

Meeting Date: 08/15/24 Business Item: CURRENT BUSINESS

Item Number: **5A**

Division: Planning, Design & Technology

Originating Source: Jonathan Vlaming, Associate Superintendent

Agenda Item: Acquisition Funding Background, Status Update, and Projections

Superintendent's Recommendation:

NO ACTION REQUIRED; THIS ITEM IS FOR INFORMATION AND DISCUSSION.

Prepared By: Kelly Grissman, Director of Planning

Background:

Funding Background

Three Rivers' acquisitions are typically funded in part by Three Rivers' Land Acquisition, Development, and Betterment Fund (LADB) (25% of an acquisition) and grant funding from the Metropolitan Council's Parks Acquisition Opportunity Fund (PAOF) (75% of an acquisition). The Council's PAOF program is funded through the Parks and Trails Legacy Fund/Council Bond Funds (PTLF) and/or the Environment and Natural Resources Trust Fund/Council Bond Funds (ENRTF).

The Council's PAOF program is non-competitive, and grants are awarded based on funding availability. Grants are awarded on a first-come, first-served basis and each implementing agency is eligible for up to \$1.7 million for acquisitions from the PTLF program and up to \$1.7 million from the ENRTF program per state fiscal year (July 1 - June 30), for a total of \$3.4 million in PAOF funding per state fiscal year. Implementing agencies can use both PTLF and ENRTF funding in a single acquisition to access the full amount of PAOF dollars allowable.

The Council's PAOF program includes the following restrictions:

- Only acquisitions identified in an approved long-range plan are eligible for funding.
- The purchase price must be supported by an MAI appraisal.
- The Council will not approve any PAOF grants with a purchase price that exceeds 110% of the appraised value unless the use of eminent domain was required. For grants that have a purchase price exceeding 100% of the appraised value, PTLF will be used when available. In special circumstances, ENRTF may be used for grants with purchase prices up to 110% of the appraised value.
- ENRTF funding is for the acquisition of property with significant natural resources and cannot be used to acquire residential structures that are habitable. It can be used to acquire property with outbuildings and residential structures that are no longer deemed habitable.

Three Rivers planning staff work to stage acquisitions to best capitalize on this funding programming and to utilize ENRTF funding whenever possible as there is less demand for it given its restrictions.

Funding Status Update and Projections

In recognition of the increase in acquisition opportunities over the last year and foreseeable future, staff put together a snapshot of our current and anticipated acquisition opportunities to illustrate the impact on the LADB account as well as the Council's PAOF annual limits of \$1.7 million per acquisition account **(See Annual Summary Table Below)**. Please note this should be viewed as financial planning exercise only as some figures are very high level and are expected to change as appraisals and additional assessments are completed.

For FY 2024, the Board approved the acquisition of five properties along the Rush Creek Regional Trail in Maple Grove and the West Mississippi River Regional Trail in Dayton. Once all of these properties are acquired and the associated acquisition costs all realized, the LADB balance is projected to be about \$865,000.

Annual Summary Table

	Est. ENRT Funding	Est. PTLF Funding	Est. LADB	Total
Current FY 2025 Balances/Capacity	\$1,700,000	\$1,700,000	\$865,059	\$4,265,059
FY 2025 - Pending Board Approval (8/15/2024)	\$1,125,000	\$900,000	\$675,000	\$2,700,000
Remaining Balance/Capacity	\$575,000	\$800,000	\$190,059	\$1,565,059
FY 2025 - Tentative Acquisition	\$36,750	\$902,882	\$280,711	\$1,220,342
Remaining Balance/Capacity	\$538,250	(\$102,882)	(\$90,652)	--
FY 2026 - Tentative and Committed Acquisitions	\$1,000,000	\$712,500	\$237,500	\$1,950,00
Remaining Balance/Capacity	\$700,000	\$987,500	(\$328,152)	--

In consideration of the above information, staff offer the following summary items for Board discussion and considerations in respect to current and future acquisition opportunities:

- If the Board approves the two purchase agreements today for the Diamond Lake and West Mississippi River Regional Trails in Dayton, the LADB fund will drop to about \$190,000.
- Proceeding with other FY 2025 tentative acquisition opportunities will exceed the PTLF capacity by about \$100,000 and require an estimated additional \$90,000 in LADB funding.
- Proceeding with the FY 2026 tentative/committed acquisition opportunities will require additional LADB funding.

The provided acquisition summary only includes known acquisition opportunities. Staff fully expect additional opportunities to occur over the foreseeable future especially along the Diamond Lake, Rush Creek and West Mississippi River Regional Trail corridors where development is ongoing.

Relationship to the System Plan:

The Request for Action supports the following goal(s) of the System Plan:

Goal 2: Parks Matter

Goal 3: Lead by Example