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USE BOND FUNDS FOR LOCAL PUBLIC RECREATION PROJECTS

House Bill 5719 (Substitute H-2) First Analysis (4-23-98)

Sponsor: Rep. Gloria Schermesser
**Committee: Conservation, Environment
and Recreation**

THE APPARENT PROBLEM:

The governor devoted a portion of his 1998 state of the state address to environmental concerns, and suggested that \$500 million be raised for these through a "Clean Michigan Initiative" bond proposal. With some modifications, the governor's suggestion was set in motion under House and Senate legislation that would subject the bond proposal to voter approval at the next general November election. The money would be used to clean up and redevelop contaminated sites, for waterfront improvement and river sediment cleanups, and for water quality programs. (For additional information on the bond proposal, see the HLAS analysis of House Bills 5620 and 5622).

The modifications to the governor's proposal include increasing the bond proposal to provide grants for local public recreation projects. With this addition, the Clean Michigan Initiative bond proposal would mirror the composition of the 1988 Quality of Life bond proposal. Implementation authority for the bonds would be provided under Senate Bill 904, which (as Substitute S-3) would allocate up to \$50 million for local projects. Additional legislation is needed to allow the Department of Natural Resources (DNR) to provide grants for these projects.

THE CONTENT OF THE BILL:

House Bill 5719 would add a new part -- Part 716 -- to the Natural Resources and Environmental Protection Act (NREPA) to provide grants for local projects that would receive funds under the "Clean Michigan Initiative" bond proposal, which would be put before the voters at the next general election under the provisions of House Bills 5620 and 5622 and Senate Bills 902 and 904. The bill would define "local recreation projects" to mean capital improvement projects, including, but not limited to, the construction, expansion, development, or rehabilitation of recreational facilities, except that the

operation, maintenance, or administration of those facilities, wages, or administration of projects or purchase of facilities already dedicated to public recreational purposes would not be included. The bill is tie-barred to House Bills 5620 and 5622 and Senate Bills 902 and 904.

Effective Date. The bill would take effect December 1, 1998, provided that the proposed Clean Michigan Initiative bond proposal was approved by a majority of the voters at the November, 1998, general election.

Department Requirements. Under House Bill 5719, the Department of Natural Resources (DNR) would establish a local recreation grant program for local units of government for projects whose purpose could be defined as either infrastructure improvement, community recreation, or tourist attraction. (Under the bill, "infrastructure improvement" would mean the restoration of the natural environment or an existing facility, such as a recreation center, sports field, beach, trail, or playground, that was at least 15 years old.)

The bill would specify that the DNR could promulgate rules to implement the provisions of Part 716 of the NREPA. Also, grants provided under the provisions of the bill would be subject to the applicable requirements of Part 196 of the NREPA, which would be established under the provisions of Senate Bill 904 to distribute the general obligation bonds that would be funded by the proposed Clean Michigan Initiative bond proposal. In addition, the DNR would have to comply with the provisions of Part 196 -- including the reporting requirements to the legislature -- in administering the grant program.

State Zones. The state would be divided into the following three zones for the purpose of distributing grants for local recreation projects:

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Zone 1: All of the counties of the Upper Peninsula.

Zone 2: Emmet, Charlevoix, Cheboygan, Presque Isle, Leelanau, Antrim, Otsego, Montmorency, Alpena, Benzie, Grand Traverse, Kalkaska, Crawford, Oscoda, Alcona, Manistee, Wexford, Missaukee, Roscommon, Ogemaw, Iosco, Mason, Lake, Osceola, Clare, Gladwin, Arenac, Isabella, Midland, Bay, Huron, Saginaw, Tuscola and Sanilac counties.

Zone 3: Oceana, Newaygo, Mecosta, Muskegon, Montcalm, Gratiot, Ottawa, Kent, Ionia, Clinton, Shiawassee, Genesee, Lapeer, St. Clair, Allegan, Barry, Eaton, Ingham, Livingston, Oakland, Macomb, Van Buren, Kalamazoo, Calhoun, Jackson, Washtenaw, Wayne, Berrien, Cass, St. Joseph, Branch, Hillsdale, Lenawee and Monroe counties.

Local Recreation Grants. House Bill 5719 would specify that a grant could not be provided for land acquisition or for a commercial theme park, nor could a grant be provided for a project located on land sited for use as a gaming facility or as a stadium or arena that would be used by a professional sports team, or on other land or facilities owned or operated by any of these entities. In addition, the bill would prohibit a grant from being provided for a project located on land within a project area that was described and would be developed in a project plan under the provisions of the Economic Development Corporations Act (MCL 125.1601 et al.) for a gaming facility.

The bill would also specify that a grant would require a 25 percent match by the local unit of government, and that not more than 50 percent of a local unit of government's contribution could be in the form of goods and services directly rendered to the construction of the project, or federal funds, or both. In addition, a local unit of government would have to establish to the satisfaction of the DNR the cost or fair market value, whichever was less, as of the date of the notice of approval by the DNR, of any of the items with which it sought to meet the match requirement. Further, the bill would specify that a facility funded by a grant could not be sold, disposed of, or converted to a use that was not specified in the application for the grant without the DNR's express approval.

Of the \$50 million that would be provided for local public recreation projects (as specified in Senate Bill 904), grants made to local units of government would be allocated by the DNR in the following proportions: projects within Zone 1, 3.6 percent; projects within

Zone 2, 14.4 percent; projects within Zone 3, 72 percent; and projects at regional parks, 10 percent. (A "regional park" would be defined under the bill to mean a public recreation site that was under the applicant's control and that would attract at least 25 percent of its users from areas that were 30 minutes or more in driving time from the site, that provided passive, water-based, and active recreation opportunities, and that was contiguous to, or encompassed, a natural resource feature.)

Grant Applications. In order to be considered for funding, a project application would have to be submitted on the form required by the DNR by the established deadline, be complete, and include certain information, such as a project location map, a preliminary site development plan, a certified resolution from the governing body of the local unit of government designating an authorized project representative, a statement that the proposal would be undertaken if a grant was awarded, and other information as determined by the DNR.

The bill would also specify that a project application would be considered if the local unit of government had a community recreation plan on file with the DNR, the project was listed and justified in the recreation plan, the local unit had submitted notice to the regional planning agency for review, and had fee title or a legal instrument demonstrating property control for at least 15 years. In addition, a local unit's grant request could not be less than \$15,000 nor more than \$750,000, only one grant could be received in a funding cycle, and a proposed project would have to comply with the bill's definition of "local recreation project."

An application would not be considered, under the bill, for a project involving a school physical education and athletic program. The bill would also specify that, on projects that were funded on school grounds, public use could not be restricted to less than 50 percent of operating hours. In addition, the DNR could request a schedule of when such sites were open to the public. The bill would also specify that projects that would compete unfairly with private enterprises would not be eligible for funding, unless the local unit of government provided written justification of the need for a proposed facility, in light of the private sector's presence.

Final Grant Awards. The director of the DNR would determine final grant awards, using three factors to evaluate projects, all of which would have equal

importance. Each factor would be rated “exceptional,” “good,” or “fair,” which would correspond to ratings of 80, 60, or 10, respectively. The factors that would be considered would include the need for the project, the capability of the local unit of government to complete the project and to operate and maintain it once completed, and the quality of the site and project design, all of which would be determined by an overall assessment of certain criteria.

The bill would also specify that, if the score on two or more projects was the same and did not determine which project should be recommended within available dollars, the DNR would have to consider the following factors to determine priority: the amount of local recreation grants previously received by a local unit of government, a local unit of government’s need for financial assistance, a local unit’s commitment to provide more than the required 25 percent match, and the amount of Michigan Natural Resources Trust Fund development grants and/or land and water conservation grants the local unit had previously received.

MCL 324.71601 et. al

FISCAL IMPLICATIONS:

Fiscal information is not available.

ARGUMENTS:

For:

Under House Bill 5719, the Clean Michigan Initiative bond proposal would parallel the provisions of the 1988 Quality of Life bond proposal. Under each, a major portion of the proceeds is allocated to clean up sites of environmental contamination, with lesser amounts provided for state parks, water quality programs, and grants for local public recreation projects. The grants would provide local communities with funds to restore and renovate local parks, to remove unsafe playground equipment, and to build swimming pools, athletic courts, and community centers. In addition, the bill would allow projects that addressed tourism priorities to be considered. This provision would allow towns that have an influx of visitors for short periods of time, such as ski or lakeside resort areas, to receive grants for projects designed to benefit tourism businesses. However, all Michigan citizens, including future generations, would benefit from improved recreational opportunities.

Response:

Some people have raised concerns regarding the inclusion of “tourism” priorities in the consideration of grant proposals. Those who are concerned argue that tourism is an economic, rather than recreational, issue.

Against:

Of the \$50 million that would be provided for public recreation projects under the Clean Michigan Initiative bond proposal, local units of government would receive allocations in proportion to their populations. According to this formula, Zone 1, which consists of the Upper Peninsula, would receive 3.6 percent of the \$50 million, while Zone 3 in southeast Michigan would receive 20 times as much. However, some have pointed out that Zone 1 covers a much larger geographic area than that of Zone 3, and, since this area is afflicted by many of the same problems as southeast Michigan, it should receive equal consideration.

POSITIONS:

The Michigan Recreation and Park Association supports the bill. (4-22-98)

The Michigan Municipal League supports the bill. (4-22-98)

The following indicated their support of the bill to the Committee on Conservation, Environment and Recreation (4-22-98):

- The Michigan Environmental Council (MEC)
- The Michigan United Conservation Clubs (MUCC)
- The Michigan Association of Home Builders

The Department of Natural Resources has no position on the bill. (4-22-98)

Analyst: R. Young

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.