

## Committee Report

*Business Item No. 2016-136*

### Community Development Committee

For the Metropolitan Council meeting of August 24, 2016

**Subject:** Final Annual Metropolitan Regional Parks Operations and Maintenance Allocation to the Regional Park Implementing Agencies

#### Proposed Action

That the Metropolitan Parks and Open Space Commission report to the Metropolitan Council the distribution of state fiscal year 2017 operation and maintenance funds for the regional parks system.

#### Summary of Committee Discussion/Questions

The Community Development Committee recommended approval of the proposed action as part of its consent agenda on Monday, August 15, 2016.

## Community Development Committee

Meeting date: August 15, 2016

For the Metropolitan Council meeting of August 24, 2016

**Subject:** Final Annual Metropolitan Regional Parks Operations and Maintenance Allocation to the Regional Park Implementing Agencies

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

**Policy/Legal Reference:** MN Statutes 473.351 and 297A.94 (e)(3), Minnesota Session Laws Chapter 4, Article 3, Sec. 3 Subd. 5(5), and the 2040 Regional Parks Policy Plan

**Staff Prepared/Presented:** Deb Streets Jensen, Senior Parks Finance Planner 651-602-1554

**Division/Department:** Community Development Division / Regional Parks & Natural Resources

### Proposed Action

That the Metropolitan Parks and Open Space Commission report to the Metropolitan Council the distribution of state fiscal year 2017 operation and maintenance funds for the regional parks system.

### Background

**Statutory requirements.** By law, the Council serves as the fiscal agent to distribute state funds to the Regional Parks Implementing Agencies (Agencies) for operation and maintenance (O & M) costs.

Minnesota Statute 473.351 requires that by July 15<sup>th</sup> of each year, the Metropolitan Parks and Open Space Commission (MPOSC) must report to the Metropolitan Council “the funding requests from the implementing agencies based on the actual expenditures made” in the previous year. Staff presented the Agencies’ O & M requests at the MOPSC meeting on July 5, 2016, and those requests were reported to the Council. This item reports the distribution of the funds based on those requests.

The statute defines “operation and maintenance expenditures” as:

*The cost of providing for the operation and maintenance of waters, lands and facilities that are a part of the metropolitan area regional park and open space system, including but not limited to, the provision of fire, police, maintenance, forestry, rehabilitation expenses pertaining to routine care, and the allocation of the administrative overhead costs of the regional park and open space systems.*

The statute further requires each Agency to submit to the Council by July 1 of each year a “statement of the next annual anticipated operation and maintenance expenditures of the regional recreation open space parks systems within their respective jurisdictions and the previous year’s actual expenditures.”

Staff conducts a review of the Agencies’ O & M submittals of the previous year’s expenditures to determine eligibility of claimed costs and the appropriate dollar distribution. The statute provides that the distribution is based on three factors:

- 40% is based on the *use* that each Agency’s regional park and trails has in proportion to the total use of the regional parks system.
- 40% is based on the O & M *expenditures* made by each Agency in proportion to the total O & M expenditures for the entire regional parks system. These numbers are determined following the eligibility review of 2015 calendar year Agency submittals.
- 20% is based on the *acreage* for each Agency’s regional park and trails in proportion to the acreage of the entire regional park system. The numbers are based on 2015 acreage as reported to the Council by each Agency.

While the statute says that each Agency “must receive no less than” 40% of each Agency’s actual O & M expenses, it provides that if insufficient state funds are available, each Agency will “share the available money in proportion to the amounts they would otherwise be entitled to under the formula.” Since 1985, when the statute was enacted, the highest percentage provided by the state for O & M costs was 17.69%. The funding available for state fiscal year 2017 will cover 8.22% of the total regional park system’s 2016 O & M budget.

**Review results.** The Agencies collectively reported over \$100 million in O & M expenses for calendar year 2015. Regional Parks and Finance staff reviewed expense documentation according to established Council practice. In response to the Office of the Legislative Auditor’s 2016 report on internal controls in the Council’s Regional Parks unit, a working group meeting has been scheduled for mid-September with representatives from all of the Agencies to review existing documentation and reporting requirements and set expectations for expenses incurred after January 1, 2017.

Among the working group’s topics in September will be the recommendation to seek a change in the deadlines in the O&M statute. Agencies are not required by law to tender their O&M submittals until July 1<sup>st</sup> of each year, while staff must review and MPOSC must report on the Agencies’ requests by July 15<sup>th</sup>. This timeline renders careful review difficult.

**Rationale**

The law requires the Council to begin distribution of O & M funds by August 1, 2016. The review is complete, and Agencies have been notified of their projected distribution amounts.

**Funding**

The Legislature appropriated \$8,540,000 for O & M funding for the regional parks system for state fiscal year 2017, which began on July 1, 2016. The appropriation included \$2,870,000 from the state general fund and an estimated \$5,670,000 in lottery-in-lieu of sales tax revenue (LIL). The Council has received the general fund appropriation from the state. Because the LIL funding depends upon the sales of lottery tickets, it may vary from the estimate. If the lottery revenue varies, the monthly distribution of O & M funds will vary commensurately. The table below shows the total amount of expenditure reported by each agency for calendar year 2015 and the projected amount to be distributed beginning August 1, 2016.

Agency	Reported Actual 2015 O & M	State Fiscal Year 2017 Projected Distribution
Anoka County Parks	\$5,789,153	\$741,059
Bloomington Parks	1,027,247	91,944
Carver County Parks	1,157,187	128,742
Dakota County Parks	5,204,539	430,167
Minneapolis Park & Recreation Board	19,683,706	1,951,605
Ramsey County Parks	6,418,277	703,357
Saint Paul Parks	21,090,394	1,478,703
Scott County Parks	1,258,948	133,052
Three Rivers Park District – Hennepin County	33,040,709	2,346,343
Three Rivers Park District – Scott County	2,584,233	198,543
Washington County Parks	3,299,684	336,485
<b>Total</b>	<b>\$100,554,077</b>	<b>\$8,540,000</b>

**Known Support / Opposition**

Metropolitan Parks and Open Space Commissioners approved the report unanimously. There is no known support or opposition to distribution of the funds. Adjustments to the projected distribution amounts will be considered on a case-by-case basis.

## Metropolitan Parks and Open Space Commission

Meeting date: August 10, 2016

For the Community Development Committee meeting of August 15, 2016

**Subject:** Final Annual Metropolitan Regional Parks Operations and Maintenance Allocation to the Regional Park Implementing Agencies

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

**Policy/Legal Reference:** MN Statutes 473.351 and 297A.94 (e)(3), Minnesota Session Laws Chapter 4, Article 3, Sec. 3 Subd. 5(5), and the 2040 Regional Parks Policy Plan

**Staff Prepared/Presented:** Deb Streets Jensen, Senior Parks Finance Planner 651-602-1554

**Division/Department:** Community Development Division / Regional Parks & Natural Resources

### Proposed Action

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### Background

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available, each Agency will “share the available money in proportion to the amounts they would otherwise be entitled to under the formula.” Since 1985, when the statute was enacted, the highest percentage provided by the state for O & M costs was 17.69%. The funding available for state fiscal year 2017 will cover 8.22% of the total regional park system’s 2016 O & M budget.

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**Known Support / Opposition**

There is no known support or opposition to distribution of the funds. Adjustments to the projected distribution amounts will be considered on a case-by-case basis.

## Metropolitan Parks and Open Space Commission

Meeting date: August 9, 2016

For the Community Development Committee meeting of August 15, 2016

**Subject:** Final Annual Metropolitan Regional Parks Operations and Maintenance Allocation to the Regional Park Implementing Agencies

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