

METROPOLITAN COUNCIL
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DATE: May 21, 2009
TO: Metropolitan Parks and Open Space Commission
FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)
SUBJECT: (2009-190) Adoption of rules for Park Acquisition Opportunity Grants

Introduction

Since 2001, the Metropolitan Council has authorized about \$13.7 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”).

The current rules for awarding grants from the Fund went into effect on July 1, 2008 and expire on June 30. This memorandum recommends continuation of those rules on a permanent basis with a grant limit per agency of \$1.7 million per State Fiscal Year (July 1 to June 30).

Analysis

The rules for awarding Park Acquisition Opportunity Grants are as follows:

1. 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.
2. 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.
3. 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:
 - i. 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.
 - ii. 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 or other sources is not eligible for Regional 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 is eligible for Regional Parks CIP reimbursement consideration by the Metropolitan Council.

4. The maximum amount of Park Acquisition Opportunity Grant funds available to a park agency is \$1.7 million for a specific time period (currently July 1, 2008 to June 30, 2009).

About \$7.5 million is available for grants from July 2009 to June 2010. Projected demand for grants for this time period under the rules described above is about \$7 million, which leaves a cushion for unexpected acquisitions of about \$490,000 as shown in Table 1 below.

Table 1: Park Acquisition Opportunity Grants Projected Balance and Projected Demand for Grants July 2009 to June 2010	
Environment & Natural Resources Trust Fund 2008 balance and 2009 State appropriation	\$ 1,827,704
Council bond match to Environment & Natural Resources Trust Fund appropriations above	\$ 1,218,469
FY 2010 constitutionally dedicated Parks and Trails Fund (State appropriation)	\$ 1,260,000
Council bond match to FY 2010 <u>and</u> FY 2011 Parks and Trails Fund appropriations above plus additional bonds	\$ 3,247,732
Projected Balance July 2009	\$ 7,553,905
Projected demand for grants July 2009-June 2010	\$ 7,066,250
Projected Balance July 2010	\$ 487,655

The State appropriation from the constitutionally dedicated Parks and Trails Fund for State Fiscal Year 2011 (which starts July 2010) of \$1,514,000 will be added to what is shown in Table 1. The Council bond match of \$1,009,000 to that Parks and Trails Fund appropriation is already included in Table 1.

Legislation regarding the constitutionally dedicated Parks and Trails Fund includes a formula that requires 10% of the appropriation to the Metropolitan Council be used for Park Acquisition Opportunity Grants, and that the amount appropriated for these grants be matched with \$2 of Council bonds for every \$3 of the Parks and Trails Fund appropriation. Consequently, it's reasonable to project that between \$2.5 million to \$3 million of future Parks and Trails Fund appropriations with matching Metropolitan Council bonds would be available for Park Acquisition Opportunity Grants each State Fiscal Year from July 2011 to June 2034.

Conclusions

Based on the projected revenue for future Park Acquisition Opportunity Grants, and our experience with the rules to award grants, staff recommends that the rules to award these grants be adopted on a permanent basis. The \$1.7 million limit per agency per year should continue to be based on the State's Fiscal Year calendar of July 1 to June 30 to align with future State

appropriations for these grants. If conditions change in the future, the Metropolitan Council can consider amending the rules to respond to those changing conditions.

Recommendation

That the Metropolitan Council adopt the following rules for awarding Park Acquisition Opportunity Grants:

1. 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.
2. 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.
3. 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:
 - i. 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.
 - ii. 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 or other sources is not eligible for Regional 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 is eligible for Regional Parks CIP reimbursement consideration by the Metropolitan Council.
4. The maximum amount of Park Acquisition Opportunity Grant funds available to a park agency is \$1.7 million per State Fiscal Year (July 1 to June 30).