bureau ACS estimates and the U.S. Census On the Map Tool

Park Impact Weight based on assumptions of relative opportunity of cohorts to use park facilities

The overall service population is then calculated by adding the total residents in the city to the employees in the city multiplied by the service population factor. Each commercial use is assigned a service population per square foot using an assumed employee density and the service population factor. Employee densities are researched estimates based on industry standards and informed by Institute of Transportation Engineers reports. A current cost per service population is calculated by an estimated cost for new park facilities based on historical acquisition and construction costs in the city. The resulting impact fees for commercial development range from \$1.27 per square foot for industrial space to \$3.16 per square foot of office space. While impact fees for parks is not allowed in Texas, cities like Sacramento, Palo Alto, and Belmont do offer a framework for measuring commercial development's impact on parkland in order to assess proportional requirements.

Denver, Colorado

Denver, Colorado imposes development impact fees for new residential and non-residential development in the Gateway District of the city²¹. As stated in the ordinance, these fees are intended to counteract new development's 'new, increased and excessive demands on city public facilities and services, including, without limitation, fire protection, roads, drainage and parks and recreation.' Subdivision regulations for the District require a 2% parkland dedication for commercial development in the area or a fee-in-lieu of dedication. The regulations, passed in 2000, established a fee-in-lieu rate of \$403 per acre for non-residential buildings with a 5% increase recalculated every three years. The fee rate is based on a rough proportionality between the cost of facilities that are attributable to new development and the overall public costs of the provision of such facilities, shifting the responsibility for financing new public facilities to entities and property owners creating the increased demand for them. Planners in Denver indicated they are currently exploring an update to their current parkland requirements, as well as applying a parkland dedication requirement city-wide²².

Atlanta, Georgia

Atlanta Georgia introduced a commercial parks impact fee in 1993²³ and updated it with a fee impact study in 2021 and 3-phase implementation plan between 2021 to 2025²⁴. The impact fee reflects the current level of park service (LOS) across three service areas in the city. The LOS considers both land acquisition and park improvements in order to

²¹ DENVER, CO., Gateway Subdivision Rules and Regulations, (2020)

²² Communication with Denver Planners

²³ ATLANTA, GA., Ordinance 92-O-1817, (1993)

²⁴ ATLANTA, GA., Ordinance 21-O-0096, (2021)

accurately assess the costs associated with maintaining and expanding a park system. The final impact fees were derived by multiplying the functional population for each land use by the net cost per functional population. The land use is broken down into residential uses at different densities (such as multifamily, single family, hotel/motel) and commercial uses broken into several categories including shopping/commercial, warehouse, public/institutional, office, industrial, warehouse and mini warehouse.

The functional population of each use was determined by a calculation that considers employees/people per unit, visitors per unit, number of hours per day of occupancy, and average daily trips (ADT) derived from various national standards including the U.S. Department of Transportation, *National Household Travel Survey*, 2009, ITE, *Trip Generation*, 10th ed., 2017 and U.S. Department of Energy, *Commercial Buildings Energy Consumption Survey*, 2012. The following formula is used to calculate the functional population for non-residential land uses:

$$\begin{aligned}\text{Functional population/unit} &= (\text{employee hours}/1000 \text{ sf} + \text{visitor hours}/1000 \text{ sf}) \div 24 \text{ hours/day} \\ \text{Functional population/employee} &= \text{functional population/unit} \div \text{employee/unit}\end{aligned}$$

Where: Employee hours = employees x 8 hours/day

Visitor hours/1000 sf = visitors/1000 sf x 1 hour/visit

Visitors/1000 sf = weekday ADT/1000 sf x avg. vehicle occupancy – employees/1000 sf

Weekday ADT/1000 sf = one way average daily trips (total trip ends ÷ 2)

The resulting fee ranges from \$53/1000 sq ft for mini-warehouses to \$1,202/1000 sq feet for shopping centers/commercial uses.

Summary

Parkland dedication is meant to address the impact growth has on the City of Austin's parks system. Despite increasing the demand on park facilities, commuters of commercial development are not presently included in that impact. As Austin continues to grow, so does its need for parks where people live, work and play. By including commuting occupants of commercial spaces, Austin's parkland dedication requirement will fully account for new developments' impact on the City's parks system, and better serve the Austin community consistent with the Imagine Austin Comprehensive Plan. Parkland dedication would directly benefit commerce through improved physical and mental health; increased productivity from nature and physical exercise; greater innovation through community spaces; and expanded multi-modal transportation options to and from commercial spaces. This Study provides the basis for an essential nexus and rough proportionality that meet standards established in U.S. case law regarding such regulations. Requiring new commercial developments to meet the needs for parkland based on the economic and workforce growth ultimately advances a legitimate public interest and promotes the health, safety, and general welfare of the people of Austin.

Supplemental Worksheet for Commercial Parkland Dedication Requirements

The below worksheet describes the methodology for determining the annual fee schedule. Variables included reflect the time of publishing and, if indicted, will be updated annually.

Commercial development is broken up into three distinct categories to more finely capture the impact of each use. The categories are:

- **Office:** Includes but not limited to general office use, coworking spaces, and medical offices.
- **Retail:** Includes but not limited to restaurants, retail spaces, gyms, coffee shops, bars, food service spaces, supermarket, grocery store, hardware store, bank, entertainment venues, print and copy services.
- **Industrial** Includes but not limited to industrial buildings, manufacturing warehouse, storage facilities.
- **Hotel:** The use of a site for the provision of rooms for temporary lodging.

Assumptions

| Variables | Calculation Factor | Description |
|------------------------------|---------------------------|--|
| Fee In-Lieu of Land | | |
| Parkland Level of Service | 96.70 people per 1 acre | City Population/Park Acres |
| Park Acres | 10,086.32 acres | Park Acres to be Updated Annually (excludes Metro and District Parks) |
| City Population | 975,321 (2021 Population) | Current City Population (Provided by City Demographer) |
| Parkland Cost Factor | \$365,653.44 per acre | Average land cost of acres purchased over the last five years excluding Metro and District Parks |
| Park Development | | |
| Facilities Level of Service | 4,046.98 people per park | City Population / Number of Developed Parks |
| Number of Developed Parks | 241 | Count of all developed parks to be updated annually |
| Park Development Cost Factor | \$1,423,928.42 | Average cost of development the last five Neighborhood Parks to be updated annually |

A. Level of Parkland Service:

The park level of service is 9.4 acres as established under [Ord. No. 20160128-086, Pt. 2, 2-8-16](#)

B. Fee In-lieu of Land Formula

The fee-in-lieu per person is \$3,781.32 per person. To be updated annually based on the following formula:

$$\text{Parkland Cost Factor/Parkland Level of Service} = \text{Land Cost Per Person}$$

$$\$365,653.28 \text{ per acre} / 96.70 \text{ persons per acre} = \$3,781.32 \text{ per person}$$

C. Park Development Fee Formula

The park development fee is \$351.85 per person. To be updated annually based on the following formula:

$$\text{Park Development Cost Factor/Facilities Level of Service} = \text{Development Cost Per Person}$$

$$\$1,423,928.42 \text{ park development cost factor} / 4,046.98 \text{ people per developed park} = \$351.85 \text{ per person}$$

Parkland Cost Factor

The parkland cost factor is \$365,653.28 per acre to be updated annually based on the average cost per acre of parkland in the previous five years.

| 2017 | | | |
|---------------------------------|------------|--------|--------------|
| Country Club Creek | 2/2/2017 | 1.148 | \$57,999.00 |
| Tahoe Trail | 9/27/2017 | 0.308 | \$13,022.68 |
| | | | |
| 2018 | | | |
| Southern Walnut Creek addition* | 9/7/2018 | | |
| Scenic Brook* | 9/25/2018 | | |
| North Star* | 9/20/2018 | | |
| | | | |
| 2019 | | | |
| Little Walnut Creek Greenbelt | 4/16/2019 | 0.222 | \$185,000.00 |
| Brook Crest | 6/12/2019 | 9.04 | \$279,626.60 |
| | | | |
| 2020 | | | |
| Country Club Creek Addition | 4/24/2020 | 3.695 | \$251,483.00 |
| Georgian Pocket Park | 8/19/2020 | 0.7 | \$226,948.00 |
| Georgian Pocket Park | 8/21/2020 | 0.2571 | \$360,902.00 |
| Theckla Pocket Park | 12/28/2020 | 0.192 | \$106,000.00 |

| | | | |
|------------------------------------|------------|----------------|------------------------|
| Upper Little Walnut Creet | 10/23/2020 | 7.2581 | \$1,485,500.00 |
| Williamson Creek Greenbelt East | 6/19/2020 | 6.51 | \$183,195.00 |
| Williamson Creek Greenbelt West | 9/28/2020 | 2.66 | \$1,286,353.00 |
| Wood Street Settlement Pocket Park | 12/7/2020 | 0.2146 | \$1,166,686.00 |
| | | | |
| 2021 | | | |
| Clawson Neighborhood Park | 4/7/2021 | 3.0154 | \$2,301,605.50 |
| College Row Pocket Park | 1/29/2021 | 0.6303 | \$2,211,501.00 |
| Cooper Neighborhood Park | 2/5/2021 | 4.957 | \$2,326,971.49 |
| Hill County View Neighborhood Park | 1/22/2021 | 3.2889 | \$431,223.80 |
| Jamestown Neighborhood Park | 11/19/2021 | 2.8485 | \$3,234,668.60 |
| Mocassin Neighborhood Park | 12/20/2021 | 5.376 | \$838,796.10 |
| Poquito Creek Greenbelt | 4/26/2021 | 0.1779 | \$449,351.64 |
| Texas Oaks Neighborhood Park | 9/17/2021 | 4.2 | \$4,223,484.60 |
| Upper Bull Creek Greenbelt | 7/27/2021 | 10 | \$2,768,327.50 |
| | | | |
| TOTAL | | 66.6988 | \$24,388,645.51 |
| AVERAGE ACRE COST | | | \$365,653.44 |

*Acquired through Parkland Dedication or Donation

Park Development Cost Factor

The park development cost factor is \$1,423,928.42 to be updated annually based on the average cost of development of the previous five neighborhood parks.

| Park | Cost | Acres |
|----------------|----------------|--------|
| Del Curto | \$970,179.00 | 2.0840 |
| Copperfield | \$1,010,262.00 | 4.6200 |
| Little Stacy | \$1,206,416.91 | 6.7793 |
| Georgian Acres | \$944,952.85 | 4.9970 |

| | | |
|---|-----------------------|----------|
| Duncan Neighborhood Park | - | 5.9100 |
| Highland | \$1,580,705.00 | 5.2983 |
| Brownie | \$1,699,941.00 | 7.4157 |
| Oertli | \$1,687,626.32 | 6.0000 |
| | | |
| Little Stacy to Oertli (Last 5) | \$7,119,642.08 | - |
| Average cost of last 5 Developed Parks | \$1,423,928.42 | - |

Functional Population Formula

The “Functional Population” approach is a commonly used methodology for “estimating the current and future demand for facilities” and helps to address the “need to rationalize differences in facility demand by land-use category” by “properly weigh[ing] population and employment figures to create a common unit of measure.”²⁵ For the propose of this requirement, the functional population formula is a combination of factors that account for the time commercial development is occupied and impacting the park system. The resulting figure is representative of the “full-time equivalent” population of any given commercial development, considering the relative opportunity of employees to access parkland. Factors include Business Operation Hours, City-wide occupancy/vacancy rate of commercial spaces, percent of employees commuting from beyond Austin’s city limits, and employee density.

Employees Density

The number of square feet devoted to each employee, or employee density, is used to determine the population of a new commercial development. Conservative estimates from the U.S. Green Building Council put the square feet per person in commercial spaces at the following:

- Office: 300 sq ft / person
- Retail 550 sq ft/ person
- Industrial: 2,500 sq ft / person
- Hotel: 1,500 sq ft / person

Percent Commuter

Commercial development attracts employees from beyond Austin’s city limits, thereby creating an increased demand for park services that is unaccounted for under current parkland dedication requirements imposed on new residential development. Census Longitudinal Employer-Household Dynamics (LEHD) data provides an estimation of the overall percentage of employees within Austin that commute to work from beyond the City Limits. At the time of

²⁵ Nelson, Arthur; Nicholas, James. “Estimating Functional Population for Facility Planning.” Journal of Urban Planning and Development, Vol. 118, Issue 2. (1992)

publication, according to LEHD data, 58% of employees within the City of Austin commute from other jurisdictions²⁶.

Business and Parkland Operation Hours:

The impact of commercial development is temporary in nature and the requirements must reflect the relative opportunity of employees to access parkland near their place of employment. Assumed business operation hours indicate when employees are able to access parkland near their place of employment, thereby increasing the demand on the park system.

Commercial Operation Hours vary by use:

Office use occurs 5 out of 7 days of the week, and 8 hours a day, 23.8 percent (40 hours out of 168 hours a week) operation occupancy.

Retail use occurs 7 days of the week, and an average of 9 hours a day for operation. This is equal to 37.5 percent (63 hours out of 168 hours a week) operation occupancy.

Industrial use occurs 24 hours every day of the week, equal to 100 percent, in part due to the Just-in-Time delivery models that has overtaken this sector. Generally, park space is open for use by the public from 5am to 10 pm, and so the operations hours are capped at 70.8 percent.

Hotel/motel use occurs 24 hours every day of the week, equal to 100 percent, as staff is necessary to maintain building operations. Generally, park space is open for use by the public from 5am to 10 pm, and so the operations hours are capped at 70.8 percent.

Occupancy Rates

Occupancy rates for each use category are factored into the functional population to account for changes in the impact of commercial development on the park system as space sits vacant. Vacant commercial space would not be occupied by employees and thus not impact the park system. Occupancy rates derived from industry standard sources are to be updated annually, thus reacting to changes in impact on the park system. Occupancy by use below:

- Office: 92%²⁷
- Retail 95%²⁸
- Industrial: 94%²⁷
- Hotel: 100%

²⁶ ACS 5-Year Estimates. Estimate of Total Jobs and place of work and place of residence from U.S. Census LEHD OnTheMap, (2019)

²⁷ Austin area occupancy rates for office and warehouse/industrial derived from the Chamber of Commerce 'Austin Area Profile' reflecting occupancy by use in Q2 2021

²⁸ Retail occupancy based on NAI Partners report published in Q2 2021

Formulas By Use

The parkland requirements for office, retail, industrial and hotel can be calculated with the following formulas:

General Formula:

Functional Population -

$$\text{Functional Population} = (A / B) \times C \times D \times E$$

A = Sq feet of development

B = Employee Density for Use Class

C = Occupancy of Use Class

D = Assumed Operation Hours of Use Class

E = Percent Commuters

Fees -

$$\text{Fee-In-Lieu} = \text{Functional Population} \times \$3,781.32$$

$$\text{Development Fee} = \text{Functional Population} \times \$351.85$$

Land -

$$\text{Land Owed (Acres)} = (\text{Functional Population}/1000) \times 9.4 \text{ acres}$$

Office:

$$\text{Sq feet of office}/300 \text{ sq ft/person} \times 0.92 \text{ occupancy} \times 0.238 \text{ operations hours} \times .58 \text{ commuters} = \text{Functional Population}$$

$$\text{Functional Population} \times (\$3,781.32 \text{ FIL} + \$351.85 \text{ DEV}) = \text{Parkland dedication fees}$$

Retail:

$$\text{Sq feet of retail}/550 \text{ sq ft/person} \times .95 \text{ occupancy} \times 0.375 \text{ operations hours} \times .58 \text{ commuters} = \text{Functional Population}$$

$$\text{People} \times (\$3,781.32 \text{ FIL} + \$351.85 \text{ DEV}) = \text{Parkland dedication fees}$$

Industrial:

$$\text{Sq feet of warehouse}/2,500 \text{ sq ft/person} \times 0.94 \text{ occupancy} \times .708 \text{ operation hours} \times .58 \text{ commuters} = \# \text{ of people}$$

$$\text{People} \times (\$3,781.32 \text{ FIL} + \$351.85 \text{ DEV}) = \text{Parkland dedication fees}$$

Hotel:

$$\text{Sq feet of hotel}/1,500 \text{ sq ft/person} \times .708 \text{ operation hours} \times .58 \text{ commuters} = \# \text{ of people}$$

$$\text{People} \times (\$3,781.32 \text{ FIL} + \$351.85 \text{ DEV}) = \text{Parkland dedication fees}$$

Several of the variables in the formula are static from year to year, including the (B) square feet per person and the (D) operations hours. Some of the variables will be reevaluated each year based on publicly available data, such as the (C) occupancy rate and the (E) percent commuter workforce, as well as the fees-in-lieu of parkland land dedication and park development. The only variable in the above formula that is unique to the new development is the (A) total square feet of the development.

Fee per Square Foot

The below table summarizes the current fee schedule for commercial development using the methodology described above.

| Fee In Lieu of Land | | | | | |
|-----------------------------|---------------------------|----------------|-------------------|------------|---------------------|
| \$365,653.44 | Acre Value | | | | 2022 Fees |
| 96.70 | persons per acre | | | | |
| \$3,781.32 | per service pop | | | | |
| | Sq Ft Per Employee | Occupancy Rate | Operational Hours | % Commuter | Fee per Square Foot |
| Industrial | 2500 | 0.94 | 0.708 | 0.58 | \$0.5838 |
| Hotel | 1500 | - | 0.708 | 0.58 | \$1.0352 |
| Retail | 550 | 0.95 | 0.375 | 0.58 | \$1.4206 |
| Office | 300 | 0.92 | 0.238 | 0.58 | \$1.6007 |
| | | | | | |
| | | | | | |
| Park Development Fee | | | | | |
| \$1,423,928.42 | Neighborhood Park Cost | | | | |
| 4046.98 | people per developed park | | | | |
| \$351.85 | per service pop | | | | |
| | Sq Ft Per Employee | Occupancy Rate | Operational Hours | % Commuter | Fee per Square Foot |
| Industrial | 2500 | 0.94 | 0.708 | 0.58 | \$0.0543 |
| Hotel | 1500 | - | 0.708 | 0.58 | \$0.0963 |
| Retail | 550 | 0.95 | 0.375 | 0.58 | \$0.1322 |
| Office | 300 | 0.92 | 0.238 | 0.58 | \$0.1489 |
| | | | | | |
| | | | | | |

Functional Population Factor by Use

Overall, the City's parkland dedication requirements will be applied to seven distinct land uses. The table below demonstrates the relative weight given to occupants of each land use category and the derived functional population per unit or 1,000 SF of development. Currently, the functional population per units or 1,000 SF range from 2.80 per low density residential unit to 0.15 per 1,000 sf of industrial space.

| | People Per Unit or Employee Per 1,000 SF | Occupancy Rate | Operational Hours | Percent Commuter | Functional Population Factor | Functional Population Per Unit or 1,000 SF |
|----------------------------|--|----------------|-------------------|------------------|------------------------------|--|
| Residential Low Density | 2.8 | - | - | - | 1.00 | 2.80 |
| Residential Medium Density | 2.2 | - | - | - | 1.00 | 2.20 |
| Residential High Density | 1.7 | - | - | - | 1.00 | 1.70 |
| Hotel - Guests | 1.7 | 62% | - | - | 0.62 | 1.05 |
| Industrial | 0.4 | 94% | 0.708 | 0.58 | 0.39 | 0.15 |
| Hotel - Employees | 0.67 | - | 0.708 | 0.58 | 0.41 | 0.16 |
| Retail | 1.82 | 95% | 0.375 | 0.58 | 0.21 | 0.38 |
| Office | 3.33 | 92% | 0.238 | 0.58 | 0.13 | 0.42 |

Current Fee Rate and Comparison Cities

As a point of comparison, the below table displays the calculated fee schedule for Austin relative to established rates in Belmont, California and Atlanta, Georgia. The variation in the price of parkland across the different municipalities may be a contributing factor to the differences in fee cost per square foot.

| City | Office | Retail | Industrial | Hotel |
|----------------------|-----------------|-----------------|-----------------|---|
| Belmont, California* | \$3.16 per SF | \$1.90 per SF | \$1.27 per SF | \$569 per room |
| Atlanta, Georgia* | \$1.20 per SF | \$0.54 per SF | \$0.23 per SF | \$538 per room |
| Austin, Texas | \$1.7497 per SF | \$1.5528 per SF | \$0.6382 per SF | \$1.1315 per SF + \$1,478.62 per room** |

* Impact Fees

**Required under existing Parkland Dedication Ordinance

Example Office:**Step 1: Calculate Total Employees**

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 325,000 | 300 | 1,083 |

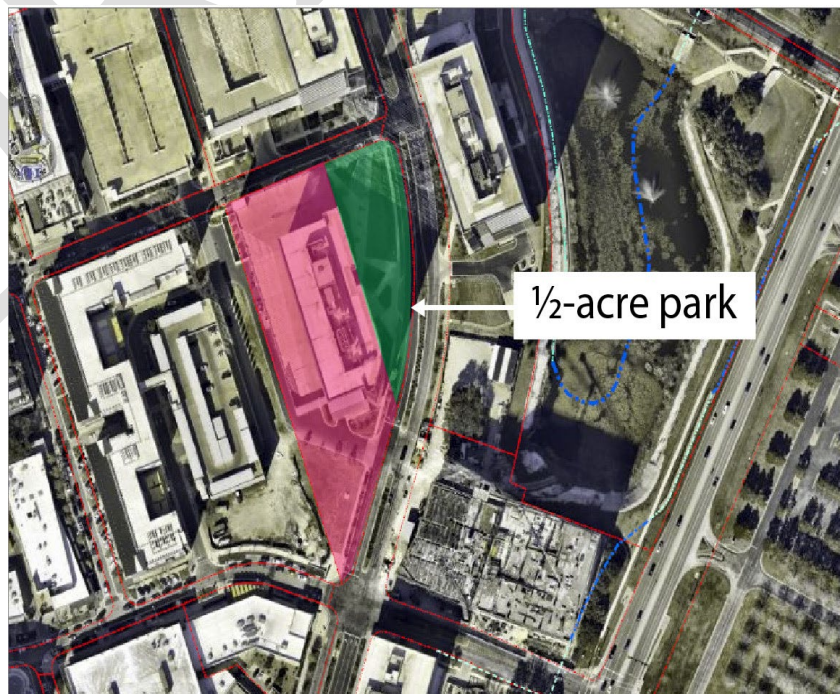
Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 1,083 | 92% | 23.8% | 58% | 137.58 |
| A | B | C | D | Formula = A * B * C * D |

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 1.29 acres | \$520,228 | \$48,392.50 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.6007 | Formula = SF of Development x \$0.1489 |

Park space would serve the future occupants of the office, supporting mental and physical well-being, and act as a refuge for employees as well as an invitation to the community. This amenity would help to attract tenants and major employers because of their employee's ability to access park amenities at the front door of the office.



Example Retail:**Step 1: Calculate Total Employees**

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 50,000 | 550 | 91 |

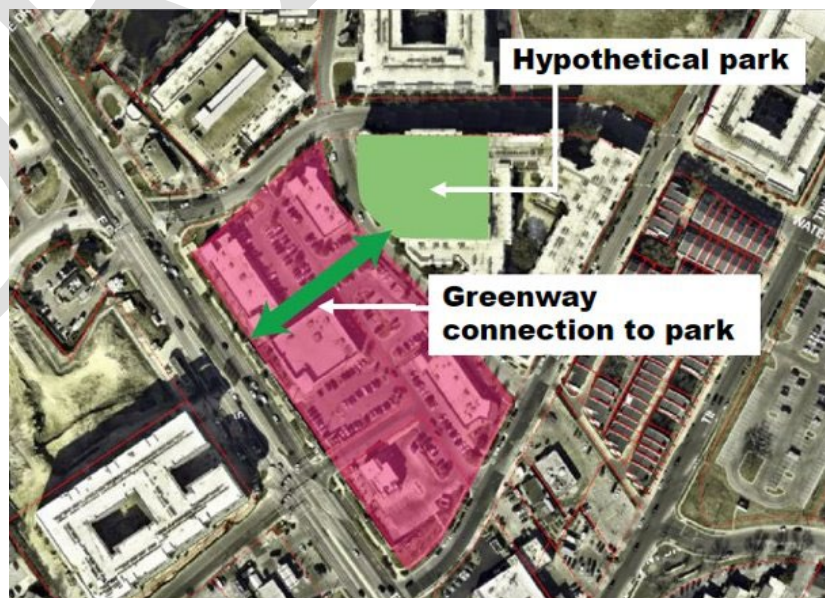
Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-----------------------|
| 91 | 95% | 37.5% | 58% | 18.78 |
| A | B | C | D | Formula = A*B*C*D |

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 0.18 acres | \$71,030 | \$6,610.00 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.4206 | Formula = SF of Development x \$0.1322 |

Dedicated parkland could allow for a connection to a hypothetical existing park, ensuring the future occupants of the development, as well as the wider community, maintain access to parklands. The new park space would enable retail workers to walk to park amenities on breaks or before and after their shifts.



Example Industrial

Step 1: Calculate Total Employees

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 200,000 | 2,500 | 80 |

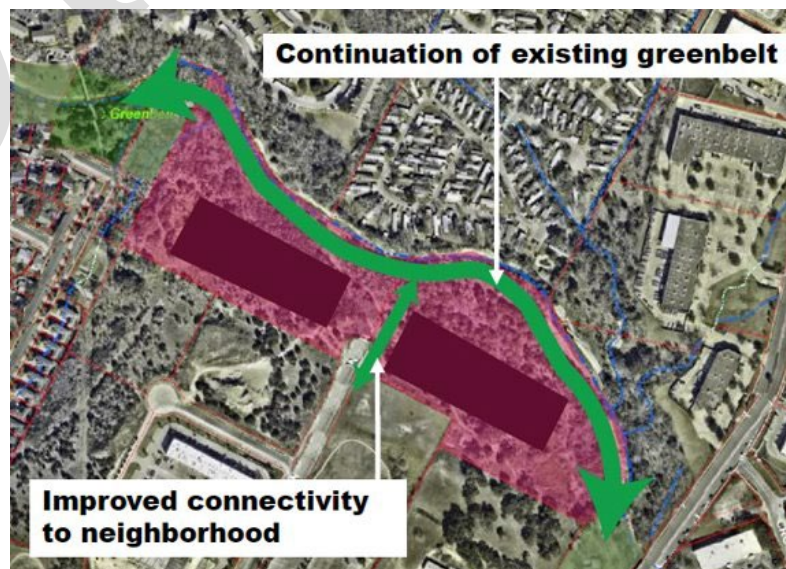
Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Commuter Percent | Functional Population |
|-----------------|-----------|-----------------|------------------|-----------------------|
| 80 | 94% | 70.8% | 58% | 30.97 |
| A | B | C | D | Formula = A*B*C*D |

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 0.29 acres | \$116,760 | \$10,860.00 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$0.5838 | Formula = SF of Development x \$0.0543 |

In a suburban warehouse, requirements would allow for the continuation of a greenbelt on land that would otherwise sit unutilized by the development. This greenbelt could serve as an alternative transportation method for the future workers of the development and as a recreational amenity available to them before or after their shift.



Example Mixed-Use

Commercial Step 1: Calculate Estimated Employees in Commercial Space

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 136,000 | 300 | 453 |

Commercial Step 2: Derive Functional Population of Commercial Space

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 453 | 92% | 23.8% | 58% | 57.57 |
| A | B | C | D | Formula = A * B * C * D |

Commercial Step 3: Calculate Commercial Requirements

| Commercial Land Owed | Commercial Fee-In-Lieu | Commercial Development Fee |
|--|--|--|
| 0.54 acres | \$217,695 | \$20,250.40 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.6007 | Formula = SF of Development x \$0.1489 |

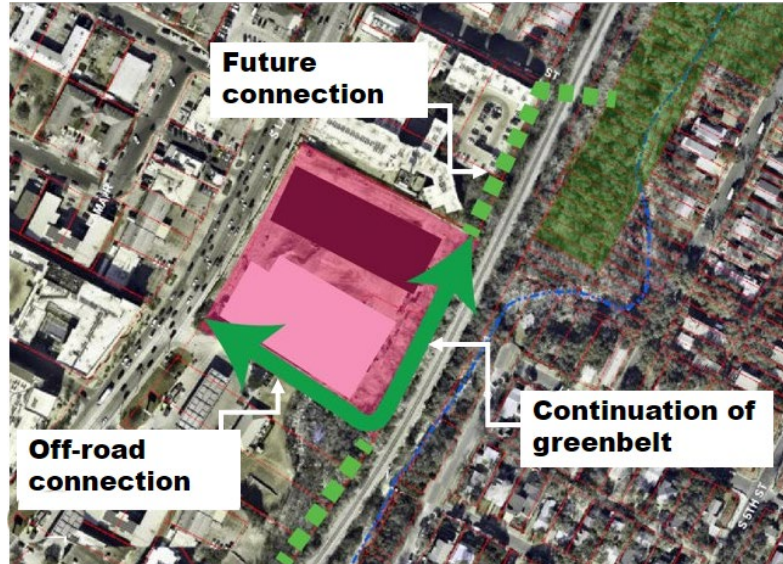
Residential Step 1: Calculate Residential Population

| Total Units | SMART Units | Resident Population |
|-------------|-------------|---------------------|
| 309 | 0 | 525 |

Residential Step 2: Calculate Residential Requirements

| Residential Land Owed | Residential Fee-In-Lieu | Residential Development Fee |
|---|-------------------------------|-----------------------------|
| 4.94 acres | \$899,681 | \$162,685 |
| Formula = (Total Units x 1.7 / 1,000)*9.4 | Formula = People x \$2,912.17 | Formula = People x \$526.49 |

The commercial uses would follow the commercial PLD requirements while the residential portion would follow the existing residential parkland dedication requirements. The greenbelt connection would serve as a recreational amenity for both the residents and office employees at the new development.



Example Hotel

Hotel Employees Step 1: Calculated Estimated Employees of Hotel

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 41,000 | 1,500 | 27 |

Hotel Employees Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 27 | - | 70.8% | 58% | 11.22 |
| A | B | C | D | Formula = A * B * C * D |

Hotel Employees Step 3: Calculate Hotel Employee Requirements

| Commercial Land Owed | Commercial Fee-In-Lieu | Commercial Development Fee |
|--|--|--|
| 0.11 acres | \$42,443 | \$3,948.30 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.0352 | Formula = SF of Development x \$0.0963 |

Hotel Guests Step 1: Calculate Guest Population

| Total Rooms | Occupancy | Guest Population |
|-------------|-----------|------------------|
| 98 | 62% | 103.29 |

Hotel Guests Step 2: Calculate Guest Requirements

| Guest Land Owed | Guest Fee-In-Lieu | Guest Development Fee |
|---|------------------------------|-----------------------------|
| 0.97 acres | \$122,718 | \$22,186.22 |
| Formula = (Total Units x Occupancy X 1.7 / 1,000)*9.4 | Formula = Rooms x \$2,912.17 | Formula = People x \$526.49 |

New hotel development would be required to address the impact of both its guest and its employees. The total rooms would be used to calculate the requirements associated with the guests while the total project square footage would be used to calculate the impact of the employees. As with the mixed-use example, a single park space could serve as an amenity for future guests and employees alike.



DRAFT 2022-2023 Commuter Commercial Parkland Fee Calculation Methodology

In 2022 the City Council approved Ordinance XXXXXXXXXX which created a formula to determine the commercial fees required in-lieu of parkland dedication. The Ordinance requires an annual adoption of the parkland dedication fees during the annual fee schedule process. The fee calculation methodologies are established in § 25-X-XXX

The below 2022-2023 fees reflect the Council approved calculation methodology to be adopted annually. Several of the variables in the formula are static from year to year, including the square feet per person and the operations hours. Some of the variables will be reevaluated each year based on publicly available data, such as the occupancy rate and the percent commuter workforce, as well as the fees-in-lieu of parkland land dedication and park development. The only variable in the above formula that is unique to the new development is the total square feet of the development.

| Variables | Calculation Factor | Description |
|------------------------------|--------------------------------------|---|
| Fee In-Lieu of Land | | |
| Parkland Level of Service | 96.70 Service Population per 1 acre | Service Population / Park Acres |
| Park Acres | 10,086.32 | Park Acres (excludes Metro and District Parks) |
| City Population | 975,321 (2021 Population) | Current City Population |
| Parkland Cost Factor | \$365,653.44 per acre | Average land cost of acres purchased over the last five years |
| Park Development | | |
| Facilities Level of Service | 4,046.98 Service Population per park | Service Population / Number of Developed Parks |
| Number of Developed Parks | 241 | Count of all developed parks |
| City Population | 975,321 (2021 Population) | Current city population |
| Park Development Cost Factor | \$1,423,928.42 | Cost of developing one Neighborhood Park |
| Functional Population | | |
| Office Employee Density | 300 sq ft /person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Office Occupancy | 0.92 | Austin area occupancy rates derived from the Chamber of Commerce 'Austin Area Profile' reflecting occupancy by use in Q2 2021 |
| Office Operation Hours | 0.238 | Office use occurs 5 out of 7 days of the week, and 8 hours a day, equal to 23.8 percent (40 hours out of 168 hours a week) operation occupancy. |
| Retail Employee Density | 550 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Retail Occupancy | 0.95 | Retail occupancy rates derived from NAI Partners report published in Q2 2021 |
| Retail Operation Hours | 0.375 | Retail use occurs 7 days of the week, and an average of 9 hours a day for operation, equal to 37.5 percent (63 hours out of 168 hours a week) operation occupancy |

| | | |
|-----------------------------|----------------------|---|
| Industrial Employee Density | 2,500 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Industrial Occupancy | 0.94 | Austin area occupancy rates derived from the Chamber of Commerce 'Austin Area Profile' reflecting occupancy by use in Q2 2021 |
| Industrial Operation Hours | 0.708 | Industrial use occurs 24 hours every day of the week, equal to 100 percent, but is capped to park operation hours from 5 am to 10 pm, 70.8 percent. |
| Hotel Employee Density | 1,500 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Hotel Operation Hours | 0.708 | Hotel/motel use occurs 24 hours every day of the week, equal to 100 percent, as staff is necessary to maintain building operations but operations hours are capped at 70.8 percent to reflect park hours. |
| Commuter Workforce | 0.58 | Percent of Austin's total workforce population that commutes into Austin from other Jurisdictions |

A. Fee In-lieu of Land Formula

STEP 1. *Land Cost Per Service Population = Parkland Cost Factor/Parkland Level of Service*

$$\text{Land Cost Per Service Population} = \frac{365,653.44 \text{ per acre}}{96.70 \text{ Service Population per Acre}} = \$3,781.32 = \$3,781.32$$

STEP 2. *Land Cost Per Sq Ft = (Land Cost Per Service Population / Employee Density) X Occupancy X Operation Hours*

$$\text{Office} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{300 \text{ Sf/Employee}} \right) \times 92\% \times 23.8\% \times 58\% = \$1.6007 \text{ Per Sq Ft}$$

$$\text{Retail} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{550 \text{ Sf/Employee}} \right) \times 95\% \times 37.5\% \times 58\% = \$1.4206 \text{ Per Sq Ft}$$

$$\text{Industrial} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{2,500 \text{ Sf/Employee}} \right) \times 94\% \times 70.8\% \times 58\% = \$0.5838 \text{ Per Sq Ft}$$

$$\text{Hotel} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{1,500 \text{ Sf/Employee}} \right) \times 70.8\% \times 58\% = \$1.0352 \text{ Per Sq Ft}$$

STEP 3. *Fee in-Lieu of Land = Sq Ft of Development x Land Cost Per Sq Ft*

Office – Fee in-Lieu of Land = Sq Ft of Development × \$1.6007

Retail – Fee in-Lieu of Land = Sq Ft of Development × \$1.4206

Industrial – Fee in-Lieu of Land = Sq Ft of Development × \$0.5838

Hotel – Fee in-Lieu of Land = Sq Ft of Development × \$1.0352

B. Park Development Fee Formula

STEP 1: Development Cost Per Service Population = Facilities Level of Service / Service Population

$$\text{Development Cost Per Service Population} = \frac{1,423,928.42 \text{ park development cost factor}}{4,046.98 \text{ Service Population per Developed Park}} = \$351.85$$

STEP 2: Development Cost Per Sq Ft = (Development Cost Per Service Population / Employee Density) X Occupancy X Operation Hours

$$\text{Office} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{300 \text{ Sf/Employee}} \right) \times 92\% \times 23.8\% \times 58\% = \$0.1489 \text{ Per Sq Ft}$$

$$\text{Retail} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{550 \text{ Sf/Employee}} \right) \times 95\% \times 37.5\% \times 58\% = \$0.1322 \text{ Per Sq Ft}$$

$$\text{Industrial} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{2,500 \text{ Sf/Employee}} \right) \times 94\% \times 70.8\% \times 58\% = \$0.0543 \text{ Per Sq Ft}$$

$$\text{Hotel} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{1,500 \text{ Sf/Employee}} \right) \times 70.8\% \times 58\% = \$0.0963 \text{ Per Sq Ft}$$

STEP 3. Park Development Fee = Sq Ft of Development x Land Cost Per Sq Ft

Office – Park Development Fee = Sq Ft of Development × \$0.1489

Retail – Park Development Fee = Sq Ft of Development × \$0.1322

Industrial – Park Development Fee = Sq Ft of Development × \$0.0543

Hotel – Park Development Fee = Sq Ft of Development × \$0.0963

C: Total Parkland fee-in-lieu + Park Development Fee:

Office – \$1.6007 + \$0.1489 = **\$1.7497 Per Sq Ft**

Retail – \$1.4206 + \$0.1322 = **\$1.5528 Per Sq Ft**

Industrial/Warehouse - \$0.5838 + \$0.0545 = **\$0.6382 Per Sq Ft**

Hotel - \$1.0352 + \$0.0963 = **\$1.1315 Per Sq Ft**

Austin Parks and Recreation Department

Parkland Dedication Requirements for Commercial Developments

July 12th, 2022

Paul Books, Planner III; Robynne Heymans, Planner Senior; Thomas Rowlinson, Principal Planner;
Randy Scott, Program Manager - Parks and Recreation Department



B-13 Context - Chronology

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February
2020

- On February 25, 2020, the Parks and Recreation Board passed Recommendation 20200225-B3, which included the provision that commercial developments be subject to parkland dedication requirements.

March 2022

- On March 28, 2022, The Parks and Recreation Board reaffirmed its support to require parkland dedication for office, industrial, and commercial developments in Recommendation 20220328-B5.

April 2022

- On April 7, 2022, City Council passed Resolution 20220407-042 directing City Staff to require parkland dedication for office, industrial and commercial developments.



- Parkland dedication substantially advances a public interest in promoting the health, safety, and general welfare of Austinites.
- The need for parkland is supported by the City Charter, the Imagine Austin Comprehensive Plan, the PARD Long Range Plan, and Council Resolution 20091119-068 (establishing that parks be within walking distance of all Austinites).
- Creating a new parkland dedication ordinance for commercial developments would better reflect the impacts of new development to the City's parks system. It would create opportunities for greenbelt and trail connections that are lost under today's requirements, and better serve Austin's growing workforce with recreational opportunities.



B-13 Applicability – Essential Nexus

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- Regulation must be related "both in nature and extent to the impact of a proposed development" (essential nexus, established in U.S. Supreme Court decision *Nollan v. California Coastal Commission*, 1987)
- Growth in the commercial sector leads to increases in the City's overall population and workforce, both users of the City's parks system.
- The National Recreation and Park Association has documented the role parks play in company locations and workforce growth.
- By including commercial development into parkland dedication, the City would be able to better provide proportionate recreation services to the workforce near their places of employment.



B-13 Applicability – Rough Proportionality

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- Parkland level of service must account for the impact the workforce has on parks. The additional workforce that enters Austin affects the current level of service.
- The current level of service is set at 9.4 acres per 1,000 people.
- The estimated workforce is then discounted by occupancy rates and hours of operation, to better reflect the potential park usage.
- Only the 58% of Austin's workforce that commute in from outside jurisdictions are assessed for parkland dedication requirements, eliminating any 'double counting' of existing residents who also work in Austin.

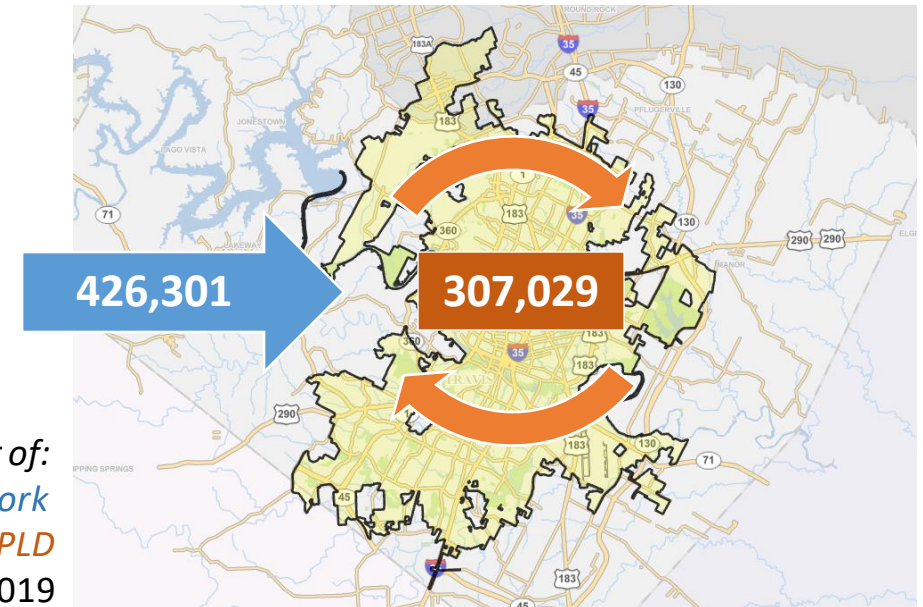


Chart shows number of:
Non-residents commuting into Austin for work
Austin residents working in Austin - not subject to Commercial PLD
Source: U.S. Census OnTheMap, LEHD 2019



Austin residents working in Austin - not subject to Commercial PLD

Source: U.S. Census OnTheMap, LEHD 2019

Proposed Use Categories

FOUR COMMERCIAL USE CATEGORIES

- **Office:** Includes but not limited to general office use, co-working spaces, and medical offices.
- **Retail:** Includes but not limited to restaurants, retail spaces, gyms, coffee shops, bars, food service spaces, supermarket, grocery store, hardware store, bank, entertainment venues, print and copy services.
- **Industrial:** Includes but not limited to industrial buildings, warehouse, manufacturing, storage facilities.
- **Hotel:** Includes but not limited to structure for temporary lodging such as Hotels or Motels.

Categories are preliminary and subject to change



Proposed Formula

$$\text{Required Parkland} = \frac{9.4 \text{ acres} \times \text{Functional Population}}{1,000 \text{ people}}$$

- 9.4 acres per 1,000 people equals the established parks level of service
- **Functional Population**
 - The estimated commuter workforce of a new development discounted by their relative opportunity to access parkland, **representing the full-time equivalent population of new development**
 - **Functional Population = Employee Density X Occupancy Rate X Operation Time X Percent Commuter from Outside City Limits**

| | Employee Density (SF Per Employee) | Occupancy Rate | Operational Hours | Percent Commuter |
|------------|---------------------------------------|----------------|----------------------|---------------------|
| Industrial | 2,500 SF | 94% | 70.8% | 58% |
| Retail | 550 SF | 95% | 37.5% | 58% |
| Office | 300 SF | 92% | 23.8% | 58% |
| Hotel | 1,500 | - | 70.8% | 58% |



Proposed Requirements

Fee-in-Lieu – \$3,781.32 per functional population

Development Fee – \$351.85 per functional population

Per SF by Use Category:

| | Office | Retail | Industrial | Hotel |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| Fee-in-Lieu | \$1.6007 | \$1.4206 | \$0.5838 | \$1.0352 |
| Development Fee | \$0.1489 | \$0.1322 | \$0.0543 | \$0.0963 |
| Total: | \$1.7497 | \$1.5528 | \$0.6382 | \$1.1315 |

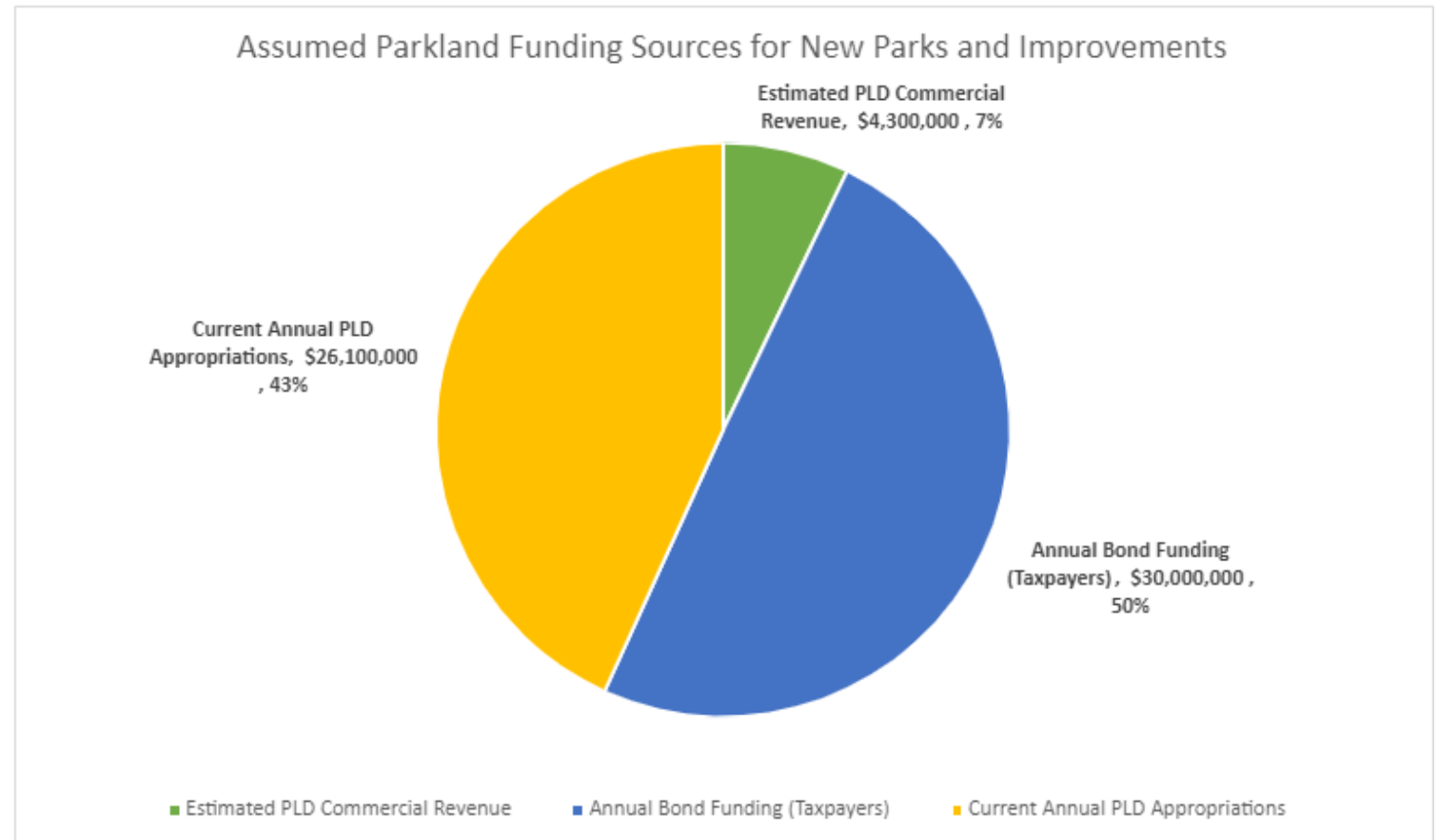
Figures are preliminary and subject to change



Projected Fiscal Impact

- If a commercial PLD ordinance was adopted, PARD anticipates collecting approximately \$4.3 million in fees.¹
- For FY23 PARD will be appropriating \$26 million from residential PLD.

1. Based on DSD annual reporting of permitted commercial SF

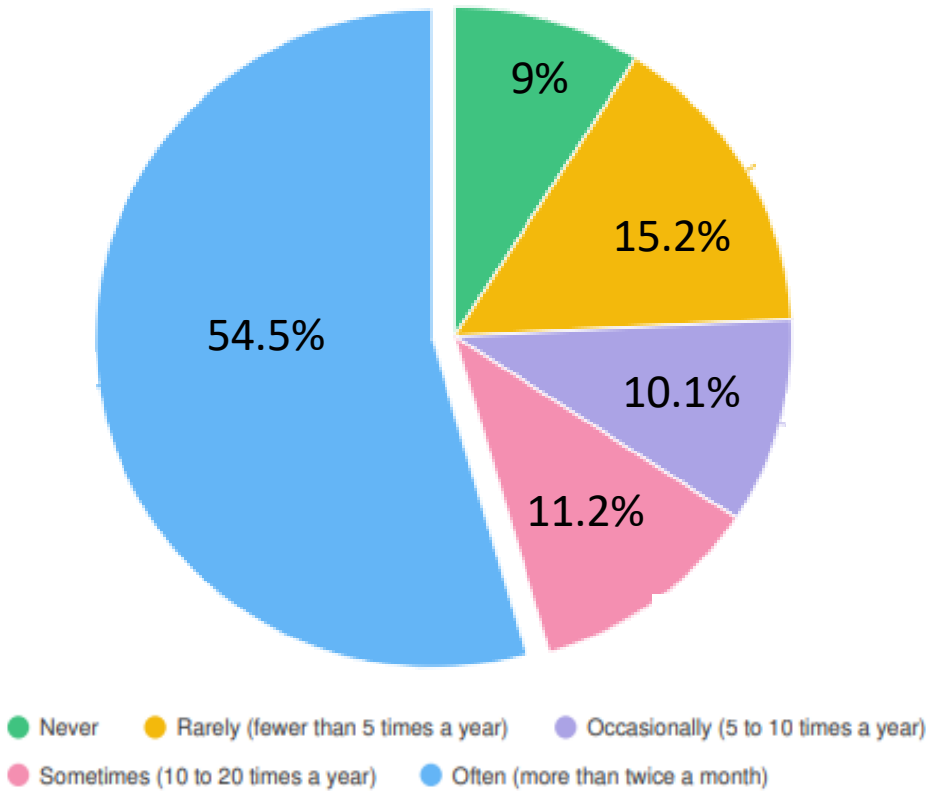


SpeakUp Austin – 196 Respondents (May 9-July 5) - Survey remains open till July 10th

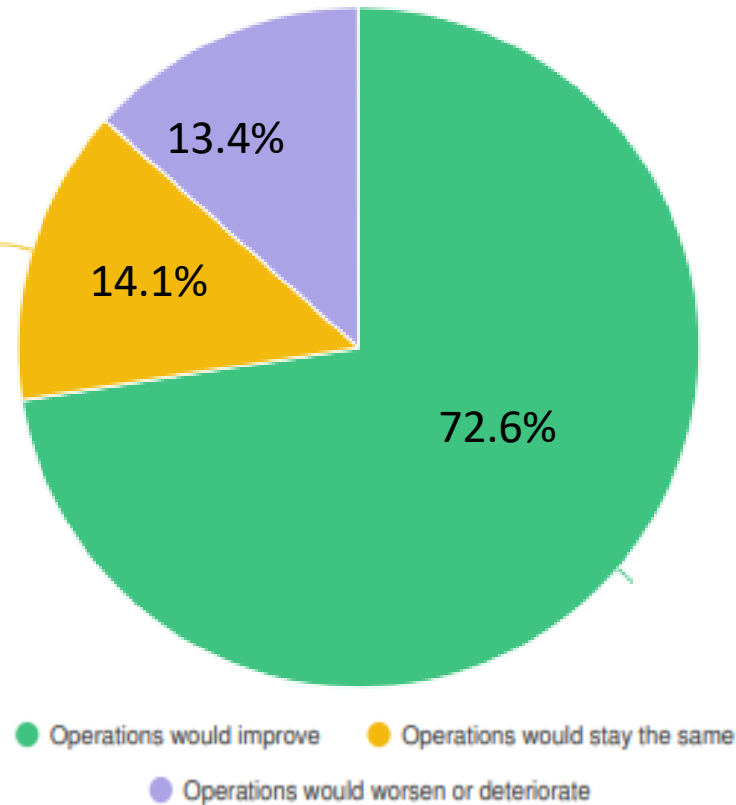
Reoccurring Themes

- Changes in commuting patterns due to COVID-19
- Impacts on affordability
- Applicability and Exemptions
- Procedures and Clarifications

How often do you access public parks before, during, or after work?



How do you think a commercial parkland dedication ordinance might impact a business' operations for employees, visitors, or patrons?



Thank you

If you have any questions, Please contact:

Dedicated Email

pld.commercial@austintexas.gov

Randy Scott, Parkland Acquisition/PLD Program Manager,

randy.scott@austintexas.gov

Robynne Heymans, Senior Planner,

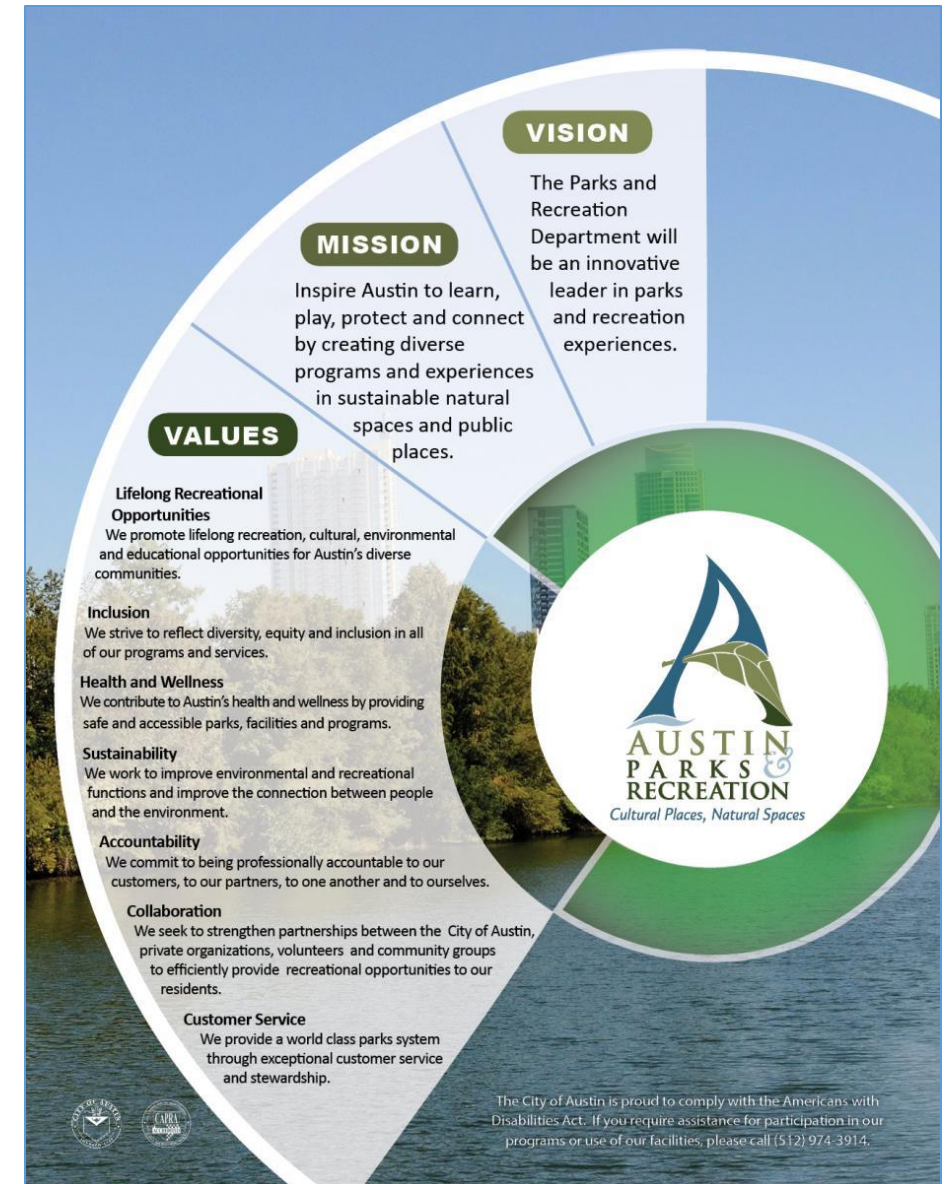
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Thomas Rowlinson, Principal Planner,

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Additional Slides as Needed



B-13 Comparison Cities

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- **Several other cities have enacted parkland dedication requirements:**
 - In Texas, there are examples of cities with parkland dedication and fee ordinances, notably Colleyville, El Paso, and Hutto.
- **Other States use Impact Fees**
 - In California, municipalities measure parks impacts for new commercial requirements and require an impact fee based on maintaining a consistent level of service.
 - Atlanta, Georgia introduced commercial parkland impact fees in 1993 and established different fee rates for different commercial uses.

| City | Office | Retail | Industrial | Hotel |
|----------------------|---------------|---------------|---------------|--|
| Belmont, California* | \$3.16 per SF | \$1.90 per SF | \$1.27 per SF | \$569 per room |
| Atlanta, Georgia* | \$1.20 per SF | \$0.54 per SF | \$0.23 per SF | \$538 per room |
| Austin, Texas | \$1.75 per SF | \$1.55 per SF | \$0.64 per SF | \$1.135 per SF + \$1,478.62 per unit** |

*Impact Fees

**Required under existing Parkland Dedication Ordinance



Example of Application - Office

Step 1: Calculate Estimated Employees

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 325,000 | 300 | 1,083 |

Urban Office Hypothetical

Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 1,083 | 92% | 23.8% | 58% | 137.58 |
| A | B | C | D | Formula = A * B * C * D |

Only 137.58 employees are subject to parkland dedication requirements

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 1.29 acres | \$520,228 | \$48,392.50 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.6007 | Formula = SF of Development x \$0.1489 |

Figures are approximate



Example of Application - Retail

Step 1: Calculate Estimated Employees

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 50,000 | 550 | 91 |

Corridor Retail Hypothetical

Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-----------------------|
| 91 | 95% | 37.5% | 58% | 18.78 |
| A | B | C | D | Formula = A*B*C*D |

Only 18.78 employees are subject to parkland dedication requirements

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 0.18 acres | \$71,030 | \$6,610.00 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.4206 | Formula = SF of Development x \$0.1322 |

Figures are approximate



Example of Application - Industrial

Step 1: Calculate Estimated Employees

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 200,000 | 2,500 | 80 |

Suburban Warehouse Hypothetical

Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Commuter Percent | Functional Population |
|-----------------|-----------|-----------------|------------------|-----------------------|
| 80 | 94% | 70.8% | 58% | 30.88 |
| A | B | C | D | Formula = A*B*C*D |

Only 30.97 employees are subject to parkland dedication requirements

Step 3: Calculate Requirements

| Land Owed | Fee-In-Lieu | Development Fee |
|--|--|--|
| 0.29 acres | \$116,760 | \$10,860.00 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$0.5838 | Formula = SF of Development x \$0.0543 |

Figures are approximate



Example of Application - Mixed Use

Infill Office and Multifamily Hypothetical

Commercial Step 1: Calculate Estimated Employees in Commercial Space

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 136,000 | 300 | 453 |

Commercial Step 2: Derive Functional Population of Commercial Space

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 453 | 92% | 23.8% | 58% | 57.57 |
| A | B | C | D | Formula = A * B * C * D |

Commercial Step 3: Calculate Requirements of Commercial Space

| Commercial Land Owed | Commercial Fee-In-Lieu | Commercial Development Fee |
|--|--|--|
| 0.54 acres | \$217,695.20 | \$20,250.40 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.6007 | Formula = SF of Development x \$0.1489 |

Residential Step 1: Calculate Residential Population

| Total Units | SMART Units | Resident Population |
|-------------|-------------|---------------------|
| 309 | 0 | 525 |

Residential Step 2: Calculate Residential Requirements

| Residential Land Owed | Residential Fee-In-Lieu | Residential Development Fee |
|---|-------------------------------|-----------------------------|
| 4.94 acres | \$899,681 | \$162,685 |
| Formula = (Total Units x 1.7 / 1,000) * 9.4 | Formula = People x \$2,912.17 | Formula = People x \$526.49 |



Example of Application - Hotel

Hotel Employees Step 1: Calculated Estimated Employees of Hotel

| Total SF | SF/Employee | Total Employees |
|----------|-------------|-----------------|
| 41,000 | 1,500 | 27 |

Hotel Employees Step 2: Derive Functional Population

| Total Employees | Occupancy | Operation Hours | Percent Commuter | Functional Population |
|-----------------|-----------|-----------------|------------------|-------------------------|
| 27 | - | 70.8% | 58% | 11.22 |
| A | B | C | D | Formula = A * B * C * D |

Hotel Employees Step 3: Calculate Hotel Employee Requirements

| Commercial Land Owed | Commercial Fee-In-Lieu | Commercial Development Fee |
|--|--|--|
| 0.11 acres | \$42,443 | \$3,948.30 |
| Formula = (Functional Population/1000) x 9.4 acres | Formula = SF of Development x \$1.0352 | Formula = SF of Development x \$0.0963 |

Hotel Guests Step 1: Calculate Guest Population

| Total Units | Occupancy | Resident Population |
|-------------|-----------|---------------------|
| 98 | 62% | 103.29 |

Hotel Guests Step 2: Calculate Guest Requirements

| Residential Land Owed | Residential Fee-In-Lieu | Residential Development Fee |
|---|-------------------------------|-----------------------------|
| 0.97 acres | \$122,718 | \$22,186.22 |
| Formula = (Total Units x Occupancy x 1.7 / 1,000) * 9.4 | Formula = People x \$2,912.17 | Formula = People x \$526.49 |

Urban Hotel/Motel



| Category | Question | Response |
|--------------------------|--|---|
| affordability | Have you done an economic impact statement to measure the affordability impact of this proposed additional fee? \$2 psf for office is not small and creates concern that office rents will be raised impacting jobs and pay rates. | City Code § 2-5-2 states the that city manager shall prepare a fiscal note for a proposed ordinance, resolution, or policy that could create an expense for the City, including a modification to the City's budget, a capital improvement project, or a council initiated matter before it is submitted to the council. To clarify, the combined per square foot fee for office is \$1.75. This fee would have a positive impact on the city's budget by accounting for the impact to the park system caused by new commercial development. PARD shall confirm with the Housing and Planning Department on the issuance of an Economic Impact Statement regarding affordability. |
| affordability | In the different categories, are there any excluded categories? Different types of businesses that don't have to do parkland dedication? | We are still evaluating the applicability of the ordinance based on stakeholder and survey feedback. Draft ordinance outlines an exemption for civic uses including but not limited to schools, governmental agencies, and hospitals: "(4) civic uses as defined in Section 25-2-6 (Civic Uses)." |
| affordability | In the office example, what is the proportion of the impact of the fees to the overall cost of the office development? | According to a proforma prepared by Cummings in 2021, cost per square foot to build a typical commercial building is anywhere between \$148/sq ft - \$657/sq ft, depending on the construction type, in Dallas, Texas. This estimate only accounts for 'hard costs' of construction, not the land acquisition, building design or contractor/developer overhead. Cost of parkland dedication fees currently range from \$0.63/sq ft to \$1.75/sq ft depending on the commercial building category. This is equivalent to about 0.27- 0.42% of the 'hard costs'. |
| affordability | Can you provide a list of all COA development related fees in addition to proposed commercial PLD fee, including a Brief explanation/estimate/range of what a developer would pay for each of the fees. | The Development Services Website lists several fee schedules for different types of developments: https://www.austintexas.gov/departments/fees . A worksheet is provided specific to the fees applied to Commercial Developments. |
| affordability | Any language about why fees are not the reason for "affordability issues." What percent of the total project cost the PLD fees would be. | According to a proforma prepared by Cummings in 2021, cost per square foot to build a typical commercial building is anywhere between \$148/sq ft - \$657/sq ft, depending on the construction type, in Dallas, Texas. This estimate only accounts for 'hard costs' of construction, not the land acquisition, building design or contractor/developer overhead. Cost of parkland dedication fees currently range from \$0.63/sq ft to \$1.75/sq ft depending on the commercial building category. This is equivalent to about 0.27- 0.42% of the 'hard costs', and an even lower percentage of the overall project costs. Parkland dedication can actually contribute to lower land costs and an increased demand for affordable units, please see the attached flow chart in attached Exhibit A. |
| applicability exceptions | Is there a scale of where these fees will apply? small commercial, medium and large commercial?? | There is no proposed minimum development size. Any additional square footage of commercial space must satisfy parkland dedication requirements. |
| applicability exceptions | Could there be some MBE/WBE/etc. developments that City would want to be exempt? | At this time only Civic Uses as defined by the code are exempt from the Commercial Parkland Dedication Ordinance. |
| covid | How does the proposed PLD commercial calculation take into account companies or business that offer Hybrid work schedules (meaning employees work from the office some days and from home other days)? | Parkland dedication fees are adopted annually as part of the budget process. Fees go into effect annually on October 1 without exception. The development community can rely on and anticipate this annual fee change. The Commercial Parkland Dedication formula takes occupancy rates of leased office space into account when setting the fee rate. Occupancy rates are adopted from third party reporting and incorporated into the formula in the April preceding the October 1 fee adoption annually. The April occupancy rate reporting remains in effect until the following year, where it is adjusted. If a development application is submitted in February of 2024, they will be subject to the April 2023 occupancy rates, and have until October 1, 2024 to pay those fee rates. If a development application is submitted in September 2024, they will be subject to April 2023 fee rates until October 1, 2024. If the development application has not paid their fees by October 1, then they will be subject to April 2024 occupancy/fee rates. Several parts of the formula are reevaluated on an annual basis, including the building occupancy rates (percentage of commercial spaces leased out), the percentage of commuting workforce, and the per person cost of parkland acquisition and development. PARD shall investigate sources for updating employee density to account for changes in work arrangements. PARD anticipates employers will consider post-pandemic occupancy levels when planning their future offices. |
| covid | Businesses are changing drastically in part due to covid, when occupancy load and hours work change in the future, how do staff make sure the fee fluctuations are fair and equitable knowing that there is a significant gap between the time of fee determination vs actual development permit? How does the proposed PLD commercial calculation take into account companies or business that offer Hybrid work schedules (meaning employees work from the office some days and from home other days)? | Parkland dedication fees are adopted annually as part of the budget process. Fees go into effect annually on October 1 without exception. The development community can rely on and anticipate this annual fee change. The Commercial Parkland Dedication formula takes occupancy rates of leased office space into account when setting the fee rate. Occupancy rates are adopted from third party reporting and incorporated into the formula in the April preceding the October 1 fee adoption annually. The April occupancy rate reporting remains in effect until the following year, where it is adjusted. If a development application is submitted in February of 2024, they will be subject to the April 2023 occupancy rates, and have until October 1, 2024 to pay those fee rates. If a development application is submitted in September 2024, they will be subject to April 2023 fee rates until October 1, 2024. If the development application has not paid their fees by October 1, then they will be subject to April 2024 occupancy/fee rates. Several parts of the formula are reevaluated on an annual basis, including the building occupancy rates (percentage of commercial spaces leased out), the percentage of commuting workforce, and the per person cost of parkland acquisition and development. PARD shall investigate sources for updating employee density to account for changes in work arrangements. PARD anticipates employers will consider post-pandemic occupancy levels when planning their future offices. |
| covid | How will the work from home changes be accounted for going forward? | Parkland dedication fees are adopted annually as part of the budget process. Fees go into effect annually on October 1 without exception. The development community can rely on and anticipate this annual fee change. The Commercial Parkland Dedication formula takes occupancy rates of leased office space into account when setting the fee rate. Occupancy rates are adopted from third party reporting and incorporated into the formula in the April preceding the October 1 fee adoption annually. The April occupancy rate reporting remains in effect until the following year, where it is adjusted. If a development application is submitted in February of 2024, they will be subject to the April 2023 occupancy rates, and have until October 1, 2024 to pay those fee rates. If a development application is submitted in September 2024, they will be subject to April 2023 fee rates until October 1, 2024. If the development application has not paid their fees by October 1, then they will be subject to April 2024 occupancy/fee rates. Several parts of the formula are reevaluated on an annual basis, including the building occupancy rates (percentage of commercial spaces leased out), the percentage of commuting workforce, and the per person cost of parkland acquisition and development. |

| Category | Question | Response | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|--|---------------|--|--------|------------|-------|----------------------|---------------|---------------|---------------|----------------|-------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|--|
| covid | How will the work from home changes be accounted for going forward? Proposed: Look at occupancy rate based on percentage of population that actually commutes in as opposed to work at home/hybrid. | Parkland dedication fees are adopted annually as part of the budget process. Fees go into effect annually on October 1 without exception. The development community can rely on and anticipate this annual fee change. The Commercial Parkland Dedication formula takes occupancy rates of leased office space into account when setting the fee rate. Occupancy rates are adopted from third party reporting and incorporated into the formula in the April preceding the October 1 fee adoption annually. The April occupancy rate reporting remains in effect until the following year, where it is adjusted. If a development application is submitted in February of 2024, they will be subject to the April 2023 occupancy rates, and have until October 1, 2024 to pay those fee rates. If a development application is submitted in September 2024, they will be subject to April 2023 fee rates until October 1,2024. If the development application has not paid their fees by October 1, then they will be subject to April 2024 occupancy/fee rates. Several parts of the formula are reevaluated on an annual basis, including the building occupancy rates (percentage of commercial spaces leased out), the percentage of commuting workforce, and the per person cost of parkland acquisition and development. | | | | | | | | | | | | | | | | | | | | |
| covid | Are we truly accounting for post-pandemic occupancy? | New requirements are only imposed on new commercial development. New office developments will be built to account for shifts in physical occupancy as a result of the COVID-19 pandemic and new hybrid work models. Requirements are calculated on a per square foot basis, meaning if new office space is reduced to account for a decrease in usage, any requirements associated will be decreased as a result. For companies adopting a hybrid work model, it is typical that employees "hotel" wherein multiple employees share a work station and are required to be in office on separate days. In these cases, the office operational hours remain the same and the physical occupancy of the development remains the same. Additionally, the functional population calculation includes a reduction based on market occupancy percentage. This percentage would be updated annually similar to the hotel occupancy rate. During the COVID-19 pandemic, occupancy rates for hotels dropped drastically in the Austin area, as a result the requirements dropped as well. | | | | | | | | | | | | | | | | | | | | |
| effective date | At what point in the development process will projects be grandfathered? | The proposed effective date will be January 1, 2023. Fees will go into the budget in 2022. | | | | | | | | | | | | | | | | | | | | |
| effective date | Suggestion: other ordinances the SDP fees are vested at site plan submittal date. At what point in the development process will projects be grandfathered? | Thank you for your suggestion, this will be taken into consideration. January 1, 2023 is the proposed effective date. | | | | | | | | | | | | | | | | | | | | |
| effective date | Is there an implementation plan? Is there a phasing plan? | The proposed effective date will be January 1, 2023. Fees will go into the budget in 2022. | | | | | | | | | | | | | | | | | | | | |
| input | Community stakeholders will have future opportunities to meet? Is the survey close date June 12 a hard date? | The survey will now run through Sunday, July 10th, the date has been moved to accommodate a new Boards and Commission schedule and allow more time for stakeholder feedback. | | | | | | | | | | | | | | | | | | | | |
| open space | Will commercial properties get credit for onsite open space and facilities that employees can use (similar to how residential properties get credit for private amenities)? | On-site open space that meets park dedication requirements and is dedicated by easement or deed would be eligible for credit towards parkland dedication requirements | | | | | | | | | | | | | | | | | | | | |
| open space | Has PARD met with other departments to determine how this new ordinance affects other parts of the code, if there are overlaps or conflicts? | PARD has meet with other departments to discuss the ordinance and does not anticipate overlaps or conflicts. | | | | | | | | | | | | | | | | | | | | |
| open space | DSD has open space requirements that are separate from impervious cover requirements. It may result in double the amount of land being dedicate. Want to ensure that DSD is not requiring additional open space if parkland is already dedicated. | Private open space is a broad category that has more to do with site design standards than providing any actual recreation. These spaces often have zero recreational value, and are distinct from parks in their design and public access. Parks are specifically for creating community, as our Director has stated in her mission, and private open spaces are incapable of that given their private nature. Fundamentally, the difference is in how the land is conveyed to the public for use. 'Private Common Open Spaces and Pedestrian Amenities' are not conveyed to the public in either deed or easement, but remain in private control and can be changed or closed at the discretion of the building management. They are also not subject to the same accessibility standards as public open space. Parkland is conveyed to the City via a Charter Protected easement or deed and remains open to the public in perpetuity, becoming part of the essential park infrastructure in the city. As in the existing residential parkland dedication ordinance, dedicated parkland may be counted toward open space requirements. | | | | | | | | | | | | | | | | | | | | |
| precedent | Show fee comparison between other cities? Show the chart in the presentation, where our fee sits in comparison to the other commercial fees across the country. | <p>A table has been added to the presentation to show where PARD’s fees sit in comparison to the per square foot cost of Belmont, California and Atlanta, Georgia. Note that both Belmont and Atlanta’s fees are park impact fees, not parkland dedication. The other commercial parkland dedication ordinances mentioned in the study include El Paso, Hutto and Colleyville, and all their fees are proportionate to the number of acres of the development’s land parcel, not the square feet of the building. The fees are therefore not comparable in the same table.</p> <table><tr><th>City</th><th>Office</th><th>Retail</th><th>Industrial</th><th>Hotel</th></tr><tr><td>Belmont, California*</td><td>\$3.16 per SF</td><td>\$1.90 per SF</td><td>\$1.27 per SF</td><td>\$569 per room</td></tr><tr><td>Atlanta, Georgia*</td><td>\$1.20 per SF</td><td>\$0.54 per SF</td><td>\$0.23 per SF</td><td>\$538 per room</td></tr><tr><td>Austin, Texas</td><td>\$1.75 per SF</td><td>\$1.55 per SF</td><td>\$0.64 per SF</td><td>\$1.135 per SF + \$1,478.62 per unit**</td></tr></table> | City | Office | Retail | Industrial | Hotel | Belmont, California* | \$3.16 per SF | \$1.90 per SF | \$1.27 per SF | \$569 per room | Atlanta, Georgia* | \$1.20 per SF | \$0.54 per SF | \$0.23 per SF | \$538 per room | Austin, Texas | \$1.75 per SF | \$1.55 per SF | \$0.64 per SF | \$1.135 per SF + \$1,478.62 per unit** |
| City | Office | Retail | Industrial | Hotel | | | | | | | | | | | | | | | | | | |
| Belmont, California* | \$3.16 per SF | \$1.90 per SF | \$1.27 per SF | \$569 per room | | | | | | | | | | | | | | | | | | |
| Atlanta, Georgia* | \$1.20 per SF | \$0.54 per SF | \$0.23 per SF | \$538 per room | | | | | | | | | | | | | | | | | | |
| Austin, Texas | \$1.75 per SF | \$1.55 per SF | \$0.64 per SF | \$1.135 per SF + \$1,478.62 per unit** | | | | | | | | | | | | | | | | | | |
| precedent | In Hutto or Colleyville or El Paso- please provide talking points or examples of how they’re charging and expending their fees. | Colleyville uses parkland dedication fees to fund capital improvement projects throughout the City. In 2021, Parkland Dedication funds accounted for .75% of the funding sourced for CIP projects. Funds have contributed to CIP projects including the planned purchase/construction of new amenities at City Park. In FY2020 El Paso added 22.16 acres to their park system through Parkland Dedication (residential and commercial requirements). In the same year, the City received over \$9M in Parkland Dedication fees, over \$8M of which has been allocated to park acquisitions and improvements across the City. Notable projects include a new playscape at Inca Dove Park, as well as the dedication of North Desert Park and Holly Springs Linear Park. | | | | | | | | | | | | | | | | | | | | |
| precedent | Please send examples of park trail connections that are not captured in the existing ordinance. | 4900 S Congress is a good example of a commercial development along an existing greenbelt. The property is the only remaining gap in the Williamson Creek East Greenbelt from S 1st Street to Pleasant Valley Drive. 8522 Connor Drive is another example of a commercial development along a greenbelt. The property has over 2,600 linear feet of creek frontage along Little Walnut Creek Greenbelt. PARD completed several recent acquisitions along this greenbelt in the last year and the trail system is an important east-west connection. | | | | | | | | | | | | | | | | | | | | |

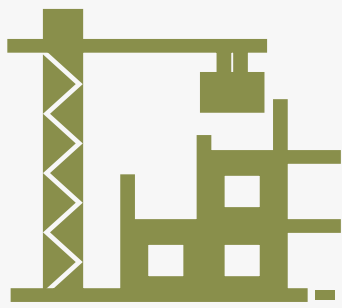
| Category | Question | Response |
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| precedent | Some "success stories" of the current PLD program. What specific parcels have been purchased? What amenities have been added to parks? We would prefer this in a compelling narrative form rather than us having to make sense of a spreadsheet. | Our Parkland Dedication Storymap provides several examples embedded in the webpage. We also have a Parkland Dedication Gallery featuring some older parkland dedication parks. Our 2020 Parkland Dedication Year in Review storymap features 3 significant park projects that were funded or dedicated by parkland dedication. Fontaine Plaza and Wood Street in particular are both adjacent to commercial developments and act as a recreational resource for residents, employees and customers alike. We also have a Youtube Channel Playlist specifically for parkland dedication parks. Finally, we put together a comprehensive video on the success of leveraging parkland dedication funding with bond funding to purchase parkland, and reviews all the parkland acquired or developed from October 2018-October 2021. Growing Austin's Parkland: Acquisition Overview 2021 . Review of parkland dedication starts at 8:10. |
| procedure | Shouldn't there be a way to qualitatively measure the level of service in system wide park to validate this requirement? (Not just a survey of how people feel about parks but counting traffic at different times of days, different days of the week and parks at different land context) | The expectation of parkland, set by Council Resolutions, is to provide accessible, open parkland to all Austinites within a quarter or half mile walking distance, depending on location in or out of the urban core. The level of service is measured by the number of acres of parkland per 1,000 residents. This is a standard measurement of service level throughout the U.S. The level of service is not directly tied to park usage, as park usage varies throughout the day, week as well as by facility type, and a count across the various types of facilities would not provide a universal level of service measurement. |
| procedure | Can you please remind the stakeholders about when the proposed PLD commercial requirement would apply to a property? Does it only get applied when a property goes through a zoning case, or when a site plan is applied for, etc? For existing property owners, would the PLD commercial requirement be applied if a business decides to expand their existing building? | Parkland dedication is a local government requirement imposed on subdivision and site plan applications mandating the dedication of land for a park and/or the payment of a fee to be used by the governmental entity to acquire land and/or develop park facilities. The City of Austin passed its first Parkland Dedication Ordinance in 1985, updated in 2007 and again in 2016. |
| procedure | Does PARD plan to use the revenue generated from the PLD commercial to offset and lower the PLD fees for residential? | Setting the fees of residential parkland dedication is a policy decision made by City Council. City staff recommends a fee schedule annually to City Council based on the methodology established by City Code. |
| procedure | Will PARD proactively conduct public outreach each year about the PLD fees (residential and commercial) in advance of the budget similar to what DSD does? So that the public is adequately aware of any proposed changes in PDL fees. | Yes, PARD conducts public outreach annually to inform stakeholders of new parkland dedication fees. |
| procedure | How long do these fees sit in an account before they are used? | See City Code Section 25-1-607 - FEE PAYMENT AND EXPENDITURE: (C)The City shall expend a fee collected under this article within five years from the date the fees are appropriated for expenditure by the director. This period is extended by five years if, at the end of the initial five-year period, less than 50 percent of the residential units within a subdivision or site plan have been constructed.(D)If the City does not expend a fee payment by the deadline required in Subsection (C), the subdivision or site plan applicant who paid the fee may request a refund under the requirements of this subsection.(1)A refund may only be requested for unbuilt units for which a fee in-lieu of dedication was paid. The refund request must be made in writing and filed with the Parks and Recreation Department not later than 180 days after the expiration of the deadline under Subsection (C).(2)If the refund request is timely filed, the director shall:(a)refund the amount of unspent fees that were collected under this article in connection with approval of a subdivision or site plan; and(b)if a site plan for which fees were assessed was subsequently revised to reduce the number of units, recalculate the amount due based on the reduced number of units and refund any fees paid in excess of that amount. |
| procedure | When does the developer have to pay this fee? What part of the permit process? | See City Code Section 25-1-605 (Fee In-Lieu of Parkland Dedication) and Section 25-1-606 (Parkland Development Fee) (1)If a fee in-lieu of dedication or a parkland development fee is required as a condition to subdivision approval, the applicant must deposit the fee with the City before final plat approval. The applicant may defer payment of a fee until site plan approval unless development proposed within the subdivision is exempt from the requirement to submit a site plan under Section 25-5-2 (Site Plan Exemptions).(2)If a fee in-lieu of dedication or a parkland development fee is required as a condition to site plan approval, the applicant must deposit the fee with the City before the site plan may be approved. |

| Category | Question | Response |
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| procedure | Is the ordinance going to have a term? How do the fees change from year to year? | Per the existing parkland dedication ordinance "25-1-605 (D)The amount of the fee in-lieu of parkland dedication is established in the annual fee schedule based on a recommendation by the director in accordance with this subsection." The commercial parkland requirements for office, retail, industrial and hotel can be calculated with the formula attached in Exhibit C. |
| requirements | Will there be a mechanic to adjust the requirement based on surrounding land context (a worker in an office at the edge of the city vs urban core will have different demand)? | Yes, the park deficiency map is adjusted using the boundaries of the 'Urban Core'. This map is a factor in determining whether parkland dedication requirements should be met with land dedication or fees-in-lieu. A commercial development outside of the 'Urban Core' is subject to a ½ mile walking distance service area, meaning there is a greater distance between park deficient areas outside the Urban Core to account for the surrounding land context. A commercial development inside the 'Urban Core' is subject to a ¼ mile walking distance service area, meaning there is a smaller distance between park deficient areas, creating a more frequent occurrence of parkland dedication requirements being satisfied w land dedication. |
| requirements | Is this ordinance applied to only new development? | Yes: Parkland dedication is a local government requirement imposed on subdivision and site plan applications mandating the dedication of land for a park and/or the payment of a fee to be used by the governmental entity to acquire land and/or develop park facilities |
| requirements | When/if downtown becomes built out and your site has already paid. What happens when that building gets demolished and another one goes in? | Net new units or square footage would be required to satisfy any parkland dedication requirements. Square footage or units that have previously satisfied parkland dedication requirements would not be required to satisfy them again. See existing exemption language: "§ 25-1-601 - GENERAL PROVISIONS. C) The following are exempt from the requirements of this article:(1)a subdivision or site plan for which parkland was previously dedicated or payment made under this title, except for the dwelling units or lots that exceed the number for which dedication or payment was made;(2)development within the City's extraterritorial jurisdiction that is within Travis County and governed by Title 30 (Austin/Travis County Subdivision Regulations); and(3)affordable dwelling units that are certified under the S.M.A.R.T. Housing Policy approved by the city council." |
| requirements | Can you symbolize which numbers in your formula are static and which are annually updated. | In each of the formulas below Occupancy Rate and Percent Commuter will be updated annually: Office: 300 sq ft / person X occupancy rate for use (92 percent) X operation time (23.8 percent) X percent commuter (58 percent) Retail: 550 sq ft / person X occupancy rate for use (95 percent) X operation time (37.5 percent) X percent commuter (58 percent) Industrial: 2,500 sq ft / person X occupancy rate for use (94 percent) X operation time (70.8 percent) X percent commuter (58 percent) Hotel: 1,500 sq ft / person X operation time (70.8 percent) X percent commuter (58 percent) Additionally, the per person Parkland Cost Factor and Park Development Cost Factor used to calculate the fee-in-lieu of dedication and park development fee are updated annually as with the existing residential ordinance. See existing formula: (2)For purposes of determining the fee in-lieu under Subsection (C)(1): Land Cost Per Person = Parkland Cost Factor / Parkland Level-of-Service, where: (a)"Parkland Cost Factor" is determined by the director based on the average purchase price to the City for acquiring an acre of parkland, excluding a metro or district park or golf course; and(b)"Parkland Level-of-Service" is: City Population / Net Park Acreage, where "City Population" is determined by the city demographer and "Net Park Acreage" is the total citywide acreage of neighborhood parks, pocket parks, and greenways, as determined by the director prior to adoption of the annual fee ordinance by the city council. (2)For purposes of determining the development fee under Subsection (B)(1): Park Development Cost = Park Development Cost Factor / Park Facilities Level-of-Service, where: (a)"Park Development Cost Factor" is determined by the director based on the average cost of developing an acre of parkland up to the standards of a neighborhood park; and(b)"Park Facilities Level-of-Service" is: City Population / Number of Developed Parks, where "City Population" is determined by the city demographer and "Number of Developed Parks" is the total number of parks developed with a recreational amenity or trail, as determined by the director prior to adoption of the annual fee ordinance by the city council. The formula is also found in Exhibit C. |

| Category | Question | Response |
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| requirements | How often is land required? How often is ALL land required. | <p>Currently we estimate that land is required for residential developments about 10% of the time. It is typical for a development to satisfy the parkland requirement with a combination of land dedication and fees-in-lieu. It is rare for a development to satisfy 100% of their land requirement with land dedication, it is more likely that a portion will be satisfied by land dedication and the rest by payment of fees-in-lieu. New commercial developments account for approximately 11% of all new development in Austin based on square feet submitted for development review. Since there is a lower frequency of commercial development applications, there will likely be a lower frequency of land dedication requirements.</p> <p>The land requirement for commercial developments will be determined utilizing criteria matching or similar to the current residential criteria:</p> <p>§ 25-1-605 - FEE IN-LIEU OF PARKLAND DEDICATION.</p> <p>(A)The director may require or allow a subdivision or site plan applicant to deposit with the City a fee in-lieu of parkland dedication under Section 25-1-602 (Dedication of Parkland) if:(1)the director determines that payment of a fee in-lieu of dedication is justified under the criteria in Subsection (B) of this section; and(2)the following additional requirements are met:(a)less than six acres is required to be dedicated under Section 25-1-602 (Dedication of Parkland); or(b)the land available for dedication does not comply with the standards for dedication under Section 25-1-603 (Standards for Dedicated Parkland).(B)In determining whether to require dedication of land under Section 25-1-602 (Dedication of Parkland) or allow payment of a fee in-lieu of dedication under this section, the director shall consider whether the subdivision or site plan:(1)is located within the Deficient Park Area Map;(2)is adjacent to existing parkland;(3)has sufficient acreage to meet the standards for dedicated parkland under the Parkland Dedication Operating Procedures;(4)is needed to address a critical need for parkland or to remedy a deficiency identified by the Deficient Park Area Map; or(5)would provide increased connectivity with existing or planned parks or recreational amenities.</p> |
| requirements | Is the fee calculated on lot size or building size? Before we start paying fees for site plan, we need to know what we are on the hook for. | <p>Fee is calculated based on building size, measured in square feet. As with the residential ordinance, the fee schedule would be posted on the Parkland Dedication webpage as well as the Development Services Fee webpage. Additionally, commercial properties would be included in the PED process as with residential development. A Parkland Early Determination (PED) is a process which allows the Parks and Recreation Department (PARC) to review a project early to determine parkland requirements: land dedication; payment of a fee in-lieu; or a combination of fee and land. This process and the resulting document are required as part of any subdivision application, with the exception of a Project Assessment (these will have a PED generated as part of the review).</p> |
| requirements | Residential fee- is there an operation hour in that calculation? | <p>The residential fee does not include an operation hour in the calculation. This is because a resident is assumed to live, shop, work and recreate in Austin 100% of the time, they count for 1 whole person in the ordinance. Conversely, the Commuter Commercial Parkland Dedication Ordinance intends to capture a population that only has the opportunity to utilize the park part of the day/week. Each commuter captured in the new ordinance represents a percentage of a full-time resident. The existing ordinance does provide a factor for calculating the number of residents per dwelling unit, ranging from 1.7 people per high density unit (multifamily/apartment) and 2.8 people per low density unit (single family homes). The existing ordinance also adjusts an annual occupancy rate for hotel rooms based on annual reporting. This number is updated to reflect the percentage of hotel rooms that are occupied each year.</p> |
| requirements | Define district and metro parks, those that are excluded from the total park service acreage. Explain why metro and district parks are not included in either residential or commercial park level of service. | <p>According to the PARD Long-Range Plan, district parks are parks between 31-200 acres. Metro parks are parks over 200 acres. District and Metro parks are considered 'destination' parks with service areas beyond their immediate neighborhood. These parks are more likely to be funded by bonds than parkland dedication.</p> |

| Category | Question | Response |
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| requirements | Explain why metro and district parks are not included in either residential or commercial park level of service. | District and Metro parks are considered 'destination' parks with service areas beyond their immediate neighborhood. |
| requirements | Who decides whether the requirement will be met with fee or land dedication? | PARD planners review each and every project to determine how the parkland dedication requirements will be met according to dedication criteria written in the code (25-1-605). These criteria include adjacency to existing parkland, location within a park deficient area, total number of acreage generated by the development, location along a greenbelt or trail system etc. In approximately 90% of developments, the parkland dedication requirement is satisfied by fees-in-lieu. See existing language below: § 25-1-605 - FEE IN-LIEU OF PARKLAND DEDICATION. (A)The director may require or allow a subdivision or site plan applicant to deposit with the City a fee in-lieu of parkland dedication under Section 25-1-602 (Dedication of Parkland) if:(1)the director determines that payment of a fee in-lieu of dedication is justified under the criteria in Subsection (B) of this section; and(2)the following additional requirements are met:(a)less than six acres is required to be dedicated under Section 25-1-602 (Dedication of Parkland); or(b)the land available for dedication does not comply with the standards for dedication under Section 25-1-603 (Standards for Dedicated Parkland).(B)In determining whether to require dedication of land under Section 25-1-602 (Dedication of Parkland) or allow payment of a fee in-lieu of dedication under this section, the director shall consider whether the subdivision or site plan:(1)is located within the Deficient Park Area Map;(2)is adjacent to existing parkland;(3)has sufficient acreage to meet the standards for dedicated parkland under the Parkland Dedication Operating Procedures;(4)is needed to address a critical need for parkland or to remedy a deficiency identified by the Deficient Park Area Map; or(5)would provide increased connectivity with existing or planned parks or recreational amenities. |
| requirements | Residential fee- is there an operation hour in that calculation? | The residential fee does not include an operation hour in the calculation. This is because a resident is assumed to live, shop, work and recreate in Austin 100% of the time, they count for 1 whole person in the ordinance. Conversely, the Commuter Commercial Parkland Dedication Ordinance intends to capture a population that only has the opportunity to utilize the park part of the day/week. Each commuter captured in the new ordinance represents a percentage of a full-time resident. The existing ordinance does provide a factor for calculating the number of residents per dwelling unit, ranging from 1.7 people per high density unit (multifamily/apartment) and 2.8 people per low density unit (single family homes). The existing ordinance also adjusts an annual occupancy rate for hotel rooms based on annual reporting. This number is updated to reflect the percentage of hotel rooms that are occupied each year. |
| requirements | Could the project 'only' dedicate land or pay the fee? If they're dedicating land, could the rest of the fee be excused? | Parkland dedication can be satisfied by dedication of land, payment of fee or a combination. In every case 100% of the parkland dedication requirement must be satisfied. If the development dedicates a portion of the land owed (which represents the new need generated by the new people in the development), then they may satisfy the remainder of the requirement with payment of fees-in-lieu or invest in the park's development. |
| requirements | Why are we not considering the time before and after work that the employees utilize park time? The warehouse operation time is set at the park hours, but the office and industrial operation times are much lower, even though our parks are impacted before and after work by those employees. Shouldn't all the operation times be at 0.71 percent- the hours the parks are open? | The operation hours of the commercial development are used as a factor in quantifying an employee's relative opportunity to access parkland. Operation hours indicate when employees would be occupying any given commercial development and thus impacting the park level of service surrounding the development. While it may be likely that employees use parks outside of these hours, it is assumed that they are more likely to use parks adjacent to their residences at this time. |
| requirements | Anticipated commercial PLD funds annually (or an example, in 2021 if commercial PLD had been in place we would have been able to get X acres of parkland) | Please see the attached Exhibit B showing a ratio of parkland funding between bond funds, residential parkland dedication fees and projected commercial parkland dedication fees. In 2021, 1,182,000 industrial square feet, 1,105,698 office square feet, 707,000 hotel square feet and 547,149 retail square feet were permitted, approximately 10 acres of new parkland demand would have been generated. In 2021, those commercial developments would have owed \$4.3 million in fees-in-lieu of land. More important than the number of acres or amount of fees owed is the expanded access to parkland that could have been provided with those commercial developments. Several critical connections and greenbelt gaps could have been closed throughout the city, including along Bull Creek Greenbelt, Williamson Creek Greenbelt, Little Walnut Creek Greenbelt, West Bouldin Creek Greenbelt to name a few. |
| requirements | Clarifying questions about the number of units and the functional population. Recommended updates to the presentation for clarity. | The presentation has been updated to show the number of actual employees as well as the functional population of each example. See project webpage. |

PARKLAND DEDICATION FINANCING CASE EXAMPLE



NEW DEVELOPMENT
Residential, hotel/motel units and commercial employees generate a need for new parkland, which may be met with either fees or land.

Assumed base value of new project: \$140,000



FEES-IN-LIEU OF
PARKLAND DEDICATION
Cost: \$1,000

Developer has Three Options

1

Pass cost to the consumer
Sell for \$141,000

UNLIKELY

If market bore \$141,000, then developer would charge that amount to maximize profits.
Market forces would have dictated a base price of \$141,000.



2

Developer absorbs \$1,000 fee
Sell for \$140,000

UNLIKELY

Developer's willingness to accept financial risk is predicated on projected profit margin. Without that profit margin, a project will not proceed

3

Developer reduces project costs
Sell for \$140,000

LIKELY

- Developer could:
- a. Reduce the project size by 10 square feet
 - b. Engage in "value engineering" to reduce the costs
 - c. Pay less for the land

MAINTAINING A PARKS SYSTEM FOR ALL

Growing municipality has Three Options



Taxpayers
pay for parks

Lower standards for
parks and quality of life



Development pays for itself
through parkland dedication

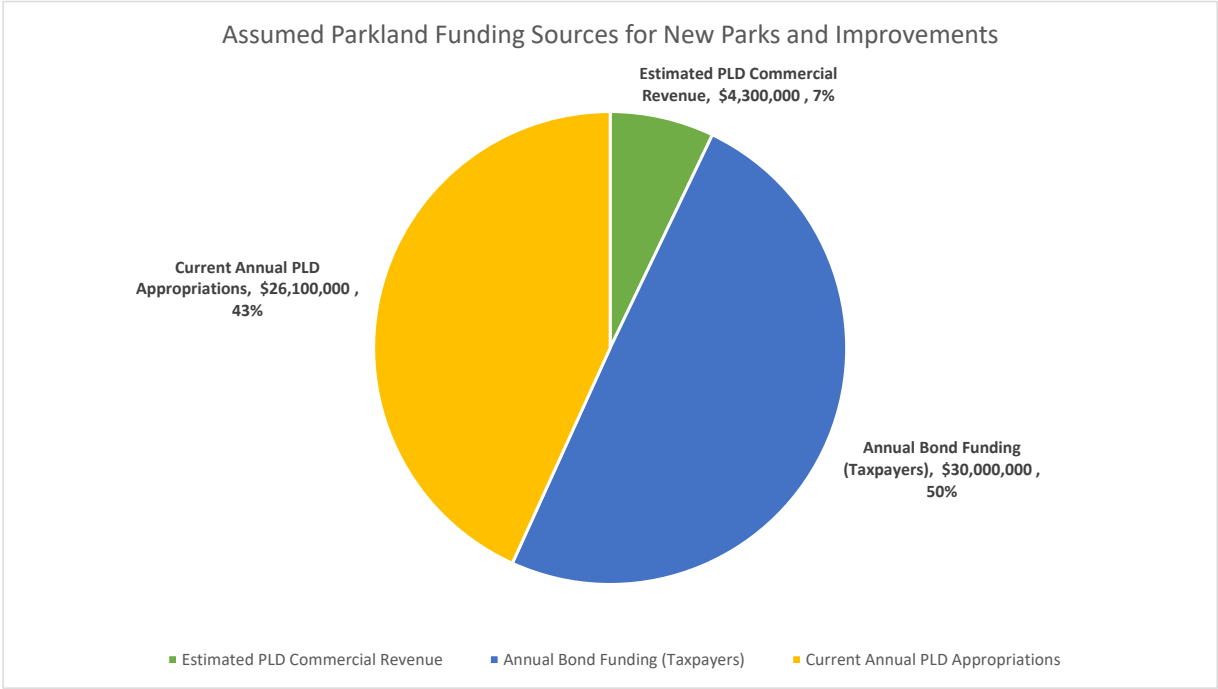
Parkland dedication lowers taxes by having new development "pay for itself"



Low taxes keeps the demand for affordable housing high



Parkland dedication decreases fiscal deficit on existing residents by new development, allowing for more affordable projects to be built



DRAFT 2022-2023 Commuter Commercial Parkland Fee Calculation Methodology

In 2022 the City Council approved Ordinance XXXXXXXXXX which created a formula to determine the commercial fees required in-lieu of parkland dedication. The Ordinance requires an annual adoption of the parkland dedication fees during the annual fee schedule process. The fee calculation methodologies are established in § 25-X-XXX

The below 2022-2023 fees reflect the Council approved calculation methodology to be adopted annually. Several of the variables in the formula are static from year to year, including the square feet per person and the operations hours. Some of the variables will be reevaluated each year based on publicly available data, such as the occupancy rate and the percent commuter workforce, as well as the fees-in-lieu of parkland land dedication and park development. The only variable in the above formula that is unique to the new development is the total square feet of the development.

| Variables | Calculation Factor | Description |
|------------------------------|--------------------------------------|---|
| Fee In-Lieu of Land | | |
| Parkland Level of Service | 96.70 Service Population per 1 acre | Service Population / Park Acres |
| Park Acres | 10,086.32 | Park Acres (excludes Metro and District Parks) |
| City Population | 975,321 (2021 Population) | Current City Population |
| Parkland Cost Factor | \$365,653.44 per acre | Average land cost of acres purchased over the last five years |
| Park Development | | |
| Facilities Level of Service | 4,046.98 Service Population per park | Service Population / Number of Developed Parks |
| Number of Developed Parks | 241 | Count of all developed parks |
| City Population | 975,321 (2021 Population) | Current city population |
| Park Development Cost Factor | \$1,423,928.42 | Cost of developing one Neighborhood Park |
| Functional Population | | |
| Office Employee Density | 300 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Office Occupancy | 0.92 | Austin area occupancy rates derived from the Chamber of Commerce 'Austin Area Profile' reflecting occupancy by use in Q2 2021 |
| Office Operation Hours | 0.238 | Office use occurs 5 out of 7 days of the week, and 8 hours a day, equal to 23.8 percent (40 hours out of 168 hours a week) operation occupancy. |
| Retail Employee Density | 550 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Retail Occupancy | 0.95 | Retail occupancy rates derived from NAI Partners report published in Q2 2021 |
| Retail Operation Hours | 0.375 | Retail use occurs 7 days of the week, and an average of 9 hours a day for operation, equal to 37.5 percent (63 hours out of 168 hours a week) operation occupancy |

| | | |
|-----------------------------|----------------------|---|
| Industrial Employee Density | 2,500 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Industrial Occupancy | 0.94 | Austin area occupancy rates derived from the Chamber of Commerce 'Austin Area Profile' reflecting occupancy by use in Q2 2021 |
| Industrial Operation Hours | 0.708 | Industrial use occurs 24 hours every day of the week, equal to 100 percent, but is capped to park operation hours from 5 am to 10 pm, 70.8 percent. |
| Hotel Employee Density | 1,500 sq ft / person | U.S. Green Building Council estimate of the square feet per person in LEED BD+C: New Construction v4 - LEED v4. Appendix 2. Default occupancy counts |
| Hotel Operation Hours | 0.708 | Hotel/motel use occurs 24 hours every day of the week, equal to 100 percent, as staff is necessary to maintain building operations but operations hours are capped at 70.8 percent to reflect park hours. |
| Commuter Workforce | 0.58 | Percent of Austin's total workforce population that commutes into Austin from other Jurisdictions |

A. Fee In-lieu of Land Formula

STEP 1. Land Cost Per Service Population = Parkland Cost Factor/Parkland Level of Service

$$\text{Land Cost Per Service Population} = \frac{365,653.44 \text{ per acre}}{96.70 \text{ Service Population per Acre}} = \$3,781.32 = \$3,781.32$$

STEP 2. Land Cost Per Sq Ft = (Land Cost Per Service Population / Employee Density) X Occupancy X Operation Hours

$$\text{Office} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{300 \text{ Sf/Employee}} \right) \times 92\% \times 23.8\% \times 58\% = \$1.6007 \text{ Per Sq Ft}$$

$$\text{Retail} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{550 \text{ Sf/Employee}} \right) \times 95\% \times 37.5\% \times 58\% = \$1.4206 \text{ Per Sq Ft}$$

$$\text{Industrial} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{2,500 \text{ Sf/Employee}} \right) \times 94\% \times 70.8\% \times 58\% = \$0.5838 \text{ Per Sq Ft}$$

$$\text{Hotel} - \text{Land Cost Per Sq Ft} = \left(\frac{3,781.32}{1,500 \text{ Sf/Employee}} \right) \times 70.8\% \times 58\% = \$1.0352 \text{ Per Sq Ft}$$

STEP 3. Fee in-Lieu of Land = Sq Ft of Development x Land Cost Per Sq Ft

Office – Fee in-Lieu of Land = **Sq Ft of Development** × \$1.6007

Retail – Fee in-Lieu of Land = **Sq Ft of Development** × \$1.4206

Industrial – Fee in-Lieu of Land = **Sq Ft of Development** × \$0.5838

Hotel – Fee in-Lieu of Land = **Sq Ft of Development** × \$1.0352

B. Park Development Fee Formula

STEP 1: Development Cost Per Service Population = Facilities Level of Service / Service Population

$$\text{Development Cost Per Service Population} = \frac{1,423,928.42 \text{ park development cost factor}}{4,046.98 \text{ Service Population per Developed Park}} = \$351.85$$

STEP 2: Development Cost Per Sq Ft = (Development Cost Per Service Population / Employee Density) X Occupancy X Operation Hours

$$\text{Office} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{300 \text{ Sf/Employee}} \right) \times 92\% \times 23.8\% \times 58\% = \$0.1489 \text{ Per Sq Ft}$$

$$\text{Retail} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{550 \text{ Sf/Employee}} \right) \times 95\% \times 37.5\% \times 58\% = \$0.1322 \text{ Per Sq Ft}$$

$$\text{Industrial} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{2,500 \text{ Sf/Employee}} \right) \times 94\% \times 70.8\% \times 58\% = \$0.0543 \text{ Per Sq Ft}$$

$$\text{Hotel} - \text{Development Cost Per Sq Ft} = \left(\frac{351.85}{1,500 \text{ Sf/Employee}} \right) \times 70.8\% \times 58\% = \$0.0963 \text{ Per Sq Ft}$$

STEP 3. Park Development Fee = **Sq Ft of Development** x Land Cost Per Sq Ft

Office – Park Development Fee = **Sq Ft of Development** × \$0.1489

Retail – Park Development Fee = **Sq Ft of Development** × \$0.1322

Industrial – Park Development Fee = **Sq Ft of Development** × \$0.0543

Hotel – Park Development Fee = **Sq Ft of Development** × \$0.0963

C: Total Parkland fee-in-lieu + Park Development Fee:

Office – \$1.6007 + \$0.1489 = **\$1.7497 Per Sq Ft**

Retail – \$1.4206 + \$0.1322 = **\$1.5528 Per Sq Ft**

Industrial/Warehouse - \$0.5838 + \$0.0545 = **\$0.6382 Per Sq Ft**

Hotel - \$1.0352 + \$0.0963 = **\$1.1315 Per Sq Ft**

Additional backup may be found at the link below.

https://www.austintexas.gov/cityclerk/boards_commissions/meetings/40_1.htm