

1. Agenda Document

Documents:

[01-06-2026 JT CC-PC-PARC SPEC MTG AGENDA.PDF](#)

[2. REVIEW PARK DEDICATION ANALYSIS_DISCUSS POLICY DIRECTION.PDF](#)

AGENDA
**JOINT MONTICELLO CITY COUNCIL/PLANNING COMMISSION/
PARKS, ARTS & RECREATION COMMISSION SPECIAL MEETING**
Tuesday, January 6, 2026 – 5:00 p.m.
Mississippi Room, Monticello Community Center

City Councilmembers: Mayor Lloyd Hilgart, Kip Christianson, Charlotte Gabler, Tracy Hinz, Lee Martie

Planning Commissioners: Chair Andrew Tapper, Vice-Chair Melissa Robeck, Rick Kothenbeutel, Teri Lehner, Rob Stark

PAR Commissioners: Chair Julie Jelen, Vice-Chair Janine Kopff, Adam Leiferman, Danielle Murdoff, Maria Onnen, Stephen Peterka

Staff: Rachel Leonard, Angela Schumann, Steve Grittman, Jennifer Schreiber, Tom Pawelk, Bob Ferguson, Jim Thares, Tyler Bevier, Beth Green

1. Call to Order
2. Review of Park Dedication Analysis and Discussion of Policy Direction
3. Adjournment

MEMORANDUM

TO: Monticello Mayor Hilgart and City Council
Monticello Planning Commission

FROM: Stephen Grittman

RE: Monticello – Park Dedication Policies and Strategies – Discussion

GC FILE NO: 191.02 – 25.05

DATE: December 31, 2025

MEETING DATE: January 6, 2026 (Joint Workshop-Special Meeting)

BACKGROUND

This memorandum summarizes issues for consideration as a component of the City's current study of its Park Dedication requirements. It is important to remember that there are a series of legal issues to address when the City requires public dedication of private property as an aspect of development. In short summary, the primary requirements are:

- a. Nexus. The exaction of the dedication must be reasonably related to the type of impact created by the proposed development.
- b. Proportionality. This aspect requires that the level of exaction is reasonably related to the level of demand created by the proposed development. The formula does not need to be exact, but must have a rational relationship in scope and scale.
- c. Statutory Authorization. Under Minnesota statutes, park dedication is a function of the City's authorized regulation of subdivisions. The purpose of the dedication authority is to ensure that development which creates demand for a specific public service can be held responsible for supplying that additional demand. Because some types of development may fall outside of traditional subdivisions, this memo seeks to create a rational link between development and the public dedication, consistent with that intent.

There are four primary categories of issues for discussion at the upcoming joint workshop. These include the following:

1. **Park Dedication in Planned Unit Developments.** While the City commonly exacts park dedication (land and/or cash) from new subdivisions through its Subdivision Ordinance, some PUD projects may proceed without the need for subdivision. The PUD often results in a significant increase in allowable density on the project over the unsubdivided parcel. It is the intent of this amendment to create a basis for procuring the appropriate amount of park contributions from a PUD project, regardless of the need for subdivision.

2. **Park Dedication for Multi-family Development.** Some multi-family development can occur “by right”, due to existing multi-family zoning. Again, without subdivision, property that is zoned for higher density development may create park demand that has not been accounted for in the current dedication ordinance structure. While many of these projects utilize PUD, that is not always the case. This aspect of amendment would recommend adjustments to establish the linkages to park dedication required by the legal standards noted above.
3. **Park Dedication for Commercial/Industrial Development.** This topic raises both legal standards and city economic development policy considerations. First, it is necessary to establish the nexus and proportionality linkages noted above. Research is being conducted to support this linkage through both local channels and non-local resources. Presuming this linkage, the City must decide how park dedication requirements for commercial/industrial development may impact its economic development efforts. It is noteworthy that in many communities, C/I park dedication is common, although that fact on its own is not adequate to justify the policy.
4. **Park Dedication and Trail Development.** Currently, the City’s policy has been to require streets, utilities, and sidewalks to be constructed by the developer of a particular project. Trails have more often been constructed (and land dedicated) as an aspect of a development’s park dedication requirements, particularly where trails have not strictly followed right-of-way dedication. This amendment proposes to redefine trails as an aspect of the City’s transportation/roadway dedication and construction requirement.

Each of these is discussed more thoroughly below. The issues have been reviewed with the City’s legal counsel, and those comments are incorporated into each section. It is the objective of the upcoming workshop that these items be raised and discussed, with direction to staff as to ordinance development and amendment.

I. **Statutes Related to Park Dedication**

Mn Stat. 462.358

Subd. 2b. Dedication.

(a) The [subdivision] regulations may require that a reasonable portion of the buildable land, as defined by municipal ordinance, of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, stormwater drainage and holding areas or ponds and similar utilities and improvements, parks, recreational facilities as defined in section [471.191](#), playgrounds, trails, wetlands, or open space. The requirement must be imposed by ordinance or under the procedures established in section [462.353](#), subdivision 4a.

(b) If a municipality adopts the ordinance or proceeds under section [462.353](#), subdivision 4a, as required by paragraph (a), the municipality must adopt a capital improvement budget and have a parks and open space plan or have a parks, trails, and open space component in its comprehensive plan subject to the terms and conditions in this paragraph and paragraphs (c) to (i).

(c) The municipality may choose to accept a cash fee as set by ordinance from the applicant for some or all of the new lots created in the subdivision, based on the average fair market value of the unplatted land for which park fees have not already been paid that is, no later than at the time of final approval or under the city's adopted comprehensive plan, to be served by municipal sanitary sewer and water service or community septic and private well as authorized by state law. For purposes of redevelopment on developed land, the municipality may choose to accept a cash fee based on fair market value of the land no later than the time of final approval. "Fair market value" means the value of the land as determined by the municipality annually based on tax valuation or other relevant data. If the municipality's calculation of valuation is objected to by the applicant, then the value shall be as negotiated between the municipality and the applicant, or based on the market value as determined by the municipality based on an independent appraisal of land in a same or similar land use category.

(d) In establishing the portion to be dedicated or preserved or the cash fee, the regulations shall give due consideration to the open space, recreational, or common areas and facilities open to the public that the applicant proposes to reserve for the subdivision.

(e) The municipality must reasonably determine that it will need to acquire that portion of land for the purposes stated in this subdivision as a result of approval of the subdivision.

(f) Cash payments received must be placed by the municipality in a special fund to be used only for the purposes for which the money was obtained.

(g) Cash payments received must be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space based on the approved park systems plan. Cash payments must not be used for ongoing operation or maintenance of parks, recreational facilities, playgrounds, trails, wetlands, or open space.

(h) The municipality must not deny the approval of a subdivision based solely on an inadequate supply of parks, open spaces, trails, or recreational facilities within the municipality.

(i) Previously subdivided property from which a park dedication has been received, being resubdivided with the same number of lots, is exempt from park dedication requirements. If, as a result of resubdividing the property, the number of lots is increased, then the park dedication or per-lot cash fee must apply only to the net increase of lots.

Subd. 2c.Nexus.

(a) There must be an essential nexus between the fees or dedication imposed under subdivision 2b 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.

(b) If a municipality is given written notice of a dispute over a proposed fee in lieu of dedication before the municipality's final decision on an application, a municipality must not condition the approval of any proposed subdivision or development on an agreement to waive the right to challenge the validity of a fee in lieu of dedication.

(c) An application may proceed as if the fee had been paid, pending a decision on the appeal of a dispute over a proposed fee in lieu of dedication, if (1) the person aggrieved by the fee puts the municipality on written notice of a dispute over a proposed fee in lieu of dedication, (2) prior to the municipality's final decision on the application, the fee in lieu of dedication is deposited in escrow, and (3) the person aggrieved by the fee appeals under section [462.361](#), within 60 days of the approval of the application. If such an appeal is not filed by the deadline, or if the person aggrieved by the fee does not prevail on the appeal, then the funds paid into escrow must be transferred to the municipality.

Park Dedication Strategy on PUDs, Multi-Family and Commercial/Industrial development.

1. Planned Unit Developments

- a. PUD is often used as an alternative development planning method which varies the common zoning and/or subdivision regulations related to new development.
- b. By varying the impact of regulations, some PUD projects may create development (and park demand) that may not require formal subdivisions that would then otherwise generally apply to the project or its lots.
- c. If dedication requirements were applied to such PUD projects, the impacts of statutorily-allowed park dedication may be unequally assigned to projects that, but for the use of PUD would otherwise have equal dedication requirements.
- d. To resolve this inequality, the City's Subdivision and PUD Ordinances should be amended to state that PUD projects shall be assigned park dedication requirements as if a typical subdivision were being proposed without the flexibility that PUD processing permits, to ensure that such project is treated equally with other projects similarly situated, but which do not use PUD processing. An applicant for PUD will be asked to acknowledge that they understand and agree that the PUD stands (in part) as a substitute for a standard subdivision, and specifically that they agree to the exaction of park dedication land and/or cash pursuant to the City's Subdivision Ordinance, whether or not an actual subdivision is being requested or processed. PUD is commonly considered a reasonable application of park dedication, even though it is not specifically authorized in state law.
- e. Issues for discussion: The proposed language requires park dedication from a PUD (with or without a subdivision) based on the intent of the statutory language which is designed to assign park demand to increased development intensity, even though the statute is technically written to authorize park dedication from subdivisions.

Preliminary Staff Recommendation on Park Dedication Requirements in PUD: Staff plans to recommend continuing the City's policy and practice of applying Park Dedication (land or cash-in-lieu) for PUD projects (particularly residential PUDs), and subject to the Commercial/Industrial and land v. cash discussions in the sections below).

2. Multi-family Rezoning and Development.

- a. When the City agrees to rezone a project from a lower density classification to a higher density classification, the City creates an increased demand on its parks and trails system by virtue of the increased population permitted under the increased class.
- b. Under common zoning approaches, many higher-density districts allow multi-family projects on separate parcels by right (either permitted or by Conditional Use Permit), possibly without the need to further subdivide said parcels.

- c. In such cases, the park and trail demand is increased, but because no “subdivision” may have been required, the project may be considered to be exempted from the standard application of park dedication requirements.

[For example, imagine that there are two one-acre parcels, one of which is zoned R-1, Single Family, and the other of which is zoned R-4, Multiple Family. The owner of the R-1 tract of land requests a zoning district amendment to R-4, Multiple Family Residential District. Upon rezoning, the owner applies for a building permit to construct a 16-unit multi-family building, meeting all typical zoning requirements of the now-applicable R-4 District. Under standard park dedication rules, no park dedication would be exacted from this owner since no subdivision occurred. On an adjacent one-acre parcel, a developer subdivides the property into 16 base lots supporting townhouse-style units. Because a subdivision is involved, the developer is required to meet the City’s park dedication requirements for the increase of at least 15 new units.]

- d. To resolve these potential inequities, the City’s adopted ordinances should be structured to address these increases in density and park demand.
- e. There are two potential paths to consider to help address this issue.
 - i. CUP Option. When a parcel is proposed to be developed with a Conditional Use Permit **that has the effect of increasing the demand on the City’s parks and trails system over the permitted, unsubdivided use of the property**, the City shall apply its park dedication requirements to said development. The CUP stands effectively in the place of subdivision and serves the same purpose as a subdivision of the land, justifying the application of park dedication requirements. As a companion amendment, the City should apply a Conditional Use requirement for all multiple-family residential structures over a defined threshold, such as any development increasing the residential use of a parcel by more than 2 residential units. The purpose of this additional change is to measure both the “nexus” of the new use to the newly created park demand, and to apportion the amount of park demand to the proposed development.
 - ii. PUD Option. The second option would be to require all such upzoned projects to be processed as PUDs, incorporating the Park Dedication requirements to which PUDs have commonly been applied. It is likely that this second option would have stronger support from a legal standpoint that incorporating park dedication by CUP, given the structure of the statute, and even though the intent of the park dedication language would be served by the CUP approach.
- f. Possible Exception: Institutional residential projects, such as nursing homes, memory care facilities, and assisted living facilities. As observed in the *Puce v. Burnsville* case, the Court stated that an individualized determination is required when applying Park Dedication. While this is impractical on a broader scale, it raises an issue related to high-care residential projects that, on their face, are unlikely to generate park system demand to the same degree as other, more general market residential development. Because these high-care facilities operate as hybrid residential and commercial

ventures, there is some expectation that the employment count generates some impact on local park facilities, but also that the residents themselves do not do so.

- g. Issues for discussion: Again, as with the discussion on PUD above, the relevant statute specifically refers to Park Dedication as a function of subdivision, which may or may not be a part of a multi-family project. Without a subdivision, there is risk that a challenge to the application of park dedication in a project that would commonly be considered a permitted use could be successful. The application of PUD, and perhaps in some cases, Conditional Use Permits, is designed to moderate this risk. Many cities apply park dedication through PUD – the addition of this approach to Conditional Use Permits is less common.

Preliminary Staff Recommendation on Park Dedication Requirements for parcels used for Multi-family residential: Staff plans to recommend an amendment to the zoning ordinance that would require any multi-family residential project to proceed as a PUD, and apply Park Dedication to such projects on a per-unit basis. Although this appears to create an otherwise additional layer of processing for such projects, in practice, every recent multi-family project has required/requested PUD flexibility. This includes the Deephaven Apartments, the Savanna Vista Apartments, the Rivertown Apartments, the Headwaters twin-home project, and the current processing of the Twin Pines multi-family project.

An exception to this approach is proposed for high-care residential/institutional projects – any attached housing project that includes some level of on-site medical services and congregate dining facilities. Examples would include nursing homes, memory care facilities, and assisted living facilities. Note: 55+ housing projects that are designated for independent senior living would not be exempted under this clause. For these high-care facilities, staff expect to propose an application of the Commercial/Industrial park dedication requirement as proposed below. Mixed developments that include both independent and high-care facilities would be treated as separate projects based on unit count.

3. Commercial/Industrial (C/I) Development.

- a. Based on research to date, and research still being conducted, the City finds that Commercial and Industrial Development creates a demand on the City's Parks and Trails system, in addition to the demand created by residential growth and development. Such demand is created in the following ways (among others):
 - i. Employees of the business utilize the City's trails system during breaks for exercise and fresh air.
 - ii. Employers utilize the City's parks for employee gatherings, picnics, or other events.
 - iii. Businesses sponsor local athletic teams and leagues that create league play demand by non-resident participants, increasing the per capita demand beyond just that of non-residents.
 - iv. Businesses promote bicycle and pedestrian commuting and/or patronage to their place of employment, including installation of bike racks and other infrastructure.

- v. Businesses use their sponsorships of local events to promote parks and trail use by their employees.
- vi. Businesses use the local parks and trails system as recruitment tools for non-local employees.
- b. In the past, the local parks and trails system has been developed solely on the dedication requirements applied to residential land uses, while the demand created by commercial and industrial business on the local parks and trails system has not contributed to the systems through dedication.
- c. As such, the parks and trails system in Monticello has been calibrated to acquire land from residential land uses only, despite the fact that a component of the system demand is presumed to be generated by all types of subdivision and development. This has resulted in a relative subsidy built into the supply of parkland by residential uses on behalf of the commercial/industrial land uses and/or non-residents.
- d. To address this inconsistency, the City's parks and trails regulations should be amended to include park dedication requirements for commercial and industrial subdivisions. The amount of dedication should be scaled to approximate the proportion of demand created by commercial/industrial development, which is estimated to be XX%, based on research done as a part of this study.

Many communities apply a commercial/industrial park dedication requirement in the Twin Cities region. The vast majority of these require that a C/I project pay into a park fund (almost always apparently cash). It is impossible to tell from the adopted ordinances, but it appears unlikely that many of these requirements are based on a scientific or otherwise rigorous examination of the actual demand created. Round figures often appear to be used (such as some proportion or ratio of the residential requirement based on amount of land involved). The range of such amounts is 2% to 5% of land or value.

The City of Minneapolis (and also the City of Austin TX as cited in the study referenced at the end of this document) apply a per-employee park dedication requirement, which is intended to scale the amount of the exaction more toward the actual likely demand. Staff is working on generating a data basis for both the nexus and proportionality aspects of this approach.

- e. Issues for Discussion: For Commercial/Industrial park dedication, the potential challenges relate both to "nexus" (the ability to connect the demand for park development created by a land use to the exaction of park dedication from that use); as well as to "proportionality" (the properly scaled amount of the exaction, based on the level of demand). In addition, the objections above related to possible lack of subdivision could be at issue.

Preliminary Staff Recommendation on C/I Park Dedication Requirements: Staff expects to propose a Commercial/Industrial park dedication following a model adopted by the City of Minneapolis, which utilizes a "per employee" dedication requirement. Employee capacity will be estimated by the parking requirements for a particular development site. This formula

accounts for land use differences, in that commercial land is typically more heavily populated with employment than industrial. Utilizing the parking requirements, the formula applies the exaction based on the size of the building and use categories, so once set, there should be little need to try to adjust in the future, short of a major redevelopment of the subject site. Staff's recommendation would be to apply the C/I park dedication only at subdivision, rather than at building permit, to avoid the objections related to lack of subdivision in the latter cases.

4. Bicycle and Pedestrian Systems as a Component of Transportation (rather than recreation)

- a. The City's sidewalk and trail system is a key element in the overall transportation system of the community. The City has adopted a "Complete Streets" policy for both new development and retrofitting to older development areas. Complete Streets is a policy of the Minnesota Department of Transportation (MnDOT), which is in turn mandated by MN Stat. 174.01 – a component of which is the integration of non-vehicular transportation systems in Minnesota communities. Streets in this system of understanding include multi-modal transportation options, including vehicular, pedestrian, bicycle, and transit modes.
- b. The City has also adopted other State-modeled policies including the "Safe Streets For All" program, sponsored by the US DOT, and designed to ensure equitable and safe transportation opportunities for all travelers in the community, across age, abilities, and other factors. The "SS4A" program identifies non-vehicular transportation options as key to achieving the goals of the policy. Further, the City has established, in partnership with the School District and MnDOT, a "Safe Routes to School" plan, that identifies safe and efficient travel routes for students traveling between home and school throughout the community. This plan also focuses on non-vehicular transportation, and incorporates significant levels of specific road and intersection design into its recommendations and projects.
- c. As such, the meaning of "streets" in the text of MN Stat 462.358 authorizing the dedication for "streets" (and the payment for such facilities) necessarily includes a street right of way, and infrastructure within said right of way, that includes sidewalks and trails as a part of the transportation system.
- d. Further, it has been the policy of the City to ensure that adequate right of way is required to be dedicated for both vehicular and non-vehicular transportation. In some applications, the non-vehicular options are accounted for within the curbed limits of the street. At other applications, non-vehicular options are provided outside of the curbed limits, and further include both sidewalks and trails, depending on the location and the function of the vehicular trafficway. Included in this analysis is whether the non-vehicular improvements need to be on just one side of the trafficway, or on both. These non-vehicular improvements are inherently a part of the street, and not a part of the City's parks system. In either case, "on-street" or "off-street", the impact on the developer/subdivider should be designed to be generally equal between the two.
- e. As such, the right of way dedication width necessary to accommodate them are not a component of the City's parks system dedication otherwise authorized by 462.358. In

certain circumstances, a trail and its land area which is incorporated into a subdivision design that serves a primarily recreational purpose (as opposed to a primarily transportation purpose) may best fall into a class of infrastructure that qualifies as a portion of a subdivider's park dedication requirement. Those trails are likely to be characterized by locations which do not follow the trafficways, and where nearby trafficways are also constructed with their own adjoining non-vehicular infrastructure (such as sidewalks or trails). In the event where any trail route is incorporated into a subdivision in lieu of the otherwise required sidewalk or trafficway-side trail location, no park dedication credit is due. The City may pro-rate such infrastructure, in cases where a remote section of trail is installed in lieu of the right-of-way location, but exceeds the length of what would otherwise be required if installed adjacent to the trafficway.

- f. Issues for Discussion: The city may be challenged if non-motorized trails are required to be provided separate from "traditional" vehicle-only street right of way dedication. While sidewalks along streets are commonly included in the required construction, trails have more traditionally been considered to be park improvements, credited against the developer's park dedication requirements.

Preliminary Staff Recommendation on Sidewalks and Trails: Staff expect to recommend that the City's Subdivision Ordinance be amended to incorporate rights of way for trails and sidewalks into a subdivision street right of way dedication requirement, based on the full understanding of transportation options related to both vehicular and non-vehicular travel. This requirement is expected to include both land area and construction of the facility as a component of the "street" construction requirements in the Subdivision Ordinance.