

**METROPOLITAN COUNCIL**  
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**DATE:** May 23, 2011

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

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

**SUBJECT:** (2011-xx) Policy Paper on Enterprise Fund Facility Visitation and Application to Disbursing State Appropriations for Operations and Maintenance

**INTRODUCTION**

Enterprise fund facilities are facilities in regional parks that compete with comparable private sector facilities and generate user fees to finance their operations and maintenance costs. And, in many instances user fees also generate income to finance capital improvements for that facility. Examples of enterprise fund facilities are golf courses, marinas, and downhill ski areas. Visits to these facilities and their operations expenses have not been applied to the formula for disbursing State appropriations for Metropolitan Regional Park System operations and maintenance because these facilities are managed to be self financed and do not need supplemental State assistance. A review and analysis of this policy is applied to water play areas at Bunker Hills Regional Park and Battle Creek Regional Park, plus the downhill ski/snow tubing facility at Elm Creek Park Reserve and the snowboarding/snow tubing area at Theodore Wirth Regional Park.

**ANALYSIS**

The 2030 Regional Parks Policy Plan contains the following section on “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, downhill ski areas, and water parks. These facilities are not eligible for regional parks system funds from the Metropolitan Council for the following reasons:

- 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.
- The Minnesota Amateur Sports Commission provides funds for amateur sports facilities. Therefore, no regional park system funds should be used to develop amateur athletic facilities since they have their own sources of public and private funding.”  
(Emphasis underlined)

In 1985, legislation was enacted that provided guidance for appropriating State funds to supplement local financing to cover the costs of operating and maintaining the Metropolitan Regional Parks

System [Minnesota Statute 473.351]. The law includes the following formula for disbursing the operations and maintenance appropriations to the regional park implementing agencies:

“(1) 40 percent based on the use [visits] that each implementing agency’s regional recreation open space system has in proportion to the total use of the metropolitan regional recreation open space system.

(2) 40 percent based on the operation and maintenance expenditures made in the previous year by each implementing agency in proportion to the total operation and maintenance expenditures of all of the implementing agencies; and

(3) 20 percent based on the acreage that each implementing agency’s regional recreation open space system has in proportion to the total acreage of the metropolitan regional recreation open space system. The 80 percent natural resource management land acreage of the park reserves must be divided by four in calculating the distribution under this clause.” [MS 473.351, Subd. 3]

In following the “Enterprise Activities” provision in the parks policy plan and the 1985 law, the Metropolitan Council has not applied the visits and operations/maintenance expenses to the Hyland Ski and Snowboard area at Hyland-Bush-Anderson Lakes Park Reserve and the downhill ski area at Como Regional Park plus any golfing visits and related operations and maintenance costs associated with golfing. In applying this policy consistently throughout the regional park system, here are other enterprise fund facilities which Council staff recommends should not be supported in part with State appropriations for their operations and maintenance:

1. Bunker Beach Water Park at Bunker Hills Regional Park, Anoka County. This facility provides a wave-pool, 4 water slides, a lazy river and other water play features. User fees collected at the site finance operations and maintenance of this water park and some capital improvements. Daily admission fees range from \$8 to \$14 per person except children under 1 year old. Equipment rental is also available. The Metropolitan Council did provide \$1.2 million for constructing the wave pool’s bathhouse and parking lot in 1985 as a second amendment to grant SG-82-57, but it did not contribute funds for the wave pool itself.
2. Battle Creek Waterworks Family Aquatic Center at Battle Creek Regional Park, Ramsey County. This facility has a shallow water pool with interactive play equipment, separate activity pool with lily pad walk and swim area, and a 3-story twisting waterslide with plunge area. User fees collected at the site finance operations and maintenance of this water park. Daily admission fees range from \$4.50 to \$6.50 per person except children under 1 year old. Season passes are \$55 for a 10-pass family punch card. The Metropolitan Council did provide a \$2 million grant in 1996 for the “water recreation feature and associated picnic area and parking” in grant SG-96-32.
3. Elm Creek Winter Recreation Area for downhill skiing and snow tubing, Three Rivers Park District. This facility offers a downhill ski/snowboard area and multi-lane tubing hill with artificial snowmaking, machine grooming and a tow rope for skiers/snowboarders and magic carpet surface conveyor lift for snow tubers. User fees collected at the site finance operations and maintenance of this winter recreation area. Daily admission fees are \$12 per person for a 2-hour tubing pass and \$15 per person for downhill skiing/snowboarding lift ticket. Season passes are also offered ranging from \$60 for 10 visits for tubing to \$199 for downhill skiing. Season pass-holders get reduced rates or other benefits at 5 privately managed ski areas and 1 publicly managed ski area. Equipment rental is also available.

The Metropolitan Council provided \$1.8 million in 2002 to partially finance the winter recreation area (grant SG-02-130). Total cost of construction was over \$5 million for the visitor center, artificial snowmaking, lifts and hill/trail construction.

4. Theodore Wirth Winter Recreation Area for snow tubing and snowboarding, Minneapolis Park & Rec. Board. This facility offers a snowboard area and tubing hill with artificial snowmaking and grooming, plus tow-rope facilities. User fees collected at the site finance operations and maintenance of this winter recreation area. Daily admission fees are \$8/day for snow tubing for ages 4 to 17 and at least 42" tall and \$12 for adults. For snowboarding the fees are \$10 on weekdays and \$13 Friday-Sunday for lift tickets. Season passes for snowboarding are \$65 to \$100. Equipment rental is also available. There is no season pass offered for snow tubing. No Metropolitan Council grants have been provided for this winter recreation area.

The two winter recreation areas also charge a cross-country ski pass that helps partially finance the costs to groom cross country ski trails at those areas plus other groomed trails that these park agencies offer in other parks. All regional park agencies charge for cross-country ski trail grooming either directly through their own fee system or they require skiers to purchase a Minnesota State Ski Pass and receive funds from the State. But those ski pass revenues do not completely finance the costs of grooming and do not compete with private sector providers. Consequently, it is reasonable to include cross country ski visits and associated grooming costs for cross-country skiing as part of the formula to disburse State appropriations for regional parks system operations and maintenance.

## **CONCLUSIONS**

1. Since the enactment of the 1985 legislation that provided State appropriations for metropolitan regional parks operations and maintenance, the visits and associated operations and maintenance costs to enterprise fund facilities have not been applied in calculations to disburse the State appropriation among the regional park implementing agencies.
2. It is reasonable that State appropriations not finance operations and maintenance costs of enterprise fund facilities since user fees are collected to finance those costs. No supplemental State support is needed.
3. The number of visits and associated costs to operate and maintain these enterprise fund facilities is accounted for through admission fees and separate budgeting for the facility. User fees directly finance the cost to operate, maintain and in some cases improve or expand the enterprise fund facility. It is possible to adjust visits and associated operations/maintenance expenses to these facilities in calculating the disbursement of State appropriations for regional park system operations and maintenance.

## **RECOMMENDATION**

That the Metropolitan Council not include visits and associated operations and maintenance costs to the following enterprise fund facilities when calculating the disbursement of State appropriations for metropolitan regional park system operations and maintenance:

1. Bunker Beach Water Park at Bunker Hills Regional Park, Anoka County.
2. Battle Creek Waterworks Family Aquatic Center at Battle Creek Regional Park, Ramsey County.

3. Elm Creek Winter Recreation Area for downhill skiing and snow tubing, Three Rivers Park District.
4. Theodore Wirth Winter Recreation Area for snow tubing and snowboarding, Minneapolis Park & Recreation Board.
5. Hyland Ski and Snowboard Area, Three Rivers Park District
6. Downhill ski area at Como Regional Park, City of St. Paul