



EMILY ANN RAMOS, CHAIR
CHRIS CLARK, COMMITTEE MEMBER
LUCAS RAMIREZ, COMMITTEE MEMBER

**Plaza Conference Room at City Hall
500 Castro Street
Mountain View, CA 94041**

8:30 A.M.

WEDNESDAY, MAY 20, 2026

**SPECIAL MEETING – 8:30 AM
COUNCIL FINANCE COMMITTEE MEETING**

This meeting is being conducted with a virtual component. Anyone wishing to address the Committee virtually may join the meeting online at: <https://mountainview.zoom.us/j/83962397068> or by dialing 669-900-9128 and entering Webinar ID: 839 6239 7068. When the Chair announces the item on which you wish to speak, click the “raise hand” feature in Zoom or dial *9 on your phone. When the Chair calls your name to provide public comment, if you are participating via phone, please press *6 to unmute yourself.

1. CALL TO ORDER

2. ROLL CALL—Committee members Chris Clark, Lucas Ramirez, and Chair Emily Ann Ramos.

3. MINUTES APPROVAL

Recommendation(s): Approve the Council Finance Committee meeting minutes of January 21, 2026, without modification.

Attachment(s): [CFC Minutes – January 21, 2026](#)

4. ORAL COMMUNICATIONS FROM THE PUBLIC

5. DISCUSSION/ACTION ITEMS

5.1 PROPOSED CHANGES TO COUNCIL POLICY D-13, MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

Recommendation(s): Recommend that the City Council adopt revisions to Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program

Attachment(s): [Committee Report](#)
[ATT1 – Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program \(redline\)](#)

5.2 PROPOSED CHANGES TO COUNCIL POLICY A-11, FINANCIAL AND BUDGETARY POLICY

Recommendation(s): Recommend that the City Council adopt revisions to Council Policy A-11, Financial and Budgetary Policy

Attachment(s): [Committee Report](#)
[ATT1 – Council Policy A-11, Financial and Budget Policy \(redline\)](#)

5.3 UPDATE ON PARK LAND FEE NEXUS STUDY

Recommendation(s): Receive an update on the City’s Park Fee Nexus Study and provide input and direction to guide the final development of the study and its future consideration and potential adoption by the City Council.

Attachment(s): [Committee Report](#)

6. COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS

7. ADJOURNMENT

~~VL/4/FIN~~

~~540-05-20-24A~~

cc: *San Jose Mercury News*

Mountain View Voice

City Council, CM, ACM, CA, FASD, AFASD, File

AGENDAS FOR BOARDS, COMMISSIONS, AND COMMITTEES

The specific location of each meeting is noted on the notice and agenda for each meeting which is posted at least 72 hours in advance of the meeting. Special meetings may be called as necessary by the Committee Chair and noticed at least 24 hours in advance of the meeting.

Questions and comments regarding the agenda may be directed to Derek Rampone, Finance and Administrative Services Director, at 650-903-6316.

SPECIAL NOTICE—Reference: Americans with Disabilities Act, 1990

Anyone who is planning to attend a meeting who is visually or hearing-impaired or has any disability that needs special assistance should call the Finance and Administrative Services Department at 650-903-6316 48 hours in advance of the meeting to arrange for assistance. Upon request by a person with a disability, agendas and writings distributed during the meeting that are public records will be made available in the appropriate alternative format.

The Board, Commission, or Committee may take action

on any matter noticed herein in any manner deemed appropriate by the Board, Commission, or Committee. Their consideration of the matters noticed herein is not limited by the recommendations indicated herein.

SPECIAL NOTICE—Any writings or documents provided to a majority of the Council Finance Committee/Investment Review Committee regarding any item on this agenda will be made available for public inspection in the Finance and Administrative Services Department, located at 500 Castro Street, during normal business hours and at the meeting location noted on the agenda during the meeting.

ADDRESSING THE BOARD, COMMISSION, OR COMMITTEE

Interested persons are entitled to speak on any item on the agenda and should make their interest known to the Chair.

Anyone wishing to address the Board, Commission, or Committee on a nonagenda item may do so during the “Oral Communications” part of the agenda. Speakers are allowed to speak one time on any number of topics for up to three minutes.



COUNCIL FINANCE COMMITTEE

MINUTES

SPECIAL MEETING—WEDNESDAY, JANUARY 21, 2026
PLAZA CONFERENCE ROOM, 500 CASTRO STREET
9:00 A.M.

1. **CALL TO ORDER**

Chair Ramos called the meeting to order at 9:02 a.m.

2. **ROLL CALL**

Present: Committee members Lucas Ramirez, Chris Clark, and Chair Emily Ann Ramos

Absent: None.

3. **MINUTES APPROVAL**

Motion—M/S Ramirez/Clark—Carried 3-0—To approve the minutes for the Special Meeting of December 2, 2025.

4. **ORAL COMMUNICATIONS FROM THE PUBLIC** – None.

5. **NEW BUSINESS**

5.1 **REVIEW OF FISCAL YEAR 2024-25 SINGLE AUDIT REPORT**

Mr. Ahmed Badawi, President of Badawi & Associates, the City's independent audit firm, presented the City's Single Audit Report for the fiscal year ended June 30, 2025.

The Council Finance Committee (Committee) received a presentation regarding the results of the audit, including compliance testing of major federal programs and the auditor's required communications.

Motion-M/S Clark/Ramirez- Carried 3-0 - To recommend that the Committee receive and accept the City's Single Audit Report for the fiscal year ended June 30, 2025.

5.2 PARK FEE NEXUS STUDY AND PARK IMPACT FEE UPDATE

John Marchant, Community Service Director and Jennifer Logue, City Attorney along with consultants from Economic Planning System, Inc (EPS) presented the Park Fee/Nexus Study Update.

Motion-M/S Ramirez/Clark—Carried 3-0— To receive the update and provide direction to review alternative fee methodologies (sq ft vs bedroom), citywide land value analysis, and revise the park improvement cost model by removing outlier projects.

6. COMMITTEE/STAFF COMMENTS, QUESTIONS, COMMITTEE REPORTS –

Q: Ramirez asked about things that will be discussed this year:

A: The following upcoming items were discussed:

- Review of the City Auditor’s proposed work plan and results of previously completed audits.
- Updates to Council Policy A-11, *Financial and Budgetary Policy*
- Updates to Council Policy D-13, *Mountain view Employee Homebuyer and Relocation Assistance Program*

7. ADJOURNMENT

The meeting was adjourned at 10:48 a.m.

These Minutes are hereby submitted for approval by Victoria Labrador, Recording Secretary.

Approved on _____.

DATE: May 20, 2026

TO: Council Finance Committee

FROM: Derek Rampone, Finance and Administrative Services Director
Arn Andrews, Assistant City Manager

SUBJECT: **Proposed Changes to Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program**

RECOMMENDATION

Recommend that the City Council adopt revisions to Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program (Policy D-13).

INTRODUCTION

The Council Finance Committee is requested to review and provide a recommendation to the City Council on proposed revisions to Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program. The proposed revisions are intended to improve program administration, clarify eligibility and loan provisions, address operational challenges identified during program implementation, and expand housing assistance for eligible City employees.

BACKGROUND

City Council Policy D-13 (Policy D-13) was originally adopted on December 2, 2008 and was last modified on December 6, 2022. Policy D-13 establishes an employee homebuyer and relocation assistance program as a benefit for City employees.

Public- and private-sector employers throughout the Bay Area continue to face challenges attracting and retaining employees due, in large part, to the high cost of housing. The City of Mountain View has maintained employee housing assistance programs since 1995, beginning with a housing assistance program for Council Appointees and department heads, followed by a homebuyer assistance program established in 2008 to provide employees with down payment and/or closing cost assistance. The intent of these programs has been to support employee recruitment and retention by assisting employees in securing housing closer to their place of employment.

On May 14, 2019, the City Council approved the consolidation and enhancement of these programs through adoption of the current version of Council Policy D-13.

Since then, two Council Appointees and one department head have utilized the homebuyer assistance program. While the Policy has provided some meaningful recruitment and retention support, program administration has identified operational challenges and unintended barriers that limit broader use of the homebuyer assistance component.

The proposed updates to Council Policy D-13 are intended to improve program administration, address implementation challenges identified through recent program use, and increase the amounts available as housing assistance benefits for eligible City employees. The proposed revisions are intended to strengthen the City's ability to recruit and retain employees in a highly competitive and high-cost housing market.

DISCUSSION

In administering both the employee homebuyer assistance program and the relocation assistance program, staff identified several opportunities to clarify, modernize, and expand the Policy to better support employee recruitment and retention in a highly competitive housing market. The proposed revisions are intended to improve usability of the Policy, address operational challenges identified through recent implementation of the program, and expand access and flexibility for eligible employees.

Major proposed updates include the following:

1. Clarify and Reorganize Available Assistance Programs

The current structure of Policy D-13 can make it difficult to clearly identify the various assistance programs, eligibility requirements, and loan provisions available to employees. Staff is proposing revisions to reorganize and clarify Policy D-13 by establishing three clearly defined program categories:

- a. General Employee Loan Program
- b. First Responder Loan Program
- c. Department Heads and Council Appointees Loan Program

The proposed revisions also reorganize loan terms, repayment provisions, relocation assistance, and program administration requirements into clearer sections for improved readability and administration.

2. Addition of a Definitions Section

Staff is proposing the addition of a Definitions section to provide greater clarity and consistency in administration of the Policy. Definitions are proposed for key terms, including:

- Eligible Participant
- First Responder
- Median Home Price
- Primary Residence
- Radius
- Separation from the City

The proposed definitions are intended to improve interpretation and consistent application of Policy provisions.

3. Establish a Participation Window Following Hire Date

To better align the Program with its intended recruitment and retention purpose, staff is proposing the addition of a requirement that eligible employees notify the City of their intent to participate in the Program within three years of their hire date and complete the loan issuance process within ninety (90) days following such notification.

Current employees employed as of the effective date of the updated Policy would similarly have three years from the effective date of the revised Policy to notify the City of their intent to participate.

4. Expand and Modernize Loan Program Provisions

Staff is proposing several revisions intended to improve program flexibility and usability, including:

- Transitioning loan maximums to percentages of the Mountain View median home price for certain employee categories;
- Establishing different loan assistance levels based on employee classification and geographic proximity to Mountain View;
- Clarifying eligible property types and occupancy requirements;
- Allowing additional flexibility for subordinate lien positions, subject to City Manager approval and appropriate protections for the City's financial interests;
- Increasing allowable interest-only payment periods; and
- Establishing a formal process for transferring an existing Program loan to a replacement eligible property.

These revisions are intended to improve employees' ability to utilize the Program in the current housing market while maintaining prudent safeguards for the City.

5. Clarify Relocation Assistance Provisions

The proposed revisions clarify eligibility requirements, allowable reimbursement types, temporary housing provisions, and administrative requirements associated with the relocation assistance component of the Policy.

The proposed revisions also increase certain relocation assistance benefit amounts to better reflect current housing and moving costs in the Bay Area. In addition, the revisions establish a new relocation assistance provision for employees relocating from within 10 miles of Mountain View, expanding eligibility for partial moving expense reimbursement.

The revisions further clarify that relocation assistance is limited to an employee's initial qualifying relocation associated with accepting employment with the City, must be utilized within one year of the employee's appointment date, and may only be utilized one time during the employee's tenure with the City.

6. Administrative and Operational Updates

Additional revisions are proposed to improve administration of the Program, including:

- Clarification regarding funding availability and Council appropriations;
- Incorporation of GIS-based program boundary maps as the controlling reference for geographic eligibility;
- Clarification of repayment requirements following separation from the City; and
- Consolidation of administrative authority and implementation guidelines under City Manager-approved procedures.

The proposed revisions are intended to improve the administration and usability of Policy D-13 while expanding housing assistance opportunities and maintaining appropriate financial safeguards for the City. The revisions are also intended to strengthen the City's ability to recruit and retain employees in a highly competitive and high-cost housing market.

All proposed revisions are identified by underline and strikeout in the attached redline version of Council Policy D-13 (Attachment 1).

NEXT STEPS

Following finalization of the proposed revisions and recommendation by the Council Finance Committee, the updated Policy will be presented to the City Council for consideration and approval. Upon Council approval, staff will develop and implement detailed administrative guidelines for both the Department Head and Council Appointee Program and all other employees' program to ensure consistent administration and implementation of the revised Policy provisions.

Attachment: 1. Council Policy D-13, Mountain View Employee Homebuyer and Relocation Assistance Program (redline)

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

PURPOSE:

To establish the City's policy for a homebuyer program for City employees and relocation assistance for Council appointees, department heads, assistant directors, ~~and~~ division managers, ~~and other or a~~ positions designated by the City Manager, ~~(or designee)~~, as hard-to-fill ~~positions~~.

DEFINITIONS:

Eligible Participant: An employee who meets the eligibility requirements outlined in this policy.

First Responder: Employees designated as emergency responders, including Police, Fire, Dispatch, and designated Public Works/Public Services staff participating in the City's after-hours Duty Program.

Median Home Price: The median sales price of homes in Mountain View as determined quarterly by the City using a consistent, publicly available data source.

Primary Residence: The employee's principal place of residence, occupied by the employee.

Radius: The geographic eligibility area for the program, as identified in the attached GIS map. Refer to the GIS map attachment for the applicable program boundaries and eligible properties.

Separation from the City: Includes resignation, retirement, or termination of employment.

POLICY:

1. Eligibility ~~for Employee Homebuyer Program~~

- a. **General Employees** - Regular City employees who have successfully completed their ~~passed the~~ initial probationary period are eligible, provided they notify the Human Resources and Finance & Administrative Services departments of their intent to participate in the program within three (3) years of their hire date and complete the loan issuance process within ninety (90) days following such notification ~~for the Employee Homebuyer Program~~. Current employees as of the effective date of this update (June 2026) shall have three (3) years from the effective date of the update (June 2026) to notify the City of their intent to participate in the program and must complete the loan issuance process within ninety (90) days following such notification.
- b. Department ~~h~~Heads and Council ~~a~~Appointees ~~– Department heads and Council appointees who are not subject to a probationary period~~ are eligible for this program at the time of hire, provided they notify the Human Resources and Finance &

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

Administrative Services departments of their intent to participate in the program within three (3) years of their hire date and complete the loan issuance process within ninety (90) days following such notification. Current Department Heads and Council appointees employed as of the effective date of this update (June 2026) shall have three (3) years from the effective date of the update (June 2026) to notify the City of their intent to participate in the program and must complete the loan issuance process within ninety (90) days following such notification.

=

2. Home ~~Loan~~ buyer Programs

~~The Employee Homebuyer Program shall consist of the following elements:~~a. General Employee Loan Program

- Maximum Loan: Up to 15% of the Median Home Price
- Location Requirement: Within a 7.5-mile radius of Mountain View

b. First Responder Loan Program

- Option 1: Same as General Employee Loan Program
- Option 2: Up to 20% of the Median Home Price, for homes within a 5-mile radius of Mountain View

c. Department Heads and Council Appointees

- Option 1: Up to the median home price or 75% of the purchase price for homes within the city limits of Mountain View
- Option 2: Up to 25% of the purchase price, capped at the median home price, for homes within a 5-mile radius of Mountain View

Distances for purposes of this Program (including the 5-mile and 7.5-mile radii) shall be determined based on the attached GIS map (Attachment 1. The map shall be the controlling reference for determining eligibility, regardless of variations that may result from different mapping tools or measurement methods.

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

a3. General. — Loan Terms

a. — Loan Term

Not to exceed 30 years

b. Interest Rate

Fixed rate based on the Applicable Federal Rate (AFR) at time of issuance

c. Interest-Only Payments

- Up to 7 years permitted at loan inception
- Up to 5 additional years may be approved per administrative guidelines
- Maximum total: 12 years

d. Repayment Trigger

The loan must be repaid in full upon sale or transfer of the property, in accordance with Section 7.

e. Property Requirements

- Must be the employee's primary residence
- Eligible property types: single-family, townhouse, or condominium
- Property may not be used as a rental or investment property, including renting to short-term tenants or used for vacation rental purposes

4. Equity Requirements

- Standard Requirement: Minimum 10% borrower equity
- Exception: May be reduced to 5% at City Manager discretion

5. Secondary Financing

The City prefers to maintain a first lien position for all Program loans. If a first lien position is not feasible after documented good-faith efforts by the employee to obtain secondary financing with other lending/banking institutions, the City Manager may approve a subordinate lien position, subject to terms and conditions deemed necessary to protect the City's financial interest. Such conditions may include, but are not limited to, execution of an intercreditor or subordination agreement and limitations on financing.

Administrative guidelines shall define required documentation and approval criteria.

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

6. Transfer of Loan

Subject to Finance and Administrative Services Director approval (or City Manager if the loan is for the Finance and Administrative Services Director), an employee may transfer the outstanding loan balance to a subsequent eligible property upon sale of the original property. The replacement property must meet all Program requirements in effect at the time of transfer approval. The transferred loan amount shall not exceed the outstanding principal balance of the original loan at the time of transfer approval.

The transferred loan shall retain the original interest rate; however, the repayment term shall recommence upon transfer, including eligibility for up to seven (7) years of interest-only payments, or up to twelve (12) years may be approved per administrative guidelines. The City may require updated underwriting, appraisal, title, insurance, and loan documentation as part of the transfer approval process.

The employee shall be responsible for all costs and expenses associated with the transfer process, including, but not limited to, appraisal, escrow, title, recording, legal, underwriting, and other related transaction costs.

7. Repayment Upon Separation

- Loan must be repaid within 12 months of separation
- If repaid within 6 months: no interest rate change
- If repaid after 6 months: interest rate increases by 1%
- Extensions may be granted in hardship cases, subject to City Manager approval

8. Funding Source

Funding for all loan programs shall be determined based on funds available at the time of the loan request, and as appropriated by the City Council.

9. Relocation Assistance

Eligibility

Available to department heads, Council appointees, assistant directors, division managers, and other positions designated by the City Manager (or designee) as hard-to-fill. Eligibility is limited to an employee's initial relocation associated with accepting a qualifying position with the City

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

and may only be utilized one time during the employee’s tenure with the City, regardless of any subsequent promotions or appointments to other eligible positions.

Reimbursement

Distance of Move	Maximum Reimbursement
Up to 10 miles	\$4,000
10.1 - 25.0 miles	\$6,000
Over 25 miles	\$8,000, plus temporary housing

~~Loan of up to \$250,000 to assist with purchasing a home in, or within a 10-mile radius of, Mountain View.~~

- ~~• Temporary housing: Up to \$192/day for up to 60 days within 5 miles of Mountain View~~
- ~~• Move must occur within one year of appointment~~

Administration of Relocation Assistance

- ~~• Subject to Finance and Administrative Services Department procedures and IRS regulations~~
- ~~• May be taxable and subject to withholding~~

10. Overall Administration

Administrative procedures and guidelines shall be developed and maintained by staff and approved by the City Manager.

Attachment: GIS Map

~~First Responders:~~

~~First responders are eligible for either the All Employees loan above, or a loan of up to \$500,000 to assist with purchasing a home in, or within a five-mile radius of, Mountain View.~~

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

~~First responders include Police and Fire emergency responders (Firefighter/Paramedic, Fire Engineer, Fire Captain, Battalion Chief, Deputy Fire Chief, Police Officer, Police Sergeant, Police Lieutenant, Police Captain, Public Safety Dispatcher I, II, III, Lead Public Safety Dispatcher, Public Safety Dispatch Coordinator, and Emergency Communications Manager) and Public Works/Public Services employees designated to respond to calls for service as defined in the City's after-hours Duty Program set forth in the Memorandum of Understanding between the Service Employees International Union (SEIU) and the City of Mountain View. New or reclassified positions may be designated by the City Manager as first responders.~~

~~For All Employee and First Responder loans, the maximum loan amount will be adjusted annually, beginning in December 2019, based on the annual change (December to December) in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-Hayward urban area.~~

~~— Department Heads and Council Appointees:~~

~~Loan of up to the median home price in Mountain View or 75% of the sales price, whichever is lower, to assist with purchasing a home in Mountain View; or a loan of up to 25% of the sales price, to a maximum of median home price in Mountain View, for a home within a five-mile radius of Mountain View.~~

~~The employee must establish a minimum equity in the property equal to at least 10% of the total purchase price of the residence. At the City Manager's discretion, equity in the property may be reduced to 5% for unusual circumstances. In the case that the City's loan does not exceed \$500,000, a minimum equity in the property is not required.~~

~~For department heads, if the participant requires a second loan on the property, it is the City's preference for any additional loan to be subordinated to the City's loan; however, after good faith attempts to do so are unsuccessful, the City Manager may approve a secondary lien position for the City's loan.~~

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

~~b. Source of Loan Funds:~~

~~For All Eligible Participants:~~

~~The funding source for the loan programs will be determined based on availability of funding and approved by City Council.~~

~~c. Loan Terms and Repayment:~~

- ~~• Loan term is not to exceed 30 years.~~
- ~~• Fixed interest rate will be determined based on the Applicable Federal Rate (AFR) at the time the loan is issued, for all loans.~~
- ~~• The eligible participant may make interest-only payments for up to three years at the start of the loan. Participants may request up to four additional years of interest-only payments, to a maximum of seven years, which will be evaluated and considered as set forth in the procedural guidelines.~~
- ~~• For interest only payment option, when principal payments commence, the principal will be amortized over the remaining life of the loan.~~
- ~~• The City will be repaid in full upon the sale or transfer of the property.~~
- ~~• The purchased property must be the primary residence of the employee and may be a single family home, townhouse, rowhouse, or condominium.~~
- ~~• The home cannot be rented.~~

~~d. Loan Repayment Upon Separating from the City:~~

- ~~• Upon a participant's separation from the City, the full loan must be paid within 12 months. If the loan is repaid within six months, the interest rate will not change. For repayment after six months, the interest rate will increase by 1%.~~
- ~~• Additional time for repayment may be allowed in hardship situations, as approved by the City Manager or designee.~~

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

~~e. Relocation Assistance~~

- ~~• The following positions may request relocation assistance: department heads, Council appointees, assistant directors, and division managers or a position designated by the City Manager, or designee, as a hard to fill position.~~
- ~~• Relocation assistance may be requested for a move occurring within one year of date of appointment.~~
- ~~• For a move more than 10 miles but less than 25 miles, up to \$4,500 in reimbursement will be provided upon receipt and approval of documentation of reasonable and necessary moving expenses.~~
- ~~• For a move greater than 25 miles, up to \$6,500 reimbursement will be provided upon receipt and approval of documentation of reasonable and necessary moving expenses. In addition, reimbursement for temporary housing, within five miles of Mountain View, at a rate of up to \$100 per day for no more than 60 days, upon receipt and approval of documentation of such temporary housing.~~
- ~~• Reimbursements will be administered in accordance with procedures set forth by the Finance and Administrative Services Department and IRS regulations. Reimbursements may be a taxable benefit and subject to tax withholdings.~~
- ~~• The maximum reimbursement amount will be adjusted annually, beginning in December 2019, based on the annual change (December to December) in the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-Hayward urban area.~~

PROCEDURE:

~~The guidelines for this program shall be developed by staff and approved by the City Manager.~~

CITY COUNCIL POLICY

SUBJECT: MOUNTAIN VIEW EMPLOYEE HOMEBUYER AND RELOCATION ASSISTANCE PROGRAM

NO.: D-13

~~The City Council will authorize housing and/or relocation assistance for Council appointees under this Policy. The City Manager will authorize housing and/or relocation assistance for all other employees under this Policy.~~

Revised: XXXXX, 2026, Resolution No. XXXX

Revised: December 6, 2022, Resolution No. 18741

Revised: May 14, 2019, Resolution No. 18324

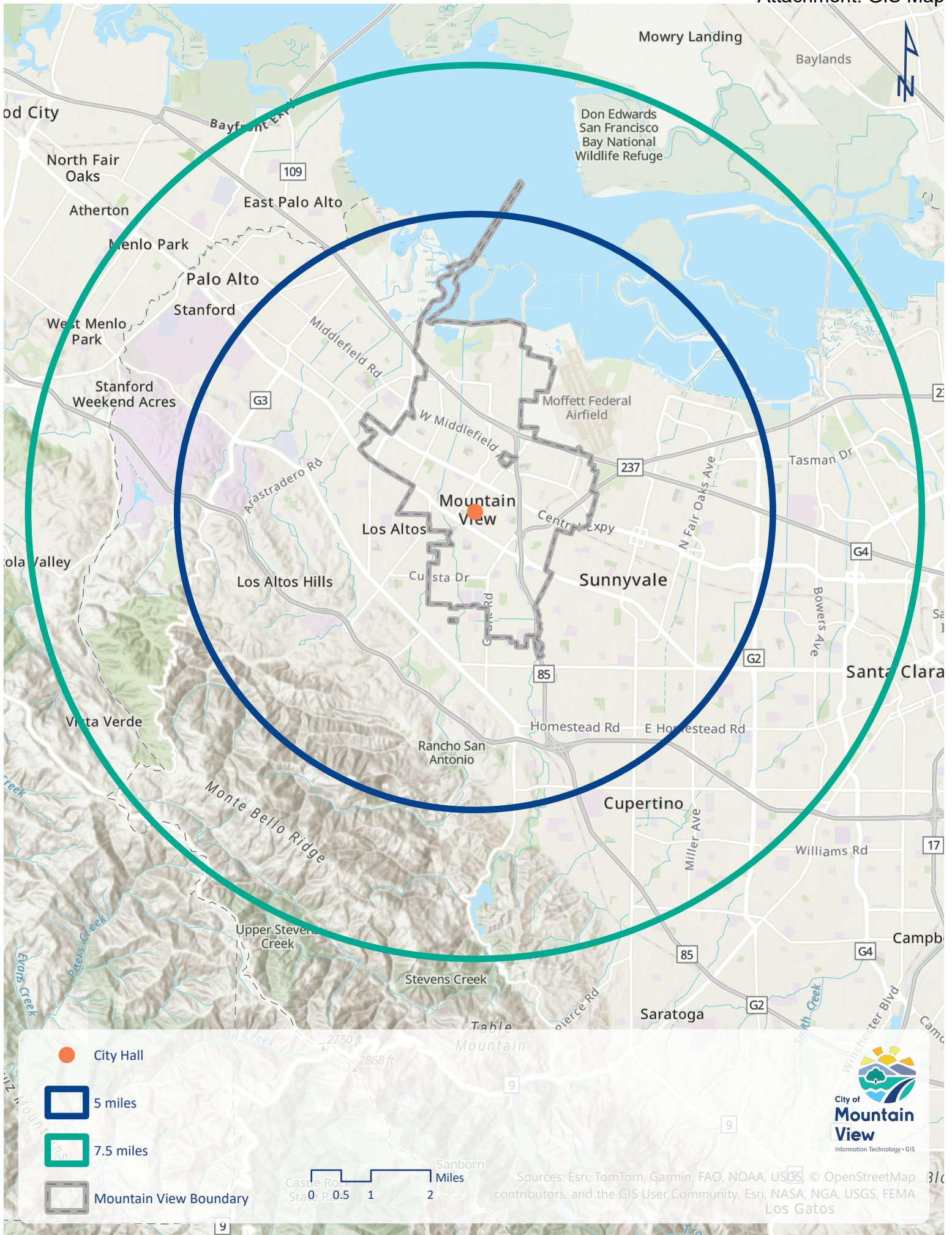
Revised: January 19, 2010

Revised: June 9, 2009

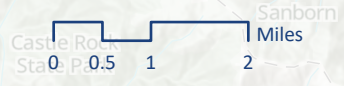
Effective Date: December 2, 2008, Resolution No. 17348

CNLPOL

D13-CP



- City Hall
- 5 miles
- 7.5 miles
- Mountain View Boundary



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community, Esri, NASA, NGA, USGS, FEMA Los Gatos





DATE: May 20, 2026

TO: Council Finance Committee

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

SUBJECT: Proposed Changes to Council Policy A-11, Financial and Budgetary Policy

RECOMMENDATION

Recommend that the City Council adopt revisions to Council Policy A-11, Financial and Budgetary Policy (Policy A-11).

INTRODUCTION

The Council Finance Committee is requested to review and provide a recommendation to the City Council on proposed revisions to Council Policy A-11, Financial and Budgetary Policy, intended to improve clarity, reflect current operational and accounting practices, and incorporate prior City Council direction.

BACKGROUND

The City Council Financial and Budgetary Policy A-11 (Policy A-11) was originally adopted on December 13, 1976 and was last modified on December 6, 2023. Policy A-11 establishes City policies related to budget revenues, expenditures, reserves, capital improvements, cash management and investments, accounting, debt management, and risk management.

DISCUSSION

Staff reviewed the existing Policy A-11 and are recommending several updates to improve clarity, align the Policy with current operational and accounting practices, and incorporate prior City Council direction.

1. Update Section 4.f – The General Fund Open Space Reserve

This section has been revised to reflect the operational needs resulting from the recent Measure G Real Property Transfer Tax changes approved by voters in November 2024.

This update clarifies the reserve to better align with the Measure G allocation approved by the Council.

2. Update Section 4.j – Reserve Requirement for Compensated Absences

This section has been revised to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Under the current policy, the Reserve is funded at 80% of the City's accrued compensated absences liability. Implementation of GASB Statement No. 101 results in additional compensated absence liabilities being recognized in the City's financial statements, including a broader recognition of vested sick leave obligations.

The proposed revision modifies the reserve funding methodology to better align reserve contributions with the City's historical payout experience by basing annual contributions on the average actual payouts over the prior five fiscal years, while maintaining a minimum reserve balance threshold. This approach is intended to maintain adequate reserve funding while reducing excessive reserve accumulation for liabilities that are not expected to fully cash out simultaneously.

3. Update Section 4.S.4 – New Reserve Approved by City Council

During the Fiscal Year 2023–24 budget public hearing, the City Council directed staff to establish a new reserve in the Shoreline Regional Park Community Fund for capital improvement programs. This update incorporates the newly approved reserve.

4. Update Section 5.e – Capital Improvement Policies

This revision provides additional guidance for the budgeting and administration of recurring annual or biennial capital improvement programs (CIP), including projects that are operationally recurring in nature. The update is intended to improve budget transparency, funding consistency, and long-term capital planning.

5. Update Section 7.h – Cost Allocation Plan

This revision provides additional clarification regarding the methodology used to develop and annually adjust the City's Cost Allocation Plan, including the allocation of indirect administrative costs among City funds. The clarification was added in response to feedback received through the GFOA Budget Award review process.

The proposed revisions are intended to maintain the City's strong fiscal management practices while ensuring Policy A-11 continues to reflect current accounting standards, operational practices, and City Council priorities.

All changes are identified by underline and strikeout in the attached copy of Policy A-11 (Attachment 1).

Attachment: 1. Council Policy A-11, Financial and Budget Policy (redline)

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY**NO.:** A-11

PURPOSE:

A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service level development, aids budgetary decision making, and serves as an overall framework to guide financial management and operations of the City of Mountain View (City).

This document incorporates existing adopted and informal policies. The formal adoption of financial policies allows for the consistent management of the City's financial resources and avoids the possibility of inconsistent or conflicting policies. These policies will establish criteria to evaluate the City's financial condition and to create a sound financial base for City operations.

A city's adoption of financial policies also promotes public confidence and increases the city's credibility in the eyes of bond rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

While these City Council-adopted policies will be amended periodically, the adoption of these policies will bring increased consistency to the management of the City's financial resources while establishing criteria and fiscal goals.

Policies presented here address the following topics:

1. Budget Policies
2. Revenue Policies
3. Expenditure Policies
4. Reserve Policies
5. Capital Improvement Policies
6. Cash Management and Investment Policies
7. Accounting Policies
8. Debt Management Policies
9. Risk Management Policies

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

POLICY:

1. Budget Policies

All governmental fund-type annual budgets are presented on a modified accrual basis consistent with the general purpose financial statements prepared in accordance with generally accepted accounting principles. Pursuant to Council-adopted financial and budgetary policies, budgets are approved at the fund and department level and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments, or capital projects must be submitted to the City Council for approval. City Charter Section 1105 requires approval by at least five votes of the seven-member City Council to amend the budget.

Proprietary funds, which include enterprise and internal service funds, are presented on an accrual basis consistent with the basis of accounting with the exception that capital projects are appropriated for the estimated cost of the total project. These financial uses of funds are not reflected as expenses in the City's financial statements but are capitalized and depreciated in accordance with generally accepted accounting principles.

Department heads are responsible for managing expenditures within their budget and assuring funds are only expended for properly authorized City expenses. Department heads are also responsible for expending funds consistent with the goals and objectives approved by the City Council.

- a. The Adopted Budget shall serve as the annual financial plan for the City. This financial plan shall include the goals and objectives set by the City Council and the level of services determined by the City Council.
- b. A structurally balanced General Operating Fund budget will be adopted annually, whereby recurring operating expenditures shall not exceed recurring operating revenues.
- c. A midyear budget status report will be presented to the City Council annually.
- d. The recommended budget shall be prepared by City staff and submitted to the City Council prior to the budget hearing each fiscal year.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- e. The City Council shall adopt an annual operating budget before July 1 of each fiscal year.
- f. The Finance and Administrative Services Director shall have authority to make minor corrections in compiling the Adopted Budget.
- g. The City Manager or their designee shall have discretion for budget adjustments within a fund and within a department's operating budget.
- h. All budget adjustments between funds or departments shall be submitted to the City Council for approval.
- i. Performance and workload measures which reflect the effectiveness, efficiency, or workload of departmental operations will be included in the annual budget. The budget should include comparisons of actual performance to a target goal.
- j. The Finance and Administrative Services Director and the City Manager shall have the authority to increase appropriations up to the amounts authorized for the City Manager under Council Policy A-10 for professional or specialized agreements when outside grants, donations, or reimbursement revenues have been received to offset expenditures that were not anticipated or budgeted. If the grant, donation, or reimbursement is not within the City Manager's level of authorization, a request for an appropriation increase must be submitted to the City Council for approval (five votes required).

2. Revenue Policies

- a. The development and maintenance of diversified and reliable revenue streams will be the primary revenue policy of the City. The City will focus its efforts to optimize existing revenue sources while periodically reviewing potential new revenue sources.
- b. Revenues for the General Operating Fund will be forecast for the upcoming budget year and the four subsequent fiscal years.
- c. Revenues will be estimated conservatively using information provided by State and other governmental agencies, trending of historical information, and other relevant information.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- d. Sources of revenues will be evaluated periodically to determine their applicability and relevance to City needs.
- e. Fees and charges for services will be evaluated and, if necessary, adjusted annually. The City's objective in setting fees and charges for services is to achieve a reasonable level of cost recovery for services that are not provided to, or do not benefit, the community as a whole.
- f. Periodic reviews or audits of significant revenue sources will be conducted to determine the accuracy of amounts paid and to monitor developments in the City's revenue base.

3. Expenditure Policies

- a. City services and operations will be provided in an efficient manner with the objective of delivering the highest level of service possible at the lowest level of expenditure.
- b. Expenditures for the General Operating Fund will be forecast for the upcoming budget year and the four subsequent fiscal years.
- c. Expenditures will be estimated conservatively using information provided by State and other governmental agencies, trending of historical information, and other relevant information.
- d. A good internal control structure assuring that only properly authorized expenditures are made will be maintained.
- e. Expenditures will be controlled at the fund and department level and will not exceed appropriations without City Council authorization. Appropriations lapse at the end of the fiscal year to the extent that they have not been expended or encumbered.
- f. Obligations of the City will be recognized when incurred. Encumbrances will be used for outstanding commitments. Encumbrances outstanding at year-end will be carried over to the next fiscal year and are automatically reappropriated for inclusion in the next fiscal year's budget.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

4. Reserve Policies

The following is a list of reserves currently in place at the time these policies were adopted. The City Council has the authority to add or remove reserves as needed at their discretion. Some reserves are only needed for a short period of time. This list will be updated each time the policies are updated. Reserves that affect the financial stability and credit worthiness of the City, such as the General Fund Reserve, will be maintained to the degree financial stability and credit worthiness are unaffected to the greatest extent possible.

- a. The General Fund Reserve, to be funded at a level between 20.0% to 25.0% of General Operating Fund budgeted expenditures, net of budget savings, shall be used: (1) for City Council-approved expenditures not appropriated during the annual budget process; (2) to cover unanticipated revenue shortfalls; (3) in situations of extreme physical or financial emergency (with the approval of the City Council); (4) to generate ongoing investment earnings; and (5) as a funding source for interfund loans and other loans or advances from the General Fund as approved by the City Council. Such loans and advances should accrue interest earnings for the General Operating Fund and include principal repayment to the extent possible.
- b. The General Fund Budget Contingency Reserve shall be used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by the City Council.
- c. The General Fund Earned Lease Revenue Reserve shall be used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC (Google). Google prepaid \$30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, to fund one-time expenses of the City.
- d. The General Fund Transportation Reserve shall be used for the purpose of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.
- e. The General Fund Capital Improvement Reserve, to be funded with a goal of a minimum balance of \$5,000,000, shall be used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- possible, General Operating Fund carryovers remaining from the end of the fiscal year, not designated for other reserve purposes, may be applied to this Reserve.
- f. The General Fund Open Space ~~Acquisition~~ Reserve shall be used for the purpose of acquiring developing, and renovating parks and open space to meet the needs of the City and to enhance biodiversity throughout the City as authorized by the City Council. Proceeds from excess City-owned properties shall fund this Reserve as directed by the City Council.
 - g. The General Fund Strategic Property Acquisition Reserve shall be used for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies).
 - h. The General Fund Property Management Reserve shall be used to provide a source of funds for obligations which could arise from the City's leasing of property, including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.
 - i. The Graham Site Maintenance Reserve shall be used to fund the maintenance obligations, per the agreement with the school district, of the Graham Sports Complex, including the playing field at Graham Middle School beneath which the City has a reservoir.
 - j. The Compensated Absences Reserve shall fund the disbursements of terminated or retired employees for accrued vacation and sick leave or other accrued leave as applicable. ~~The annual contribution to this Reserve~~This Reserve shall be based on the average payouts over the past five years while maintaining~~funded at~~ a minimum cash balance of \$780.0 million. % of the accrued liabilities of the City for compensated absences such as vacation and vested sick leave.
 - k. The Equipment Replacement Reserve shall be maintained to fund the replacement of capital equipment. The financial objectives of this fund is to permit the budgeting of level annual amounts for capital equipment replacement while utilizing this fund's reserves to absorb the cash flow variations caused by the timing of asset replacements. Major categories of capital assets (e.g., vehicles, information technology equipment, Police and Fire radios, CAD/RMS system hardware and Communications Center furniture and equipment, etc.) are included in this Reserve. Appropriations for this fund will be requested in the annual budget. It is policy

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- direction that capital assets not be replaced before the end of their useful life unless justified by operating necessity.
- I. The Workers' Compensation Self-Insurance Reserve shall be maintained at 70% confidence level for the projected liabilities as determined by an actuarial valuation to be conducted at least once every three years. This reserve may also be used for the backfill of public safety positions out on Workers' Compensation up to Two Hundred Thousand Dollars (\$200,000) annually. In addition to projected liabilities, the reserve balance shall include, at a minimum, the provision for two catastrophic losses at the City's current level of self-insured retention.
 - m. The Liability Self-Insurance Reserve shall be maintained at 70% confidence level for the project liabilities as determined by an actuarial valuation to be conducted at least once every three years.
 - n. The Unemployment Self-Insurance Reserve will be reviewed annually and maintained at a level adequate to meet estimated unemployment liabilities.
 - o. The Employee Benefits Plan (Prescription/Vision) Reserve will be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.
 - p. The Retirees' Health Insurance Program Reserve will be accounted for in accordance with Generally Accepted Accounting Principles (GAAP) which includes a periodic actuarial evaluation of the City's liability and for each fund to contribute, to the extent possible, its Annual Required Contribution (ARC). In addition, to the extent possible, payments toward the Unfunded Actuarial Accrued Liability (UAAL) shall be made. This Reserve may be held with a third-party trustee for the benefit of the retirees.
 - q. The Parental Leave Reserve will be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.
 - r. The Employee Loan Reserve shall be used to provide a source of funds for the employee homebuyer and relocation assistance programs administrated by Council Policy D-13.
 - s. The Shoreline Regional Park Community shall maintain reserves as follows:
 - (1) General Reserve shall be maintained at 25% of operating expenditures.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- (2) Sea Level Rise Reserve shall be incrementally increased to accumulate funds for projects identified in the most recent Shoreline Sea Level Rise Study. The contributed amount shall be determined annually based on the available resources, timeline of the projects, and results of the Shoreline Sea Level Rise Study.
- (3) Landfill Reserve shall be incrementally increased to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan. The reserve shall have adequate balance to rebuild the landfill system in case of a catastrophic event.
- (4) Reserve for CIP shall be used for the Capital Improvement Program (CIP) related to the Shoreline Regional Park Community. This Reserve is to be funded with an annual allocation of \$10.0 million.

t. The Water Fund Reserve shall be maintained as follows:

- (1) Minimum 10% of operating budget for emergencies.
- (2) Minimum 5% of operating budget for contingencies.
- (3) Goal of 10% of operating budget for rate stabilization.
- (4) Goal for capital improvements which averages the amount budgeted for annual maintenance capital improvement projects over the prior three to five fiscal years.

The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- u. The Wastewater Fund Reserve shall be maintained as follows:
 - (1) Minimum 10% of operating budget for emergencies.
 - (2) Minimum 5% of operating budget for contingencies.
 - (3) Goal of 10% of operating budget for rate stabilization.
 - (4) Goal for capital improvements which averages the amount budgeted for annual maintenance capital improvement projects over the prior three to five fiscal years.

The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

- v. The Solid Waste Fund Reserve shall be maintained as follows:
 - (1) Minimum 10% of operating budget for emergencies.
 - (2) Minimum 5% of operating budget for contingencies.
 - (3) Goal of 10% of operating budget for rate stabilization.
 - (4) Required Financial Assurance Mechanisms (FAMs) if applicable.

The purpose of the rate stabilization funds is to buffer any significant changes in revenues or expenses. Use of the rate stabilization funds is allowed to gradually or incrementally change rates in any fiscal year to lessen the impact of an otherwise significant rate change. The funds are to be adjusted in following fiscal years to meet the 10% guideline.

5. Capital Improvement Policies

- a. A five-year comprehensive Capital Improvement Program (CIP), identifying proposed major construction projects, capital equipment outlays, land acquisition, and other

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- capital improvement expenditures, and providing an analysis of the estimated funding available and necessary to fund these projects, shall be prepared biennially and presented to the City Council for approval. In the years when a five-year CIP is not prepared, capital projects for a single year will be presented to the City Council for approval.
- b. The CIP shall identify all proposed projects to be initiated during the five-year period.
 - c. The first year of the CIP and single-year capital projects shall be appropriated with the annual budget. The appropriations for each project are ongoing until project completion, project cancellation, or amendment.
 - d. The first year of the CIP and single-year capital projects shall only include those projects which can reasonably be accomplished or substantially started within the fiscal year.
 - e. Recurring annual or biennial projects shall be used only to fund services and goods intended for the same year the project is created (e.g., a project created for Fiscal Year 2025-26, should only fund services and goods for the same fiscal year). These projects shall be closed out at the end of the fiscal year or as soon as all related expenditures have been paid, but no later than five years after the project's creation.
 - f. Capital projects will be reviewed on an annual basis for amendments or potential closure/cancellation.
 - g. A list of unscheduled projects (projects not included in the five-year period) will be identified in the CIP as an indication of potential future projects.
 - h. Future potential ongoing operating costs associated with a project will be identified with the project in the CIP.
6. Cash Management and Investment Policies
- a. The City will follow modern cash management practices that require active revenue oversight, prompt collection, deposit, and investment of all funds and cash flow management which maximizes the amount of invested cash balanced with the timely payment of obligations.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- b. The City will invest all funds in accordance with the City Council Investment Policy B-2 (Investment Policy) based on the following criteria:
 - (1) Safety of investment.
 - (2) Maintenance of sufficient liquidity to meet cash flow needs.
 - (3) Attainment of a market rate of return consistent with the requirements of the Investment Policy.
- c. The City shall conduct all of its investment activities in accordance with the California Government Code Section 53600 and the Investment Policy.
- d. The Investment Policy shall be updated as necessary and approved by the City Council.
- e. A complete report on the City's investment portfolio shall be presented to the City Council on a regular basis.
- f. A cash flow analysis shall be prepared on a monthly basis in order to estimate the amount of funds available for investment.

7. Accounting Policies

Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recorded as received or accrued if they are both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recorded when paid.

Proprietary fund types are accounted for using the accrual basis of accounting wherein revenues, unbilled or billed, are recognized in the accounting period in which they are earned, and expenses are recognized in the period liabilities are incurred. For budgetary purposes, capital projects are appropriated for the estimated cost of the total project. These financial uses of funds are not reflected as expenses in the City's financial statements but are capitalized and depreciated in accordance with generally accepted accounting principles.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

The City also has various internal service funds that provide service to all major funds within the City and, in turn, charge these funds for the cost of providing services. Revenues received for providing services are noted as interfund service charges in the fund schedules of the Adopted Budget.

- a. A financial accounting system adequate to provide management information and meet reporting requirements shall be maintained.
- b. A system of effective internal controls will be maintained that assures only properly authorized expenditures, recordings of financial transactions, and accounting entries are executed.
- c. Financial reports shall be prepared and presented to the City Council on a regular basis.
- d. The City's financial records will be audited annually by an independent accounting firm as required by the City Charter.
- e. An Annual Comprehensive Financial Report (ACFR) shall be prepared each year within six months of the close of the previous fiscal year. The ACFR will be presented to the Council Finance Committee (CFC) in accordance with Council Policy B-6.
- f. The ACFR shall be prepared in accordance with generally accepted accounting principles applicable to local governments.
- g. The "Management Letter" presented by the City's independent accounting firm will be presented, with City staff's comments if applicable, to the City Council.
- h. The City prepares a comprehensive cost allocation plan to identify and allocate the costs associated with centralized providing certain services to all departments and funds. These indirect charges, labeled ~~noted~~ as "General Fund Administration" on the fund schedules in the Adopted Budget, reimburse the General Operating Fund for services, such as those provided by the City Manager, Human Resources, City Attorney, Finance and Administrative Services, ~~Payroll, Purchasing, Accounts Payable,~~ and Information Technology. The cost allocation process involves collecting and analyzing data from each central service department and the receiving departments. The plan uses various allocation bases tailored to the nature of the service being provided. The full cost allocation plan delineates the basis of allocation by

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

department, which may include the total operating budget, the number of full-time equivalent positions per department, the number of work requests, the amount of square footage occupied, the number of items processed, the number of applicable devices, etc. The City also prepares a cost allocation plan for the Water Fund similar to the General Fund plan. Indirect overhead charges allocated among City funds are adjusted annually, and the annual inflation factor is determined as part of the budget development process.

8. Debt Management Policies

These Debt Management Policies are the debt management policies for the City of Mountain View, Mountain View Shoreline Regional Park Community, City of Mountain View Capital Improvement Financing Authority, and any other entity for which the City Council acts as legislative body, and the term “City” shall refer to each of such entities.

When used in these Debt Management Policies, “debt” refers to all forms of indebtedness and financing lease obligations.

These Debt Management Policies are intended to comply with California Government Code Section 8855 (i).

- a. Long-term borrowing will be restricted to the funding of capital improvement projects and equipment. The use of long-term borrowing for ongoing operations shall be avoided.
- b. Short-term debt may be issued to provide financing for the City’s operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment.
- c. The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- d. The term of the debt shall not exceed the expected useful life of the capital improvement project or equipment.
- e. Debt obligations will be met in a timely and efficient manner.
- f. The City will comply with all debt covenants.
- g. Good communications with bond rating agencies about its financial condition will be maintained.
- h. The City will not exceed its legal debt margin limit of 15% of assessed value of property within the City limits.
- i. Refunding techniques will be used where appropriate to allow for the restructuring of its current outstanding debt to remove or change restrictive covenants and/or to reduce annual debt service in an amount sufficient to justify the costs of the refunding/reissuance.
- j. The City will comply with the postissuance policies and procedures specified in the tax certificate for any tax-exempt debt.
- k. Types of Debt: The following types of debt are allowable under these Debt Management Policies:
 - General obligation bonds.
 - Bond or grant anticipation notes.
 - Lease revenue bonds, certificates of participation, and lease-purchase transactions.
 - Other revenue bonds and certificates of participation.
 - Tax and revenue anticipation notes.
 - Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- Tax increment financing to the extent permitted under State law.
- Conduit financings, such as financings for affordable rental housing and qualified 501(c)(3) organizations.

The City may, from time to time, find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of these Debt Management Policies.

Debt shall be issued as fixed-rate debt unless the City makes a specific determination that a variable rate issue would be beneficial to the City in a specific circumstance.

i. Relationship of Debt to Capital Improvement Program and Budget

The City is committed to long-term capital planning. The City intends to issue debt for the purposes stated in these Debt Management Policies and to implement policy decisions incorporated in the City's capital budget and the capital improvement plan.

The City shall integrate its debt issuances with the goals of its ~~C~~capital ~~I~~improvement ~~P~~rogram by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its General Fund.

m. Policy Goals Related to Planning Goals and Objectives

The City intends to issue debt for the purposes stated in these Debt Management Policies, General Plan, Precise Plans, and other planning policy documents and to implement policy decisions incorporated in the City's Capital Improvement Program and annual operating budget.

n. Internal Control Procedures

It is the policy of the City to ensure that proceeds of debt are spent only on lawful and intended uses. Whenever reasonably possible, proceeds of debt will be held by a third-party trustee, and the City will submit written requisitions for such proceeds.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

The City will submit a requisition only after obtaining the signature of the Finance and Administrative Services Director. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the Finance and Administrative Services Director shall retain records of all expenditures of proceeds. The Finance and Administrative Services Director shall retain records of expenditures for the period ending on the later of: (a) the final payment of the debt; and (b) the period specified in the tax certificate for tax-exempt debt.

o. Disclosure Policies and Procedures

(1) These Disclosure Policies and Procedures are intended to ensure that the City is in compliance with all applicable Federal and State securities laws.

(2) Review of Official Statements:

(a) The Finance and Administrative Services Director of the City shall review any Official Statement prepared in connection with any debt issuance by the City in order to ensure that there are no misstatements or omissions of material information in any sections that contain descriptions of information prepared by the City.

(b) In connection with its review of the Official Statement, the Finance and Administrative Services Director shall consult with third parties, including outside professionals assisting the City, and all members of City staff, to the extent that the Finance and Administrative Services Director concludes they should be consulted so that the Official Statement will include all “material” information (as defined for purposes of Federal securities law).

(c) As part of the review process, the Finance and Administrative Services Director shall submit all Official Statements to the City Council for approval. The cover letter used by the Finance and Administrative Services Director to submit the Official Statements shall briefly summarize the responsibilities of the City Council under Federal securities laws and identify the key sections of the Official Statement.

(d) The approval of an Official Statement by the City Council shall be placed on the agenda as a new business matter and shall not be approved as a consent item. The City Council shall undertake such review as deemed

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

necessary by the City Council, following consultation with the Finance and Administrative Services Director, to fulfill the City Council's responsibilities under applicable Federal and State securities laws. In this regard, the Finance and Administrative Services Director shall consult with the City's Disclosure Counsel to the extent the Finance and Administrative Services Director considers appropriate.

(3) Continuing Disclosure:

- (a) Under the continuing disclosure undertakings that the City has entered into in connection with its debt offerings, the City is required each year to file annual reports with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system in accordance with such undertakings. Such annual reports are required to include certain updated financial and operating information and the City's audited financial statements.
- (b) The City is also required under its continuing disclosure undertakings to file notices of certain events with EMMA.
- (c) The Finance and Administrative Services Director is responsible for establishing a system (which may involve the retention or one or more consultants) by which:
 - 1.) The City will make the annual filings required by its continuing disclosure undertakings on a complete and timely basis; and
 - 2.) The City will file notices of enumerated events on a timely basis.

- (4) Whenever the City makes statements or releases information relating to its finances to the public that are reasonably expected to reach investors and the trading markets, the City is obligated to ensure that such statements and information are complete, true, and accurate in all material respects.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

(5) Training:

- (a) The Finance and Administrative Services Director shall ensure that the members of the City staff involved in the initial or continuing disclosure process and the City Council are properly trained to understand and perform their responsibilities.
- (b) The Finance and Administrative Services Director shall arrange for disclosure training sessions conducted by the City's Disclosure Counsel. Such training sessions shall include education on these Disclosure Policies and Procedures, the City's disclosure obligations under applicable Federal and State securities laws, and the disclosure responsibilities and potential liabilities of members of the City's staff and members of the City Council. Such training sessions may be conducted using a recorded presentation.

9. Risk Management Policies

- a. The City will maintain an appropriate level of funding or insurance coverage for exposure to risks of financial loss through self-insurance, partial self-insurance, commercial insurance, or pooled insurance with other agencies, whichever form is the most cost-effective in the long term. If self-insuring, stop loss insurance or pooled insurance should be acquired in order to minimize the amount of self-insured retention, or financial responsibility, at the lowest level that is cost-effective. The form of insurance employed for different risks shall be periodically evaluated.
- b. City property shall be appropriately insured or self-insured to cover the City's losses through theft, destruction, fire, and other insurable perils.
- c. All liability-type losses and claims that occur with predictable frequency and which will not have a significant adverse impact on the City's financial position shall be self-insured to an appropriate level.
- d. An annual analysis shall be made of all insurance and self-insurance to monitor and compare costs.

CITY COUNCIL POLICY

SUBJECT: FINANCIAL AND BUDGETARY POLICY

NO.: A-11

- e. The City shall be self-insured for unemployment benefits.
- f. Workers' Compensation shall be insured or self-insured to an appropriate level, and the program carried out according to State laws with the intent to care for the injured and preclude abuse to the extent allowable by law.

Revised: June 23, 2026, Resolution No.

Revised: January 23, 2024, Resolution No. 18863

Revised: June 12, 2018, Resolution No. 18220

Revised: June 13, 2017, Resolution No. 18147

Revised: March 27, 2007, Resolution No. 17191

Effective Date: December 13, 1976, Resolution No. 11280

~~CNL POL~~

~~A11-546CP-se~~

DATE: May 13, 2026

TO: Council Finance Committee

FROM: John Marchant, Community Services Director
Jennifer Logue, City Attorney
Christian Murdock, Community Development Director
Jennifer Ng, Public Works Director

SUBJECT: Park Fee Nexus Study and Park Impact Fee Updates

RECOMMENDATION

Receive an update on the City’s Park Fee Nexus Study and provide input and direction to guide the final development of the study and its future consideration and potential adoption by the City Council.

BACKGROUND

On [January 21, 2026](#), the Council Finance Committee (CFC) received an update regarding the development of a Park Fee Nexus Study and Park Impact Fee Updates. The update provided background on California law, which establishes two primary statutory frameworks enabling local governments to impose development impact fees to address the increased demand for parks and recreation facilities generated by new development. The first framework is commonly known as the *Quimby Act*, and the second is the *Mitigation Fee Act*. The Quimby Act applies to park land dedications required concurrent with certain subdivisions of property. The Mitigation Fee Act applies to a range of development impact fees that local jurisdictions may impose on development projects. Fees imposed under the Mitigation Fee Act must be supported by a nexus fee study adopted by the local legislative body, demonstrating a reasonable relationship between the type of development, the fee imposed, and the public facilities funded by the fee.

In addition to statutory requirements, recent case law has clarified the constitutional limits applicable to development impact fees, including *Sheets v. County of El Dorado*. Under this case law, local agencies must demonstrate that a fee has an “essential nexus” to a legitimate governmental land-use interest and that the fee is “roughly proportional” to the impacts of the proposed development.

The City of Mountain View's Park Land Dedication or Fees In Lieu Ordinance, codified in Chapter 41 of the Mountain View City Code, was adopted pursuant to the Quimby Act. As a result, the City's authority under Chapter 41 to require the dedication of park land or the payment of fees in lieu of dedication is legally limited to residential projects that are subject to subdivision map approval. Chapter 41, therefore, does not provide authority to impose park-related fees on other types of development, such as rental housing units developed without a subdivision, or commercial development, that also generate demand for park and recreation facilities.

Evaluation of the City's Park Land Dedication or Fees In Lieu Ordinance is also called for within the City's Sixth-Cycle Housing Element of the General Plan, adopted on April 11, 2023. Program 1.8 of the Housing Element calls for an update to the Park Land Dedication or Fees In Lieu Ordinance and a re-evaluation of the City's overall approach to park impact fees, with an aim to achieve certain fee reductions and to provide increased opportunities for credits toward required fee payments.

Collectively, the constitutional requirements articulated in the *Sheetz* decision, the legal limitations of the City's existing Quimby Act-based park land dedication framework, and the Housing Element program calling for an update to the City's Park Land Dedication or Fees In Lieu Ordinance provide the impetus for the preparation of a Park Fee Nexus Study.

The purpose of the study is to evaluate the relationship between new development and the need for park and recreation facilities, to identify the maximum fee that can legally be imposed on new development, and to inform potential updates to Chapter 41 and the City's broader park impact fee framework. To support this effort, the City has retained Economic Planning Systems, Inc. (EPS), a consulting firm with extensive experience preparing nexus studies for Bay Area jurisdictions, to conduct the Park Fee Nexus Study for the City of Mountain View. A cross-departmental staff team from the Community Services, Community Development, and Public Works Departments, and the City Attorney's Office, has been working closely with EPS to review existing data, evaluate service standards, and develop recommended modifications to the City's park fee structure.

Feedback from Council Finance Committee

At the January 21, 2026, CFC meeting, staff recommended the City continue using land dedication or in-lieu fee requirements adopted pursuant to the Quimby Act, while also adopting a park and recreation impact fee under the Mitigation Fee Act, using 3 acres per 1,000 residents as a service standard for both. Together, these tools provide a complementary, comprehensive, and legally sound framework for addressing park and recreation facility needs generated by new development. During the meeting, the Committee members reached consensus to support the

use of both frameworks, as recommended by staff. The Committee members also reached consensus to impose a Park and Recreation Impact Fee on non-residential development.

At that time, staff recommended calculating the Mitigation Fee Act fees by land use type and/or number of bedrooms for the following reasons:

- This metric could provide a more direct link to the number of persons in a household instead of using broad typology (single-family, multifamily, etc.);
- The number of bedrooms would still typically result in smaller units paying lower fees; and
- The City's other fee programs (e.g., water, sewer) tend to use the per bedroom-approach, resulting in alignment and consistency with other existing practices.

In response, the Committee expressed concern that the recommended fee structure may not reflect a fair share across unit types. They also shared concerns about a potential shift in the burden between housing types and that a bedroom-based fee may disincentivize development of larger, family-type units with multiple bedrooms, while incentivizing development of studio and one-bedroom units with greater floor areas.

Staff also received direction to update the average land acquisition and improvements costs by removing park design and construction costs for Evandale Park and Villa-Chaquita Park. The cost of these two parks are considered outliers from the typical per-acre costs of most parks in the City. In addition, staff was directed to evaluate alternative fee structures aligned with AB 602 and to return with a fee based on a square footage approach that may improve proportionality among different unit types.

ANALYSIS

The Park Fee Nexus Study calculates the maximum fees the City could charge to new residential and non-residential development for the acquisition of park land and improvement of recreational facilities. The new maximum fees for the City are developed under both statutes, though the fees are the same under both. Under the maximum fee calculations, new development is expected to contribute towards the acquisition of park land as well as the improvement of parks and recreational facilities. The City is not required to impose the maximum fee identified in the study, but rather may adopt a fee at or below that level. Adoption of a fee below the maximum level may be necessary to achieve the objectives of Housing Element Program 1.8 to reduce the financial impacts on residential development, including reducing average park land in lieu fee payments by at least 20%.

Based on the input from the Committee, staff and the consultant team have developed new recommended maximum fees and rationale for the Nexus Study. The benefits of these changes include:

- Improved legal defensibility by aligning fees directly with residential square footage.
- A more consistent approach across housing types.
- Removing disincentives for larger family-oriented units.

Revised Calculation of Residential Fees

As previously described, staff were directed to amend the land acquisition and improvement costs used to calculate the average cost of City parks, by eliminating the park design and construction costs for specific parks. Evandale and Villa-Chiquita parks are no longer included in the calculation because their costs were outliers compared to the typical per-acre costs of the other parks listed. By making this adjustment, the cost-per-acre assumption for design and construction has been reduced from \$3.4 million to \$3 million. This update also reduces the total park cost per acre for land acquisition including cost of design and construction, from \$11.2 million to \$10.8 million. The following table shows the revised capital cost per resident.

Table 1

New Park Costs Per Resident	Service Standard	Cost Assumptions Per Acre		
		Land Acquisition	Design/ Construction	Total
Park Costs Per Acre		\$7,800,000	\$3,000,000	\$10,800,000
New Park Costs Per Service Population	3.00	\$23,400	\$9,000	\$32,400

Source: City of Mountain View; EPS

City staff and the consultant team are recommending new calculated maximum fees per unit type, based on the square footage of each unit being developed. These recommended fees align with the direction received from the Committee.

To calculate the per-unit fee, three data points are needed, including the per-person cost as calculated above, the type of unit, and the average persons per unit type. The fee is calculated by multiplying the cost per person by the average number of people per unit. The calculation yields a higher fee as household size per unit increases, leading to higher per-unit fees for the two single-family units types as compared to the multifamily unit type.

The following table shows the per-unit fee calculated using this method.

Table 2

Unit Type	Cost per Person	Persons/ Unit	Per Unit Fee
Multifamily	\$32,400	1.66	\$53,784
Single-Family Attached	\$32,400	2.59	\$83,916
Single-Family Detached	\$32,400	2.74	\$88,776

Source: CoStar Group; Economic & Planning Systems

The per unit fee is then converted to a per square foot calculation to create a fee based on square footage by unit type. This calculation utilizes the unit type, the per unit fee, which is calculated above, and the average square footage of each unit type to calculate the fee per square foot. The average square footage per unit is based on an analysis of the existing housing stock in Mountain View.

The following table shows the maximum fee per square foot, by unit type.

Table 3

Unit Type	Per Unit Fee	Avg. Sq. Ft.	Per SF Fee
Multifamily	\$53,784	775	\$69.40
Single-Family Attached	\$83,916	1,850	\$45.36
Single-Family Detached	\$88,776	2,500	\$35.51

Source: CoStar Group; Redfin; Economic & Planning Systems

The service population per 1,000 square feet varies by housing type based on average persons per unit (household size) and unit size. For example, a multifamily development generates higher service population per square foot than a single-family development. The following table

illustrates the differences in per-square-foot fees that reflect the variations in service population intensity by unit type.

Table 4

Unit Type	Persons/ Unit	Avg. Sq. Ft.	Persons/ 1,000 SF
Multifamily	1.66	775	2.14
Single-Family Attached	2.59	1,850	1.40
Single-Family Detached	2.74	2,500	1.10

Source: CoStar Group; Redfin; Economic & Planning Systems

The recommended maximum fees by unit type are supported by the data collected during the fee study that shows single-family unit types generate higher persons per unit (but fewer persons per square foot), while multifamily units generate more persons per square foot (but fewer persons per unit). The following table illustrates how a fee, based on square footage of floor area, would be calculated by the unit type with different sizes. This structure ensures fees are aligned with the relative impact on park demand from each housing unit type .

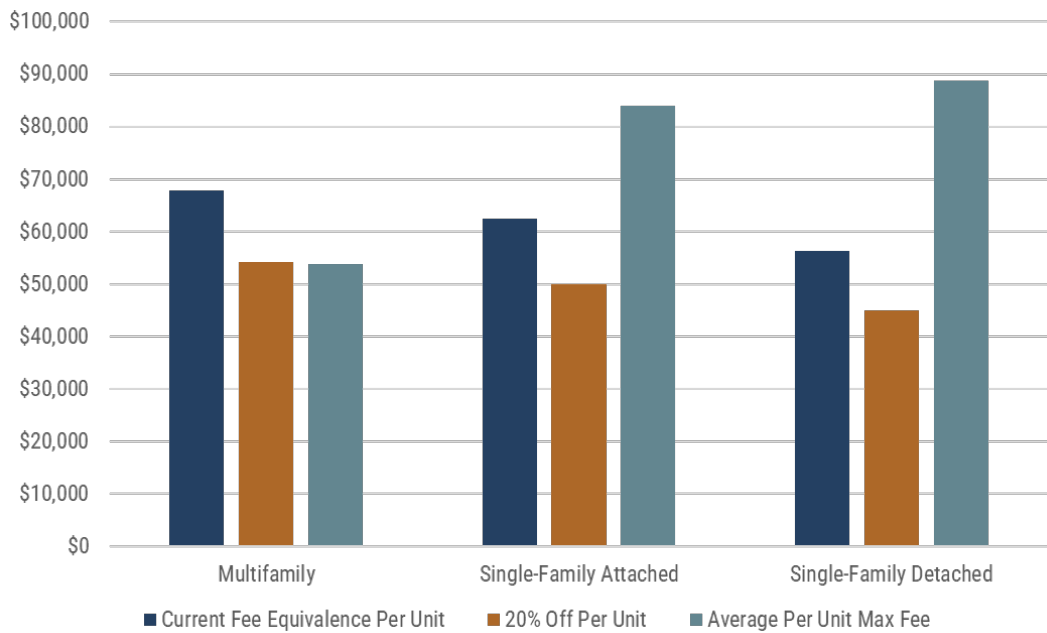
Table 5

Item	Multifamily Buildings	Single-Family Detached	Single-Family Attached
Per Square Foot Fee	\$69.40	\$35.51	\$45.36
Max Updated Fee Illustrations			
Smaller Size	500	2,000	1,500
Per Unit Fee	\$34,699	\$71,021	\$68,040
Average Size	775	2,500	1,850
Per Unit Fee	\$53,784	\$88,776	\$83,916
Larger Size	1,300	3,000	2,200
Per Unit Fee	\$90,218	\$106,531	\$99,792

Source: Economic & Planning Systems

Table 6 compares the recommended fees to current equivalent fees and shows that the recommended average per-square-foot multifamily fees would be lowered by approximately 21% compared to current fee levels. While multifamily unit fees would be reduced, the average single-family attached fee would increase by 34%, and the average detached unit fee would increase by 58%. While this table shows the average cost by unit type, the final total fee will be based on the actual square footage of each unit type being developed.

Table 6



For context, over the 2024 and 2025 Housing Element Annual Progress Report periods, the City annually approved entitlements for an average of 38 single-family detached units (3%), 13 single-family attached units (1%), and 1,102 multifamily units (96%).

Revised Calculation of Non-residential Fees

City staff and the consultant team are also recommending new calculated maximum fees for non-residential development. The updated maximum fees incorporate the revised land acquisition and improvement cost estimates outlined in Table 1. Table 7 below shows the new calculated maximum fees for non-residential compared to the previous fees presented at the January 21 meeting.

Table 7

Land Use	January 21, 2026 Max Potential Fee per GSF Total	Revised Max Potential Fee per GSF Total
Office / R&D	\$14.05	\$13.55
Commercial / Retail /Restaurant	\$9.44	\$9.10
Industrial	\$3.78	\$3.64
Hotels/Motels	\$2.83	\$2.73

Sources: City of Mountain View; EPS

FINANCE COMMITTEE INPUT AND DIRECTION REQUESTED

1. Does the Committee support staff’s recommendation to establish Quimby Act fees and Mitigation Fee Act fees based on unit type and square footage?
2. Does the Committee support staff’s recommendation to apply the updated park and recreation impact fee to non-residential development?
3. Does the Committee have any additional input or direction to guide the final development of the Nexus Study prior to its consideration by the City Council?

FISCAL IMPACT

Adoption of the Park Fee Nexus Study will allow the City to continue collecting park fees, generating revenue to support the development and improvements of new park facilities.

NEXT STEPS

Based on input received from the CFC, City staff is prepared to bring the Park Fee Nexus Study to City Council as a new business item for consideration in September 2026. The City is required to provide a 30-day notice of a Public Hearing for the adoption of the Park Fee Nexus Study and the adoption of updates to Chapter 41 of the City Code. Staff will need to determine how much time

may be needed to complete additional analysis requested by the CFC and to meet the 30-day noticing requirement before committing to a City Council date for adoption.