

METROPOLITAN COUNCIL
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DATE: December 19, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2009-6) Park Acquisition Opportunity Grant request to purchase land for Lebanon Hills Regional Park, Dakota County

INTRODUCTION

Since 2001, the Metropolitan Council has established a Park Acquisition Opportunity Fund grant program to assist regional park agencies in acquiring land for the Metropolitan Regional Park System. Land that is acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit. To-date, about \$13.6 million has been granted to assist in the acquisition of 1,741 acres. (See **Attachment 1** for a list of all grants awarded to-date).

Dakota County has negotiated the acquisition of a 1.1 acre parcel owned by Roger and Judith Urban which is within the master plan boundary for Lebanon Hills Regional Park. The total cost of acquisition and related expenditures is \$23,200. The County requests a Park Acquisition Opportunity Fund grant of \$17,400 to finance 75% of that cost. (See **Attachment 2**, letter from Steve Sullivan)

This memorandum analyzes this request against the rules for Park Acquisition Opportunity Fund grants. It recommends approving a grant of \$17,400. If the grant is awarded, there would be \$2,443,612 remaining for future land acquisitions.

AUTHORITY TO REVIEW

Minnesota Statute Section 473.315 authorizes the, “Metropolitan Council, with the advice of the Metropolitan Parks and Open Space Commission, to make grants from any funds available to it for recreation open space purposes to any municipality, county or Park District located wholly or partially within the metropolitan area to cover the cost, or any portion of the cost, of acquiring or developing regional recreation open space in accordance with the *Regional Recreation Open Space Policy Plan*”.

BACKGROUND

The Park Acquisition Opportunity Fund is comprised of two accounts:

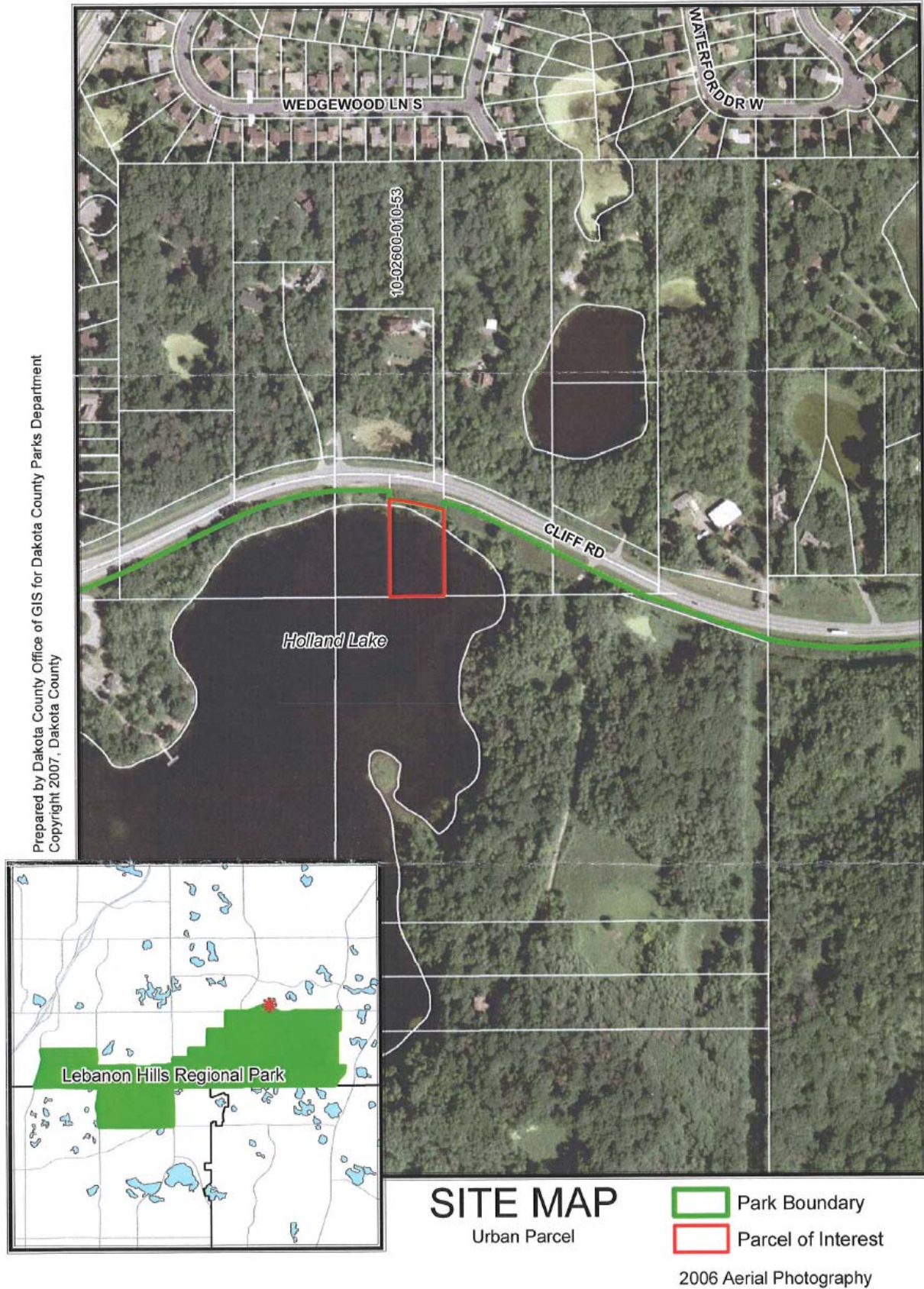
The first account is called the State Acquisition Grant Account, which is used to purchase land with high quality natural resource characteristics. No residential structures can be acquired with this account. The account has a current balance of \$2,360,330 comprised of \$1,416,198 of Environment and Natural Resources Trust Fund (ENRTF) revenue appropriated in the 2008 Legislative Session and \$944,132 of bonds issued by the Metropolitan Council as a 40% match to the State appropriation. The Legislative Citizen Commission on Minnesota Resources (LCCMR) has recommended that the 2009 Legislature appropriate \$1,290,000 of ENRTF revenue for the State Acquisition Grant Account. If that amount is appropriated, the Council would match it with \$860,000 of its own bonds for a total of \$2,150,000 added to the account.

The second account is called the Metropolitan Council Acquisition Grant Account, which is used to purchase land and any related structures –typically a parcel with a house or other buildings. This account is financed with bonds issued by the Metropolitan Council. It has a current balance of \$100,682. However, the Council is expected to issue \$3.5 million of bonds in the Spring of 2009 to add to this account and the State Acquisition Grant Account if additional ENRTF revenue is appropriated as noted above.

Grants from the Park Acquisition Opportunity Fund are awarded under a set of rules. The rules currently in effect for the period which ends June 30, 2009 allow a grant or grants totaling \$1.7 million to a park agency to finance up to 75% of the purchase price of the property plus related costs.

The 1.1 acre Urban parcel includes shoreline and a portion of the non-meandered bottom of Holland Lake in Lebanon Hills Regional Park. **Figure 1** illustrates the location of this parcel in relation to the park’s master plan. This parcel qualifies for funding from the State Acquisition Grant Account because no structures are being acquired with the grant, and the land includes high quality natural resource features—specifically shoreline of Holland Lake.

Fig. 1: Urban parcel in Lebanon Hills Regional Park, Dakota County



ANALYSIS

The costs associated with the purchase of the Urban parcel are:

Purchase Price	\$ 18,700
Closing costs, appraisal, 180% of city or township property tax due in the year the parcel is acquired (property tax equivalency payment), and a pro-rated share of all property taxes due on the parcel in the year it is acquired.	\$ 4,500
Total:	\$ 23,200

Dakota County requests that the acquisition be financed with the following revenue sources:

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 17,400
Dakota County funds (25%)	\$ 5,800
Total:	\$ 23,200

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 for the period July 1, 2008 to June 30, 2009. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for the Dakota County request to acquire the Urban parcel for Lebanon Hills 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.

Dakota County's request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Lebanon Hills Regional Park. Plus, Dakota 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.

Dakota County's request is \$17,400, which is 75% of the \$23,200 cost to acquire the Urban parcel. Dakota County will provide \$5,800 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.

Assuming up to \$17,400 is granted, Dakota County could request other grants totaling \$1,682,600 from the Fund for other acquisitions if sufficient revenue was in the Fund during the July 2008 to June 2009 period.

CONCLUSIONS

1. Dakota County's request of \$17,400 from the Park Acquisition Opportunity Fund to purchase the 1.1 acre Urban parcel for Lebanon Hills Regional Park is consistent with the rules for receiving a grant from the Fund.
2. The State Acquisition Grant Account in the Park Acquisition Opportunity Fund should be used to finance the grant since land with high quality natural resource features is being acquired.

RECOMMENDATION

That the Metropolitan Council authorize a grant of \$17,400 from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund to Dakota County to partially finance the acquisition of the 1.1 acre Urban parcel as part of Lebanon Hills Regional Park. The grant should be financed with \$10,440 from the 2008 Environment and Natural Resources Trust Fund appropriation and \$6,960 of Metropolitan Council bonds.

Attachment 1: Park Acquisition Opportunity Fund Grants approved (2001-2008)

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.

Amount Granted	Park Agency	Project Description
\$122,726	City of St. Paul	Partially finance acquisition of 0.74 acre at 350 Water Street for Harriet Island-Lilydale Regional Park. Grant financed 75% of acquisition cost. The remaining 25% financed by City of St. Paul (\$40,909) is not eligible for reimbursement consideration in a future regional park CIP. Approved February 27, 2008
\$339,389	City of Bloomington	Partially finance acquisition of 0.568 acre at 9633 East Bush Lake Road for Hyland-Bush-Anderson Lakes Park Reserve. Grant financed 75% of acquisition cost. The remaining 25% (\$113,130) financed by City of Bloomington and Three Rivers Park District is not eligible for reimbursement consideration in a future regional parks CIP. Approved on April 9, 2008
\$1,700,000	Dakota County	Partially finance acquisition of 456-acre Empire Wetlands Regional Park. Grant financed 14.2% of the \$11.94 million acquisition cost. Rest of costs financed with \$800,000 Metro Council grant SG-2006-123, \$6 million from 2006 State bond pass through grant, and \$3,440,000 of Dakota County funds of which \$2,155,000 is eligible for reimbursement in a future regional parks CIP. Grant approved on April 23, 2008. Reimbursement approved for consideration on May 28, 2008.
\$572,469	City of St. Paul	Partially finance acquisition of 1.85 acre for Bruce Vento Nature Sanctuary as part of Bruce Vento Regional Trail. Grant financed 75% of acquisition cost. The remaining 25% financed by City of St. Paul (\$190,823) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 11, 2008
\$848,369	Scott County	Partially finance acquisition of 47.08 acres for Doyle-Kennefick Regional Park (Adelmann parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Scott County (\$282,789) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 25, 2008
\$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 park CIP. Grant approved June 25, 2008
\$416,297	Washington County	Partially finance acquisition of 19 acres for Big Marine Park Reserve (Grundhofer parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Washington County (\$138,766) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved August 27, 2008
\$304,725	Three Rivers Park District	Partially finance acquisition of 1.5 acres for Lake Rebecca Park Reserve (Bauduin parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$101,575) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved November 12, 2008
\$492,750	Three Rivers Park District	Partially finance acquisition of 9.5 acres for Lake Rebecca Park Reserve (Westerlund parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$164,250) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved November 12, 2008
\$139,670	Mpls. Park & Rec. Bd.	Partially finance acquisition of 0.5 acres for Above the Falls Regional Park (Galka parcels). Grant financed 75% of acquisition cost. The remaining 25% financed by Mpls. Park & Rec. Bd. (\$46,557) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved December 10, 2008
\$13,651,684	Total funds granted as of December 10, 2008	

Attachment 2: Letter from Steve Sullivan



Physical Development Division December 16, 2008

Dakota County
Western Service Center
14955 Galaxie Avenue
Apple Valley, MN 55124-8579
952.891.7000
Fax 952.891.7031
www.dakotacounty.us

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

Re: Request for Acquisition Opportunity Grant

Environmental Mgmt. Department
Farmland & Natural Areas Program
Office of GIS
Parks Department
Office of Planning
Surveyor's Office
Transit Office
Transportation Department
Water Resources Office

Dear Mr. Stefferud:

Dakota County requests Metropolitan Council approval for an acquisition opportunity grant for the purchase of a 1.1 acre inholding parcel in Lebanon Hills Regional Park.

On December 16, 2008, the Dakota County Board of Commissioners authorized purchase of the Roger and Judith Urban property located south of Cliff Road and adjacent to Holland Lake within Lebanon Hills Regional Park (Attachment A: Parcel Map).

The Lebanon Hills Regional Park Master Plan and Dakota County Parks System Plans include this portion of the Urban property as a high priority in-holding for fee acquisition. Acquisition of this parcel would enhance water quality by transferring control of the shoreline to Dakota County and allowing for lakeshore restoration and management. The acquisition would also eliminate private access and use of Holland Lake.

An appraisal was completed and the Urban's have agreed to sell the 1.1 acre parcel to Dakota County for the appraised value of \$18,700. Additional expenses including closing costs, appraisal, tax-equivalency payment and pro-rated taxes are estimated to be \$4,500, for a total expenditure of \$23,200.

Thank you for considering this request.

Respectfully,


Steve Sullivan
Parks & Open Space Director


Al Singer
Land Conservation Manager

cc: Michelle Beeman, ENR Director
Bruce Blair, Park Facilities & Resource Manager
Bob Peterson, Real Estate Specialist
Stacy Reilly, Sr. Financial Analyst