Metropolitan Parks and Open Space Commission

Meeting date: December 4, 2018

For the Management Committee of December 12, 2018

For the Community Development Committee of December 17, 2018

For the Metropolitan Council meeting of January 9, 2019

Subject: Regional Parks Funding Allocation Policy and Regional Parks Fund Distribution Policy

District(s), Member(s): All

Policy/Legal Reference: Minnesota Constitution, Article XI, Section 15; Minn. Stats. §§ 85.53 and 473.351; 2040 Regional Parks Policy Plan

Staff Prepared/Presented: Libby Starling, Director of Regional Planning (651-602-1135); Heather Aagesen-Huebner, Director of Finance and Administration for CD / MTS (651-602-1728); Emmett Mullin, Parks Manager (651-602-1360)

Division/Department: Community Development / Regional Planning

Proposed Action
Recommend that the Metropolitan Council:

1. Add the Regional Parks Funding Allocation Policy to its agency-wide Policies and Procedures.
2. Adopt the Regional Parks Fund Distribution Policy.

Background
The 2018 update to the 2040 Regional Parks Policy Plan, adopted on November 28, 2018, removed significant finance-related policies and procedures from the 2040 Regional Parks Policy Plan. These finance related policies and procedures were removed with the intent of placing them in the Council’s organizational policies and in an administrative guide so that the Council could be more nimble in response to legislative changes and improve and adjust administrative procedures as needed.

Rationale
The recent adoption of the 2040 Regional Parks Policy Plan has orphaned finance-related policies that warrant formal policymaker review and adoption.

Thrive Lens Analysis
While the full 2040 Regional Parks Policy Plan advances the Thrive MSP 2040 outcomes of Livability and Equity, these finance policies advance the Thrive outcome of Stewardship by responsibly managing the Council’s financial resources supporting the Regional Parks System.

Funding
Updating the Regional Parks Policy Plan is a regular item in the Community Development Division work plan.

Known Support / Opposition
The proposed policies respond to comments from the November 8, 2018 Metropolitan Parks and Open Space Commission meeting, the November 19, 2018 Community Development Committee meeting, and a November 29, 2018 discussion with the regional park implementing agencies.
Regional Parks Funding Allocation

<table>
<thead>
<tr>
<th>Section/Number: 3-xxx-xxx</th>
<th>Total Pages: 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept. Responsible: Regional Administration and Community Development</td>
<td>Effective Date:</td>
</tr>
<tr>
<td>Special Note: Last Revision Date:</td>
<td>Last Review Date:</td>
</tr>
<tr>
<td>Revision No.</td>
<td></td>
</tr>
</tbody>
</table>

I. Policy
The Metropolitan Council shall abide by state statute, session law, and the Regional Parks Policy Plan when allocating funds received from the State of Minnesota or Council funds for the Regional Parks System (that is, the regional recreation open space system established and governed by state statute) as well as any direct state appropriations for parks or recreational purposes.

II. Purpose of policy
This policy provides a framework for the Council’s Regional Parks Fund Distribution Policy separate from the Regional Parks Policy Plan and establishes the responsibilities and expectations for the allocation of State or Council funding for the Regional Parks System.

III. Background and reasons for policy
The State of Minnesota provides funding to the Metropolitan Council for the Regional Parks System. These funds and any Council funds, whether matching or supplemental, are allocated to the following programs:

a. Operation and Maintenance (O&M), appropriated by the state of Minnesota under Minn. Stat. § 473.351, subd. 3 for the cost of the operation and maintenance of waters, lands, and facilities that are part of the Regional Parks System.

b. Parks and Trails Legacy Fund Program (PTLF), established under the Minnesota Constitution, Article XI, Section 15 to support parks and trails of regional or statewide significance.

c. Park Acquisition Opportunity Fund (PAOF) assists Agencies in acquiring land for the Regional Parks System with state and regional funding sources in two separate accounts: 1) The Parks and Trails Legacy Fund / Park Acquisition Opportunity Fund (PTLF/PAOF) account, funded by state Legacy dollars and Regional Park bonds per Minn. Stat. § 85.53; and 2) The Environment and Natural Resources Trust Fund / Parks Acquisition Opportunity Fund (ENRTF/PAOF) account, funded by ENRTF dollars.

d. Regional Parks Bonding Program: State bonds appropriated for the Regional Park System.

e. Direct state appropriations for parks or recreational purposes to local government jurisdictions, including the Regional Parks Implementing Agencies, counties, cities, or townships.

f. Other programs as directed or allowed by the Council or Legislature.

IV. Implementation/Accountability
The Council shall, with the advice of the Metropolitan Parks and Open Space Commission, adopt the Regional Parks Fund Distribution Policy, review the Policy annually and amend the Policy as needed.
The Regional Administrator shall establish the framework and accountability for the effective implementation of the policy. The Community Development Division Director is responsible for the development of the sub-recipient administrative guide.

The Council shall publish the Regional Parks Funding Allocation Policy, the Regional Parks Fund Distribution Policy, and the Regional Parks System sub-recipient administrative guide on the Council’s website.

**Revision/Review Tracking**

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision No.</th>
<th>Review Only – No changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
REGIONAL PARKS SYSTEM FUND DISTRIBUTION POLICY
The Council’s mission is to foster efficient and economic growth for a prosperous metropolitan region

Metropolitan Council Members

Alene Tchourumoff       Chair       Edward Reynoso       District 9
Katie Rodriguez        District 1    Marie McCarthy        District 10
Lona Schreiber         District 2    Sandy Rummel          District 11
Jennifer Munt          District 3    Harry Melander        District 12
Deb Barber             District 4    Richard Kramer        District 13
Steve Elkins           District 5    Jon Commers           District 14
Gail Dorfman           District 6    Steven T. Chávez      District 15
Gary L. Cunningham     District 7    Wendy Wulf            District 16
Cara Letofsky

The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

On request, this publication will be made available in alternative formats to people with disabilities. Call Metropolitan Council information at 651-602-1140 or TTY 651-291-0904.
# TABLE OF CONTENTS

1. Introduction .......................................................................................................................... 1
   A. Purpose ............................................................................................................................... 1
   B. Regional Parks Implementing Agencies ................................................................. 1
   C. Regional Parks System Funding ............................................................................... 1
2. Operation and Maintenance .............................................................................................. 3
   A. Funding Source .............................................................................................................. 3
   B. Allocation ....................................................................................................................... 3
   C. Eligible costs and activities ........................................................................................ 3
   D. Required Match ........................................................................................................... 4
3. Parks and Trails Legacy Fund Program ................................................................................ 5
   A. Funding Source .............................................................................................................. 5
   B. Allocation ....................................................................................................................... 5
   C. Eligible Projects and Costs ........................................................................................... 5
   D. Amendments ................................................................................................................ 6
   E. Required Match ............................................................................................................ 7
4. Park Acquisition Opportunity Fund Program ....................................................................... 9
   A. Funding Source .............................................................................................................. 9
   B. Allocation ....................................................................................................................... 9
   C. Eligible Projects and Costs ........................................................................................... 9
   D. Revenue from Nonrecreational and Recreational Uses ............................................... 10
   E. Eminent Domain .......................................................................................................... 10
   F. Unspent Funds ............................................................................................................. 11
   G. Required Match ........................................................................................................... 11
5. Regional Parks Bonding Program ...................................................................................... 13
   A. Funding Source .............................................................................................................. 13
   B. Allocation ....................................................................................................................... 13
   C. Eligible Projects and Costs ........................................................................................... 13
   D. Revenue from Nonrecreational and Recreational Uses ............................................... 14
   E. Amendments ................................................................................................................ 15
   F. Future Reimbursement Consideration ....................................................................... 15
6. Interest Earnings ................................................................................................................ 17
   A. Funding Source .............................................................................................................. 17
   B. Allocation ....................................................................................................................... 17
   C. Eligible projects and costs ........................................................................................... 17
7. Set-Aside Competitive Equity Grant Program ..................................................................... 19
   A. Funding Source .............................................................................................................. 19
   B. Allocation ....................................................................................................................... 19
   C. Eligible projects and costs ........................................................................................... 19
I. Introduction

The Metropolitan Council (Council) administers a variety of funding sources and grant programs for the betterment of the Regional Parks System. These funds are awarded or passed through to the Regional Parks Implementing Agencies (Agencies). Legal requirements for these programs vary, and the Council is responsible for ensuring compliance with all relevant requirements. Agencies are responsible for knowing and complying with their grant agreements, which may specify additional funding requirements.

A. Purpose

The Minnesota Constitution, Minnesota Statutes, and the Regional Parks Policy Plan articulate the structure for the funding sources and programs that the Council administers. This document establishes the Council’s policies and priorities for the use of Regional Parks funds.

B. Regional Parks Implementing Agencies

Minn. Stats. § 473.351 limits regional parks funding to Agencies and defines them to be:

- Anoka County
- City of Bloomington
- Carver County
- Dakota County
- Minneapolis Parks and Recreation Board
- Ramsey County
- City of Saint Paul
- Scott County
- Three Rivers Park District
- Washington County

C. Regional Parks System Funding

1. Operation and Maintenance

The state of Minnesota appropriates money under Minn. Stat. § 473.351 for the cost of providing for the operation and maintenance (O&M) of waters, lands, and facilities that are part of the Regional Parks System.

2. Parks and Trails Legacy Fund Program

The Minnesota Constitution, Article XI, Section 15 established the Parks and Trails Legacy Fund (PTLF) to support parks and trails of regional or statewide significance.

3. Park Acquisition Opportunity Fund

The Council established the Park Acquisition Opportunity Fund (PAOF) to assist Agencies in acquiring land for the Regional Parks System. The PAOF comprises state and regional funding sources in two separate accounts:

- The Parks and Trails Legacy Fund / Park Acquisition Opportunity Fund (PTLF/PAOF) account funded by state Legacy dollars and regional park bonds. Minn. Stat. § 85.53
requires that the Council match every $3 in PTLF land acquisition funds with $2 in regional park bonds.

- The Environment and Natural Resources Trust Fund / Park Acquisition Opportunity Fund (ENRTF/PAOF) account funded by ENRTF dollars and Council funds. The Council matches every $3 in ENRTF funds with $2 in Council funds for Regional Parks System land acquisition.

4. Regional Parks Bonding Program

There are two funding sources that are part of the Regional Parks Bonding Program:

- Regional park bonds issued by the Council for the Regional Parks System.
- State bonds (usually general obligation bonds) appropriated for the Regional Parks System.

Per the 2040 Regional Parks Policy Plan and Council’s Capital Financing Policy, the Council matches every $3 of state general obligation bonds with $2 of regional park bonds.

5. Interest earnings

Under legislation passed in 2015 (Laws of Minnesota 2015, First Special Session, Chapter 4, Article 4, Section 138), the Council shall use the interest that the Council accrues on regional parks funding “for the use and betterment of all regional recreational open space lands under the jurisdiction of the Metropolitan Council.” The Council will develop a strategy for using the interest earnings in 2019 and update this policy as needed.

6. Set-Aside Competitive Equity Grant Program

In the 2040 Regional Parks Policy Plan, the Council made a commitment to use Council bonds to create, fund, and administer a set-aside competitive equity grant program for projects explicitly aimed to strengthen equitable usage of the Regional Parks System. The Council will develop this program in 2019 and update this policy as needed.

D. Annual Review

The Council shall, with the advice of the Metropolitan Parks and Open Space Commission, adopt the Regional Parks Fund Distribution Policy, review the Policy annually, and amend the Policy as needed.

E. Administrative Guidance

More detailed information and instructions on subrecipient processes and procedures can be found in the Regional Parks System sub-recipient administrative guide. This document is under development and will be completed in 2019.

The following sections outline funding priorities for each funding source and program.
II. Operation and Maintenance

Since 1985, the state of Minnesota has appropriated money under Minn. Stat. § 473.351 for the cost of providing for the operation and maintenance of waters, lands, and facilities that are part of the Regional Parks System.

A. Funding Source

The state of Minnesota appropriates money the Council disburses to the Agencies to pay for a portion of the cost of providing for the operation and maintenance of waters, lands, and facilities that are part of the Regional Parks System. This money has come from two sources:

- State appropriations from the General Fund (Minn. Stat., § 473.351)
- “Lottery in lieu of sales tax” (Minn. Stat., § 297A.94(h)(3))

B. Allocation

The Council distributes all Operation and Maintenance funding to the Agencies according to a formula based upon Minn. Stat. § 473.351:

- 40% based on each Agency’s proportion of total regional system visits as estimated in the Council’s annual use estimates
- 40% based on each Agency’s proportion of total regional system operation and maintenance expenditures in the previous calendar year
- 20% based on each Agency’s proportion of total regional system land acreage, with park reserve resource management land divided by four and excluding the acreage under any facilities the Council considers inconsistent with Recreation Activities and Facilities – Strategy 1 of the 2040 Regional Parks Policy Plan including enterprise facilities

C. Eligible costs and activities

See the Regional Parks System sub-recipient administrative guide for more detailed guidance about eligible and ineligible costs and activities.

Costs cannot be associated with activities or programming inconsistent with Recreation Activities and Facilities – Strategy 1 of the 2040 Regional Parks Policy Plan. Additionally, activities within enterprise facilities, defined in the 2040 Regional Parks Policy Plan as facilities that are expected to generate sufficient revenues to cover their own costs such as golf courses, downhill ski areas, and water parks, are not eligible for Operation and Maintenance funding. These facilities are not eligible for regional park funds from the Council because enterprise-fund recreation facilities are expected to raise money for their development and operation in the same way as their private sector counterparts.
D. Required Match

There is no formal required match although these appropriations fund only a portion of operation and maintenance expenses.
III. Parks and Trails Legacy Fund Program

In 2008, Minnesota voters passed the Clean Water, Land and Legacy Amendment, which created a new 3/8ths cent state sales tax to be collected from July 2009-June 2034 to fund the restoration, protection, and enhancement of Minnesota wildlife; protect clean water; pay for parks and trails; and preserve Minnesota’s history and cultural heritage through arts and cultural programs. The Parks and Trails Legacy Fund, one of four Legacy Amendment Funds, supports parks and trails of statewide or regional significance.

A. Funding Source

The Minnesota Constitution, Article XI, Section 15 established the Parks and Trails Legacy Fund (PTLF) to support parks and trails. Per Minn. Stat. § 85.53, this fund supports only parks and trails of regional or statewide significance. Along with state and Greater Minnesota regional parks and trails, the Council receives a portion of the PTLF appropriations for the Regional Parks System.

B. Allocation

The Council distributes PTLF money to the Agencies according to a formula defined in Minn. Stat. § 85.53:

- 45% based on each implementing Agency's share of O&M funding according to the allocation formula in Minn. Stat. § 473.351, subdivision 3;
- 31.5% based on each implementing Agency's relative share of the most recent estimate of the population of the metropolitan area;
- 13.5% based on each implementing Agency's relative share of nonlocal visits based on the most recent user visitation survey conducted by the Metropolitan Council; and
- 10% set aside for Park Acquisition Opportunity Fund (see more on p. 9).

C. Eligible Projects and Costs

Consistent with the Minnesota Constitution, Article XI, Section 15, authorizing state statutes (including Minn. Stat. § 3.303), and the 2040 Regional Parks Policy Plan, all projects submitted for funding from PTLF must:

- Be within parks and trails of regional or statewide significance.
- Be consistent with the Parks and Trails Legacy Plan, the foundational document for the use of PTLF in the state, which specifies four strategic directions for use of all PTLF funds:
  - Connect People and the Outdoors: Develop stewards of tomorrow through efforts to increase life-long participation in parks and trails.
• Acquire Land, Create Opportunities: Create new and expanded opportunities to serve current and future users.

• Take Care of What We Have: Provide safe, high-quality experiences through regular reinvestment in infrastructure and natural resource management.

• Coordinate among Partners: Enhance coordination among the network of public, private, and nonprofit park and trail partners.

• **Be within the boundaries of the Regional Parks System** (for capital projects only – for example, acquisitions, development, and conservation)

  o Outreach activities outside the boundaries of the Regional Parks System are allowable if the Agency can demonstrate a direct tie between the outreach activities and use of the Regional Parks System.

• Be consistent with the **2040 Regional Parks Policy Plan**.

• Be consistent with a **Council-approved master plan** prior to the Council awarding a grant agreement (for capital projects only – for example, acquisitions, development, and conservation).

  o Outreach activities outside a Council-approved master plan are allowable if the Agency can demonstrate a direct tie between the outreach activities and use of the Regional Parks System.

• **Supplement, not substitute for, traditional sources of funding**. To ensure compliance with the requirements, projects funded with PTLF funds must:

  o start new projects or programs;

  o continue projects or programs without substituting Legacy funds for other funds; or

  o expand or accelerate projects through the addition of Legacy funds.

• Be substantially consistent with the project descriptions and dollar amounts **approved by each Agency’s elected body**.

• Have been reviewed by the Agency using the **equity toolkit**.

• Have been **prioritized** by the Agency in response to local capital and programmatic needs.

Agencies may use their PTLF allocation for land acquisition, supplementing the Park Acquisition Opportunity Fund although the Council does not match these funds.

### D. Amendments

Grant agreements list conditions for amendments. If there are any unspent funds from a grant after the project is completed, grant agreements list conditions for amendments.

To maximize the efficiency of the work of the Metropolitan Parks and Open Space Commission and the Council, the Council has authorized its regional administrator or their designee to execute minor amendments to Regional Parks System grant agreements. Other amendments may require Council approval. See the Regional Parks System sub-recipient administrative guide for further information on amendment requests.
E. Required Match

None.
IV. Park Acquisition Opportunity Fund Program

Established in 2001, grants from the Park Acquisition Opportunity Fund (PAOF) assist Agencies in acquiring land for the Regional Parks System.

A. Funding Source

The PAOF program has two funding sources:

- Parks and Trails Legacy Fund (PTLF): 10% of PTLF appropriations are set aside for land acquisition through the PAOF.
- Environment and Natural Resources Trust Fund (ENRTF). The ENRTF acquisition opportunity grant fund is comprised of direct appropriations received by the Legislative-Citizen Commission on Minnesota Resources (LCCMR) for land acquisition. The LCCMR establishes the requirements for ENRTF funding, including funding used as part of the PAOF program.

For both accounts, the Council matches every $3 in state funding with $2 from Council funds. Minn. Stat. § 85.53, subd. 3 requires the match for acquisition funding from the PTLF; the Council has chosen to match ENRTF funding for consistency.

B. Allocation

The Council’s PAOF grant program is non-competitive and is awarded based on funding availability. The Council awards grants on a first-come, first-served basis with the order determined by when the Council determines that a grant request is eligible and complete.

Each Agency is eligible for up to $1.7 million in PAOF funding per state fiscal year from each of the two accounts, provided the total of appropriated funding and associated Council match is sufficient to fund an acquisition. The maximum amount that each Agency can receive from the PAOF program is $3.4 million per fiscal year. The maximum amount that an Agency can receive for a single PAOF grant is $3.4 million, with $1.7 million from each account. Agencies can use both PAOF/ENRTF and PAOF/PTLF in a single acquisition to access the full amount of PAOF dollars allowable (see the Regional Parks System sub-recipient administrative guide for additional requirements that may be involved with acquisitions using both funding sources).

C. Eligible Projects and Costs

Consistent with authorizing state statutes and the 2040 Regional Parks Policy Plan, all PAOF grants (both accounts) assist in the acquisition of property that is and will be:

- **Within the boundaries of the Regional Parks System**;
- Consistent with the 2040 Regional Parks Policy Plan or subject to an amendment to 2040 Regional Parks Policy Plan to designate the land as regional recreation open space;
- Consistent with a Council-approved master plan or a Council-approved acquisition master plan;
- Located fully within Council-approved master plan boundaries prior to the Council awarding a grant agreement; and
- Reserved for public use in perpetuity for the Regional Parks System.
Consistent with authorizing state statutes and the 2040 Regional Parks Policy Plan, all grants from the PAOF / ENRTF must additionally follow LCCMR requirements.

When funds are not available in the PAOF accounts, Agencies may choose to work with third parties to temporarily acquire and hold eligible properties, for which the Agency may pursue a PAOF grant at later date from the Council to complete the acquisition process.

Eligible PAOF costs are expenses directly related to the land acquisition 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 reestablishing threatened natural resources or to prevent non-natural deterioration thereof; preventing the deterioration of existing structures; removal of unneeded structures, 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. Payment in lieu of local property taxes is an eligible land acquisition grant expenditure. See the Regional Parks System sub-recipient administrative guide for more detailed guidance on eligible and ineligible costs and activities.

D. Eminent Domain

Occasionally an Agency may need to acquire land by exercising its power of eminent domain by initiating a condemnation proceeding. When land is acquired through the condemnation process, a PAOF grant may be awarded; however, a grant is awarded at the end of a condemnation proceeding. The grant is based on 75% of the final settlement / award and associated grant-eligible costs under applicable provisions of Minn. Stat. Ch. 117 to acquire the land and within the Agency maximum for the fiscal year when the grant is awarded. The Agency must notify the Council prior to filing its petition in condemnation with the district court that it is acquiring land through condemnation and will be requesting a PAOF grant when the final award is determined. The notification to the Council must include the Agency’s authorization to file its petition and the accompanying documents containing its appraisal of the land. In condemnation matters, the final settlement / award and final certification should be submitted to the Council in lieu of a signed purchase agreement.

E. Revenue from Nonrecreational and Recreational Uses

Lands acquired with regional funds are to be used for Regional Parks System purposes. On occasion, during but not limited to a period prior to development, land may be used in other ways as long as these temporary uses are consistent with state law, Council policy and all relevant funding source restrictions (such as arbitrage rules). The Council has defined the following nonrecreational uses as consistent with Regional Parks System purposes:

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

All uses of this kind must be consistent with the Council-approved master plan. Revenue that 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 recreational uses in Regional Parks System units consistent with the Council-approved master plan shall be used for park purposes as determined by the Agency. Revenues generated by nonrecreational uses in regional park lands, consistent with a Council-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.

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.

**F. Unspent Funds**

Under the PAOF program, acquisition grants fund "up to" 75 percent of the total estimated acquisition costs. Therefore, grantees may not reallocate any unspent PAOF funds.

**G. Required Match**

Agencies must fund at least 25% of the total estimated acquisition costs as local match, including all ineligible costs and all costs over $1.7 million per account, per year. If, during the course of an acquisition, an Agency exceeds its upper limit of $1.7 million for either or both PAOF funding accounts, the Agency may need to pay more than 25% of the total acquisition costs as its local match. In this case, both the 25% regular local match and the amount in excess of the regular local match may be reimbursable through the same procedures for future reimbursement consideration.

The local match may be one or more of the following:

- Non-state funds and non-Council funds provided by the Agency.

- Reimbursement from an Agency’s future share of Regional Parks Bonding if the cash contribution is financed with an Agency’s money – that is, from the Agency’s general fund or other account, but not with a grant from another entity such as a watershed district or local government aid provided by the state of Minnesota. Based on this rule, if the maximum grant of $1.7 million was awarded and the Agency provided a match of $566,667, any costs incurred by the Agency above the $566,667 and paid for with Agency funds for grant-eligible expenses, are also eligible for reimbursement consideration from that Agency’s share of future metropolitan Regional Parks Bonding.

- The value of a land donation by the seller. The value of the donation is the difference between the agreed-upon purchase price based on a certified appraised value of the property and the lower amount the seller agrees to accept as payment for the land. The certification of the appraised value of the property will be based on a third-party review appraisal, where the third-party appraiser will perform a field review of the appraisal and determine if the appraisal met the requirements of the Uniform Standards of Professional Appraising Practice. Both the appraisal and the review appraisal must be submitted to the Council as part of the grant request. The cost of the third-party appraisal is a grant-eligible item.

- The value of the land that is obtained by a municipality under its park land dedication ordinance and transferred to an Agency under a fee title or permanent easement agreement.
at the same time that the Agency acquires additional land for that park or trail from the same
landowner.

See the Regional Parks System sub-recipient administrative guide for more detailed guidance on
how Agencies may provide and must document their local match. See more about future
reimbursement consideration on p. 15.
V. Regional Parks Bonding Program

The Regional Parks Bonding Program is intended for Regional Parks System acquisition, development, and redevelopment projects.

A. Funding Source

Two primary funding sources make up the Regional Parks Bonding Program:

- The Council can issue Regional Parks bonds under authority of **Minn. Stat. § 473.325**.
- The State of Minnesota can issue bonds appropriated for the Regional Parks System by state statute or session law.

Per the *2040 Regional Parks Policy Plan* and Council’s Capital Financing Policy, the Council matches every $3 of state general obligation bonds with $2 of regional park bonds.

B. Allocation

The Council distributes Regional Parks Bonding Program funds to the Agencies according to a formula defined in the *2040 Regional Parks Policy Plan*:

- 70% based on the population within the jurisdiction of each Agency compared to the region’s total population.
- 30% based on the number of visits an Agency hosted from people who live outside the Agency’s jurisdiction (non-local visits).

C. Eligible Projects and Costs

Development in Regional Parks System units should be based on the principle of providing and maintaining quality public park areas and facilities primarily for residents of the metropolitan area. The eligibility criteria (not in any priority order) for development, rehabilitation and restoration of regional parks, park reserves, trails, and special recreation features are:

- Projects that provide new facilities, rehabilitate facilities, or increase capacity where there is documented existing or projected high use.
- Projects continuing a phased high-priority project or one of relatively high priority that is timed with other public improvement projects to achieve significant economies in cost of construction.
- A project providing a specific facility that meets a documented need, is currently not available, or is significantly under-represented in the system.
- Regional trails that connect to other trails or regional facilities or extend existing trails.
- Natural resource restoration, including transforming degraded lands into lands with more representative native species and historic vegetation patterns. For example, this work may entail the removal of invasive species, restoration of pastureland, or transforming industrial lands into a more diverse natural landscape.
- Acquisition of parkland parcels or reimbursement for parkland parcels.
• Matching non-state and non-Council funds to develop/rehabilitate recreation facilities or restore natural resource areas is encouraged.

• Projects that provide essential facility improvements and natural resource enhancements to allow for the initial public use of a regional park once there is adequate demand and acquisition base to support the development.

Consistent with authorizing state statutes and the 2040 Regional Parks Policy Plan, all grants from the Regional Parks Bonding Program (both programs) must fund projects that:

• Are within the boundaries of the Regional Parks System;

• Are consistent with the 2040 Regional Parks Policy Plan;

• Are consistent with a Council-approved master plan prior to the Council awarding a grant agreement;

• Comply with all applicable bonding laws;

• Have been approved by their local elected boards either individually or as part of a local capital improvement plans;

• Have been reviewed by the Agency using the equity toolkit; and

• Have been prioritized by the Agency in response to local capital needs.

Based on the prioritized project lists submitted by the Agencies, the Metropolitan Parks and Open Space Commission recommends a list of projects to be included as part of the Governor’s state bonding request to be submitted to the State Legislature.

Eligible costs can include land acquisition, construction, and other improvements or acquisitions of tangible fixed assets of a capital nature. Capital grants funded entirely with Council bonds may also be used to reimburse Agencies for acquisitions or projects under certain limited circumstances (see the section on Future Reimbursement Consideration on page 15). See the Regional Parks System sub-recipient administrative guide for more guidance on eligible and ineligible costs and activities.

D. Revenue from Nonrecreational and Recreational Uses

Lands acquired with regional funds are to be used for Regional Parks System purposes. On occasion, during but not limited to a period prior to development, land may be used in other ways as long as these temporary uses are consistent with state law, Council policy, and all relevant funding source restrictions (such as arbitrage rules). The Council has defined the following nonrecreational uses as consistent with Regional Parks System purposes:

• Sale of buildings, equipment or materials acquired with land;

• Rent or lease of buildings to protect structures or secure services for the park; and

• Rent or lease of land for park benefits.

All uses of this kind must be consistent with the Council-approved master plan. Revenue that 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 recreational uses in Regional Parks System units consistent with the Council-approved master plan shall be used for park purposes as determined by the Agency. Revenues
generated by nonrecreational uses in regional park lands, consistent with a Council-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.

Regional park 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.

E. Amendments

Grant agreements list conditions for amendments. If there are any unspent funds from the grant after the project is completed, grant agreements will list conditions for amendments.

To maximize the efficiency of the work of the Metropolitan Parks and Open Space Commission and the Council, the Council has authorized its regional administrator or their designee to execute minor amendments to Regional Parks System grant agreements. Other amendments may require Council approval. See the Regional Parks System sub-recipient administrative guide for further information on amendment requests.

F. Future Reimbursement Consideration

Defined the 2040 Regional Parks Policy Plan, Future Reimbursement Consideration (FRC) allows Agencies to request Council approval to incur costs, pay those costs from Agency funds, and be eligible for later reimbursement with Council bonds. Future reimbursements of local match are made out of the Agency’s share of a future regional bonding allocation.

MPOSC and the Council must individually consider and approve all requests for FRC before costs are incurred. The Council’s approval of FRC does not represent or guarantee that the future reimbursement will be paid; rather, the approval only allows the Council to consider reimbursement of the costs at a later date. The Council is not obligated to provide such reimbursement. The Council must balance the availability of these reimbursements against the overall need for Council bonds in a given Regional Parks Bonding funding cycle. If the aggregate request for FRC exceeds the Council’s ability to match at the prescribed level, the Council may decline any FRC request.

Agencies can request FRC to reimburse their costs for:

- Portions of an Agency’s local match to a PAOF grant, if the Agency specifically requests that the Council consider future reimbursement of the local match amount as part of its PAOF grant application;
- Reimbursement for acquisition of land not designated in the Regional Parks Policy Plan at the time of purchase but subsequently added to the system through a plan amendment;
- Reimbursement of design costs for large or complex recreation facilities in Regional Parks

Requests for FRC for land acquisition, in addition to meeting all requirements for PAOF listed above, must be submitted in writing to the Council and receive Council approval before the Agency acquires the property in fee simple or acquires an option to purchase. Requests for FRC for construction or development projects (including design costs), in addition to meeting all requirements for the Regional Parks Bonding Program listed above, must be approved by the Council before the preparation of construction documents for a project. See the Regional Parks
System sub-recipient administrative guide for procedures and more detailed guidance on eligible and ineligible costs and activities.
VI. Interest Earnings

The Council will develop a strategy for using the interest earnings in 2019 and update this policy as needed.

A. Funding Source

Under legislation passed in 2015 (Laws of Minnesota 2015, First Special Session, Chapter 4, Article 4, Section 138), the Council shall use the interest that the Council accrues on regional parks funding “for the use and betterment of all regional recreational open space lands under the jurisdiction of the Metropolitan Council.”

B. Allocation

To be determined in 2019 and potentially annually beyond.

C. Eligible projects and costs

To be determined in 2019 and potentially annually beyond.
VII. Set-Aside Competitive Equity Grant Program

In the 2040 Regional Parks Policy Plan, the Council made a commitment to use Council bonds to create, fund, and administer a set-aside competitive equity grant program for projects explicitly aimed to strengthen equitable usage of the Regional Parks System. The Council will develop the Set-Aside Competitive Equity Grant Program in 2019 and update this policy as needed.

A. Funding Source

This program will use Council bonds to promote equitable use of regional parks and trails by providing bond-funded grants for acquisition, development, or redevelopment projects in the Regional Parks System.

B. Allocation

To develop this grant program, the Council will work in close collaboration with Agencies, community-based organizations, advocacy groups, and other partners to formulate criteria and measures for awarding grants to Agencies for capital projects for development and redevelopment aimed to strengthen equitable use.

C. Eligible projects and costs

All restrictions on the use of Council bonds outlined on page 13 above apply.