

**DATE:** January 17, 2024

**TO:** Parks and Recreation Commission

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

**SUBJECT:** **Park Land Dedication Fund and Park-Related Projects—Midyear Update for Fiscal Year 2023-24**

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**RECOMMENDATION**

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

**BACKGROUND**

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

**Land Dedication Versus In-Lieu Fee**

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

During the development process, the project developer may offer to dedicate park land to the City for new residential developments. Alternatively, an in-lieu fee is required when: (a) park

land is not dedicated as part of a residential development; (b) the proposed development is located where no park is planned or proposed in the General Plan, Precise Plan, or Parks and Open Space Plan; (c) when dedication is impossible, impractical, or undesirable (as determined by the City's Public Works Director, Zoning Administrator, or City Council as appropriate); or (d) the proposed residential development contains fifty (50) or fewer units or parcels. The in-lieu fees are used to purchase land, buy equipment, construct improvements, or rehabilitate a proposed or existing parks or recreational facilities serving the residential development. As outlined in Chapter 41 of the Mountain View City Code, the development of residential units has a significant effect on the use and availability of park and recreation space and facilities. The intent of PLD in-lieu fees is to require that such developments contribute their fair share towards the purchase, development, and/or improvement of park and recreational facilities. The in-lieu fee is received at the issuance of the first building permit because the PLD In-Lieu Fee is a condition of approval for the entitlement (planning) permit.

PLD in-lieu fees are calculated based on the fair market value range for an acre of land for each density category listed in Table 41.6 of the City Code. An annual appraisal study of Citywide land values is used to establish the fair market value ranges. At the January 17, 2024 meeting, the Parks and Recreation Commission (PRC) will be receiving a presentation from the City's Real Property Program Administrator that includes the current fair market value ranges determined by the most recent appraisal study. The adopted range of land values provides developers with information needed for financing their proposed developments and estimate park land requirements prior to submission of a formal application.

### **Housing Element and Parks and Recreation Strategic Plan**

In April 2023, the City Council adopted the 2023-2031 Housing Element, which is a State-mandated plan and long-term policy document that guides future decisions on housing preservation, protection, and production for the City of Mountain View. The Housing Element includes a series of programs that identify specific actions that the City will take during the Housing Element planning period. Included in these programs is the Park Land Dedication Ordinance Update. The Parks and Recreation Strategic Plan will include a thorough review of the PLD Ordinance and will provide any recommended changes to the Ordinance that can increase funding to parks and open space. The Plan will also review other creative funding strategies to increase available funding for acquisition, development, and renovation of City parks. Additionally, CSD is preparing for a nexus study that will evaluate the City's park land dedication requirements and may result in revisions to factors such as the valuation methodology of fees and incorporation of other sources of funding.

### **Process for Expending Park In-Lieu Fees**

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

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

In committing fees, the first consideration goes to parks, trails, and recreation projects that are located within the same parks and open space area as the development generating the fee. The next prioritization goes to projects within one mile of the approved new residential development(s) generating the fee. The last consideration goes to park, open space, or recreation projects that provide a Citywide benefit, which can be located anywhere in the City.

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

The PLD in-lieu fees must be committed within five years of the date the City receives them per the Quimby Act. The PRC and City Council cannot commit future anticipated fees, and only PLD fees that have already been received can be committed to CIP projects. However, through the CIP process, staff may identify unfunded projects that are anticipated to be funded by future PLD fees. This allows Council and the public to be aware of upcoming capital projects.

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

### **ANALYSIS**

At the May 10, 2023 meeting, the PRC made a recommendation to commit a total of \$2,000,000 to existing projects and \$6,000,000 to new projects, for a total commitment of \$8,000,000 in PLD

fees. Funds for these projects were then committed by Council on June 27, 2023, with the adoption of the Fiscal Year 2023-24 CIP. The projects are detailed below:

- \$1,000,000 to Whisman Sports Center and Mountain View Sports Pavilion Renovations
- \$1,000,000 to Pickleball Court Design and Construction
- \$6,000,000 to San Rafael Avenue Park, Design and Construction

Additionally, since the May 10, 2023 meeting, PLD fees for other projects were committed by Council on the following dates:

- **May 23, 2023**—\$250,000 to Colony Street Connection to Permanente Creek Trail
- **June 13, 2023**—\$227,310 to Cuesta Park Fitness Court
- **June 27, 2023**—\$1.4 million to Magical Bridge All-Inclusive Playground  
\$3.5 million to Rengstorff Park Maintenance and Tennis Building Replacement

Since the May 10, 2023 PRC meeting, the City has received a total of \$772,900 in new PLD fees from two residential developments as well as approximately \$2 million in investment earnings. Additionally, the City has received a total of approximately \$633,000 in rental revenue from properties purchased using PLD fees. In total, approximately \$42 million is available in uncommitted fees in the Park Land Dedication Fund for acquisition, development, or renovation. Approximately \$6 million has already been committed to open space acquisition among four different parks and open space areas. Attachment 2 shows a breakdown of fees by parks and open space planning area as currently in the Park Land Dedication Fund. Staff will return to the PRC in the spring with recommendations for committing these funds to various projects.

### **Future Park Land Fund Projects**

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

**NEXT STEPS**

Staff will return to the PRC in spring 2024 to review updates to the Park Land Dedication Fund and Park Land in-lieu fees as well as any recommendations for committing the fees to capital improvement projects.

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