

Implementation Options

This section of the Park and Pathways System Plan identifies the tools and processes to implement the Plan. Because Park Dedication is the primary method for obtaining park land and funds, outside of the grants that have facilitated the acquisition of Bertram Lakes, the last portion of this chapter addresses the park dedication process more specifically, based on the City's land use and growth projections.

It is the intent of this section to provide a framework for park dedication requirements, however, since the City's growth and development change routinely, along with land prices and other relevant factors, it is anticipated that the City will conduct a more routine analysis of its park dedication requirements on a regular basis.

Implementation Strategies

The following implementation strategies are suggested:

1. The Parks Commission will review and update neighborhood park needs and service areas as development occurs so that new barriers and changing recreational needs are acknowledged and accommodated.
2. The Parks Commission will review and evaluate each development project to ensure it provides appropriate park land dedication, open space preservation and pathway connections to the planned city wide park, pathway, greenway, schools, and commercial/industrial developments as well as the town center.
3. The Parks Commission will review and prioritize pathway needs and recommend a schedule and funding framework to the City Council.
4. The Parks Commission will investigate the use of grants, donations, partnerships, and opportunities for joint powers agreements for the development of park, pathway and recreation facilities.
6. The park dedication fee should be reviewed on an annual basis and updated pursuant to any changes to the Parks and Pathways System Plan and adjusted for cost of living indexes.
7. The Parks Commission will manage the improvements to parks and pathways, making specific capital recommendations for each facility. Where practical, the involvement of existing residents and neighbors will be encouraged in identifying specific improvements, particularly to neighborhood parks. For undeveloped parks (currently Featherstone, Hunters Crossing, and Watertower/Cityview), the Parks Commission will utilize available information on demographics, system needs, and alternative park facilities in planning capital improvements.

Chapter 5 - Implementation Options

8. The Parks Commission recommends that the City Council consider incorporating park redevelopment infrastructure planning as part of the five year Capital Improvements Plan. Minnesota Statutes specify that park dedication fees may not be used for maintenance purposes and therefore it is important for the City to continue to provide a separate budget fund for maintenance. As the park system ages, there will be an increased need to retrofit existing facilities, as they will have aged beyond their useful life in the older parks. Park dedication fees can be used to replace some facilities and infrastructure however, the City will need to establish other sources to pay for replacement of the park system facilities in fully development neighborhoods or park service areas.
9. The Parks Commission recommendations for future land dedication will be based on the park land need defined by the Monticello Parks and Pathways System Plan. Active park areas shall be exclusive of wetlands, slopes exceeding 12 percent, ponding areas, or other features unsuitable for active park development. The City may accept natural open space as part of the parkland dedication. Selection of parkland for dedication shall be at the discretion of the City Council, based upon the policies and recommendations of the Parks Commission and Monticello Parks and Pathways System Plan.
10. The Parks Commission will act as the steering committee to further investigate options and agency participation for development of natural resource corridors and the City's pathway system outside of the current planning area.
11. The Parks Commission will work closely with the Planning Commission in reviewing proposed subdivisions for park and pathway dedication requirements, including whether or not to recommend the dedication of land, or cash in lieu of land.
12. For recreation programming, the City could choose to take a more active role in coordinating recreation activities – in most cases, working with existing associations, schools, and community education representatives to facilitate and schedule programming. To date, Monticello has not participated in this aspect of park and recreation planning, providing facilities but not programs (with the notable exception of the Monticello Community Center). Further study would be necessary to determine the value and impacts of the City's participation in this kind of effort.

Funding Mechanisms

Financing the park and pathway improvements will be a challenge for the City. The acquisition and development of the park and pathway system will not occur without adequate funding and taking advantage of opportunities as they present themselves. Fortunately, in the short term, the City owns a significant portion of the land needed to meet the community park facilities identified in this plan.

The financing of the park and pathway system will occur one of two ways, either by raising revenue or incurring debt. Revenues provide the means to make investments in the park system

Chapter 5 - Implementation Options

and can be saved to finance improvements. Borrowing money provides upfront funding and pledges to repay the debt. A brief description of potential funding sources is provided as follows:

- **Park Dedication.** Pursuant to Minnesota State Statutes, the City requires the dedication of either land or cash, or combination thereof at the time that residential property is subdivided. Dollars collected from park dedication fees represent the primary source of park and pathway revenue.
- **Property Taxes.** The City has the ability to raise property taxes to help to pay for the park and pathway system. As this Plan indicates, the current population has paid for more than their proportionate share of park and pathway improvements. However, this may not continue to be the case. In the event that future changes to the Parks and Pathways System Plan, growth projections, land areas subject to the dedication analysis or other changes occur, the park dedication will need to be reviewed and adjusted accordingly. Property taxes are a means to raise revenue for the part of the parks and pathways system that should be borne by existing residents. The use of property tax may be limited by overall financial management of the City or by State imposed levy limitations.
- **Special Assessments.** The ability of a city to levy assessments for park improvements is governed by Minnesota Statutes, Chapter 429. This statute defines eligible park improvements as “acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.” This definition would cover the vast majority of projects anticipated by this Plan. A special assessment represents the portion of a park improvement costs levied against benefiting properties. The special assessment tool must be reviewed carefully to identify whether historic park dedication fees have been collected and applied to the benefiting properties to ensure that owners are not charged twice for park and pathway improvements.

Moreover, an analysis would need to be done to identify which properties receive benefit from the park and pathway improvement as there must be a rational nexus between the charge and benefit received. The typical method would be to levy an equal assessment on each benefiting parcel. The assessment could be for all or any portion of the improvements. At least 20% of the costs of the improvement must be assessed to gain the authority to issue bonds. If less than 100% of the costs are assessed, then park dedication fees, property taxes, or other available revenues would be needed to pay back the debt.

- **Referendum – Voter Approved Bonds.** The City may place a referendum on voter ballots for consideration by the public to support park and pathway improvements. Voter approved debt service levies are spread on the market value of property. This funding mechanism is typically utilized for major improvements such as a community center, athletic complex or to acquire high amenity park and recreation areas.

Chapter 5 - Implementation Options

- **Cooperative Funding.** Opportunities may exist for joint funding and facilities sharing between the City and Monticello School District. These options can increase the scope of those participating in the funding choice. With coordination, the prospect of duplicating capital improvements is minimized.
- **Grants.** The City should continue to apply for available grants for development of its Parks and Pathways Plan through agencies such as but not limited to the Minnesota Department of Natural Resources, Minnesota Department of Transportation, and any other agency.
- **Private Donations.** The City should establish a list of facilities that can be provided to the public, charitable institutions, on the City Website etc., identifying Park and Pathway needs and the process the public can use to donate revenue or equipment. Additionally, the Parks Commission could proactively contact private foundations such as The Trust for Public Land, 1,000 Friends of Minnesota, McKnight Foundation, Metro Greenways and others to identify potential funding sources for the community Park and Pathway System.

Park Dedication

The City sets a park dedication requirement in its subdivision ordinance. Under state law, the City may require a subdivider to dedicate a reasonable portion of land for public park purposes, or the City may acquire an amount of cash in lieu of the required land, provided that the amount is based on the value of the land that would have been dedicated. The statute provides that this amount is to be no greater than the value of the land “no later than at the time of final plat”. In other words, the value is essentially that value of platted lots, but without the value of public infrastructure.

Because the cost of developing a park system includes the cost of building improvements, cash donated for parks can be used for improvements, but the amount of the dedication may not be included in the dedication calculation. Therefore, a deficit between the cost of the built-up park system and the value of land dedication is inevitable. As such, it is important that while the City may require dedication, additional funds are necessary to develop the park system as planned.

For the dedication amount itself, there are two methods to consider when setting a dedication amount. One is to measure the amount of acreage required as a percentage of the City’s overall acreage. The second is to measure the amount of acreage required as a percentage of the City’s projected population.

Percentage of Gross Acreage Method. For the first method, the City would calculate the amount of current park and pathway acreage, along with the acreage of the City overall, and establish the percentage of total parkland that is provided. As the City grows in acreage, the City would establish a dedication requirement that maintains a similar percentage for park land.

Chapter 5 - Implementation Options

In projecting this to a finite growth area, the City can calculate the size of the growth area, then apply the percentage to obtain an acreage that would be expected to be dedicated as parkland over the planning period. Since the City only requires park dedication from residential subdivisions, the amount of acreage to obtain would be pro-rated over the number of acres of future residential land.

As an example, assume that the City currently provides approximately 9% of its gross area as public parkland. If the future growth area comprises 1,000 acres of gross land area, then the City would expect to require dedication of an additional 90 acres of parkland during the planning period required to see this area fully developed. However, assume further that the 1,000 acre growth area will be comprised of 70% residential land, and 30% for other uses, such as commercial, industrial, water surfaces, public rights of way, and other uses. In this case, then, 700 acres of residential land would need to dedicate 90 acres of land for park purposes. In this calculation, the park dedication requirement would then need to be set at 12.9% to reach the required park acreage (90 acres divided by 700 acres = 12.9%).

Since the City will want land from some subdividers, but cash from others where land is not projected for parks or pathways, the cash-in-lieu requirement must be calculated.

Taking the same 90 acres required from 1,000 gross acres or 700 acres of residential land, the cash requirement must be equivalent to the value of 90 acres of platted, undeveloped land. This value will change regularly, especially in today's unpredictable real estate environment. However, assume an appraiser states that the value of such property is \$30,000 per acre. A developer of 100 acres of residential land would normally be required to dedicate 12.9% of the land, or 12.9 acres in our example, for parkland purposes. If the City chooses to require cash, rather than land, the cash requirement would then be a simple factor of 12.9 times \$30,000, or \$387,000.

The City may choose to split the dedication by requiring some land and some cash. In such a case, the City would simply pro-rate the amounts based on the relatively percentage of land being required versus cash-in-lieu of land.

This calculation is complicated somewhat when the City decides to defer collection of the cash payment until building permit, as often happens. In this case, then, bulk cash payment must be assigned to individual lots on a pro rata basis. The issue that arises is that the per lot cash payment will vary based on the density of the subdivision, and thus, the cash payment requirement would vary with each subdivision – a difficult, if not impossible, administrative tracking function.

To resolve this, most communities will make a representative estimate of overall residential density and assign a flat-rate cash requirement per lot. This creates a disparity between the fee charged and the demand created by the subdivision. However, it is easier to track the fee requirement if a consistent per-lot fee is established.

Percentage of Population Method. The second model is different from the first only in that the City makes an estimate of the population of a given subdivision based on standard expectations

Chapter 5 - Implementation Options

for housing density and household size (persons per household). In this model, the City would establish a requirement for park dedication that is expressed as a number of acres per 100 or 1,000 population. The City would use census data to project the population of a given subdivision, then apply the park dedication formula on that basis to establish the amount of acreage required for dedication. The same conversion to a cash equivalent would apply as in the first method.

By applying either of these formulas to the City's growth area and its land use plan, a representative requirement for park dedication can be established.