

METROPOLITAN COUNCIL
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DATE: January 24, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2008-37) Request for Acquisition Opportunity Grant to partially finance the acquisition of 350 Water Street in Harriet Island-Lilydale Regional Park, City of St. Paul

INTRODUCTION:

The City of St. Paul has negotiated the purchase of a parcel within the boundary of Harriet Island-Lilydale Regional Park, hereafter referred to as the 350 Water Street parcel. The cost to purchase the property and to finance related costs for the appraisal and other items is \$163,635. The City has requested an Acquisition Opportunity Grant to finance 75% of the acquisition cost (\$122,726) under "Option 2: Revised Rules" for distributing grants from the Park Acquisition Opportunity Fund adopted on January 9, 2008. (See **Attachment 1**, letter from Bob Bierscheid, City of St. Paul Parks Director)

This memorandum analyzes the request against the rules for distributing grants from the Acquisition Opportunity Fund adopted on January 9, 2008 and the reimbursement consideration policy in Strategy 2(f) of the *2030 Regional Parks Policy Plan*.

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 350 Water Street parcel is 0.74 acres. This parcel is within the approved master plan boundary of Harriet Island-Lilydale Regional Park. (See **Attachment 2** for the location of the 350 Water Street parcel in relation to the remainder of the park).

The City of St. Paul negotiated a purchase price of \$155,000 for the parcel. The City also anticipates additional grant eligible costs related to the purchase of the property to be \$8,635. Therefore, the total cost to purchase the property is \$163,635 as shown below.

Purchase Price:	\$	155,000
Appraisal fee:	\$	2,200
Property tax equivalency payment	\$	757
City's share of pro-rated share of property taxes based on March 7, 2008 closing	\$	3,775
Closing costs	\$	1,903
TOTAL:	\$	163,635

The 350 Water Street parcel acquisition costs of \$163,635 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%)	\$ 122,726
City of St. Paul funds <u>not eligible</u> for CIP reimbursement consideration (25%)	<u>\$ 40,909</u>
Total	\$ 163,635

The Council’s grant would help partially finance the cost of the land and associated building on the land—a small business. The grant would be financed with \$122,726 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 (ENTRF) 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 350 Water Street 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 under the assumption that a \$1 million grant to Carver County to partially finance the shoreline parcel underlying the Lakeside Ballroom has been approved (Agenda Item 2007-352).

State Acquisition Grant Account financed with State and Metro Council revenues assuming \$1 million grant for Lakeside Ballroom has been approved (1/24/2008)

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 financing (1/24/2008)

Metro Council bonds	Grants financed with this account	Balance in this account
\$4,783,001	\$517,450	\$4,265,551

The combined balance for both accounts in the Fund as of January 24 assuming the \$1 million Lakeside Ballroom grant is approved is \$6,249,457.

Assuming approval of the \$1 million grant for the Lakeside Ballroom land, the Metropolitan Council would have granted \$8,363,239 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 January 24, 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

Amount Granted	Park Agency	Project Description
\$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 2094 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 in a future regional park CIP. Assumed recommendation for approval on February 27, 2008.
\$8,363,239	Total funds granted and pending approval as of January 24, 2008	

Based on the grants approved to-date and the assumed grant of \$1 million for the Lakeside Ballroom land, the updated balance of the fund is \$6,249,457 as shown in Table 2 below.

Table 2: Updated Balance to Park Acquisition Opportunity Fund prior to grant for 350 Water Street Parcel in Harriet Island-Lilydale 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 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
-\$8,363,239	Granted as of January 24, 2008 and assumed \$1 million grant for Lakeside Ballroom land is approved (For details see Table 1 above)
\$6,249,457	Balance of Acquisition Opportunity Fund (Before granting any funds for 350 Water Street Parcel in Harriet Island-Lilydale Regional Park)

Rules for distributing grants from Park Acquisition Opportunity Fund

On January 9, 2008 the Metropolitan Council adopted rules that govern the distribution of 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 350 Water Street Parcel in Harriet Island-Lilydale 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 City’s request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Harriet Island-Lilydale Regional Park, 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 \$122,726, which is 75% of the \$163,635 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 \$122,726, the City of St. Paul could request other grants under Option 2, Revised Rule that totaled \$1,577,274 prior to June 30, 2008.

Status of remaining acquisition opportunity funds

If \$122,726 was granted, there would be \$6,249,457 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 350 Water Street Parcel in Harriet Island-Lilydale Regional Park

\$6,249,457	Balance of acquisition opportunity fund before granting any funds for 350 Water Street Parcel in Harriet Island-Lilydale Regional Park (For details see Table 2 above.)
-\$ 122,726	Proposed funding for 350 Water Street Parcel in Harriet Island-Lilydale Regional Park
\$6,126,731	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 \$4,142,825 as shown in Table 4. .

Table 4: Balance for Land Acquisition Opportunity Account financed with Metro Council bonds if \$122,726 of Metro Council bonds is used to acquire 350 Water Street parcel

Metro Council bonds	Grants financed with this account	Balance in this account
\$4,783,001	\$640,176	\$4,142,825

CONCLUSIONS:

1. The City of St. Paul’s request for a \$122,726 grant from the Park Acquisition Opportunity Fund to partially finance acquisition of the 350 Water Street Parcel in Harriet Island-Lilydale Regional Park 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 \$122,726 of Metropolitan Council bonds from the Land Acquisition Opportunity Account in the Acquisition Opportunity Fund. .

RECOMMENDATION:

That the Metropolitan Council authorize a grant of \$122,726 comprised of Metropolitan Council bonds in the Land Acquisition Opportunity Account portion of the Park Acquisition Opportunity Fund to the City of St. Paul. The grant will partially finance the land and structure associated with the 350 Water Street Parcel in Harriet Island-Lilydale Regional Park as shown on Attachment 2.

Attachment 1: Acquisition Opportunity Fund grant request letter from Bob Bierscheid, City of St. Paul

DIVISION OF PARKS AND RECREATION



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January 23, 2008

Mr. Arne Stefferud
Metropolitan Council
390 North Robert Street
Saint Paul, Minnesota 55101

Re: Lilydale/Harriet Island Regional Park
350 Water Street Acquisition
Land Acquisition Opportunity Grant

Dear Mr. Stefferud:


Earlier this afternoon the Saint Paul City Council approved Council File No. 08-71, authorizing the City of Saint Paul to purchase property at 350 West Water Street in Saint Paul for park purposes. It is our understanding that the City may now submit a request for reimbursement of a portion of this purchase through the Metro Parks Land Acquisition Opportunity Grant program. Detailed below are the eligible acquisition costs that make up the City's request:

\$155,000	Purchase price
\$2,200	Appraisal fee
\$757	180% of city share of pay-2008 property taxes
\$3,775	City's share of pro-rated pay-2008 property taxes and assessments (based on 3/7/08 closing)
<u>\$1,903</u>	<u>Closing costs</u>
\$163,635	TOTAL

The City is requesting reimbursement of 75% of these costs, or \$122,726. We understand that we will not be able to request reimbursement for the remaining 25% at a later date.

We are very excited for this opportunity to further complete our master plan for the Lilydale /Harriet Island Regional Park. Thank you for the opportunity to apply for this grant. Please let me know if you have any questions.

Sincerely,


Bob Bierscheid, CPRP
Director

C: Jody Martinez
Tom Russell
Bruce Engelbrekt



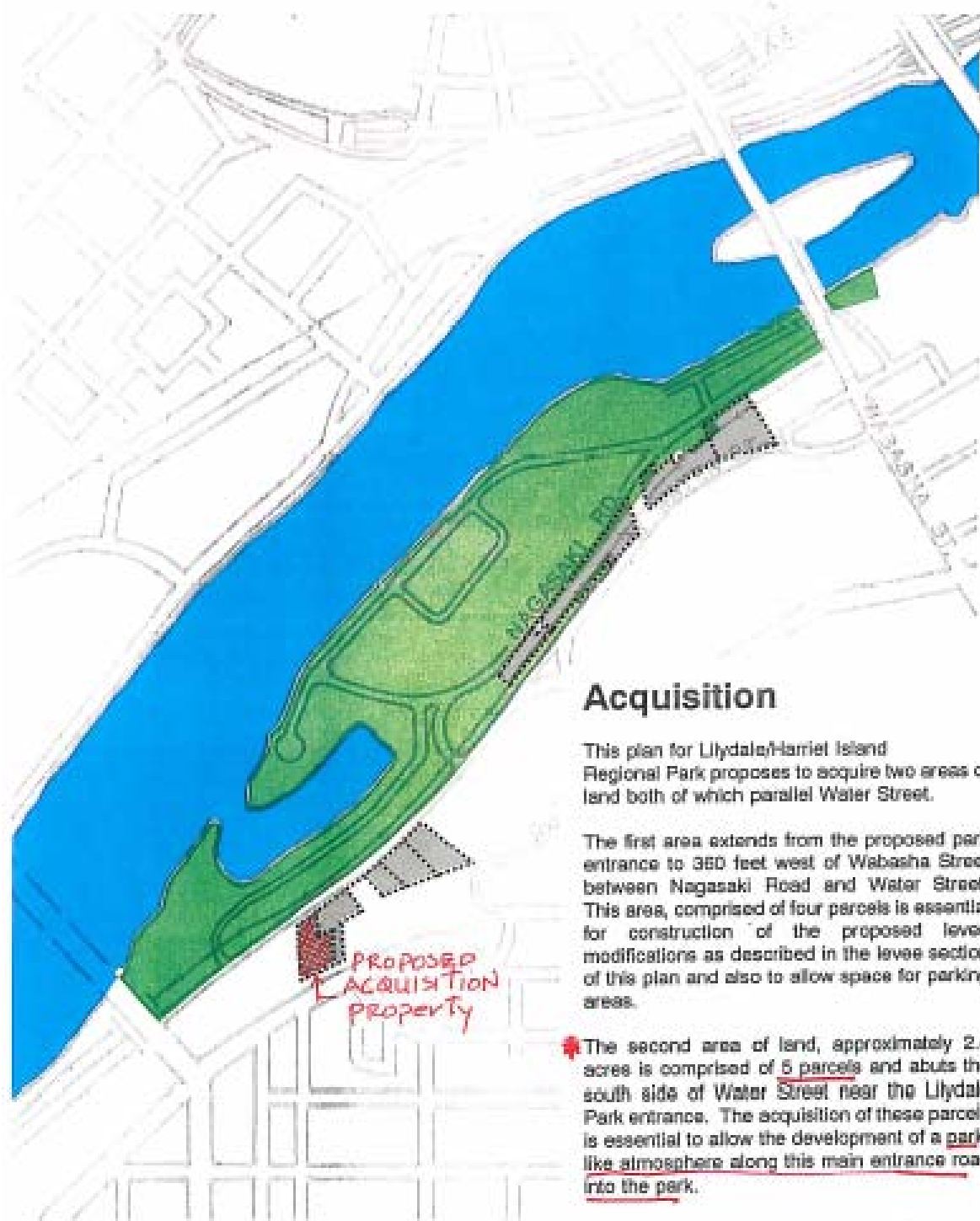
CAPRA Accreditation

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National Gold Medal Award

Attachment 2: Parcel 2 (350 Water Street parcel) in relation to boundary of Harriet Island-Lilydale Regional Park



Acquisition

This plan for Lilydale/Harriet Island Regional Park proposes to acquire two areas of land both of which parallel Water Street.

The first area extends from the proposed park entrance to 360 feet west of Wabasha Street between Nagasaki Road and Water Street. This area, comprised of four parcels is essential for construction of the proposed levee modifications as described in the levee section of this plan and also to allow space for parking areas.

- ★ The second area of land, approximately 2.4 acres is comprised of 5 parcels and abuts the south side of Water Street near the Lilydale Park entrance. The acquisition of these parcels is essential to allow the development of a park-like atmosphere along this main entrance road into the park.

acquisition
LILYDALE / HARRIET ISLAND REGIONAL PARK