

**METROPOLITAN COUNCIL**  
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**DATE:** June 2, 2010

**TO:** Metropolitan Parks and Open Space Commission

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

**SUBJECT:** **Review of Chapter 4 Finance and Chapter 5 Management Procedures for 2030  
*Regional Parks Policy Plan Update***

**INTRODUCTION**

The following draft Chapter 4--Finance and Chapter 5—Management Procedures have been updated from the 2005 version of the *2030 Regional Parks Policy Plan* for review as part of the *2030 Regional Parks Policy Plan Update*

Chapter 4—Finance describes the various State and Metro Council funded sources of revenue and formulas in State law and Council policy that are used for grants to the regional park agencies for land acquisition, capital improvements and operations and maintenance purposes. It also contains an estimate of the costs for:

- System Plan changes of adding new parks and trails or boundary amendments to existing parks and trails;
- Estimates to acquire land within existing park and trail master plan boundaries called inholdings
- Estimate of the costs for capital improvements to the park system.

These cost estimates are based on data provided by regional park agencies in current dollars. No inflation factor is added since that factor is not predictable.

Chapter 5—Management Procedures includes procedures required in State law or Council policy for amending/updating the parks policy plan, preparing the 6 year regional parks capital improvement program, managing grants and other topics. No changes from the existing plan are proposed beyond a section about submitting an annual report to the Minnesota Legislature on the expenditures of Land and Legacy Amendment Parks and Trails Fund appropriations as required by law.

# Chapter Four: Finance

## Background on financing land acquisition and capital improvements of the Metropolitan Regional Park System

MN Statute 473.147, Subdivision 1 requires the Metropolitan Council, after consultation with the Metropolitan Parks and Open Space Commission (MPOSC), municipalities, park districts and counties in the metropolitan area to prepare and adopt a system policy plan for regional recreation open space as part of the Council's development guide. The law also requires the Council to include a five year capital improvement program (CIP) in the parks policy plan, which should be revised periodically, and to establish criteria and priorities for the allocation of funds from the capital improvement program – hereafter referred to as the “parks CIP”.

MN Statute 473.325 allows the Metropolitan Council to issue general obligation bonds for the acquisition and betterment of the Metropolitan Regional Park System. No more than \$40 million of bond debt can be outstanding at any point in time. Since 1994, the Metropolitan Council has issued on average \$7 million per year of short term bonds (5 to 10 years) for grants to regional park implementing agencies for land acquisition and capital improvements to the park system. Half of the bonds (\$3.5 million per year) are used for land acquisition grants under a Park Acquisition Opportunity Fund Grant program (which will be described below). The other half is used to partially finance grants in the parks CIP.

State bonds have been appropriated to the Council since 1976 to help finance the parks CIP. Since 1994, the Council has financed the parks CIP with a combination of State bonds and Metropolitan Council bonds. State bonds finance 60% of the parks CIP and Council bonds finance 40%. The premise for this mix of State and regional bonds is that persons who live outside the 7 county metropolitan region visit/use the regional park system and should therefore help finance its capital costs. Taxes collected statewide and within the region to pay off the bond debt are proportional to the share of visits to the park system made by persons living within the region, and those who live outside the region.

MN Statute 473.315 authorizes the Metropolitan Council with the advice of the MPOSC to make grants from any funds available to it to the regional park implementing agencies to cover the cost, or any portion of the cost, of acquiring and developing the regional park system in accordance with the park policy plan.

Following are summaries of how these grants are funded and managed

### **Land Acquisition**

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.

The Park Acquisition Opportunity Fund is comprised of two accounts:

- (1) The Environment and Natural Resources Trust Fund Acquisition Account is used to purchase land with high quality natural resource characteristics. No residential structures or other buildings associated with the parcel can be acquired with this account. Sixty percent of this account is financed with State appropriations from the Environment and Natural Resources Trust

- (2) The Parks and Trails Fund Acquisition Account is used to purchase land and any related structures –typically a parcel with a house or other buildings. Sixty percent of this account is financed with Parks and Trails Fund appropriations from the Land and Legacy Amendment, and 40% is financed with Metropolitan Council bonds.

Grants from the Park Acquisition Opportunity Fund are awarded under a set of rules that were approved by the Council on June 24, 2009 as follows: s.

- A. 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.
- B. 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.
- C. 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:

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 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 reimbursement consideration by the Metropolitan Council.

- D. The maximum grant(s) available to a park agency is \$1.7 million during the July 1 to June 30 time period.

#### **Capital Improvements financed with State bonds and Metropolitan Council bonds**

The Parks CIP must, in accordance with MN Statute 473.147, include “criteria and priorities for the allocation of funds”. 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, the Metropolitan Council has used a formula to determine how much of the CIP would be allocated to each regional park implementing agency. The formula balances two factors:

1. The population of each park implementing agency compared to the region's population. This factor was weighted 70%.
2. The amount of visits a park agency hosted from persons who live outside the park agency's jurisdiction (non-local visits). This factor was weighted 30%.

The population factor recognizes the need to provide funds for park capital improvements to serve every person in the region relatively equally. The non-local visits factor recognizes that these regional parks serve a regional and state-wide population. Therefore a combination of both factors is accounted for in the CIP formula.

The results of this formula determines the amount each regional park implementing agency could request/receive from the CIP. For example if Anoka County's share of the CIP is 10%, then 10% of appropriations for the CIP would be granted to Anoka County for its projects in the CIP.

### **Capital Improvements financed with State bonds as pass-through grants**

Some State bonding legislation appropriates funds for specific capital improvements to the regional park system that are passed-through the Metropolitan Council to the appropriate regional park implementing agency. These appropriations are typically for projects that have state-wide significance, for example appropriations to improve the Como Zoo and Como Conservatory.

### **Capital Improvements and non-capital expenditures financed with Parks and Trails Fund**

In November 2008, citizens approved a constitutional amendment, commonly called the "clean water, land and legacy amendment". The amendment created a new 3/8ths cent sales tax to be collected from July 2009-June 2034. Revenue from the sales tax is placed into four dedicated accounts. One of those accounts is called the "Parks and Trails Fund".

The constitutional amendment states,

"...the parks and trails fund...may be spent only to support only to support parks and trails of regional or statewide significance..."The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute."

[MN Constitution, Article 11, Section 15].

Legislation enacted in 2009 directs how money appropriated from the Parks and Trails Fund to the Metropolitan Council is distributed to the regional park implementing agencies under a formula in the legislation [Laws of MN 2009, Chap. 172, Article 5, Section 6, Subd. 3]. The Metropolitan Council awards grants to the park agencies based on that formula for projects which support the regional park system. These can include grants for land acquisition, capital projects and non-capital projects such as hiring staff to conduct environmental education programs at regional parks.

The first annual report on expenditures from the Parks and Trails Fund was submitted to the legislature on March 1, 2010. [link to pdf file of "2010 Annual Report to Minnesota Legislature regarding Constitutional Land and Legacy Amendment Parks and Trails Fund Appropriation for Metropolitan Regional Park System"]

## Donations from Private Sector

Private sector donations have been critical to match and leverage public sector financing of land acquisition and capital improvements for the Metropolitan Regional Park System. Foundations of several park implementing agencies, ‘friends of parks or trails’ organizations, and the recently created Regional Parks Foundation of the Twin Cities was the facilitator of these donations. No estimate of those donations is provided here. However, some examples include:

- Donation by Marjorie McNeely for capital improvements and a maintenance endowment for the Como Conservatory, which was renamed the Marjorie McNeely Conservatory in her honor
- Donations by individuals and corporations for improvements to Harriet Island Regional Park. Bricks and plaques honor those contributors
- Donation of land for Cedar Lake Farm Regional Park facilitated by the Regional Parks Foundation of the Twin Cities

## **Background on financing operations and maintenance of the Metropolitan Regional Park System**

Regional park implementing agencies raise funds to finance the costs to operate and maintain their portion of the regional park system through the following sources:

1. Fees collected by persons using their parks. Examples include vehicle entrance fees, picnic shelter rentals, recreational equipment rentals, room rentals at visitor centers, and tuition for educational programs.
2. Local property taxes
3. Local Government Aid payments from the State of Minnesota

In 1985, legislation was enacted that allowed State appropriations from the General Fund to be disbursed to regional park implementing agencies to supplement funding to operate and maintain their portion of the Metropolitan Regional Park System. The legislation contains a formula to determine the amount each park agency should receive. [MN Statute 473.351]. In 2000, legislation was enacted that directed a portion of State lottery proceeds into a “natural resources fund”, with the stipulation that a portion of the receipts deposited, “may be spent only on metropolitan park and trail grants”. This funding source is commonly called “Lottery in lieu of sales tax” revenue [MN Statute 297A.94, (e) (3)]. The Metropolitan Council disburses the appropriations from these two sources to the regional park implementing agencies based on the results of the formula contained in MN Statute 473.351.

Following is a table illustrating the amount of appropriations disbursed to the park agencies in relation to the total costs to operate and maintain the Metropolitan Regional Park System from 1985 to 2009.

**Table \_\_\_\_: Regional Park Operations and Maintenance (O & M) Grant Appropriations—1985 to 2009**

<b>Calendar Year/ (State Fiscal Year)</b>	<b>O &amp; M Grant Appropriation</b>	<b>Park Agency's O &amp; M Actual Costs (1985- 2008) and Budgeted Costs 2009/(FY 2010)</b>	<b>Percent of O &amp; M Costs Covered by State Grant</b>
1985/(1986)	\$2,000,000	\$ 19,091,548	10.5%
1986/(1987)	\$2,000,000	\$ 22,656,187	8.8%
1987/(1988)	\$2,000,000	\$ 24,595,929	8.1%
1988/(1989)	\$2,000,000	\$ 26,461,148	7.6%
1989/(1990)	\$2,000,000	\$ 29,294,759	6.8%
1990/(1991)	\$2,817,000	\$ 31,107,785	9.1%
1991/(1992)	\$2,759,000	\$ 32,076,220	8.6%
1992/(1993)	\$2,356,000	\$ 33,453,546	7.0%
1993/(1994)	\$2,238,000	\$ 35,646,465	6.3%
1994/(1995)	\$2,238,000	\$ 37,928,496	5.9%
1995/(1996)	\$2,238,000	\$ 40,158,254	5.6%
1996/(1997)	\$2,238,000	\$ 41,322,602	5.4%
1997/(1998)	\$3,000,000	\$ 44,338,618	6.8%
1998/(1999)	\$3,000,000	\$ 49,242,255	6.1%
1999/(2000)	\$4,500,000	\$ 50,748,152	8.9%
2000/(2001)	\$9,695,105	\$ 54,801,219	17.7%
2001/(2002)	\$7,865,716	\$ 60,595,484	12.9%
2002/(2003)	\$8,009,857	\$ 63,587,498	12.6%
2003/(2004)	\$7,452,000	\$ 66,825,266	11.2%
2004/(2005)	\$7,353,000	\$ 70,124,610	10.5%
2005/(2006)	\$7,870,000	\$ 77,584,716	10.1%
2006/(2007)	\$7,870,000	\$ 80,326,028	9.8%
2007/(2008)	\$8,620,000	\$ 85,009,472	10.1%
2008/(2009)	\$8,620,000	\$ 85,230,866	10.1%
2009/(2010)	\$8,794,000	\$ 93,105,808	9.45%
<b>Totals /Average Percent</b>	<b>\$119,463,678</b>	<b>\$1,255,312,931</b>	<b>9.52%</b>

## **Estimated Acquisition Costs for the Proposed Additions to the System**

State law requires that the *Regional Recreation Open Space Policy Plan* estimate the cost of the recommended acquisitions and development of the park system, including an analysis of what portion of the funding is proposed to come from the state and Metropolitan Council levies, and other local government units (Minn. Stat.473.147, Subd. 1). The following analysis is an estimate proposed to be funded with state appropriations, Metropolitan Council bonds, and federal Transportation Enhancement grants. Local government spending for capital improvements has been limited to partially financing land acquisitions in which 25% of the cost is borne by the regional park agency requesting a Park Acquisition Opportunity Fund Grant. Public costs may be further reduced through private donations of land or cash to leverage public funds.

The Metropolitan Council has provided grants to regional park implementing agencies to finance 75% of actual land acquisition costs after deducting any donations of value under its Park Acquisition Opportunity Fund Grant program. The remaining 25% of actual costs is provided by the park agency—from its own local funding or other non-State sources including watershed districts and federal sources. The tables which follow indicate the total estimated costs of land acquisition. A second amount in parentheses ( ) shows the 75% which may be funded from Metropolitan Council and State funding sources.

The estimated total acquisition costs for the proposed changes range from \$49.2 million to \$59 million (\$36.9 million to \$44.2 million) in Table 8. Acquisition costs were calculated based on data provided by regional park implementing agencies. In some cases no estimate could be determined so this is a conservative estimate.

The acquisition costs listed in Table 8 are only for the proposed system changes. In addition to those acquisition costs, another \$148 million (\$111 million) is estimated to be needed to complete the acquisition of in-holdings (privately owned land) within approved master plan boundaries of open and planned park system units in Table 9. The estimate was derived from park master plan data and consultation with park implementing agencies. There is no maximum or minimum range because an exact amount of land is known. However, some acreage may not be acquired if its public benefit is not supported by the cost of acquisition. For example, parcels at the edges of park units that were developed with a home or business and would be very expensive to acquire relative to their public recreational benefit have been deleted from park boundaries. Furthermore, it is possible that some of the in-holdings may not be available for acquisition until after the 2030 window. Consequently, the total area of in-holdings expected to be acquired by 2030 is 2,500 acres at an estimated costs of \$74 million (\$55.5 million)..

Some land may be donated or partially donated through sale at below market value. Finally, private sector donations may be used to reduce the amount of State and Metropolitan Council funds needed to acquire land.

The total amount of land proposed for acquisition to 2030 which includes up to 2,500 acres of in-holdings ranges from 5,431 to 12,346 acres. The estimated total cost to acquire this land is between \$49 million to \$133 million (\$37 million to \$99.8 million) in 2010 dollars in Table 10. (No inflationary factor is projected in this estimate since the timing of the acquisition can't be predicted.)

To put this proposal in context, since the inception of the regional parks system in 1974, about 22,800 acres has been acquired with \$176 million of State and Metropolitan Council funds from 1974-2010 (Table 11).



**Table 8: Estimated Acquisition Costs of Proposed Changes to the Regional Parks System (2010 dollars)**

Category	Acres Added (excludes trails)	Estimated Natural Resource Inventory	Estimated Trail Length (miles)	Minimum Cost	Maximum Cost
A) Master plan boundary adjustments or trail extensions	93	0	8.5	\$2,650,000	\$2,915,000
B) Recognition of regional status of existing park land or trail (no future acquisition cost)	90.15	0	2	Already acquired	Already acquired
C) New units based on 2030 needs analysis update from 2005 plan	4,465 to 7,630	2,400 to 4,200	62.5	\$32,245,000	\$35,469,500
D) New units needed beyond updated 2030 analysis from 2005 plan (completing the system)	873 to 2,123	600 to 1,250	57	\$14,285,000	\$20,715,000
E) Study Areas which may be added to the Park System based on outcome of study (no future acquisition cost)	478	0	N/A	Already acquired	Already acquired
<b>TOTAL</b>	<b>5,999 to 10,414</b>	<b>3,000 to 5,450</b>	<b>128</b>	<b>\$49,180,000</b>	<b>\$59,099,500</b>
75% of Total which may be funded with State and Metropolitan Council grants				\$36,885,000	\$44,324,625

**Table 9: Estimated Acquisition Costs for Regional Parks System In-Holdings (2010 dollars)**

Regional Park Agency	Acres of In-Holdings	Cost	Cost Source
Anoka County	350	\$1,659,900	Agency estimate
City of Bloomington	18	\$10,725,870	Agency estimate
Carver County	19	\$3,000,000	Agency estimate
Dakota County	798	\$13,545,200	Agency estimate
Three Rivers (including Cleary Lake RP & Murphy-Hanrehan PR in Scott Co.)	436	\$18,544,800	Agency estimate
Scott County	375	\$3,706,230	Agency estimate
Minneapolis Park & Rec. Board	80	\$38,835,000	Agency via master plan data
Ramsey County	14.55	\$3,024,940	Agency
City of St. Paul	7	\$5,375,000	Agency via master plan data
Washington County	2,966	\$49,567,400	Agency estimate
<b>TOTAL</b>	<b>5,064</b>	<b>\$147,984,340</b>	
75% of Total which may be funded with State and Metropolitan Council grants		\$110,988,255	

Note: Not all in-holding acres will be available for purchase before 2030. Acquisitions occur from willing sellers. An assumption is made in Table 10 below that 2,500 acres is acquired by 2030 at an estimated cost of \$74 million. Seventy-five percent of that cost is \$55.5 million.

**Table 10: Range of Total Estimated Acquisition Costs for the Regional Parks System Plan, 2010-2030 (2010 dollars)**

Category	Park Minimum Acreage	Park Maximum Acreage	Estimated Trail Length (miles)	2010 Estimated Minimum Cost	2010 Estimated Maximum Cost
In-holdings within currently approved parks/trails. <b>Note:</b> Some acreage may not be acquired if its public benefit is not supported by the cost of acquisition. Some land may be donated or partially donated by sale at below market value.	0	2,500	N/A	\$0	\$ 74,000,000
A) Master plan boundary adjustments or trail extensions	93	93	8.5	\$ 2,650,000	\$ 2,915,000
B) Recognition of regional status of existing park land (no future acquisition cost)	90.15	90.15	2	Already Acquired	Already Acquired
C) New units based on 2030 needs analysis update from 2005 plan	4,465	7,630	62.5	\$ 32,245,000	\$ 35,469,500
D) New units needed beyond updated 2030 analysis from 2005 plan (completing the system)	873	2,123	57	\$ 14,285,000	\$ 20,715,000
E) Study Areas which <u>may be added</u> to the Park System based on outcome of study (no future acquisition cost)	478	478	N/A	Already Acquired	Already Acquired
Total proposed for acquisition (excludes acres of existing parks or trail miles in Category B and Category E).	5,431	12,346	126		
<b>TOTAL</b>	<b>5,999</b>	<b>12,914</b>	<b>128</b>	<b>\$ 49,180,000</b>	<b>\$ 133,099,500</b>
75% of Total which may be funded with State and Metropolitan Council grants				\$ 36,885,000	\$ 99,824,625

### Rehabilitation and Development Costs

When the Metropolitan Council adopted its first *Regional Recreation Open Space Policy Plan* in 1974, it designated 31,000 acres of existing park land as “regional recreation open space.” About \$176 million has been granted from 1974 to 2010 to acquire an additional 22,807 acres. Plus, 1,473 acres has been added to the Regional Park System via land donation, designating existing parks and trails as “regional” and via legislation for a grand total of 55,280 acquired acres. Not all of this land is currently open for public use. The “developed/open” acreage is 53,111 acres

About \$349 million of State and Metropolitan Council-financed grants have been authorized to rehabilitate and develop recreation facilities on the 53,111 acres from 1974-2010. The annual average cost for rehabilitation and development was \$9,688,218. The cost per acre was \$6,567 over that 36 year time period. Applying that cost per acre for a 20 year period (2010-2030) is \$3,488.

The estimated cost to rehabilitate and develop the existing 55,281 acres of acquired land and the proposed additional lands (5,999 to 12,941) ranges from \$402 million to \$448 million.

### Total Annual Costs

The estimated total costs for acquisition plus rehabilitation and development ranges from \$281 million to \$394 million from 2010 to 2030 in Table 12. The annual average cost is \$14 million to \$19.7 million in Table 13. To put the estimated annual costs into context, the average annual appropriation of state and

Metropolitan Council funds to acquire 22,807 acres plus rehabilitate and develop facilities on that land and portions of 31,000 acres of existing regional parks from 1974 to 2010 was \$14.5 million. (Table 11).

The estimates are in 2010 dollars. They do not include any assumption concerning the effect of inflation on costs over the next 20 years, or assume any private sector donations. Consequently, these are conservative estimates. It is understood that additional funds from the public and private sectors will be needed to finance actual costs over this time period. Estimates will be considered again and refined every four years when this policy plan must undergo a comprehensive review required in Minnesota Statute 473.147.

Most of the expenditures would be on acquiring lands within existing parks along with rehabilitation and development of existing parks and trails (between 63 and 79 percent). Up to 16 percent would be spent on acquiring and developing parcels within existing park boundaries (inholdings). About 1 percent for rehabilitation and development of lands added to existing parks and trails under boundary adjustments and less than 1 percent for nonregional parks and trails that are converted to regional status. About 14 percent would be spent for acquiring and developing new parks and trails to meet forecasted growth to 2030 and up to 6 percent for acquiring and possibly developing parks and trails that would be needed after 2030. If “Study Areas” of existing non-regional parks are added to the Regional Park System in the future, their development/rehabilitation cost would be less than 1 percent of the total expenditures during this 20 year period. (Table 13).

Decisions on financing such costs will be made annually based on negotiated land purchases and specific rehabilitation and development projects. All projects are refined to fit the budgeted appropriation and other fiscal constraints.

**Table 11: 1974-2010 State- and Metropolitan Council-Funded Regional Parks System Capital Improvement Appropriations**

Item	Acquisition	Rehabilitation & Development	Total
1974-2010 appropriations (actual dollars)	\$176,223,268	\$348,775,837	\$524,999,105
Percent of total appropriations	34%	66%	
Average annual amount appropriated, 1974-2010 (actual dollars)	\$4,895,091	\$9,688,218	\$14,583,308

**Table 12: Combined Estimated Acquisition and Development Costs for the Regional Parks System, 2010-2030 (2010 dollars)**

Category	Acres		Estimated Acquisition Cost		Estimated Development Cost		Total Estimated Acquisition and Development Cost	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Existing system	0	0	\$0	\$0	\$223,569,447	\$248,896,177	\$223,569,447	\$248,896,177
In-holdings	0	2,500	\$0	\$55,500,000	\$0	\$8,720,000	\$0	\$64,220,000
A) Boundary adjustments	93	93	\$1,987,500	\$2,186,250	\$324,384	\$324,384	\$2,311,884	\$2,510,634
B) Conversions	90	90	\$0	\$0	\$313,920	\$313,920	\$313,920	\$313,920
C) New units to 2030	4,465	7,630	\$24,183,750	\$26,602,125	\$15,573,920	\$26,613,440	\$39,757,670	\$53,215,565
D) Completing the system	873	2,123	\$10,713,750	\$15,536,250	\$3,045,024	\$7,405,024	\$13,758,774	\$22,941,274
E) Study Areas which may be added to Park System	478	478	\$0	\$0	\$1,667,264	\$1,667,264	\$1,667,264	\$1,667,264
<b>TOTAL</b>	<b>5,999</b>	<b>12,914</b>	<b>\$36,885,000</b>	<b>\$99,824,625</b>	<b>\$244,493,959</b>	<b>\$293,940,209</b>	<b>\$281,378,959</b>	<b>\$393,764,834</b>

Notes:

High per-acre costs of in-holdings are due to the fact that most of the land is riverfront or lakefront and in or near densely populated areas. Some parcels may not be acquired if the public benefit is not worth the cost of acquisition. Some land may be donated or partially donated by selling the land to the park agency below market value. Acquisition costs shown here are 75% of total costs to reflect potential State and Metro Council funding for acquisition, with the remaining 25% financed by the regional park agencies with their own local funding or other non-State funding sources.

Estimated rehabilitation and development costs are based on the assumption that the cost per acre in the next 20 years will be the same annual average as actual costs in the past 36 years and pro-rating it for 20 years (\$3,488 per acre).

**Table 13: Estimated Annual Average Costs Over 20 Years (2010 dollars)**

Category	Total Estimated Acquisition and Development Cost		Estimated Annual Cost 2010 to 2030		Percent of Annual Costs by Category	
	Maximum	Maximum	Minimum	Maximum	Minimum	Maximum
Existing system	\$223,569,447	\$248,896,177	\$11,178,472	\$12,444,809	79%	63%
In-holdings	\$0	\$64,220,000	\$0	\$3,211,000	0%	16%
A) Boundary adjustments	\$2,311,884	\$2,510,634	\$115,594	\$125,532	1%	1%
B) Conversions	\$313,920	\$313,920	\$15,696	\$15,696	0%	0%
C) New units to 2030	\$39,757,670	\$53,215,565	\$1,987,884	\$2,660,778	14%	14%
D) Completing the system	\$13,758,774	\$22,941,274	\$687,939	\$1,147,064	5%	6%
E) Study Areas which may be added to Park System	\$1,667,264	\$1,667,264	\$83,363	\$83,363	1%	0%
<b>TOTAL</b>	<b>\$281,378,959</b>	<b>\$393,764,834</b>	<b>\$14,068,948</b>	<b>\$19,688,242</b>	<b>100%</b>	<b>100%</b>

# Chapter Five: Management Procedures

## Amending the Policy Plan

The Metropolitan Council will amend the *Regional Recreation Open Space Policy Plan* only if a substantial revision is proposed. A substantial revision is defined by the Council as (1) a proposed revision that is intended to or could have the effect of changing the direction or intent of adopted Council policy; (2) addition or deletion of a policy; or (3) addition or deletion of a system element.

An amendment request initiated by the Metropolitan Parks and Open Space Commission should include documentation to substantiate that it constitutes a substantial revision as defined here. A Council decision to amend the plan on its own initiative or that of the Commission will be preceded by a finding that a substantial revision is proposed. When the Council decides to amend the policy plan, Minn. Stat. 473.147 will be followed.

## Updating the Policy Plan

Minnesota law requires the Council to conduct a comprehensive review of the *Regional Recreation Open Space Policy Plan* at least every four years. However, over a four-year period, changes occur in population, acquisition, development and system use. Updating the data and factual information to keep the policy current with new trends and conditions is not a substantial revision to the policy plan, and will be accomplished through the ordinary process of consideration and approval by the appropriate Council committee and the full Council. The Commission and the implementing agencies will receive formal notice of any proposed updating 30 days prior to final action by the appropriate Council committee.

## System Plan

The Metropolitan Council has the responsibility to prepare a system plan for the regional parks system. The system planning process begins with the Council identifying “generally the areas which should be acquired,” as required by the 1974 Metropolitan Parks Act. The policy plan includes the system plan.

The Council reviews the system plan every four years as part of the policy plan revision process and may add or delete planned elements to the system. Additions or deletions to the system proposed outside the regular plan review process are substantial revisions to the policy plan. Identification of specific boundaries and detailed planning for individual units of the system are addressed in master plans for each unit. The master plans are prepared by the regional park implementing agencies.

By statute, any municipality, park district or county located wholly or partially within the metropolitan area could function as a regional park implementing agency and receive Council grants. The Council believes that larger governmental entities are more likely to have the expertise and resources to carry out park development and operation on a regional scale. Therefore, the Council will confine grants to the present 10 implementing agencies.

Implementing agencies will be limited to Anoka, Carver, Dakota, Ramsey, Scott and Washington counties; the Three Rivers Park District; the Minneapolis Park and Recreation Board; the City of St. Paul and the City of Bloomington (for its portion of the Hyland-Bush-Anderson Lakes Park Reserve only).

Figure 10 shows the regional parks system process. Implementing agencies prepare a master plan for each regional parks system component within their respective jurisdiction consistent with the Council’s policy

plan. These master plans are reviewed by the Council for consistency with the system plan and, when approved by the Council, constitute an element of the system plan.

Figure 10: Regional Parks System Process

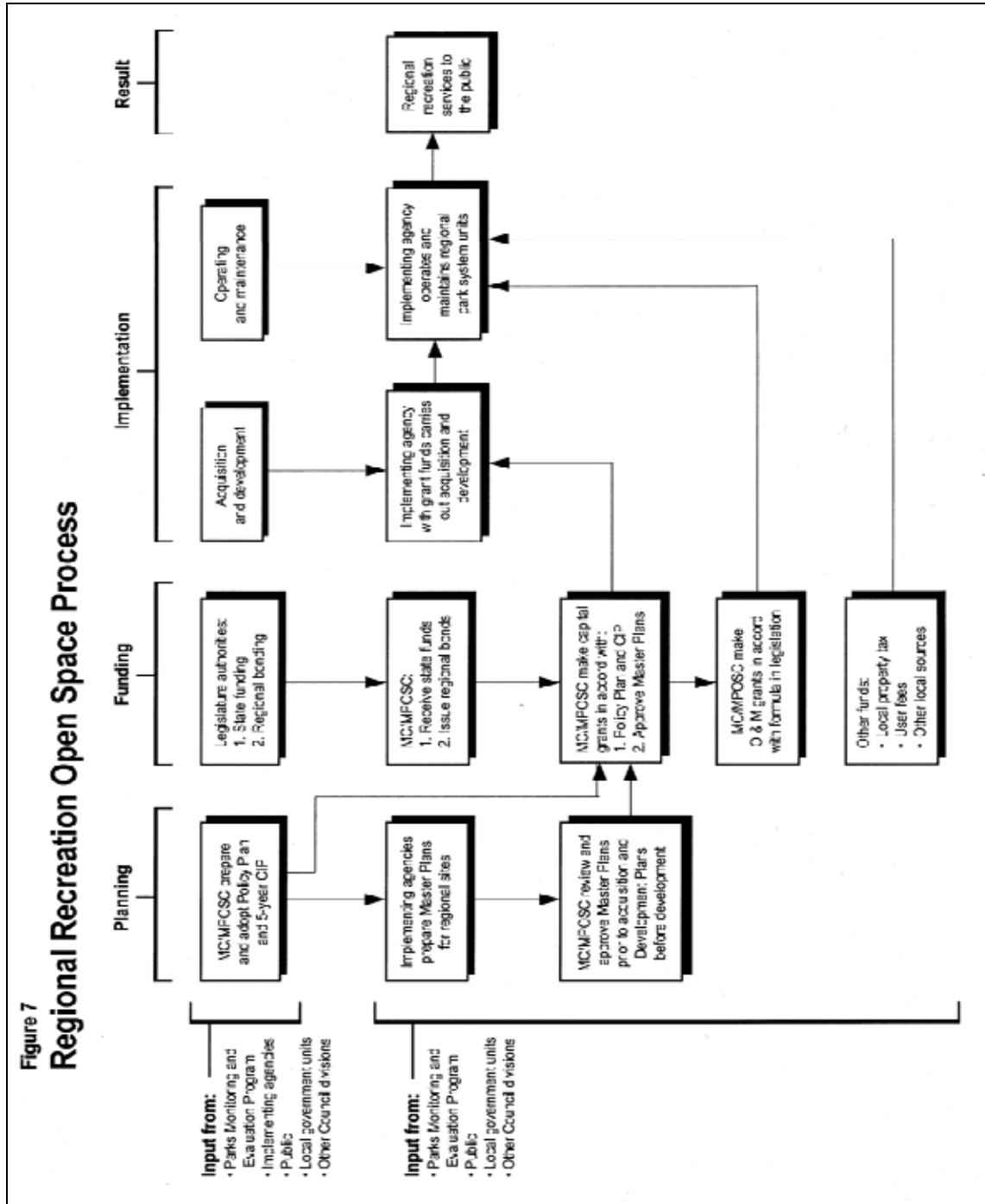


Figure 10:



## **Capital Improvement Program**

One important use of master plan information is preparing the capital improvement program (CIP) for the regional system. The CIP has two roles: it ranks projects across the system based on priorities in the policy plan and it provides the basis for requesting legislative funding for the biennium. The CIP is completely revised every two years to correspond with the legislative biennium.

The Commission, working with the implementing agencies, initiates the biennial process of revising the CIP. The Commission reviews requests from the implementing agencies against Council priorities and recommends a ranked list of projects to the Council for action. The revision of the CIP is considered to be a substantial revision to the policy plan and will follow the Council's administrative procedures on amending a policy plan.

## **Backup Acquisition**

Master plans are the basis for granting funds for acquisition of regional parks system lands. The 1974 Metropolitan Parks Act, Minn. Stat. 473.301-473.341, provides the procedure by which land is acquired in the regional system. In general, the implementing agencies buy land with Council funds. Occasionally, a regional park implementing agency has been unwilling to proceed with acquisition. The law provides a backup procedure for acquisition that involves the Council's offer of a grant to a second regional park implementing agency if the first regional park implementing agency does not initiate acquisition within 60 days of being offered the grant or has not acquired the land within 12 months. The second regional park implementing agency must initiate acquisition within 30 days of being offered the grant or complete acquisition within six months. If acquisition does not proceed under these conditions, the Council may direct the Commission to acquire the land. The Council has no power of eminent domain and can only acquire land from a willing seller.

The Metropolitan Council may approve funds for acquisition without an approved master plan when the responsible regional park implementing agency has failed to prepare an adequate master plan for Council review. If the regional park implementing agency offered the grant fails to proceed, the Council will follow the acquisition procedure outlined in Minn. Stat. 473.333. Before acquiring land under this procedure, the Council will, with assistance of the Commission, prepare and adopt a plan for the site that meets the information requirements of a master plan. This plan will be prepared with appropriate public and local government participation.

## **Negotiated Purchase**

Acquisition of land is costly and limited public funds must be used wisely. It is sometimes necessary to acquire land through condemnation, which can be a long and costly process. Implementing agencies must make negotiated purchases based on appraisals by qualified appraisers wherever possible to minimize the need for condemnation.

## **Stewardship**

Use of Council grant funds is limited to the costs of acquisition and/or development of the regional parks system unit consistent with the Council-approved master plan. 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, 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;

maintaining or closing existing roads; 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.

## **Special Assessments**

Special assessments may be levied against parkland after its designation for the regional system. Such assessments are legitimate and grant-eligible when they are for benefits conferred on the park that are consistent with the approved master plan. To encourage prompt payment of such assessments by the regional park implementing agency, regional funds will not be used for special-assessment late-payment penalties and interest charges resulting from late payments unless the regional park implementing agency has requested funds from the Council to pay the special assessments and did not receive them.

Under the provisions of Minn. Stat. 473.334:

...the governing body [charging the assessment] shall not consider any use of the property other than as regional recreation open space property at the time that the special assessment is determined. The Metropolitan Council shall not be bound by the determination of the governing body of the city but may pay a lesser amount, as agreed upon by the Metropolitan Council and the governing body of the city, as they determine is the measure of benefit to the land for the improvement.

This statute does not pertain to assessments on Bald Eagle-Otter Lake Regional Park land located in White Bear Township. Special assessments on that park are governed by Minn. Stat. 435.19. Once a final decision has been made on a challenged assessment, regional funds may be used for the assessment and for any penalties and interest incurred during the time of challenging the assessment, as well as for the regional park implementing agency's legal costs in challenging the assessment if agreed to previously by the Council.

## **Payment in Lieu of Local Property Taxes**

Under the provisions of Minn. Stat. 473.341, 180 percent of the property taxes due to the city or township are paid when land is acquired for the regional parks system. This provides a financial cushion to the loss of that tax base to the city or township. The payment in lieu of taxes is an eligible land acquisition grant expenditure.

The Metropolitan Council will make acquisition grants to implementing agencies to include land costs, relocation assistance, land stewardship, special assessments and fees for appraisal and legal services and payment in lieu of taxes under the conditions stated above.

## **Revenue from Nonrecreational Uses**

Lands acquired with regional funds are to be used for regional parks system purposes. On occasion, usually during, but not limited to, a period prior to development, land may be used in various other ways. The Council has defined the following nonrecreation uses as consistent with regional parks system purposes:

1. Sale of buildings, equipment or materials acquired with land;
2. Rent or lease of buildings to protect structures or secure services for the park; and
3. Rent or lease of land for park benefits.

All uses of this kind must be consistent with the approved master plan. Revenue that implementing agencies receive from such uses may be used in regional park lands for land stewardship or for the capital costs of providing recreation opportunities; otherwise, they will be returned to the Council. Any other use requires prior Council consent.

Revenue from recreation uses in regional parks system units consistent with the master plan shall be used for park purposes as determined by the regional park implementing agency. Revenues generated by nonrecreational uses in regional park lands, consistent with an approved master plan, shall be used in regional park lands either for stewardship or for the capital costs of providing regional recreation opportunities, unless the Council consents to another use. Implementing agencies shall make an annual report of such revenues when their revenues exceed an amount determined by the Council (\$2,500 per year). Unused nonrecreational revenues will be returned to the Council by the end of the year succeeding the one in which they are earned.

## **Enterprise Activities**

Regional parks, park reserves and special features may contain enterprise-fund recreation facilities that are compatible with the natural-resource base of the unit and do not conflict with the primary recreation uses of the park unit. Enterprise-fund recreation facilities include any facility that is expected to generate sufficient revenues to pay its own costs, such as golf courses and downhill ski areas. These facilities are not eligible for regional parks system funds from the Metropolitan Council for the following reasons:

1. Enterprise-fund facilities are expected to generate sufficient revenues to pay their own costs. Such enterprise-fund recreation facilities should raise money for their development and operation in the same way as their private sector counterparts.
2. The Minnesota Amateur Sport Commission provides funds for amateur sport facilities. Consequently, no regional parks system funds should be used to develop amateur athletic facilities since they have their own sources of public and private funding.

## **Equal Access**

Development financed with regional funds and subsequent park operation must be carried out in a manner consistent with this policy plan, whether the land was acquired with regional funds or not. Development grant contract agreements require the regional park implementing agency to operate and maintain the facility so as to provide access to all persons in the region as described in the approved master plan.

## **Design Plans**

When master plans are first approved, it is often true that large or complex recreation facilities are only conceptually described. When development of a particular recreation facility within a regional system component is imminent and when funds allocated in the CIP are available, the regional park implementing agency may request a grant. Upon Council approval, the regional park implementing agency may use an agreed-upon portion of the allocated amount to prepare construction documents through what is generally defined as the design development phase of the project. If preferred, the regional park implementing agency may proceed with design in advance of a grant and request reimbursement. The remainder of the grant will be used to construct the project after the Commission has reviewed the nature, scope and cost of the project for consistency with the approved master plan and the regional CIP.

The Metropolitan Council will make development grants to implementing agencies as follows:

- Development grants will be made for improvements such as recreational buildings, utilities, roads, parking and landscaping in regional parks, park reserves, trail corridors and special-use areas.
- Development grants may be made for natural resource rehabilitation within peak reserves and conservation zones of regional parks.
- The costs of preparing and executing construction documents for development are grant-eligible, including consultations with natural resource professionals to insure the development does not adversely affect the park system unit's natural resource features.
- The Council may approve development grants prior to the preparation of construction documents for a project. Construction of such a project will not proceed until the Commission has been made fully aware of the nature, scope and estimated complete cost as determined in the design development phase of the process.
- Regional park implementing agency wide improvements are grant-eligible expenses. When such eligible regional park implementing agency-wide facilities are also used for other than regional park purposes, the regional funding will be on a negotiated, pro-rated basis.

## **Closing Grants and Conditions for Returning Grant Funds to the Metropolitan Council**

Financial transactions of regional parks system grants are reported quarterly over a year's time and audited. A final report is completed and given a final audit when the project is completed. Under the terms of the agreements, grant agreements are to be "closed" once all grant-eligible work has been completed and paid for with grant funds. Any unexpended grant funds held by the regional park implementing agency must be returned to the Council when the grant is closed. It is in the interest of the Council and the implementing agencies to close out completed projects in a timely manner and free up unexpended funds for other projects. To ensure that completed grants are closed, unexpended grant funds

shall be returned to the Metropolitan Council when grant agreements are closed or under the following procedure:

1. There has been no financial activity reported for the grant over an 18-month period.
2. The Metropolitan Council will notify the regional park implementing agency of the lack of activity on the grant and give the regional park implementing agency six months to complete any grant-eligible work or to close the grant immediately and refund any unexpended grant funds.
3. If the regional park implementing agency needs more than six months to complete the work, it must request an extension and explain the need for the extension. Extensions will be given under the authorization of the Metropolitan Park and Open Space Commission.

### **Executing Minor Amendments to Grant Agreements**

To maximize the efficiency of the work of the Commission and the Metropolitan Council, the Council has authorized its regional administrator to execute minor amendments to regional parks system grant agreements if such amendments meet at least one of the following criteria:

1. The amendment is consistent with the *Regional Recreation Open Space Policy Plan*.
2. The amendment does not change the intent of the grant agreement in any essential respect.
3. The amendment extends the duration of the grant agreement.
4. The amendment clarifies the Council's intent in entering the agreement.
5. The amendment does not change the total amount of the grant.
6. The amendment reflects changes officially adopted by the Council in the *Regional Recreation Open Space Policy Plan*.
7. The amendment is required under terms of the contract the Council has with the state agency that transmits state funds for the grant agreements.
8. The amendment reflects changes officially adopted by the Council in Council policies or procedures (for example, changes in affirmative action plans or grant management procedures).
9. The amendment executes restrictive covenants on land acquired with regional parks system funds or releases restrictive covenants to permit another land use compatible with the park (for example, widening a county road that also provides access to the adjacent park).

### **Annual Legislative Reports on Parks and Trails Fund Expenditures**

Laws of MN 2009, Chapter 172, Article 3, Section 3(b) require the Metropolitan Council to submit an annual report on the use and expenditure of "Parks and Trails Fund" appropriations it receives by March 1<sup>st</sup>. The annual report must detail the outcomes in terms of additional use of parks and trails resources, user satisfaction surveys, and other appropriate outcomes. The first annual report on expenditures from the Parks and Trails Fund was submitted to the legislature on March 1, 2010. [link to pdf file of "2010 Annual Report to Minnesota Legislature regarding Constitutional Land and Legacy Amendment Parks and Trails Fund Appropriation for Metropolitan Regional Park System"]