

CITIZENS LEAGUE REPORT

No. 154

**Hennepin County Park Reserve Board
Bond Issue**

March 1963

TO: Board of Directors

FROM: Government Organization Committee

SUBJECT: Findings and Recommendations Concerning the Hennepin County Park Reserve District's Request for Increased Bonding Authority

PREPARED BY: The County Park Bonds Subcommittee, Mrs. Stanley G. Peterson, Chairman

154

APPROVED

BOARD OF DIRECTORS

MAR 14 1963

DATE

SCOPE OF REPORT

This report deals with the Hennepin County Park Reserve Board's request for legislative authorization to sell an \$8 million bond issue. The Park Board's request is set forth in a bill which is now before both Houses of the Minnesota Legislature (H.F. 761 and S.F. 716).

In considering this question, other factors, such as the organization of the Park Reserve District and its relationship to other governmental agencies both within and without the county inevitably became a part of our deliberations. However, the recommendations in this report are concerned primarily with the merits or demerits of the Park District's request for additional bonding authority as these requests have been set forth in the proposed legislation.

In the course of this study the Government Organization Committee met with Mr. Russell Zakariasen, chairman of the Hennepin County Park Reserve Board, and Mr. Clifton Frensh, the Park Superintendent. Our subcommittee has held four additional meetings and has met with County Park Board members, Larry Haeg (former chairman) and Fred King. The subcommittee was composed of the following members: Mrs. Stanley G. Peterson, chairman, Dave Forester, Ralph Forester, James Hawks, Sally Luther, Clement Springer, Allan Saeks and Mrs. W. J. Vaughan.

The subcommittee report was reviewed and approved by the Government Organization Committee prior to its submission to the Citizens League Board of Directors.

FINDINGS

1. Additional land is needed for the Hennepin County Park System. Immediate action to acquire land is necessary if the District is to preserve some of the county's natural scenic resources as a heritage for future generations and obtain adequate sites for leisure and recreation. In fact, the County Park District now owns only about 25% of the amount of land it should have to serve the county's present population.

This is the overriding factor in this issue--a factor which transcends all other considerations since it is a virtual certainty that potential park sites which have been pre-empted for private development will never again be available to the public.

2. On the basis of national standards and Hennepin County's anticipated 1980 population, the County Park Board has estimated that it will need 12,000 acres of county park land by 1980. We believe that this is a reasonable goal and that the County Park District should increase its land holdings to 12,000 acres.

3. Since a primary purpose of the land acquisition program is the reservation of land for future use, we believe that it is proper to spread the payment for the lands over a long period of time. In our opinion, long-term bonds are the proper means for financing an investment in the future such as the acquisition of county park lands.

4. We believe that the legislation which has been proposed by the County Park Board is deficient in several respects:

a. The language in the proposed bill is somewhat vague. It gives the Park Board authority to issue bonds in the amount of \$8 million "for the purpose of financing the acquisition and betterment of park facilities". There is no explanation of what is to be included under the term "betterment" nor is there any limitation on the sum of money to be devoted to this purpose rather than to land acquisition.

b. The bill provides no check whatsoever either by the voters or by any other group on the County Park Board's expenditure of this large sum of money. Indeed, the bill would not even require the Park Board to inform anyone of the expenditures it is going to make.

c. The Park Board's proposal makes no provision, either by a permissive clause in the Board's bill or by a companion measure, to bring the City of Minneapolis into the County Park District. Despite the fact that the quantity of the land which the county is proposing to purchase is based upon the future needs of the entire county, including the residents of the City of Minneapolis, the full burden of financing this acquisition will fall exclusively upon the suburban and rural residents of the county.

d. The Park District has not presented any documentation concerning the impact of this proposal upon the District's limited operating and development budget.

e. The District's proposal does not appear to take into account other related programs and proposals, such as the federal grants for acquisition of parks and open space or the establishment of new state parks.

RECOMMENDATIONS

1. The Hennepin County Park Reserve District should be given legislative authorization to obtain funds for park acquisition through an \$8 million bond issue. The County Park District's bill should be passed with the following modifications:

a. The legislation should state that no part of the bond issue in excess of a specified percentage of the total \$8 million may be used for purposes other than land acquisition. In the absence of any plans by the Park District or directional conclusions on the part of the Park District concerning its development program, we suggest that the bill should stipulate that no more than 5% of the total bond issue can be used for purposes other than land acquisition.

b. The legislation should require the County Park Board to formulate and formally adopt, within the context of the District's General Plan, a bond expenditure program which would indicate the approximate location and size of the areas to be acquired with the expenditure of bond funds and a description of the development work which would be financed by the bond issue.

c. The legislation should require the Park Board to officially transmit its program as described above to the governing body of each municipality within the Park District. However, approval of the program by the municipalities should not be required as a condition for the expenditure of bond funds.

d. The legislation should require the Park Board to transmit its bond expenditure program to the Twin Cities Metropolitan Planning Commission for evaluation by that agency. However, approval of the program by MPC should not be required as a condition for the expenditure of bond funds.

e. The legislation should require the Park Board to hold a public hearing or hearings on its proposed land expenditure program before selling any bonds to finance the program. This would give the residents of the District an opportunity to be heard on the Park District's proposal. The hearing should be preceded by proper publication of the program and notice of the hearing.

f. The Park District Board should be required to publicize its annual budget and to hold a public hearing or hearings on the budget prior to its adoption by the Park Board.

2. The Park District should give full consideration to the possibility of obtaining 30% matching funds through the federal government's parks and open space program for the acquisition of park land. By using these funds the County Park District could acquire the land it needs with a smaller expenditure of local funds.

3. We believe that the state should establish additional parks close to the metropolitan area. However, we do not believe that this possibility should be used as a justification for either postponing the acquisition of land by the County Park District or diminishing the amount of land the Park District should acquire.

4. We wish to reiterate a long-standing Citizens League recommendation that the City of Minneapolis should become a part of the Hennepin County Park Reserve District. While the City of Minneapolis has an excellent long established park system, on a per capita basis several suburban communities now own more park land than does the City of Minneapolis. It is important to realize that the parks being acquired by the County Park District are of a different character than the more familiar local parks. The county parks fulfill needs which cannot be met by local parks and the County Park District proposes to buy sufficient land to meet the requirements of the entire county, including the residents of Minneapolis for parks of this type.

While we firmly believe that the City of Minneapolis should become a part of the County Park District as soon as possible, we do not believe that the County Park District land acquisition program should be delayed until Minneapolis has assumed its proper responsibilities in this regard. The primary concern is to establish a park system by acquiring land which may be unavailable within a few years.

However, while it may be somewhat beyond the scope of this report, we urge the 1963 Minnesota Legislature to pass legislation which would permit the City of Minneapolis to become a part of the Hennepin County Park Reserve District.

BACKGROUND

Eleven years ago, in 1952, the Citizens League and others began to work for the establishment of a county-wide park district in Hennepin County. The Citizens League proposal to establish county park districts was enacted by the state Legislature during the 1955 session. In 1957 the Hennepin County Park Reserve District was actually formed by the Hennepin County Board of Commissioners following the submission of petitions signed by a majority of the city and village councils within the proposed district. Also, in 1957 the Hennepin County Board of Commissioners appointed the first County Park Board. This Board now consists of seven members elected by the voters residing in the county outside of the City of Minneapolis--three at large and four from districts. The Board members serve without compensation.

Purpose

The purpose in establishing the Park Reserve District was to enable the county to receive, manage and develop gifts of land (such as Baker Park and Wawatosa Island) and to purchase suitable acreages for park development. This purpose is described in the law as "not the establishment of parks and playgrounds of a local or neighborhood character but rather the acquisition and development and maintenance of large parks, forest and other reservations, wild life sanctuaries, and of means for public access to historic sites and to lakes, rivers, streams and to natural phenomena"

Before it may acquire any land within an incorporated municipality, either by purchase or condemnation, the Park District Board must obtain the consent of the governing body of the municipality. Upon the request of a municipality, the Park District pursuant to contract may operate local park facilities for the municipality. If the District wishes to purchase land within another county, it must first obtain the consent of the County Board of Commissioners of that county.

Financing

The Park District now has the authority to sell bonds to finance land acquisition in a total amount not to exceed one-tenth of one percent of the full and true value of all taxable property within Hennepin County, excluding the City of Minneapolis. At the present time, this allows the Board to have approximately \$659,000 in bonds outstanding. The Board is now at the limit of its present bonding authority. The proceeds of the bond sales have been used to purchase options on land, generally at an option cost of 6% of the total purchase price. By this means the Board can tie up a parcel of available and desirable land but the cost of the option adds to the cost of the acreage which the Board acquires.

During the past few years, the District has been paying off its bonds two years after their sale. As viewed by some people, this procedure has had the effect of using bonding authority to circumvent the tax levy limitation since the District may and does levy taxes beyond its 18¢ per capita tax limitation to pay off the bonds.

The present law permits the Park District to increase its debt limit to one-half of one percent of the full and true value of all taxable property within the district by means of a referendum. Based upon present valuations the Park District's debt limit could be raised to approximately \$3,300,000 by this means.

The District is also authorized to levy a tax for operating funds in an amount not to exceed 18¢ per capita based upon the population of the county, excluding the City of Minneapolis. This limitation does not include the levy needed to retire the District's bonds. The present law authorizes the District to increase its operating levy to 35¢ per capita by referendum.

Planning

A county parks plan prepared by Felix Dhainin and Charles Doell of the Minneapolis Park System was adopted by the Hennepin County Park Reserve District Board in 1958. This plan establishes a goal of about 12,000 acres of land for park reserve district purposes. The goal is based upon the anticipated population increases in the county by the year 1980. The plan designates general areas within the county as desirable locations for future park sites. Although some of the areas which were recommended in the 1958 district plan since have been eliminated because of increased land costs or the inability to obtain municipal consent for the acquisition, the plan has not been revised officially since its adoption in 1958. However, the law requires the district to revise its plan every five years and therefore the plan will be updated during 1963.

Land Acquisition

In 1958 Baker Park on Lake Independence was transferred to the jurisdiction of the Hennepin County Park Reserve District by the Minneapolis Park Board which had managed the park until the county was ready to assume responsibility for the park. Since that time the Park District has acquired various parcels of land and the District now has about 1,800 acres under ownership or under contract.

Minneapolis

From the time of the Park District's establishment, the Citizens League has consistently maintained that Minneapolis should be a part of the Hennepin County Park Reserve District. But, for political reasons, it was necessary to exclude Minneapolis from the District in order to secure passage of the legislation. In 1959 the Legislature passed a bill to permit Minneapolis to become a part of the Park District. The County Park Board, the Hennepin County Board of County Commissioners and the Minneapolis Park Board all approved of Minneapolis' inclusion but the City Council turned it down and therefore the city did not become a part of the Park District. Proposed legislation which would have permitted the City of Minneapolis to become a part of the Park District failed to win approval in the 1961 Minnesota Legislature. A special law would now be required to permit Minneapolis to become a part of the Park District.

RESUME OF LEGISLATION PROPOSED BY THE COUNTY PARK DISTRICT

In order to obtain funds to accelerate its land acquisition program the Hennepin County Park Reserve District has introduced a bill into the 1963 Minnesota Legislature to increase the District's bonding authority. The bill would:

1. Authorize the County Park Board to sell general obligation bonds to the amount of \$8 million for the purpose of "financing the acquisition and betterment of park properties and facilities", and
2. Terminate the District's existing bonding authority except that the District could use its existing authority for the purpose of rescinding its outstanding obligations. The bonds outstanding would not be counted as part of the \$8 million bond issue which would be authorized by this bill.

The Park District has estimated that the payments on an \$8 million issue of 25-year bonds at $4\frac{1}{2}\%$ interest could be met with a mill levy of two mills or less. The total interest cost estimated by the District is \$5,900,000.

DISCUSSION OF FINDINGS AND RECOMMENDATIONS

County Park Lands Are Needed

Commonly accepted national standards state that each municipality should provide 10 acres of municipal parks for every 1,000 persons living within the municipality. Within Hennepin County, Edina with 26.2 acres per 1,000 persons, Bloomington with a ratio of 16.9, Brooklyn Center with 11.9 and Minneapolis with 11.5 acres of parks per 1,000 persons all exceed this standard. Some of the other suburbs, such as Richfield with 8.9 acres per 1,000 persons and St. Louis Park with a ratio of 8.1, are very close to meeting the standard.(1)

National standards also call for 10 acres of county, metropolitan or regional parks for every 1,000 persons in addition to the acreage needed for local park purposes. County or metropolitan parks are quite different from the more familiar local parks. Whereas local parks generally are intensely developed, smaller parks located close to the homes of users, county parks generally are large, natural recreational areas which require little development. In short, county parks are more in the nature of natural preserves which permit the urban resident to enjoy activities such as camping, hiking, fishing or boating.(2)

At the present time, the County Park District owns only 1,800 acres of land, including land which the District does not yet own but has a contract to purchase. The county population is now over 800,000 people. On the basis of the standard of 10 acres per 1,000 people, the county should therefore have about 8,000 acres of county park--approximately four and one-half times more than the 1,800 acres the County Park District now owns. Based upon population projections for Hennepin County, the County will need 12,000 acres of county parks by the year 1980 if the county is to meet this standard.

While the application of national standards to a particular local circumstance might be questioned, we do not have any reason to believe that the standards are too high. Actually the need for parks may well increase in the future, not only because there will be more people but also because people will probably have more time to use parks.

Because of Hennepin County's rapid growth the County Park District is faced with spiraling land values and the pre-emption of potential park sites by development. Delay in the County Park District's land acquisition program will probably mean that the District will be unable to obtain some of the choice park sites it should have. Once the land has been developed, it will be unavailable for park purposes.

We strongly believe that the Hennepin County Park Reserve District should acquire additional county park lands and that the District should be provided with the funds necessary to accelerate its land acquisition program.

-
- (1) Based upon 1960 populations and 1962 park acreage data as reported by the Minnesota Natural Resources Council in Natural Resources of Minnesota: 1962, p. 20.
 - (2) For a more complete discussion of this type of park see Twin Cities Metropolitan Planning Commission, Metropolitan Parks (June, 1960).

Park Acquisition Should Be Financed by Bonds

The acquisition of land for park purposes is an investment in the future. It constitutes the purchase of a commodity which is generally considered to be a good investment and one which probably will not depreciate in value. One of the purposes of the investment is the preservation of a natural resource for use in years to come. Because of these factors, we believe that this is the type of program which should be financed by a long-term bond issue.

The County Park District has estimated that at its current rate of land acquisition it would take the District up to 25 years to buy 12,000 acres of land at current market prices. Aside from the fact that the program probably never could be accomplished at this rate, such a program would be more expensive in the long run. The Park District has estimated that the acquisition of 10,000 acres would cost about \$16 million if these purchases were made over the next 10 to 15 years whereas, if the purchase were made immediately the acquisition would cost about \$8 million.

The Proposed Legislation Should Be Modified

While we fully agree that the Hennepin County Park Reserve District should be authorized to sell an \$8 million bond issue, we believe that the District's proposed legislation should be amended in several important respects. First, the legislation should place a limitation upon the percentage of the total bond issue which may be used for purposes other than land acquisition. It is our opinion that the most crucial factor in this issue is the acquisition of the necessary land while it is still obtainable at a reasonable price. Park development or "betterment" programs should not be allowed to usurp the acquisition funds.

While we fully agree that the parks should be developed as soon as possible in order that the people of Hennepin County may start to realize some enjoyment from their investment, we believe that the development program can be deferred more readily than can the acquisition program. Once the land is owned by the Park District it can be developed at any time, but once the land has been used for some other purposes, it can never be obtained for parks.

In the absence of any documentation from the Park District about the betterment program which the District hopes to finance from the proceeds of the bond issue, we have been unable to gauge the percentage of the total bond issue which should be available for non-acquisition purposes. Therefore, we have arbitrarily suggested a figure of not more than 5% of the total bond issue as that amount which the District should be permitted to use for purposes other than land acquisition. In the absence of further information, we do not believe that this figure should be any higher since the primary purpose of the bond issue is and should be land acquisition.

To the extent that the District can reduce its land acquisition costs by the use of federal funds or other means, additional money would be available for development purposes. If this occurs or some other factor develops in future years the Legislature could increase the percentage which the District could use for purposes other than land acquisition.

A possible variation of the above recommendation would be to prohibit the District from expending any bond funds for purposes other than land acquisition until such time as the District has completed the purchase of 12,000 acres of park reserve land.

A factor which disturbed us more than any other in our consideration of the Hennepin County Park Reserve District's proposal is the absence of any check upon the

expenditure of the money by the Park District Board. If the Park Board had a firm program for the expenditure of the funds the Legislature and the people of the county would be able to review that program prior to the enactment of legislation authorizing the District to sell the bonds. However, to the best of our knowledge, the Park District does not have a program of this nature. Therefore, once the Park District Board has obtained authorization to sell the bonds it would have complete discretion over the use of the funds within the broad limits prescribed in the Park Reserve District Act.

After considering many possibilities we came to the conclusion that the Park District Board should not be required to obtain approval for its expenditure proposals other than that which is given by the Legislature. However, we do believe that the people and the governmental units within the District should be given the opportunity to review the Park District's proposal and to express their views on these proposals before the District expends any proceeds of the bond issue. To accomplish this we have recommended that the Park District be required to adopt a more specific plan and capital expenditure program, to publicize the program and to hold hearings prior to the issuance of the bonds.

We have also recommended that the Hennepin County Park Reserve District should be required to submit its plans and capital expenditure program to the Twin Cities Metropolitan Planning Commission for evaluation by that agency before issuing any bonds. We believe that the MPC as an official agency charged with the responsibility of coordinating planning within the metropolitan area should be given an opportunity to review a program with as much potential impact upon area development as the establishment of the Hennepin County Park Reserve District has. However, approval of the Park District plans by MPC should not be required as a condition for the issuance of the bonds.

Minneapolis Should Become a Part of the County Park District

In a 1959 report the Citizens League stated, "The objectives of the Reserve District set forth in the creative act as well as the subsequent long-range plan adopted by the Hennepin County Park Reserve District clearly indicate that residents of Minneapolis will share in the benefits equally along with those residents of suburban Hennepin County. It is to the benefit of all citizens of Hennepin County and especially those within the densely populated areas to preserve accessibility to lakes, forests and other natural and historic sites within a reasonable distance of the city. It is therefore urgent that Minneapolis residents join now with suburban residents in the foresighted responsibility of acquiring, financing and planning a county-wide park reserve system while land of the proper type is still available." (3)

It has long been the contention of the city officials opposed to Minneapolis' participation in the Park District that the City of Minneapolis has met its own park needs and therefore does not need to become a part of the County District. We agree that Minneapolis has a marvelous park system, the lands for which were reserved by a handful of foresighted citizens many years ago. However, as pointed out earlier, some of the suburban communities which are a part of the County Park District own more park land per capita than does the City of Minneapolis. The type of facility which will be developed by the County Park District is considerably different from most of the parks in the Minneapolis park system. Although Minneapolis has several parks which could be classified as regional parks instead of local parks, the City of Minneapolis falls far short of meeting its total needs for facilities of this type. Certainly,

(3) Citizens League of Minneapolis and Hennepin County, City and County Parks Committee Report, February 1959, p.2.

Minneapolis residents will use the county parks and the County Park System plans contemplate use by the residents of Minneapolis. In fact, a survey has shown that a large percentage of the users of the county's Baker Park are residents of Minneapolis. We have also been told that the Minneapolis Recreation Department even uses Baker Park in its organized day camp program.