

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, MN 55101
Phone (651) 602-1000 TDD (651) 291-0904

DATE: May 13, 2008

TO: Metropolitan Parks and Open Space Commission

FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)

SUBJECT: (2008-74) Clarifying non-reimbursement local match requirement for Park Acquisition Opportunity Grant awarded to Dakota County for Empire Wetlands Regional Park

INTRODUCTION:

The Metropolitan Parks and Open Space Commission (MPOSC) deferred consideration of this memorandum (**Attachment 1**) at its May 6 meeting since it was related to “Agenda item 2008-127 Proposed Park Acquisition Opportunity Grant rules to be effective from July 1, 2008 to June 30, 2009”. Based on the analysis done on that agenda item, this memorandum recommends a proposal to consider reimbursing 75% of the costs above \$2,267,000 in future regional parks capital improvement programs instead of considering reimbursing all the costs above \$2,267,000. This results in recommending in the case of the Empire Wetlands Regional Park grant, that the Metropolitan Council would consider reimbursing Dakota County \$ 2,155,000 in future regional parks CIPs to be consistent with the clarified policy.

ANALYSIS:

A proposal to consider reimbursing via the Metro Parks CIP 75% of the costs above \$2,267,000 is proposed instead of reimbursing all the costs above \$2,267,000. This change in the proposal results in all agencies having their Regional Parks System acquisitions financed at the same ratio of Metropolitan Council grants and potential Metro Parks CIP reimbursement grants (75%) with the remaining 25% financed by park agency sources or other grants such as watershed district grants. The ratio of financing sources is constant regardless of acquisition costs. This clarification to the Option 2 Rules would be applied to the recent request from Dakota County for the Empire Wetlands Regional Park as follows:

Revenue Sources for Empire Wetlands Regional Park purchase	Revenue Amount	Revenue Subtotals	Percent by revenue source
2006 State bonding bill line item appropriation	\$6,000,000		50.2% State (\$6 million)
Metro Council grant SG-2006-123	\$ 800,000	\$6,800,000 in hand	39.0% Metro (\$4,655,000 which is Metro Council grants and potential CIP reimbursement)
Metro Council Park Acquisition Opportunity Fund grant April 23, 2008	\$1,700,000		10.8% County (\$1,285,000 which is 25% match to \$1.7 million grant and 25% of Funding Gap)
Dakota County funds to match the Park Acquisition Opportunity Fund grant <u>not eligible</u> for CIP reimbursement consideration	\$ 566,666	\$2,266,666 total Acquisition Opportunity Grant and 25% match	
Subtotal of Revenues listed above	\$9,066,666		
Funding Gap (Difference between \$11.94 million needed to acquire land and Subtotal of Revenues)	\$2,873,334		
75% of funding gap that is eligible for CIP reimbursement assuming financed by Dakota Co.	\$2,155,000		
25% of funding gap that is <u>not eligible</u> for CIP reimbursement assuming financed by Dakota. Co.	\$ 718,334	\$2,873,334 Total "funding gap". 75% of which is proposed to be eligible for reimbursement	
Total	\$11,940,000	\$11,940,000	

Since the Council's grant funds are limited to \$1.7 million per agency, it is not possible to provide enough to finance 75% of every land acquisition at the time the land is acquired. In the Empire Wetland's example, State funds of \$6 million finance 50.2% of this acquisition. The Metro Council funds which include the \$800,000 grant SG-2006-123, plus \$1.7 million from the Park Acquisition Opportunity Fund, and \$2,155,000 eligible for CIP reimbursement consideration is 75% of the funding gap after State, Metro Council and Dakota County sources are considered. The Council's portion could finance 39% of the acquisition costs. Finally, Dakota County funds of \$566,666 to match the \$1.7 million Park Acquisition Opportunity Fund grant plus \$718,334 that is 25% of the funding gap after State, Metro Council and Dakota County sources are

considered, finances 10.8% of this acquisition's costs. In this case, State and Metro Council funds would finance 89.2% and Dakota County would finance 10.8% of costs.

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 allows 75% of the costs beyond \$2,267,000 to be eligible for reimbursement consideration in 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.

CONCLUSIONS:

1. The amount of Park Acquisition Opportunity Fund grant revenue is limited. Therefore, the amount the Metro Council can grant to a park agency must be limited. Currently, the limit is \$1.7 million under the "Option 2-Revised Rule". Park agencies must provide \$567,000 as a 25% match to the \$1.7 million Council grant. The combined Council grant and \$567,000 park agency match can finance \$2,267,000 of acquisition costs. The \$567,000 park agency match is not eligible for Metro Parks CIP reimbursement consideration.
2. Land acquisitions which cost more than \$2,267,000 require park agencies to provide more than a \$567,000 match. A proposal to consider reimbursing via the Metro Parks CIP 75% of the costs above \$2,267,000 is proposed instead of reimbursing all the costs above \$2,267,000.
3. Applying this clarified policy to the \$2,873,334 funding gap for the Empire Wetlands Regional Park acquisition means that 75% of that cost (\$2,155,000) would be eligible for reimbursement consideration in a future regional parks CIP. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

RECOMMENDATIONS:

1. That the Metropolitan Council clarify the match requirements for the Option 2-Revised Rules of the Park Acquisition Opportunity Fund as follows:

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. ~~Any 75% of a contribution above 25%~~ \$567,000 that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

2. Notify Dakota County, that if the County has to finance \$2,873,334 needed after counting State funds, Metro Council grants and the County's \$567,000 match to the Metro Council's \$1.7 million Park Acquisition Opportunity Fund grant for the Empire Wetlands Regional Park acquisition, that the Metropolitan Council would consider reimbursing the County in a future regional parks CIP \$2,155,000 to be consistent with the clarified policy shown in recommendation 1 above. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Attachment 1: April 28 MPOSC memorandum on agenda item (2008-74) Clarifying non-reimbursement local match requirement for Park Acquisition Opportunity Grant awarded to Dakota County for Empire Wetlands Regional Park

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, MN 55101
Phone (651) 602-1000 TDD (651) 291-0904

DATE: April 28, 2008
TO: Metropolitan Parks and Open Space Commission
FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)
SUBJECT: (2008-74) Clarifying non-reimbursement local match requirement for Park Acquisition Opportunity Grant awarded to Dakota County for Empire Wetlands Regional Park

INTRODUCTION:

On April 23, the Metropolitan Council approved a \$1.7 million Park Acquisition Opportunity Grant to Dakota County to partially finance Empire Wetlands Regional Park. The grant was approved under “Option 2: Revised Rules” which required Dakota County to match the Council’s grant with \$567,000. Because the Council’s Park Acquisition Opportunity grants are capped at \$1.7 million under “Option 2: Revised Rules”, the maximum cost for an acquisition under these rules is \$2,267,000. In that case 75% is financed with the \$1.7 million Council grant and the remaining 25% is financed by the park agency as shown below:

Item	Amount	Percent of Total Costs
Maximum Park Acquisition Opportunity Grant	\$ 1,700,000	75%
Local match that is not reimbursable from Metro Parks CIP	\$ 567,000 (rounded to nearest thousand)	25%
Total Costs	\$ 2,267,000	100%

The Empire Wetlands Regional Park acquisition costs \$11.94 million. When acquisition costs exceed \$2,267,000, the share the park agency has to provide in dollars and percent of total costs exceeds 25% of acquisition costs. The Option 2: Revised Rule allows the additional local match above 25% of the total cost to be eligible for reimbursement consideration from the Metro Council. However, a policy question has been raised:

When the total cost of acquisition exceeds \$2,267,000 should the 25% local non-reimbursable match be applied to the total acquisition cost, or should the local match that is not reimbursable be capped at \$567,000 –which is the 25% match to the Council’s maximum \$1.7 million grant?

This memorandum analyzes this policy issue and recommends a proposal to reimburse half (50%) of the costs above \$2,267,000 instead of reimbursing all the costs above \$2,267,000. This results in recommending that in the case of the Empire Wetlands Regional Park grant, that the Metropolitan Council would consider reimbursing Dakota County \$1,436,667 in a future regional parks CIP to be consistent with the clarified policy.

AUTHORITY TO REVIEW:

Minnesota Statute Section 473.315 authorizes the, “Metropolitan Council, with the advice of the Metropolitan Parks and Open Space Commission, to make grants from any funds available to it for recreation open space purposes to any municipality, City or Park District located wholly or partially within the metropolitan area to cover the cost, or any portion of the cost, of acquiring or developing regional recreation open space in accordance with the *Regional Recreation Open Space Policy Plan*”. (emphasis added).

ANALYSIS:

A proposal to reimburse via the Metro Parks CIP half (50%) of the costs above \$2,267,000 is proposed instead of reimbursing all the costs above \$2,267,000. This reduces the future Metro Parks CIP reimbursement liability of the Council while still providing some CIP reimbursement to agencies that have more expensive land acquisitions. This clarification to the Option 2 Rules would be applied to the recent request from Dakota County for the Empire Wetlands Regional Park as follows:

Revenue Sources for Empire Wetlands Regional Park purchase	Revenue Amount	Revenue Subtotals	Percent by revenue source
2006 State bonding bill line item appropriation	\$6,000,000		50.2% State
Metro Council grant SG-2006-123	\$ 800,000	\$6,800,000 in hand	32.9% Metro
Metro Council Park Acquisition Opportunity Fund grant April 23, 2008	\$1,700,000		16.9% County
Dakota County funds to match the Park Acquisition Opportunity Fund grant <u>not eligible</u> for CIP reimbursement consideration	\$ 566,666	\$2,266,666 total Acquisition Opportunity Grant and 25% match	
Subtotal of Revenues listed above	\$9,066,666		
Funding Gap (Difference between \$11.94 million needed to acquire land and Subtotal of Revenues)	\$2,873,334		
50% of funding gap that is <u>not eligible</u> for CIP reimbursement assuming financed by Dakota Co.	\$1,436,667		
50% of funding gap that <u>is eligible</u> for CIP reimbursement assuming financed by Dakota. Co.	\$1,436,667	\$2,873,334 Total "funding gap". Half of which is proposed to be eligible for reimbursement	
Total	\$11,940,000	\$11,940,000	

Since the Council's grant funds are limited to \$1.7 million per agency, it is not possible to provide enough to finance 75% of every land acquisition. In the Empire Wetland's example, State funds of \$6 million finance 50.2% of this acquisition. The Metro Council funds which include the \$800,000 grant SG-2006-123, plus \$1.7 million from the Park Acquisition Opportunity Fund, and \$1,436,667 that is 50% of the funding gap after State, Metro Council and Dakota County sources are considered finance 32.9% of the acquisition costs. Finally, Dakota County funds of \$566,666 to match the \$1.7 million Park Acquisition Opportunity Fund grant plus \$1,436,667 that is 50% of the funding gap after State, Metro Council and Dakota County sources are considered, finances 16.9% of this acquisition's costs. In this case, State and Metro Council funds would finance 83.1% and Dakota County would finance 16.9% of costs.

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 that cost more than \$2,267,000.

CONCLUSIONS:

1. The amount of Park Acquisition Opportunity Fund grant revenue is limited. Therefore, the amount the Metro Council can grant to a park agency must be limited. Currently, the limit is \$1.7 million under the “Option 2-Revised Rule”. Park agencies must provide \$567,000 as a 25% match to the \$1.7 million Council grant. The combined Council grant and \$567,000 park agency match can finance \$2,267,000 of acquisition costs. The \$567,000 park agency match is not eligible for Metro Parks CIP reimbursement consideration.
2. Land acquisitions which cost more than \$2,267,000 require park agencies to provide more than a \$567,000 match. A proposal to reimburse via the Metro Parks CIP half (50%) of the costs above \$2,267,000 is proposed instead of reimbursing all the costs above \$2,267,000. This reduces the future Metro Parks CIP reimbursement liability while still providing some CIP reimbursement to agencies that have more expensive land acquisitions.
3. Applying this clarified policy to the \$2,873,334 funding gap for the Empire Wetlands Regional Park acquisition means that half of that cost (\$1,436,667) would be eligible for reimbursement in a future regional parks CIP. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

RECOMMENDATIONS:

1. That the Metropolitan Council clarify the match requirements for the Option 2-Revised Rules of the Park Acquisition Opportunity Fund as follows:

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. ~~Any~~ Half (50%) of a contribution above 25% \$567,000 that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

2. Notify Dakota County, that if the County has to finance \$2,873,334 needed after counting State funds, Metro Council grants and the County’s \$567,000 match to the Metro Council’s \$1.7 million Park Acquisition Opportunity Fund grant for the Empire Wetlands Regional Park acquisition, that the Metropolitan Council would consider reimbursing the County in a future regional parks CIP \$1,436,667 to be consistent with the clarified policy shown in recommendation 1 above. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.