

Metropolitan Council

Public hearing document on: Amendment to Reimbursement Policy B-7 of the *Regional Recreation Open Space Policy Plan*

Introduction/Summary

The amendment to **Reimbursement Policy B-7 of the *Regional Recreation Open Space Policy Plan*** illustrated below would allow the Metropolitan Council to reimburse a regional park implementing agency for some costs incurred in protecting a proposed regional park site from loss to private development while decisions were made to add the land to the *Regional Recreation Open Space Policy Plan*. Reimbursement of such costs would only occur if the land is added to the *Regional Recreation Open Space Policy Plan*. The amendment states the conditions that would have to be met for reimbursement and what is eligible and not eligible for reimbursement.

New language is underlined. Language proposed to be deleted is ~~stricken~~

Issue B-7: Reimbursement

The final stages of the planning and implementation process are land acquisition and development. These activities normally should follow from the management process; that is, inclusion of a park/trail unit in the policy plan via a public hearing, master plan approval, CIP adoption, and granting State appropriations and Metropolitan Council bonds. Occasionally a situation arises where a regional park implementing agency must acquire land proposed for inclusion in the policy plan to protect it from private development. Or, they would like to acquire land or develop facilities in previously approved park master plans before State appropriations and Metropolitan Council bonds are available. The implementing agencies in these cases may use their own money for early acquisition or for development, but they do so with the hope and sometimes the openly stated expectation that regional reimbursement will be forthcoming to cover their activities.

Reimbursement for early acquisition or development is warranted under certain conditions. The bottom line for the Council on reimbursement is that the future viability of the regional system, to function as planned, must be protected. To protect the system, the basic conditions are that the Council will consider reimbursement only if the proposed park unit is added to the park policy plan and the Council-approved master plan for that unit is followed.

Early acquisition is generally acceptable since one of the prime reasons for the legislative establishment of a regional-level park system was to acquire and protect desirable lands for future recreational use before they become overrun by urban expansion. Once acquired, the land becomes a valuable asset that increases in value over time.

If land is acquired or protected under an option to purchase by a regional park implementing agency, or an entity under contract with that agency while the Metropolitan Council considers adding the land to the Regional Recreation Open Space Policy Plan via a public hearing

process, the Council will consider reimbursing the park agency for the costs to acquire or protect the land via an option to purchase under the following conditions:

- 1) The Council is informed in writing of the land acquisition or option to purchase before it occurs.
- 2) The Council makes a preliminary finding via staff analysis that the proposed regional park unit is consistent with Policy A-1: Siting Criteria for units of the Regional Park System, and the size/service area requirements for the applicable regional park system unit are met.
- 3) The Council conducts a public hearing to designate the acquired land as regional recreation open space based on a draft acquisition master plan containing the acquired land or land held under an option to purchase. The hearing is conducted under the requirements of MN Statutes 473.147.
- 4) That based on the findings/conclusions of the public hearing, the Council designates the land as regional recreation open space and approves an acquisition master plan that contains the acquired land or land held under an option to purchase.

If these conditions are met as required by MN Statutes 473.147, and 473.313 the Council will consider reimbursing the park agency via a grant as permitted under MN Statutes 473.315 for the following costs:

- a) Appraisal costs incurred by the acquiring park agency or entity under contract with the agency
- b) Surveying costs incurred by the acquiring park agency or entity under contract with the agency
- c) Legal fees incurred by the acquiring park agency or entity under contract with the agency
- d) Fees for service provided by an entity under contract by the park agency to negotiate and purchase the land or obtain an option to purchase
- e) Principal payments made towards the purchase price including principal payments on a contract for deed or bond, or payments made on an option to purchase
- f) 180% of township or city taxes due on the parcel at the time of closing as required by MN Statute 473.341

Since the acquisition of the land will primarily benefit the acquiring agency; to comply with MN Statute 16A.695 requirements on the expenditure of State bonds; to minimize the total costs of acquisition; and to be consistent with reimbursements made on other projects the following costs are not grant eligible:

- g) Acquisition costs incurred to acquire a local park, which is later designated a regional park.
- h) Interest incurred by the acquiring agency or entity under contract with the agency on bonds it issued to buy the land, or interest incurred on a contract for deed payment.
- i) Projected investment revenue lost by the acquiring agency or entity under contract with the agency based on what it might have earned on funds it spent to acquire the land or to buy an option to purchase the land.
- j) Interest on inter-agency or intra-agency loans used to finance the acquisition payment(s) or option to purchase.

Development of regional properties is established in the adopted CIP, which identifies projects intended to meet existing and forecasted regional demands for services. Development prior to the time a facility is really needed is generally discouraged, since facilities experience deterioration and obsolescence over time. However, occasionally implementing agencies may want to carry out development projects prior to the time scheduled in the CIP.

The most common reasons for early development are to meet local recreational demands, to save on construction costs and avoid interruptions by building a total project at one time rather than in stages, or to proceed with a project that is recommended in the current CIP but will not actually receive funds immediately due to limited regional funds available. If the development is undertaken to provide for additional local recreational demands, it falls under the category of cost sharing. Proposals based on other reasons may be deemed eligible for eventual reimbursement by the Council if they meet all the criteria established in the early-development reimbursement policy.

Since 1994, State appropriations have been required to leverage Metropolitan Council bonds to finance the regional parks CIP. The reimbursement projects have been given priority in the CIP on the premise that regional recreation services are being provided at a quicker pace than what the CIP can finance. However, since reimbursement projects can only be funded with Metropolitan Council bonds, these projects are not buying priority in the CIP since the Council bonds are not released unless State appropriations, which end up financing other projects in the CIP are made.

Acquisition and development activities that are eligible for reimbursement will be considered for funding in the capital improvement program based on application of the priority criteria used to evaluate proposed acquisition and development projects and additional criteria stated after Policy B-7.

Policy B-7: Reimbursement

Reimbursement will be ~~made~~ considered for early acquisition of land currently designated as regional recreation open space by the Metropolitan Council in the *Regional Recreation Open Space Policy Plan* if the acquisition is in full agreement with a Council-approved master plan as required under MN Statutes 473.313 and the regional park implementing agency received Council approval prior to undertaking the acquisition.

If land is acquired or protected under an option to purchase by a regional park implementing agency, or an entity under contract with that agency while the Metropolitan Council considers adding the land to the *Regional Recreation Open Space Policy Plan* via a public hearing process, the Council will consider reimbursing the park agency for the costs to acquire or protect the land via an option to purchase under the following conditions:

- 1) The Council is informed in writing of the land acquisition or option to purchase before it occurs.
- 2) The Council makes a preliminary finding via staff analysis that the proposed regional park unit is consistent with Policy A-1: Siting Criteria for units of the Regional Park

System, and the size/service area requirements for the applicable regional park system unit are met.

- 3) The Council conducts a public hearing to designate the acquired land as regional recreation open space based on a draft acquisition master plan containing the acquired land or land held under an option to purchase. The hearing is conducted under the requirements of MN Statutes 473.147.
- 4) That based on the findings/conclusions of the public hearing, the Council designates the land as regional recreation open space and approves an acquisition master plan that contains the acquired land or land held under an option to purchase.

If these conditions are met as required by MN Statutes 473.147, and 473.313 the Council will consider reimbursing the park agency via a grant as permitted under MN Statutes 473.315 for the following costs:

- a) Appraisal costs incurred by the acquiring park agency or entity under contract with the agency
- b) Surveying costs incurred by the acquiring park agency or entity under contract with the agency
- c) Legal fees incurred by the acquiring park agency or entity under contract with the agency
- d) Fees for service provided by an entity under contract by the park agency to negotiate and purchase the land or obtain an option to purchase
- e) Principal payments made towards the purchase price including principal payments on a contract for deed or bond, or payments made on an option to purchase
- f) 180% of township or city taxes due on the parcel at the time of closing as required by MN Statute 473.341

Since the acquisition of the land will primarily benefit the acquiring agency; to comply with MN Statute 16A.695 requirements on the expenditure of State bonds; to minimize the total costs of acquisition; and to be consistent with reimbursements made on other projects the following costs are not grant eligible:

- g) Acquisition costs incurred to acquire a local park, which is later designated a regional park.
- h) Interest incurred by the acquiring agency or entity under contract with the agency on bonds it issued to buy the land, or interest incurred on a contract for deed payment.
- i) Projected investment revenue lost by the acquiring agency or entity under contract with the agency based on what it might have earned on funds it spent to acquire the land or to buy an option to purchase the land.
- j) Interest on inter-agency or intra-agency loans used to finance the acquisition payment(s) or option to purchase.

Reimbursement will be considered for development provided the project in question is consistent in timing, scale, type and cost with an approved master plan, that all information required for a development grant is submitted to the Council prior to the

regional park implementing agency undertaking the project and that the Council approves the project.

Reimbursement priority within the Council's regional park system Capital Improvement Program will be based on the following criteria:

Commission Priority Criteria for Reimbursement Projects

In some cases, regional park implementing agencies, which receive the funds in the CIP, use their own revenues to acquire land or develop recreation facilities in the regional park system. The agencies then seek reimbursement from funds in the CIP.

The Commission developed the following criteria for evaluating reimbursement projects to measure the priority of acquisition and development projects. The objective of these factors was to not penalize regional park implementing agencies for acquiring land or developing facilities with their own funds, when there was insufficient State/Council funding at a point in time. Such projects would be considered for reimbursement priority when inaction by the park agency would result in significant cost increases or the project could not be accomplished if the agency had to wait until a CIP appropriation was made. For example, land has to be acquired when it is available for purchase from a willing seller instead of waiting for funds from the CIP to be appropriated.

For projects that are begun in advance of when CIP appropriations are made because a park agency can finance the project instead of waiting for funds to be appropriated through the CIP process, the fact that it is a reimbursement will be given consideration in the CIP process along with other factors such as:

1. What is the historical ranking of the project in previous capital improvement programs (CIP)?
2. What funds are leveraged or could be lost if the land is not acquired or facility not built? For example, are encumbered trail development grants at a risk of being turned back because there is insufficient land acquisition funds to purchase the parcels so that development can occur?
3. Will early acquisition prevent loss to other land uses?
4. Are there significant cost savings achieved by early acquisition or development?
5. What value to the regional park system did the land acquisition or recreation facility provide compared to other projects in the CIP? For example, was a significant amount of land acquired on a park that was expected to or has received high usage levels?
6. What value to the particular park did the land acquisition or recreation facility provide? For example, was lakeshore acquired for a park that was sited to provide water-based recreation?
7. What priority does the regional park implementing agency requesting the reimbursement place on that request relative to other requests for the CIP?

For reference, here is Policy A-1: Siting Criteria for units of the Regional Park System

Policy A-1: Siting Criteria for units of the Regional Park System

Future Metropolitan Council designation of lands for the regional park system should primarily stress lands with important natural resource functions, include or provide access to water bodies, and then lands with the natural resource qualities that enhance outdoor recreation. Geographic balance or proportionate distribution tied to population distribution patterns can be given weight when natural resource features can be provided through restoration that focuses on the natural resource features of the area.