

**METROPOLITAN COUNCIL**

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**DATE:** July 30, 2012

**TO:** Metropolitan Parks and Open Space Commission

**FROM:** Arne Stefferud, Acting Manager--Regional Parks and Natural Resources Unit  
(651-602-1360)

**SUBJECT:** (2012-xxx) Park Acquisition Opportunity Fund Grant Request for Above the Falls Regional Park, Minneapolis Park & Recreation Board  
Metropolitan Parks & Open Space Commission District D: Jeffrey Lee

**INTRODUCTION**

In 2001, the Metropolitan Council 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 \$25.9 million has been granted for the acquisition of 2,112 acres. The total related acquisition costs and market value of this land is about \$66.8 million. (See Attachment 2 at the end of this memorandum that summarizes all grants awarded by Park Agency and sorted by MPOSC District as of July 25, 2012).

The Minneapolis Park & Rec. Board (MPRB) has submitted a grant request of \$608,814 to finance up to 75% of the projected costs to acquire 1.74 acres for Above the Falls Regional Park (1720 Marshall St. NE). The land contains a building which the MPRB will use as a maintenance shop for a limited time period, and then be removed. Consequently, the requested grant only finances the cost to acquire the land and excludes the cost of acquiring the building. (See Attachment 1: Letter from Bruce Chamberlain, Minneapolis Park & Rec. Board)

This memorandum analyzes the request against the rules for Park Acquisition Opportunity Fund grants. The memorandum recommends approving the grant. Although the parcel acquisition does not include the purchase of a building, the land has been disturbed so that it does not contain sufficiently high quality natural resource features that would allow it to qualify for funding from the Environment and Natural Resources Trust Fund Acquisition Account, which is one of two accounts in the Park Acquisition Opportunity Fund. Consequently, it is proposed that the grant be financed from the Parks and Trails Legacy Fund Acquisition Account. If \$608,814 is awarded for this parcel there would be \$4,515,827 for future land acquisitions that qualify from the Parks and Trails Legacy Fund Acquisition Account.

**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, park district or county 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 account has a balance of \$3,842,258 at this time. The account is comprised of \$2,199,704 of Environment and Natural Resources Trust Fund revenue appropriated in State Fiscal Years 2012 and 2013 and \$1,642,555 of bonds issued by the Metropolitan Council as a 40% match to the State appropriation. If \$353,996 is awarded for the Big Marine Park Reserve parcel, there would be \$3,488,263 for future land acquisitions that qualify from the Environment and Natural Resources Trust Fund Acquisition Account.

The second account is called the Parks and Trails Legacy 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 Legacy Fund appropriations from the Land and Legacy Amendment plus bonds issued by the Metropolitan Council. This account has a balance of \$5,124,641 at this time comprised of \$1,968,561 of Parks and Trails Legacy Fund appropriations from State Fiscal Years 2012 and 2013 and \$3,156,080 Metro Council bonds. If \$608,814 is awarded for this parcel there would be \$4,515,827 for future land acquisitions that qualify from the Parks and Trails Legacy Fund Acquisition Account.

Assuming the requested \$353,996 grant for the Big Marine Park Reserve parcel is awarded and \$608,814 for this parcel, the combined balance of both accounts would be \$8,004,090.

Grants from the Park Acquisition Opportunity Fund are awarded under a set of rules that were approved by the Council on June 24, 2009 and amended on December 14, 2011. The rules allow a grant or grants totaling \$1.7 million per year (July 1 to June 30) from each account to a park agency to finance up to 75% of the purchase price of the property plus related costs.

The 1.74 acres proposed for acquisition, hereafter called the 1720 Marshall St. NE parcel is depicted in Figure 1 – a map of the parcel in context of the park's boundary.

**Figure 1: Location of 1.74 acre 1720 Marshall St. NE parcel in Above the Falls Regional Park**

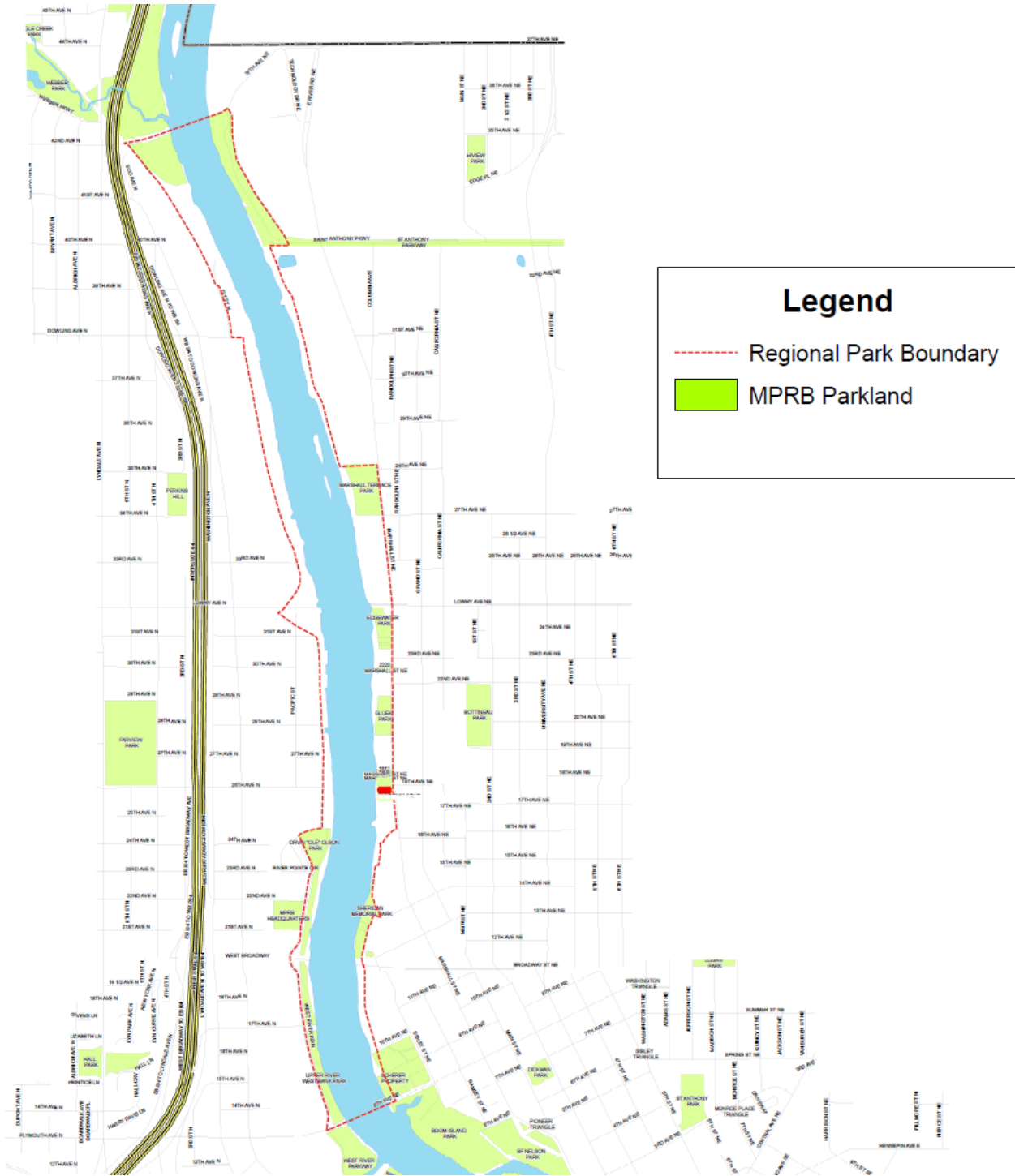
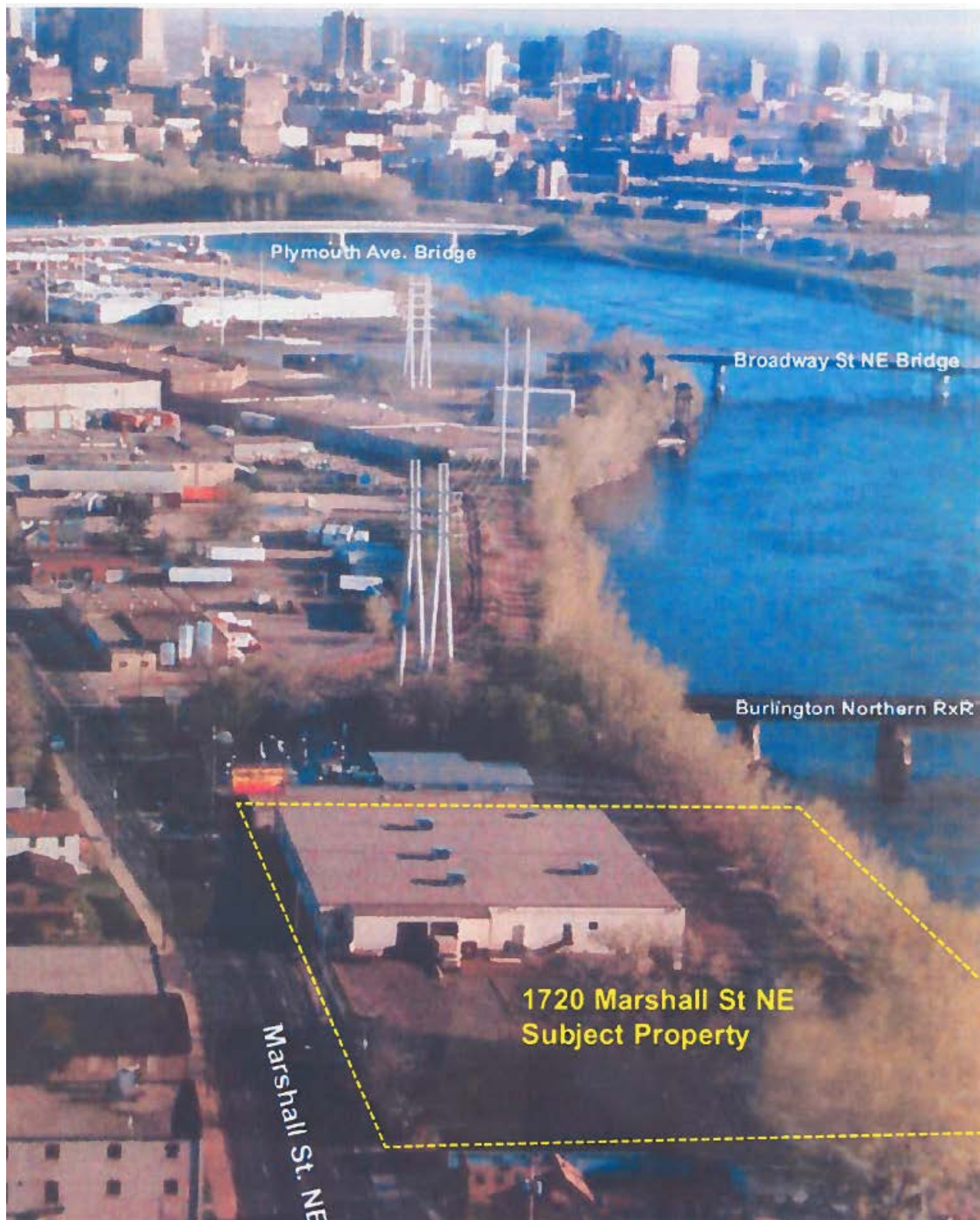


Figure 2 depicts the parcel in more detail showing the building, which is not part of the grant award, plus other features of the parcel.

**Figure 2: 1720 Marshall St. NE parcel**



## ANALYSIS

### Acquisition cost analysis

The total estimated costs for the land portion of 1720 Marshall St NE is \$811,751 as shown in Table 1:

**Table 1: Estimated costs for acquisition of 1.74 acre 1720 Marshall St. NE parcel for Above the Falls Regional Park, MPRB**

<b>Cost Items</b>	<b>Cost</b>
Purchase price	\$ 776,790
Appraisal	\$ 2,041
Phase 1 Environmental Study	\$ 8,477
Survey	\$ 1,162
Payment in Lieu of Property Taxes (180% of city or township taxes due at closing)	\$ 12,184
Pro-rated Property Tax	\$ 10,178
Closing costs	\$ 919
<b>Total</b>	<b>\$ 811,751</b>

MPRB requests that the acquisition be financed with the following revenue sources as shown in Table 2:

**Table 2: Revenue Sources for acquisition of 1.74 acre 1720 Marshall St NE parcel for Above the Falls Regional Park, MPRB**

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 608,814
MPRB (25%)	\$ 202,937
<b>Total:</b>	<b>\$ 811,751</b>

This acquisition qualifies for funding from the Parks and Trails Legacy Fund Acquisition Account because most of the land has been disturbed. The Park Acquisition Opportunity Fund grant would be financed as shown in Table 3.

**Table 3: Park Acquisition Opportunity Grant Revenue Sources for acquisition of 1.74 acre 1720 Marshall St NE parcel for Above the Falls Regional Park, MPRB**

<b>Revenue Sources</b>	<b>Amount</b>
FY 2012 Parks and Trails Legacy Fund appropriation	\$ 354,561
FY 2013 Parks and Trails Legacy Fund appropriation	\$ 10,727
Metropolitan Council bonds	\$ 243,526
<b>Total Grant</b>	<b>\$ 608,814</b>

## **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 state fiscal year basis--July 1 to June 30. The rules were amended on December 14, 2011. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for MPRB'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.*

MPRB's request is consistent with this rule because the parcels are within the Metropolitan Council-approved master plan boundary for Above the Falls Regional Park. Plus, the park agency 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.*

The grant proposed here would be the only transaction for the parcel.

*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.*

MPRB's request is 75% of the costs to acquire fee title to this parcel. MPRB 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 from the Environment and Natural Resources Trust Fund Acquisition Account and \$1.7 million from the Parks and Trails Legacy Fund Acquisition Account during the July 1 to June 30 time period.*

The grant is within the \$1.7 million limit from the Parks and Trails Legacy Fund Acquisition Account during this time period.

**CONCLUSION:**

The Parks and Trails Legacy 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 \$608,814 from Parks and Trails Legacy Fund Acquisition Account in the Park Acquisition Opportunity Fund to the Minneapolis Park & Rec. Board to finance 75% of the acquisition costs to acquire the 1.74 acre parcel at 1720 Marshall St. NE as depicted in Figure 1 and Figure 2 for Above the Falls Regional Park. The grant should be financed with:

\$354,561 from the FY 2012 Parks and Trails Legacy Fund appropriation  
\$ 10,727 from the FY 2013 Parks and Trails Legacy Fund appropriation  
\$243,526 from Metropolitan Council bonds





July 25, 2012

Mr. Arne Stefferud  
Planning Analyst  
Metropolitan Parks and Open Space Commission  
Metropolitan Council  
390 North Robert Street  
Saint Paul, MN 55101

Re: Acquisition Opportunity Fund Grant Request  
Above the Falls Regional Park  
1720 Marshall Street NE Acquisition

Dear Mr. Stefferud:

On behalf of the Minneapolis Park and Recreation Board, I am writing to request the Metropolitan Council's consideration of funding assistance for acquisition of park land within the Above the Falls Regional Park.

The Park Board has negotiated the purchase of 1720 Marshall Street NE for \$1,370,000 (land and building, \$776,790 of which is the value of the land. The property is in an area of mixed commercial/industrial and residential properties along the east bank of the Mississippi River, targeted for acquisition as and when the parcels become available. It had been on the market for some time, with two prior offers falling through due to environmental and zoning concerns.

The site consists of a manufacturing building and parking lot, totaling 1.74 acres with 354 feet of frontage on the Mississippi River. Our intended use will be for short term operations and storage within the building, and long term removal of the building and use of the land as a regional park.

The Minneapolis Park and Recreation Board 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 toward only the land portion of the property in the amount of \$605,030.96 based on 75% of the total estimated costs of the land (see below).

Purchase Price	\$1,370,000, of which \$776,790 (56.7%) is ascribed to the land portion; 75% of this is <b>\$582,593</b>	
Prorata 2012 taxes	\$17,951.17	<b>\$7,633.73</b>
Tax Equiv. Pmt (180%)	\$21,488.48	<b>\$9,137.97</b>

Appraisal	\$3,600	\$1,530.90
Survey	\$2,050	\$871.76
Environmental Review	\$14,950	\$6,357.48
Closing Costs	\$1,620	<u>\$688.90</u>
		<b>\$608,813.74</b>

Thank you for the opportunity to apply for this grant. We are excited to add this property to our master plan for Above the Falls Regional Park, and hope this can be included on your August 7, 2012 MPOSC agenda, if possible. Please contact me if you have any questions.

Sincerely,



Bruce Chamberlain  
Assistant Superintendent for Planning

**ATTACHMENTS:**

- Site Map
- Letter of support from AFCAC
- Copy of Park Board Resolution

**Attachment 2:**

**Park Acquisition Opportunity Fund Grant Totals and Percent Grants Awarded by Park Agency (2001-July 2012)**

<b>Park Agency</b>	<b>Total Park Acq. Opp. Grants</b>	<b>% of Park Acq. Opp. Grants</b>	<b>Acres Acquired</b>	<b>% of Acres Acquired</b>
Anoka County Subtotal	\$ 1,379,751	5.31%	859	40.67%
Bloomington Subtotal	\$ 500,244	1.92%	1.07	0.05%
Carver County Subtotal	\$ 2,574,281	9.90%	67.10	3.18%
Dakota County Subtotal	\$ 3,460,848	13.31%	532.01	25.19%
Mpls. Park & Rec. Bd. Subtotal	\$ 2,626,419	10.10%	7.74	0.37%
Ramsey County Subtotal	\$ 990,639	3.81%	13.69	0.65%
Scott County Subtotal	\$ 3,601,185	13.85%	301.56	14.28%
St. Paul Subtotal	\$ 2,221,918	8.55%	5.09	0.24%
Three Rivers Park Dist. Subtotal	\$ 5,163,949	19.86%	209.86	9.94%
Washington County Subtotal	\$ 3,479,234	13.38%	114.80	5.44%
<b>Grand Total</b>	<b>\$25,998,467</b>	<b>100%</b>	<b>2,111.92</b>	<b>100%</b>

**Park Acquisition Opportunity Fund Grant Totals and Percent Grants Awarded by MPOSC District (2001-July 2012)**

<b>MPOSC District</b>	<b>Total Park Acq. Opp. Grants</b>	<b>%of Park Acq. Opp. Grants</b>	<b>Acres Acquired</b>	<b>% of Acres Acquired</b>
District A Subtotal	\$ 3,343,349	12.86%	64	3.04%
District B Subtotal	\$ 7,264,865	27.94%	394.55	18.68%
District C Subtotal	\$ 500,244	1.92%	1.07	0.05%
District D Subtotal	\$ 2,626,419	10.10%	7.74	0.37%
District E Subtotal	\$ 731,200	2.81%	119.80	5.67%
District F Subtotal	\$ 5,691,935	21.89%	980.99	46.45%
District G Subtotal	\$ 2,379,607	9.15%	11.59	0.55%
District H Subtotal	\$ 3,460,848	13.31%	532.01	25.19%
<b>Grand Total</b>	<b>\$25,998,467</b>	<b>100%</b>	<b>2,111.92</b>	<b>100%</b>