

METROPOLITAN COUNCIL
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Phone (651) 602-1000 TDD (651) 291-0904

DATE: May 20, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2008-143) Park Acquisition Opportunity Fund grant request to purchase land for Baker Park Reserve, Three Rivers Park District

INTRODUCTION

Three Rivers Park District has negotiated the acquisition of a 6.46 acre inholding parcel in Baker Park Reserve. The Park District is requesting \$352,050 to finance 75% of the cost to acquire the land from the Park Acquisition Opportunity Fund under Option 2 Rules. (See **Attachment 1**, letter from Boe Carlson).

This memorandum analyzes this request against the criteria for granting Park Acquisition Opportunity funds. It recommends approving a grant of \$352,050 to help acquire the land.

If \$352,050 of Park Acquisition Opportunity Grant Funds (Fund) were granted for the land, there would be \$2,314,454 remaining in the Fund for future land acquisitions. An additional \$1.5 million of Environment and Natural Resources Trust Fund revenue will be added to the Fund shortly after July 1 based on the recently approved SF 2492 appropriation as recommended by the Legislative Citizens Commission on Minnesota Resources. This grant complies with the Option 2-Revised Rules limit of \$1.7 million per agency for Park Acquisition Opportunity funds granted from January 9 to June 30, 2008. The agency limit of \$1.7 million and continued use of Option 2 rules for distributing grants from the Fund is proposed in agenda item 2008-127 for the period July 1, 2008 to June 30, 2009.

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

Three Rivers Park District has negotiated the purchase of 6.46 acres as an inholding in Baker Park Reserve. The property is referenced as the “Laidlaw parcel” and is shown in relation to the Baker Park Reserve development plan on the following map (See **Figure 1**).

The parcel contains a house and outbuilding. An aerial photo/map of the parcel is shown in **Figure 2**.

Figure 1: Laidlaw parcel in relation to Baker Park Reserve development

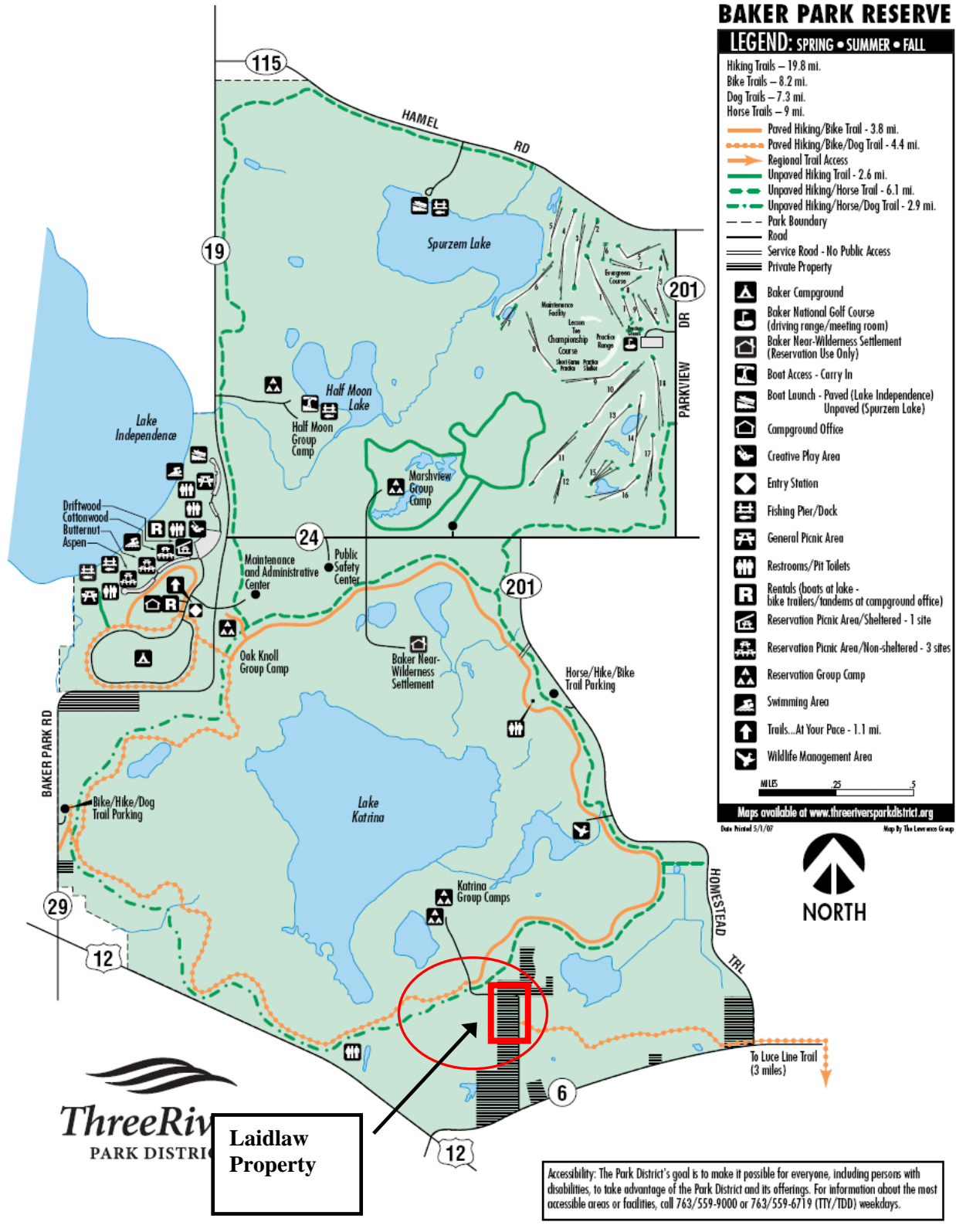


Figure 2: Aerial photo/map of Laidlaw parcel



1195 Starkey Road – Laidlaw Property

Lot Dimensions: 848 feet x 332 feet

ANALYSIS

The costs associated with acquiring the Laidlaw parcel are shown in the following table.

Purchase Price	\$	400,000
Appraisal	\$	2,000
Share of 2008 Property Tax at closing	\$	1,300
Property tax equivalency payment	\$	4,600
Hazard material abatement	\$	4,000
Structure removal	\$	17,500
Site work removal/import	\$	38,000
Closing costs	\$	2,000
TOTAL:	\$	469,400

The Park District proposes to finance the acquisition with the following revenue sources:

Metropolitan Council Acquisition Opportunity Fund (75%)	\$ 352,050
<u>Three Rivers Park District funds (25%)</u>	<u>\$ 117,350</u>
Total	\$ 469,400

Background on acquisition opportunity funds:

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 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.

On September 12, 2007 the Metropolitan Council created two accounts for the Acquisition Opportunity Fund and recognized grants financed from those accounts. Assuming the recommended \$848,369 grant to Scott County for Doyle-Kennefick Regional Park is approved, the balance in these two accounts is as follows:

Account Balances in Park Acquisition Opportunity Fund (5/20/2008)

Updated Balance to State Acquisition Account in Fund assuming grant awarded to Doyle-Kennefick Regional Park parcel

State Env. Trust Fund appropriation from 2007	Metro Council bond match to State Env. Trust Fund	Grants financed with State Env. Trust Fund including Butler Trust parcel	Grants financed with Metro Council bond match including Butler Trust parcel	Balance State Env. Trust Fund	Balance Metro Council bond match	Balance of combined State and Metro Council funds
\$2,500,000	\$1,666,000	\$2,500,000	\$1,666,000	\$0	\$0	\$0

Updated Balance to Land Acquisition Opportunity Account in Fund assuming grant awarded to Doyle-Kennefick Regional Park parcel

Metro Council bonds	Grants financed with this account	Balance in this account
\$4,783,001	\$2,116,497	\$2,666,504

The combined balance for both accounts in the Fund is \$2,666,504.

Assuming the recommended \$848,369 grant to Scott County for the Doyle-Kennefick RP parcel is approved, the Metropolitan Council has granted \$11,946,192 from the Park Acquisition Opportunity Fund to partially finance the acquisition of 1,704 acres as shown in Table 1.

Table 1: Park Acquisition Opportunity Fund Grants approved or pending as of May 20, 2008

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.
\$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.

Amount Granted	Park Agency	Project Description
\$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 Weinkauf 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
\$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 parks CIP. Approved February 27, 2008

Amount Granted	Park Agency	Project Description
\$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 amount pending approval 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 parks CIP. Pending approval on 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 parks CIP. Pending approval on June 25, 2008
\$11,946,192	Total funds granted or pending approval as of May 20, 2008	

Based on the grants approved to-date and pending, the updated balance of the Fund is \$2,666,504 as shown in Table 2 below.

Table 2: Updated Balance to Park Acquisition Opportunity Fund assuming grant is awarded for Doyle-Kennefick Regional Park parcel but prior to grant for Baker Park Reserve parcel

\$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
-\$11,946,192	Granted or pending as of May 20, 2008 (For details see Table 1 above)
\$2,666,504	Balance of Acquisition Opportunity Fund (Assuming grant is awarded for Adelmann parcel at Doyle-Kennefick Regional Park but before granting any funds for Baker Park Reserve)

Rules for distributing grants from Park Acquisition Opportunity Fund

On January 9, 2008 the Metropolitan Council adopted rules that govern the distribution of grants from the Park Acquisition Opportunity Fund. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for Three River Park District's request to acquire the Laidlaw parcel for Baker Park Reserve.

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 Park District's request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Baker Park Reserve. Plus, the Park District 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.

There is one transaction proposed to purchase the land. The purchase price is the 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 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 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 maximum grant(s) available to a park agency is \$1.7 million during this time period.

The Park District's request is for a grant under Option 2, Revised Rule. The Park District is requesting \$352,050, which is 75% of the \$469,400 cost to acquire the 6.46 acres. The Park District is providing

\$117,350 as a 25% non-reimbursable match to the Council's grant. The match to the Council's grant 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 \$352,050 grant the Park District could request other Park Acquisition Opportunity Fund grant(s) of up to \$1,347,950 prior to June 30, 2008 to be within the \$1.7 million limit. A proposal to continue that agency limit of \$1.7 million for the period from July 1, 2008 to June 30, 2009 is proposed in agenda item 2008-127. If that is adopted, the clock starts anew on July 1, 2008 for the \$1.7 million agency limit.

Status of remaining acquisition opportunity funds

If \$352,050 was granted, there would be \$2,314,454 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 Baker Park Reserve parcel

\$2,666,504	Balance of acquisition opportunity fund after granting funds for Doyle-Kennefick RP parcel (For details see Table 2 above.)
(\$352,050)	Proposed funding for Baker Park Reserve parcel
\$2,314,454	Updated balance of Park Acquisition Opportunity Fund

This acquisition grant includes a residential structure. Therefore only the Land Acquisition Opportunity Account comprised of Metro Council bonds can be used. The Land Acquisition Opportunity Account would have a new balance of \$2,314,454 as shown in Table 4.

Table 4: Balance of Land Acquisition Opportunity Account financed with Metro Council bonds if \$352,050 of Metro Council bonds are granted to acquire Baker Park Reserve parcel (5/20/2008)

Metro Council bonds	Grants financed with this account if grant is awarded for Baker PR parcel	Balance in this account if grant is awarded
\$4,783,001	\$2,468,547	\$2,314,454

Please note that the Legislative Citizens Commission on Minnesota Resources (LCCMR) has recommended that \$1.5 million of Environment and Natural Resources Trust Fund revenue be appropriated to the Metropolitan Council, which along with \$1 million of Metropolitan Council bonds transferred from the Land Acquisition Opportunity Account would be placed in the "State Acquisition Grant Account" on July 1, 2008. That appropriation was approved recently (SF 2492). The combined amount in both accounts on July 1 would be \$3,814,454 if no other grants were awarded from either account beyond this one.

CONCLUSION

1. Three Rivers Park District's request of \$352,050 in Park Acquisition Opportunity Funds to acquire 6.46 acres for Baker Park Reserve is consistent with the conditions for receiving a grant from the Park Acquisition Opportunity Fund.

RECOMMENDATION

That the Metropolitan Council authorize a grant of \$352,050 from the Land Acquisition Opportunity Account in the Park Acquisition Opportunity Fund to Three Rivers Park District. The grant will partially finance the acquisition of the 6.46 acre Laidlaw parcel for Baker Park Reserve.

Attachment 1: Letter from Boe Carlson, Three Rivers Park District



Three Rivers
Park District
Board of
Commissioners

Sara Wyatt
District 1

Marilynn Corcoran,
Vice Chair
District 2

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Appointed

Joan Peters,
Appointed

Cris Gears
Superintendent

May 16, 2008

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

Re: Baker Park Reserve
Laidlaw Inholding Property
Land Acquisition Opportunity Grant

Dear Mr. Stefferud,

At the May 1, 2008 Three Rivers Park District Board Meeting, the purchase of the Laidlaw Inholding Property was approved. The Park District is submitting a request for reimbursement of a portion of this purchase through the Metro Parks Land Acquisition Opportunity Grant program. Detailed below are the estimated acquisition costs that make up the Park District's request:

\$ 400,000	Purchase price
\$ 2,000	Appraisal fee
\$ 1,300	Share of 2008 property taxes
\$ 3,000	Taxes and assessments
\$ 60,000	Site Restoration
\$ 2,000	Closing costs
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\$ 468,300	TOTAL

The Park District is requesting reimbursement of 75% of these costs, or \$351,225. 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 Baker Park Reserve. Thank you for the opportunity to apply for this grant. Please let me know if you have any questions.

Sincerely,

Boe Carlson
Associate Superintendent
Division of Administration

c: Cris Gears, Superintendent
Jeff Brauchle, Legal Counsel
Don DeVeau, Director
Del Miller, Manager

BRC/jjs

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