

METROPOLITAN COUNCIL
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DATE: April 28, 2008
TO: Metropolitan Parks and Open Space Commission
FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)
SUBJECT: (2008-127) Proposed Park Acquisition Opportunity Grant rules to be effective from July 1, 2008 to June 30, 2009

INTRODUCTION

Since 2001, the Metropolitan Council has authorized about \$10.5 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”).

The current rules for distributing Park Acquisition Opportunity Grants went into effect on January 9, 2008 and expire on June 30. There are two options for agencies to request a grant:

Option 1: Up to 40% grant with minimum 60% CIP reimbursable match. An agency can request up to \$1 million and must apply this option for any additional grants.

Option 2: 75% grant with 25% non-reimbursable match. An agency can request up to \$1.7 million and must apply this option for any additional grants. Consequently the park agency would have to provide a \$567,000 non-reimbursable match to \$1.7 million in grants for a total of \$2,267,000. Half (50%) of the acquisition costs above \$2,267,000 would be eligible for CIP reimbursement consideration if those costs were financed by the park agency—not from other grants.

An analysis of the rules currently in effect, projected revenue and projected demand for grants was done. A recommendation to drop Option 1 and continue Option 2 effective July 1, 2008 to June 30, 2009 is presented. This treats all acquisition requests with the same set of rules that can be applied consistently regardless of the acquisition’s cost. Plus eliminating Option 1 reduces the Council’s future liability for CIP reimbursements for land acquisition.

ANALYSIS

Grants awarded and pending under current rules

Four grants have been authorized since the rules went into effect on January 9, 2008 and an additional grant is being considered for a total of five grants. Four of the five grant requests used “Option 2” Rules”. Of these four requests under Option 2, all but one was for land that cost less than \$2,267,000. Consequently, the Council’s grants financed 75% of acquisition costs. The one case where the costs exceeded \$2,267,000 –for Empire Wetlands Regional Park--- the Council’s Park Acquisition Opportunity grant of \$1.7 million (the maximum), plus an \$800,000 Metro Council grant, plus a \$6 million State bond appropriation and the potential reimbursement of \$1,436,667 in future regional parks CIP results in State and Metro Council financing 83.1% of that acquisition’s costs, while the park agency finances 16.9%.

One request used the “Option 1: Rules”—a request for \$1 million (the maximum) to finance a \$2.53 million acquisition. The remaining \$1.53 million minus any lease revenue generated from continued use of that land as the Lakeside Ballroom was eligible for Metro Parks CIP reimbursement consideration. In this case, the

Council's grant financed 39.5% of the costs with the potential that the Council may reimburse the park agency for its matching funds via the Parks CIP. Thus the entire costs of the acquisition may be financed with Metropolitan Council grants and lease revenue.

Recommendation to drop Option 1

For the period July 1, 2008 to June 30, 2009, it is recommended that only Option 2 rules be used. This treats all acquisition requests with the same set of rules that can be applied consistently regardless of the acquisition's cost. Plus eliminating Option 1 reduces the Council's future liability for CIP reimbursements for land acquisition.

Furthermore, no set of Park Acquisition Opportunity Grant rules can finance every acquisition at the same percentage (i.e. 75% State/Metro Council funds and 25% local funds) since the cost of land can exceed the Metro Council's limited ability to finance each acquisition. Under Option 2, a base amount at the time the land is acquired is provided (i.e. up to \$1.7 million) that can finance 75% for land costs up to \$2,267,000. And it allows half of the costs beyond \$2,267,000 to be eligible for reimbursement consideration via the Metro Parks CIP if those costs are initially financed with park agency money—not other grants. This approach can be applied equitably to all acquisitions that cost more than \$2,267,000 as well as those that cost less than \$2,267,000.

Projected Acquisition Opportunity Fund Revenue and Grant Demand

Staff used data provided by regional park agencies to project the demand for Acquisition Opportunity Grants for the period from July 1, 2008 to June 30, 2009 and then ran a projection on financing those acquisitions using the Option 2 Rules. Table 1 below shows the projected revenues of \$8,514,873 during this time period for the Fund. A projected demand for grants of \$6,903,662 and a projected balance in the Fund on June 30, 2009 of \$1,611,211 is also shown on Table 1.

Table 1: Existing and projected revenue for Park Acquisition Opportunity Fund for July 1, 2008 to June 30, 2009 using Option 2 Rules

	State Funds	Metro Council Bonds	Total
Unobligated State Acquisition Account	\$ 170,744	\$ 113,162	\$ 283,906
Unobligated Land Acquisition Opportunity Acct.	\$ -	\$ 3,230,967	\$ 3,230,967
Projected additional State funds to be added 7-1-08	\$ 1,500,000	\$ 1,000,000	\$ 2,500,000
Transfer MC bonds from Land Acquisition Account to State Acquisition account for required match to 2008 State appropriation above on 7-1-08			\$ (1,000,000)
Projected Metro Council bonds to be added January 2009			\$ 3,500,000
Projected Revenue from April 23, 2008 to June 30, 2009 (No assumption made on obtaining additional State money in 2009)			\$ 8,514,873
Projected Grants from Metro Council (see Table 4)			\$ 6,903,662
Projected Acquisition Opportunity Fund Balance on June 30, 2009			\$ 1,611,211

Further analysis of the data indicates that 59% of the projected acquisition costs –projected to be \$6.9 million-- would be financed with Park Acquisition Opportunity grants during this time period. Twenty percent, or about \$2.3 million would be non-reimbursable 25% matches to the Park Acquisition Opportunity grants. The remaining \$2.43 million needed to fully fund the projected costs would be split in half, and consequently \$1.2 million would be eligible for Metro Parks CIP reimbursement consideration and the other \$1.2 million would not be eligible for CIP reimbursement. This is shown in Table 2.

Table 2: Projected park land acquisition costs and associated revenue sources for the July 1, 2008 to June 30, 2009 under Option 2 Park Acquisition Opportunity Grant Rules

		% of Costs
Total MC grants 75/25 up to \$1.7 M per agency (See Table 4)	\$ 6,903,662	59%
Total \$567,000 non-reimbursable 25% local matches to \$1.7 million MC grants (See Table 4)	\$ 2,301,887	20%
Total of 50% above \$2.26 million per agency that is not eligible for reimbursement from Metro Parks CIP (See Table 4)	\$ 1,216,000	10%
Total of 50% above \$2.26 million per agency that is eligible for reimbursement from Metro Parks CIP (See Table 4)	\$ 1,216,000	10%
Total Projected acquisition costs (See Table 4)	\$11,637,549	100%

A consolidation of the data from Table 2 that combines the Park Acquisition Opportunity Grants with the CIP reimbursable amount results in 70% of the projected acquisition costs financed with Metropolitan Council Park Acquisition Opportunity grants and potential future reimbursements from the Metro Parks CIP. The remaining 30% would be financed with non-reimbursable matches from park agencies. This is shown in Table 3 below.

Table 3: Projected percentage of revenue sources for park land acquisition costs for the July 1, 2008 to June 30, 2009 under Option 2 Park Acquisition Opportunity Grant Rules

		% of Costs
Total MC grants and reimbursement eligible amount from Table 2	\$ 8,119,662	70%
Total Non-reimbursable amounts from Table 2	\$ 3,517,887	30%
Total MC grants, reimbursement eligible amount and non-reimbursable	\$11,637,549	

Finally, the analysis of park agency data that was combined into the results in Tables 1 to 3 is shown in Table 4. This illustrates the projected impact of the Option 2 Rules on each agency that had projected acquisitions during this time period. Please note that when acquisition costs for an agency are less than \$2,267,000 the Park Acquisition Opportunity Grant finances 75% of those costs. When an agency's costs exceed \$2,267,000 then the Park Acquisition Opportunity grant(s) plus potential future reimbursements finance less than 75% of costs due to the limits of \$1.7 million per agency from the Park Acquisition Opportunity Fund and limiting half of the costs above \$2,267,000 to be eligible for future CIP reimbursement consideration. This occurs for Carver and Washington Counties. No set of Park Acquisition Opportunity Grant rules can finance every acquisition at the same percentage (i.e. 75% State/Metro Council funds and 25% local funds) since the cost of land can exceed the Metro Council's limited ability to finance each acquisition. This proposal grants a base amount at the time the land is acquired (i.e. up to \$1.7 million that can finance 75% for land costs up to \$2,267,000) and reimburses half of the costs beyond \$2,267,000 via the Metro Parks CIP if those costs are initially financed with park agency money—not other grants. This approach can be applied equitably to all acquisitions.

Table 4: Projected acquisition costs and revenue sources under Option 2 Park Acquisition Opportunity Grant rules for July 1, 2008 to June 30, 2009

Park Agency	Park or Trail Unit	Parcel ID # or other notes	Acres	Estimated Acq. Cost	Estimated related costs	Total Acq. Cost	MC grant 75/25 up to \$1.7 M per agency	\$567,000 non-reimbursable 25% local match to \$1.7 million	50% above \$2.26 million not reimbursable	50% above \$2.26 million that is eligible for reimbursement
Carver County	Lake Waconia Regional Park	70181100	1.5	\$ 483,000	\$ 17,000	\$ 500,000	\$ 375,000	\$ 125,000	\$ -	\$ -
Carver County	Lake Waconia Regional Park	70181000	19.25	\$ 3,400,000	\$ 15,000	\$ 3,415,000	\$ 1,325,000	\$ 442,000	\$ 824,000	\$ 824,000
Carver County Subtotals						\$ 3,915,000	\$ 1,700,000	\$ 567,000	\$ 824,000	\$ 824,000
Percentage by revenue source							43%	14%	21%	21%
Dakota County	Miesville Ravine Regional Park	9-03600-010-76 and 9-03600-01077	8.6	\$ 499,290	\$ 4,026	\$ 503,316	\$ 377,487	\$ 125,829	\$ -	\$ -
Percentage by revenue source							75%	25%	0%	0%
Minneapolis Park & Rec. Board	Above The Falls Regional Park	15-029-241-30001	0.11	\$ 50,000	\$ 11,199	\$ 61,199	\$ 45,899	\$ 15,300	\$ -	\$ -
Percentage by revenue source							75%	25%	0%	0%

Table 4 *continued*: Projected acquisition costs and revenue sources under Option 2 Park Acquisition Opportunity Grant rules for July 1, 2008 to June 30, 2009

Park Agency	Park or Trail Unit	Parcel ID # or other notes	Acres	Estimated Acq. Cost	Estimated related costs	Total Acq. Cost	MC grant 75/25 up to \$1.7 M	\$567,000 non-reimbursable 25% local match to \$1.7 million	50% above \$2.26 million not reimbursable	50% above \$2.26 million that is eligible for reimbursement
Saint Paul	Harriet Island Regional Park	07-28-22-21-0009	0.74	\$ 380,000	\$ 165,581	\$ 545,581	\$ 409,186	\$ 136,395	\$ -	\$ -
Saint Paul	Trout Brook RT	19-29-22-43-0027	1.17	\$ 305,800	\$ 14,416	\$ 320,216	\$ 240,162	\$ 80,054	\$ -	\$ -
St. Paul Subtotals						\$ 865,797	\$ 649,348	\$ 216,449	\$ -	\$ -
Percentage by revenue source							75%	25%	0%	0%
Scott County	Doyle-Kennefick RP	St. Catherine Lake west shoreline in negotiation now	46.67	\$ 1,200,000	\$ 10,000	\$ 1,210,000	\$ 907,500	\$ 302,500	\$ -	\$ -
Scott County	Cedar Lake Farm RP	59240080	7.82	\$ 135,600	\$ 3,200	\$ 138,800	\$ 104,100	\$ 34,700	\$ -	\$ -
Scott County	Cedar Lake Farm RP	59240030	12	\$ 120,533	\$ 5,953	\$ 126,486	\$ 94,865	\$ 31,622	\$ -	\$ -
Scott County	Cedar Lake Farm RP	50280030 and 50280040	8	\$ 200,342	\$ 8,200	\$ 208,542	\$ 156,407	\$ 52,136	\$ -	\$ -
Scott County Subtotals						\$ 1,683,828	\$ 1,262,871	\$ 420,957	\$ -	\$ -
Percentage by revenue source							75%	25%	0%	0%

Table 4 *continued*: Projected acquisition costs and revenue sources under Option 2 Park Acquisition Opportunity Grant rules for July 1, 2008 to June 30, 2009

Park Agency	Park or Trail Unit	Parcel ID # or other notes	Acres	Estimated Acq. Cost	Estimated related costs	Total Acq. Cost	MC grant 75/25 up to \$1.7 M	\$567,000 non-reimbursable 25% local match to \$1.7 million	50% above \$2.26 million not reimbursable	50% above \$2.26 million that is eligible for reimbursement
Three Rivers Park District	Lake Rebecca PR	Laidlaw parcel. Grant request expected for June action	7	\$ 400,000	\$ 20,000	\$ 420,000	\$ 315,000	\$ 105,000	\$ -	\$ -
Three Rivers Park District	Assume 7.3 acres (5% of inholdings) are acquired per year.	List of parcels on file.	7.3	\$ 1,062,999	\$ 74,410	\$ 1,137,409	\$ 853,057	\$ 284,352	\$ -	\$ -
Three Rivers Park District Subtotals						\$1,557,409	\$ 1,168,057	\$ 389,352	\$ -	\$ -
Percentage by revenue source							75%	25%	0%	0%

Table 4 *continued*: Projected acquisition costs and revenue sources under Option 2 Park Acquisition Opportunity Grant rules for July 1, 2008 to June 30, 2009

Park Agency	Park or Trail Unit	Parcel ID # or other notes	Acres	Estimated Acq. Cost	Estimated related costs	Total Acq. Cost	MC grant 75/25 up to \$1.7 M	\$567,000 non-reimbursable 25% local match to \$1.7 million	50% above \$2.26 million not reimbursable	50% above \$2.26 million that is eligible for reimbursement
Washington County	Cottage Grove Ravine RP	In negotiation now. Half of land is replacment for county service center land. Grant shown is for land beyond that replacement.	2	\$ 100,000	\$ 4,400	\$ 104,400	\$ 78,300	\$ 26,100	\$ -	\$ -
Washington County	St.Croix Regional Trail	Only portion of larger parcel that will be used for trail	2	\$ 125,000	\$ 4,000	\$ 129,000	\$ 96,750	\$ 32,250	\$ -	\$ -
Washington County	Big Marine PR	In negotiation now.	79.74	\$ 600,000	\$ 7,000	\$ 607,000	\$ 455,250	\$ 151,750	\$ -	\$ -
Washington County	Big Marine PR	0603120440001 and 0503120330001	79	\$ 782,800	\$ 6,500	\$ 789,300	\$ 591,975	\$ 197,325	\$ -	\$ -
Washington County	Big Marine PR	0503120430001, 0503120440001, 0503120410002, 0803120110001	85.09	\$ 1,413,100	\$ 8,200	\$ 1,421,300	\$ 477,725	\$ 159,575	\$ 392,000	\$ 392,000
Washington County Subtotals						\$ 3,051,000	\$ 1,700,000	\$ 567,000	\$ 392,000	\$ 392,000
Percentage by revenue source							56%	19%	13%	13%

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 for the period from July 1, 2008 to June 30, 2009.
2. Based on an analysis of demand for grants from the Fund against revenue in the Fund for the July 1, 2008 to June 20, 2009 period, deleting Option 1 Rules and continued use of Option 2 rules can maximize the use of grants from the Fund, can be applied equitably to all regional park agencies. Plus eliminating Option 1 reduces the Council's future liability for CIP reimbursements for land acquisition.
3. No set of Park Acquisition Opportunity Grant rules can finance every acquisition at the same percentage (i.e. 75% State/Metro Council funds and 25% local funds) since the acquisition costs can exceed the Metro Council's limited ability to finance each acquisition.
4. This proposal grants a base amount at the time the land is acquired (i.e. up to \$1.7 million that can finance 75% for acquisition costs up to \$2,267,000) and reimburses half of the costs beyond \$2,267,000 via the Metro Parks CIP if those costs are initially financed with park agency money—not other grants.

RECOMMENDATIONS

That the Metropolitan Council adopt the following rules for distributing grants from the Acquisition Opportunity Fund effective from July 1, 2008 to June 30, 2009:

- A. Grants from the Park Acquisition Opportunity Fund may only be awarded to finance a portion of the cost to acquire land within Metropolitan Council-approved master plan boundaries, and only after the requesting regional park implementing agency has used available acquisition grant funds previously provided by the Metropolitan Council.
- B. Any interest cost on a contract for deed or other timed payment plan is not eligible for grant funding. The value of a discounted sale (i.e. the difference between the appraised value and a reduced sale price) is not counted as part of the cost to acquire land and is not included as part of a local match to the grant.
- C. Grants from the Park Acquisition Opportunity Fund may finance a portion of the actual cost to acquire land after deducting any Metropolitan Council grants and other grants used to finance a portion of the cost as follows:

The Park Acquisition Opportunity Fund Grant finances up to 75% of the net cost of acquiring the land which is defined as the purchase price—not the appraised value; legal fees, appraisal costs and other closing costs incurred by the park agency; the property tax equivalency payment due to the city or township; and stewardship costs.

A maximum contribution of 25% of the net cost of acquiring the land up to \$567,000 that is financed by regional park implementing agency funds—not grants from other sources—is not eligible for reimbursement consideration by the Metropolitan Council. Half (50%) of a contribution above \$567,000 that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

The maximum grant(s) available to a park agency is \$1.7 million.