

METROPOLITAN COUNCIL
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DATE: July 23, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2008-209) Park Acquisition Opportunity Grant request for 19 acre parcel in Big Marine Park Reserve, Washington County

INTRODUCTION

Washington County has negotiated the acquisition of a 19 acre inholding parcel in Big Marine Park Reserve. The County requests \$416,297 to finance 75% of the cost to acquire the land from the Park Acquisition Opportunity Fund (hereafter called "Fund) under rules adopted by the Metropolitan Council on June 25, 2008 for the period from July 1, 2008 to June 30, 2009. (See **Attachment 1**, letter from John Ehlholm).

This memorandum analyzes this request against the rules for granting Park Acquisition Opportunity funds. It recommends approving a grant of \$416,297 to help acquire the land.

An additional \$1.5 million of Environment and Natural Resources Trust Fund revenue was added to the Fund shortly after July 1 based on the recently approved Laws of MN 2008 Chapter 367, Section 2, Subd. 3(i) appropriation as recommended by the Legislative Citizens Commission on Minnesota Resources. If \$416,297 was granted for this parcel, there would be \$3,398,157 remaining in the Fund for future land acquisitions. This grant complies with the Park Acquisition Opportunity Grant Rules limit of \$1.7 million per agency for the period from July 1, 2008 to June 30, 2009. Washington County could request other grants totaling \$1,283,703 from the Fund for other acquisitions if sufficient revenue was in the Fund during this period.

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

Washington County has negotiated the purchase of 19 acres as an inholding in Big Marine Park Reserve. The property is referenced as the "Grundhofer parcel" and is shown in relation to the Big Marine Park Reserve's master plan boundary on the following map (See **Figure 1**).

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

Figure 1: Grundhofer parcel in relation to Big Marine Park Reserve master plan boundary

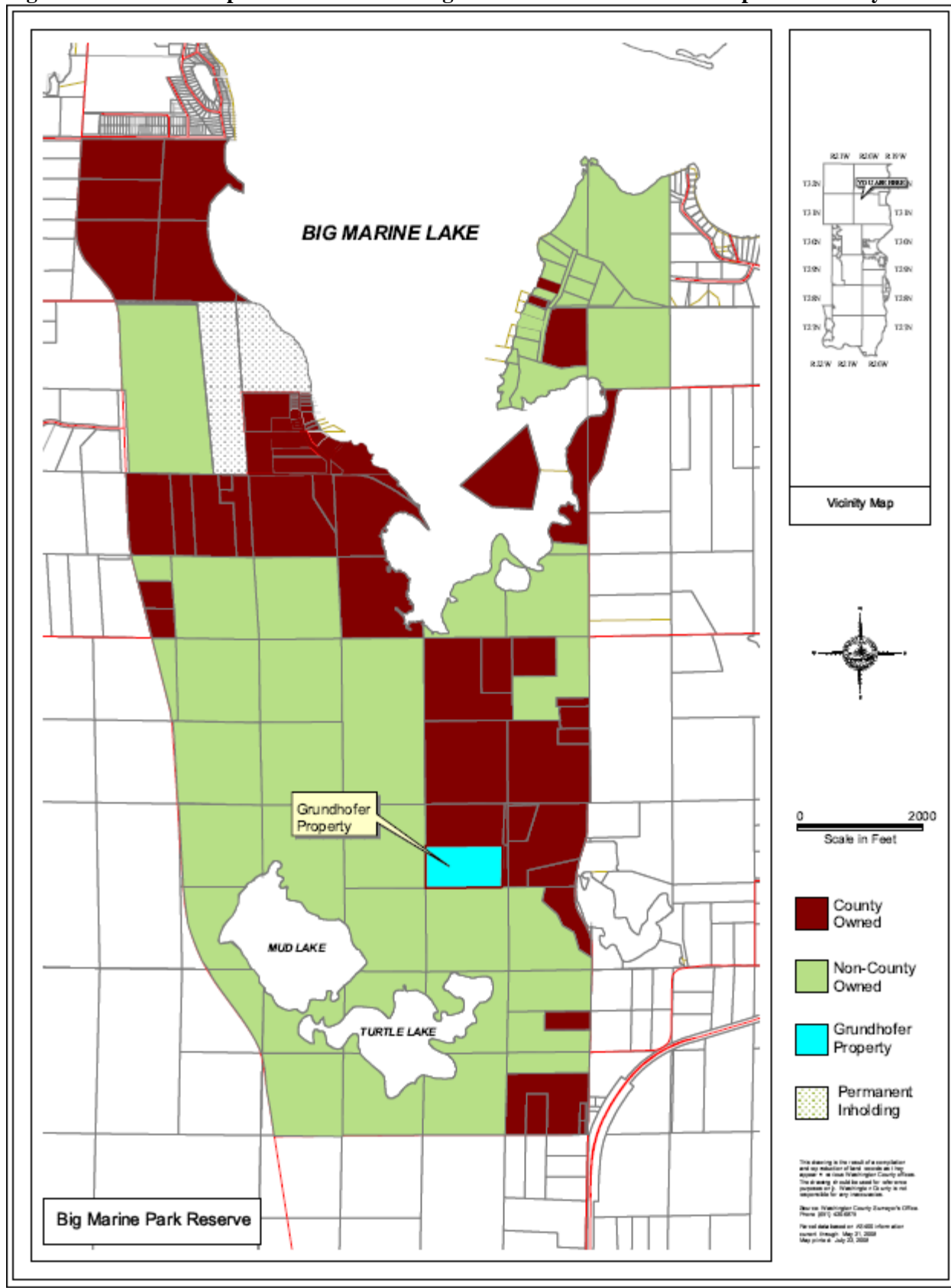
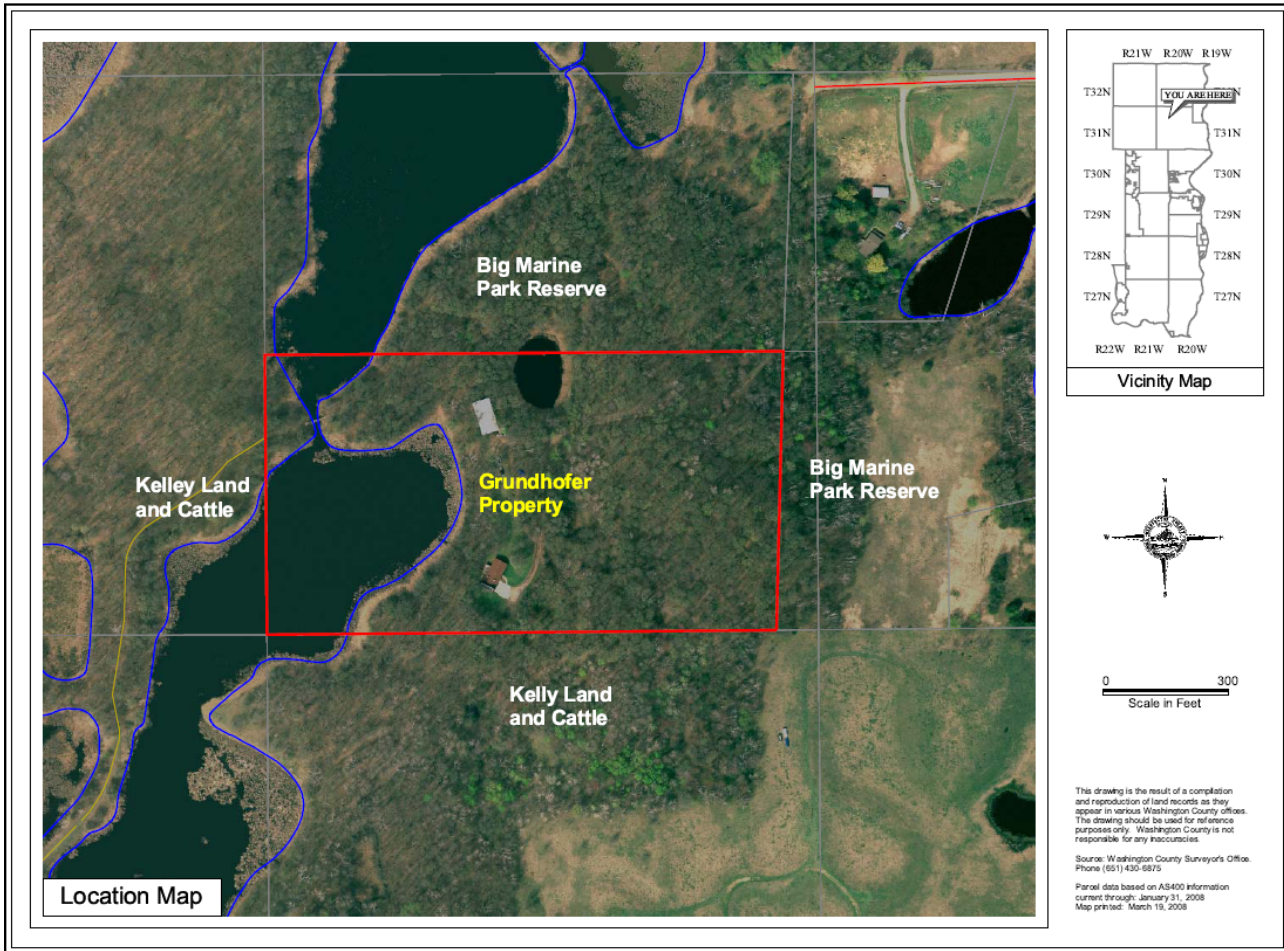


Figure 2: Aerial photo/map of Grundhofer parcel



ANALYSIS

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

Purchase Price	\$	550,000
First Appraisal	\$	1,800
Second Appraisal	\$	500
State Deed Tax	\$	1,820
Property tax equivalency payment	\$	943
TOTAL:	\$	555,063

The County proposes to finance the acquisition with the following revenue sources:

Metropolitan Council Acquisition Opportunity Fund (75%)	\$	416,297
<u>Washington County funds (25%)</u>	<u>\$</u>	<u>138,766</u>
Total	\$	555,063

The sellers of the property want to lease it back from the County for several years. Rent will be collected and used to pay the personal property tax on the house and pole barn, maintenance of the site, and other

related expenses. The County places the rental revenue in a “stewardship account” and submits reports to the Metropolitan Council annually on the revenue and expenditures of the account.

Background on acquisition opportunity funds:

The Park Acquisition Opportunity Fund is comprised of two accounts. One account is used to buy raw land with high natural resource values and is funded with Environment and Natural Resources Trust Fund revenue (ENRTF) and Metropolitan Council bonds. This account known as the State Acquisition Grant Account currently includes \$1.5 million of ENTRF revenue that was appropriated in the 2008 Legislative Session and is matched with \$1 million of Metropolitan Council bonds for a total of \$2.5 million.

The second account is called the Land Acquisition Opportunity Grant Account and is comprised of Metropolitan Council bonds. It has a balance of \$1,314,454. This account is used to buy land that includes houses and other structures. The combined balance for both accounts in the Fund is \$3,814,454

The Metropolitan Council has granted \$12,298,242 from the Fund to partially finance the acquisition of 1,710 acres as shown in Table 1.

Table 1: Park Acquisition Opportunity Fund Grants approved as of July 23, 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.

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

Amount Granted	Park Agency	Project Description
\$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
\$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 parks 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 parks CIP. Grant approved June 25, 2008
\$ 352,050	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 (\$117,350) is not eligible for reimbursement consideration in a future regional parks CIP. Grant approved June 25, 2008
\$12,298,242	Total funds granted as of July 23, 2008	

Based on the grants approved to-date the updated balance of the Fund is \$3,814,454 as shown in Table 2 below.

Table 2: Updated Balance to Park Acquisition Opportunity Fund as of July 23, 2008

\$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
\$1,500,000	ENRTF appropriation added in July 2008
\$16,112,696	Total funds provided over time
-\$12,298,242	Granted as of July 23, 2008 (For details see Table 1 above)
\$3,814,454	Balance of Acquisition Opportunity Fund

Rules for distributing grants from Park Acquisition Opportunity Fund

On June 25, 2008 the Metropolitan Council adopted rules that govern the distribution of grants from the Fund. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for Washington County’s request to acquire the Grundhofer parcel for Big Marine 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 County’s request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Big Marine Park Reserve. Plus, the County 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 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 County’s request is \$416,297, which is 75% of the \$555,063 cost to acquire the 19 acres. The County is providing \$138,766 as a 25% non-reimbursable match to the Council’s grant. The grant request and match to the Council’s grant is consistent with this rule.

The maximum grant(s) available to a park agency is \$1.7 million during this time period.

Washington County could request other grants totaling \$1,283,703 from the Fund for other acquisitions if sufficient revenue was in the Fund during the July 2008 to June 2009 period to comply with this rule.

Status of remaining Park Acquisition Opportunity funds

If \$416,297 was granted, there would be \$3,398,157 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 Big Marine Park Reserve parcel

\$3,814,454	Balance of acquisition opportunity fund as of July 23, 2008 (For details see Table 2 above.)
(\$416,297)	Proposed funding for Big Marine Park Reserve parcel
\$3,398,157	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 \$898,157 as shown in Table 4.

Table 4A: Updated Balance to Land Acquisition Opportunity Account in Fund if grant is awarded for Big Marine Park Reserve parcel (July 23, 2008)

Metro Council bonds	Grants financed with this account if grant is awarded for Big Marine PR parcel	Balance in this account if grant is awarded
\$1,314,454	\$416,297	\$898,157

Please note that the Metropolitan Council is expected to issue \$7 million of park bonds in 2009 based on past decisions of the Council. Of that amount \$3.5 million will be added to the Park Acquisition Opportunity Fund and the remaining \$3.5 million will be used to match a portion of the \$10.5 million 2008 State bond appropriation for the 2008-09 Regional Parks CIP projects.

CONCLUSION

1. Washington County's request of \$416,297 in Park Acquisition Opportunity Funds to acquire 19 acres for Big Marine Park Reserve is consistent with the rules for receiving a grant from the Park Acquisition Opportunity Fund.

RECOMMENDATION

That the Metropolitan Council authorize a grant of \$416,297 from the Land Acquisition Opportunity Account in the Park Acquisition Opportunity Fund to Washington County to partially finance the acquisition of the 19 acre Grundhofer parcel for Big Marine Park Reserve.

Attachment 1: Letter from John Elholm, Washington County



**Public Works Department
Parks Division**

Donald J. Theisen, P.E.
Director/County Engineer

John D. Elholm, CPRP
Parks Director

July 23, 2008

Arne Stefferud
Planning Analyst – Parks
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

**REQUEST FOR ACQUISITION OPPORTUNITY GRANT FUNDS FOR ACQUISITION OF THE
GRUNDHOFER PROPERTY IN BIG MARINE PARK RESERVE**

Dear Arne:

Washington County requests that the Metropolitan Council consider providing acquisition opportunity grant funds for the purchase of the Jerry and Lois Grundhofer property. We understand that 75% of the acquisition costs may be eligible for reimbursement with these funds with the remaining 25% being the responsibility of Washington County. The property is located in May Township within the planned boundary of the Big Marine Park Reserve.

The landowner is interested in selling the property, and has signed a purchase agreement for the sale. This parcel, approximately 19 acres, is bordered on the north and east by Big Marine Park Reserve and on the south and west by the Kelley Land and Cattle Company (which is also in the planned boundary of Big Marine Park Reserve).

The purchase agreement cost for the property is \$550,000. Additional costs associated with the purchase of the property are as follows:

Appraisal	\$ 1,800
2 nd Appraisal	\$ 500
State Deed Tax	\$ 1,820
Tax Equivalency Payment	\$ 943
Total additional costs	\$ 5,063

The total acquisition cost is \$555,063. Washington County requests the Metropolitan Council provide up to \$416,297 in acquisition opportunity grant funds for the acquisition of this parcel.

Financing for the purchase of this property would be from the following sources:

- 1) \$138,766 – Washington County Funds – (25% - not reimbursable)
- 2) \$416,297 – Metropolitan Council Parks Acquisition Opportunity Funds – (75%)

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Equal Employment Opportunity / Affirmative Action

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The Grundhofer family is interested in living in the house for a few years after Washington County purchases the property. Rent will be collected and used to pay for personal property tax, maintenance on the site, and other related expenses. The revenue and expenses will utilize a special 'stewardship' account that's been set-up for this purpose.

It is my understanding that this request will require action by the MPOSC. Therefore, I am requesting this item be placed on the next MPOSC meeting agenda.

Enclosed are two maps showing the location of the Grundhofer parcel.

If you have any questions or need further information, please call.

Respectfully,

John D. Elholm
Parks Director

C: Don Theisen, Director, Public Works Department
Sharon Price, Property Manager
Jane Harper, Principal Planner

Enc.

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