October 5, 2006

Honorable Mayor and City Council
City of San José
200 East Santa Clara Street, 18th Floor Tower
San José, CA 95113

Dear Honorable Mayor and Members of City Council:

The Parks and Recreation Commission (Commission) unanimously supports making several
adjustments to the Parkland Dedication Ordinance (PDO) and Park Impact Ordinance (PIO) and
Associated Fees and Credits Resolution to enable the City of San Jose to continue providing
parks and recreational facilities commensurate with City General Plan goals and community
desires.

The Commission held two public forums on July 19 and August 2, 2006; a joint study session
with the Planning Commission on August 8, 2006; and an open meeting on September 6, 2006 to
discuss and develop our recommendations regarding proposed changes to both ordinances and
the Associated Fees and Credits Resolution.

In 1998, the PDO and PIO were revised with the intent of linking in-lieu fees to current land
values. The objective of in-lieu fees is to enable land banking to provide for future park
development in lieu of dedicating small parcels of land as each new development comes online.
This fee banking allows the City to select park sites and facilities within neighborhoods that are
desired to the community in terms of size, location and use. Since 1998, the City Council has
adjusted the fees associated with the PDO/PIO only once – in June 2002.

Currently, the fees are set at 70% of the 2001 land values. A phased approach was originally
used to lessen the impacts of land values going from a single citywide cost of $14 per square foot
in 1998 to $50 per square foot in 2002. The intent was to increase the fees to 85% of current
land values in the second year, then 100% of current land values in the third year. Due to
economic circumstances, this phasing never occurred, nor were fees adjusted to reflect current
land values. Even today, fees remain at 70% of 2001 land values.
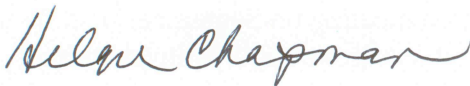
The Commission urges council to set fees at 100% of 2005 land values. We cannot afford to fall
further behind in our critical mission of ensuring that the City has adequate parkland and
recreational facilities consistent with our General Plan goals. For your information, our
recommendations are reflected along with staff's recommendations as they were laid out at the
September 6, 2006 Parks and Recreation Commission meeting.

One important recommendation is the Commission's endorsement of the Downtown Association's proposal to set fees for the first 2500 units associated with high-rise development in the downtown core area at 50% of the current fee. In addition, collection of fees would occur at the time of Certificate of Occupancy due to the nature of high-rise construction. The Commission understands that the high-rise developments in the downtown area are experimental and believe their potential benefits to the City warrant this exemption. Our position on the remainder of staff's recommendations is included in staff's report to Council.

The Commission does not believe that the Greenprint needs to be updated **prior** to adjusting the fees to 100% of current land values. Adjusting the fees **now** will provide us with the tools needed to develop a reasonable plan for parks and recreational facilities projects over the next 13 years. The City Council has already approved updating the Greenprint and staff has begun that important work. These two actions – adjusting the fees to 100% of current land values and updating the Greenprint – are complementary activities that should take place concurrently.

We are also very cognizant of the need to continue finding solutions for ongoing parks maintenance and operations. We are currently in the process of working with the Planning Commission on this issue and look forward to future dialogue with you on a resolution of this critical issue.

Sincerely,

Helen Chapman, Chair
Parks and Recreation Commission