



REQUEST FOR COUNCIL ACTION

MEETING DATE: February 7, 2022

PREPARED BY: Chuck Stifter, Parks and Recreation Director

AGENDA ITEM: 2022 Park Dedication
Residential Unit Fee and Commercial/Industrial Acre Fee

PREVIOUS ACTIONS:

On February 1, 2021 the City Council established the per unit fee for single family residential subdivisions at \$4,332 through January 31, 2022

On February 1, 2021 the City Council established the per acre fee of \$6,500 per acre for industrial subdivisions and \$11,000 per acre for commercial subdivisions through January 31, 2022.

RECOMMENDED COUNCIL ACTION:

Motion to modify the park dedication rate to \$4,236/unit for a single-family residential subdivision filed with Hennepin County for a period beginning February 1, 2022 and ending January 31, 2023 based on the City Ordinance.

Motion to continue the park dedication rate of \$6,500/acre for an industrial subdivision and \$11,000/acre for a commercial subdivision filed with Hennepin County for a period beginning February 1, 2022 and ending January 31, 2023 which amount is based on the City policy established pursuant to Resolution 88-120.

COMMENTS:

The City Assessor annually prepares an assessment of the average value of raw land for residential, commercial and industrial property for the purpose of the city park dedication calculation. The Assessor's report shows no increase in value for residential, commercial, and industrial land. The City Park Dedication Ordinance allows, at the Park Board's discretion, a developer to make a cash contribution in-lieu of land to satisfy their park dedication obligation. City Ordinance (residential) and Resolution 88-120 (industrial/commercial) provides that the City Council shall annually establish the cash contribution rate for residential, industrial and commercial property.

Residential

The City Assessor has estimated that the average value of undeveloped residential land in Maple Grove to be \$133,000 per acre (see Attachment A). The cash in-lieu of land for residential properties is applied on a per dwelling unit basis. The current average density in the City is 3.14 units per acre (see Attachment B) and the dedication requirement is 10%. Therefore, the residential cash rate per unit is calculated by multiplying \$133,000 by 10% and dividing by 3.14, yielding a maximum cash rate of \$4,236 per unit.

This recommendation is formulated for the Council using the City Ordinance formula and consideration of a survey of park dedication fees from comparable cities (see Attachment C), staff is recommending that the fee be set at \$4,236 per unit (see Attachment D, page 1).

Industrial/Commercial

The cash in-lieu contribution for industrial/commercial property is figured similarly. This year, the Assessor estimates the average land value of \$185,000/acre for industrial and \$305,000/acre for commercial. Since the industrial/commercial dedication is 7.5% of the per acre fee, that would yield a maximum of \$13,875/acre for industrial and \$22,875/acre for commercial. A review of the survey of other communities reflects that Maple Grove is historically in line with the comparable city average for both industrial and commercial fees. It has been the staff position that keeping our commercial and industrial rates in line with our direct neighboring cities is in our best interest for economic development. Staff is recommending the Council maintain the present acre fee for industrial at \$6,500 and maintain the present acre fee for commercial at \$11,000. This constitutes no change from 2022 for both the industrial rate and the commercial rate (see Attachment D, pages 2 and 3).

| | 2018 | 2019 | 2020 | 2021 | Proposed 2022 |
|-------------|---------------|---------------|---------------|---------------|--------------------------|
| Residential | \$4,262/unit | \$4,233/unit | \$4,177/unit | \$4,332/unit | \$4,236/unit |
| Commercial | \$6,500/acre | \$6,500/acre | \$6,500/acre | \$6,500/acre | \$6,500/acre |
| Industrial | \$11,000/acre | \$11,000/acre | \$11,000/acre | \$11,000/acre | \$11,000/acre |

ATTACHMENTS:

Attachment A - Memo from City Assessor

Attachment B - Memo from Planning Manager

Attachment C - Park Dedication Survey of Comparable Cities

Attachment D - Park Dedication Calculation Worksheets