

METROPOLITAN COUNCIL
390 North Robert Street, St. Paul, MN 55101
Phone (651) 602-1000 TDD (651) 291-0904

DATE: September 28, 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 for Cedar Lake Farm Regional Park, Scott 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, \$15.5 million has been granted or pending approval to assist in the acquisition of 1,763 acres. The total related acquisition costs and market value of this land is \$52.8 million. (See **Attachment 1** for a list of all grants awarded to-date).

Scott County has negotiated the acquisition of a 7.05-acre parcel within the master plan boundary for Cedar Lake Farm Regional Park. The County requests a Park Acquisition Opportunity Fund grant of \$369,683 to finance 75% of the \$492,911 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 \$7,504,179 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 Environment and Natural Resources Trust Fund 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 balance of \$3,366,130 comprised of \$2,019,678 of Environment and Natural Resources Trust Fund (ENRTF) revenue appropriated in the 2008 and 2009 Legislative Sessions and \$1,346,452 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 \$7,873,862. If a \$369,683 grant to Scott County is awarded, there would be \$7,504,179 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 Novotny parcel acquisition comprises 7.82 acres with frontage on Cedar Lake. However, 0.77 acre will be acquired by the County Highway Department to widen County Road 2. Consequently the net acreage for the park acquisition is 7.05 acres. The 0.77 acre parcel acquired for the highway includes a structure, so the remaining land to be acquired for the park is comprised of lakeshore and forest as shown in **Figures 1 and 2.**

The appraised value of the entire parcel is \$630,000. The sellers are donating \$100,000 of land value to the Regional Parks Foundation. The Foundation will transfer title of its share of the parcel to Scott County in the future.

Fig. 1: General Site Map showing location of Novotny parcel proposed for acquisition at Cedar Lake Farm Regional Park, Scott County

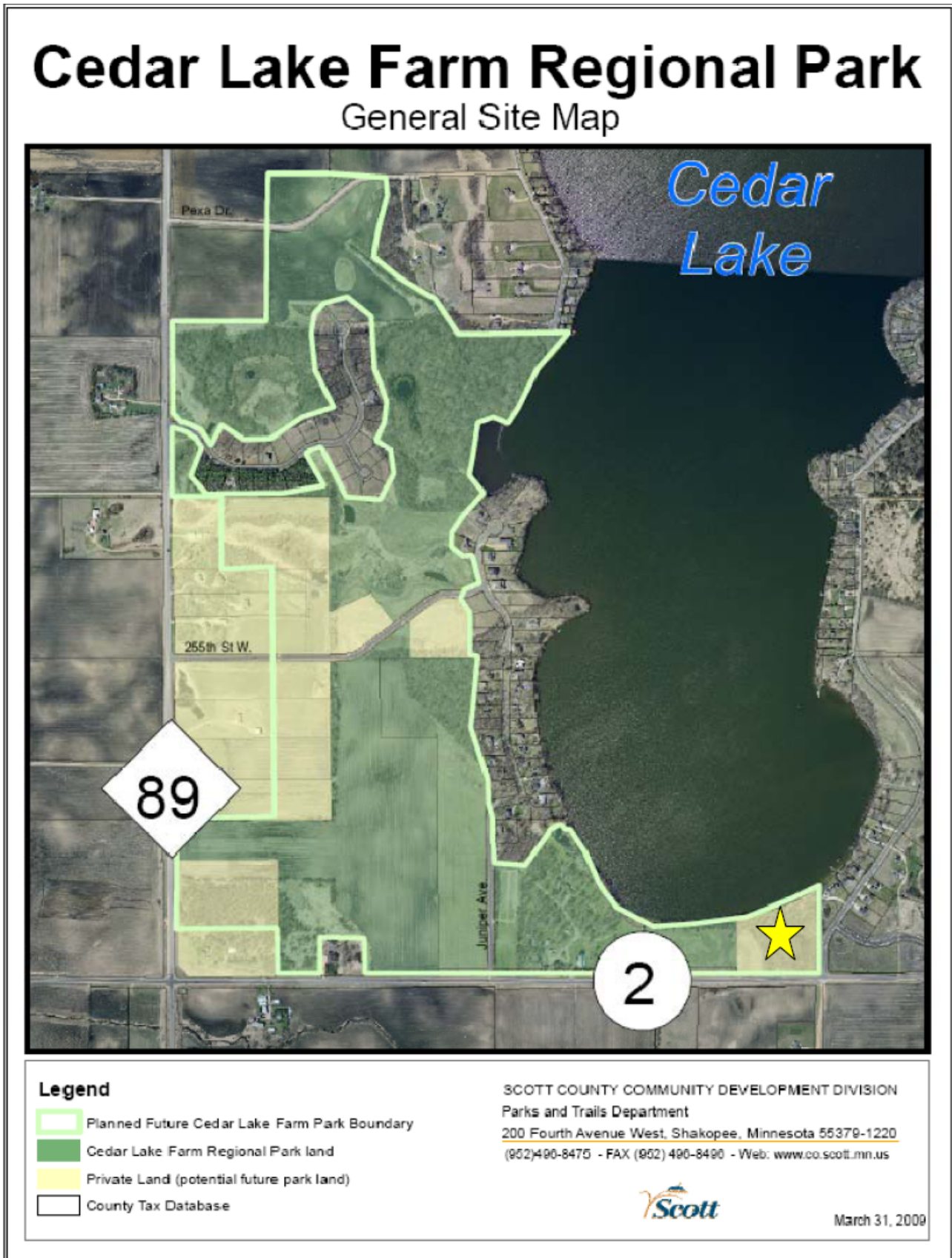
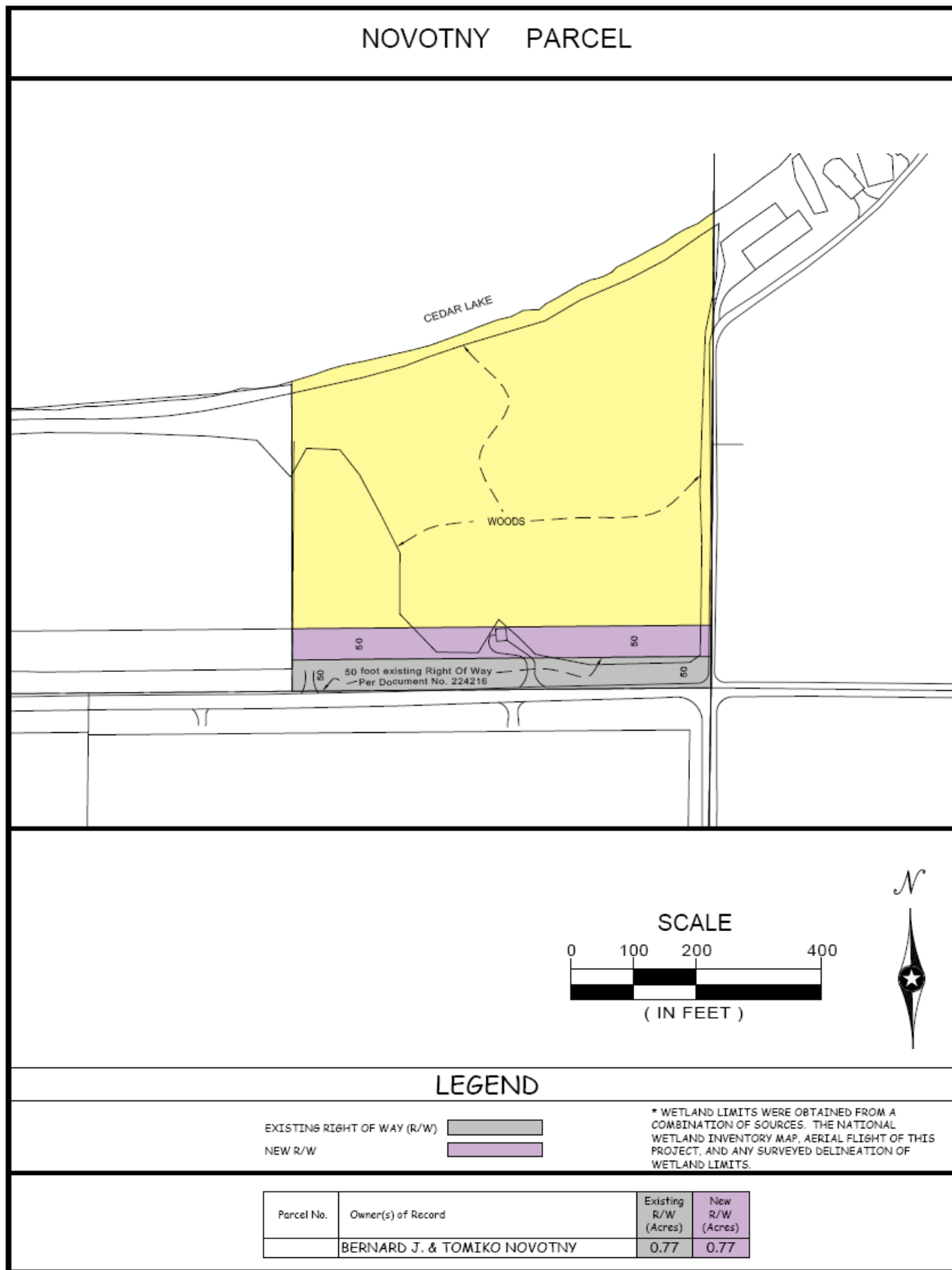


Fig. 2: Novotny parcel map showing proposed park land and highway right of way



ANALYSIS

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

Purchase Price after \$100,000 charitable contribution to Regional Parks Foundation	\$ 530,000
Appraisal	\$ 1,350
Closing costs estimate	\$ 5,000
2009 pro-rated property taxes due at closing	\$ 517
Property tax equivalency payment (180% township taxes) due at closing	\$ 734
Site restoration/stewardship costs	\$ 7,500
Deduction for County Road 2 right of way	-\$ 52,190
Total:	\$ 492,911

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

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 369,683
Scott County funds (25%)	\$ 123,228
Total:	\$ 492,911

The Park Acquisition Opportunity Fund grant would be financed from the Environment and Natural Resources Trust Fund Account:

Balance of 2008 State Environment and Natural Resources Trust Fund appropriation and portion of 2009 State Environment and Natural Resources Trust Fund appropriation (60% of grant)	\$ 221,810
Metropolitan Council bonds (40% of grant)	\$ 147,873
Total	\$ 492,911

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 Scott County’s request to acquire the Novotny parcel for Cedar Lake Farm 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.

Scott County’s request is consistent with this rule because the parcel is within the Metropolitan Council-approved master plan boundary for Cedar Lake Farm Regional Park. Plus, Scott 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 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.

Scott County's request of \$369,683 is 75% of the cost to acquire this parcel as shown on page 5. Scott County will provide \$123,228 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 Scott County for the July 1, 2009 to June 30, 2010 time period. Assuming \$369,683 is granted, Scott County could request other grants totaling \$1,330,317 from the Fund for other acquisitions prior to June 30, 2010 assuming there was sufficient revenue in the Fund to finance such grants at the time of their request.

CONCLUSIONS

1. Scott County's request of \$369,683 from the Park Acquisition Opportunity Fund to purchase 7.05 acres (Novotny parcel) for Cedar Lake Farm Regional Park is consistent with the rules for receiving grants from the Fund.
2. The Environment and Natural Resources Trust Fund Account in the Park Acquisition Opportunity Fund should be used to finance this grant because high quality natural resource lands including frontage on Cedar Lake is being acquired with the grant.

RECOMMENDATION

That the Metropolitan Council authorize a grant of \$369,683 from the Environment and Natural Resources Trust Fund Account in the Park Acquisition Opportunity Fund to Scott County to partially finance the acquisition of 7.05 acres (Novotny parcel) as part of Cedar Lake Farm

Regional Park. The grant should be financed with \$221,810 of the remaining 2008 State Environment and Natural Resources Trust Fund appropriation and a portion of the 2009 appropriation plus \$147,873 of Metropolitan Council bonds.

**Attachment 1: Park Acquisition Opportunity Fund Grants approved and pending
(2001 to September 28, 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
\$719,400	Three Rivers Park District	Partially finance acquisition of 8.89 acre parcel for Carver Park Reserve (Hedtke 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 pending approval October 14, 2009.
\$15,488,834	Total funds granted or pending as of September 28, 2009	

Attachment 2: Letter from Mark Themig, Scott County



SCOTT COUNTY PARKS AND TRAILS COMMUNITY DEVELOPMENT DIVISION

GOVERNMENT CENTER 114 · 200 FOURTH AVENUE WEST · SHAKOPEE, MN 55379-1220
(952) 496-8475 · Fax (952) 496-8496 · Web www.co.scott.mn.us

Mark Themig
Parks and Trails Program Manager
952-496-8783
mthemig@co.scott.mn.us

September 18, 2009

Mr. Arne Stefferud, Planning Analyst - Parks
Metropolitan Council
390 Robert Street North
St. Paul, Minnesota 55101-1805

Subject: Acquisition Opportunity Grant Request, Cedar Lake Farm Regional Park

Dear Mr. Stefferud,

On behalf of the Scott County Board of Commissioners, I am writing to request Metropolitan Council's consideration of funding assistance for acquisition of park land within Cedar Lake Farm Regional Park.

Scott County has negotiated the purchase of a 7.82 acre parcel in the southeast corner of Cedar Lake Farm Regional Park (see attachment). This parcel is within the Cedar Lake Farm Regional Park acquisition master plan boundary and contains approximately 700 feet of lakeshore, upland, and significant high quality Maple-basswood woodland.

The county's appraisal valued the property at \$630,000. Staff has negotiated a purchase price of \$530,000, \$100,000 below the appraised value, with the difference being recognized as a charitable contribution for income tax purposes. Scott County is excited to be entering into partnership with the newly formed Regional Parks Foundation of the Twin Cities to be the recipient of the charitable contribution.

Under agreement with Scott County, the Regional Parks Foundation would receive, by gift from the Novotny's, interest in a portion of land via tenant in common status that equals the value of the gift: \$100,000/\$630,000 or approximately 15.87% of ownership of the land. Approximately three years after the real estate closing, the Foundation's interest would be conveyed to Scott County. By working with the Regional Parks Foundation, we have an opportunity to promote the Foundation's purpose in helping to fund acquisitions and development of the remainder of the Metropolitan Regional Park System, while using the Foundation to serve as a charitable organization on behalf of Scott County.

The County's Highway Department has identified a need for additional right-of-way for future roadway re-expansion of County Road 2 (see attachment). This need would result in 0.77 acres of land associated with the purchase being used for right-of-way instead of park purposes. As a result, we are proposing to deduct the per acre cost equivalent (\$67,775/acre) from the purchase price for the grant request, and fund this portion from other sources.

Therefore, our total estimated acquisition and stewardship cost for park land is as follows:

Purchase Price (7.82 acres)	\$530,000
Appraisal	\$ 1,350
Closing Costs (estimate)	\$ 5,000
2009 Pr-Rated Property Taxes	\$ 517
Property Taxes Equivalency Payment	\$ 734
Stewardship (estimate)	\$ 7,500
CR 2 ROW (.77 acres)	<u>-\$ 52,190</u>
Balance for Park Land	\$492,911

The County is requesting funding assistance through the Acquisition Opportunity Grant Program under the "75% Met Council/25% Local Match" rules. Under these rules, we are requesting an Acquisition Opportunity Grant in the amount of \$369,683, and acknowledge that the local match portion is non-reimbursable through the Regional Park CIP.

I would like to thank the Metropolitan Parks and Open Space Commission and the Metropolitan Council for consideration of this request. As a result of their past support, Scott County has made significant investments to acquire and protect, forever, regional park land in Scott County. We are excited about the opportunity to add this important parcel to the system!

If you have any questions regarding this request or need additional information, please let me know. Thanks again for your continued assistance.

Sincerely,



Mark Themig
Parks Program Manager

cc: Scott County Parks Advisory Commission
Gary Shelton, County Administrator
Michael Sobota, Community Development Director
Kevin Ellsworth, Chief Financial Officer
Lezlie Vermillion, Deputy County Administrator