

## METROPOLITAN COUNCIL

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**DATE:** May 25, 2012  
**TO:** Metropolitan Parks and Open Space Commission  
**FROM:** Arne Stefferud, Planning Analyst-Parks (651-602-1360)  
**SUBJECT:** Analysis to Eliminate Local Match for Park Acquisition Opportunity Fund Grants, Change Maximum Grant Amount and Refine Grant Eligible Costs

### INTRODUCTION

In 2001 the Metropolitan Council established a Park Acquisition Opportunity Fund grant program to assist regional park agencies in acquiring land for the Metropolitan Regional Park System. Land that is acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit. To-date, about \$26.1 million has been granted or pending for the acquisition of 2,112 acres. The total related acquisition costs and market value of this land is about \$67 million.

The Park Acquisition Opportunity Fund is comprised of two accounts:

The first account is called the Environment and Natural Resources Trust Fund Acquisition Account, which is used to purchase land with high quality natural resource characteristics. No residential structures can be acquired with this account. Metro Council bonds finance 40% of the grant and the Environment and Natural Resources Trust Fund appropriation finances the remaining 60% of the grant. Based on current requests pending approval by the Metro Council in June, this account would have a projected balance of \$3,842,258. That amount is available until June 30, 2014 (two more fiscal years).

The second account is called the Parks and Trails Legacy Fund Acquisition Account, which is used to purchase land that has low natural resource characteristics and any related structures –typically a parcel with a house or other buildings. Metro Council bonds finance 40% of the grant and the Parks and Trails Legacy Fund appropriation finances the remaining 60% of the grant. Based on current requests pending approval by the Metro Council in June, and a presumption that additional appropriations will be added in July 2013, this account would have a projected balance of \$6,544,309. Of this amount about \$3.8 million is available until June 30, 2014. The other \$2.75 million is assumed to be an additional Parks and Trails Legacy Fund appropriation and matching Metro Council bonds provided in July 2013. That new appropriation would be available until June 30, 2016.

Rules to award grants have been reviewed and modified since 2001. The current rules:

- 1) Require the park agency to finance 25% of the acquisition costs as a local match.
- 2) Limit the cumulative amount a park agency can receive in a fiscal year to \$1.7 million from each of the accounts described above.

A request was submitted from Scott County to analyze the rules and consider eliminating the 25% local match requirement. See Attachment 1: Letter from Mark Themig, Scott County Parks.

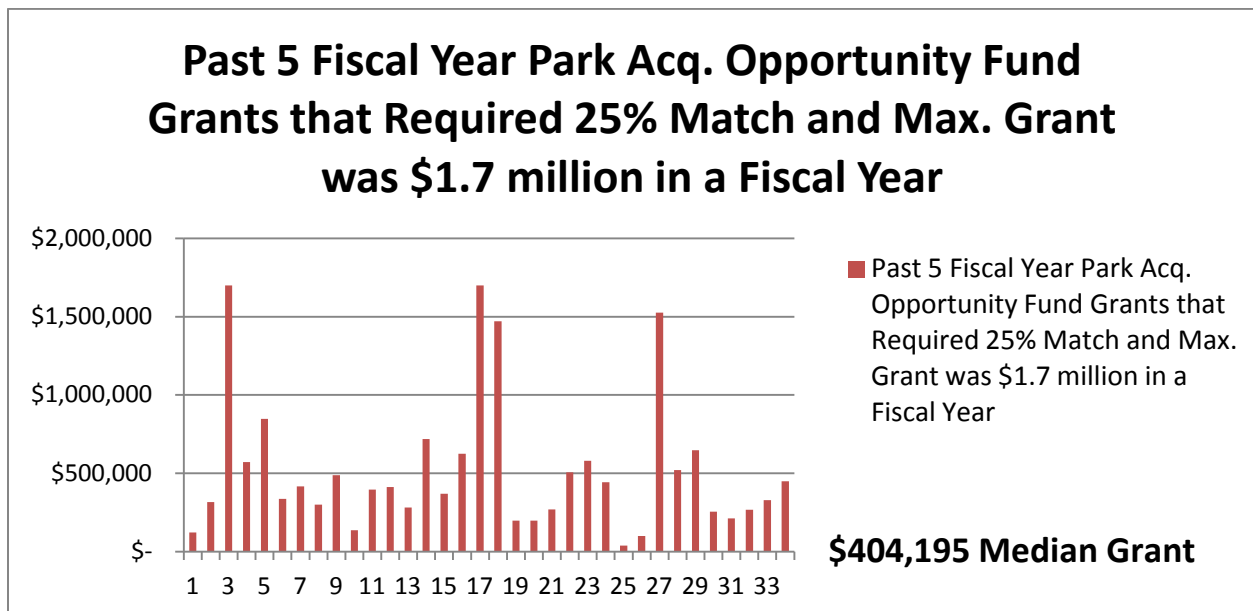
This memorandum is an analysis that concludes with a recommendation to change the rules to:

- 1) Eliminate the park agency's 25% local match requirement for the grant.
- 2) Reduce the cumulative amount a park agency can receive in a fiscal year to increase the likelihood that grant funds are available since the grant award would increase. Also allow acquisition costs above the cumulative amount to be eligible for reimbursement from that park agency's share of future Regional Park Capital Improvement Programs (CIP).
- 3) Refine the grant eligible costs to what is needed to acquire the land and eliminate use of the grant for minimal recreational development of the acquired land. Recreational development can be financed from a park agency's share of the Regional Parks CIP.

## ANALYSIS

Although one cannot accurately forecast the amount needed to acquire land that becomes available for purchase, it is reasonable to consider the pattern of grants awarded under the current rules. Chart 1 shows that pattern during the period when the 25% local match rule went into effect (February 2008) to the present time.

**Chart 1**



Note that there were two of 34 grants that were for the maximum grant award of \$1.7 million. In those cases additional matching funds were provided by the park agency in addition to the 25% local match of \$567,000.

The median grant amount was \$404,195. The median amount is the amount of a grant where half of the grant values are above it and half are below it. There is significant variation from grant to grant because each parcel acquired with a grant has its own unique monetary value based on parcel size, location and the value of structures acquired with the land.

As noted in the introduction, the projected amount available for the next two fiscal years ending June 30, 2014 is:

\$3,842,258 Environment and Natural Resources Trust Fund Acquisition Account  
\$6,544,309 Parks and Trails Legacy Fund Acquisition Account

Since the Parks and Trails Legacy Fund Acquisition Account is about twice as large as the Environment and Natural Resources Trust Fund Acquisition Account it is reasonable to have different maximum grants from each account.

Eliminating the 25% local match for Park Acquisition Opportunity Fund grants makes these grants comparable to the grants for park and trail facility development. Those grants do not require a local match. The amount available to a park agency is based on the park agency's formulaic share of the Regional Parks CIP. The 25% local match requirement for Park Acquisition Opportunity Fund grants was begun in 2008. From 2001 through 2007, no local match was required, but the grant only financed 40% of a parcel's acquisition cost. The remaining 60% was financed by the park agency. But, that 60% cost was eligible for reimbursement from that park agency's share of the Regional Parks CIP. The maximum amount a park agency could be granted in a fiscal year was \$1 million.

With the addition of Parks and Trails Legacy Fund revenues beginning in Fiscal Year 2010 (July 1, 2009) there is a dedicated funding source for financing land acquisition and facility development of regional park system units. However, the amount available from the Parks and Trails Legacy Fund that is dedicated for land acquisition is limited to 10% of the appropriation by law [MN Statute 85.53, Subd. 3]. Consequently it is reasonable to constrain what are grant eligible items for land acquisition to focus that part of the appropriation on land acquisition costs only. The current definition of "stewardship" in the *2030 Parks Policy Plan* includes expending funds to develop the land to provide minimal recreational use of the site. A revision to eliminate paying for developing the land to support minimal recreational use as a grant eligible cost should be considered since this development cost can be financed from a park agency's share of the Regional Parks CIP.

## **RECOMMENDATIONS:**

Propose a public hearing to amend the *2030 Parks Policy Plan* to modify the rules for Park Acquisition Opportunity Fund grants. The modifications are:

1. Eliminate the 25% local match requirement.
2. Set the cumulative amount a park agency could be granted in a fiscal year to:
  - a. \$1.2 million from the Environment and Natural Resources Trust Fund Acquisition Account for acquisitions of undeveloped land with high natural resource values to comply with State law.

- b. \$1.7 million from the Parks and Trails Legacy Fund Acquisition Account for acquisition of land that does not qualify for funding from the Environment and Natural Resources Trust Fund Acquisition Account.

One grant from one account would be available for an acquisition. No blending of accounts would be permitted for an acquisition.

3. Allow any acquisition costs above the fiscal year maximums in point 2 to be eligible for reimbursement consideration from the park agency's share of future Metro Regional Parks Capital Improvement Programs (CIP).
4. Revise the definition of "stewardship" as an acquisition grant eligible cost by eliminating costs associated with developing the acquired land to provide minimal recreational use of it. These development costs can be financed from a park agency's share of the Regional Parks CIP. The revised definition follows:

### **Stewardship**

Use of Council grant funds is limited to the costs of acquisition or development of the regional parks system unit consistent with Council-approved master plans. Grants for acquisition pay for the cost of real estate, relocation assistance, special assessments existing at the time land was designated for the regional system; the pro-rated share of property taxes and the property tax equivalency payment (1.8 times the city or township property taxes only due at closing); plus land stewardship, ~~and~~ legal fees and appraisals. Land stewardship is defined as boundary fencing or marking; stabilizing or rehabilitating natural resources to aid in the reestablishment of threatened natural resources or to prevent non-natural deterioration thereof; preventing the deterioration of existing structures; removal of unneeded structures, dangerous land forms or attractive nuisances and maintaining or closing existing unneeded roads which provided access to the acquired land; ~~and developing the unit to support minimal recreational use, including access roads, parking lots, signage and restrooms until capital improvement funds are available to develop the regional parks system unit.~~

## Attachment 1: Letter from Mark Themig, Scott County Parks



### SCOTT COUNTY PARKS AND TRAILS PROGRAM A Partnership between Scott County and Three Rivers Park District

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May 22, 2012

Mr. Arne Stefferud  
Metropolitan Council  
390 North Robert Street  
St. Paul, Minnesota 55101

Subject: Request to Consider Changes to Acquisition Opportunity Fund Local Match Requirement

Dear Mr. Stefferud:

I am writing to request that the Metropolitan Council consider making modifications to the Acquisition Opportunity Grant Program's local match requirement.

The Acquisition Opportunity Grant Program is an important source of funding for acquisitions throughout the Regional Park System. Scott County received three grants through this program to secure important parcels in Doyle-Kennefick and Cedar Lake Farm regional parks. Two of these properties were proposed to be developed for residential uses, and without the Acquisition Opportunity Grant Program, they could have been lost forever.

Scott County is facing a new and unique situation: the opportunity to pursue the acquisition of approximately 1,030 acres of land from willing sellers in the Blakeley Bluffs Park Reserve, as well as an additional approximately 115 acres of land from a willing seller within Doyle-Kennefick Regional Park. In working closely with property owners throughout the master planning processes, we developed relationships with eight land owners who are interested in selling their property for park purposes. The estimated market value of these properties is approximately \$6 million. Fortunately, many of the properties are large complexes, and not all purchases are imminent – some owners are looking at a three to five-year timeframe to divest.

The Acquisition Opportunity Grant Program appears to be healthy and is benefitting from new funding for the program. As I understand, with current and future contributions, the fund is estimated to grow to over \$8 million this year. This is occurring at a time when agencies like Scott County are making significant cuts to programs and services, ultimately affecting our ability to provide a substantial local match.

Over the past few years, the Acquisition Opportunity Grant program has changed to meet the needs of the regional system and reflect the grant fund balance. I would like to ask that the Metropolitan Council consider modifying the 25% local match requirement. There are several supporting points:

- The grant program is healthy with an anticipated +/- \$8 million balance, at a time when a local match is more difficult to obtain for some agencies.

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- There are legacy acquisition opportunities not only in Scott County, but throughout the regional park system.
- By making investments in acquisition now, we can demonstrate a need to replenish the fund in future legislative sessions.
- And finally, the State Legislature just eliminated the 25% local match requirement for the Parks and Trails Legacy Grant Program.

I would like to thank you for considering this request. If you have questions or would like additional information, please let me know.

Sincerely,



Mark Themig  
Parks Program Manager

cc: Mitch Rasmussen, County Highway Engineer  
Patricia Freeman, Principal Planner

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