

SF2250 - 0 - Upper Sioux Agency State Park Land Transfer

Chief Author: **Mary Kunesh**
 Committee: **Legacy and Natural Resources**
 Date Completed: **3/21/2023 8:25:11 AM**
 Lead Agency: **Natural Resources Dept**
 Other Agencies:
 Historical Society Minn Management and Budget
 Transportation Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Historical Society	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Minn Management and Budget	-	250	-	-	-	-
General Fund	-	250	-	-	-	-
Natural Resources Dept	-	5,338	50	50	50	50
General Fund	-	5,338	50	50	50	50
Transportation Dept	-	1,193	-	-	-	-
Trunk Highway	-	1,193	-	-	-	-
State Total	-	6,781	50	50	50	50
General Fund	-	5,588	50	50	50	50
Trunk Highway	-	1,193	-	-	-	-
Total	-	6,781	50	50	50	50
Biennial Total			6,831			100

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Historical Society	-	-	-	-	-
General Fund	-	-	-	-	-
Minn Management and Budget	-	-	-	-	-
General Fund	-	-	-	-	-
Natural Resources Dept	-	1.75	.25	.25	.25
General Fund	-	1.75	.25	.25	.25
Transportation Dept	-	.5	-	-	-
Trunk Highway	-	.5	-	-	-
Total	-	2.25	.25	.25	.25

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/21/2023 8:25:11 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Historical Society	-	-	-	-	-
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	250	-	-	-
Natural Resources Dept					
General Fund	-	5,338	50	50	50
Transportation Dept					
Trunk Highway	-	1,193	-	-	-
Total	-	6,781	50	50	50
Biennial Total			6,831		100
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Historical Society	-	-	-	-	-
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	250	-	-	-
Natural Resources Dept					
General Fund	-	5,338	50	50	50
Transportation Dept					
Trunk Highway					
Expenditures	-	1,283	-	-	-
Absorbed Costs	-	(90)	-	-	-
Total	-	6,781	50	50	50
Biennial Total			6,831		100
2 - Revenues, Transfers In*					
Historical Society	-	-	-	-	-
General Fund	-	-	-	-	-
Minn Management and Budget					
General Fund	-	-	-	-	-
Natural Resources Dept					
General Fund	-	-	-	-	-
Transportation Dept					
Trunk Highway	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

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Chief Author: **Mary Kunesh**
 Committee: **Legacy and Natural Resources**
 Date Completed: **3/21/2023 8:25:11 AM**
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue	X	
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	5,338	50	50	50	50
Total	-	5,338	50	50	50	50
Biennial Total			5,388			100

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	1.75	.25	.25	.25
Total	-	1.75	.25	.25	.25

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jim Carlson **Date:** 3/14/2023 3:19:23 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	5,338	50	50	50	50
Total	-	5,338	50	50	50	50
Biennial Total			5,388			100
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	5,338	50	50	50	50
Total	-	5,338	50	50	50	50
Biennial Total			5,388			100
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill requires the commissioner of natural resources to convey for no consideration all state-owned land within the boundaries of Upper Sioux Agency State Park to the Upper Sioux Community. The bill requires the commissioner to identify, by September 15, 2023, all state-owned land within Upper Sioux Agency State Park and any funding restrictions or other legal barriers to conveying the land. The bill requires the conveyance of lands without restrictions or barriers to being conveyed by December 1, 2023.

The bill also requires the commissioner to submit a report, by December 15, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over environment and natural resources that identifies all barriers to conveying land within Upper Sioux Agency State Park and recommendations for addressing those barriers, including any legislation needed to eliminate those barriers.

Assumptions

Due to the complexity of this project and variability of tasks that would need to be completed, timing of complete conveyance of land and closure of the Upper Sioux Agency State Park are currently unknown. While cost amounts can be estimated in good faith, timeframes are more difficult, and the DNR expects various tasks to be completed throughout the timeline of this fiscal note. For those reasons, costs of conveyance, acquisition, and closing the park are shown in FY24, and the DNR assumes that an appropriation would be available until completion of all aspects of this project. Flexibility would allow the DNR to pay for project costs when needed while completing conveyance at the earliest appropriate time.

Upper Sioux Agency State Park was established in 1963 and the statutory boundary covers 1,280 acres. The state park offers diversity: open prairie knolls, bluffs, and cool, wooded slopes. At this state park, DNR operates and maintains 48 drive in, 3 walk in, and 34 equestrian camping sites, 3 tipis, showers, flush and vault toilets, the visitor center, 18 miles of hiking trails, 16 miles of horse trails, and 12 miles of snowmobile trails. Of these 1,280 acres, approximately 1,050 acres is owned in fee by the State of Minnesota. The Minnesota Historical Society also operates a site within statutory park boundaries.

DNR assumes that approximately 99 percent of the lands within the state park have funding restrictions or other legal barriers to conveying the land. Timing of full conveyance is currently unknown, and the complexity of disposing land in a state park and acquiring replacement land could potentially move complete conveyance and closure of the state park past the time horizon of this fiscal note.

DNR assumes that the research and development of the report will be critical to identifying all barriers and costs to

conveying land within the Upper Sioux Agency State Park, and will create the necessary detailed information to implement this transfer. Detailed financial implications of conveying all of the land within the current boundaries of the Upper Sioux Agency State Park will be able to be better defined based on the outcomes of the report. Assumptions made for purposes of preparing this fiscal note estimate may not be applicable once the report is completed; therefore, potential exists for variation in revenue, expenditure, and FTE estimates between this fiscal note and the report.

DNR assumes that statutory changes must be made to accomplish the conveyance described in the bill, including but not limited to, amending M.S. sec. 85.012, subd. 58. DNR also assumes that other legislation will be required to sell some of the land within the state park. Any required legislation is likely to pass during the 2024 legislative session at earliest.

It is assumed that the DNR will no longer manage a campground after the land is conveyed. At the appropriate point in the process DNR will close the Upper Sioux Agency State Park to public use in order to fully convey the land. Until then the DNR will continue to maintain, at a minimum level, the campground and remaining lands not yet conveyed within the state park. Clearing Federal Land and Water Conservation Fund (LWCF) encumbrances on state land within the park will require acquisition of other land that would provide recreational opportunities to the public, with plans approved by the US Department of Interior staff within National Park Service.

Federal regulations will require the DNR to acquire new land for recreational purposes.

The DNR assumes that costs to maintain the land and continue park operations are fixed and will not decrease as portions of the land is sold.

The 2023 Capital Investment bill (HF670/SF677) includes a bond defeasance request for \$250,000 to pay back GO bonds for previous investments in the Upper Sioux Agency State Park and other financing costs. Assuming those bills will pass, those funds are not included in this fiscal note as a direct cost to DNR.

DNR assumes that it may not be able to access or maintain some state lands after conveyance. As such, all survey, appraisals, assessments, etc. will need to be done before the conveyance.

Ending Operations at Upper Sioux Agency State Park

Closing the park will need to happen prior to full conveyance of land, but timing will depend on factors identified in the legislative report. After closing the park, DNR will reassign staff to other sites. As such, there will be minimal operational savings to report. Costs associated with relocating those staff may be incurred. Closure of the park to the public will result in approximately \$64,000 of revenue per year being lost, including sales tax at a rate of 6.875%.

Some state-owned land parcels within the state park have improvements. The bill does not explain how improvements upon the land will be sold, transferred, demolished, or removed. The fair market value would need to be determined for any sales. DNR also acknowledges that some infrastructure assets may require significant maintenance work, which would decrease their corresponding value, or require their demolition or removal. The site currently has 18 buildings, 8 of which are vault toilets. It is assumed that the existing buildings and infrastructure will be transferred or demolished. Equipment, supplies, and furnishings will be removed from the site.

Potential building replacement value is \$893,675; buildings only, no site work included.

The cost of demolishing the buildings (all 18) would range from \$350,000 - \$600,000. These costs include hazardous materials survey, possibly abatement, archeological survey, and the demolition. Additional costs could be incurred if the DNR is responsible for improving facilities prior to conveyance of land.

The environmental assessment has been estimated by the division of Ecological and Water Resources at \$20,000 based on similar work done in the past.

A substantial public engagement process is estimated prior to full conveyance and closing of the state park, an effort estimated at \$50,000 annually, including .25 FTE, travel, facilities, printing, and other costs. The public engagement effort will help create a vision for alternative outdoor recreational opportunities in the region. Public input is also a regular component of the LWCF conversion process.

Cultural Resources Review

The replacement parcels for LWCF would need to include a cultural resources, section 106 review. The cost would depend on if we did it internally or hired a consultant. The cost estimate would be \$119,000 - \$168,000. The figures

below are based on using the cost of Frontenac, Schroder Property that replaced land for Lower Sioux:

Upper Sioux 1,283 acres which is 8 times larger

Frontenac survey was 175 hrs -- 175 hrs X 8 = 1,400 hrs for Upper Sioux

Internal review is \$85/hr 1,400 hrs X \$85 = \$119,000

Consultant Cultural Review is \$120/hr - \$1,400 X \$120 = \$168,000

Expenditure and/or Revenue Formula

Based on completed similar tasks, DNR estimates that researching and developing a report to identify all barriers and costs to conveying land within the Upper Sioux Agency State Park and to make recommendations for addressing those barriers, including any legislation needed to eliminate those barriers by December 15, 2023 will require approximately 1 FTE. Efforts would necessitate a combination of staff time from Parks and Trails, Lands and Minerals, Operations Services, as well as staff attorney time to review legal barriers to conveyance and recommend any legislative action.

Based on other similar work, the 1% of the land which is assumed to have no restrictions will need .25 FTE to research and file the necessary conveyance documents by December 1, 2023.

Cost of completing the legislative report and conveyance of any land by December 2023 is approximately 1.25 FTE x \$134,000 average DNR salary including supporting costs = \$167,500. This is a one-time cost realized in FY24.

Once the report is delivered, there will be more defined estimates of the overall costs and the number of FTEs required to convey lands with restrictions or barriers.

Cost Estimates for Conveyance of Land

Process Steps for Conveyance	Estimate of hrs	Land Transaction Services*	External costs	Total
Initial review--gathering all documents, creating property information packet--project manager costs	20	\$120	-	\$2,400
Survey draft of legal descriptions (assuming two conveyances)	5	\$120	-	\$600
Appraisal to federal standards for LWCF (conveyance of Upper Sioux Agency SPK)	20	\$120	\$15,000	\$17,400
Appraisal review to federal standards (conveyance of Upper Sioux Agency SPK)	10	\$120	\$5,000	\$6,200
Certification of appraisal	10	\$120	-	\$1,200
Legal (conveyance document review)	4	\$120	-	\$480
Coordinate closing work: Recording of deeds, records finalization and closure of file - LRS.	16	\$120	-	\$1,920
Project manager hours (not included elsewhere in spreadsheet): coordinating all processes, obtaining closing document signatures, etc.	10	\$120	-	\$1,200
Additional costs: post land records system work/prof services	2	\$120	-	\$240
State deed tax (gift conveyance assuming 2 deeds)	-	-	\$3.30	\$3.30
Recording fees (\$46 per deed)	-	-	\$92	\$92
Total Estimate for Conveyance	97			\$31,735.30

Cost Estimates for Acquiring New Land as Required by Federal Regulations

Conveying state land with Federal LWCF encumbrances would require the DNR to acquire new land for recreational purposes.

Process Steps for Acquisition of Replacement Land	Estimate of hrs	Land Transaction Services*	External costs, and land cost	Total
Initial Review- gathering all documents, creating property information packets--project manager costs	20	\$120	-	\$2,400
Appraisal to federal standards for LWCF	20	\$120	\$15,000	\$17,400
Appraisal review to federal standards	10	\$120	\$5,000	\$6,200
Certification of Appraisal	10	\$120	-	\$1,200
Survey: Assumes field survey is needed	250	\$120	-	\$30,000
Title work: Request abstract/title commitment. Project manager performs request with title company.	4	\$120	\$1,000	\$1,480
Review of title: DNR attorney preparation of initial title opinion and project manager's work with seller to clear any title defects.	80	\$120	-	\$9,600
Cost of replacement land required by LWCF**	-	-	\$4,203,760	\$4,203,760
Coordinate closing work: Updating of property abstract of lands to be received & request final title opinion. Attorney review of closing documents, Lands & Minerals Assistant Director review of file. Recording of deeds. Records finalization and closure of file - LRS.	20	\$120	-	\$2,400
Project manager hours (not included elsewhere in spreadsheet): coordinating all processes, obtaining closing document signatures.	10	\$120	-	\$1,200
Final title opinion.	2	\$120	-	\$240
Additional costs: Post land records system work/prof services; title insurance.	2	\$120	\$10,000	\$10,240
State deed tax (0.0033 x appraised value of the lands the state acquires)	-	-	\$13,872	\$13,872
Recording fee (\$46 per deed, per county, assumes replacement land is located in one county and acquired in two separate transactions)	-	-	\$92	\$92
Total Estimate for Acquisition	428			\$4,300,084

*Lands and Minerals estimated rate is \$120/hr for Land Transaction Services.

** Based on a preliminary estimate of value of Upper Sioux Agency SPK (upper end of estimate range), assumes the replacement land will have a similar value as the existing park. The actual cost of replacement land will need to be determined by an appraisal.

Ending Operations at Upper Sioux Agency State Park:

These one-time costs would be realized during the process of closing the park, prior to full conveyance of land.

Structure Demolition and/or Abatement	\$600,000
Cultural Resources Review	\$168,000
Environmental Assessment	\$20,000

Total One-Time Costs*	\$788,000
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*Date of park closing is not yet known, and will be determined based on findings of the legislative report.

Cost of public outreach and engagement efforts would be \$50,000 annually until park is closed and plans for replacement recreational land are complete.

Summary of Costs and Timing (in thousands)

Item	FY24	FY25	FY26	FY27
Legislative Report	168			
Outreach and Engagement	50	50	50	50
Conveyance	32			
Acquisition	4,300			
One-time park closing costs	788			
Total	\$5,338	\$50	\$50	\$50

Though one-time costs are shown in FY24, actual dates of conveyance, acquisition, and park closure are currently unknown.

Revenues

While revenue losses can be estimated at approximately \$64,000 per year, actual realization of losses would begin upon closure of the park. With uncertain timing, changes to revenue are not shown in the fiscal note table. Fiscal impact includes approximately \$4,000 reduction of general fund revenue from sales tax.

Long-Term Fiscal Considerations

Additional impacts to revenues and expenditures will be identified in the legislative report. A large portion of the fiscal impact that could be realized in the long-term could be the disposition of the park and acquisition of new land, with timing based on work required and passage of new legislation. Additional unknown costs could include site remediation, building demolition, habitat restoration, infrastructure removal, maintenance of degraded facilities to safe standards, or others. Revenue losses from ending state park operations will continue.

Local Fiscal Impact

Tax lost in state and local taxes paid varies but based on previous three year average would be approximately \$4,000 per year. State payments to counties/townships for Payment in lieu of taxes (PILT) may be affected depending on location of replacement land.

The long-term local fiscal impacts are unclear. State park visitation typically brings with it a positive local economic impact for nearby businesses and communities; as a result, a state park closure may result in some economic losses. At the same time, there may be other new forms of tourism and local economic development that are catalyzed upon conveying the land and closing the park. Other nearby state and regional facilities may see an increase in visitation. The DNR assumes replacement land will offer some kind of replacement outdoor recreational opportunities.

It is assumed there are positive and intangible benefits for the Upper Sioux Community. These benefits are recognized as being of critical importance. DNR is committed to working with the Upper Sioux Community on a public engagement process that will help support a new vision for outdoor recreational opportunities in the broader region.

References/Sources

M.S. sec. 85.012, subd. 58.

M.S. sec. 92.45, 94.09, and 94.10.

Agency Contact: Phil Leversedge 651-259-5405

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

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SF2250 - 0 - Upper Sioux Agency State Park Land Transfer

Chief Author: **Mary Kunesh**
 Committee: **Legacy and Natural Resources**
 Date Completed: **3/21/2023 8:25:11 AM**
 Agency: **Historical Society**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 3/7/2023 4:45:30 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

House File 2388 requires the Minnesota Department of Natural Resources to transfer state owned land in the Upper Sioux Agency State Park to the Upper Sioux Community.

Assumptions

The Minnesota Historical Society operates the Upper Sioux Agency Historic Site, a site that is adjacent to the Upper Sioux Agency State Park, but a distinct entity and governed by different statutes. With this separate statutory framework, the bill, as drafted, would not include the Historic Site in the required transfer.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency Contact: David Kelliher (651-259-3103)

Agency Fiscal Note Coordinator Signature: David Kelliher

Phone: 651-259-3103

Date: 3/7/2023 4:42:29 PM

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SF2250 - 0 - Upper Sioux Agency State Park Land Transfer

Chief Author: **Mary Kunesh**
 Committee: **Legacy and Natural Resources**
 Date Completed: **3/21/2023 8:25:11 AM**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	250	-	-	-	-
Total	-	250	-	-	-	-
Biennial Total			250			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Susan Nelson **Date:** 3/17/2023 1:25:01 PM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	250	-	-	-
Total	-	250	-	-	-
Biennial Total			250		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	250	-	-	-
Total	-	250	-	-	-
Biennial Total			250		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill would require the DNR to transfer state-owned land within the boundaries of Upper Sioux Agency State Park to the Upper Sioux Community and prepare a report to the legislature identifying all barriers to conveying the land as directed by the bill.

Assumptions

The DNR's prior use of state general obligation bonds at the Upper Sioux Agency State Park is one barrier that will need to be removed prior to transferring the park to the Upper Sioux Community. Specifically, the constitution and federal tax law both present barriers to the conveyance of the park to the Upper Sioux Community for no consideration. As a result, the bonds will need to be paid off and the state bonding restrictions removed prior to any transfer.

The DNR has used state general obligation bonds to make eligible improvements at the Upper Sioux Agency State Park over many years. Minnesota Constitution, Art. XI, sec. 5(a) requires state bond financed property to be owned by a state agency or political subdivision of the state. As a sovereign nation, the Upper Sioux Community is not an entity that is constitutionally eligible to own state bond financed property.

Additionally, federal tax law requirements that apply to the state's general obligation bonds also restrict the use of bond financed property for nongovernmental purposes. Use by a tribe would constitute ineligible private use of bond financed property.

This fiscal note assumes that the cost for paying off currently outstanding debt at the Upper Sioux Agency State Park would be \$250,000. Legislation will be required to appropriate these funds and to remove any bonding restrictions from the site. HF2388 does not appropriate any money associated with the required conveyance of the park. As an example, the 2023 omnibus bonding bill (HF669, 3rd Engrossment) includes an appropriation of \$250,000 from the general fund to the commissioner of management and budget to defease any outstanding general obligation bonds that were used for improvements at the Upper Sioux Agency State Park, including Minnesota Historical Society property located within the park's boundaries.

Expenditure and/or Revenue Formula

Although not appropriated in HF2388 the \$250,000 appropriation included in HF669, 3rd Engrossment would be sufficient to prepay and defease the portion of outstanding state general obligation bonds previously used for improvements at

Upper Sioux Agency State Park.

Long-Term Fiscal Considerations

Preliminary estimates suggest that multiple state bond issues are still outstanding related to the improvements funded at the park. Some of those bonds may no longer be eligible for early refinancing, which means the state will be obligated to make interest payments until final maturity (even if the bonds are defeased). Until an amount is appropriated to defease bonds and MMB can complete a final analysis about which bonds may need to be defeased, MMB is unable to estimate any potential long-term interest savings associated with a bond defeasance.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Ronika Rampadarat

Phone: 612-659-6873

Date: 3/16/2023 4:33:35 PM

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SF2250 - 0 - Upper Sioux Agency State Park Land Transfer

Chief Author: **Mary Kunesh**
 Committee: **Legacy and Natural Resources**
 Date Completed: **3/21/2023 8:25:11 AM**
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Trunk Highway	-	1,193	-	-	-	-
Total	-	1,193	-	-	-	-
Biennial Total			1,193			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Trunk Highway	-	.5	-	-	-
Total	-	.5	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/21/2023 7:22:46 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Trunk Highway	-	1,193	-	-	-	-
Total		-	1,193	-	-	-
Biennial Total				1,193		
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Trunk Highway						
Expenditures	-	1,283	-	-	-	-
Absorbed Costs	-	(90)	-	-	-	-
Total		-	1,193	-	-	-
Biennial Total				1,193		
2 - Revenues, Transfers In*						
Trunk Highway						
Total		-	-	-	-	-
Biennial Total				-		

Bill Description

The bill requires the Department of Natural Resources (DNR) to return state-owned land within the Upper Sioux Agency State Park to the Upper Sioux Community. The Department of Natural Resources is also responsible for identifying any funding restrictions or legal barriers to returning land and must submit a report to the legislature with recommendations to address those barriers.

Assumptions

Roughly one mile of Old TH 67 runs through the park. Because of preexisting plans to reroute this highway, MnDOT would incur several costs, to be funded by the Special Revenue fund, before transferring the property to the Community.

The portion of TH 67 within the park is an easement right of way with multiple underlying fee owners. This bill would require either MnDOT or the DNR to purchase the underlying fee from the fee owners. Since there are no appraisals for the area, we estimate the fee to be fifteen percent of \$10,000 per acre for 24.24 acres:

$200 \text{ ft w} \times 1 \text{ mi (5,280 ft)} = 1,056,000 \text{ SF (24.24 acres)}$

$\$10,000/\text{acre} = \$242,400 \times .15\% \text{ underlying fee} = \mathbf{\$36,360}$

Slope failure in 2019 and a subsequent engineering analysis and feasibility study prompted the decision to reroute TH 67 onto other existing roads. The park’s Yellow Medicine River Bridge is also nearing the end of its useful life. Therefore, the bridge as well as the road surface between the bridge and the west entrance of the park would need to be removed. We estimate that the combined removal cost would be **\$800,000**. We assume that engineering costs associated with the bridge removal would total twenty percent of \$800,000--**\$160,000**.

The removal of the bridge would leave thirty-nine acres of private property located between the bridge and the portion of the park that lies north of the river inaccessible. MnDOT or the DNR would need to purchase this property. Based on county records on the property’s asset value, the property would cost around \$142,000.

We estimate that the park’s transfer would require ten consultant appraisals and that the purchase of private property would require an additional appraisal. At \$5,000 per appraisal, these eleven appraisals would total **\$55,000**.

We estimate **\$20,000** for MnDOT staff time, split evenly between preparing transfer of custodial control documents to be sent to DNR and processing the acquisition of private property.

The transfer would require staff time to execute contracts, review appraisals, complete and manage conveyance documents, and engage in miscellaneous right of way activities. We estimate the average hourly rate, split between technicians, Engineering Specialist, Senior Engineering Specialist, an attorney, real estate staff, an appraiser, and a manager to be \$44.74. The transfer would require staff for six months. We add fifty percent for benefits:

1,040 hours x \$44.74/hour --> \$46,529.60 x 1.5 for benefits = **\$69,794.40**

Expenditure and/or Revenue Formula

MnDOT would absorb the staff time costs totaling \$89,794.40.

Activity	Estimate
11 Consultant Appraisals	\$55,000
Preparation of Transfer of Custodial Control Documents (MnDOT Staff Time costs absorbed)	(\$10,000)
Private Property Acquisition Processing (MnDOT Staff Time costs absorbed)	(\$10,000)
Underlying Fee Purchase (by MnDOT or DNR)	\$36,360
Private Property Purchase	\$142,000
Bridge and Road Demolition	\$800,000
Engineering Costs Associated with Bridge Removal	\$160,000
Staff (engineers, attorney, real estate staff, etc.) Costs absorbed	(\$69,794.40)
Total Costs	\$1,283,154.40
Absorbed Costs	(\$89,794.40)
Net Total Rounded (in \$000s)	\$1,193

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None.

References/Sources

MnDOT Office of Land Management

MnDOT District 8 Office of Program Delivery

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