STATE REGULATIONS GUIDE

SOURCES, MANAGEMENT AND USES OF FUNDS FOR THE REGIONAL PARKS SYSTEM
The Council’s mission is to foster efficient and economic growth for a prosperous metropolitan region

Metropolitan Council Members

<table>
<thead>
<tr>
<th>Name</th>
<th>District</th>
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<tbody>
<tr>
<td>Adam Duininck</td>
<td>Chair</td>
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<tr>
<td>Katie Rodriguez</td>
<td>District 1</td>
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<td>Lona Schreiber</td>
<td>District 2</td>
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<td>Jennifer Munt</td>
<td>District 3</td>
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<td>Deb Barber</td>
<td>District 4</td>
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<td>Steve Elkins</td>
<td>District 5</td>
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<td>Gail Dorfman</td>
<td>District 6</td>
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<td>Gary L. Cunningham</td>
<td>District 7</td>
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<td>Cara Letofsky</td>
<td>District 8</td>
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<td>Edward Reynoso</td>
<td>District 9</td>
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<td>Marie McCarthy</td>
<td>District 10</td>
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<td>Sandy Rummel</td>
<td>District 11</td>
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<td>Harry Melander</td>
<td>District 12</td>
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<td>Richard Kramer</td>
<td>District 13</td>
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<td>District 14</td>
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<td>District 15</td>
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<td>Wendy Wulff</td>
<td>District 16</td>
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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.
## Contents

**Purpose** .............................................................................................................................. 1

**Regulations Guiding Environment and Natural Resources Trust Fund Dollars** ............... 1  
  Pre-Application Phase ........................................................................................................ 1  
  Application Phase .............................................................................................................. 3  
  Grant Award Phase .......................................................................................................... 4  
  Grant Management Phase ............................................................................................... 5  

**Regulations Guiding Parks and Trails Legacy Fund Dollars** .................................................. 6  
  Pre-Application Phase ........................................................................................................ 6  
  Appropriation Phase ......................................................................................................... 8  
  Application Phase .......................................................................................................... 8  
  Grant Management Phase ............................................................................................... 9  

**Regulations Guiding State Bonding Dollars** ..................................................................... 10  
  Pre-Application Phase ..................................................................................................... 11  
  Appropriation Phase ....................................................................................................... 12  
  Grant Award Phase ....................................................................................................... 13  
  Grant Management Phase ............................................................................................. 13  

**Regulations Guiding Operations and Maintenance Dollars** .................................................. 13

### How to Use this Guide

This guide is intended to outline some of the laws and regulations governing the funding sources distributed by the Metropolitan Council. This guide is not intended to be a legal opinion. Questions about the meaning or application of the laws or regulations referred to herein or questions regarding other laws and regulations that may apply should be referred to your own legal counsel. This guide will be updated periodically.
Purpose

The Metropolitan Council (Council) provides funding to 10 regional park implementing agencies in the metropolitan area from various sources, including state dollars. The state dollars come from four distinct sources:

- Environment and Natural Resources Trust Fund
- Parks and Trails Legacy Fund
- State bonds
- Operations and maintenance dollars

Each source has different laws and requirements that govern use of the funds. This document provides an overview of the applicable Minnesota statutes and is intended to provide a quick reference for agency personnel who administer and receive funds. To aid understanding, each of the four state funding sources are described in detail.

Regulations Guiding Environment and Natural Resources Trust Fund Dollars

One source of funds for the Regional Parks System is the Environment and Natural Resources Trust Fund (ENRTF) which is overseen by the Legislative-Citizen Commission on Minnesota Resources (LCCMR). These funds are used for acquisition purposes only. The LCCMR issues a request for proposals every year, which are typically due in March preceding the funding year. The Council submits proposals for acquisition funds to provide funding for its Parks Acquisition Opportunity Fund grant program.

One component of the funding request to the LCCMR is the inclusion of a work plan that identifies all parcels aimed to be acquired for the Regional Parks System. LCCMR guidance on information required for the work plan can be found in their Work Plan Memo.

Once funds have been appropriated to the Council for land acquisition, several important laws and LCCMR procedures apply to the use of those funds. The laws and procedures are organized below according to the applicable grant-funding phases at the Council.

Pre-Application Phase

Minn. Stat. 116P.18

Money appropriated from the trust fund must not be used to purchase land if it is fully or partially owned by the state or a political subdivision of the state or was acquired fully or partially with state money unless both of the following apply:

- The purchase creates additional direct benefit to protection, conservation, preservation, and enhancement of the state’s natural resources; and
- The purchase is approved, prior to the acquisition, by a positive vote from at least 12 members of the LCCMR.
Title Acquisition Requirements

Acquisitions with ENRTF money must:

- Give priority to high-quality natural resources or conservation lands that provide multiple benefits and natural buffers to water resources.
- Be lands identified in an adopted state, regional, or local natural resource plan.
- Have an ecological restoration and management plan that is consistent with the highest-quality conservation and ecological goals for the site. Funding of the plan must be included in the appropriation, or the work plan must address another funding source.
- Provide LCCMR and all others involved with documentation of all related transaction costs, including appraisals, legal fees, recording fees, commissions, other similar costs, and donations. Any difference between the acquisition amount paid and the state certified appraised value must also be reported.
- Not be used in a transaction where the purchase price is in excess of 100% of the appraised value, unless a formal request is approved by the LCCMR.*
- *The Council and LCCMR have agreed upon rules and process for acquisitions between 100-110% above appraised value. Those rules and justification checklist need to be completed and approved by LCCMR.

Laws 2015, Chapter 76

Sec. 2

Subd. 12

Appropriations may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by LCCMR. Money must not be spent on indirect costs or institutional overhead charges not directly related to a specific appropriation. Costs directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if costs can be clearly justified and individually documented specific to the appropriations purpose and would not be generated by the recipient if not for the appropriation.

Subd. 14 b-f

Recipients that use money for restoration must use native plant species according to guidelines put forward by the Board of Water and Soil Resources.

Subd. 14 g

All conservation easements acquired with funds must:

- Be permanent.
- Specify the parties to an easement in the easement.
- Specify all provisions of the agreement that are permanent.
- Be sent to LCCMR in an electric format at least 10 days prior to closing.
• Include a long-term monitoring and enforcement provision and funding for monitoring and enforcing the easement agreement.

• Include requirements in the easement document to address specific groundwater and surface water quality protection activities.

Subd. 14 h
Appropriations shall not be used for a purchase in whole or in part if the purchase price is greater than 100% of the appraised value. Up to 110% may be allowed if permission is received in advance from the LCCMR.

Subd. 14 i
Appropriations must be given to high-quality natural resources or conservation lands that provide natural buffers to water resources.

Application Phase

Fee Title Acquisition Requirements

The applicant must provide to LCCMR:

• List of parcels for proposed fee title acquisitions as described in work plan instructions.

• Description of ecological features, site importance, conservation value, and public benefits for each parcel.

• Parcel-scale map for each acquisition.

• Description of selection process. This includes explanation of the criteria and decision-making process used to rank and prioritize parcels.

• List of all adopted state, regional, or local natural resource plans that include the parcels. Include a link if available.

• Restoration and management. This includes a summary of components and expected outcomes of restoration and management for acquired parcels, how the plans are kept on file for your organization, and overall strategies for long-term implementation, including how future maintenance and management will be financed.

• Statement confirming that county board approval will be obtained.

Laws 2015, Chapter 76

Sec. 2

Subd. 14 j
For new lands acquired, recipient of funds must prepare an ecological restoration and management plan compliant with section C [consistent with the highest-quality conservation and ecological goals for the restoration site. Consideration must be given to soil, geology, topography, and other relevant factors that give the best chance for long-term success and durability. Plan must include a proposed timetable (including preparation, establishment of diverse plan species, maintenance, and additional enhancement to maintenance) and use best available science and include innovative techniques.] and include sufficient funding for implementation.
Grant Award Phase

**Minn. Stat. 16P.17**

**Subd. 1 a**
Recipient of appropriation for property must receive written approval from the commissioner of natural resources prior to acquisition. Approval must be requested at least 10 business days prior to acquisition.

**Subd. 2**
At least 10 days prior to acquiring property, a recipient must submit the most recent tax-assessed value, most recent tax statement for the property, and the amount recipient plans to offer for interest in the property.

**Fee Title Acquisition Requirements**

Provide to LCCMR to fulfill reporting requirements for fee title acquisition:

- Initial land acquisition report
- Transaction cost report
- Annual land acquisition report

**Minn. Stat. 116P.15**

**Subd. 2 c**
Recipient of funding who acquires an interest in property must record a notice of funding restrictions in the appropriate government office where the transaction occurs. This notice must contain:

- A legal description for the property.
- A reference to the underlying funding agreement.
- Reference to this section.
- The following statement "This interest in real property shall be administered in accordance with the terms, conditions, and purposes of the grant agreement controlling the acquisition of the property. The interest in real property, or any portion of the interest in real property, shall not be sold, transferred, pledged, or otherwise disposed of or further encumbered without obtaining the prior written approval of the LCCMR or its successor. The ownership of the interest in real property transfers to the state if: (1) the holder of the interest in real property fails to comply with the terms and conditions of the grant agreement or work plan; or (2) restrictions are placed on the land that preclude its use for the intended purpose as specified in the appropriation."

**Laws 2015, Chapter 76**

**Sec. 2**

**Subd. 14 k**
Within 60 days of transaction, a recipient of funds must provide LCCMR documentation of the selection process used to identify parcels acquired and provide documentation of all related transaction costs (appraisals, legal fees, recording fees, commissions, donations, etc.). This must be provided for all parties involved in the transaction.
Recipient must also report any difference between acquisition amount paid to the seller and the appraised value.

**Subd. 14 k**
A recipient must acknowledge ENRTF support in project publications, signage, and other public communications and outreach related to work completed using the appropriation. This can include the use of the ENRTF logo or language attributing support from the trust fund. Each grant recipient and each recipient of a grant awarded pursuant to this section must satisfy reporting requirements.

**Subd. 15 a**
All agreements, grants, or contracts are administered on a reimbursement basis unless otherwise noted.

**Subd. 18**
Structural and nonstructural facilities must meet ADA design standards.

**Grant Management Phase**

**Minn. Stat. 116P.15**

**Subd. 2 a**
Property must be used in perpetuity for the purpose for which appropriation was made.

**Subd. 2 b**
Intended use of acquired property may not be altered or conveyed without the prior approval of the commission.

- If interest is altered, it may be replaced with property that is at least equal in fair market value as the interest being replaced.
- If interest is altered, it may be replaced with property that is in a reasonable equivalent location and have a reasonably equivalent conservation purpose.

**Minn. Stat. 116P.16**
By December 1 of each year, a recipient [the Council] of an appropriation from the trust fund that is used to acquire interest in property must submit annual reports regarding the status of the property to the LCCMR.

**Laws 2015, Chapter 76**

**Sec. 2**

**Subd. 14 a**
Recipient [the Council] must submit a work plan and semiannual progress reports for projects that receive funds. Modifications to work plan and budget expenditures must be made through amendment process.
Regulations Guiding Parks and Trails Legacy Fund Dollars

Minnesota’s passage of the Clean Water, Land and Legacy Amendment in 2008 created a new funding stream for parks and trails. Under the Amendment, a percentage of the sales tax revenue (14.25%) is spent to support parks and trails of regional or statewide significance. The Parks and Trails Fund provides Legacy Fund dollars to the Metropolitan Council, along with the Department of Natural Resources, and Greater Minnesota Regional Parks and Trails. The Council serves as the fiscal agent for the regional funds and distributes them to the 10 regional park implementing agencies based on a funding formula. The funds are appropriated to the Council on a biennial basis.

Several important laws apply to the Parks and Trails Fund. The laws are organized below according to the applicable grant-funding process at the Council.

**Pre-Application Phase**

**Minn. Stat. 85.53**

**Subd. 3**

Money appropriated from the parks and trails fund to the Council shall be distributed to implementing agencies using the following formula:

- 45% using the allocation formula in 473.351 Subd. 3:
- 31.5% based on each implementing agency’s relative share of the most recent estimate of the metropolitan area population.
- 13.5% based on each implementing agency’s relative share of non-local visits based on the most recent user visitation survey conducted by the Council.
- NOTE: 10% of total funds received must be allocated for grants to implementing agencies for land acquisition within the Council-approved regional parks and trails master plan boundaries. The Council must provide a $2 park bond match for every $3 of state funds for the park acquisition opportunity grant program.

**Laws 2015, Chapter 2**

**Article 3, Section 4, Paragraph o**

By January 15, 2015, the council shall submit a list of projects, ranked in priority order, that contains the council’s recommendations for funding from the parks and trails fund for the 2016 and 2017 biennium to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

Proposed projects should conform to the strategic direction outlined in the 25-year Parks and Trails Legacy Plan. A project must meet at least one of the four strategic directions that ensure a great future for parks and trails:

- Connect people and the outdoors
- Acquire land and create opportunities
- Take care of what we have
- Coordinate among providers
The *2040 Regional Parks Policy Plan* states that the Council will work with partners and stakeholders to identify a minimum percentage that should be used to “connect people and the outdoors.” The exact percentage has yet to be determined, but the policy goes into effect for the 2018-2019 biennium, which begins on July 1, 2017.

Additionally, the *2040 Regional Parks Policy* Plan states that beginning FY 2018-19, the Regional Park Equity Toolkit will be used in the discussion of project priority lists.

**Minn. Stat. 3.303**

**Subd. 10**
The Legislative Coordinating Commission (LCC) requires several elements to be reported annually, listed below. It’s advisable to collect the information in the pre-application phase.

- Name and description of project.
- Name, telephone number, members of the board or equivalent governing body, and email address of the funding recipient, website with detail information on the recipient’s receipt and use of money for the project.
- The amount and source of funding, including the fiscal year of the appropriation.
- The amount and source of additional funding.
- The duration of the project.
- The number of full-time equivalents funded under the project, calculated as the total number of hours planned for the position divided by 2,088.
- The direct expenses and administration costs of the project.
- Proposed measurable outcomes and the plan for measuring and evaluating the results.
- The entity acting as the fiscal agent or administering agency and a point of contact for additional information.

**Minn. Stat. 85.53**

**Subd. 2 a**
A project or program must include measurable outcomes as defined in 3.303 Subd. 10 and a plan for measuring outcomes and evaluating results. Subdivision 10 defines “measurable outcomes” as outcomes, indicators, or other performance measures that may be quantified or otherwise measured in order to determine the effectiveness of a project or program in meeting its intended goal or purpose.

Measurable outcomes provided to the Council must include the following content: project goals, strategic direction, outcome measures, and plan to measure and evaluate outcomes.
Appropriation Phase

2015 Special Session Laws, Chapter 2

Article 3, Section 4 b
Money appropriated under this section must be used to fund the list of recommended projects in the report submitted in accordance with Laws 2013, Chapter 137, Article 3, Section 4, Paragraph o. Projects must be substantially consistent with the project descriptions and dollar amounts in the report. Any remaining funds after completion of projects included on the prioritized project list may be spent by the implementing agencies on projects to support parks and trails.

Article 3, Section 2, Subd. 2
Money appropriated may not be spent on activities unless they are directly related to and necessary for a specific appropriation.

Money must be spent in accordance with Minnesota Management and Budget’s Guidance to Agencies on Legacy Fund Expenditure.

Article 3, Section 4 c
Grant agreements between the Council and recipients of money from this appropriation must ensure that funds are used to supplement and not substitute for traditional sources of funding.

Article 3, Section 4 d
Implementing agencies shall give consideration to contracting with Conservation Corps Minnesota for restoration, maintenance, and other activities.

Application Phase

Minn. Stat. 85.53

Subd. 2 a
A project or program must incorporate state-of-the-art technologies, except when it is a portrayal or restoration of historical significance.

Subd. 2 c
Recipient (in this case the Council) must compile and submit all information for funded project or programs to the LCC. This includes proposed measurable outcomes and all other requirements in 3.3030 Subd. 10 (see below) that are submitted to the LCC as soon as practical or by January 15 of the applicable fiscal year, whichever comes first.

Subd. 2 d
Proposals (grant agreements) must specify a process for any re-granting envisioned.

Minn. Stat.3303, Subd. 10

When applicable, information must be compiled and submitted for any grant recipient or other sub-recipient of funding. Information, including proposed measurable outcomes, must be made available on the website as soon as practicable. Information on the measured outcomes and evaluation must be posted as soon as it becomes available. For purposes of this section, “measureable outcomes” means outcomes, indicators, or
other performance measures that may be quantified or otherwise measured in order to determine the effectiveness of a project or program in meeting its intended goal or purpose.

- Name and description.
- Name, telephone number, members of the board or equivalent governing body, and email address of the funding recipient, website with detail information on the recipient’s receipt and use of money for the project.
- The amount and source of funding, including the fiscal year of the appropriation.
- The amount and source of additional funding.
- The duration of the project
- The number of full-time equivalents funded under the project, calculated as the total number of hours planned for the position divided by 2,088.
- The direct expenses and administration costs of the project.
- Proposed measurable outcomes and the plan for measuring and evaluating the results.
- The entity acting as the fiscal agent or administering agency and a point of contact for additional information.

Grant Management Phase

**Minn. Stat. 85.53**

**Subd. 2 d**
Grants are subject to 16B.98 (Grants Management Process) and must account for all expenditures.

**Subd. 2 f**
A recipient of an appropriation shall prominently display the legacy logo on website home page with the phrase “Click here for more information.” When clicked it must direct the person to a web page that includes contact information that can be used to obtain additional information and a link to the LCC website.

**Subd. 2 g**
Future eligibility for money is contingent upon a state agency or other recipient satisfying all requirements in Section 85.53, Subd. 2 as well as any additional session law requirements.

If the Office of the Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient of money from the parks and trails fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient must be listed in an annual report to the legislative committees with jurisdiction over the legacy funds. The list must be publicly available. The legislative auditor shall remove a recipient from the list upon determination that the recipient is in compliance. A recipient on the list is not eligible for future funding from the parks and trails fund until the recipient demonstrates compliance to the legislative auditor.
**Subd. 4**
Data collected by the projects funded with money from the parks and trails fund must conform to the enterprise information architecture developed by Office of MN IT Services. Spatial data must conform to GIS guidelines and standards adopted by Minnesota Geographic Data Clearinghouse at the Minnesota Geospatial Information Office. To the extent practicable, summary data and results should be readily accessible on the Internet and identified as parks and trails fund projects.

2015 Special Session Laws, Chapter 2

Article 3, Section 2, Subd. 3
Where appropriate, grant recipients should consult with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions to make progress toward providing greater access to programs, print publications, and digital media for people with disabilities.

Regulations Guiding State Bonding Dollars

The Council’s Capital Improvement Program (CIP) for the Regional Parks System is partially funded by state bond dollars and is guided by several important laws and procedures. These laws and procedures are organized below according to the applicable grant-funding process at the Council.

The Minnesota Management and Budget (MMB) office provides oversight of state bond proceeds. MMB has extensive resources available and is organized based on the type of funded project (for example, development projects or acquisition).

**MMB Grants Manual**

The MMB lays out the roles and responsibilities for various parties involved, as identified below.

**Role of the Council**
- Prepare grant agreements for review and approval by the local grantee.
- Forward design documents to the legislature for review.
- Review project operating budget.
- Answer questions regarding the grant-making process.
- Sign the completed grant agreement.
- Review invoices and approve payments to the grantee.
- Enforce provisions of executed grant agreements.

**Role of the Implementing Agency**
- Read the requirements contained in state statutes, the MMB Grants Manual, and state grant agreements.
- Consult with your local legal and financial advisors.
- Provide all information requested by state agencies, including a complete sources and uses of funds.
• Review the capital project checklist (all questions must be answered “Yes” to receive state funds).
• Review and sign the grant agreement.
• Review and sign the use agreement, if applicable.
• Provide payment requests to the state granting agency with appropriate documentation.
• Complete the project.
• Operate the project.
• Record a real property declaration acknowledging the restrictions on bond-financed property.
• Certify annually to the granting agency and MMB the continuing operation of the project for the intended purpose.

Pre-Application Phase

2040 Regional Parks Policy Plan

Consistent with the Council’s Parks Policy Plan, proposed projects must be consistent with Council approved master plans, and a proposed project must be prioritized by the implementing agency.

Metropolitan Council Allocation Formula:

• The population within the jurisdiction of each park implementing agency compared to the region’s total population. (Weighted 70%.)
• The number of visits a park agency hosted from people who live outside the park agency’s jurisdiction. (Weighted 30%.)

MMB Checklist

The checklist on pages 4-7 of the State of Minnesota Capital Grants Manual should be referred to during project identification. When completed, all questions should be answered “Yes.”

NOTE: Beginning FY 2019, the Regional Park Equity Toolkit will be used in discussion of project lists.

Minn. Stat. 16B.335 - Predesign

Subd. 1

(a) Recipient of an appropriation used to acquire or better public lands, buildings, or other public improvements of a capital nature must not prepare final plans and specifications for any construction, major remodeling, or land acquisition in anticipation of appropriation until the agency has presented the program plan and cost estimates to the chair of the senate Finance Committee and the chair of the house of representatives Ways and Means Committee. Chairs are allowed to make recommendations. Additionally, the chair and ranking minority member of the senate Capital Investment Committee and the chair and ranking minority member of the House of Representatives Capital Investment Committee must be notified.
The presentation to the legislative committee chairs must:

- Note any significant changes in the work or cost since the predesign submittal.
- Be submitted for review at least two weeks before the recommendation is needed.

Any resulting recommendations from the committee chairs are only advisory.

(b) Relevant projects that are exempt from requirement (a) include hazardous material projects, parking lots, parking structures, exterior lighting, fencing, roads, bridges, trails, pathways, campgrounds, athletic fields, floodwater retention systems, water access sites, local government projects with a construction cost of less than $1,500,000, or any other capital project with a construction costs less than $750,000.

**Subd. 2**

All other projects where an appropriation is made may not proceed until the agency has notified the chairs and ranking minority members of the senate Capital Investment and Finance Committees and the house of representatives Capital Investment and Ways and Means Committees that the work is ready to begin.

Notice is not required if the project is needed to comply with the Americans with Disabilities Acts, for preservation projects to which 16B.307 applies, or for projects funded by an agency’s operating budget or by a capital asset preservation and replacement account.

**Subd. 3**

This subdivision does not apply to capital projects for park buildings owned by a local government unit in the metropolitan area.

**Subd. 4**

A recipient must ensure that the project complies with the applicable energy-conservation standards contained in law, including 216C.19 and 216C.20.

Recipients can obtain information and technical assistance from the State Energy Office in the Department of Commerce on the energy-conservation and alternative-energy development relating to the planning and construction of the capital improvement project.

**Appropriation Phase**

Projects must only be those submitted to the legislature during the applicable biennium.

**MMB guidance after bonding bill is passed**

- Council match
- Staff costs
- Review of important considerations
- State-required bond declaration for acquisitions
- MMB reporting
- Jobs reporting (Information regarding this item is forthcoming.)
Grant Award Phase

Grant agreement templates provided by MMB should be consulted to ensure the Council grant agreement is in compliance with required language. The appropriate template depends on type of project.

Grant Management Phase

Minn. Stat. 16A.695

Subd. 3
An agency shall not sell any state bond financed property unless the agency determines by official action that the property is no longer usable or needed by the agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner.

If the sale results in net proceeds:

- The proceeds of the sale must be paid to the commissioner and deposited in the state treasury;
- Or the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; third, to pay interested public and private entities, other than any public officer or agency or any private lender already paid in full, the amount of money contributed to the acquisition or betterment of the property; and fourth, any excess over the amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose.

Regulations Guiding Operations and Maintenance Dollars

State funds are appropriated to assist with the operations and maintenance of the Regional Parks System. The operation and maintenance funds come from two sources: the state general fund and Lottery in Lieu of Sales Tax. The funds are distributed to regional park implementing agencies annually. Relevant statutory language guiding these funds is found below.

Minn. Stat. 473.351

Subd. 2
Annually before August 1, the Council shall distribute grant money received for operation and maintenance. The Council shall then report the amount distributed to the Legislature.

Subd. 3
By July 1 of every year, each implementing agency must submit to the Metropolitan Parks and Open Space Commission (MPOSC) a statement of the next year’s annual anticipated operation and maintenance expenditures for the part of the regional parks
system within their jurisdiction as well as the previous year’s actual expenditures. After review and by July 15, the MPOSC shall forward the funding requests to the Council based on the actual expenditures made. The Council shall distribute the money as follows:

- 40% based on use in proportion to total use of the regional park system.
- 40% based on the operations and maintenance of the previous year by each implementing agency in proportion to the total operation and maintenance expenditures of all implementing agencies.
- 20% based on the regional open space acreage in proportion to the metropolitan regional open space.

Each implementing agency must receive no less than 40% of its actual operation and maintenance budget to be incurred in the current calendar year as submitted to the MPOSC. However, if available operations and maintenance money is less than the total amount determined by the formula, including the preceding, the agencies will share available money in proportion to the amounts they would otherwise receive from the formula.

**Subd. 6**

A regional park implementing agency receiving operations and maintenance grant money must:

- Sell or promote licenses, passes, or registrations required to engage in recreational activities appropriate to the park when a building on the park site is staffed and open to the public; and
- Provide drinking water supplies adequate for the recreational uses of the park. Each implementing agency must consult with users to determine the adequacy of drinking water supplies.