

MEMORANDUM

Finance and Administrative Services Department

DATE: November 12, 2024

TO: City Council

FROM: Grace Zheng, Assistant Finance and Administrative Services Director
Derek Rampone, Finance and Administrative Services Director

VIA: Kimbra McCarthy, City Manager

SUBJECT: Fiscal Year 2023-24 Informational Reporting of Park Land Dedication Fee

BACKGROUND

As defined in CGC Section 66000(b), “fee” does not include fees specified in CGC Section 66477 (the Quimby Act), which governs the City’s Park Land Dedication (PLD) Fee and does not require annual reporting. The Park Land Dedication Fund (PLD Fund) is included in this report for informational purposes only.

ANALYSIS

PLD fees are collected as a condition of approval for new residential development and must be used for park or recreational purposes. PLD fees are not subject to annual reporting under CGC Section 66477. However, staff will continue to report on this fee for informational purposes.

In 1997, the City adopted a Park Land Dedication Ordinance, Chapter 41 of the City Code (Park Land Dedication), which requires park land dedication or payments of in-lieu fees for residential development. On November 28, 2006, the City Council amended the City Council Policy for prioritizing the use of PLD In-Lieu Fees to establish objectives for use of PLD In-Lieu fees as detailed below:

- Priority No. 1—Acquisition
- Priority No. 2—Development
- Priority No. 3—Rehabilitation

Within each priority, first consideration goes to projects that are located within the same parks and open space area as the development generating the fee. Next, prioritization goes to projects within one mile of the development generating the fee. Last, consideration is for projects that provide a communitywide asset, which can be located anywhere in the City. The Parks and Recreation Commission reviews projects and forwards a recommendation to the City Council

regarding commitment of both the available in-lieu fees received and the available investment earnings generated each fiscal year.

Subsequent amendments to the Park Land Dedication Ordinance were enacted, including amendments adopted on October 13, 2015 and April 13, 2021 to exclude affordable housing units from the PLD requirement, modify the process of establishing a fair-market range for land values, and provide for a privately owned/publicly accessible open space credit.

The beginning balance, revenues, expenditures, and available balance of the PLD Fund for Fiscal Year 2023-24 are as follows:

Beginning Balance, July 1, 2023		\$53,680,378
Unaudited Revenues:		
Park Land Dedication Fees	\$1,024,300	
Use of Money & Property	2,873,314	
Capital Projects Refunds	<u>694,337</u>	
Total Unaudited Revenues		<u>4,591,951</u>
Total Available		<u>58,272,329</u>
Unaudited Expenditures:		
Fiscal Year 2023-24 Adopted Capital Improvement Projects (CIPs)	(8,000,000)	
Fiscal Year 2023-24 Midyear CIPs	<u>(594,630)</u>	
Total Unaudited Expenditures		<u>(8,594,630)</u>
Unexpended Ending Balance		49,677,699
Total Committed by City Council for Specific Future Projects		<u>(5,592,547)</u>
Available Balance, June 30, 2024		<u>\$44,085,152</u>

PLD fees, investment earnings, and capital project refunds total \$4.6 million, and expenditures total \$8.6 million. After deducting \$5.6 million in funds committed for future projects, there is an available balance of approximately \$44.1 million as of June 30, 2024. Of this \$44.1 million balance, \$43.7 million is comprised of fees, investment earnings, and capital project refunds deposited during Fiscal Years 2017-18 through 2023-24.

The Fiscal Year 2024-25 Adopted CIP includes appropriations for projects and commitments for future projects which utilized a portion of the committed and available PLD funds indicated above.

CONCLUSION

This report is prepared for informational purposes only.

GZ-DR/6/FIN

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cc: CSD, SMA—Wong