

METROPOLITAN COUNCIL
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DATE: November 1, 2007
TO: Metropolitan Parks and Open Space Commission
FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)
SUBJECT: (2007-221) Evaluating Land Acquisition Opportunity Fund Distribution Rules

INTRODUCTION

Since 2001, the Metropolitan Council has provided about \$7 million in grants to regional park agencies to partially finance the cost of acquiring land for the regional park system under the Park Acquisition Opportunity Fund (“Fund”).

This past summer park agencies submitted projected cost data on land they were likely able to purchase within approved master plan boundaries. That data was analyzed against the amount of money in the Fund to determine what, if any, changes should be proposed for distributing grants from it.

ANALYSIS

The following rules are proposed for the MPOSC and the Metropolitan Council to consider:

1. Increase the amount a park agency can request from the Fund to \$1.7 million for the period beginning when these rules are adopted to June 30, 2008. The current limit is \$1 million. The change is proposed because with the addition of \$2.5 million of Environment and Natural Resources Trust Fund (ENRTF) money to the Fund in 2007, plus \$3 million of Council bonds which will be added to the Fund in 2008, it is possible to provide a larger amount to a park agency. This rule will be reconsidered after we know the amount of ENRTF money appropriated in 2008. The Legislative Citizens Commission has recommended \$1.5 million of ENRTF be appropriated in 2008.
2. Change the amount of acquisition costs the Acquisition Opportunity Fund grant will cover to a maximum of 75% instead of 40%, and require park agencies to provide a local match of 25% instead of 60%. This change is also proposed based on aligning demand for grants from the Fund with revenue in the Fund.
3. Require the 25% local match to not be eligible for reimbursement consideration via a future regional parks capital improvement program (CIP). Currently the 60% local match is eligible for reimbursement consideration via the parks CIP. This change is proposed to balance the increase in the amount of costs a grant will finance against requiring park agencies to contribute financially to an acquisition. It will also reduce the amount of eligible reimbursement costs in future regional parks capital improvement programs.
4. Allow any local match above 25% to be eligible for reimbursement consideration in a future regional parks CIP. Under these rules if the acquisition cost for an agency exceeds \$2.375 million, the park agency’s local share would be greater than 25% of the total cost

since the grant amount per agency is limited to \$1.7 million. In those cases, park agencies should be allowed to request reimbursement consideration in the regional parks CIP for local match amounts above 25% of an acquisition's costs.

For example, an acquisition that exceeds \$2.375 million would affect a park agency's local match as follows:

\$2.7 million total acquisition cost
\$1.7 million maximum Acquisition Opportunity Fund grant (63%)
\$1.0 million local match (37%)

To level the affect of the policy across all park agencies, \$675,000 of the \$1 million local match would not be eligible for CIP reimbursement since it is 25% of the total \$2.7 million cost, but \$325,000 of the \$1 million local match would be eligible for CIP reimbursement consideration since it exceeds 25% of the total acquisition cost for this parcel.

These rule changes will likely increase the amount of land that can be acquired by increasing grant funds --both the amount per agency and the percentage of an acquisition's cost.

CONCLUSIONS

1. Rules for distributing grants from the Park Acquisition Opportunity Fund should be evaluated to best distribute revenue in the Fund to meet demand for grants. The rules have to be applied equitably to all regional park agencies.
2. Based on an analysis of demand for grants from the Fund against revenue in the Fund, an increase in the amount an agency can request from the Fund, plus an increase in the percentage of acquisition costs financed with a grant with a proportional decrease in the local match are appropriate.
3. The maximum non-reimbursable match per agency should be limited to 25% of acquisition costs.

RECOMMENDATIONS

1. That the Metropolitan Council adopt the following rules for distributing grants from the Acquisition Opportunity Fund. The rules are effective from their date of adoption to June 30, 2008.
 - A. The amount a park agency can request from the Fund is \$1.7 million for the period beginning when these rules are adopted to June 30, 2008.
 - B. The Acquisition Opportunity Fund grant will cover a maximum of 75% of acquisition costs.
 - C. The 25% local match of an acquisition is not eligible for reimbursement consideration via a future regional parks capital improvement program (CIP).
 - D. Any local match above 25% of acquisition costs is eligible for reimbursement consideration in a future regional parks CIP.

2. That the Metropolitan Council reconsider the rules cited in Recommendation 1 in 2008 after the Legislature has considered an appropriation of Environment and Natural Resources Trust Fund revenue to the Acquisition Opportunity Fund.