

Community Development Committee

Item: 2010-149

For the Metropolitan Council meeting of April 28, 2010

ADVISORY INFORMATION

Date April 20, 2010
Prepared:
Subject: Park Acquisition Opportunity Fund Grant request for Above the Falls
Regional Park, Minneapolis Park & Rec. Board

Proposed Action:

1. That the Metropolitan Council authorize a grant of \$1,699,992 from the Parks and Trails Fund Acquisition Account in the Park Acquisition Opportunity Fund to the Minneapolis Park & Recreation Board to partially finance the acquisition of 3.57 acres of the Scherer Lumber property between vacated Water Street and the Mississippi River for Above the Falls Regional Park. The grant should be financed with the \$429,760 remaining balance of the FY 2010 Parks and Trails Fund appropriation and \$1,270,232 of matching Metropolitan Council bonds from the Parks and Trails Fund Acquisition Account.
2. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the soil contamination in the 3.57 acres funded with the grant described above should be cleaned up with funds specifically programmed for such purposes. The Metropolitan Council's assistance to finance the acquisition of the 3.57 acres does not imply that the Council will grant park funds to clean up that land. Regional park grant funds will only be used for contaminated soil cleanup if conditions of Regional Parks Strategy 5 (c), points 2 through 5 have been met.
3. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the rest of the Scherer Lumber property east of the vacated Water Street is not within the master plan boundary for Above the Falls Regional Park. Consequently, unless the Metropolitan Council approves an amendment to the park master plan to include additional land for the park, the land east of vacated Water Street would not be eligible for Metropolitan Council Regional Park CIP funds or Parks and Trails funding.

Summary of Committee Discussion / Questions:

The Committee asked if the appraisal for the land took into account the contamination found on the site and whether the clean up costs should be borne by the Scherer Lumber Company. Minneapolis Park & Rec. Board staff replied that the appraisal was done prior to the Environmental Assessments that found soil contamination. Scherer Lumber Company would not finance soil contamination clean up. The land being acquired with the park grant is currently covered with asphalt paving. That paving would be removed in developing the area for the park and subsequently the extra costs to remove the contaminated soil (\$190,000) would be financed with funds specifically targeted for that purpose. In the past, the Park Board has used such funds provided by Hennepin County

to clean up soil contamination at the B.F Nelson and Boom Island portions of Central Mississippi Riverfront Regional Park. The Park Board would seek such funding from Hennepin County to clean up this site as well. Recommendation 2 requires the Park Board to seek funding from soil contamination clean up funding programs. Park funds are only to be used for soil contamination clean up if other clean up programs do not provide funding.

The Committee unanimously approved the recommendation.

Date:	April 8, 2010
Subject:	Park Acquisition Opportunity Fund Grant request for Above the Falls Regional Park, Minneapolis Park & Rec. Board
District(s), Member(s):	8, Lynette Wittsack
Policy/Legal Reference:	Minnesota Statute Section 473.315
Staff Prepared/Presented:	Arne Stefferud, Planning Analyst-Parks (651-602-1360)
Division/Department:	Community Development Division

Proposed Action

1. That the Metropolitan Council authorize a grant of \$1,699,992 from the Parks and Trails Fund Acquisition Account in the Park Acquisition Opportunity Fund to the Minneapolis Park & Recreation Board to partially finance the acquisition of 3.57 acres of the Scherer Lumber property between vacated Water Street and the Mississippi River for Above the Falls Regional Park. The grant should be financed with the \$429,760 remaining balance of the FY 2010 Parks and Trails Fund appropriation and \$1,270,232 of matching Metropolitan Council bonds from the Parks and Trails Fund Acquisition Account.
2. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the soil contamination in the 3.57 acres funded with the grant described above should be cleaned up with funds specifically programmed for such purposes. The Metropolitan Council's assistance to finance the acquisition of the 3.57 acres does not imply that the Council will grant park funds to clean up that land. Regional park grant funds will only be used for contaminated soil cleanup if conditions of Regional Parks Strategy 5 (c), points 2 through 5 have been met.
3. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the rest of the Scherer Lumber property east of the vacated Water Street is not within the master plan boundary for Above the Falls Regional Park. Consequently, unless the Metropolitan Council approves an amendment to the park master plan to include additional land for the park, the land east of vacated Water Street would not be eligible for Metropolitan Council Regional Park CIP funds or Parks and Trails funding.

Background

Since 2001, the Metropolitan Council has had a Park Acquisition Opportunity Fund grant program to assist regional park agencies in acquiring land for the Metropolitan Regional Park System. Land that is acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit. To-date, about \$16.5 million has been granted for the acquisition of 1,773 acres. The total related acquisition costs and market value of this land is about \$54.2 million.

The Metropolitan Council's approval of the Above the Falls Regional Park master plan in February 2002 required the Minneapolis Park & Rec. Board to submit Phase 1 and Phase 2 Environmental Assessments to the Metropolitan Council as a condition for regional park land acquisition grants for this park. If the Metropolitan Council concludes that it will help finance its acquisition, it does not obligate the Council to grant park funds to clean up the site. Regional park grant funds will only be used for contaminated soil clean up if conditions of Regional Parks Policy E-4 [renamed Strategy 5 (c), points 2 through 5 have been met.

The Phase 1 and Phase 2 Environmental Assessments found soil contamination on the land proposed to be acquired with the Council's grant. The estimated cleanup cost of \$190,000 is proposed to be financed from grants/funds specifically programmed for soil contamination cleanup purposes.

The Minneapolis Park & Rec. Board is acquiring 13.84 acres from Scherer Lumber Company under a 4 year mortgage arrangement. The Park Acquisition Opportunity Fund grant would partially finance the costs associated with acquiring 3.57 acres within the Metropolitan Council approved master plan boundary for Above the Falls Regional Park. The Park Board intends to sell/convey the rest of the land to the City of Minneapolis for private development. If the City of Minneapolis does not purchase the land, the Park Board would sell it to other parties.

Rationale

The Park Acquisition Opportunity Fund helps regional park agencies finance up to 75% of the costs to acquire land for regional parks and trails. Grants are awarded on an as needed basis, with a limit of up to \$1.7 million per year per park agency if funding is available.

Funding

The Minneapolis Park & Recreation Board (MPRB) has requested a Park Acquisition Opportunity Fund grant of \$1,699,992 to finance a portion of the cost to acquire 3.57 acres on the east bank of the Mississippi River within the approved boundary of Above the Falls Regional Park. If this grant is awarded there would be \$3,681,379 for future land acquisitions. It should be noted that \$1,513,000 from the Fiscal Year 2011 Parks and Trails Fund appropriation will be added in July. There is sufficient Metro Council bonds in that account to provide the \$1,009,000 match to the Parks and Trails Fund appropriation required by law.

Known Support / Opposition

The Metropolitan Parks and Open Space Commission reviewed this request at its meeting on April 6. The Commission unanimously approved the recommendation. There is no known opposition to this proposal.

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

DATE: March 31, 2010

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2010-149) Park Acquisition Opportunity Fund Grant request for Above the Falls Regional Park, Minneapolis Park & Rec. Board

INTRODUCTION

Since 2001, the Metropolitan Council has had a Park Acquisition Opportunity Fund grant program to assist regional park agencies in acquiring land for the Metropolitan Regional Park System. Land that is acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit. To-date, about \$16.5 million has been granted for the acquisition of 1,773 acres. The total related acquisition costs and market value of this land is about \$54.2 million. (See **Attachment 1** for a list of all grants awarded to-date).

The Minneapolis Park & Recreation Board (MPRB) has requested a Park Acquisition Opportunity Fund grant of \$1,699,992 to finance a portion of the cost to acquire 3.57 acres on the east bank of the Mississippi River within the approved boundary of Above the Falls Regional Park. The area proposed for the grant is part of 13.84 acres being sold by the Scherer Lumber Company. (See **Attachment 2** for grant request letter).

This memorandum analyzes this request against the rules for Park Acquisition Opportunity Fund grants and for conditions the Metropolitan Council placed on acquisition grants for Above the Falls Regional Park regarding testing for soil contamination. The memorandum recommends approving the grant. If this \$1,699,992 grant is awarded, plus the grant of \$1,470,253 for Washington County's request for the Appert parcel there would be \$3,681,379 for future land acquisitions. It should be noted that \$1,513,000 from the Fiscal Year 2011 Parks and Trails Fund appropriation will be added in July. There is sufficient Metro Council bonds in that account to provide the \$1,009,000 match to the Parks and Trails Fund appropriation required by law.

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, county 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*".

BACKGROUND

The Park Acquisition Opportunity Fund is comprised of two accounts:

The first account is called the Environment and Natural Resources Trust Fund Acquisition Account, which is used to purchase land with high quality natural resource characteristics. No residential structures can be acquired with this account. Assuming the Appert parcel grant is approved, this account would have a balance of \$2,258,038 comprised of \$1,354,823 of Environment and Natural Resources

Trust Fund revenue appropriated in the 2008 and 2009 Legislative Sessions and \$903,215 of bonds issued by the Metropolitan Council as a 40% match to the State appropriation.

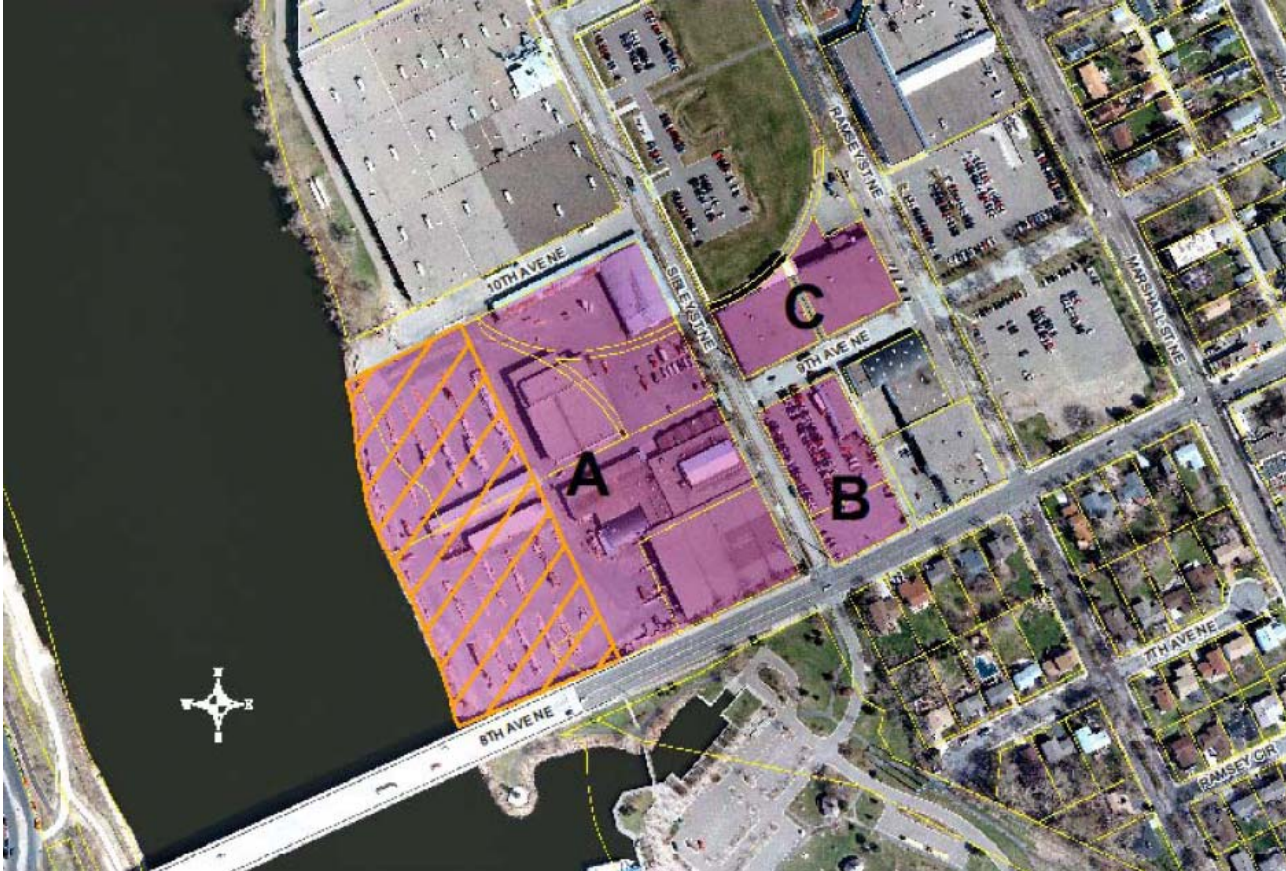
The second account is called the Parks and Trails Fund Acquisition Account, which is used to purchase land that has low natural resource characteristics and any related structures –typically a parcel with a house or other buildings. This account is financed with Parks and Trails Fund appropriations from the Land and Legacy Amendment plus bonds issued by the Metropolitan Council. Assuming the Appert parcel grant is approved, this account would have a balance of \$3,123,332 comprised of \$429,760 from the FY 2010 Parks and Trails Fund appropriation and \$2,693,572 of Metropolitan Council bonds.

The combined balance of both accounts is \$5,381,371 under the assumption that the Appert parcel grant is approved. If a \$1,699,992 grant to MPRB is awarded, there would be \$3,681,379 remaining for future land acquisitions. It should be noted that \$1,513,000 from the Fiscal Year 2011 Parks and Trails Fund appropriation will be added in July. There is sufficient Metro Council bonds in that account to provide the \$1,009,000 match to the Parks and Trails Fund appropriation required by law.

Grants from the Park Acquisition Opportunity Fund are awarded under a set of rules that were approved by the Council on June 24, 2009. The rules allow a grant or grants totaling \$1.7 million per year (July 1 to June 30) to a park agency to finance up to 75% of the purchase price of the property plus related costs.

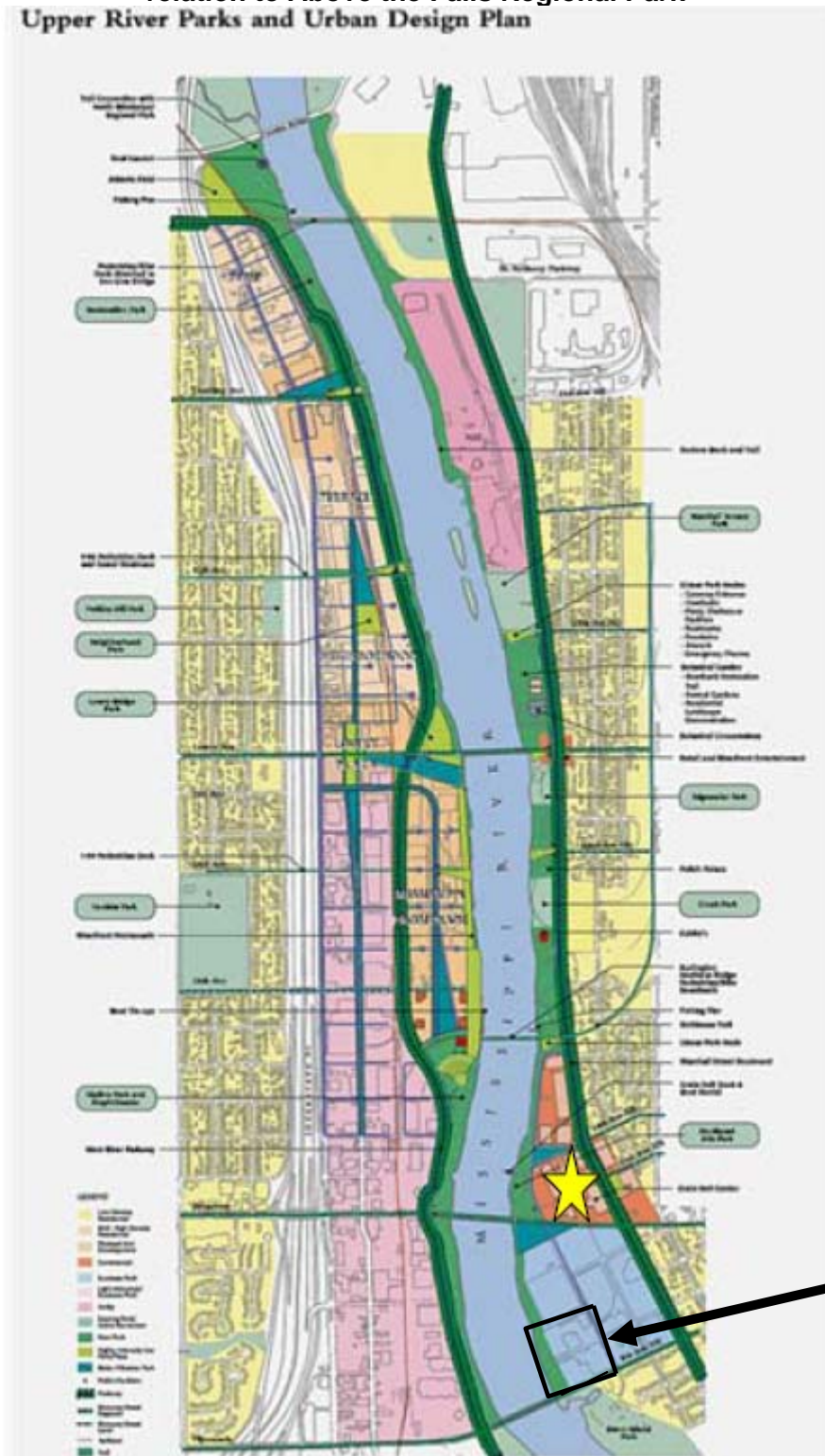
The Scherer Lumber Co. parcels are located on the east bank of the Mississippi River just upstream of the Plymouth Ave. /8th Avenue Bridge and the Boom Island portion of Central Mississippi Riverfront Regional Park. **Figure 1** is an aerial photograph of all the parcels. The diagonal striped area in Parcel A is the land proposed to be acquired with the Park Acquisition Opportunity Fund grant.

Figure 1: Scherer Lumber Co. parcels and area proposed for Park Acquisition Opportunity Fund Grant



The area proposed for acquisition is consistent with the Metropolitan Council approved master plan for Above the Falls Regional Park. **Figure 2** below is an excerpt from that plan. The star on the map is north of the Scherer Lumber parcels. The area in green along the river is the area proposed for the regional park and coincides with the Scherer Lumber Parcel A proposed for partial financing with the Park Acquisition Opportunity Grant.

Figure 2: Above the Falls RP master plan showing location of Scherer Lumber Co. parcels in relation to Above the Falls Regional Park

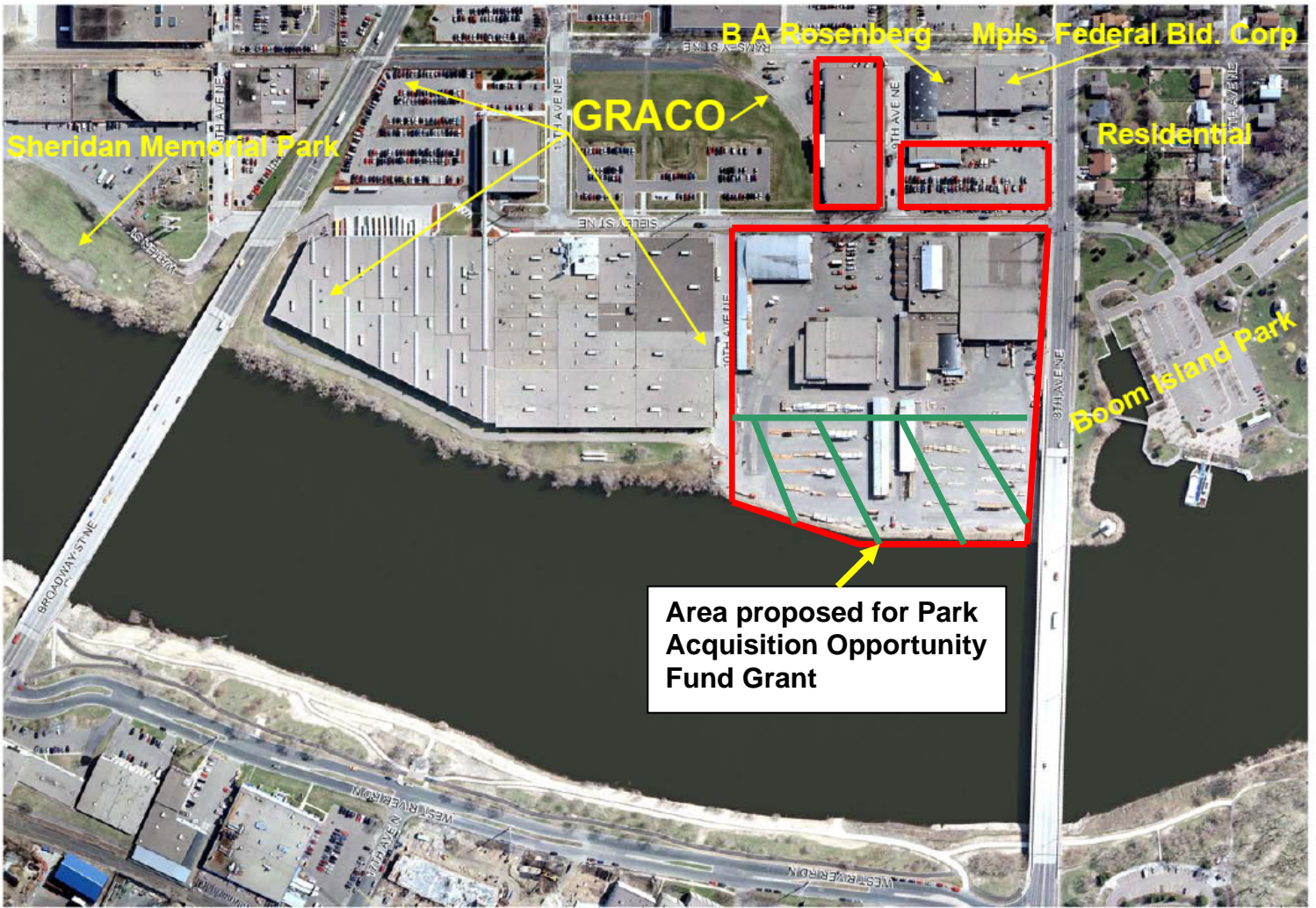


Scherer Lumber Parcel A

Figure 3 illustrates the parcels' location in relation to adjacent land owners. As noted in the Park Board's request, the parcel proposed for funding with the Park Acquisition Opportunity Fund Grant would provide space for a riverfront trail linking Boom Island (right side of map) to Sheridan Memorial Park. Graco has agreed to allow a trail on its river frontage.

Figure 3

SCHERER ACQUISITION ADJACENT OWNERS



ANALYSIS

Condition for acquisition grant on land for Above the Falls Regional Park

The Metropolitan Council's approval of the Above the Falls Regional Park master plan in February 2002 included the following condition regarding regional park land acquisition grants for this park:

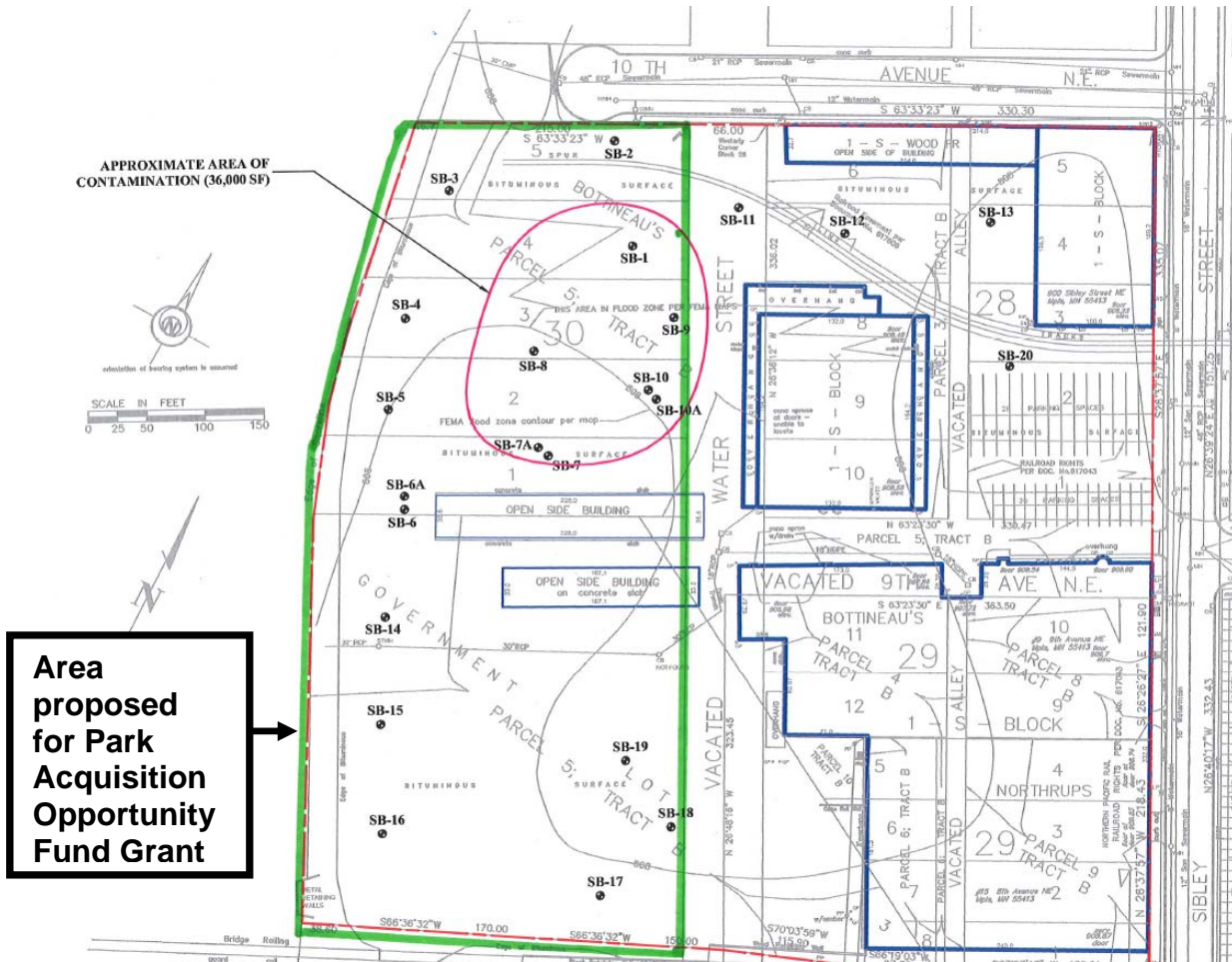
“2. Require the Minneapolis Park & Recreation Board to submit the results of a Phase One environmental audit on parcels proposed to be acquired with regional park grant funding in the “Above the Falls” plan as called for in Regional Parks Policy E-5 [renamed to Strategy 5 (d)], and the results of Phase Two soil borings as called for in the “Above the Falls” plan when it submits a request for a Metropolitan Council regional park acquisition grant. If the Metropolitan Council concludes that it will help finance its acquisition, it does not imply that the Council will grant park funds to clean up the site. Regional park grant funds will only be used for contaminated soil clean up if conditions of Regional Parks Policy E-4 [renamed Strategy 5 (c), points 2 through 5 have been met. “

The referenced points 2 through 5 of Parks Strategy 5 (c) are:

2. The land is essential to make the regional park or trail function as intended according to a Council- approved master plan and no reasonable alternative exists to relocate the park or trail facilities elsewhere.
3. The park or trail is essential in contributing to strengthening neighborhood vitality consistent with the Regional Development Framework.
4. The cost of cleanup is not eligible to receive federal or state soil contamination cleanup funds or abandoned well-capping funds from any other program or funding has been denied.
5. The regional park implementing agency has an agreement with the party that will remediate/clean up the contamination or cap an abandoned well that absolves the regional park implementing agency from any future liability of pollution caused by the contaminated soil or contaminated groundwater.

The area proposed for funding with a Park Acquisition Opportunity Fund Grant was investigated for soil contamination under a Phase 1 Environmental Assessment and Phase 2 soil borings. R. J. Rykken Consulting, Inc. completed 20 soil borings and laboratory analysis of 22 soil samples on Parcel A. The soil boring locations and the location of contaminated soil is shown on **Figure 4**.

Figure 4: Location of Phase 2 soil borings and contaminated soil in area proposed for Park Acquisition Opportunity Fund



The following excerpt from a Technical Memorandum dated March 24, 2010 by R.J. Rykken Consulting, Inc. describes the soil contamination and the \$190,000 estimated costs for clean up as follows:

“The initial results of this investigation indicate the following:

- Polynuclear aromatic hydrocarbons (PAHs) concentrations exceed Minnesota Pollution Control Agency (MPCA) soil reference values (SRVs) for recreational properties in 7 of the 16 soil samples. The elevated PAHs appear to be associated with fill materials containing slag/ash.
- Lead concentrations exceed the MPCA recreational SRV in 4 of the 22 samples. These samples are currently being analyzed for lead using the toxicity characteristic leaching procedure (TCLP). The TCLP analysis is necessary to evaluate off-site disposal options for the material in these locations.
- The mercury concentration exceeds the MPCA recreational SRV in the soil sample from a depth of 1 to 3 feet in boring SB-1. This sample is currently being analyzed for TCLP mercury. This sample also contains elevated concentrations of PAHs and lead.
- Arsenic concentrations exceed the MPCA recreational SRV in 4 of the 22 samples. The arsenic concentrations are within typical near surface soil concentrations in Minneapolis.
- Cadmium or selenium concentrations exceed the MPCA soil leaching values (SLVs) in three samples. These samples also contain elevated concentrations of PAHs, lead, arsenic or mercury.
- No organic vapors, odors, or visual physical evidence of volatile organic compounds were detected in the samples.

The estimated area of contaminated soil (36,000 square feet) that will require removal and disposal to utilize the Site as a park, is shown on Figure 2 [referenced as Figure 4 in this memorandum]. The estimated thickness of the contaminated soil is 3 feet, resulting in an estimated volume of 4,000 cubic yards.

In addition, the July 2009 investigation performed by Liesch Associates, Inc. identified elevated lead concentrations in boring B-3 at a depth of 7 to 9 feet. This material may require removal/disposal or in-situ stabilization.

Estimated costs for environmental cleanup associated with the proposed Site development are shown on an attached table [Table 1]. The \$30 per cubic yard excavation, transport and disposal cost assumes the TCLP analyses will not identify hazardous lead concentrations.”

**Table 1: ESTIMATED COST FOR ENVIRONMENTAL CLEANUP
PROPOSED PARK-SCHERER BROTHERS PROPERTY
MINNEAPOLIS, MINNESOTA**

Task	Unit Cost	Total Cost
Additional Investigation and preparing Development Response Action Plan (DRAP)		\$25,000
MPCA VIC fees	\$150/HR	\$5,000
Soil excavation, transport and disposal. Area shown in Figure 2. [Figure 4 in this memorandum].	4,000 CY @ \$30/CY	\$120,000
Soil excavation, transport and disposal or in-situ stabilization. Area near Liesch boring B-3.	500 CY @ \$40/CY	\$20,000
Monitoring & sampling, project management and preparing a DRAP Implementation Report.		\$20,000
Estimated Total Cost of Environmental Cleanup		\$190,000

As noted in the MPRB letter (**Attachment 2**), the MPRB would seek environmental cleanup costs from the following sources specifically designed to finance soil contamination clean up:

- Brownfield to Greenfield grant
- Hennepin County program which has been used for similar cleanup projects on Boom Island and B.F. Nelson portions of Central Mississippi Riverfront Regional Park

Acquisition cost analysis

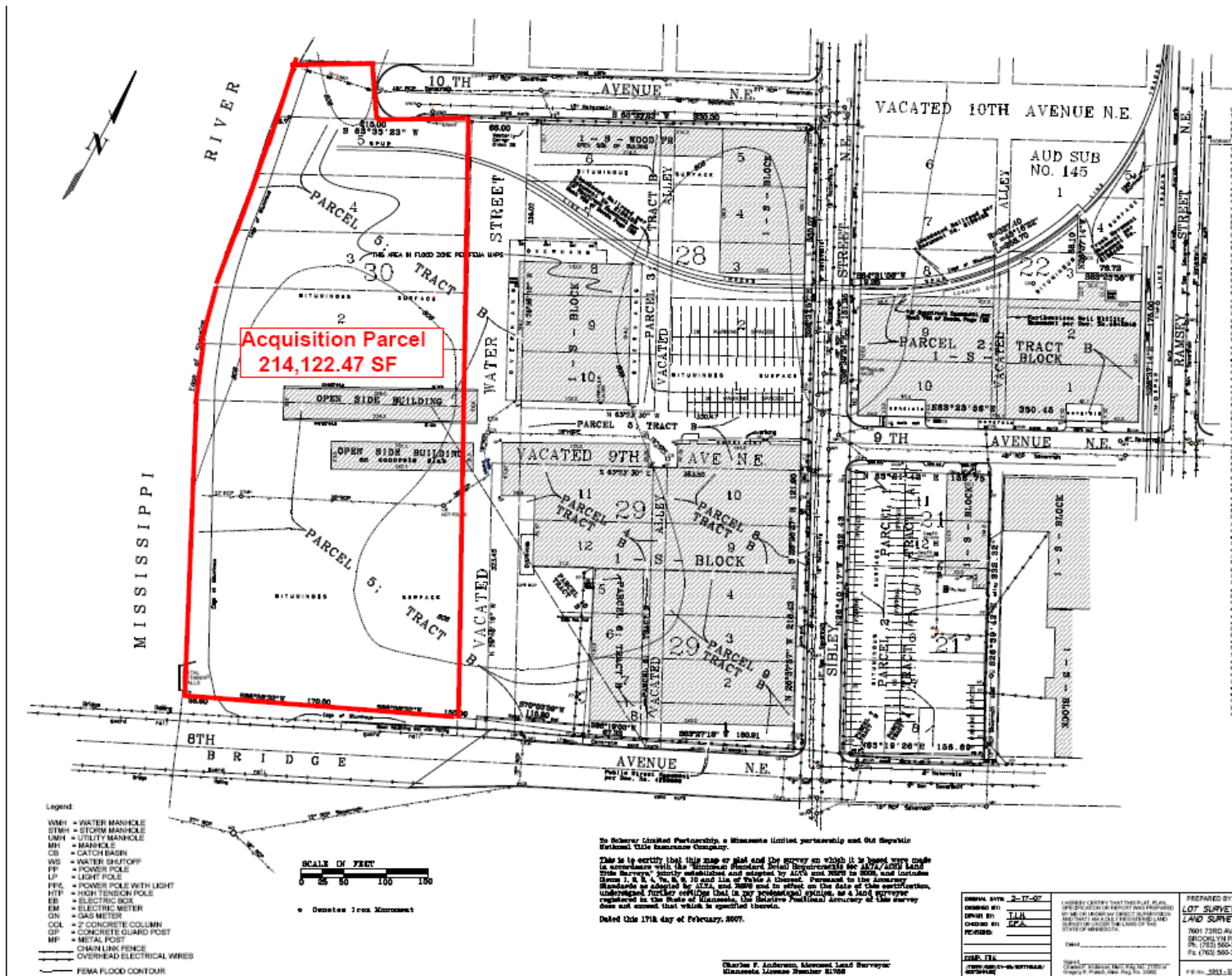
The total purchase price for all three parcels is \$8,650,307. The purchase agreement calls for an initial payment of \$400,000 and an additional payment of \$2,000,000 at closing. Scherer Brothers will carry a mortgage for the remaining balance with annual principal and interest payments over four years. The MPRB's request letter states that,

“The balance of the funding may come from a diverse list of sources including the sale of portions of the property to the private partners, I-35W land acquisition proceeds, Mississippi Watershed Management Organization funds, Metropolitan Council Regional Park funds, Parks and Trails funding and the City of Minneapolis.”

The rest of the property east of the vacated Water Street is not within the master plan boundary for Above the Falls Regional Park. Consequently, unless the Metropolitan Council approves an amendment to the park master plan to include additional land for the park, the land east of vacated Water Street would not be eligible for Metropolitan Council Regional Park funds or Parks and Trails funding.

The area west of vacated Water Street that is consistent with the Above the Falls Regional Park master plan is 214,122 sq. ft. (4.92 acres) as shown on **Figure 5: Area Proposed for Park consistent with Above the Falls Regional Park master plan**

Figure 5: Area Proposed for Park consistent with Above the Falls Regional Park master plan



Based on calculations that included pro-rating the cost of land and associated costs, the amount of land that could be acquired with the Park Acquisition Opportunity Fund grant and the Park Board's match is 155,508 square feet or 3.57 acres. The costs total \$2,266,656 as described in the following table.

Pro-rated share of purchase price for 3.57 acres	\$ 2,226,487
Pro-rated share of 2010 property taxes for 3.57 acres	\$ 11,330
Property Tax Equivalency Payment for 3.57 acres	\$ 20,394
Pro-rated share of appraisal for 3.57 acres	\$ 2,574
Pro-rated share of Phase I Environmental Assessment on 3.57 acres	\$ 5,872
Total:	\$ 2,266,656

The MPRB requests that the acquisition be financed with the following revenue sources:

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 1,699,992
MPRB match from I-35 W bridge account which must be used to acquire regional park land along Mississippi River (25%)	\$ 566,664
Total:	\$ 2,266,656

The Parks and Trails Fund Acquisition Account should be used to finance the grant since that account can be used to acquire land that is not eligible for funding from the Environment and Natural Resources Trust Fund Acquisition Account.

The Park Acquisition Opportunity Fund grant would be financed as follows:

Remaining balance of FY 2010 Parks and Trails Fund appropriation	\$ 429,760
Metropolitan Council bonds	\$1,270,232
Total:	\$1,699,992

Rules for distributing grants from Park Acquisition Opportunity Fund

On June 24, 2009 the Metropolitan Council adopted rules that govern the distribution of grants from the Fund on a yearly basis--July 1 to June 30. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for the MPRB's request to acquire 3.57 acres of the Scherer Lumber Company property for Above the Falls Regional Park.

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 MPRB request is consistent with this rule because the parcel is within the Metropolitan Council-approved master plan boundary for Above the Falls Regional Park. Plus, MPRB does not have 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.

The grant proposed here would be the only transaction for the 3.57 acres. The interest on the mortgage for the rest of the property is not part of this transaction. The purchase price for the 3.57 acres has been pro-rated from the total negotiated price between buyer and seller based on a certified appraisal for the 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 and other grants used to finance a portion of the cost as follows:

The Park Acquisition Opportunity Fund Grant finances 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 contribution of 25% of the net cost of acquiring the land up to \$567,000 that is financed by regional park implementing agency funds or other sources is not eligible for reimbursement consideration by the Metropolitan Council. Seventy-five percent (75%) of a contribution above \$567,000 that is financed with regional park implementing agency funds only is eligible for reimbursement consideration by the Metropolitan Council.

The MPRB's request of \$1,699,992 is 75% of the cost to acquire the 3.57 acres as shown on page 9. The MPRB will provide \$566,664 as a 25% non-reimbursable match to the Council's grant. The grant request and match to the Council's grants are consistent with this rule.

The maximum grant(s) available to a park agency is \$1.7 million during the July 1 to June 30 time period.

This is the first grant to the MPRB for the July 1, 2009 to June 30, 2010 time period. Assuming \$1,699,992 is granted, it essentially uses up the amount the MPRB could request.

CONCLUSIONS

1. The Minneapolis Park & Recreation Board's (MPRB) request of \$1,699,992 from the Park Acquisition Opportunity Fund to purchase 3.57 acres of the Scherer Lumber Company property for Above the Falls Regional Park is consistent with the rules for receiving grants from the Fund
2. The Parks and Trails Fund Acquisition Account in the Park Acquisition Opportunity Fund should be used to finance the grant because it is consistent with the utilization of this account.
3. The MPRB grant request is also consistent with the Metropolitan Council's requirement for Phase 1 and Phase 2 Environmental Assessments on land proposed to be acquired with a Metropolitan Council grant for Above the Falls Regional Park. Based on the findings of the Phase 1 and Phase 2 environmental assessments, the soil contamination in the land proposed to be acquired for the regional park can be cleaned up with funds specifically programmed for

such purposes. If the Metropolitan Council concludes that it will help finance the acquisition of that land, it does not imply that the Council will grant park funds to clean up the site. Regional park grant funds will only be used for contaminated soil cleanup for the 3.57 acres if conditions of Regional Parks Strategy 5 (c), points 2 through 5 have been met.

4. The rest of the Scherer Lumber property east of the vacated Water Street is not within the master plan boundary for Above the Falls Regional Park. Consequently, unless the Metropolitan Council approves an amendment to the park master plan to include additional land for the park, the land east of vacated Water Street would not be eligible for Metropolitan Council Regional Park funds or Parks and Trails funding.

RECOMMENDATIONS

1. That the Metropolitan Council authorize a grant of \$1,699,992 from the Parks and Trails Fund Acquisition Account in the Park Acquisition Opportunity Fund to the Minneapolis Park & Recreation Board to partially finance the acquisition of 3.57 acres of the Scherer Lumber property between vacated Water Street and the Mississippi River for Above the Falls Regional Park. The grant should be financed with the \$429,760 remaining balance of the FY 2010 Parks and Trails Fund appropriation and \$1,270,232 of matching Metropolitan Council bonds from the Parks and Trails Fund Acquisition Account.
2. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the soil contamination in the 3.57 acres funded with the grant described above should be cleaned up with funds specifically programmed for such purposes. The Metropolitan Council's assistance to finance the acquisition of the 3.57 acres does not imply that the Council will grant park funds to clean up that land. Regional park grant funds will only be used for contaminated soil cleanup if conditions of Regional Parks Strategy 5 (c), points 2 through 5 have been met.
3. That the Metropolitan Council inform the Minneapolis Park & Recreation Board that the rest of the Scherer Lumber property east of the vacated Water Street is not within the master plan boundary for Above the Falls Regional Park. Consequently, unless the Metropolitan Council approves an amendment to the park master plan to include additional land for the park, the land east of vacated Water Street would not be eligible for Metropolitan Council Regional Park CIP funds or Parks and Trails funding.

**Attachment 1: Park Acquisition Opportunity Fund Grants approved
as of March 24, 2010**

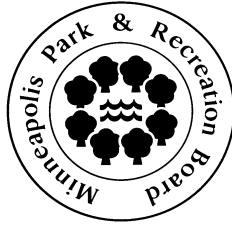
Amount Granted	Park Agency	Project Description
\$99,966	Dakota County	Acquire Wasserman and Klink parcels at Spring Lake Park Reserve. Dakota County eligible for reimbursement consideration up to \$180,882 in a future regional parks CIP. Approved November 15, 2001.
\$521,000	Mpls. Park & Rec. Board	Acquire 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 County 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 County 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 County 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.

Amount Granted	Park Agency	Project Description
\$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 County 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 County 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 County 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 County 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 County 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 County 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 County 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 County 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 County 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

Amount Granted	Park Agency	Project Description
\$182,094	Washington County	Partially finance acquisition of 8.19 acre Katarik parcel for Grey Cloud Island Regional Park. Washington County 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 County 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. Approved 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. The remaining 25% financed by City of St. Paul (\$40,909) is not eligible for reimbursement consideration in a future regional park CIP. Approved February 27, 2008
\$339,389	City of Bloomington	Partially finance acquisition of 0.568 acre at 9633 East Bush Lake Road for Hyland-Bush-Anderson Lakes Park Reserve. Grant financed 75% of acquisition cost. The remaining 25% (\$113,130) financed by City of Bloomington and Three Rivers Park District is not eligible for reimbursement consideration in a future regional parks CIP. Approved on April 9, 2008
\$1,700,000	Dakota County	Partially finance acquisition of 456-acre Empire Wetlands Regional Park. Grant financed 14.2% of the \$11.94 million acquisition cost. Rest of costs financed with \$800,000 Metro Council grant SG-2006-123, \$6 million from 2006 State bond pass through grant, and \$3,440,000 of Dakota County funds of which \$2,155,000 is eligible for reimbursement in a future regional parks CIP. Grant approved on April 23, 2008. Reimbursement approved for consideration on May 28, 2008.
\$572,469	City of St. Paul	Partially finance acquisition of 1.85 acre for Bruce Vento Nature Sanctuary as part of Bruce Vento Regional Trail. Grant financed 75% of acquisition cost. The remaining 25% financed by City of St. Paul (\$190,823) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 11, 2008
\$848,369	Scott County	Partially finance acquisition of 47.08 acres for Doyle-Kennefick Regional Park (Adelmann parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Scott County (\$282,789) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 25, 2008
\$337,124	Three Rivers Park District	Partially finance acquisition of 6.46 acres for Baker Park Reserve (Laidlaw parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$112,656) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 25, 2008
\$416,297	Washington County	Partially finance acquisition of 19 acres for Big Marine Park Reserve (Grundhofer parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Washington County (\$138,766) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved August 27, 2008

Amount Granted	Park Agency	Project Description
\$304,725	Three Rivers Park District	Partially finance acquisition of 1.5 acres for Lake Rebecca Park Reserve (Bauduin parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$101,575) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved November 12, 2008
\$492,750	Three Rivers Park District	Partially finance acquisition of 9.5 acres for Lake Rebecca Park Reserve (Westerlund parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$164,250) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved November 12, 2008
\$135,654	Mpls. Park & Rec. Bd.	Partially finance acquisition of 0.5 acres for Above the Falls Regional Park (Galka parcels). Grant financed 75% of acquisition cost. The remaining 25% financed by Mpls. Park & Rec. Bd. (\$45,216) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved December 10, 2008
\$17,400	Dakota County	Partially finance acquisition of 1.1 acres for Lebanon Hills Regional Park (Urban parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Dakota County (\$5,800) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved January 28, 2009
\$411,422	Ramsey County	Partially finance acquisition of 1.83 acres for Bald Eagle-Otter Lakes Regional Park (1466 East Co. Rd. H-2). Grant financed 75% of acquisition cost. The remaining 25% financed by Ramsey County (\$137,141) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 24, 2009.
\$281,528	Ramsey County	Partially finance acquisition of 1.27 acres for Bald Eagle-Otter Lakes Regional Park (1700 North County Line Rd.). Grant financed 75% of acquisition cost. The remaining 25% financed by Ramsey County (\$93,843) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 24, 2009.
\$407,400	Three Rivers Park District	Partially finance acquisition of 9.44 acre parcel for Rush Creek Regional Trail (Ganzer parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$135,800) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 24, 2009
\$719,400	Three Rivers Park District	Partially finance acquisition of 8.89 acre parcel for Carver Park Reserve (Hedtke parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$135,800) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved October 14, 2009.
\$369,683	Scott County	Partially finance acquisition of 7.05 acre parcel for Cedar Lake Farm Regional Park (Novotny parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Scott County (\$123,228) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved October 28, 2009.
\$657,572	Carver County	Partially finance acquisition of 1.28 acre parcel for Lake Waconia Regional Park (Country Store parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Carver County (\$219,191) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved December 9, 2009.
\$16,497,147	Total funds granted as of March 24, 2010	

Attachment 2: Letter from Judd Rietkerk, Minneapolis Park & Rec. Board



March 24, 2010

TO: Arne Stefferud

FROM: Judd Rietkerk,
Director of Planning and Project Management

SUBJECT: Revised Request for \$1,699,992 from Park Acquisition
Opportunity Grant Funds for the purchase of
Scherer Brothers Lumber Property

Introduction:

Recently, Scherer Brothers Lumber Company approached the Minneapolis Park and Recreation Board (MPRB) with their intention to sell their property located at 8th Avenue NE and Sibley St NE, along the eastside of the Mississippi River, (see attached location map). Staff responded with interest and began identifying strategies for acquisition and development. A Phase I and II environmental assessment and an appraisal have been completed on the property. Negotiations on price, and terms, have been completed and a draft purchase agreement has been prepared.

Project Scope and History:

Site Description

The Scherer Brothers Lumber Yard is located on the Mississippi River just upstream of the Plymouth Avenue Bridge and Boom Island Park and just south of the Graco property. The Scherer Brothers property has a total land area of 13.84 acres and is made up of three separate parcels that are bifurcated by Sibley Street and 9th Avenue. The Main Parcel (A) has 750 feet of frontage on the Mississippi River and is about 11.25 acres in size. It is rectangular in shape with a level topography and completely covered with asphalt paving. The Main Parcel is improved with six buildings used for outside covered storage, indoor warehouse space, and office space for the lumberyard operations; a railroad spur for the delivery of the lumber is also present on the site.

The Eighth Avenue Parcel (B) is 1.26 acres, is mostly rectangular with a level topography. This parcel is improved with a surface parking lot and a small maintenance garage. The Ninth Avenue Parcel (C) is 1.33 acres, is mostly rectangular with a curved border fronting the railroad spur on the north side of the property. The site is level with stable soils and is improved with two industrial buildings.

The site has been used as a lumberyard and lumber storage/transfer facility since 1934. Based on a final review of the plat map and title information, the Regional Park portion of the property is not adversely affected by any easements or encroachments. The Main Parcel is partially divided by a railroad spur; however this is not seen as an encumbrance. The Park Board is satisfied that there are no known covenants, conditions or restrictions that affect the marketability or highest and best use of the property.

Above the Falls Regional Master Plan

A portion of the Scherer Brothers property falls within the boundary of the Above the Falls (ATF) Master Plan which was adopted by Met Council, the City Council and Park Board nearly a decade ago. This plan calls for redevelopment along the river from the Plymouth Bridge to the northern city limits and North Mississippi Regional Park with a mix of parks, residential, light-industrial and commercial uses.

The property is in a key location; one, because it has riverfront shoreline and; two, this can provide a trail connection to Sheridan Memorial Park through the Graco property. An agreement with Graco allows for a portion of their riverfront to be accessible for trail purposes along the riverfront side of their property. The need to acquire the parcel is tied directly to the goals of the Above the Falls Master Plan and continue the establishment of park land along both sides of the Mississippi River in Minneapolis and the Park Board's Comprehensive plan goals of increasing access to the River, developing premier recreation facilities in North and Northeast Minneapolis, and protecting the natural environment.

At this time, the Scherer Brothers property is the missing link between the Central Riverfront and the Above the Falls project. This acquisition enables the parks and trails system to extend from 8th Avenue Northeast to 16th Avenue Northeast. The need to stabilize the shoreline, and protect the natural environment and extend the riverfront parks system along the river is driving the desire of the Park Board to acquire the Scherer Brothers property. Development of the property will include shoreline preservation/stabilization, wetland/open space, trails, and other regional amenities.

Purchase Agreement Terms and Strategy:

Staff has negotiated a Purchase Price of \$8,650,307 for acquisition of the entire 13.84 acres of Scherer Brothers property. The agreement calls for an initial payment of \$400,000 and an additional payment of \$2,000,000 at closing. Scherer Brothers will carry a mortgage for the remaining balance with annual principal and interest payments over four years. The balance of the funding may come from a diverse list of sources including the sale of portions of the property to the private partners, I-35W land acquisition proceeds, Mississippi Watershed Management Organization funds, Metropolitan Council Regional Park funds, Parks and Trails funding and the City of Minneapolis. As part of the agreement, the Park Board will pay for its prorated share of the property taxes due and payable in 2010 and the due diligence costs, such as the environmental Phase I and II, soil boring costs, surveys, etc.

Environmental Assessment Phase II testing

As you know, additional Phase II testing has been completed. We have some preliminary report information which indicates that the site has areas where PAHs are high. I have attached a memo from our consultant regarding the potential impacts. The final reports will take a week or two to complete. A very rough estimate of the costs associated with a clean

up of this material is about \$190,000. The clean up for this material qualifies for several grants in the Brownfield to Greenfield category. Hennepin County has a program that the MPRB has used for similar clean up projects on Boom Island and BF Nelson sites. Since this is the shoreline of the River we expect to be working with the MWMO to fund the restoration of the shoreline and Best Management Practices for storm water treatment. The shoreline restoration will require removal of a substantial amount of soil. Therefore, the impacts of the contaminated soils will be handled as part of the normal site development activities.

Funding Request

This project is unique in that the Regional park funds will be used to acquire only the riverfront portion of the property. A per square foot cost made up of the \$14.35 per square foot purchase price and the 2010 taxes is being used to quantify the amount of property acquired with Regional Park funds.

The following is a source and use plan for the Regional Park and matching funds.

SOURCES

Regional Park Acquisition Opportunity Grant Funds	\$1,699,992
MPRB Match (35-W Land Acquisition Proceeds)	<u>\$ 566,664</u>
Total	\$ 2,266,656

USES

Negotiated purchase price for all parcels	\$ 8,650,307
Pro-rated share of purchase price for park parcel	\$ 2,226,487
2010 City Taxes pro-rated for park parcel	\$ 11,330
Property Tax Equivalency Payment for park parcel	\$ 20,394
Appraisal pro-rated for park parcel	\$ 2,574
Phase One Environmental Assessment pro-rated for park parcel	\$ 5,872
Total costs excluding Phase 2 Env. Assessment Cost, and other costs associated with acquisition such as legal fees	\$ 2,266,656

The proposed acquisition area is approximated in red on the attached survey of the property and preliminarily described as that part of the Parcel 5 - Tract B, lying westerly of a line drawn ten feet westerly and parallel to the westerly right of way line of vacated Water Street, according to the plat thereof to encompass an area of 3.57 acres.

For additional information or questions related to the project call Nick Eoloff 612-230-6465 or Judd Rietkerk 612-230-6409.

