

C Community Development Committee

For the Metropolitan Council meeting of April 9, 2008

Item: 2007-249

ADVISORY INFORMATION

Date Prepared: March 18, 2008

Subject: Request for Acquisition Opportunity Grant to partially finance the acquisition of 9633 East Bush Lake Road parcel in Hyland-Bush-Anderson Lakes Park Reserve, City of Bloomington

Proposed Action:

That the Metropolitan Council authorize a grant of \$339,389 comprised of Metropolitan Council bonds in the Land Acquisition Opportunity Account portion of the Park Acquisition Opportunity Fund to the City of Bloomington. The grant will partially finance the land and structure associated with the 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve as shown on Attachments 2 and 3.

Summary of Committee Discussion / Questions:

The Committee asked if the house on this property could be sold and moved instead of demolished. Staff replied that the City had considered this and found that the condition of the home was such that it was not economically viable to try to sell and move the house. The Metropolitan Parks and Open Space Commission had also inquired about this matter. The Committee unanimously recommended approval of the recommendation.



Community Development Committee

Business Item

Item: 2007-249

Meeting date: March 17, 2008

ADVISORY INFORMATION

Date:	March 5, 2008
Subject:	Request for Acquisition Opportunity Grant to partially finance the acquisition of 9633 East Bush Lake Road parcel in Hyland-Bush-Anderson Lakes Park Reserve, City of Bloomington
District(s), Member(s):	District 5, Russ Susag
Policy/Legal Reference:	Minnesota Statute Section 473.315
Staff Prepared/Presented:	Arne Stefferud, Planning Analyst—Parks (651-602-1360)
Division/Department:	Community Development/Regional Systems Planning and Growth Strategy, Parks

Proposed Action

That the Metropolitan Council authorize a grant of \$339,389 comprised of Metropolitan Council bonds in the Land Acquisition Opportunity Account portion of the Park Acquisition Opportunity Fund to the City of Bloomington. The grant will partially finance the land and structure associated with the 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve as shown on Attachments 2 and 3.

Background

The City of Bloomington has negotiated the purchase of a parcel within the boundary of Hyland-Bush-Anderson Lakes Park Reserve, hereafter referred to as the 9633 East Bush Lake Road parcel. The cost to purchase the property and to finance related costs for the appraisal and other items is \$452,518. The City has requested a Park Acquisition Opportunity Grant to finance 75% of the acquisition cost (\$339,389) under “Option 2: Revised Rules” for distributing grants from the Park Acquisition Opportunity Fund adopted on January 9, 2008.

Rationale

Since 2001, the Metropolitan Council has provided grants in a “Park Acquisition Opportunity Fund” to partially finance the acquisition of land within Council-approved regional park and trail master plan boundaries. These grants, which currently total about \$8.5 million, have helped park agencies acquire about 1,200 acres of land from willing sellers in a timely manner and prevented the land from being sold for non-park purposes.

Funding

There is currently about \$6.1 million in the Park Acquisition Opportunity Fund. If the \$339,389 grant was approved, there would be about \$5.8 million for other acquisitions. The grant would finance 75% of the cost to acquire the land. The remaining 25% (\$113,129) would be split by the City of Bloomington and Three Rivers Park District. This local match is not eligible for regional park CIP reimbursement consideration.

Known Support / Opposition

The City of Bloomington submitted a letter requesting the grant which included support from Three Rivers Park District, since the District and the City are splitting the local match cost to acquire the land. No other communication in support or opposition has been received.

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, MN 55101
Phone (651) 602-1000 TDD (651) 291-0904

DATE: February 20, 2008

TO: Metropolitan Parks and Open Space Commission

FROM: Arne Stefferud, Planning Analyst-Parks (651-602-1360)

SUBJECT: (2007-249) Request for Acquisition Opportunity Grant to partially finance the acquisition of 9633 East Bush Lake Road parcel in Hyland-Bush-Anderson Lakes Park Reserve, City of Bloomington

INTRODUCTION:

The City of Bloomington has negotiated the purchase of a parcel within the boundary of Hyland-Bush-Anderson Lakes Park Reserve, hereafter referred to as the 9633 East Bush Lake Road parcel. The cost to purchase the property and to finance related costs for the appraisal and other items is \$452,518. The City has requested an Acquisition Opportunity Grant to finance 75% of the acquisition cost (\$339,389) under "Option 2: Revised Rules" for distributing grants from the Park Acquisition Opportunity Fund adopted on January 9, 2008. (See **Attachment 1**, letter from Randy Quale, City of Bloomington Parks and Recreation Manager)

This memorandum analyzes the request against the rules for distributing grants from the Acquisition Opportunity Fund adopted on January 9, 2008.

AUTHORITY TO REVIEW:

Minnesota Statute Section 473.315 authorizes the, "Metropolitan Council, with the advice of the Metropolitan Parks and Open Space Commission, to make grants from any funds available to it for recreation open space purposes to any municipality, City or Park District located wholly or partially within the metropolitan area to cover the cost, or any portion of the cost, of acquiring or developing regional recreation open space in accordance with the *Regional Recreation Open Space Policy Plan*".

ANALYSIS:

The 9633 East Bush Lake Road parcel is 0.568 acres. This parcel is within the approved master plan boundary of Hyland-Bush-Anderson Lakes Park Reserve. (See **Attachments 2 and 3** for the location of the 9633 East Bush Lake Road parcel in relation to the remainder of the park). This parcel and others adjacent to it would be used as part of a realigned East Bush Lake Road and for a picnic area. (See **Attachment 4** for an illustration of this plan.)

The City of Bloomington negotiated a purchase price of \$390,000 for the parcel. The City also anticipates additional grant eligible costs related to the purchase of the property to be \$62,518. Therefore, the total cost to purchase the property is \$452,518 as shown below.

Purchase Price:	\$ 390,000
Appraisal fee:	\$ 950
Relocation services	\$ 2,000
Relocation benefits	\$ 10,000
Closing costs (deed taxes, title fees, closer fees, filing fees, etc.)	\$ 3,000

Title insurance	\$	786
Pro-rate share of 2008 taxes	\$	3,228
Property tax equivalency payment	\$	2,054
Demolition and removal of residence	\$	25,000
Hazardous waste analysis and abatement	\$	10,000
Well sealing	\$	1,500
Septic system removal	\$	1,500
Site restoration	\$	2,500
TOTAL:	\$	452,518

The parcel's acquisition costs of \$452,518 is proposed to be financed under "Option 2: Revised Rules" for distributing Park Acquisition Opportunity Grants as adopted by the Metropolitan Council on January 9, 2008 as follows:

Metropolitan Council Acquisition Opportunity Fund (75%)	\$ 339,389
City of Bloomington and Three Rivers Park District funds <u>not eligible</u> for CIP reimbursement consideration (25%)	<u>\$ 113,129</u>
Total	\$ 452,518

The Council's grant would help partially finance the cost of the land and associated building on the land—a home. The grant would be financed with \$339,389 of Metropolitan Council bonds.

Background on Acquisition Opportunity Fund

In May 2007 the Legislature appropriated \$2.5 million of Environment and Natural Resources Trust Fund revenue (ENRTF) that must be used to acquire land for the regional park system. The appropriation has rider language prohibiting its use for buying residential structures associated with a park land acquisition, and it required the Metropolitan Council to provide a \$1.66 million match with bonds issued by the Metropolitan Council. The Council requested this appropriation in 2006 with the intent to use it to partially finance the Acquisition Opportunity Fund. The 9633 East Bush Lake Road parcel does not qualify for financing from the ENRTF appropriation since the grant would finance the acquisition of a structure as well as the land it sits on.

On September 12, 2007 the Metropolitan Council created two accounts for the Acquisition Opportunity Fund and recognized grants financed from those accounts. Following are tables illustrating the current balances in these accounts assuming \$1 million is granted to acquire the Lakeside Ballroom parcel in Lake Waconia Regional Park and \$122,726 is granted to acquire the 350 Water Street parcel in Harriet Island-Lilydale Regional Park on February 27, 2008 as recommended by the Metropolitan Parks and Open Space Commission and the Council's Community Development Committee.

State Acquisition Grant Account financed with State and Metro Council revenues assuming \$1 million grant for Lakeside Ballroom has been approved (2/20/2008)

State Env. Trust Fund appropriation from 2007	Metro Council bond match to State Env. Trust Fund	Grants financed with State Env. Trust Fund and \$600,000 for Lakeside Ballroom grant	Grants financed with Metro Council bond match and \$400,000 for Lakeside Ballroom grant	Balance State Env. Trust Fund	Balance Metro Council bond match	Balance of combined State and Metro Council funds
\$2,500,000	\$1,666,000	\$1,309,256	\$872,838	\$1,190,744	\$793,162	\$1,983,906

Land Acquisition Opportunity Account financed only with Metro Council bonds for parcels that don't qualify for State Acquisition Grant Account assuming \$122,726 grant for 350 Water Street is approved (2/20/2008)

Metro Council bonds	Grants financed with this account and \$122,726 for 350 Water Street grant	Balance in this account
\$4,783,001	\$640,176	\$4,142,825

The combined balance for both accounts in the Fund as of February 20 assuming the \$1 million Lakeside Ballroom grant and the \$122,726 grant for 350 Water Street are approved is \$6,126,731.

Assuming approval of the \$1 million grant for the Lakeside Ballroom and \$122,726 for the 350 Water Street parcel, the Metropolitan Council would have granted \$8,485,965 from the Park Acquisition Opportunity Fund as shown in Table 1. The acquisition of 1,198 acres would have been partially financed with these grants.

Table 1: Park Acquisition Opportunity Fund Grants approved and pending as of February 20, 2008

Amount Granted	Park Agency	Project Description
\$99,966	Dakota County	Acquire Wasserman and Klink parcels at Spring Lake Park Reserve. Dakota City eligible for reimbursement consideration up to \$180,882 in a future regional parks CIP. Approved November 15, 2001.
\$521,000	Mpls. Park & Rec. Board	Acquire 3.3 acres (Parcel B of Riverview Supper Club site) as part of "Above the Falls—Master Plan for the Upper River in Minneapolis". Other matching funds were from federal grant and watershed district. Approved April 24, 2002.
\$731,200	Three Rivers Park District	Fund a portion of the costs to acquire Silver Lake SRF, which was acquired in September 2001 after 2002-03 CIP was adopted. Remaining costs eligible for reimbursement consideration in future regional parks CIP. Approved April 24, 2002.
\$140,000	Ramsey County	Acquire permanent trail easement on Burlington Northern/Santa Fe railroad right of way for the Bruce Vento Regional Trail. Ramsey City eligible for reimbursement consideration up to \$35,000 in a future regional parks CIP. That reimbursement was part of the funded 2004-05 CIP. Approved August 14, 2002.
\$500,000	Washington County	Acquire three parcels totaling 27.4 acres at an estimated cost of \$1.87 million in Big Marine PR. Grant is 40% of the projected \$1.25 million gap after other Council acquisition grants were spent. Washington City eligible for reimbursement consideration of up to \$750,000 in a future regional parks CIP. Approved December 12, 2002.
\$126,638	Dakota County	Acquire 1.1-acre Medin parcel in Lebanon Hills RP. Dakota City eligible for reimbursement consideration of up to \$189,957 in a future regional parks CIP. Approved January 29, 2003.
\$135,200	Anoka County	Acquire 579 acres from St. Paul Water Utility for addition to Rice Creek Chain of Lakes Park Reserve. Grant financed 40% of market value (not sale price) of land. Water Utility discounted the sale price, which was counted as part of the 60% match to this grant. Approved April 23, 2003.
\$153,703	Three Rivers Park District	Acquire 5 acre Rask parcel in Lake Rebecca Park Reserve. Park District eligible for reimbursement consideration of up to \$235,200 in a future regional park CIP. Approved Dec. 17, 2003.
\$26,479	Anoka County	Acquire 80-acre Birkeland parcel in Rice Creek Chain of Lakes Park Reserve. Balance of costs financed with watershed district grant and partial donation. Approved February 2004.

\$370,000	Three Rivers Park District	Acquire 17-acre Brakemeier parcel in Lake Minnetonka Regional Park. Balance of funds (\$810,000) provided by MN Dept. of Transportation. Approved May 12, 2004.
\$83,060	Carver County	Acquire 39.04 acres related to Harriet Island-Lilydale Regional Park. Grant finances 40% of the \$207,649 funding gap remaining to buy the land. Rest of the costs financed with a previously authorized Metro Council grant (\$456,130) and City funds (\$124,589). City amount eligible for reimbursement consideration in a future regional park CIP. Approved August 11, 2004.
\$184,109	City of Bloomington	Acquire .5 acre residential lot 9625 E. Bush Lake Road for Hyland-Bush-Anderson Lakes Park Reserve. Bloomington and Three Rivers Park District eligible for reimbursement consideration of up to \$138,081 each in a future regional park CIP. Approved September 22, 2004
\$49,435	Washington County	Acquire 0.81 acre parcel within the boundary of Big Marine Park Reserve. Washington City would be eligible for reimbursement consideration of up to \$74,152 in a future regional park CIP. Approved September 22, 2004.
\$433,333	Scott County	Acquire 80 acres within the Doyle-Kennefick Regional Park as a match to a DNR Metro Greenways grant of \$650,000. Approved Nov. 10, 2004.
\$950,000	Anoka County	Acquire 115 acres within Rice Creek Chain of Lakes Park Reserve from St. Paul Water Utility. Land cost discounted 79% from market value and thus grant finances remaining 21%. Approved April 13, 2005.
\$41,080	Ramsey County	Acquire 3.5 acre Duell parcel in Battle Creek Regional Park. Ramsey City would be eligible for reimbursement consideration of up to \$61,620 in a future regional park CIP. Approved May 25, 2005
\$279,431	Dakota County	Acquire 2.5 acre Pryor parcel in Lebanon Hills Regional Park. Dakota City would be eligible for reimbursement consideration of up to \$419,146 in a future regional park CIP. Approved June 29, 2005.
\$154,124	Washington County	Acquire 5 acre Goossen parcel in Big Marine Park Reserve. Washington City would be eligible for reimbursement consideration of up to \$231,185 in a future regional park CIP. Approved July 27, 2005
\$151,093	Dakota County	Acquire 0.68 acre Skoglund parcel in Lebanon Hills Regional Park. Dakota City would be eligible for reimbursement consideration of up to \$226,639 in a future regional park CIP. Approved September 28, 2005
\$149,069	Washington County	Acquire 5-acre Melbostad parcel in Big Marine Park Reserve. Washington City would be eligible for reimbursement consideration of up to \$223,603 in a future regional park CIP. Approved October 26, 2005.
\$20,953	Washington County	Acquire .45-acre Taylor parcel in Big Marine Park Reserve. Washington City would be eligible for reimbursement consideration of up to \$31,430 in a future regional park CIP. Approved August 23, 2006.
\$354,799	Three Rivers Park District	Acquire 20-acre Weinkauff parcel in Lake Rebecca Park Reserve. Three Rivers Park District would be eligible for reimbursement consideration of up to \$532,199 in a future regional park CIP. Approved May 23, 2007.
\$9,023	Washington County	Acquire 1.5 acre Hohlt parcel in Big Marine Park Reserve. Washington City would be eligible for reimbursement consideration of up to \$13,534 in a future regional park CIP. Approved April 25, 2007.
\$1,000,000	Scott County	Acquire 61-acre Cedar Lake Farm Resort parcel in Cedar Lake Farm Regional Park. Scott City would be eligible for reimbursement consideration of up to \$3,526,192 in a future regional park CIP. Approved May 23, 2007.
\$400,841	City of St. Paul	Partially finance acquisition of 43.94 acres for Harriet Island-Lilydale Regional Park. City of St. Paul would be eligible for reimbursement consideration of up to \$601,263 in a future regional park CIP. Approved August 8, 2007
\$182,094	Washington County	Partially finance acquisition of 8.19 acre Katarik parcel for Grey Cloud Island Regional Park. Washington City would be eligible for reimbursement consideration of up to \$273,141 in a future regional park CIP. Approved October 24, 2007

\$116,609	Ramsey County	Partially finance acquisition of 3 acre Parcel #6 for Battle Creek Regional Park. Ramsey City would be eligible for reimbursement consideration of up to \$174,913 in a future regional park CIP. Approved December 12, 2007.
\$1,000,000	Carver County	Partially finance acquisition of 2.94 acres of lakeshore land associated with Lakeside Ballroom in Lake Waconia Regional Park. Carver County would be eligible for reimbursement consideration of up to \$1,530,000 minus lease revenue from parcel in a future regional park CIP. Pending recommendation for approval on February 27, 2008.
\$122,726	City of St. Paul	Partially finance acquisition of 0.74 acre at 350 Water Street for Harriet Island-Lilydale Regional Park. Grant financed 75% of acquisition cost. Remaining 25% financed by City of St. Paul and it is not eligible for reimbursement consideration in a future regional parks CIP. Pending recommendation for approval on February 27, 2008
\$8,485,965	Total funds granted and pending approval as of February 20, 2008	

Based on the grants approved to-date and the assumed grants for the Lakeside Ballroom land, and the 350 Water Street parcel the updated balance of the fund is \$6,126,731 as shown in Table 2 below.

Table 2: Updated Balance to Park Acquisition Opportunity Fund prior to grant for 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve

\$2,400,000	Original amount in park acquisition opportunity fund
\$3,357,000	Additional Council bonds added to fund in June 2003
\$340,334	Additional Council bonds added that were not needed to match State funds for natural resource restoration grants. Added in December 2003
\$15,362	Additional funds added from closed grants as part of amendment to 2005 Unified Capital Budget on May 11, 2005
\$3,000,000	Additional Council bonds authorized to be added to Fund in July 2006
\$2,500,000	ENRTF appropriation added in July 2007
\$3,000,000	Additional Council bonds authorized to be added to Fund on December 12, 2007
\$14,612,696	Total funds available
-\$8,485,965	Granted as of February 20, 2008 and assumed grant for Lakeside Ballroom land and grant for 350 Water Street parcel is approved (For details see Table 1 above)
\$6,126,731	Balance of Acquisition Opportunity Fund (Before granting any funds for 9633 East Bush Lake Road in Hyland-Bush-Anderson Lakes Park Reserve)

Rules for distributing grants from Park Acquisition Opportunity Fund

On January 9, 2008 the Metropolitan Council adopted rules that govern the distribution of grants from the Park Acquisition Opportunity Fund. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for the City of St. Paul's request to acquire the 9633 East Bush Lake Road parcel.

A. Grants from the Park Acquisition Opportunity Fund may only be awarded to finance a portion of the cost to acquire land within Metropolitan Council-approved master plan boundaries, and only after the requesting regional park implementing agency has used available acquisition grant funds previously provided by the Metropolitan Council.

The City's request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Hyland-Bush-Anderson Lakes Park Reserve, and the City has no other acquisition grant funds previously provided by the Metropolitan Council to finance this acquisition.

B. Any interest cost on a contract for deed or other timed payment plan is not eligible for grant funding. The value of a discounted sale (i.e. the difference between the appraised value and a reduced sale price) is not counted as part of the cost to acquire land and is not included as part of a local match to the grant.

There is no contract for deed or other timed payment plan proposed to acquire this land. Thus no interest costs are being incurred by the City. There is no discounted sale of this land.

C. Grants from the Park Acquisition Opportunity Fund may finance a portion of the actual cost to acquire land after deducting any Metropolitan Council grants used to finance a portion of the cost in one of two options as chosen by the requesting regional park implementing agency:

Option 1, Existing Rule:

The Park Acquisition Opportunity Fund Grant finances up to 40% of the net cost of acquiring the land which is defined as the purchase price—not the appraised value; legal fees, appraisal costs and other closing costs incurred by the park agency; the property tax equivalency payment due to the city or township; and stewardship costs.

That portion of the remaining 60% or more of the net cost to acquire the land as defined above that is financed by regional park implementing agency funds—not grants from other sources--may be eligible for reimbursement consideration in future Metropolitan Council regional park capital improvement programs.

The maximum grant(s) available to a park agency under Option 1 is \$1 million.

The Option 1, Existing Rule is not applicable in this case.

Option 2, Revised Rule:

The Park Acquisition Opportunity Fund Grant finances up to 75% of the net cost of acquiring the land which is defined as the purchase price—not the appraised value; legal fees, appraisal costs and other closing costs incurred by the park agency; the property tax equivalency payment due to the city or township; and stewardship costs.

A maximum contribution of 25% of the net cost of acquiring the land as defined above that is financed by regional park implementing agency funds—not grants from other sources--is not eligible for reimbursement consideration by the Metropolitan Council. Any contribution above 25% that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

The maximum grant(s) available to a park agency under Option 2 is \$1.7 million.

The City's request is for a grant under Option 2, Revised Rule. The City is requesting \$339,389, which is 75% of the \$452,518 total cost to acquire the land. That amount is consistent with this rule.

D. Once a park agency chooses an option for an Acquisition Opportunity Grant, it is limited to using that option and associated agency limit for any future grants until these rules expire on June 30, 2008.

With the approval of this \$339,389 grant, the City of Bloomington could request other grants under Option 2, Revised Rule that totaled \$1,360,611 prior to June 30, 2008. Please note that since this grant is proposed to be awarded to the City of Bloomington that even though Three Rivers Park District is providing some of the "local match" that the Park District can apply for a grant from the Fund using either of the options illustrated above in the adopted rules.

Status of remaining acquisition opportunity funds

If \$339,389 was granted, there would be \$5,787,343 remaining for future acquisition opportunities as shown in Table 3.

Table 3: Updated Balance to Park Acquisition Opportunity Fund if a grant is awarded for 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve

\$6,126,731	Projected balance of acquisition opportunity fund before granting any funds for 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve (For details see Table 2 above.)
-\$ 339,389	Proposed funding for 9633 East Bush Lake Road Parcel
\$5,787,343	Updated balance of Park Acquisition Opportunity Fund

As noted earlier, this acquisition grant is proposed to finance the land and a portion of the structure on it. Therefore the State Acquisition Grant Account could not be used. Instead, the grant would be financed with Council bonds in the Land Acquisition Opportunity Account. It would have a new balance of \$3,803,436 as shown in Table 4. .

Table 4: Balance for Land Acquisition Opportunity Account financed with Metro Council bonds if \$339,389 of Metro Council bonds is used to acquire 9633 East Bush Lake Road parcel

Metro Council bonds	Grants financed with this account	Balance in this account
\$4,783,001	\$979,565	\$3,803,436

CONCLUSIONS:

1. The City of Bloomington’s request for a \$339,389 grant from the Park Acquisition Opportunity Fund to partially finance acquisition of the 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve is consistent with the conditions under “Option 2: Revised Rules” for an Acquisition Opportunity Fund grant.
2. Since the grant will partially finance the land value and the structure on this parcel, the grant can only be financed with \$339,389 of Metropolitan Council bonds from the Land Acquisition Opportunity Account in the Acquisition Opportunity Fund. .

RECOMMENDATION:

That the Metropolitan Council authorize a grant of \$339,389 comprised of Metropolitan Council bonds in the Land Acquisition Opportunity Account portion of the Park Acquisition Opportunity Fund to the City of Bloomington. The grant will partially finance the land and structure associated with the 9633 East Bush Lake Road Parcel in Hyland-Bush-Anderson Lakes Park Reserve as shown on Attachments 2 and 3.

Attachment 1: Acquisition Opportunity Fund grant request letter from Randy Quale, City of Bloomington



February 12, 2008

Mr. Arne Stefferud
Senior Park Planner
Metropolitan Council
390 Robert Street North
St. Paul, MN 55101-1805

RE: Land Acquisition Opportunity Fund Request – 9633 East Bush Lake Road

Dear Mr. Stefferud:

The City of Bloomington requests 75% match funding from the Metropolitan Council Land Acquisition Opportunity Fund for the acquisition of an in-holding property for the Hyland-Bush-Anderson Lakes Park Reserve. The in-holding property is located at 9633 East Bush Lake Road, Bloomington, MN 55438 in the Nesta Hills Addition area along the southeast shore of Bush Lake. Maps depicting the location of the property are enclosed.

Acquisition of this property is directed in the approved master plan for the Park Reserve. The property is one of three remaining privately held properties in the Nesta Hills Addition area that are surrounded by Park Reserve property. These properties are needed for the development of this area into a picnic area with a scenic overlook of Bush Lake. Enclosed is the preliminary park development plan for the Nesta Hills Addition area.

The property owner of 9633 East Bush Lake Road has retained an attorney to assist in the sale of the property. If the City and Three Rivers do not move immediately to acquire the property, it will likely be sold on the private market and will be lost for public use for generations to come.

The City and property owner have reached agreement on the purchase price of the property and have executed a purchase agreement (see enclosure). The purchase agreement is contingent upon the approval of adequate contributory funding for the purchase by the Metropolitan Council. The purchase price of \$390,000 is the appraised value of the property per an independent appraisal conducted by Forsythe Appraisals, LLC in September 2007 on behalf of the property owner (see enclosure).

Below is a breakdown on the estimated acquisition costs for the property (0.568 acre parcel including a home and garage) that are eligible for 75% match funding from the Land Acquisition Opportunity Fund.

PARKS AND RECREATION DIVISION
1800 W. OLD SHAKOPEE ROAD, BLOOMINGTON MN 55431-3027
PH 952-563-8877 FAX 952-563-8715 TTY 952-563-8740

AN AFFIRMATIVE ACTION/EQUAL
OPPORTUNITIES EMPLOYER

1.	Purchase price	\$390,000
2.	Appraisal expenses	950
3.	Relocation services	2,000
4.	Relocation benefits	10,000
5.	Closing costs (deed taxes, title fees, closer fees, filing fees, etc.)	3,000
6.	Title insurance	786
7.	Pro-rata share of 2008 taxes	3,228
8.	Tax equivalency payment	2,054
9.	Demolition and removal of residence	25,000
10.	Hazardous waste analysis and abatement	10,000
11.	Well sealing	1,500
12.	Septic system removal	1,500
13.	Site restoration	<u>2,500</u>
	TOTAL	\$452,518

Based on the above acquisition cost estimate, the City of Bloomington requests a 75% match, up to \$339,389 from the Metropolitan Council Land Acquisition Opportunity Fund. The 25% balance (\$113,129) shall be jointly funded by the City of Bloomington and Three Rivers Park District. Per the recently modified Land Acquisition Opportunity Fund policy, the 25% match will not be eligible for reimbursement by the Metropolitan Council, and the City will conform to the 75%-25% funding option for any future Land Acquisition Opportunity Fund requests through June 30, 2008. Since this funding request is being submitted by the City of Bloomington, Three Rivers Park District should not be locked in to the 75%-25% funding option for any future funding requests they may submit to the Metropolitan Council.

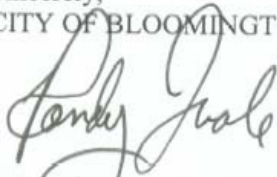
The City of Bloomington and Three Rivers Park District recently approved a cooperative purchase and management agreement for the property at 9633 Bush Lake Road (see enclosure). Under the agreement, the City and Three Rivers will equally share the 25% of the acquisition costs not funded by a Metropolitan Council grant. Also, the City will purchase, own and provide stewardship activities for the property until such time the final road alignment of East Bush Lake Road is determined in that area. At that point, management of the property would flow to the park unit that is not separated from the property by the final East Bush Lake Road alignment. Following acquisition of the property at 9633 East Bush Lake Road, the City and Three Rivers plan to enter into a similar management agreement for the two remaining Nesta Hills Addition area properties.

As outlined in the Park Reserve master plan, a determination on the final alignment of East Bush Lake Road will necessitate a change in the Park Reserve unit boundaries. Given an alignment that would be east of the Nesta Hills Addition area (along the Oregon Avenue), the Nesta Hills Addition parcels would be included in the Bush Lake unit. If the alignment were to be west of the Nesta Hills Addition area (along the current road alignment), the Nesta Hills Addition parcels would be included within the Hyland Lake unit. In this latter scenario, it is practicable to

transfer management of the Nesta Hills Addition area parcels from the City of Bloomington to Three Rivers Park District, as the Three Rivers Park District is the implementing agency for the Hyland Lake unit of the Park Reserve.

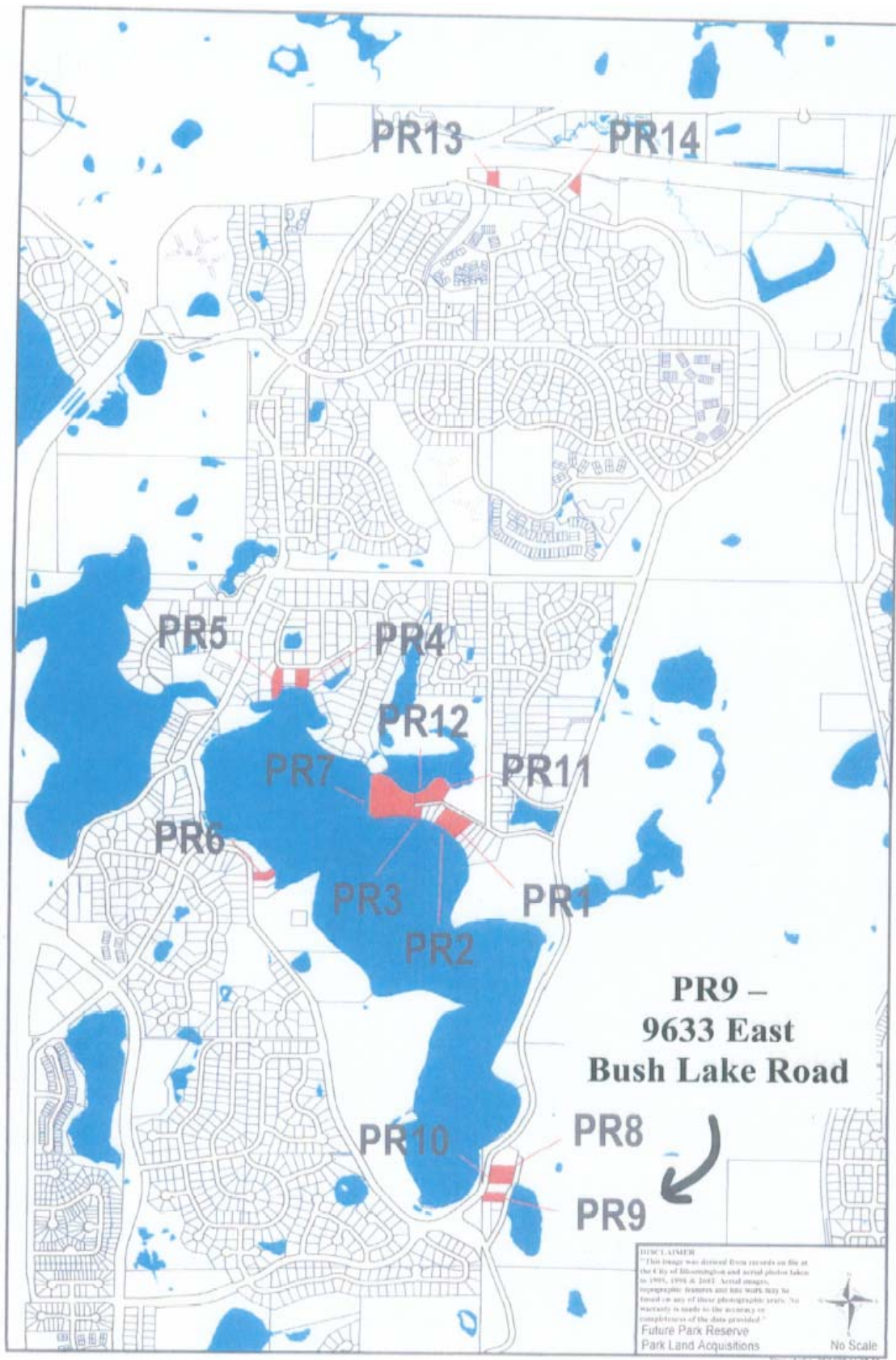
At this time, the City has not made a decision on whether to demolish the house on the property, or to rent out the property on a temporary basis. Please contact me at 952-563-8876 or at rquale@ci.bloomington.mn.us if you have any questions or require additional information.

Sincerely,
CITY OF BLOOMINGTON

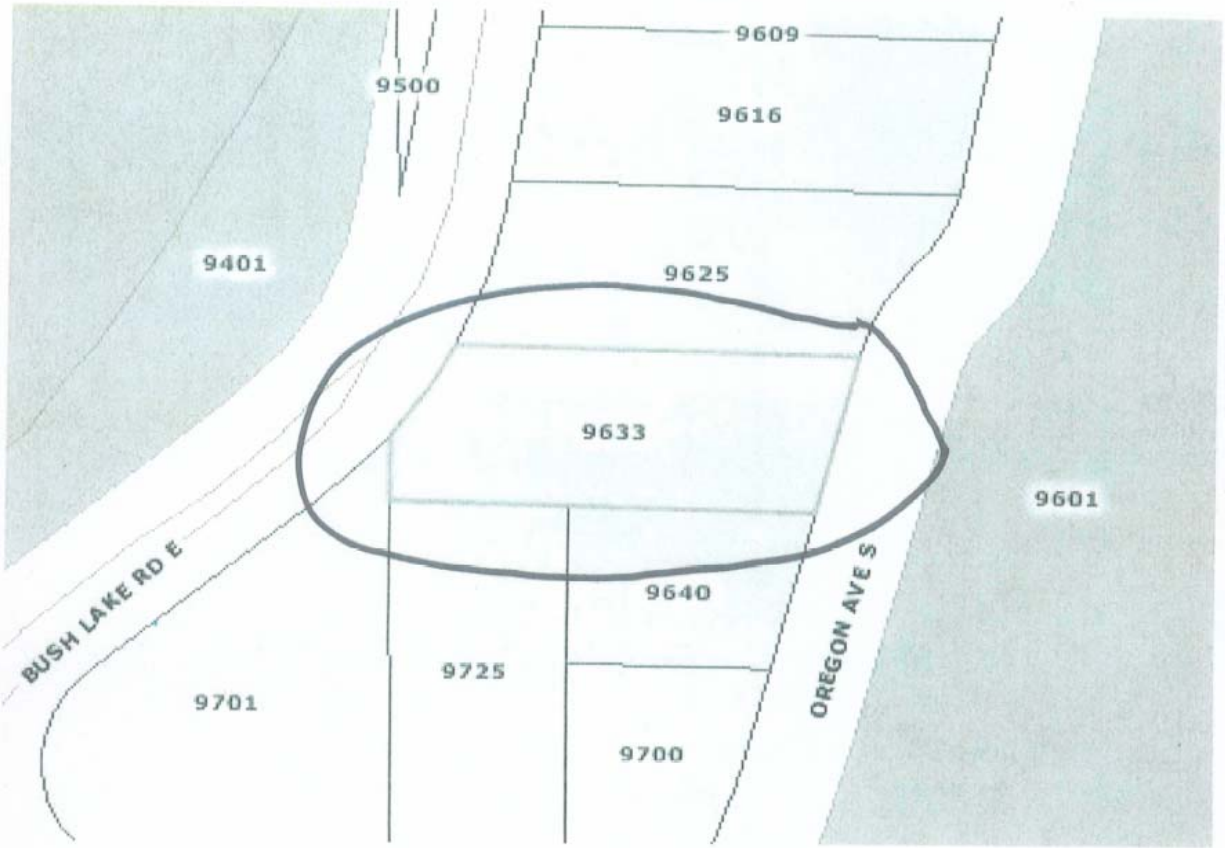
A handwritten signature in black ink, appearing to read "Randy Quale". The signature is written in a cursive style with a large, looping initial "R".

Randy Quale
Parks and Recreation Manager

Attachment 2: General location map of 9633 East Bush Lake Road parcel



Attachment 3: Detailed location map of 9633 East Bush Lake Road parcel
9633 East Bush Lake Road
Property Location



Attachment 4: Planned park development and road realignment on 9633 East Bush Lake Road parcel and adjacent property

**Nesta Hills Addition Area
Preliminary Park Development Plan**

