

METROPOLITAN COUNCIL
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DATE: October 9, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: Regional park land acquisition costs eligible for CIP reimbursement consideration if there is insufficient Park Acquisition Opportunity Funds to make a grant from that source

Introduction/Background

At the October 7 Metropolitan Parks and Open Space Commission meeting the Commission was informed that the Metro Council bond financed “Land Acquisition Opportunity Account” used to finance up to 75% of acquisitions costs for regional park land and related structures could have an unobligated balance of \$100,625 if two grants recommended for approval from that account were approved. The staff memorandum for agenda item 2008-268 noted that:

It is possible that land/house acquisition grant requests may come in when there is insufficient money in the Land Acquisition Opportunity Account to finance the grant due to the timing of the acquisition occurring before the Metropolitan Council replenishes that account with bonds in 2009. In that case, park agencies could ask the Metropolitan Council to consider reimbursing up to 75% of the costs of the acquisition in that agency’s allocation of a future regional park capital improvement program (CIP). This would allow that acquisition to be treated the same way as if there were sufficient funds in the Account to award a grant now.

The Commission discussed whether a park agency could ask the Metropolitan Council to consider reimbursing the park agency 100% instead of 75% of its costs from the Parks CIP when the Council didn’t have sufficient funds to award a Park Acquisition Opportunity grant at that time.

The Commission requested Metropolitan Council staff to prepare this memorandum that explains what amount of regional park system land acquisition costs financed by a regional park agency would be eligible for Parks CIP reimbursement consideration.

Analysis

On June 25, 2008 the Council adopted rules for Park Acquisition Opportunity Grants for the period July 1, 2008 to June 30, 2009 under agenda item 2008-127. The Council chose not to continue an option in which a park agency could request a grant to finance 40% of acquisition costs and be eligible for Parks CIP reimbursement consideration for the remaining 60%.

The applicable excerpt from the Council’s action is as follows:

The Park Acquisition Opportunity Fund Grant finances 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 contribution of 25% of the net cost of acquiring the land up to \$567,000 that is financed by regional park implementing agency funds or other sources is not eligible for [Parks CIP] reimbursement consideration by the Metropolitan Council. Seventy-five percent (75%) of a contribution above \$567,000 that is financed with regional park implementing agency funds only is eligible for [Parks CIP] reimbursement consideration by the Metropolitan Council. (emphasis added)

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

The rationale for the Council's decision was that 75% of acquisitions costs for the Regional Park System should be financed by Metropolitan Council grants (a Park Acquisition Opportunity Fund grant and a potential Metro Parks CIP reimbursement grant) with the remaining 25% financed by park agency sources or other grants such as watershed district grants. The ratio of financing sources would be constant regardless of acquisition costs. The Council also wished to leverage its grant funds with other sources to acquire land. The Council has taken a leadership role in obtaining private sector funds to assist in financing park land acquisition by creating a regional parks foundation, which is about to launch.

The rules for the Park Acquisition Opportunity Fund apply if there is money in the Fund to provide a grant under the rules for the Fund. If there is insufficient money in the Fund to provide a grant, then park agencies would be allowed to request reimbursement consideration from the regional parks CIP for 100% of grant eligible costs to acquire the land (purchase price, appraisal, closing costs, property tax equivalency payment and pro-rated share of property taxes, plus stewardship costs including restoration of the site for park purposes, but not Phase 1 and 2 Environmental Assessments).