

DATE: January 18, 2023

TO: Parks and Recreation Commission

FROM: Lindsay Wong, Senior Management Analyst
John R. Marchant, Community Services Director

SUBJECT: **Park Land Dedication Fund and Park-Related Projects—Midyear Update for Fiscal Year 2022-23**

RECOMMENDATION

Receive a report and presentation from Community Services Department staff as a midyear update on the Park Land Dedication Fund and Park Land Dedication In-Lieu fees.

BACKGROUND

The Mountain View City Code requires residential developments to dedicate a certain amount of park land and/or pay an in-lieu fee based on the number of net-new, market-rate units (affordable units are exempt) in the proposed development. Chapter 41 sets forth the City's process for calculating, collecting, committing, and allocating in-lieu fees to park and recreation projects. The Park Land Dedication Ordinance was adopted in 1971 as part of the City's Subdivision Ordinance pursuant to California Government Code Section 66477, also known as the Quimby Act.

Land Dedication Versus In-Lieu Fee

Because the City is built out and adequate land for parks is difficult to acquire, park land dedication from new residential development is an important tool in achieving the City's parks and open space goals. In assessing park land needs, City staff has adopted regulatory plans, such as the Mountain View 2030 General Plan, the 2014 Parks and Open Space Plan, and Precise Plans (e.g., North Bayshore, East Whisman) for establishing needed or planned park land by geographic area in the City. The Community Services Department is currently hiring a consultant to develop a new Parks and Recreation Strategic Plan, which will review existing acreage in each planning area compared to 2020 Census data and determine the amount of park space that will be needed to meet the City's existing goal of providing three acres of open space per 1,000 residents in the next 15 years based on anticipated growth.

During the development process, the project developer may offer park land for new residential developments. Alternatively, an in-lieu fee is required when: (a) park land is not dedicated as part of a residential development; (b) the proposed development is located where no park is planned or proposed in the General Plan, Precise Plan, or Parks and Open Space Plan; (c) when dedication is impossible, impractical, or undesirable (as determined by the City's Public Works Director, Zoning Administrator, or City Council as appropriate); or (d) the proposed residential development contains fifty (50) or fewer units or parcels. The intent of the in-lieu fees is to generate revenue to offset the impacts on existing parks and open space facilities when adequate park land cannot be provided as part of a new residential development. The in-lieu fee is received at the issuance of the first building permit because the Park Land Dedication In-Lieu Fee is a condition of approval for the entitlement (planning) permit.

Park Land Dedication In-Lieu fees are calculated based on the fair market value range for an acre of land for each density category listed in Table 41.6 of the City Code. Per the update to the Park Land Dedication Ordinance in 2021, the City now utilizes an appraiser to perform an appraisal study of Citywide land values to establish the fair market value ranges. At the December 14, 2022 meeting, the Parks and Recreation Commission (PRC) received a presentation from the City's Real Property Program Administrator that included the current fair market value ranges determined by the most recent appraisal study. The adopted range of land values provides developers with information needed for financing their proposed developments and estimate park land requirements prior to submission of a formal application.

The new Parks and Recreation Strategic Plan will include a thorough review of the Park Land Dedication Ordinance and will provide any recommended changes to the Ordinance that can increase funding to parks and open space. The Plan will also review other creative funding strategies to increase available funding for acquisition, development, and renovation of City parks.

Process for Expending Park In-Lieu Fees

Council Policy K-15: Prioritization of Fees Received In Lieu of Land Dedication, establishes the following prioritization for the use of Park Land Dedication In-Lieu Fees:

1. Acquisition;
2. Development; and
3. Rehabilitation.

In committing fees, the first consideration goes to parks, trails, and recreation projects that are located within the same parks and open space area as the development generating the fee. The next prioritization goes to projects within one mile of the approved new residential development

generating the fee. The last consideration goes to park, open space, or recreation projects that provide a Citywide benefit, which can be located anywhere in the City.

Every year in December or January, the PRC receives a midyear update on Park Land In-Lieu fees and funded projects. Every spring, the PRC reviews staff's recommendation for committing Park Land In-Lieu fees to park and recreation projects and forwards a recommendation to the City Council for consideration as part of the annual Capital Improvement Program (CIP). The City Council then approves the commitment of the fees and authorizes the transfer of funds from the Park Land Dedication Fund to the specific CIP project.

The Park Land In-Lieu fees must be committed within five years of the date the City receives them per the Quimby Act. The PRC and City Council cannot commit anticipated project-specific fees because it may be perceived to influence the Council's decision regarding a particular development proposal. Only Park Land Dedication (PLD) funds that have been received can be committed to park and recreation-related projects. However, through the CIP process, staff may identify unfunded projects that are anticipated to be funded by future Park Land Dedication In-Lieu fees. This allows Council and the public to be aware of upcoming capital projects.

The PLD fees are also tracked by planning areas that are defined in the City's Parks and Open Space Plan. The City's goal is to achieve three acres of park land per 1,000 residents in each of these planning areas. Fees can be committed to open space acquisition by planning area to achieve this. Attachment 1 provides a map of the planning areas.

ANALYSIS

At the May 11, 2022 meeting, the PRC made a recommendation to commit a total of \$3,650,000 to existing projects and \$200,000 to new projects, for a total commitment of \$3,850,000. Funds for these projects were then committed by Council on June 28, 2022, with the adoption of the Fiscal Year 2022-23 CIP. The projects are detailed below:

- \$1,940,000 to Evelyn Avenue Mini-Park Construction;
- \$1,710,000 to Villa Street Mini-Park Construction; and
- \$200,000 to Pickleball Preliminary Study and Design.

Additionally, since the May 11, 2022 meeting, park land funds for other projects were committed by Council on the following dates:

- **June 14, 2022**—\$14,400 to the acquisition of open space in the Central and Stierlin Planning Areas.

- **June 28, 2022**—\$5.8 million to the acquisition of a portion of property located at 711 Calderon Avenue.
- **September 13, 2022**—\$20.4 million to the acquisition of 909 San Rafael Avenue and 917 San Rafael Avenue.
- **November 15, 2022**—\$1.47 million to the acquisition of 538 Thompson Avenue.

Since the May 11, 2022 PRC meeting, the City has received a total of \$26.6 million in new PLD fees from four residential developments as well as approximately \$929,000 in investment earnings. In total, approximately \$50.4 million is available in uncommitted in-lieu fees in the Park Land Dedication Fund for acquisition, development, or renovation. Approximately \$10 million has already been committed to open space acquisition by different parks and open space areas. Attachment 2 shows a breakdown of fees by parks and open space planning area as currently in the Park Land Dedication Fund. Staff will return to the PRC in the spring with recommendations for committing these funds to various projects.

Future Park Land Fund Projects

A list of future park and recreation projects is provided in Attachment 2 to illustrate future Park Land Dedication Fund needs. Many of our park development projects are associated with a future development. Therefore, even though staff knows the projects are coming in the next five years, the associated fees or land to develop the site may not have been received yet or will be committed later this year as part of the CIP process. Staff plans to return to the PRC in the spring to recommend the commitment of funds to some of the projects in Attachment 2. The PRC will be asked to make a recommendation on committing fees for the other future projects in the coming years as fees are collected and become available.

As part of the presentation, staff will provide an update on completed projects and projects currently in design or construction as well as these future projects.

NEXT STEPS

Staff will return to the PRC in spring 2023 to review updates to the Park Land Dedication Fund and Park Land In-Lieu fees as well as any recommendations for committing the fees to capital improvement projects.

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- Attachments:
1. Planning Area Assessment and Map
 2. Park Land Dedication Fund: Uncommitted Fees, Open Space Acquisition Commitments, and Future Projects