



## Request for City Council Committee Action from the Departments of the Community Planning & Economic Development and Finance

Date: January 28, 2008  
To: Ways & Means/Budget Committee  
Referral to:

**Subject:** Response to April 23, 2007, staff direction to the City Attorney, CPED and Finance

**Recommendation:** Receive and File attached report  
**Previous Directives:** April 23, 2007 staff direction  
July 30, 2007, Ways & Means/Budget Committee received and filed report from City Attorney regarding legal issues involved in the implementation of Park Dedication Fees

Approved by: Patrick P. Born, City Finance Officer \_\_\_\_\_  
Steven Bosacker, City Coordinator \_\_\_\_\_

Prepared by: Barb Sporlein, Heather Johnston  
Approved by: Patrick Born, CFO and Steven Bosacker, City Coordinator  
Presenters in Committee: Barb Sporlein, Heather Johnston

### Reviews

- Permanent Review Committee (PRC): Approval \_\_\_ Date \_\_\_\_\_
- Policy Review Group (PRG): Approval \_\_\_ Date \_\_\_\_\_

### Financial Impact

The financial impact is dependent on the final fee that is approved. The current draft of the Park Board resolution would direct all revenues to the Park Board.

### Background on the Park Board Dedication Fee Proposal

#### *Potential Benefits of Park Dedication Fees*

Park dedication fees can be a source of funding for development of new parks and park facilities. Utilization of the tool varies from jurisdiction to jurisdiction: some assess for all development (residential, commercial industrial) while others assess certain types of development, such as new residential developments being the most frequent. Example: In Champlin, MN all developers pay a fee for residential, multi-family residential commercial and

industrial development. Their system is based on the premise that the undeveloped land has a cash value per acre. Evans County, Illinois excludes commercial development from its impact fee based on the policy assumption the park fee is generated based upon population impacts for neighborhood parks - mainly to be used by residents. Commercial does impact parks minimally, but not enough to justify the impact fee. Hillsboro, Oregon does charge its commercial and industrial customers, but has an adjustable fee methodology that is responsive to fluctuations in construction costs and land values. San Diego, California assesses a park impact fee on residential developments. A number of factors influence how a park dedication fee is applied: existing local government policy and regulations; demographics and rates of growth; and the availability of land for development.

#### *Potential Disadvantages of Park Dedication Fees*

Experience demonstrates that impact fees are most successful in areas experiencing high and rapid growth. It is important care be taken to insure that a new impact fee does not create disincentives for development in our community. As a City, we compete with our neighbors and must be cautious to avoid pricing ourselves out of the market.

Impact fees cannot be used for operations, maintenance, or for retrofit of existing facilities. Unless alternative ways of funding operations and maintenance are implemented in conjunction with the implementation of an impact fee, it may be an imperfect tool for the City and MPRB.

#### *Alternatives to Park Dedication Fees*

Partnerships may be a way to increase funding for parks without raising fees. Examples of successful current partnerships include the Trust for Public Lands' effort to work with the neighborhoods of Minneapolis and St. Paul to ensure that a park is within reach of every home and every child living in the metro area, and the City's one year-old Urban Parks Access project which creates more paths to successfully reclaim urban land for viable, safe and needed green space relief and connectivity in Minneapolis, St. Paul and first-ring suburbs.

### **Staff Directions**

The following staff directions were given to various City departments regarding the Park Board's proposed Park Dedication Fee ordinance:

#### **A) The City Attorney is directed to review legal issues related to:**

- The definition of "nexus."
- Eligibility of use of Park Dedication Fees for park development, rehabilitation/ maintenance of existing park infrastructure, streetscape improvements, storm water retention, and other types of open space.
- The definition of eligible users of the Park Dedication Fee. Does it include the City of Minneapolis? And governmental entities other than the Park Board?
- If the Park Dedication Fee is used by the Park Board or another governmental entity, is City project approvals necessary?
- Prepare comparison on proposed park dedication fees from other cities of comparable size and built form as Minneapolis, including but not limited to Saint Paul, which includes how the fee is collected and disbursed and how it compares to the proposal advanced by the Park Board.

*The City Attorney presented to the Ways & Means/Budget Committee on July 30, 2007.*

#### **B) The Minneapolis Park & Recreation Board is requested to:**

- Provide information to the City on the relationship of a Park Dedication Fee to the City's Comprehensive Plan, including the future land use map and parks and open space policies

and Implementation steps, and the Park Board's Master Plan both currently under development.

- Address the issue of donations of green space in lieu of Park Dedication Fees. In this case, who has ownership and responsibility for ongoing maintenance?

*The Park Board sent information directly to City Council Members in response to this request.*

**C) Community Planning & Economic Development is directed to:**

- Review the potential impact of a Park Dedication Fee on new residential development, except that affordable housing development would be excluded from such fees and analysis.
- Prepare materials showing opportunity areas for new housing development and work with the Park Board staff to show the proximity of these areas to current and planned parks and open space.

**D) The Finance staff is directed to:**

- Review the potential impact of a park dedication fee on new commercial, industrial and tax-exempt properties.

*Note: The current draft ordinance prohibits these fees on properties other than residential, so the analysis specifically examines residential development properties.*