

METROPOLITAN COUNCIL
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DATE: April 25, 2011

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2011-xx) Park Acquisition Opportunity Fund Grant to acquire conservation easement on 1.1 acre for Lebanon Hills Regional Park, Dakota County

INTRODUCTION

Dakota County has submitted a request for a Park Acquisition Opportunity Fund Grant to help finance the acquisition of a permanent conservation easement for a 1.1 acre inholding parcel located south of Cliff Road in Eagan within the border of Lebanon Hills Regional Park (Urban parcel). The grant request is \$13,050. (See **Attachment 1: Letter from Steve Sullivan and Al Singer, Dakota County**)

This memorandum analyzes the request against the rules for Park Acquisition Opportunity Fund grants. The memorandum recommends approving the grant. If \$13,050 is awarded, and the \$442,763 grant for the Shadduck Trust Property is awarded there would be \$2,720,901 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 Acquisition Account, which is used to purchase land with high quality natural resource characteristics. No residential structures can be acquired with this account. This parcel qualifies for this account. This account has a balance of \$2,070,034 comprised of \$1,256,641 of Environment and Natural Resources Trust Fund revenue appropriated in the 2009 Legislative Session and \$837,761 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 Account, which is used to purchase land that has low natural resource characteristics 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. This account is proposed to be used for the parcel at 1286 Carriage Hills Drive. This account would have a balance of \$639,549 comprised of Metropolitan Council bonds if the grant proposed for that parcel is approved. A new appropriation from the Parks & Trails Legacy Fund for FY 2012-13 is being considered by the Legislature at this time. That appropriation would become available on July 1, 2011 for other land acquisitions.

The combined balance of both accounts is \$2,720,901 under the assumption that the grant for the 1286 Carriage Hills Drive parcel and the grant for the Urban parcel are approved.

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.

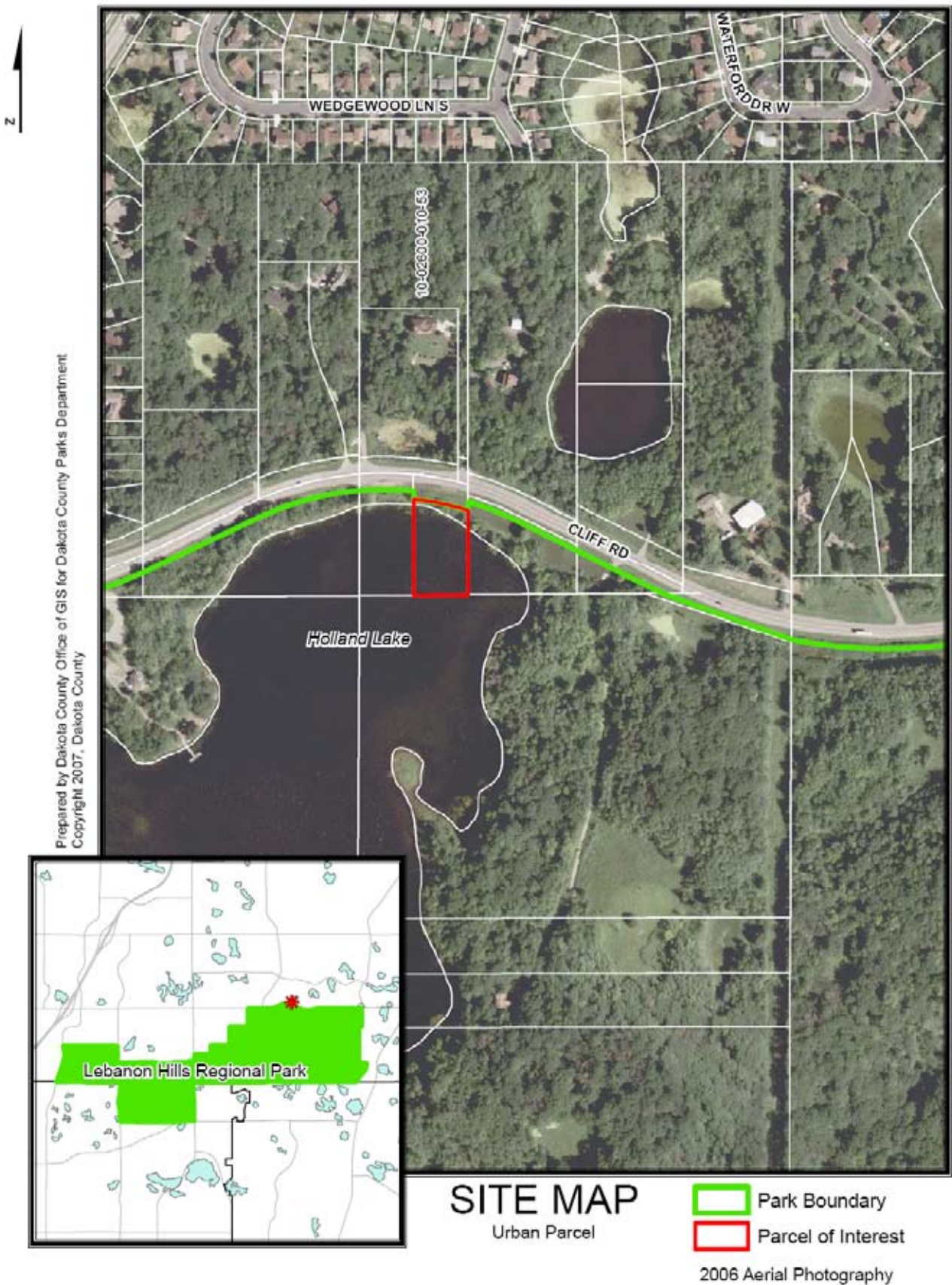
In January 2009, the Metropolitan Council approved a \$17,400 grant to acquire fee title to the Urban parcel. However, due to lack of acquisition agreements with either of two adjacent landowners and the costs and time to legally subdivide the property, the fee acquisition was delayed and then terminated in early March 2011. An alternative approach to acquire a permanent natural area conservation easement with public access was suggested to the landowner. He agreed and a new appraisal was completed in late 2010 that established the appraisal and fee title value at \$13,300. The landowner agreed to sell the permanent easement at that price.

It should be noted that Minnesota Statute 473.331 allows regional park implementing agencies to
“... acquire, develop and manage any land or water area, or any interests, easements or other rights therein, comprising regional recreation open space in the same manner as it is authorized to do for other park and recreation purposes, and such area or other rights shall constitute a part of the park and recreation system of the acquiring agency.”

Consequently, permanent easement on land as well as fee title acquisition of land is permitted. The Metropolitan Council provided a grant to acquire a permanent easement on the western edge of Spring Lake Park Reserve in the mid 1990s.

The Urban parcel is located on the north side of Holland Lake within the boundary of Lebanon Hills Regional Park. **Figure 1** is an aerial photograph and map of the parcel in relation to the park boundary.

Figure 1: Aerial photo and map of Urban parcel in context of Lebanon Hills Regional Park



ANALYSIS

Acquisition cost analysis

Total costs to acquire the permanent conservation easement on this parcel including associated costs that are grant eligible totals \$17,400 as shown in Table 1:

Table 1: Permanent easement costs for Urban parcel

Price for conservation easement	\$ 13,300
Appraisal cost	\$ 2,800
Closing costs	\$ 800
Stewardship	\$ 500
Total:	\$ 17,400

Dakota County requests that the easement be financed with the following revenue sources as shown in Table 2:

Table 2: Revenue Sources for permanent easement on Urban parcel

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 13,050
Dakota County (25%)	\$ 4,350
Total:	\$ 17,400

This parcel qualifies for funding from the Environment and Natural Resources Trust Fund Acquisition Account because the land does not include a residential structure and includes high quality natural resources. In this case, lakeshore. The Park Acquisition Opportunity Fund grant would be financed as shown in Table 3.

Table 3: Park Acquisition Opportunity Grant Revenue Sources for Urban parcel permanent easement

Revenue Sources	Amount
2009 Environment and Natural Resources Trust Fund appropriation	\$ 7,830
Metropolitan Council bonds	\$ 5,220
Total Grant	\$ 13,050

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 Dakota County's grant request.

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 parcel is within the Metropolitan Council-approved master plan for Lebanon Hills Regional Park. Plus, the park agency does not have acquisition grant funds previously provided by the Metropolitan Council to finance this permanent easement purchase.

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.

The grant proposed here would be the only transaction for the parcel. The purchase price for the permanent easement is the negotiated price 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 75% of the costs to acquire the permanent easement on the parcel. Dakota County will provide 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 the July 1 to June 30 time period.

The grant is within the \$1.7 million limit for Dakota County during this time period.

CONCLUSION:

The Environment and Natural Resources Trust Fund Acquisition Account in the Park Acquisition Opportunity Fund should be used to finance this grant because it is consistent with the utilization of this account.

RECOMMENDATION:

That the Metropolitan Council authorize a grant of up to \$13,050 from the Environment and Natural Resources Trust Fund Acquisition Account in the Park Acquisition Opportunity Fund to Dakota County to partially finance the acquisition of a permanent easement on the 1.1 acre Urban parcel in Lebanon Hills Regional Park. The grant should be financed with:

\$7,830 from the 2009 Environment and Natural Resources Trust Fund appropriation
\$5,220 from Metropolitan Council bonds

Attachment 1: Letter from Steve Sullivan and Al Singer, Dakota County



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Lynn Thompson, Division Director
Dakota County
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Environmental Mgmt Dept
Farmland & Natural Areas Program
Office of GIS
Parks Department
Office of Planning
Surveyor's Office
Transit Office
Transportation Department
Water Resources Office

April 19, 2011

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

Dear Arne:

Dakota County requests Metropolitan Council consideration authorizing an Acquisition Opportunities Fund grant for the purchase of a permanent natural area conservation easement on the Roger and Judith Urban in-holding in Lebanon Hills Regional Park (Attachment A: Location Map).

The Urbans own 5.07 acres- of which 1.1 acres is located south of Cliff Road in Eagan and within the northern border of Lebanon Hills Regional Park. The 1.1-acre in-holding consists of approximately 0.15 acres of shoreline and 0.95 acres of water in Holland Lake. Holland Lake has the highest water quality of the 20 lakes and ponds located within the park. Restoration of the shoreline, eliminating private use and facilitating the planned regional connector trail make this small acquisition important.

The County contacted the Urban family in July 2007 in conjunction with a stormwater management project initiated by the City of Eagan. On October 9, 2007, (Resolution No. 07-438) the Dakota County Board of Commissioners authorized an appraisal and negotiations with the Urban family. Dakota County contracted an appraisal that established a market value for the property of \$18,700. The Urbans agreed to sell the property for \$18,700 and on December 16, 2008 (Resolution No. 08-585), the Dakota County Board of Commissioners approved expending up to \$23,200 for the acquisition and other associated costs.

The County submitted an Acquisition Opportunity Fund (AOF) grant request to the Metropolitan Council in early 2009 and AOF funding was subsequently approved. However due to lack of acquisition agreements with either of the two adjoining landowners and the costs and time for legally subdividing the property, the fee acquisition was delayed and then recently terminated.

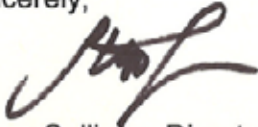
An alternative approach of acquiring a permanent natural area conservation easement with public access was suggested to the landowner as way of benefitting both parties. The landowners agreed and a new appraisal was completed in late 2010 that established an appraised value for both the easement and fee title at \$13,300. On April 5, 2011, the Urbans agreed to sell a 1.1-acre a permanent natural area conservation easement with public access to the County.

The request for Acquisition Opportunity grant funds is based on the following estimated expenses:

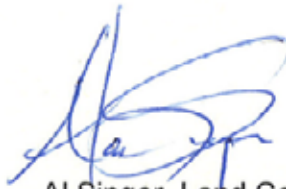
- Appraisals	\$2,800
- Closing costs	\$800
- Stewardship	\$500
- Purchase of permanent easement	<u>\$13,300</u>
	\$17,400

Thank you for considering this request.

Sincerely,



Steve Sullivan, Director
Dakota County Parks and Open Space



Al Singer, Land Conservation Manager
Dakota County Parks and Open Space

Enc.

Cc: Lynn Thompson, Physical Development Director
Stacy Reilly, Financial Analyst