Metropolitan Council

FY 2026-27 Biennial Budget Change Item

Change Item Title: Expansion of Allowable Uses for Highway Revolving Loan Fund to Parks

Fiscal Impact ($000s)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Met Council Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	**0**	**0**	**0**	**0**

Recommendation:

The Governor recommends expansion of the allowable uses of the Metropolitan Council's Highway Revolving Loan Fund to include Regional Parks and Trails. The Metropolitan Council would use up to half of the existing balance in the account ($14.5 million) and up to half of the levy authority that currently exists for the Highway Revolving Loan Fund.

Rationale/Background:

The regional parks system began with legislation in 1974, which put the Metropolitan Council in charge of overseeing acquisition and development of regional parks. The parks are owned and operated by ten regional parks implementing agencies.

Land needed for the Regional Parks System can be lost to development because Park Implementing Agencies are unable to quickly acquire funding to purchase large or highly sought-after land parcels as they come to the market. The Regional Parks Implementing Agencies prioritize acquiring land through a willing seller approach (rarely using condemnation), which means that it usually takes many years to fully acquire the land needed for a regional trail or regional park, to make it open and available to the public.

The transportation system faced a similar dynamic. Land needed for future road right-of-way can be lost to development because MnDOT is unable to purchase highway right-of-way until a road is programmed for construction. To address this, the 1982 Minnesota legislature established a revolving loan fund program to acquire undeveloped property located within an officially mapped metropolitan highway right-of-way that is threatened by development. Subsequent modifications to legislation now allow purchase of other types of property. This program is called the Right-Of-Way Acquisition Loan Fund (RALF). More program information can be found here. The enabling legislation for this program can be found here: Minnesota Statute 473.167, Subdivision 2. The Council does not anticipate a strong or ongoing demand for the right-of-way acquisition program for additional highway purposes.

Currently, the Council assists regional park implementing agencies in acquiring land through the Park Acquisition Opportunity Fund. Grants are funded through a combination of the Parks and Trails Legacy Fund, the Environment and Natural Resources Trust Fund, and Council regional bonds.

If the Council had the ability to expand allowable uses for RALF it would provide additional financial resources to the parks implementing agencies to acquire land for the expansion of the regional parks and trails system.

Proposal:
The Council proposes expanding the allowable uses for the RALF program to support acquisitions for regional parks and trails in addition to continuing to use it for the existing highway program.

As currently occurs with the RALF program, the Council would determine annually whether to levy for the program, based on expected loan requests from Park Implementing Agencies and other acquisition authorities, as well as any expected loan repayments.

Impact on Children and Families:
The proposed policy directly supports children and families. Providing efficient and accessible regional parks and trails close-to-home preserves high quality resources, increases climate resiliency, fosters healthy outcomes, connects communities, and enhances quality of life. 56% of Minnesota children live in the seven-county metro; a regional park or trail is their closest nature-based experience. The ability to acquire land and expand our regional parks and trails system is more important than ever to provide health benefits and outdoor fun to children and their families. During the pandemic, the Metropolitan Regional Parks System saw unprecedented visitation, and more funding is required to grow the system in response increased use and demand. Investment in equitable access to quality recreational opportunities for all our region's residents would be made possible through the Fund. This resource helps ensure the development of a 21st century regional parks system to serve Minnesota's children and their families.

Equity and Inclusion:
This proposal only has an indirect impact on equity and inclusion as it is administratively related. This proposal would allow the Metropolitan Council to be more responsive to timing issues for our regional park implementing agency partners, benefitting residents, and expanding access to high quality outdoor recreation across the region.

This change item will benefit residents across the Twin Cities metropolitan region by improving recreational options through strengthening the metropolitan regional parks and trails system. The metropolitan region is growing and changing; by 2040, approximately 39 percent of residents will be people of color/indigenous peoples. However, our region has among the largest racial/ethnic disparities among peer metro areas. Recognizing that our region cannot compete economically if we are leaving a growing share of our population behind, the Metropolitan Council incorporated an "equity" outcome into *Thrive MSP 2040*, the comprehensive development guide required by state statute. Through the *Thrive MSP 2040* equity outcome, the Council is committed to creating real choices in where we live, how we travel, and where we recreate for all residents, across race, ethnicity, economic means, and ability. The Metropolitan Council is also committed to fully engaging communities in decision-making in accordance with the Metropolitan Council's Public Engagement Plan when setting regional parks policy.

Tribal Consultation:
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

__ Yes
x No