

## Community Development Committee

Meeting date: September 16, 2013

For the Metropolitan Council meeting of September 25, 2013

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**Subject:** Additional Metro Council Park Bonds for Acquisition Opportunity Fund Grant Account

**District(s), Member(s):** All

**Policy/Legal Reference:** 2030 Regional Parks Policy Plan / MS 473.325

**Staff Prepared/Presented:** Raintry Salk, PhD, Senior Parks Researcher (651-602-1669)

**Division/Department:** Community Development, Regional Parks and Natural Resources Unit

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### Proposed Action

That the Metropolitan Council:

1. Direct Council staff to include an additional \$1.5 million of regional bonds to the Parks and Trails Legacy Fund Acquisition Account as part of the upcoming 4<sup>th</sup> Quarter 2013 Unified Parks Capital Program Amendment to be considered by the Metropolitan Council on October 23.
2. Direct Council Regional Parks and Natural Resources staff to continue analysis with the Metro Council's Finance Division and in consultation with the regional park implementing agencies regarding whether the Metro Council should raise the current Park Bonding limit beyond that of \$7.0 Million annually of five-year bonds. The analysis must address:
  - A. The fiscal impact on property taxes for homeowners and businesses relative to projected tax base growth;
  - B. The forecasted capital project and land acquisition needs among the park implementing agencies and cash flow timing for those projects;
  - C. The ability of the regional park agencies to finance the additional operations and maintenance costs for the additional projects financed from the incremental increase in Metro Council park bonding and any matching State funds.

The results of the analysis and any recommendations should be submitted to the Metropolitan Parks and Open Space Commission and Metropolitan Council for its consideration when it is completed.

### Background

Analysis of the demand for and supply of Park Acquisition Opportunity Fund grants has revealed the anticipated park land acquisitions among Park Implementing Agencies (hereafter referred to as "Park Agencies") far exceeds the available funds for fiscal years

2014 and 2015. In sum, as of July 20, 2013, there is an anticipated shortfall in available funds of **\$2,537,657** in fiscal year 2014 and **\$128,641** in fiscal year 2015.

MN Statute 473.325 allows the Metropolitan Council to issue general obligation bonds for the acquisition and betterment of the Metropolitan Regional Parks 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 years) for grants to Park Agencies for land acquisition and capital improvements to the park system. Half of the bonds (\$3.5 million per year) are available for land acquisitions under the Park Acquisition Opportunity Fund Grant program.

## **Rationale**

Based on the projected timing of acquisition opportunity grant applications, the current available acquisition opportunity funds will be exhausted by the end of the calendar year and won't be replenished until July 1, 2014. However, anticipated acquisitions among Park Agencies are foreseen to occur during this timeframe. An additional \$1.5M in Park Bonds would enable more anticipated acquisitions to be funded. Currently, the Metropolitan Council has \$1.5 million additional Park Bonding capacity without negatively impacting the bonding limit and future short term bonding ability.

Beyond the immediate cash flow need, Park Agencies request that the Metropolitan Council staff evaluate raising the existing committed cap of \$7 million per year of short term bonds. This would require extensive analysis of data, which would include Park Agencies capital improvement needs, anticipated land acquisitions, as well as fiscal impacts of additional levy amounts to assess the dollar figure that would enable the Metropolitan Council to stay within the \$40 million bond debt limit. This analysis would require time and collaboration among the Metropolitan Council's Regional Parks and Natural Resources staff, the Council's Finance Division, and Park Agencies.

## **Funding**

MN Statute 473.325 allows the Metropolitan Council to issue general obligation bonds for the acquisition and betterment of the Metropolitan Regional Parks System. No more than \$40 million of bond debt can be outstanding at any point in time. There is current capacity to add \$1.5 million in general obligation bonds for the sole purpose of acquisitions. If the proposed action 1 is approved, the \$1.5 million of bonds will be part of the upcoming 4<sup>th</sup> Quarter 2013 Unified Parks Capital Program Amendment to be considered by the Metropolitan Council on October 23.

Additional analysis is necessary to assess the feasibility of raising the \$7 million annual bonding limit.

## **Known Support / Opposition**

Staff met with Park Agency representatives on July 17, 2013. Representatives from nine of the ten Park Agencies were present. All representatives were in support of an additional \$1.5M in Parks Bonds added to the Parks and Trails Legacy Fund Acquisition Account. On August 21, 2013 staff met again with Park Agency representatives. Representatives from seven of the ten Park Agencies were present. All of whom were in favor of conducting additional analysis to assess the feasibility of raising the \$7 million per year park bonding limit.

The Metropolitan Parks and Open Space Commission unanimously recommended the attached actions at its meeting on September 3. The proposed actions were modified from what the Metropolitan Parks and Open Space Commission considered at its September 3 meeting to align with the Council's capital budgeting process.

There is no known opposition to the proposed actions.

## Metropolitan Parks and Open Space Commission

Meeting date: September 3, 2013

**Subject:** 2013-xxx Business Item: Additional Metro Council Park Bonds for Acquisition Opportunity Fund Grant Account

**District(s), Member(s):** All.

**Policy/Legal Reference:** 2030 Regional Parks Policy Plan / MS 473.325

**Staff Prepared/Presented:** Raintry Salk, PhD, Senior Parks Researcher (651-602-1669),

**Division/Department:** Community Development, Regional Parks and Natural Resources

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### Proposed Action

1. That the Metropolitan Council issue \$1.5 million of park bonds as soon as possible and add it to the Parks and Trails Legacy Fund Account.
  
2. Direct Metro Council staff to continue analysis with the Metro Council's Finance Division and in consultation with the regional park implementing agencies regarding whether the Metro Council should raise the current Park Bonding limit beyond that of \$7.0 Million annually of five-year bonds. The analysis must address:
  - A. The fiscal impact on property taxes for homeowners and businesses relative to projected tax base growth;
  - B. The forecasted capital project and land acquisition needs among the park implementing agencies and cash flow timing for those projects;
  - C. The ability of the regional park agencies to finance the additional operations and maintenance costs for the additional projects financed from the incremental increase in Metro Council park bonding and any matching State funds.

The results of the analysis and any recommendations should be submitted to the Metropolitan Parks and Open Space Commission and Metropolitan Council for its consideration when it is completed.

### Background

Analysis of the demand for and supply of Park Acquisition Opportunity Fund grants has revealed the anticipated park land acquisitions among Park Implementing Agencies (hereafter referred to as "Park Agencies") far exceeds the available funds for fiscal years 2014 and 2015 (Appendix A). MN Statute 473.325 allows the Metropolitan Council to issue general obligation bonds for the acquisition and betterment of the Metropolitan Regional Parks 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 years) for grants to Park Agencies for land acquisition and capital improvements to the park system. Half of the bonds (\$3.5 million per year) are available for land acquisitions under the Park Acquisition Opportunity Fund Grant program.

## **Rationale**

Based on the projected timing of acquisition opportunity grant applications, the current available acquisition opportunity funds will be exhausted in the next few months and won't be replenished until July 1, 2014. However, anticipated acquisitions among Park Agencies are foreseen to occur during this timeframe. In sum, there is an anticipated shortfall in available funds of **\$2,537,657** in fiscal year 2014 and **\$128,641** in fiscal year 2015. An additional \$1.5M in Park Bonds would enable more anticipated acquisitions to be funded. Currently, the Metropolitan Council has \$1.5 million of additional Park Bonding capacity without negatively impacting the bonding limit and future short term bonding ability.

Beyond the immediate cash flow need, Park Agencies request that the Metropolitan Council staff evaluate raising the existing committed cap of \$7million per year of short term bonds. This would require extensive analysis of data, which would include Park Agencies capital improvement needs, anticipated land acquisitions, as well as fiscal impacts of additional levy amounts to assess the dollar figure that would enable the Metropolitan Council to stay within the \$40 million dollar bond debt limit. This analysis would require time and collaboration among Metropolitan Council's Parks and Natural Resources staff, the Council's Finance Division, and Park Agencies.

## **Funding**

MN Statute 473.325 allows the Metropolitan Council to issue general obligation bonds for the acquisition and betterment of the Metropolitan Regional Parks System. No more than \$40 million of bond debt can be outstanding at any point in time. There is current capacity to add \$1.5 million in general obligation bonds for the sole purpose of acquisitions. Additional analysis is necessary to assess the feasibility of raising the \$7 million annual bonding limit.

## **Known Support/Opposition**

Staff met with Park Agency representatives on July 17, 2013. Representatives from nine of the ten Park Agencies were present. All representatives were in support of an

additional \$1.5M in Parks Bonds added to the Parks and Trails Legacy Fund Account. On August 21, 2013 staff met again with Park Agency representatives. Representatives from seven of the ten Park Agencies were present. All of whom were in favor of conducting additional analysis to assess the feasibility of raising the \$7 million per year park bonding limit.

Appendix A. Anticipated Land Acquisitions Opportunity Grant Account Balance and Projections (as of July 20, 2013).

Fund	Funds Available, FY14	Anticipated Acquisitions, FY14 with \$1.7M cap (Revised July 19, 2013)	Projected Funds Available, FY15 (Includes Met Council Bonds)*	Anticipated Acquisitions, FY15 with \$1.7M cap (Revised July 20, 2013)	Projected Appropriations, FY16	Projected Appropriations, FY17
ENRTF	\$ -	\$ 3,308,750	\$ 2,250,000	\$ 2,849,141	TBD	TBD
Met Council Bond Match	\$ -		\$ 1,500,000		TBD	TBD
PTLF	\$ 2,310,700	\$ 3,039,607	\$ 1,695,000	\$ 3,854,500	\$ 1,732,460	\$ 1,745,850
Met Council Bond Match	(incorporated into cell above)		\$ 1,130,000		\$ 1,154,973	\$ 1,154,973
Additional Met Council Bonds (added to PTLF)	\$ 1,500,000					
<b>Totals</b>	<b>\$ 3,810,700</b>	<b>\$ 6,348,357</b>	<b>\$ 6,575,000</b>	<b>\$ 6,703,641</b>	<b>\$ 2,887,433</b>	<b>\$ 2,900,823</b>
			*ENRTF request not approved yet		Does not include ENRTF monies; PTLF based on 3% estimated increase	
<b>Shortfall</b>		<b>\$ (2,537,657)</b>		<b>\$ (128,641)</b>		