

Metropolitan Parks and Open Space Commission

Meeting date: September 4, 2018

Subject: Estimated Acquisition and Development Costs to Complete the Regional Parks System

District(s), Member(s): All

Policy/Legal Reference: Minnesota Statutes, section 473.147, subdivision 1; *2040 Regional Parks Policy Plan, Chapter 8, Strategy 9, Other Funding*

Staff Prepared/Presented: Dan Marckel, Planning Analyst (651-602-1548), Tracey Kinney, Planner (651-602-1029)

Division/Department: Community Development / Regional Planning

Proposed Action

None; information and discussion only.

Background

As part of the 2018 update of the *2040 Regional Parks Policy Plan*, Metropolitan Council staff has estimated the cost of acquisition and development to “complete” the Regional Park System. State law requires that the Policy Plan estimate the cost of the recommended acquisitions and development of the park system, including an analysis of what portion of the funding is proposed to come from the state and Council levies, and other local government units (Minnesota Statutes, section 473.147, subd. 1).

As presented in the draft 2018 update of the *2040 Regional Parks Policy Plan*, the estimated cost to complete the existing Regional Parks System is \$2.6 billion, including \$1 billion in acquisition costs and \$1.6 billion in development costs:

Estimated Acquisition and Development Costs to Complete the Regional Parks System

Category	Acquisition Cost	Development Cost	Total Cost
Unbuilt portions of existing regional parks and trails	\$406,117,086	\$737,606,798	\$1,143,723,884
Planned regional parks and trails	\$190,441,883	\$255,077,600	\$445,519,483
Boundary Adjustments, Park Search Areas and Corridors	\$121,948,200	\$99,000,000	\$220,948,200
Regional Trail Search Corridors	\$275,549,695	\$482,944,800	\$758,494,495
Total	\$994,056,865	\$1,574,629,198	\$2,568,686,063

This information item will explain the full methodology for estimating development costs used in the 2018 update and provide an opportunity to refine the approach as part of finalizing the 2018 update to the *2040 Regional Parks Policy Plan*. See Attachment 1 for additional information for how the estimate was developed.

Thrive Lens Analysis

The estimate to complete the Regional Park System advances the *Thrive MSP 2040* outcome of Stewardship by laying out the long-range cost to fully realize the acquisition and development needs outlined in the current system plan. The estimate is used as a planning tool to gauge the scale and scope of the future investment needed for this regional priority.

DATE: September 4, 2018

TO: Metropolitan Parks and Open Space Commission

FROM: Dan Marckel, Planning Analyst (651-602-1548), Tracey Kinney, Planner (651-602-1029)
Community Development/Regional Parks and Natural Resources

SUBJECT: Estimated Acquisition and Development Costs to complete the Regional Parks System 2018; *2040 Regional Parks Policy Plan* (draft 2018 update), Chapter 8, Strategy 9

Overview

As part of the 2018 update of the *2040 Regional Parks Policy Plan*, Metropolitan Council staff has estimated the cost of acquisition and development to “complete” the Regional Parks System. State law requires that the Policy Plan estimate the cost of the recommended acquisitions and development of the Regional Parks System, including an analysis of what portion of the funding is proposed to come from the state and Council levies, and other local government units (Minnesota Statutes, section 473.147, subd. 1).

As presented in the draft 2018 update of the *2040 Regional Parks Policy Plan*, the estimated cost to complete the existing Regional Parks System is \$2.6 billion, including \$1 billion in acquisition costs and \$1.6 billion in development costs (Table 1). As part of the public comment period, Council staff are reviewing and refining these numbers before the final adoption of the 2018 update later this year. We welcome input on our approach and assumptions.

Table 1. Estimated Acquisition and Development Costs to Complete the Regional Parks System

Category	Acquisition Cost	Development Cost	Total Cost
Unbuilt portions of existing regional parks and trails	\$406,117,086	\$737,606,798	\$1,143,723,884
Planned regional parks and trails	\$190,441,883	\$255,077,600	\$445,519,483
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Purpose and Use

This estimate is intended to fulfill the state requirement for a metro-wide cost to complete the Regional Parks System. It should also be useful to support overall discussion of financial aspects of the Regional Parks System, including:

- availability and sources of funding for acquisition, development, and ongoing operations and maintenance;
- implications of adding new units to the System;
- the value of regional parks to the region.

The estimate is not intended to indicate costs for any single project or Implementing Agency.

Methodology

A new approach to the estimate was developed for the 2018 update, intended to be transparent and replicable over time. Council staff worked with Implementing Agency staff to identify and confirm the cost components, data sources, assumptions and results. Previous Policy Plans provided estimated costs to complete the System, but the underlying assumptions and calculations were unclear.

The Regional Parks System Plan includes regional parks, park reserves, special recreation features, and regional trails in various degrees of completion:

- already in use (which may include additional unbuilt or unacquired elements);
- planned or acquired but not yet open to the public;
- search areas yet to be acquired and developed.

The estimate uses the following components to accommodate this variety.

Acreages

For parks and trails with Council-approved master plans, acreages were taken directly from those plans and confirmed with Implementing Agency staff.

For park and trail search areas where acreages are unknown, assumptions were applied. Trail corridors were assumed to be 30 feet wide, park acreages were provided by the implementing agencies. These assumptions were developed in conversation with Implementing Agency staff and compared to recent projects and master plans.

Acquisition Costs

Land acquisition costs were taken from a 2016 Council analysis of land values throughout the metropolitan area. Two costs were used: inside the Metropolitan Urban Services Area, or MUSA (\$256,750 per acre), and outside the MUSA (\$36,950 per acre). See *Figure 1*. This analysis likely understates the actual cost of land with prime natural features and is noted as a topic for future refinement.

Development Costs

Development costs include the cost of the facilities created on acquired land (such as buildings, parking, trails, and natural restoration and planting).

Average development costs for parks (\$30,000 per acre) were derived from recent (2013 to 2018) Council-approved master plans and compared with actual recent construction costs.

Average development costs for trails (\$256,000 per acre, or \$920,000 per mile) were also derived from recent (2013-2018) Council-approved master plans and compared with actual recent construction costs. The higher per acre cost of trails than parks is due to their smaller acreage and greater percentage of built elements.

For existing parks and trails that are partially completed, Implementing Agency staff provided an estimated percentage of completion to calculate remaining development costs. The average development costs listed above were multiplied by the percentage to be completed.

Limitations

The estimate is intended for use only at a region-wide level. Because it uses average per-acre costs, application to an individual project or single implementing agency is inappropriate. Actual costs for individual projects will vary depending on the location and complexity of each project. The method likely underestimates costs in highly-developed areas of the region and overestimates costs in less-developed areas of the region. Refer to master plans, project funding applications and recent construction for more information on project costs.

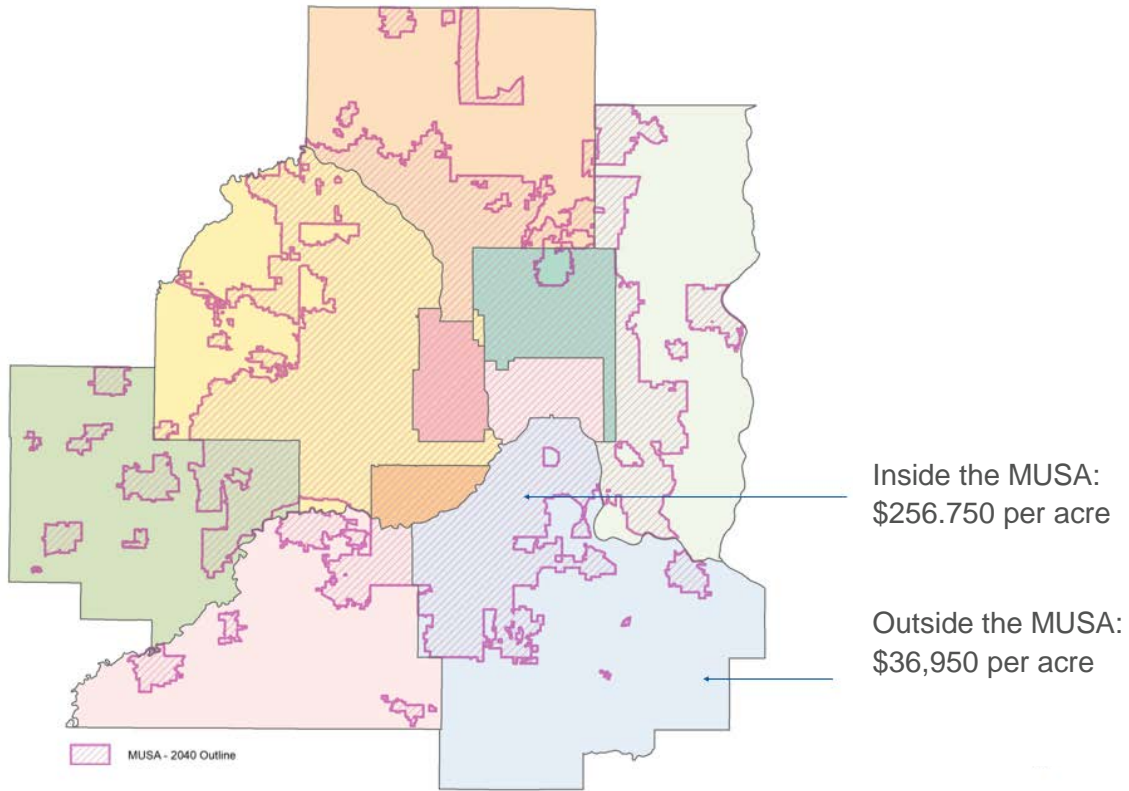
The estimate assumes that all needed land will be purchased at market value. In actual practice, some land may be transferred from other public entities or acquired at lower cost.

Park search areas, park boundary adjustments, and regional trail search corridors are shown in the Policy Plan for planning purposes only. The data provided by the Implementing Agencies varied from agency to agency. Council staff are continuing to eliminate these minor inconsistencies as we move toward the final version.

Regional Park Implementing Agency staff provided and verified many of the underlying data in the estimate including:

- Data for total acres within the Council approved master plan, acquisition acreage needed, trail miles needed, and the percent complete each Council approved master plan is developed;
- Refinements to boundary adjustments, park search areas, and regional trail search corridors;
- Real-time development cost minimums and maximums for regional parks and trails;
- Field-verified regional trail corridor width minimums and maximums.

Figure 1. Assumed Land Costs for Regional Parks System Acquisition, by Metropolitan Urban Services Area (MUSA) Location



Analysis

Total acquisition and development costs to complete the Regional Parks System is \$2.6 billion including \$1.1 billion for the unbuilt portions of the existing parks and trails (*Figure 2*), \$500 million for planned units (*Figure 3*), and just under \$1 billion for search areas and corridors (*Figure 4*). Table 2 shows acreage, mileage and costs associated with each category.

Table 2. Combined Total Costs for System Completion (Existing Parks and Trails, Planned Units, and Search Areas and Corridors)

Category	Park Acreage	Trail Acreage	Trail Mileage	Acquisition Cost	Development Cost	Total Cost
Unbuilt Portions of Existing Regional Parks, Park Preserves, Special Recreation Features, and Regional Trails (<i>Figure 2</i>)	2953	193	173	\$406,117,086	\$737,606,798	\$1,143,723,884
Planned Regional Parks, Park Preserves, Special Recreation Features, and Regional Trails (Council-approved master plan, not yet open to the public) (<i>Figure 3</i>)	3529	195	137	\$190,441,883	\$255,077,600	\$445,519,483
Regional Park Search Areas and Boundary Adjustments (<i>Figure 4</i>)	3300	N/A	N/A	\$121,948,200	\$99,000,000	\$220,948,200
Regional Trail Search Corridors (<i>Figure 4</i>)	N/A	N/A	525	\$275,549,695	\$482,944,800	\$758,494,495
TOTAL	9782	388	835	\$994,056,865	\$1,574,629,198	\$2,568,686,063

Figure 2. Unbuilt Portions of Existing Regional Parks, Park Reserves, Special Recreation Features, and Regional Trails



Figure 3. Planned Regional Parks, Park Preserves, Special Recreation Features, and Regional Trails (Council-approved master plan, not yet open to the public)

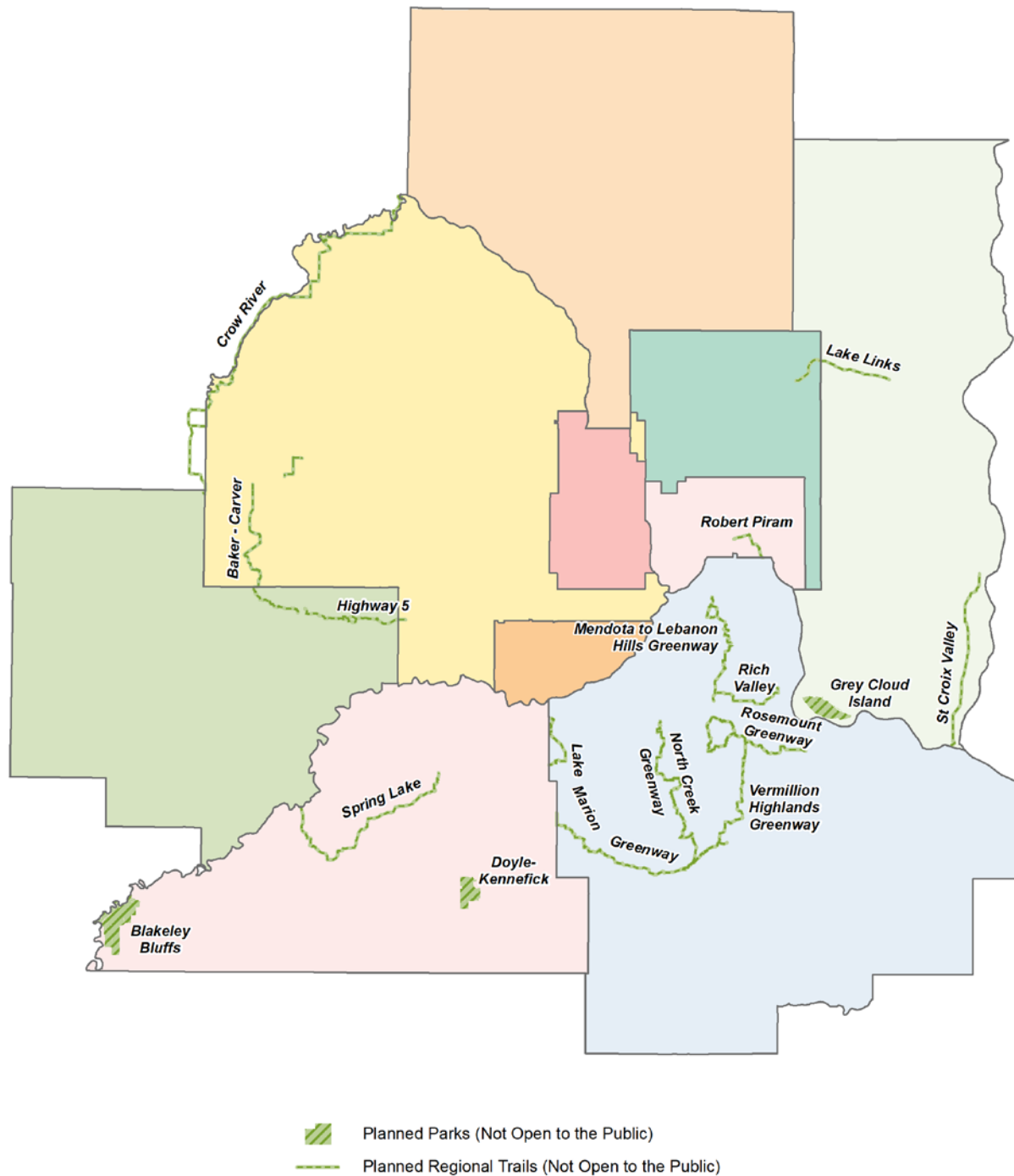


Figure 4. Regional Park Search Areas, Regional Park Boundary Adjustments, and Regional Trail Search Corridors Map



Changes in the 2018 Estimate

The 2018 estimate to complete the Regional Parks System is significantly higher than the estimate in the 2015 plan. The change in the estimate comes from a higher level of accuracy, data refinement, and an apples-to-apples approach that involved staff from the Regional Park Implementing Agencies.

A higher level of accuracy was achieved through working with park and trail master plans and including the Regional Park Implementing Agencies on real-time development costs and average acreage costs for trails and search corridors.

Data refinement included working with the Regional Park Implementing Agencies on accurate search area, corridors and boundary adjustments. Search units are at the beginning stages of planning and are subject to changes based on factors including development climate, long-term planning, and political will.

And finally, an apples-to-apples approach to determining acquisition and development costs was taken to achieve continuity between projects with grand visions and projects with modest goals. This approach included using cost averages for land acquisition and development.

Funding the System

The Regional Parks System receives funding from local governments, State of Minnesota, Metropolitan Council, U.S government and private donors. Since the Regional Parks System was created in 1974, the Regional Parks System has received state bond funds that were matched with Metropolitan Council funds. The State provides funds to earmarked projects, a portion of Clean Water Land and Legacy Act Amendment funds and Environment and Natural Resource Trust Fund dollars. Over the years the fund mix has changed from state bonds and Council funds (prior to 2008) to use of Legacy, earmarks and Environment and Natural Resource Trust Fund dollars. State and Council funds vary yearly and are not guaranteed to be granted.

The Policy Plan includes a five-year capital improvement budget to outline a funding strategy for the relative near term, so Regional Park Implementing Agencies can use the information in their planning. Since these figures are subject to change based upon legislative action, Agencies are conservative in their reporting.

Minnesota Statutes, section 473.147, subd. 1 also requires an analysis of what portion of the funding is proposed to come from the state and Council levies, and other local government units. This analysis is yet forthcoming in 2019 as part of a broader assessment of the funding for the Regional Parks System.