

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

**DATE:** June 26, 2007

**TO:** Metropolitan Parks and Open Space Commission

**FROM:** Jan Youngquist, Senior Planner -Parks (651-602-1029)

**SUBJECT:** (2007-188) Acquisition Opportunity Grant Request, reimbursement consideration in a future parks CIP and boundary amendment for Lake Waconia Regional Park, Carver County

**INTRODUCTION:**

The Lake Waconia Regional Park master plan, which was approved by the Metropolitan Council in October 2001, called for the relocation of State Highway 5 to facilitate development of the park. The highway dissected the park, so a portion of the highway was relocated south of the park. Due to disagreements on the value of the land for the new right-of-way for State Highway 5 and the land where the former Highway 5 right-of-way was located, Carver County and the landowners entered condemnation proceedings to determine the value of the land. These parcels, which make up 43.94 acres of land, will be hereafter referred to as the "Park/highway property."

The Metropolitan Council authorized a grant of \$83,060 from the emergency land acquisition fund (now known as the acquisition opportunity fund) to Carver County at its August 11, 2004 meeting. This grant funded 40 percent of the County's total costs incurred at that time for the Park/highway property. As part of the grant authorization, the Council also acted to:

*Inform Carver County that the Council will consider other emergency land acquisition grant(s) for this land based on actual costs determined from the results of condemnation proceedings.*

The County undertook condemnation proceedings because \$5 million of Federal Surface Transportation Project Funds for construction of the relocated highway were in jeopardy if land for the highway right-of-way was not acquired by September 30, 2005.

Condemnation proceedings have now been completed. Carver County has spent a total of \$2,337,672 for the land and associated acquisition costs for the Park/highway property. The County has used \$1,335,568 of funds from five previous grants, including the grant described above, to partially fund the acquisition. Thus, the funding gap between the total costs and grant funds used is \$1,002,104. The County has requested that up to \$400,841 be granted from the Metropolitan Council's Park Acquisition Opportunity Fund to finance 40 percent of the funding gap. The County has also requested that up to \$601,263 financed with County funds for the remaining 60 percent be eligible for reimbursement consideration in a future regional parks CIP. (See **Attachment 1**, letter from Martin Walsh, Carver County Parks Director)

Carver County initially intended to purchase 39.04 acres for this portion of the park and the highway right-of-way. The County opted to purchase 43.94 acres because the configuration of the road and park boundaries made the remnants of the land economically unfeasible to develop. Additionally, the severance damages would have cost the County nearly the same amount of money as buying the additional land. The County is requesting a master plan amendment to the boundary of Lake Waconia Regional Park to include this land, which is contiguous to the park. (See **Attachment 2**, Current and Proposed Park Boundaries).

This memorandum analyzes the request against the criteria for granting acquisition opportunity funds and recommends approving a grant of up to \$400,841. It also analyzes the request for reimbursement consideration and recommends that up to \$601,263 be eligible for reimbursement consideration in a future regional parks CIP. Finally, it recommends amending the master plan boundary of Lake Waconia Regional Park.

**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*”.

**ANALYSIS:**

**ACQUISITION OPPORTUNITY FUND GRANT REQUEST**

Carver County has incurred costs totaling \$2,337,671.82 for the Park/highway property. With land costs of \$2,292,416.89 for 43.94 acres, the average price per acre of property is \$52,172. The breakdown of the total costs is shown below.

Land	\$ 2,292,416.89
<u>Associated Costs*</u>	<u>\$ 45,227.93</u>
<b>TOTAL:</b>	<b>\$ 2,337,671.82</b>

\*Associated costs include professional services, deed tax, tax equivalency payment, mediation, etc...

Carver County has used funds from five grants to finance the acquisition of the Park/highway property, shown in Table 2.

**Table 2: Grant Funds Used and Funding Gap for Park/highway Property**

Source	Land	Associated Costs	Total
SG01-107	\$ 56,458.94	\$ -	\$ 56,458.94
SG02-136	\$ 393,646.90	\$31,374.60	\$ 425,021.50
SG04-104	\$ 83,060.00	\$ -	\$ 83,060.00
SG05-084	\$ 479,627.76	\$ 6,372.24	\$ 486,000.00
SG06-122	\$ 281,433.12	\$ 3,566.88	\$ 285,000.00
<b>TOTAL</b>	<b>\$1,294,226.72</b>	<b>\$41,313.72</b>	<b>\$1,335,540.44</b>
Carver County— funding gap	\$ 998,190.17	\$ 3,914.21	\$1,002,104.38
<b>GRAND TOTAL</b>	<b>\$2,292,416.89</b>	<b>\$45,227.93</b>	<b>\$2,337,644.82</b>

The County proposes to finance the funding gap with the following revenue sources:

Metropolitan Council Acquisition Opportunity Fund (40%)	\$ 400,841
<u>County funds requested to be eligible for reimbursement (60%)</u>	<u>\$ 601,263</u>
<b>Total</b>	<b>\$ 1,002,104</b>

**Background on acquisition opportunity funds:**

The Metropolitan Council has granted \$6,663,695 to date from the Park Acquisition Opportunity Fund as shown in Table 2.

**Table 2: Park Acquisition Opportunity Fund Grants approved as of July 10, 2007**

<b>Amount Granted</b>	<b>Park Agency</b>	<b>Project Description</b>
\$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 is 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.
<b>\$83,060</b>	<b>Carver County</b>	<b>Acquire 39.04 acres related to Lake Waconia 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 County funds (\$124,589). County amount eligible for reimbursement consideration in a future regional parks CIP. Approved August 11, 2004.</b>

<b>Amount Granted</b>	<b>Park Agency</b>	<b>Project Description</b>
\$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 parks 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 parks 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 parks 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 parks 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 parks 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 parks 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 parks 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 parks 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 parks 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 parks CIP. Approved April 25, 2007.
\$1,000,000	Scott County	Acquire 61-acre Cedar Lake Farm Resort parcel in Cedar Lake Farm Regional Park. Carver County would be eligible for reimbursement consideration of up to \$3,526,192 in a future regional parks CIP. Approved May 23, 2007.
<b>\$6,663,695</b>		<b>**Total funds granted or pending as of July 10, 2007</b>

Based on the grants approved to-date, the updated balance of the fund is \$2,449,001 as shown in Table 3.

**Table 3: Updated Balance to Park Acquisition Opportunity Fund prior to grant for the Highway 5/Park parcels in Lake Waconia Regional Park**

\$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 added to fund in July 2006
<b>\$9,112,696</b>	<b>Total funds available</b>
-\$6,663,695	Granted or pending as of July 10, 2007 (For details see Table 1 above)
<b>\$2,449,001</b>	<b>Balance of acquisition opportunity fund</b> (Before granting any funds for the Park/highway parcels in Lake Waconia Regional Park)

Based on the 2006-07 regional parks CIP, five conditions govern the use of the Park Acquisition Opportunity Fund, which are indicated below in bold. The following findings indicate that these conditions have been met for the Carver County request to acquire the Park/highway parcels in Lake Waconia Regional Park.

**1. The land in question is consistent with a Council approved park/trail master plan.**

The acquisition of this land for Lake Waconia Regional Park is consistent with the Council approved park master plan, which was approved in October, 2001.

**2. The land is under threat of loss for park uses because it is for sale. Action is needed now to acquire it versus waiting for future State appropriations/matching Council funds to acquire it later.**

Carver County had secured \$5 million in Federal Surface Transportation funds to construct the new section of Highway 5. These funds were in jeopardy if the land for the right-of-way was not acquired by September 30, 2005. The County initiated condemnation proceedings and requested an emergency acquisition grant in 2004 for the Park/highway parcels. At that time, it was unknown what the final purchase price of the land would be, so the Council informed the County that it would consider another emergency acquisition grant (now known as an acquisition opportunity grant) once the actual costs were determined as a result of the condemnation proceedings.

**3. The park agency that wants to buy the land has no other park CIP grants available to buy it.**

Carver County does not have any CIP acquisition grant funds available that have not already been applied and fully committed to this project.

**4. The grant from the Park Acquisition Opportunity Fund may finance up to 40% of the fair market value of the parcel and related acquisition costs (appraisals, tax equivalency payments, relocation, and stewardship costs—well capping, demolition/removal of hazardous structures, etc.) The remaining 60% match can be either provided by the park agency in cash, or other matching funds such as a watershed district grant, or the land seller can reduce the sale price of the parcel by 60%. A combination of park agency cash, matching funds and a reduced sale price can be used to finance**

**the remaining 60%. The park agency can request to be considered for reimbursement of its cash contribution in a future regional parks CIP.**

Carver County has requested \$400,841 for the Park/highway parcels, which is 40% of the total remaining acquisition costs that have not been funded with previous grants. The County is financing the remaining 60% with County funds and has requested reimbursement consideration of these funds in a future regional parks CIP.

- 5. No more than \$1 million may be granted from the Fund to a regional park agency from July 1, 2007 to whenever any change in the amount and the timeline of the revised rules are adopted by the Metropolitan Council.** (this revised provision was adopted by the Metropolitan Council at its June 27, 2007 meeting)

This is the first request from Carver County for an Acquisition Opportunity Grant since July 1, 2007. The request of \$400,841 is consistent with the policy limit of \$1 million per agency for acquisition opportunity funds granted from July 1, 2007 to whenever any change in the amount and the timeline of the revised rules is adopted by the Metropolitan Council.

**Status of remaining acquisition opportunity funds:**

If \$400,841 is granted, there would be \$2,048,160 remaining for future acquisition opportunities as shown in Table 4.

**Table 4: Updated Balance to Park Acquisition Opportunity Fund if a grant is awarded for the Park/highway parcels in Lake Waconia Regional Park**

\$2,449,001	Balance of acquisition opportunity fund before granting any funds for the Highway 5/Park parcels in Lake Waconia Regional Park (For details see Table 2 above.)
-\$400,841	Proposed funding for Park/highway parcels in Lake Waconia Regional Park
<b>\$2,048,160</b>	<b>Updated balance of Park Acquisition Opportunity Fund if funds are granted to acquire the Park/highway parcels in Lake Waconia Regional Park</b>

**REIMBURSEMENT CONSIDERATION IN A FUTURE PARKS CIP REQUEST**

As noted above, Carver County has requested eligibility for reimbursement consideration of up to \$601,263 in a future regional parks CIP to acquire this parcel. The request must comply with the terms of Strategy 2(f) of the *2030 Regional Parks Policy Plan* regarding reimbursement eligibility to acquire land. The applicable excerpts from that policy states:

**Strategy 2(f): Reimbursement**

**Reimbursement will be considered for early acquisition of land currently designated as regional recreation open space by the Metropolitan Council in the *2030 Regional Parks Policy Plan* if the acquisition is in full agreement with a Council-approved master plan as required under MN Statutes 473.313 and the regional park implementing agency received Council approval prior to undertaking the acquisition.**

...

**If these conditions are met as required by MN Statutes 473.147, and 473.313 the Council will consider reimbursing the park agency via a grant as permitted under MN Statutes 473.315 for the following costs:**

- a) Appraisal costs incurred by the acquiring park agency or entity under contract with the agency
- b) Surveying costs incurred by the acquiring park agency or entity under contract with the agency
- c) Legal fees incurred by the acquiring park agency or entity under contract with the agency
- d) Fees for service provided by an entity under contract by the park agency to negotiate and purchase the land or obtain an option to purchase
- e) Principal payments made towards the purchase price including principal payments on a contract for deed or bond, or payments made on an option to purchase
- f) 180% of township or city taxes due on the parcel at the time of closing as required by MN Statute 473.341

...

**The Metropolitan Council will use best efforts to implement this reimbursement policy as described above. However, the Council does not, under any circumstances, represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.**

Acquisition of land for the realignment of Highway 5 is consistent with the Council approved master plan for Lake Waconia Regional Park. The County took legal right to the property in 2004 in order to facilitate road construction; however, the purchase price of the properties was not determined until the end of the condemnation proceedings. Closing dates for the properties varied from December of 2006 to May 2007. Due to the complexity of these transactions, the tax equivalency payments were not finalized until June 2006. The County brought this request to the Council in May 2006. Instead of processing this request prior to having the final total costs and having to come back to the Council again, this request was held until all of the costs were calculated.

### **AMENDMENT OF MASTER PLAN PARK BOUNDARY REQUEST**

#### **AUTHORITY TO REVIEW**

Minnesota Statute Section 473.313 subdivision 1 requires regional park implementing agencies to prepare, and from time to time revise and resubmit to the Metropolitan Council a master plan and annual budget for the acquisition and development of regional recreation open space that is managed by that park agency. Subdivision 2 of this statute authorizes the Metropolitan Council to review with the advice of the Metropolitan Parks and Open Space Commission each master plan to determine whether it is consistent with the Metropolitan Council's park policy plan and other applicable Council policy plans. If the master plan is not consistent with Metropolitan Council policy plans, the Metropolitan Council shall return the plan to the park agency with its comments for the agency to revise and resubmit the plan. .

#### **ANALYSIS**

As noted in the "Background" section of this staff report, Carver County purchased 43.94 acres for this portion of Lake Waconia Regional Park and the highway right-of-way, instead of 39.04 acres. The extra acreage was acquired as part of a parcel needed for highway construction that would not have been developable if partitioned from the original property. This extra acreage is contiguous to the park's original boundaries.

Park grants have been used to partially finance acquisition of the Park/highway property, including the extra acreage. Therefore, it is reasonable to amend the park boundary to add this property to the master plan boundary for Lake Waconia Regional Park.

## **CONCLUSIONS:**

1. Carver County's request of \$400,841 in Park Acquisition Opportunity Funds to acquire the Park/highway parcels in Lake Waconia Park Reserve is consistent with the conditions for receiving a grant from the Park Acquisition Opportunity Fund.
2. Carver County's request to be eligible for reimbursement consideration of up to \$601,263 in a future regional parks CIP is consistent with the conditions of Strategy 2(f) Reimbursement, in the *2030 Regional Parks Policy Plan*.
3. The park boundary for Lake Waconia Regional Park should be modified to include the extra property acquired as part of the Park/highway parcels.

## **RECOMMENDATIONS:**

That the Metropolitan Council:

1. Authorize a grant of up to \$400,841 from the Park Acquisition Opportunity Fund to Carver County to partially fund the acquisition of the Park/highway parcel in Lake Waconia Regional Park.
2. Allow up to \$601,263 of the acquisition costs of the Park/highway parcels to be eligible for reimbursement consideration in a future regional parks CIP. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.
3. Approve a modified park boundary for Lake Waconia Regional Park as shown in Attachment 2 as an amendment to the 2001 Council approved master plan for the park, and direct staff to modify any acreage data for the park.



**ATTACHMENT 1: LETTER FROM CARVER COUNTY  
ELECTRONIC COPY—ORIGINAL ON FILE AT METROPOLITAN COUNCIL**



**CARVER COUNTY PARKS**

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June 22, 2007

Arne Stefferud  
Metropolitan Council  
390 North Robert Street  
St. Paul, MN 55101

Dear Arne:

The condemnation proceedings for property needed for Lake Waconia Regional Park and to relocate TH 5 out of the park boundary has been completed.

On August 11, 2004 the Metropolitan Council approved an emergency land acquisition grant for Carver County to acquire land needed for Lake Waconia Regional Park and new alignment of TH 5. In addition, the Council informed Carver County that it will consider other emergency land acquisition grant(s) for this land based on actual costs determined from the results of condemnation proceedings and if there are no regional park CIP funds provided to the County for acquiring Land for Lake Waconia Regional Park.

Carver County has incurred an additional \$1,002,104.38 in land acquisition costs related to the acquisition of 43.94 acres. The County is requesting a Land Acquisition Opportunity Grant of \$400,841.75 which is 40 percent of the actual expenses. The County will seek reimbursement for the remaining balance of the acquisition costs of \$601,262.63 in a future CIP request to the Council.

A summary of grant activity and funding by Carver County is attached. The total land cost for the 43.94 acres is \$2,292,416.89. The cost per acre is \$52, 171.53. Other costs related to the acquisition totaled \$45,227.93.

In addition, Carver County is also requesting a master plan amendment to the Lake Waconia Regional Park boundary. Additional land was needed for the TH 5 road construction project and uneconomic remnants of parcels damaged by acquisition were also acquired. Land that was acquired for the project and contiguous to the park is recommended for inclusion within the park boundary. Please see the attached exhibit.

Sincerely,

Martin J. Walsh  
Parks Director

c: Jan Youngquist  
S:\Parks\LWP Land Acquisition T. H. 5 emergency request 6-22-07

ATTACHMENT 2—CURRENT AND PROPOSED PARK BOUNDARIES

