# Metropolitan Parks and Open Space Commission

Meeting date: August 6, 2013

**Subject:** 2013-xxx **Information Item:** Status and Anticipated Demand for Park Acquisition Opportunity Fund Grants

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

**Policy/Legal Reference:** 2030 Regional Parks Policy Plan / MS 473.315

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

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

## Proposed Options for Discussion

Continued discussion of Park Acquisition Opportunity Fund grants financed with Environment and Natural Resources and Parks and Trails Legacy appropriations and Metro Council bonds. Overview and discussion of recommendations put forward by the Park Implementing Agencies.

## Introduction

At the July MPOSC meeting, staff provided preliminary analysis of the demand for and supply of Park Acquisition Opportunity Fund grants. MPOSC members requested additional information and analysis, most notably requesting staff collaborate with Park Implementing Agencies (hereafter referred to as "Park Agencies") to come up with recommendations. Staff met with Park Agency representatives on July 17, 2013. The discussion resulted in four overarching recommendations.

## Park Agency Recommendations

1. Issue $1.5M in Metropolitan Council Bonds—and add to Parks and Trails Legacy Fund
2. Change grant rules for the short term until the end of Fiscal Year (FY) 2017:
   a. Reduce agency cap to $1.7M total between both accounts
   b. Add a reimbursement clause that allows a percentage of the Acquisition Opportunity Funds during this period to be set aside for reimbursing 75% of acquisition costs initially financed by the Park Agencies to be eligible for reimbursement when funds are appropriated in the future. The remaining percentage would be for acquisitions that come up during that time. The percentages need to be determined.
3. Park Agencies would slow down future acquisition deals, where appropriate (beyond those currently in progress)
4. If a long-term solution appears to be required, consider increasing the Metro Council's park bonding capacity beyond the current $40 million limit

## Recommendation Details

Park Agencies revised their anticipated acquisition FY14 list and identified anticipated acquisitions that could potentially be delayed until FY15 (Appendix A). Based on the additional insight, it was recommended that the Metropolitan Council ***adopt a short term approach*** to address the potential funding shortfall issue. For starters, they recommended that the Metro Council issue $1.5M in

Metropolitan Council Park Bonds and add it to the Parks and Trails Legacy Acquisition Fund Account, given the account has greater flexibility in the types of land that qualify for purchase.

| Account Name | Current Balance* | Add Met Council Bonds | New Balance |
|---|---|---|---|
| Environment & Natural Resources Trust Fund | $0 | $0 | $0 |
| Parks and Trails Legacy Fund | $2,310,700 | $1,500,000 | $3,810,700 |

* Balance after Scott County's Albrecht-Hutchinson grant request.

However, the additional Metropolitan Council Bonds will not provide enough funds to secure the anticipated acquisitions for FY14 ($2.5M shortfall; Appendix A). Further, there would be a shortfall of $128,641 in FY15.

The Park Agencies recommended that the Metropolitan Council consider alterations to their grant rules. Specifically, the grant rules should be altered for a fixed period of time: no longer than the end of FY17 (after which, they'd return to those adopted on January 9, 2013). The revised grant rules should:

1. Incorporate a cap of $1.7M/FY/agency total, for both accounts combined. (*Note:* Up to 75% financing of acquisition costs would remain in effect.)

2. In an effort to address the potential shortfall, a reimbursement clause should be added to the grant rules, thereby permitting the Metropolitan Council to reimburse agencies for up to 75% of their initial financing to acquire land when grant funds are appropriated in the future. Specifically, a certain percentage of each fiscal year's appropriation's and matching Metro Council bonds for Park Acquisition Opportunity Fund grants should be set aside for reimbursement purposes, while the remaining percentage would be reserved for new acquisitions acquired during that Fiscal Year.

Park Agencies asked staff to run scenarios to identify a recommended percentage to be set aside for reimbursement purposes (Appendix B). Two scenarios were run. One scenario set aside 60% for reimbursement purposes (Appendix C), while the other scenario set aside 40% for reimbursement (Appendix D). Each scenario assumed a $1.7M cap/FY/agency, reimbursing up to 75% of anticipated costs, and acknowledged Park Agency identified parcels that were postponed until FY15. The 60% scenario enabled agencies to be reimbursed within one fiscal year for their anticipated costs, while the 40% scenario did not in all cases. Both scenarios enabled FY14 and FY15 anticipated acquisitions to be paid in full by the end of FY17. Park Agencies were provided the analysis and were asked to provide their preference. As of July 29, three Park Agencies have responded. Two are in favor of the 60% scenario, while the other did not have time to assess and was comfortable deferring to the others. Additional input received from Park Agencies between the time this memorandum is posted and the August 6 meeting will be presented at the August 6 meeting.

Beyond the grant rule changes, Park Agencies noted where appropriate and notably beyond negotiations already in progress, they would slow down land acquisitions and use the information to inform their discussions with landowners. Further, the Park Agencies encourage the Metropolitan Council to closely monitor the accounts and market trends. Should the current situation for grant funding demand exceed grant funding supply over time, Park Agencies recommend an increase to the Metropolitan Council's Park bonding limit at a level that would address the shortfall.

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 Acquisitons, 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 |
| **Additonal Met Council Bonds (added to PTLF)** | $ 1,500,000 | | | | | |
| **Totals** | **$ 3,810,700** | **$ 6,348,357** | **$ 6,575,000** | **$ 6,703,641** | **$ 2,887,433** | **$ 2,900,823** |
| | | | *ENRTF request not approved yet | | Does not include ENRTF monies; PTLF based on 3% estimated increase | |
| **Shortfall** | | $ (2,537,657) | | $ (128,641) | | |

Appendix B. Annual Land Acquisition Opportunity Grant Appropriations and Percentage Breakdown for Reimbursement and New Acquisitions.

| | ENRTF FY15 | PTLF FY15 | PTLF FY16 | PTLF FY17 |
|---|---|---|---|---|
| **Total Appropriations Added to Account** | **$ 3,750,000** | **$ 2,825,000** | **$ 2,887,443** | **$ 2,900,823** |
| **40% of account** | **$ 1,500,000** | **$ 1,130,000** | **$ 1,154,977** | **$ 1,160,329** |
| **60% of account** | **$ 2,250,000** | **$ 1,695,000** | **$ 1,732,466** | **$ 1,740,494** |

Appendix C. Reimbursement Scenario for Land Acquisition Opportunity Grants: **60%** Held in Reserve for Reimbursement.

| | **Scenario One: 60% For Reimbursement** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Incorporates : 1) Reduction in overall agency CAP to $1.7M/yr. (maintains 75%), 2) Adds $1.5M in Metro Council Park Bonds to PTLF, 3) Holds 60% of account in reserve for reimbursement purposes each fiscal year, while 40% is for new acquisitions, 4) Parcels indicated that could be postponed to FY15 are postponed to FY15, and 4) Agencies reimbursed within one fiscal year for acquisitions** | | | | | | | | |
| **Account** | **FY15 Projected Reimbursable Amount from FY14 (when grant application is to appropriate grant program post fund depletion)*** | **60% of Account Held in Reserve for Reimbursement Purposes, FY 15** | **Remainder of Reserve to be Added to account balance for NEW acquisitions, FY15** | **40% of Acount Held in Reserve for NEW acquisitions, FY15** | **Combined Total Available Funds for NEW acquisitions, FY15** | **FY16 Projected Reimbursable Amount from FY15 (using CURRENT anticipated acquisitions, FY15)** | **60% of Account Held in Reserve for Reimbursement Purposes, FY16** | **Remainder of Reserve to be Added to account balance for NEW acquisitions, FY16** | **Combined Available Funds for NEW acquisitions, FY16** |
| **ENRTF** | **$ 1,906,625** | $ 2,250,000 | $ 343,375 | $ 1,500,000 | **$ 1,843,375** | $ 1,005,766 | TBD | TBD | TBD |
| **PTLF** | **$ 631,032** | $ 1,695,000 | $ 1,063,968 | $ 1,130,000 | **$ 2,193,968** | $ 1,660,532 | $ 1,732,465.80 | $ 71,933.80 | **$ 1,226,911.00** |
| **Totals** | **$ 2,537,657** | $ 3,945,000 | $ 1,407,343 | $ 2,630,000 | **$ 4,037,343** | $ 2,666,298 | TBD | TBD | TBD |
| | * Dakota Co. $1.7 cap applied; includes all portions that will be paid by PTLF, regardless of grant type listed (while funds are available) | **Allows for payment in full of FY14 acquisitions in FY15** | | | Actual percentage for NEW acquisitions: ENRTF results in 49.2% available for new Acquisitions; PTLF 77.7% | | **Allows for payment in full of FY15 PTLF acquisitions in FY 16** | | |

Appendix D.  Reimbursement Scenario for Land Acquisition Opportunity Grants: **40%** Held in Reserve for Reimbursement.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Scenario Two: 40% For Reimbursement** | | | | | | | | | | | |
| | **Incorporates : 1)  Reduction in overall agency CAP to $1.7M/yr. (maintains 75%), 2) Adds $1.5M in Metro Council Park Bonds to PTLF, 3) Holds 40% of account in reserve for reimbursement purposes each fiscal year, while 60% is for new acquisitions, 4) Parcels indicated that could be postponed to FY15 are postponed to FY15, and 4) Agencies may NOT be reimbursed within one fiscal year for acquisitions; may take up to two years** | | | | | | | | | | | |
| **Account** | **FY15 Projected Reimbursable Amount from FY14 (when grant application is to appropriate grant program post fund depletion)*** | **40% of Account Held in Reserve for Reimbursement Purposes, FY 15** | **Remainder of Reserve to be Added to account balance for NEW acquisitions, FY15** | **60% of Acount Held in Reserve for NEW acquisitions, FY15** | **Combined Total Available Funds for NEW acquisitions, FY15** | **FY16 Projected Reimbursable Amount from FY15 (using CURRENT anticipated acquisitions, FY15)** | **FY16 Projected Reimbursable Amount from FY14 (using CURRENT anticipated acquisitions, FY15)** | **FY16 TOTAL Projected Reimbursable Amount from FY14 & FY15** | **40% of Account Held in Reserve for Reimbursement Purposes, FY16** | **60% of Account Held in Reserve for NEW acquisitions, FY16** | **FY17 Projected Reimbursable Amount, from FY15 purchases** | |
| **ENRTF** | **$ 1,906,625** | $ 1,500,000 | $ (406,625) | $ 2,250,000 | **$ 2,250,000** | $ 599,141 | $ 406,625 | **$ 1,005,766** | TBD | TBD | TBD | |
| **PTLF** | **$ 631,032** | $ 1,130,000 | $ 498,968 | $ 1,695,000 | **$ 2,193,968** | $ 1,660,532 | $ - | **$ 1,660,532** | $ 1,154,977 | **$ 1,740,494** | **$ 505,555** | |
| **Totals** | | | | | | | | | | | | |
| | **$ 2,537,657** | $ 2,630,000 | | $ 3,945,000 | **$ 4,443,968** | $ 2,259,673 | $ 406,625 | **$ 2,666,298** | TBD | TBD | TBD | |
| | * Dakota Co. $1.7 cap applied; includes all portions that will be paid by PTLF, regardless of grant type listed (while funds are available) | **Pays off PTLF parcels in one year, but does not pay off ENRTF parcels** | | | | | | | **Does Not pay off PTLF FY15 purchases in one fiscal year; ENRTF TBD** | | **Would pay off FY15 PTFL parcels in FY17: ENRTF TBD** | |