

METROPOLITAN COUNCIL
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DATE: July 30, 2012

TO: Metropolitan Parks and Open Space Commission

FROM: Arne Stefferud, Acting Manager—Regional Parks and Natural Resources Unit (651-602-1360)

SUBJECT: (Information Item) Preparing for possible bonding appropriation for Metro Parks Capital Improvement Program in 2013 Legislative Session

INTRODUCTION

Recently, Governor Dayton indicated his desire to pass another large bonding bill in the 2013 legislative session, but at this time he has not asked State agencies to submit bonding proposals. But to prepare for that possibility, it is reasonable to assemble a request.

In order to prepare for this possible appropriation, this memorandum has been prepared to brief the MPOSC on the structure and allocation formula that the Metro Council adopted for the Metro Regional Parks Capital Improvement Program, hereafter referred to as the "Parks CIP".

This memorandum:

1. Provides the MPOSC with the background on the Metro Council bonding and State bonding revenue streams that finance a portion of the Parks CIP not funded with Parks and Trails Legacy Fund appropriations or appropriations from the Environment and Natural Resources Trust Fund.
2. Provides the background on a formula that has been in effect since 2008 for allocating shares of the Parks CIP among the 10 regional park implementing agencies for that portion of the Parks CIP financed with State bonds and Metro Council bonds. The calculation results of that formula are presented.
3. Illustrates an example of using the formula under the assumption that \$10.5 million of State bonds was appropriated (the maximum amount the Metro Council could match) and an example if \$7 million of State bonds was appropriated.

Background on State bond and Metro Council bond financing for Parks CIP

The Parks CIP is the basis for authorizing capital improvement grants for the Regional Park System financed with State bonds and Metropolitan Council bonds. Since 1994, 60% of project costs have been financed with State bonds and 40% with bonds issued by the Metropolitan Council. The combination of State and Regional revenue sources acknowledges the local, regional and statewide benefits to taxpayers. Metropolitan Area residents pay Regional and State taxes that finance the Parks CIP. Residents from outside the Metropolitan Area pay State taxes for a portion of the State's appropriation to the Parks CIP. The proportion of the debt service paid on these Council and State bonds by Metro Area and Greater MN residents is roughly proportional to the visitation of the Metro Regional Park System by these groups.

The Metropolitan Council has the authority to issue up to \$40 million in general obligation bonds to finance the Parks CIP at any point in time. Since 1994, the Council has issued on average \$7 million per year of short term bonds. Half of these bonds (\$3.5 million per year) have been used to finance 40% of park and trail rehabilitation and development costs in the Parks CIP. State bond appropriations have been used to finance the remaining 60% of those projects. The State bond appropriation request has been \$10.5 million for a two year biennium, or \$5.25 million if bonds are appropriated every year.

Since 2001, the other half of the \$7 million of Metro Council bonds (\$3.5 million) issued annually has been used to partially finance Park Acquisition Opportunity Grants. The Council bonds have financed 40% of those grants and the remaining 60% has been financed with State appropriations from the Parks and Trails Legacy Fund and the Environment and Natural Resources Trust Fund.

The rest of this memorandum will focus on that part of the Parks CIP that is financed with State bond appropriations and Metro Council bonds.

Background on formula for allocating shares of the Parks CIP financed with State bonds and Metro Council bonds among the regional park implementing agencies

The Parks CIP must, in accordance with the law cited above, include "criteria and priorities for the allocation of funds". For the 2013-18 Parks CIP as with past CIP's, capital projects proposed for funding must be consistent with Metropolitan Council approved regional park or trail master plans. Projects proposed by each regional park implementing agency are prioritized by that

agency. Each park agency has unique capital needs, which that park agency can best determine.

Since 2008, shares of the Parks CIP have been allocated among the 10 regional park implementing agencies using the following formula.

1. 70% of the CIP is based on the share of the population of each park implementing agency compared to the region's population.
2. 30% of the CIP is based on the share visits a park agency hosted from persons who live outside the park agency's jurisdiction (non-local visits).

The population factor recognizes the need to provide funds for park capital improvements to serve every person in the region relatively equally. It's a per capita distribution of 70% of the money in the Parks CIP that is financed with State bonds and Metro Council bonds. The non-local visits factor recognizes that these regional parks serve a regional and state-wide population. Consequently, some agencies receive more than a per capita share since they provide significant amounts of service to persons who live outside their jurisdiction relative to other park agencies. This formula was developed in 2007 over a four month period that considered different combinations of population and non-local visits weighting. The 70% population, 30% non-local visits formula was the consensus result of that analysis and has been used since 2008. It has been well received by elected officials at the State and local level for the following reasons:

1. It assures that each park agency receives some level of funding in each State bond appropriation and matching Metro Council bonds; and that most of that funding (70%) is based on a per capita distribution.
2. It allows each park agency to best determine how to spend its share on projects that are consistent with Metropolitan Council-approved regional park and trail master plans.

Tables 1 and 2 below illustrate the calculations using this formula. Population data is the 2011 estimate prepared by the Metropolitan Council and the non-local visits data uses the 2011 visitation report the MPOSC reviewed at its July meeting.

Table 1: 2011 Population and 2011 Non-Local Visits Data Applied to Determine Metro Regional Park Implementing Agency Share of 2013-14 Parks CIP

Park Agency	2011 Population by Park Agency (Metro Council data)	% of 2011 Population by Park Agency	% of Non-local Visits to Park Agency's parks and trails (1)	2011 visits (thousands)	Number of 2011 Non-local Visits by Park Agency (thousands)	% of 2011 Non-local Visits by Park Agency
Anoka County	334,053	11.63%	43%	3,380.8	1,453.7	7.36%
Bloomington	83,671	2.91%	45%	789.4	355.2	1.80%
Carver County	92,104	3.21%	52%	443.9	230.8	1.17%
Dakota County	401,221	13.96%	36%	1,047.8	377.2	1.91%
Mpls. Park Board	387,873	13.50%	48%	15,098.8	7,247.4	36.67%
Ramsey County ex. St. Paul (2)	224,443	7.81%	47%	4,014.7	1,886.9	9.55%
Saint Paul	286,367	9.97%	50%	8,552.6	4,276.3	21.64%
Scott County including Three Rivers Park District Parks in Scott County (3)	131,556	4.58%	31%	665.1	206.2	1.04%
Three Rivers Park District in Hennepin County ex. Bloomington (4)	691,516	24.07%	37%	8,258.5	3,055.6	15.46%
Washington County	240,640	8.37%	45%	1,498.8	674.5	3.41%
Totals	2,873,444	100.00%		43,750.4	19,763.9	100.00%

(1) Metropolitan Council Regional Parks and Trails Survey, page 26, Publication No. 78-09-10.

(2) Population of Ramsey County excludes City of St. Paul to align with non-local visits data for each agency.

(3) Scott County non-local visits data includes visits to parks managed by Three Rivers Park District located in Scott County in order to align with population of Scott County's jurisdiction.

(4) Population of Three Rivers Park District excludes City of Bloomington to align with non-local visits data for each agency.

Table 2: Potential Distribution of \$17.5 million Biennial Parks CIP for 2013-14 using 70% of Agency Population and 30% of Non-local Visits Formula

Park Agency	Share of 70% from Agency's Population (Table 1 above)	Amount of \$17.5 million based on 70% population share in \$000's	Share of 30% from nonlocal visits (Table 1 above)	Amount of \$17.5 million based on 30% population share in \$000's	Share of \$17.5 million by combining 70% population and 30% non-local visits amounts in \$000's	Percent of \$17.5 million for each Park Agency
Anoka County	11.63%	\$ 1,424	7.36%	\$ 386	\$ 1,810	10.34%
Bloomington	2.91%	\$ 357	1.80%	\$ 94	\$ 451	2.58%
Carver County	3.21%	\$ 393	1.17%	\$ 61	\$ 454	2.59%
Dakota County	13.96%	\$ 1,710	1.91%	\$ 100	\$ 1,811	10.35%
Mpls. Park Board	13.50%	\$ 1,654	36.67%	\$ 1,925	\$ 3,579	20.45%
Ramsey County	7.81%	\$ 957	9.55%	\$ 501	\$ 1,458	8.33%
Saint Paul	9.97%	\$ 1,221	21.64%	\$ 1,136	\$ 2,357	13.47%
Scott County including Three Rivers Park District Parks in Scott County	4.58%	\$ 561	1.04%	\$ 55	\$ 616	3.52%
Three Rivers Park District in Hennepin County ex. Bloomington	24.07%	\$ 2,948	15.46%	\$ 812	\$ 3,760	21.48%
Washington County	8.37%	\$ 1,026	3.41%	\$ 179	\$ 1,205	6.89%
Totals	100.00%	\$ 12,250	100.00%	\$ 5,250	\$ 17,500	100.00%

Steps in approving grants financed with any 2013 State bond appropriation for the 2013-14 Parks CIP

Assuming State bonds are appropriated in the 2013 legislative session for the 2013-14 Parks CIP, the MPOSC and Metro Council would consider an amendment to the Metropolitan Council's 2013 Unified Capital Budget that authorized grants financed with those State bonds and matching Metro Council bonds.

If less than \$10.5 million of State bonds is appropriated, the Metro Council bond match would be reduced to retain the proportional share of the Parks CIP financed with State bonds (60%) with Metro Council bonds (40%). Another way to visualize this is that every \$3 of State bonds is matched with

\$2 of Metro Council bonds. Table 3 illustrates this relationship at varying amounts of State bond appropriations.

Table 3: Varying State Bond Appropriations and Metro Council Bond Match Amounts Based on \$3 State Bonds Matched with \$2 Metro Council Bonds		
State Bond Appropriation (\$000's)	Metro Council Bond Match (\$000's)	Total (\$000's)
\$ 10,500	\$ 7,000	\$ 17,500
\$ 9,000	\$ 6,000	\$ 15,000
\$ 7,000	\$ 4,667	\$ 11,667
\$ 5,000	\$ 3,333	\$ 8,333
\$ 3,000	\$ 2,000	\$ 5,000

Table 4 illustrates the steps that would occur to determine the Park Agency amount if \$7 million of State bonds was appropriated. The Park Agency share percentage (far right column in Step 2) is constant regardless of the amount appropriated since the same 70% population and 30% non-local visits share formula is applied regardless of the appropriation amount.

Table 4: Example of Park Agency Shares if \$7 million State Bonds was appropriated for 2013-14 Metro Parks CIP based on Parks CIP Formula (70% population share and 30% non-local visits share)

Step 1: Calculate the Metro Council Bond Match to Retain \$3 State Bonds matched with \$2 Metro Council Bonds		
State Bonds (\$000's)	Matching Metro Council Bonds (\$000's)	Total (\$000's)
\$ 7,000	\$ 4,667	\$ 11,667

Step 2: Calculate the Park Agency Share of \$11.667 million using the 70% population and 30% non-local visits share formula

Park Agency	Share of 70% from Agency's Population (Table 1 above)	Amount of \$11.667 million based on 70% population share in \$000's	Share of 30% from nonlocal visits (Table 1 above)	Amount of \$11.667 million based on 30% population share in \$000's	Share of \$11.667 million by combining 70% population and 30% non-local visits amounts in \$000's	Percent of \$11.667 million for each Park Agency
Anoka County	11.63%	\$ 949	7.36%	\$ 257	\$ 1,207	10.34%
Bloomington	2.91%	\$ 238	1.80%	\$ 63	\$ 301	2.58%
Carver County	3.21%	\$ 262	1.17%	\$ 41	\$ 303	2.59%
Dakota County	13.96%	\$ 1,140	1.91%	\$ 67	\$ 1,207	10.35%
Mpls. Park Board	13.50%	\$ 1,102	36.67%	\$ 1,283	\$ 2,386	20.45%
Ramsey County	7.81%	\$ 638	9.55%	\$ 334	\$ 972	8.33%
Saint Paul	9.97%	\$ 814	21.64%	\$ 757	\$ 1,571	13.47%
Scott County including Three Rivers Park District Parks in Scott County	4.58%	\$ 374	1.04%	\$ 37	\$ 410	3.52%
Three Rivers Park District in Hennepin County ex. Bloomington	24.07%	\$ 1,965	15.46%	\$ 541	\$ 2,507	21.48%
Washington County	8.37%	\$ 684	3.41%	\$ 119	\$ 803	6.89%
Totals	100.00%	\$ 8,167	100.00%	\$ 3,500	\$ 11,667	100.00%