

METROPOLITAN COUNCIL
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DATE: November 21, 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

The Metropolitan Parks and Open Space Commission considered proposed changes to the rules for distributing grants from the Land Acquisition Opportunity Fund on November 13 (see attached November 1, 2007 memorandum). Staff from the regional park implementing agencies asked that the rules be reviewed and considered by their policy boards, and to bring back their perspectives at the December 4th meeting of the Commission. Consequently the item was laid over to the December 4th meeting for action.

In response to the request for input from regional park implementing agencies, Carver County staff submitted the attached letter dated November 21, 2007. Additional input will be submitted by other park agencies at the December 4th MPOSC meeting.



CARVER COUNTY PARKS

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November 21, 2007

Chair Glen Skovholt
MPOSC
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

Re: Acquisition Opportunity Funding

Dear Glen:

Carver County is working to close on a multi million dollar land purchase within the boundary of Lake Waconia Regional Park. The proposed Acquisition Opportunity Fund change requiring a 25% local match would impact the 2008 budget process if applied to this parcel. Carver County has already established its maximum levy limit and can not consider increasing the levy to cover the proposed local match.

If the proposed Acquisition Opportunity Fund method is supported, Carver County requests that Implementing Agencies be allowed to continue to utilize the Metropolitan Council CIP allocations for reimbursement and as the local match to the Acquisition Opportunity Fund. Implementing Agencies should be allowed to continue to determine their priority for use of CIP funds from the Metropolitan Council. Allowing agencies to determine priority for reimbursement, development and acquisition is in keeping with past discussions concerning the use of CIP allocations.

If the proposed Acquisition Opportunity Fund requires a matching amount, I would suggest that a transition period be established allowing agencies in the midst of acquiring land be allowed to complete the acquisition under the existing rules.

Sincerely,

Martin J. Walsh
Parks Director

cc Robert Moeller
Arne Stefferud
Dave Hemze

S:\Parks\MPOSC\Acquisition Opportunity Fund-Glen Skovholt Revised

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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 on Minnesota Resources (LCCMR) 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

\$2.267million, 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 \$2.267 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%)

\$675,000 (25% of \$2.7 million total cost –the local match that is not reimbursable)
\$325,000 (Balance of \$1 million local match above 25% of total cost that is reimbursable)

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.