



MEMORANDUM

Community Services Department

DATE: January 21, 2026

TO: Council Finance Committee

FROM: John Marchant, Community Services Director
Jennifer Logue, City Attorney

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

California law establishes two primary statutory frameworks that enable local government agencies to impose development impact fees to address the increased demand for parks and recreation facilities generated by new development. These laws are intended to ensure that development contributes its fair share toward the provision and maintenance of parks and recreational facilities needed to serve new residents and users.

The first framework is California Government Code section 66477, commonly known as the *Quimby Act*. The Quimby Act authorizes local agencies to require the dedication of land, or the payment of fees in lieu of land dedication, for park and recreational purposes as a condition of approval of a tentative map or parcel map. Generally, the Quimby Act is intended to ensure that adequate parkland is provided to serve new residential subdivision development.

The second framework is California Government Code section 66000 et seq., known as the *Mitigation Fee Act*, which grants local governments broader authority to impose fees on new development to mitigate the impacts of development on public facilities, including parks and recreational facilities. Unlike the Quimby Act, the Mitigation Fee Act allows fees to be imposed on a wider range of development types. Fees adopted pursuant to 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. In *Sheetz v. County of El Dorado*, the United States Supreme Court held that legislatively adopted development impact fees, like project-specific exactions, are subject to the two-part test established in *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*. Under this test, 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. These requirements are intended to ensure that development impact fees are imposed to mitigate identifiable impacts of new development and do not exceed what is reasonably necessary to address those impacts.

The City of Mountain View’s Park Land Dedication or Fees In Lieu Ordinance, codified in Chapter 41 of the Mountain View Municipal Code, was adopted pursuant to the Quimby Act. As a result, the City’s authority under Chapter 41 to require the dedication of parkland or the payment of fees in lieu of dedication is legally limited to residential subdivision projects that are subject to tentative map or parcel map approval. Chapter 41, therefore, does not provide authority to impose park-related fees on other types of development that also generate demand for park and recreation facilities.

In addition, on April 11, 2023, the City adopted its Sixth-Cycle Housing Element. Program 1.8 of the Housing Element calls for an update to the City’s Park Land Dedication Ordinance and a re-evaluation of the City’s overall approach to park impact fees.

Collectively, the constitutional requirements articulated in the *Sheetz* decision, the legal limitations of the City’s existing Quimby Act–based parkland dedication framework, and Housing Element policies calling for an update to the City’s Park Land 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, identify the maximum fee that can legally be imposed on new development, and 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, 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.

RECOMMENDATIONS AND ANALYSIS

Maintain the Quimby Act Park Land Dedication or In Lieu Fee Requirement and Adopt a Park and Recreation Impact Fee Under the Mitigation Fee Act

City staff recommends that the City maintain its existing park 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. Together, these tools provide a complementary, comprehensive, and legally sound framework for addressing park and recreation facility needs generated by new development.

The benefits of utilizing both the Quimby Act and the Mitigation Fee Act include the following:

1. **Direct Provision of Parkland in Residential Subdivisions**

The Quimby Act allows the City to require the dedication of parkland within or near residential subdivision projects, helping to ensure that new neighborhoods include accessible parkland that is integrated into the surrounding community. This approach is particularly effective in areas experiencing residential growth where on-site or nearby park facilities are needed to serve new residents.

2. **Flexibility Through Fees In Lieu of Dedication**

When land dedication is not feasible, Quimby Act fees in lieu of dedication provide the City with flexibility to acquire, expand, or improve park and recreational facilities in locations that best serve community needs. This flexibility supports efficient and strategic park planning while still requiring residential subdivision development to contribute toward park capacity.

3. **Broader Applicability Under the Mitigation Fee Act**

A park and recreation impact fee adopted under the Mitigation Fee Act enables the City to address park impacts from a broader range of development types, including multifamily residential, mixed-use, and non-residential projects that are not subject to subdivision mapping. This ensures that all development contributing to increased demand for park and recreation facilities shares in the cost of providing those facilities.

4. **Equitable Allocation of Costs**

Using both mechanisms allows the City to allocate the cost of park and recreation facilities more equitably among development projects based on the nature and scale of their impacts. Residential subdivisions contribute through land dedication or in-lieu fees, while

other development types contribute through impact fees supported by a nexus study, reducing reliance on any single funding source.

5. Legal Compliance and Risk Reduction

Applying the Quimby Act and the Mitigation Fee Act within their respective statutory and constitutional limits supports compliance with State law and the *Nollan/Dolan* “essential nexus” and “rough proportionality” standards, as clarified by the United States Supreme Court in *Sheetz v. County of El Dorado*. This dual approach helps minimize legal risk by ensuring that fees are imposed only where legally authorized and supported by appropriate findings.

6. Support for Long-Term Park System Planning

Together, parkland dedication requirements and impact fees provide predictable land and funding resources to support long-term park and recreation planning. Land dedication helps preserve opportunities for future park sites, while impact fees support the acquisition, development, and improvement of park facilities needed to serve a growing population.

Impose a Park and Recreation Impact Fee on Non-Residential Development

At the direction of City Council, EPS and City staff evaluated the feasibility and legal considerations associated with imposing a park and recreation impact fee on non-residential development under the Mitigation Fee Act. Based on this analysis, staff recommends applying a park and recreation impact fee to non-residential development, in addition to residential development, to more equitably and comprehensively address the demand for park and recreation facilities generated by growth.

Applying a park and recreation impact fee to non-residential development provides several key benefits, as outlined below:

1. Recognition of Park Impacts from Non-Residential Uses

Non-residential development, including office, commercial, and other uses, contributes to increased daytime population and visitor activity, which in turn can increase demand for parks, open space, and recreational amenities. Applying impact fees to non-residential development appropriately recognizes and accounts for these impacts.

2. Equitable Cost Sharing Across Development Types

Imposing park impact fees on both residential and non-residential development ensures

that all forms on new development cover their impacts on costs of providing park and recreation facilities. Rather than only receiving impact fees to cover the impact of new residents on parkland and facilities, including non-residential development ensures that the demand for parks from new workers is also accounted for.

3. Consistency with the Mitigation Fee Act Framework

The Mitigation Fee Act authorizes impact fees to be imposed on a broad range of development types, provided the fees are supported by a nexus study demonstrating an essential nexus and rough proportionality. Applying fees to non-residential development is consistent with the statutory framework and promotes a comprehensive approach to impact mitigation.

4. Support for a Balanced and Complete Community

Parks and recreation facilities serve not only residents, but also employees, students, and visitors associated with non-residential development. Impact fees on non-residential projects help fund facilities that support workforce well-being, community health, and overall quality of life.

5. Increased and More Stable Funding for Park Improvement

Including non-residential development expands the funding base for park acquisition, development, and improvements, providing more stable and diversified resources to address system-wide needs as the community grows.

Calculation of Fees

The nexus study calculates the maximum fees the City could charge to new residential and non-residential. 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 parkland.

The table below shows the connection between different statutes, development types, and park investments. The primary effect of the Quimby Act is that residential subdivisions will have the option to dedicate park land in lieu of that portion of their fee obligation.

Table 1

Development Type	Parkland	Improvements
Residential Subdivision	<i>Quimby Act</i>	Mitigation Fee Act
Residential Non-Subdivision	Mitigation Fee Act	Mitigation Fee Act
Non-Residential	Mitigation Fee Act	Mitigation Fee Act

There are three fundamental data points that drive the new fee calculations, these include: 1) service standard; 2) occupancy assumptions based on land use; and 3) costs per acre. Each data point is discussed in more detail below, followed by an illustrative chart showing how these data points have been used to calculate the applicable fee.

1. Service Standard - Maintain 3-acre per 1000 Residents Standard and Incorporate Non-Residential Development

The Quimby Act allows local agencies to require the dedication of land, or the payment of fees, or both, in an amount not to exceed the proportionate amount necessary to provide three (3) acres of park area per 1,000 persons residing within a subdivision (“Service Standard”). A Service Standard of up to five (5) acres per 1,000 residents may be used if the existing provision of park land exceeds the 3.0 acres per 1000 base level.

The City has historically applied the 3-acre per 1,000 residents Service Standard. Notwithstanding the fact that the draft Parks and Recreation Strategic Plan (PRSP) confirms the City currently meets the 3-acre per 1000 residents Service Standard City-wide, park land distribution varies significantly by Planning Area and many neighborhoods remain park-deficient. Therefore, staff recommends maintaining the 3.0-acre per 1000-resident Service Standard. Expressed in another way, the City’s service standard asks that for every resident in a new housing development, 0.003 acres of new and improved parkland is developed.

The table below from the draft PRSP illustrates park land availability by Planning Area. Only the North Bayshore and Miramonte Planning Areas meet or exceed the 3-acre standard. The North Bayshore total is largely attributable to Shoreline at Mountain View Regional Park and the City’s primary trail corridors.

Table 2

Park Land by Planning Area			
Planning Area	Park Acres*	2020 Population	Acres per 1,000 Residents
North Bayshore	230.93 acres	988	233.73 acres
Miramonte	55.45 acres	11,087	5.00 acres
Grant	14.09 acres	5,931	2.63 acres
San Antonio	26.56 acres	14,752	1.80 acres
Whisman	17.29 acres	9,982	1.73 acres
Stierlin	14.21 acres	9,979	1.42 acres
Central	16.17 acres	12,391	1.30 acres
Sylvan-Dale	9.96 acres	7,778	1.28 acres
Thompson	2.93 acres	2,671	1.10 acres
Rengstorff	2.92 acres	6,817	0.43 acres
Citywide	390.51 acres	82,376	4.74 acres

If the City maintains the 3-acre per 1,000 residents Service Standard, this Service Standard will be used for land dedication and in lieu fee requirements under the Quimby Act as well as park and recreation impact fees under the Mitigation Fee Act for both resident and non-residential development projects.

To incorporate non-residential development, it is necessary to determine the equivalent level of park demand from new workers associated with non-residential developments and specifically recognize the lower relative demand for parks use from workers than from residents. Park use surveys have indicated that 7.5 workers have the equivalent demand to 1 resident, equivalent to workers having 13.3 percent as much parks demand as residents. Applying this adjustment to the City’s service standard of 3.0 acres per 1,000 residents results in an equivalent standard of 0.4 acres per 1,000 workers.

2. Occupancy Assumptions Based Land Use Type

Residential Occupancy Assumptions for Residential Development

For housing developments, nexus studies adopted after July 1, 2022 must either calculate fees based on the square footage of the units rather than a flat "per-unit" basis or provide an explanation for an alternative metric that still bears a "reasonable relationship" to the development's impact. Staff proposes an alternative metric that categorizes residential development by type and/or number of bedrooms (detached single family home, attached single family home, multifamily home – studio, 1-bedroom, 2-bedroom, 3-bedroom, and multifamily per each additional bedroom).

Primary reasons for using this alternative metric, include: (1) the number of bedrooms provides a more direct link between the expected number of persons in a household (the key driver of parks demand) than a straight square footage measure; (2) charging fees on the basis of the number of bedrooms will still typically result in smaller units paying lower fees; and, (3) the City's other fee programs (e.g. water, sewer) tend to use the bedroom-approach so the parks fee program will be more consistent and clear to implement as part of the larger set of City fees. The City's recently adopted East Whisman Precise Plan Development Impact Fee Study used this same approach and determined the appropriate person per household factors for the different multi-family bedroom counts (also used in this analysis).

Park fees are directly and proportionately affected by the person-per-household assumptions. Using the latest census data, East Whisman Precise Plan Development Impact Fee Study, and other available data sources, the following average persons per unit type is being used to calculate fees:

Single Family Detached: 2.74
Single Family Attached: 2.59
Studio: 1.17
1-Bedroom: 1.37
2-Bedroom: 2.09
3-Bedroom: 2.53
Per Additional Bedroom: 0.36

Non-Residential Occupancy Assumptions

Fees on non-residential development are tied to the number of jobs per thousand square feet (employment density) with a focus on non-resident workers. Non-residential land uses with a higher number of jobs per thousand square feet will generate higher levels of park demand. City staff provided the standard gross building square foot per job for the four different non-residential use types considered. These ratios, in combination with the proportion of workers that are typically non-residents, were combined to develop the number of non-residents workers per 1,000 square foot (which form the basis for the fee calculations):

Office/ R&D – 3.14 non-resident workers per 1,000 square feet.

Commercial / Retail /Restaurant – 2.11 non-resident workers per 1,000 square feet.

Industrial – 0.84 non-resident workers per 1,000 square feet.

Hotels/Motels – 0.62 non-resident workers per 1,000 square feet.

3. Cost Per Acre - Land Acquisition and Improvement Costs

The Quimby Act and Mitigation Fee Act land component of park fees are directly and proportionately tied to land value estimates. The new fee calculations are based on the latest average land cost, as calculated by the City's appraiser. As part of this study, a review was conducted to determine how other agencies calculate their land values. The City has updated its calculation to better align with those of other agencies. The updated cost of land is \$7.8 million per acre for the purposes of this new fee calculation.

The Mitigation Fee Act allows agencies to not only charge a proportional fee for land, but it also allows for the proportional cost of park improvements. The estimated cost of park improvements is \$3.4 million per acre. Park improvement costs are based on the City's history of expenditures on new parks.

Taken together, the total park cost per acre is \$11.2 million, including \$7.8 million per acre for land acquisition and \$3.4 million per acre for park improvements.

Residential Fees/ Calculation

The following chart illustrates the calculation of Quimby Act fees in conjunction with Mitigation Fee Act fees for park improvements. The first calculated column is the City's current fee for high-density development compared to the unit type now being used. While the land value has been recalculated and adjusted lower, the addition of park improvements increases the total park investment per acre. A quick way to calculate the Quimby Fee and Mitigation Fee per unit is to take the total park investment cost per acre and multiply it by the number of acres per unit.

Table 3

Item	Factor/ Formula	Current Fee 26+ Units	Max New MF Studio	Max New MF 3-bed
<u>Services Standard</u>				
Acres per 1,000 residents	A	3	3	3
Acres per Resident	$B = A/1000$	0.003	0.0030	0.0030
Persons Per Household	C	2.0	1.17	2.53
Acres per Unit	$D = B * A$	0.0060	0.0035	0.0076
<u>Park Investment/ Acre</u>				
Land	E	\$11,300,000	\$7,800,000	\$7,800,000
Improvements	F	\$0	\$3,400,000	\$3,400,000
Total		\$11,300,000	\$11,200,000	\$11,200,000
<u>Total Cost/ Fee Per Unit</u>				
Land	$G = D * E$	\$67,800	\$27,378	\$59,202
Improvements	$H = F * D$	\$0	\$11,934	\$25,806
Total	$I = G + H$	\$67,800	\$39,312	\$85,008

*Due to rounding in formulas, some calculations may not yield exact results.

In the table above, the calculation order is as follows:

Step 1: Convert City Service Standard (**A**) of required acres per 1,000 residents into required acres per new resident (**B**).

Step 2: Multiple acres per new resident (**B**) by number of persons per household by unit type (**C**) to calculate park acres per residential unit type (**D**).

Step 3: Multiple the new park acres per residential unit (D) by the per acre costs of parkland acquisition (E) to determine the parkland cost per unit (G) which is the maximum fee level for the parkland component.

Step 4: Multiple the new park acres per residential unit (D) by the per acre costs of park improvements (F) to determine the park improvement cost per unit (H) which is the maximum fee level for the park improvement component.

Step 5: Sum the parkland fee per unit component (G) and the park improvement fee per unit component (H) to determine the maximum parks fee (I).

The following table shows the existing fee and provides the currently calculated maximum fee. total fee per unit type. The last two columns highlight the increase or decrease of the new fee compared to the existing fee. The new fees have both higher fees for those units with higher persons per household and a lower fee for those with lower persons per household.

Table 4

Land Use ¹	Existing Fee		Updated Fees			Increase/ (Decrease)	
	Low	High	Land	Improvements	Totals	Low	High
Single Family Detached	\$55,890	\$73,710	\$64,116	\$27,948	\$92,064	65%	25%
Single Family Attached	\$62,400	\$67,800	\$60,606	\$26,418	\$87,024	39%	28%
Multifamily							
Studio	\$67,800	\$75,600	\$27,378	\$11,934	\$39,312	-42%	-48%
1-Bedroom	\$67,800	\$75,600	\$32,058	\$13,974	\$46,032	-32%	-39%
2-Bedroom	\$67,800	\$75,600	\$48,906	\$21,318	\$70,224	4%	-7%
3-Bedroom	\$67,800	\$75,600	\$59,202	\$25,806	\$85,008	25%	12%

[1] Residential categories are different between existing and new programs. Comparisons shown between single family detached and current 1-6 units/acre density; single family attached and 13-25 units per acre; and different multifamily unit types and 26+ units/acre.

Sources: City of Mountain View; EPS

Non-Residential Fees/ Calculation

The City Council also requested staff to include non-residential fees in the nexus study. EPS calculated the maximum fees by square foot of development in four land use categories. The City has not charged a non-residential park fee to date. The maximum new per gross square foot non-residential fees are shown below. The calculations combine the estimated non-resident workers per 1,000 square feet with the service standard to determine the acres required to serve workers on a land use basis and a per gross square foot maximum fee by non-residential development type.

Table 5

Land Use Category	Non-Resident Workers/ 1,000 SF	Service Standard Acres/ 1,000 Workers (acres)	Acres/ 1,000 SF	Cost/ 1,000 SF	Residential Equivalent 1,000 SF ³
Office / R&D	3.14	0.40	0.00125	\$14,048	\$14.05
Commercial / Retail /Restaurant	2.11	0.40	0.00084	\$9,441	\$9.44
Industrial	0.84	0.40	0.00034	\$3,776	\$3.78
Hotels/Motels	0.63	0.40	0.00025	\$2,832	\$2.83

Source: City of Mountain View; US Census LEHD 2022, EPS

HOUSING ELEMENT

Housing Element Program 1.8 calls for completion of Phase 2 of the Park Land Dedication Ordinance update, adoption of a Parks Fee Nexus Study, and broader evaluation of strategies to reduce constraints on residential development while maintaining access to high-quality open space. Adoption of the Park Fee Nexus Study is a key component of achieving the objectives of Program 1.8, as the study establishes the maximum park impact fee that the City may legally impose under State law based on applicable service standards, cost assumptions, and constitutional nexus and proportionality requirements. However, the primary purpose of the Nexus Study is to identify the upper limit of a legally supportable fee; it is not intended to determine the specific fee level that the City will ultimately adopt or to identify mechanisms for reducing fees. 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.

Achieving the objectives of Housing Element Program 1.8 to reduce the financial impacts on residential development, including reducing average parkland in-lieu fee payments by at least 20 percent, will require additional policy development beyond adoption of the Nexus Study. This work will include evaluating expanded opportunities for developments to receive parkland credit, assessing the feasibility and effectiveness of temporary fee reductions or discounts, considering phased implementation of park fees, and exploring policy-based fee waivers or reductions. Together, the Nexus Study and these subsequent policy refinements will enable the City to complete Housing Element Program 1.8, and allow the City to balance legal compliance, housing production goals, and the continued provision of high-quality parks and open space.

FINANCE COMMITTEE INPUT AND DIRECTION REQUESTED

1. Does the Committee support staff's recommendation to maintain the existing park land dedication or in-lieu fee requirement under the Quimby Act while also adopting a park and recreation impact fee pursuant to the Mitigation Fee Act?
2. Does the Committee support staff's recommendation to apply the park and recreation impact fee to non-residential development, in addition to residential development?
3. Does the Committee support maintaining the current park service standard of three (3) acres per 1,000 residents for purposes of calculating the park impact fee?
4. 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?

PUBLIC OUTREACH

The Community Development Department, in coordination with the Community Services and Public Works Departments, hosted a developer stakeholder meeting on December 4, 2025. Fourteen developers and industry representatives attended, including affordable housing providers, market-rate developers, and land use consultants. Staff provided a high-level overview of the Nexus Study, including anticipated timelines and upcoming reviews by the Council Finance Committee and City Council.

FISCAL IMPACT

Adoption of the nexus fee study will allow the City to continue collecting park fees, generating revenue to support the development and improvements of new park acres.

NEXT STEPS

Based on input received from the CFC, City staff is prepared to bring the Nexus Study to City Council as a new business item for consideration. The City is required to provide 30-day notice of a Public Hearing for the adoption of Nexus Fee Study and the adoption of updates to Chapter 41. 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.