

## STAFF REPORT

**Item:** Park Dedication Analysis

**Agenda Item:** 3

**Background Information:** The Planning Commission has directed Staff to examine our formula calculating Park Dedication Fees. Section 9.10, Subdivision 2 of the Subdivision Ordinance contains provisions regarding park dedication in new subdivisions. Specifically, the Ordinance states the following:

2. In addition, for every new subdivision of land involving three or more lots which are to be developed for residential purposes, the Planning Commission, with the concurrence of the City Council, shall require a payment to the City, in lieu of a land dedication for conservation purposes or for public use as parks, recreational facilities, playgrounds, trails, wetlands or open space, of a sum not to exceed ten percent (10%), of the fair market value of the land to be subdivided. The fair market value of the land to be subdivided shall be the value as determined by the Crow Wing County Assessor at the time of Final Plat approval. The amount of the payment shall be set by the Planning Commission, with the concurrence of the City Council, after taking into consideration the open space, park, recreational or common areas and facilities which the applicant proposes to reserve for public use within the subdivision. Funds received by the City, in lieu of land dedication, shall be placed in a special fund in accordance with Section 462.358, Subdivision 2b, of the Minnesota Statutes.

In short, all subdivisions, regardless of the number of new lots being created, are required to pay up to 10% of the value of their land if no land is set aside for public parks or open space.

The Ordinance, as it is currently written, can result in what appears to be incredibly high fee requirements for some properties. A lakeshore property valued at \$850,000 would require a fee of \$85,000, even if there are only four new lots created. On the same vein, an off-lake property may be valued at only \$40,000, but the developer may be creating 40 new lots and only be required to pay \$4,000 in park dedication fees. This method of calculating fees does not appear to accomplish, in a fair and consistent manner, the overarching goal of creating and supplying parks for the expected increases in population resulting from new land subdivisions.

Legislation passed in the summer of 2006 has tightened up the requirements for the fees that municipalities are able to charge. Minnesota Statutes 462.353, Subd. 4 requires that fees that a municipality imposes be “fair, reasonable, and proportionate, and have a nexus to the actual cost of the service for which the fee is imposed.” Further, Minn. Stat. 462.358, Subd. 2c details that “[t]here must be an essential nexus between the fees or dedication imposed...and the municipal purpose sought to be achieved by the fee or dedication. **The fee or dedication must bear a rough proportionality to the need created by the proposed subdivision or development.**” (emphasis added)

To ensure that the park dedication fees that are collected have a nexus with, and are in proportion to, the size of new subdivisions, many communities have moved toward charging “per lot” fees, or providing a range of options for dedication.

The issue is figuring out what that “per lot” fee should be. The League of Minnesota Cities recommends basing the value on how many acres of parkland the City seeks to acquire to meet the needs of residents in the community. Typically, a City would initiate a parks planning process to study the recreation opportunities available and needed within the City, and then adjust Ordinances from there.

The City can also use a simplified calculation based on estimates provided through various sources. The Staff recommends that the City, at some point in the near future, update and clarify the following process with a full parks and open space plan, so that all park needs are assessed and direction is given to the City on how funds should be spent and where properties should be acquired.

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**Basic Park Needs Analysis:**

1. The standards indicate that rural communities with a good supply of recreation opportunities tend to have 12 – 15 acres of city parkland per 1,000 residents. Given the recreational character of the community, this analysis will use the standard of 15 acres of city parkland per 1,000 residents.
2. The City of Emily has 969 year-round residents, according to the United States Census Bureau 2006 population estimates. Based on the standard listed above, the City should have approximately 14.54 acres of city-owned parkland available to serve the needs of current year-round residents.
3. Inclusion of the seasonal population in this value. Our most recent seasonal population estimate is based on the U.S. Census Bureau information, which states that 500 of the 876 housing units in the City were for seasonal, recreational, or occasional use, resulting in an additional 1150 seasonal residents, by using the average household size for the City. The total population, then, to be served by the City’s recreational resources is 2,119 people.
4. Within the City, there is currently roughly 12.68 acres of city-owned parkland available. It appears that the City is on just short of meeting the acreage needs for existing year-round residents. To serve the increase in seasonal population, the City should have 31.79 acres of parkland available. The City is currently short by 19.11 acres of land. These unmet park needs should be included in the calculations for park dedication.
  - a. The lands that make up the 12.68 acres of parkland are listed here. The Staff used the following lands, whether they are developed as parkland or not, to calculate this value: all city-owned land except City Hall, any land within the business park, and public maintenance land. Included were the following:
    - i. Emily City Park
    - ii. West Baseball Park
5. The per capita share of the total parkland goal is calculated next.  $14.54 \text{ acres}/969 \text{ residents (population)} = 0.015 \text{ acres per resident}$ .
6. The amount of land to be dedicated as part of residential subdivision or plat will be equal to the per acre residential share (0.015 acres) times the number of residents expected in the development or subdivision.
7. To calculate the park dedication fee in lieu of land dedication, the amount of land dedication required is multiplied by the per acre value of undeveloped land in the

City. An analysis of undeveloped land in the City shows the per-acre value of undeveloped land is roughly \$20,450, representing the median value of all properties less than ten acres in size (half of the land is valued higher and half is valued lower).

8. Based on the per acre value of undeveloped land, the residential fee for additional park land would equal either 0.015 acres or \$307 per resident.
9. The average household size in the City of Emily is 2.3, thus the-per lot fee would be  $2.3 \times \$307$  or \$706.