



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: John Hinzman, Community Development Director
 Chris Jenkins, Parks and Recreation Director
Date: July 17, 2023
Item: Parkland Dedication

Council Action Requested

Consider the following actions amending the Hastings City Code pertaining to parkland dedication:

- 1) Hold a public hearing and consider 2nd^d Reading and Adoption of Ordinance:
City Code Chapter 154 – Subdivision Ordinance
- 2) Hold a public hearing and consider 2nd^d Reading and Adoption of Ordinance:
City Code Chapter 34.03 - Fees

The City Council considered 1st Reading on the above amendments at the June 26, 2023 meeting. A simple majority is necessary for action.

Proposed Changes

The proposed amendment changes the following:

- Changes the methodology for the calculation of physical land dedication.
- Increases the fee for parkland dedication to reflect changes in market value.
- Places the specific fee for parkland dedication in the Fee Schedule of Chapter 34 of the City Code.

Parkland Dedication

Parkland dedication is required upon subdivision of property (Final Plat). The method for dedication may be in the form of physical land (new park) or payment of fee in lieu of land dedication (to be used for parks at a later date). Parkland dedication fees have not been amended since 2004. Fees charged today do not reflect the value of land as they did nearly 20 years ago. In addition, development fees such as parkland dedication fees have come under scrutiny and require a nexus between the fees being charged and the burden to the City's park system. A case at the Supreme Court is contemplated this very issue and a ruling is expected shortly.

Methodology

The amendment includes a new methodology for the calculation of parkland dedication

that is based on the following general principle:

- Calculate the amount of existing parkland per person (presently 1,367 s.f.)
- Require future parkland dedication be provided similarly.
- Determine the fair market value of land through an independent appraisal.
- Update the units of measure for determining dedication at least every three years (i.e., amount parkland, population, persons per household, land value)

Having the methodology in the ordinance provides the justification for charging park dedication fees (similar to a special benefit appraisal on a street project). However, the ordinance also allows the City to set a flat rate for park dedication in the fee schedule, and the actual charge will be the lesser of the two values.

Yield Substantially Higher

Calculations of parkland dedication using the new methodology are substantially higher than the current rate as demonstrated in the following comparison:

Subdivision	Existing Requirements	Appraisal Based
Heritage Ridge - 116 single/villa homes	\$2,200 per unit \$255,200 total payment	\$5,141 per unit \$596,366 total payment
Lake Isabelle Flats - 89 apartments	\$1,100 per unit \$97,900 total payment	\$16,229 per unit \$1.4 million total payment

Fees of Comparable Communities

A survey of 25 comparable communities was conducted to determine parkland dedication rates. Most cities had a single rate for all unit types. The amount of park dedication charged per dwelling unit is below:

Unit Type	Median Survey Value	Range
Single Family	\$3,631	\$1,500 - \$8,000
Townhome	\$3,525	\$1,500 - \$8,000
Apartment	\$3,500	\$1,500 - \$8,000

Analysis

There is logic in providing for future park dedication based on the amount of park land provided today. However, the increase over existing rates is substantial and would place the City above the median of what comparable cities charge. The change could result in a reduction in new residential development and a decrease in the amount of funding collected for parkland dedication.

Proposal

Establish a \$3,600 per unit parkland dedication fee for all units. Utilize the following phased-in approach for implementation:

	Existing Fee	2023	2024	2025	2026	2027
Low & Mid Density - Less than 12 units per acre	\$ 2,200	\$ 2,700	\$ 3,200	\$ 3,600	\$ 3,600	\$ 3,600
High Density - More than 12 units per acre	\$ 1,100	\$ 1,600	\$ 2,100	\$ 2,600	\$ 3,100	\$ 3,600

Keep the proposed methodology for establishing parkland dedication within the ordinance, which demonstrates that while the City could charge up to the amount in the methodology formula, the actual fees being charged are significantly less.

Advisory Commission Discussion:

The Planning Commission reviewed changes at their May 22, 2023, meeting with limited discussion. No one from the public spoke during the public hearing.

The Parks Commission also discussed the ordinance and supported adjusting fees.

Council Committee Discussion:

The Finance Committee of City Council (Chair Folch and Leifeld) reviewed proposed changes at their June 12, 2023, meeting. The Committee was generally supportive of establishing fees near the middle of comparable communities and to provide a phased-in approach for implementation.

Attachments:

- Ordinance Amendment – Chapter 154
- Ordinance Amendment – Chapter 34

ORDINANCE NO. XXX

AN ORDINANCE FOR THE CITY OF HASTINGS, MINNESOTA, REPEALING AND REPLACING CITY CODE CHAPTER 154, SECTION 154.07 REGARDING PARKLAND DEDICATION

The City Council of the City of Hastings, Dakota County, Minnesota, does hereby ordain as follows:

SECTION 1. REPEAL AND REPLACE. The Code of the City of Hastings, County of Dakota, State of Minnesota, Chapter 154, Section 154.07 shall be repealed and replaced as follows:

§ 154.07 Park Land Dedication**A. Authority and Purpose**

1. **Authority.** Pursuant to Minnesota Statute 462.358, subd. 2(b), the City has authority to require a reasonable portion of the buildable land of any proposed subdivision be dedicated to the public or preserved for public use, including parks, recreational facilities, playgrounds, trails, wetlands, and public open space. In the alternative, the City may choose to accept a cash fee for some or all of the value of the dedication.
2. **Purpose.** The City recognizes that the preservation and creation of parks, recreational facilities, playgrounds, trails, wetlands, and public open space is essential to maintaining a healthful, safe and desirable community. The City must not only provide these necessary facilities for the citizens of today, but also for the future needs of the City as described in the 2040 Comprehensive Plan and the Parks, Trails and Open Space Master Plan.
 - a. It is recognized that the demand for park, recreational facilities, playground, trails, and public open space within a municipality is directly related to the density and intensity of development permitted and allowed within any area. Greater densities mean greater numbers of people and higher demands for such public amenities.
 - b. The City has conducted an analysis of its current facilities and determined that new neighborhood parks will be required to service local needs as development occurs. Parks providing basic service levels, medium service levels to higher service levels should be carefully tailored to the neighborhood it serves.
3. **Basis of Determination.** The City shall conduct an individualized determination of the amount of land needed for each proposed subdivision for the purposes set forth in this section and shall demonstrate an essential nexus between the land dedication or cash fee, and the purpose sought to be achieved. The dedication or fee shall bear a rough proportionality to the need created by the proposed subdivision.

4. **Units of Measure.** For purposes of this ordinance, the following values apply:
- a. Average Number of Persons per Household Unit = 2.37 (per Met Council data 2021)
 - b. Fair Market Value (“FMV”) = Fair Market Value, as used in this section, means the FMV of vacant land, which shall be determined by an appraisal that is obtained from a certified appraiser and updated at least every 3 years. The FMV for each type of residential zoning classification shall be included in the City’s Fee Schedule.
 - c. Total Park Acres = 700 (per City data on file with the Parks & Recreation Department 2023)
 - d. Total Population of City = 22,303 (per Met Council data 2021)

B. Dedication of Land

1. The amount of land to be dedicated under this section will generally follow the schedules below, however the total amount required for dedication may increase or decrease based on the City’s individual analysis of the proposed subdivision. The City alone shall determine the location and configuration of any land dedicated, taking into consideration the suitability of the land for its intended purpose, the City’s needs for park, playground, trail, or public open space as a result of the proposed subdivision, and the unique attributes of the development.
2. All land dedication determinations shall be based on the net area of the property. The “net area” of the property shall mean the gross area of the property minus the area of wetlands, lakes, and streams below the ordinary high-water mark. The land dedicated for public use shall be in addition to property dedicated for streets, alleys, easements, storm water ponding, or other public ways.
 - a. **Residential Property.** The calculation shall be based on the following formula:

Total Park Acres/Total Population of the City = number of acres of parkland per person.

Number of acres of parkland per person X Average Number of Persons per Household Unit = Number of acres of parkland per household unit.

Number of acres of parkland per household unit X number of household units in the proposed project = *Total acres of dedicated land required*

- b. **Non-Residential Property.** An estimated 5% of the net area shall be dedicated for parkland.
- c. **Mixed Use Property.** Land contributions shall generally follow the calculations above and shall be based on the amount of land and number of household units designated to residential use and the amount of land designated to non-residential uses.

C. Cash Contribution

1. At the City Council's sole discretion, a cash contribution may be accepted in whole or in part for the required land dedication under this Chapter. The parkland dedication fee guidelines shall be determined by the City Council on an individualized basis. The amounts included in this section are for use as a general guideline and may be increased or decreased as determined by the City, taking into consideration the City's needs for park, playground, trail, or public open space as a result of the proposed subdivision, the unique attributes of the development and other relevant factors of the proposed subdivision.

- a. **Residential Property.** For residential property, cash contributions shall be determined using *the lesser of* the application of the following formula using the FMV of land as stated in the City's Fee Schedule or the per household unit fee for each type of residential property as listed in the City's Fee Schedule:

Total Park Acres/Total Population of the City = Number of acres of parkland per person.

Number of acres of parkland per person X Average Number of Persons per Household Unit = Number of acres of parkland per household unit.

Number of acres of parkland per household unit X FMV of vacant land = Cash contribution per household unit

Cash contribution per household unit X number of household units in the proposed project = *Total cash contribution required*

- b. **Non-Residential Property.** Cash contribution shall be 5% of the Fair Market Value of the property.
- c. **Mixed Use Developments.** Cash contributions shall be based on the amount of land and number of units designated to residential use and the amount of land designated to non-residential uses.

- 2. **Timing of payment.** Cash contributions shall be paid prior to the release of the final plat or subdivision approval.
- 3. **Use of payments.** Cash payments received under this Section shall be placed in a special fund to be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or public open space based on the City’s approved park systems plan.
- 4. **Determining the amount of a combination cash and land contribution.** In the event the contribution is a combination of cash and land, the City will first determine the total land dedication required pursuant to the basis analysis and then convert that total land dedication to its Fair Market Value pursuant to Minnesota Statute §462.358, subd. 2b(c). Once the total conversion from land to cash is determined, the Fair Market Value of the land actually dedicated, if any, shall be subtracted and the remainder shall be the amount due in cash.

D. Disputes and Appeals

Any disputes or appeals arising under this Chapter regarding park land dedication shall be resolved pursuant to the requirements of Minnesota Statute §462.358.

SECTION 2. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes Section 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

The text amendment adopted by the Hastings City Council on _____, 2023 modifies the City Ordinance to adopt new methodology for calculation parkland dedication requirements.

SECTION 3. EFFECTIVE DATE. This ordinance shall be in full force and effect from and after its passage and publication according to law.

Passed this _____ day of _____, 2023.

Mary Fasbender, Mayor

Attest:

Kelly Murtaugh, City Clerk

Published in the _____ on [Date].

IX-01 (a,b)

CITY OF HASTINGS, MINNESOTA

ORDINANCE NO. 2023-___

**An Ordinance of the City of Hastings Repealing and Replacing
City Code Section 34.03: Community Development Fees regarding Parkland Dedication Fees
for Residential Development**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HASTINGS:

SECTION 1. HASTINGS CITY CODE SECTION 34.03, COMMUNITY DEVELOPMENT FEES REGARDING PARKLAND DEDICATION FEES FOR RESIDENTIAL DEVELOPMENT, IS REPEALED AND REPLACED AS FOLLOWS:

<u>Parkland Dedication Fees</u>		
Low Density Residential 1-2 family (3-6 units/acre)		
Fair Market Value	\$69,000 per acre	2023
	\$2,700 per unit	2023
	\$3,200 per unit	2024
	\$3,600 per unit	2025
Medium Density Residential 4-8 unit buildings (8-20 units/acre)		
Fair Market Value	\$73,000 per acre	2023
	\$2,700 per unit	2023
	\$3,200 per unit	2024
	\$3,600 per unit	2025
High Density Residential Multi-Family (20-30 units/acre)		
Fair Market Value	\$218,000 per acre	2023
	\$1,600 per unit	2023
	\$2,100 per unit	2024
	\$2,600 per unit	2025
	\$3,100 per unit	2026
	\$3,600 per unit	2027

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is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

The City is adding its parkland dedication fees to the City’s Fee Schedule.

SECTION 3. EFFECTIVE DATE. This Ordinance shall be effective upon seven (7) days after its passage and publication.

Adopted by the Hastings City Council on this ___ day of _____, 2023, by the following vote:

Ayes:

Nays:

Absent:

CITY OF HASTINGS

Mary Fasbender, Mayor

ATTEST:

Kelly Murtaugh
City Clerk

I hereby certify that the above is a true and correct copy of the Ordinance presented to and adopted by the City of Hastings, County of Dakota, Minnesota, on the ___ day of _____, as disclosed by the records of the City of Hastings on file and of record in the office.

Kelly Murtaugh
City Clerk