

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

DATE: August 24, 2009

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2009-XXX) Park Acquisition Opportunity Grant request to purchase 8.9 acre parcel for Carver Park Reserve, Three Rivers Park District

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, \$14.7 million has been granted to assist in the acquisition of 1,754 acres. The total related acquisition costs and market value of this land is \$51.8 million. (See **Attachment 1** for a list of all grants awarded to-date).

Three Rivers Park District has negotiated the acquisition of an 8.89 acre (rounded to 8.9 acre) parcel within the master plan boundary for Carver Park Reserve. The Park District requests a Park Acquisition Opportunity Fund grant of \$719,400 to finance 75% of the \$959,200 cost to acquire this parcel (See **Attachment 2** for grant request letter).

This memorandum analyzes this request against the rules for Park Acquisition Opportunity Fund grants. It recommends approving the grant cited above. If this grant is awarded there would be \$7,873,862 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 \$4,085,530 comprised of \$2,451,318 of Environment and Natural Resources Trust Fund (ENRTF) revenue appropriated in the 2008 and 2009 Legislative Sessions and \$1,634,212 of bonds issued by the Metropolitan Council as a 40% match to the State appropriation.

The second account is called the Parks and Trails Fund 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 Parks and Trails Fund appropriations from the Land and Legacy Amendment plus bonds issued by the Metropolitan Council. The account has a current balance of \$4,507,732 comprised of \$1,260,000 from the FY 2010 Parks and Trails Fund appropriation and \$3,247,732 of Metropolitan Council bonds.

The combined balance of both accounts is \$8,593,262. If a \$719,400 grant to Three Rivers Park District is awarded, there would be \$7,873,862 remaining for future land acquisitions.

Grants from the Park Acquisition Opportunity Fund are awarded under a set of rules that were approved by the Council on June 24, 2009. The rules allow a grant or grants totaling \$1.7 million per year (July 1 to June 30) to a park agency to finance up to 75% of the purchase price of the property plus related costs.

The Hedtke parcel acquisition includes two lots totaling 8.89 acres. There is a home straddling the lot line, and one lot has frontage on Schutz Lake as shown in **Figure 1**.

The appraisal on the entire parcel including the house concluded that the house's location straddling two buildable lots detracted from the overall value of the entire parcel. Consultation with Legislative Citizens Commission on Minnesota Resources staff concluded that using Environment and Natural Resources Trust Fund appropriations in the State Acquisition Grant Account was permissible in this case since the Trust Fund appropriation along with matching Metro Council bonds would finance 75% of the costs to acquire lake shore and naturally covered land while the 25% match provided by the Park District would finance the costs to acquire the house and its removal.

Fig. 1: Hedtke parcel proposed for acquisition at Carver Park Reserve, Three Rivers Park District



ANALYSIS

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

Purchase Price	\$ 922,500
Appraisal	\$ 5,000
Pro-rated share of 2009 property taxes due at closing	\$ 3,500
180% of city taxes on parcel (property tax equivalency payment) due at closing plus assessments	\$ 7,200
Site restoration	\$ 18,000
Closing costs	\$ 3,000
Total:	\$ 959,200

Three Rivers Park District requests that the acquisition be financed with the following revenue sources:

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 719,400
Three Rivers Park District funds (25%)	\$ 239,800
Total:	\$ 959,200

The Park Acquisition Opportunity Fund grant would be financed from the State Acquisition Grant Account:

2008 State Environment and Natural Resources Trust Fund appropriation (60% of grant)	\$ 431,640
Metropolitan Council bonds (40% of grant)	\$ 287,760
Total	\$ 719,400

Rules for distributing grants from Park Acquisition Opportunity Fund

On June 24, 2009 the Metropolitan Council adopted rules that govern the distribution of grants from the Fund on a yearly basis--July 1 to June 30. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for Three Rivers Park District's request to acquire the Hedtke parcel for Carver 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.

Three Rivers Park District's request is consistent with this rule because the parcel is within the Metropolitan Council-approved master plan boundary for Carver Park Reserve. Plus, Three Rivers 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 this parcel. 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.

Three Rivers Park District's request of \$719,400 is 75% of the cost to acquire this parcel as shown on page 4. Three Rivers Park District will provide \$239,800 as a 25% non-reimbursable match to the Council's grants. The grant request and match to the Council's grants are consistent with this rule.

The maximum grant(s) available to a park agency is \$1.7 million during the July 1 to June 30 time period.

This is the first grant to Three Rivers Park District for the July 1, 2009 to June 30, 2010 time period. Assuming \$719,400 is granted, Three Rivers Park District could request other grants totaling \$980,600 from the Fund for other acquisitions prior to June 30, 2010.

CONCLUSIONS

1. Three Rivers Park District's request of \$719,400 from the Park Acquisition Opportunity Fund to purchase the 8.89 acre Hedtke parcel for Carver Park Reserve is consistent with the rules for receiving grants from the Fund.
2. The State Acquisition Grant Account in the Park Acquisition Opportunity Fund should be used to finance this grant because high quality natural resource lands including frontage on Schutz Lake is being acquired with the grant. The residential structure associated with this acquisition will be financed with Park District funds—not the grant.

RECOMMENDATION

That the Metropolitan Council authorize a grant of \$719,400 from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund to Three Rivers Park District to partially finance the acquisition of the 8.89 acre Hedtke parcel as part of Carver Park Reserve. The grant should be financed with \$431,640 of 2008 State Environment and Natural Resources Trust Funds and \$287,760 of Metropolitan Council bonds.

Attachment 1: Park Acquisition Opportunity Fund Grants approved (2001 to August 24, 2009)

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.

Amount Granted	Park Agency	Project Description
\$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 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 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

Amount Granted	Park Agency	Project Description
\$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 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
\$17,400	Dakota County	Partially finance acquisition of 1.1 acres for Lebanon Hills Regional Park (Urban parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Dakota County (\$5,800) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved January 28, 2009
\$407,400	Three Rivers Park District	Partially finance acquisition of 9.44 acre parcel for Rush Creek Regional Trail (Ganzer parcel). Grant financed 75% of acquisition cost. The remaining 25% financed by Three Rivers Park District (\$135,800) is not eligible for reimbursement consideration in a future regional park CIP. Grant approved June 24, 2009
\$14,769,434	Total funds granted as of August 24, 2009	

Attachment 2: Letter from Boe Carlson, Three Rivers Park District



August 21, 2009

Three Rivers
Park District
Board of
Commissioners

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

Sara Wyatt
District 1

Re: Carver Park Reserve
Hedtke Inholding Property
Land Acquisition Opportunity Grant

Dear Mr. Stefferud,

Marilynn Corcoran,
Vice Chair
District 2

At the August 13, 2009 Three Rivers Park District Administration and Finance Committee Meeting the Board approved the purchase of the Hedtke Inholding at Carver Park Reserve. This item will be submitted to the Board for consideration on August 27. Upon approval of this purchase, the Park District is submitting a request for reimbursement of a portion of this purchase through the Land Acquisition Opportunity Grant Program. Detailed below are the estimated acquisition costs that make up the Park District request.

Mark Haggerty
District 3

\$922,500	Purchase price
\$ 5,000	Appraisal fee
\$ 3,500	Share of 2009 property taxes
\$ 7,200	Taxes and assessments
\$ 18,000	Site restoration
<u>\$ 3,000</u>	<u>Closing costs</u>
\$959,200	TOTAL

Dale Woodbeck
District 4

Rosemary Franzese
District 5

The Park District is requesting reimbursement of 75% of these costs, or \$719,400. We will not be able to request reimbursement for the remaining 25% at a later date.

Larry Blackstad, Chair
Appointed

This 8.89 acre parcel with frontage on Schutz Lake has been identified as an inholding in the Carver Park Reserve Master Plan. Thank you for the opportunity to apply for this grant and consideration of this item. Please let me know if you have any questions.

Barbara Kinsey
Appointed

Sincerely,

Boe Carlson
Associate Superintendent
Division of Administration

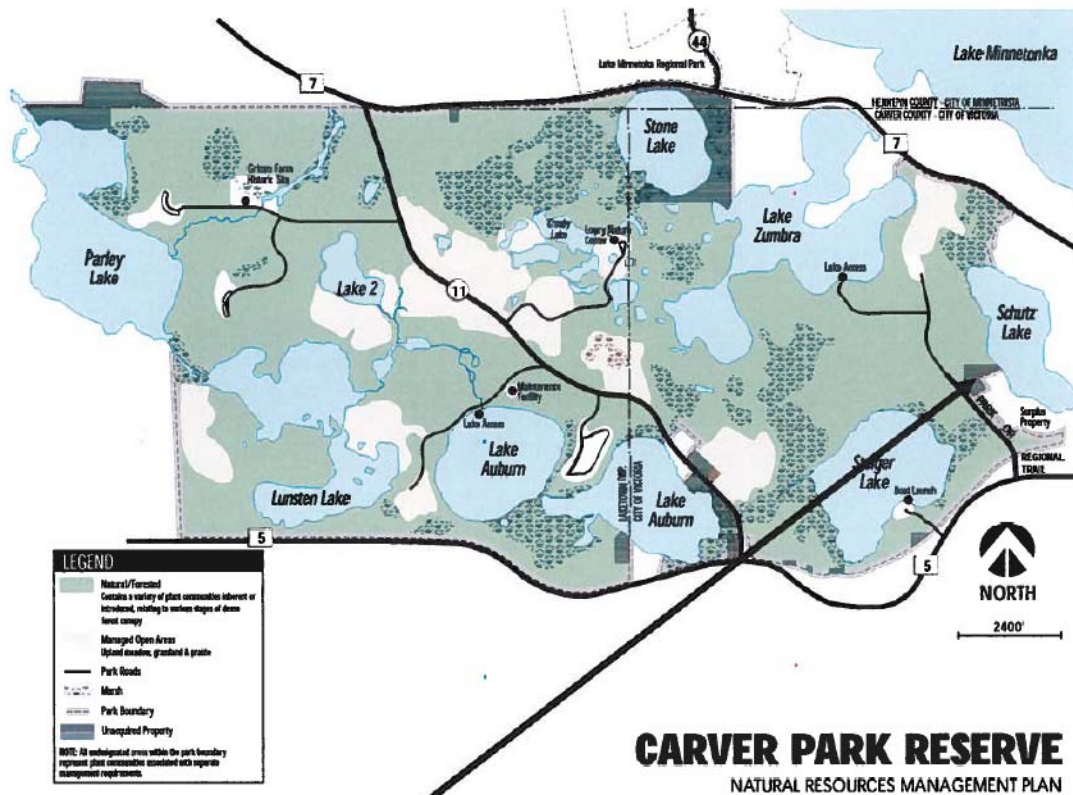
Cris Gears
Superintendent

C: Cris Gears, Superintendent
Jeff Brauchle, Legal Counsel
Don DeVeau, Director of Planning & Development

Enclosure

tc1/wp/correspondence/letters/2009/0821 to AStefferud re Carver Park Hedtke Land Acquisition Opp. Grant from
BRC Administrative Center, 3000 Xenium Lane North, Plymouth, MN 55441-1299

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Hedtke Property