

Community Development Committee

For the Metropolitan Council meeting of June 24, 2009

Item: 2009-190

ADVISORY INFORMATION

Date June 16, 2009
Prepared:
Subject: Adoption of rules for Park Acquisition Opportunity Grants

Proposed Action:

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).

Summary of Committee Discussion / Questions:

The Committee discussed the rationale of the Metropolitan Parks and Open Space Commission's recommendation to reopen debate on the rules – specifically regarding what amount of park agency matching funds to the grant was eligible for reimbursement consideration through the Metropolitan Council's regional parks capital improvement program (CIP). The rules require a 25% match to the Council's Park Acquisition Opportunity Grant. Since the acquisition opportunity grant is limited to \$1.7 million per agency, any acquisition costs exceeding \$2,267,000 comprised of the maximum \$1.7 million grant and \$567,000 local 25% match should also be split with 75% of those additional costs--if financed by the park agency--eligible for Council funding through the regional parks CIP as a reimbursement and the remaining 25% not eligible for CIP reimbursement funding. This rule provides a consistent percentage of Council grant funding for all parcels regardless of their cost. This issue and subsequent rule was considered by the Council a year ago. Consequently, the Committee did not concur with the Metropolitan Parks and Open Space Commission's rationale to reopen debate on this matter and adopt the rules for one year as recommended by the Commission. On the other hand, the Committee acknowledged that rules are never permanent and can be considered as part of the comprehensive review of the *2030 Parks Policy Plan* scheduled for later this year.

The Committee unanimously approved the proposed action.

C Community Development Committee

Meeting date: June 15, 2009

ADVISORY INFORMATION

Date:	June 3, 2009
Subject:	Adoption of rules for Park Acquisition Opportunity Grants
District(s), Member(s):	All
Policy/Legal Reference:	MS 473.315
Staff Prepared/Presented:	Arne Stefferud, Planning Analyst—Parks (651-602-1360)
Division/Department:	Community Development/Regional Systems Planning and Growth Strategy, Parks

Proposed Action

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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).

Background

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.

Funding

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.

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 and 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

Known Support / Opposition

The Metropolitan Parks and Open Space Commission (MPOSC) considered the rules on June 2. The MPOSC unanimously recommended that the rules be in effect for one year only, and that they be discussed as part of the update to the *2030 Parks Policy Plan* to be done later this year.

If the Council agrees with the MPOSC recommendation, then the proposed action should be amended as follows:

That the Metropolitan Council adopt the following rules for awarding Park Acquisition Opportunity Grants from July 1, 2009 to June 30, 2010.

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

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.
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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:

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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).