

METROPOLITAN COUNCIL

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DATE: December 3, 2012

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2012-xxx) Park Acquisition Opportunity Fund Grant Request for Lebanon Hills Regional Park, Dakota County
Metropolitan Parks & Open Space Commission District H: Barbara Schmidt

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 \$26.9 million has been granted for the acquisition of 2,116 acres. The total related acquisition costs and market value of this land is about \$68.1 million. (See Attachment 2 at the end of this memorandum that summarizes all grants awarded sorted by Park Agency and sorted by MPOSC District as of December 3, 2012).

Dakota County has submitted a grant request of \$413,120 to finance up to 75% of the projected costs to acquire 4.49 acres for Lebanon Hills Regional Park (Andrews parcel) The land contains a house. Dakota County is still evaluating whether it will demolish, relocate or adaptively reuse the house. The County will make a determination in the upcoming months. (See Attachment 1: Resolution 12-585 of Dakota County Board which authorizes County Board approval of the grant request and matching funds to the grant).

This memorandum analyzes the request against the rules for Park Acquisition Opportunity Fund grants. The memorandum recommends approving the grant. The acquisition includes the purchase of a residential structure. Consequently, it is proposed that the grant be financed from the Parks and Trails Legacy Fund Acquisition Account. If \$413,120 is awarded for this parcel there would be \$4,102,707 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 \$3,488,263 at this time. The account is comprised of \$1,987,306 of Environment and Natural Resources Trust Fund revenue appropriated in State Fiscal Years 2012 and 2013 and \$1,500,957 of bonds issued by the Metropolitan Council as a 40% match to the State appropriation.

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 \$4,515,827 at this time comprised of \$1,603,273 of Parks and Trails Legacy Fund appropriations from State Fiscal Years 2012 and 2013 and \$2,912,554 Metro Council bonds. If \$413,120 is awarded for the Andrews parcel there would be \$4,102,707 for future land acquisitions that qualify from the Parks and Trails Legacy Fund Acquisition Account.

Assuming the requested \$413,120 grant for the Andrews parcel is awarded, the combined balance of both accounts would be \$7,590,970.

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 4.49 acres Andrews parcel proposed for acquisition is depicted in Figure 1 – a map of the parcel in context of the park's boundary.

Figure 1: Location of 4.49 acre Andrews parcel in Lebanon Hills Regional Park

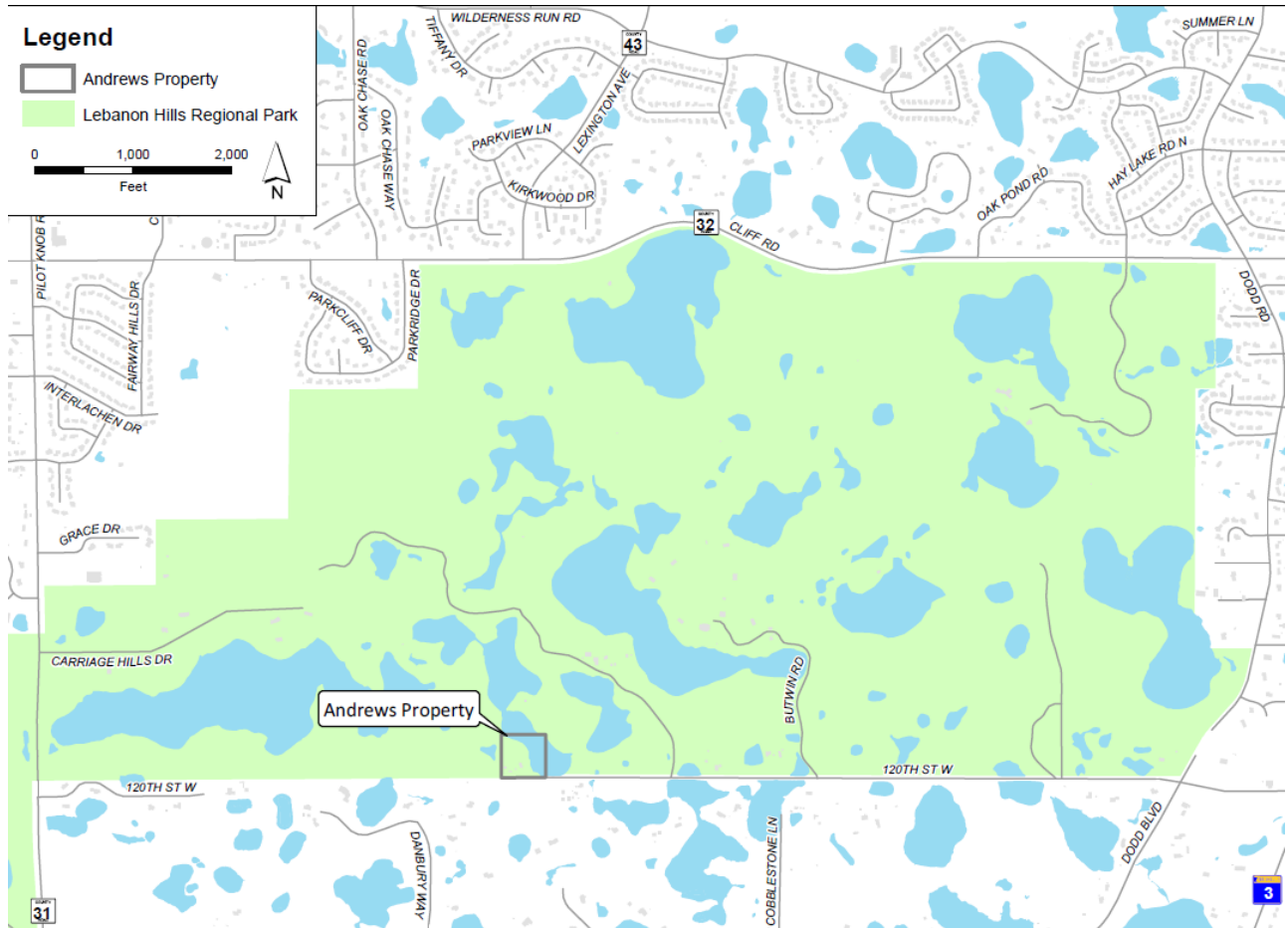
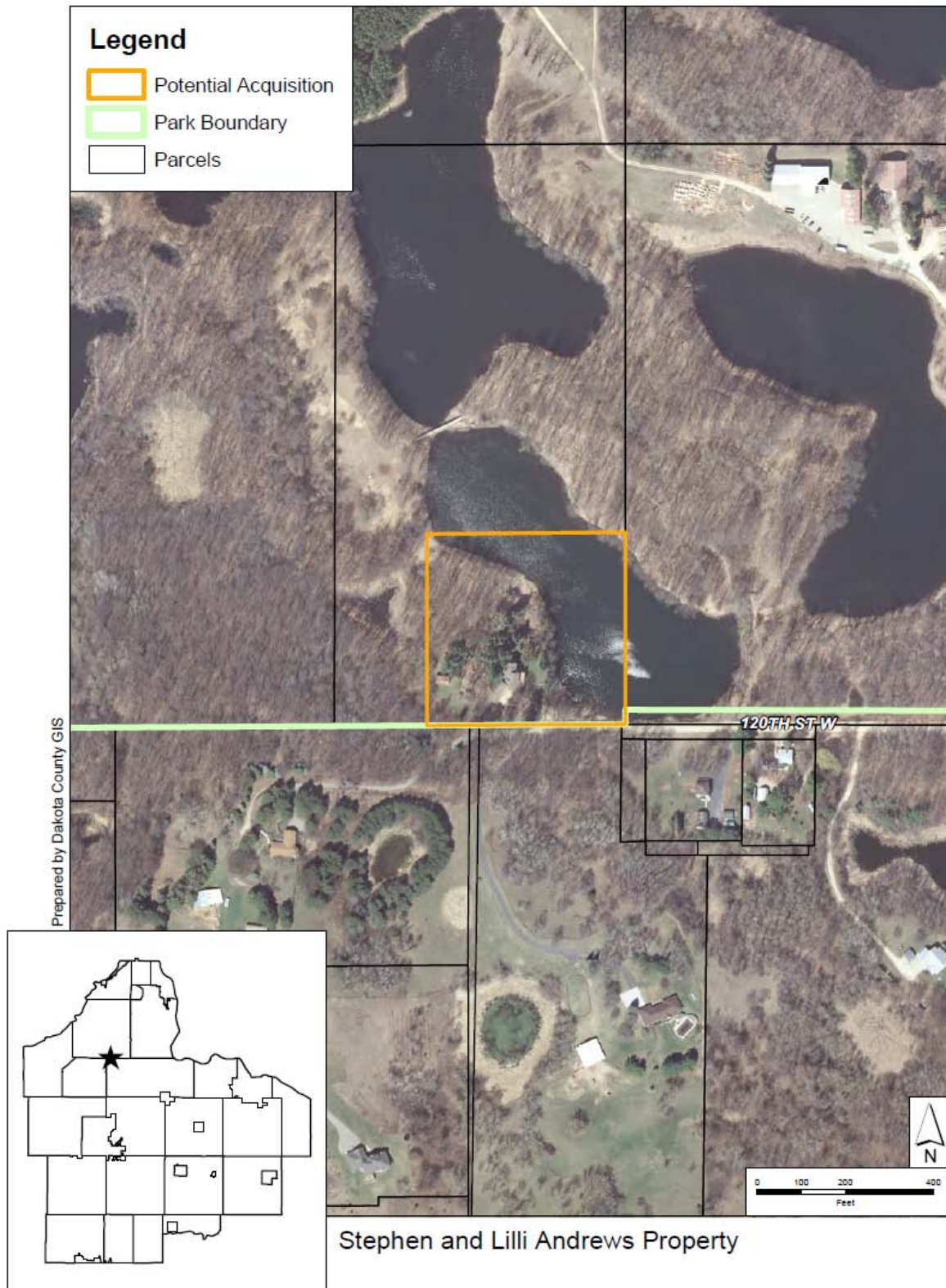


Figure 2 depicts the parcel in more detail.

Figure 2: Andrews parcel, Lebanon Hills Regional Park



ANALYSIS

Acquisition cost analysis

The total estimated costs for the Andrews parcel is \$550,826 as shown in Table 1:

Table 1: Estimated costs for acquisition of 4.49 acre Andrews parcel for Lebanon Hills Regional Park, Dakota County

Cost Items	Amount
Purchase Price	\$500,000
Estimated Inspection, Repair/Demolition, and Initial Land Stewardship Costs	\$ 20,000
Partial Relocation Costs for Seller	\$ 15,000
Payment of Special Assessment to the City of Eagan	\$ 9,826
Appraisal, Closing, Payment in Lieu of Taxes (180% of City Taxes), Pro-Rated Share of Local Property Taxes, and Other Estimated Project Costs	\$ 6,000
Total	\$550,826

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

Table 2: Revenue Sources for acquisition of 4.49 acre Andrews parcel for Lebanon Hills Regional Park, Dakota County

Metropolitan Council Park Acquisition Opportunity Fund (75%)	\$ 413,120
Dakota County (25%)	\$ 137,706
Total:	\$ 550,826

This acquisition qualifies for funding from the Parks and Trails Legacy Fund Acquisition Account because the land includes acquisition of a house. 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 4.49 acre Andrews parcel for Lebanon Hills Regional Park, Dakota County

Revenue Sources	Amount
FY 2013 Parks and Trails Legacy Fund appropriation	\$ 247,872
Metropolitan Council bonds	\$ 165,248
Total Grant	\$ 413,120

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 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 boundary for Lebanon Hills 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.

Dakota County's request is 75% of the costs to acquire fee title to this parcel and related grant eligible costs. 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 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 \$413,120 from the Parks and Trails Legacy Fund Acquisition Account in the Park Acquisition Opportunity Fund to Dakota County to finance 75% of the acquisition costs to acquire the 4.49 acre Andrews parcel as depicted in Figure 1 and Figure 2 for Lebanon Hills Regional Park. The grant should be financed with:

\$247,872 from the FY 2013 Parks and Trails Legacy Fund appropriation
\$165,248 from Metropolitan Council bonds

Attachment 1: Resolution 12-585 of Dakota County Board to acquire Andrews parcel for Lebanon Hills Regional Park

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**BOARD OF COUNTY COMMISSIONERS
DAKOTA COUNTY, MINNESOTA**

November 20, 2012

Resolution No. 12-585

Motion by Commissioner Gaylord

Second by Commissioner Egan

Authorization To Acquire Stephen And Lilli Andrews Property Within Lebanon Hills Regional Park, Submit Acquisition Opportunity Fund Grant Request To Metropolitan Council, Execute Grant Agreement, And Execute And Record Agreement And Restrictive Covenant

WHEREAS, Dakota County purchases privately owned property from willing sellers to protect natural resources and to provide for public recreation according to approved park master plans; and

WHEREAS, the approved Lebanon Hills Regional Park (LHRP) Master Plan includes a 4.49-acre property owned by Stephen and Lilli Andrews (Andrews property) located at 1115 120th Street West in the City of Eagan as an in-holding and recommends County acquisition; and

WHEREAS, acquisition of the Andrews property would provide public value, and preserve and enhance natural resources and open space; and

WHEREAS, the Andrews contacted the County in 2010 and expressed an interest in the County acquiring their property; and

WHEREAS, by Resolution No. 11-047 (January 18, 2011), the Dakota County Board of Commissioners authorized the Physical Development Director to appraise and negotiate acquisition of the Andrews property; and

WHEREAS, after negotiations with Stephen and Lilli Andrews and using County Board guidance provided during a Closed Executive Session on October 23, 2012 (Resolution No. 12-539), the Andrews have agreed to sell their 4.49-acre property to the County for the appraised value of \$500,000; and

WHEREAS, the estimated total project acquisition costs are \$550,826, including an estimated \$20,000 for building inspection/repair/demolition and initial site stewardship, \$15,000 for partial relocation costs, \$9,826 for a special stormwater assessment balance to the City of Eagan, and \$6,000 for appraisal, closing costs, Payment in Lieu of Taxes (PILT), and the balance of 2013 property taxes; and

WHEREAS, Metropolitan Council (MC) Acquisition Opportunity Fund (AOF) grants are available to regional park implementing agencies for acquiring private property within approved regional park boundaries; and

WHEREAS, 75 percent of the acquisition and related costs required to acquire the Andrews property is available to Dakota County through an AOF grant and requires a 25 percent non-reimbursable County match; and

WHEREAS, Dakota County must submit an AOF grant request to the MC to be eligible for these matching funds; and

WHEREAS, the Operations Management – Parks 2012 Capital Improvement Program (CIP) budget includes adequate funding for park system acquisition, with 75 percent derived from the MC AOF and 25 percent from the County's General Fund balance; and

WHEREAS, County Board approval of a budget amendment is required to use the General Fund balance identified in the Parks and Open Space 2012 Capital Improvement Program budget; and

WHEREAS, if the MC approves an AOF grant request by Dakota County for the Andrews property acquisition project, an authorized representative of Dakota County must execute a subsequent grant agreement to receive MC matching funds; and

WHEREAS, receipt of an AOF grant from the MC requires that the County place an agreement and restrictive covenant on any property acquired by the County with the use of such funds that states the County must not sell, lease or otherwise change the use of the acquired property for non-park/trail use without seeking prior approval from the MC and will provide a permanent easement to the MC for any future regional wastewater conveyance corridors on the acquired property.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners hereby authorizes the Physical Development Director to execute a Purchase Agreement with Stephen and Lilli Andrews to acquire the their 4.49-acre property within LHRP for \$515,000, including partial relocation expenses, subject to a Phase I environmental assessment, survey, and approval by the County Attorney's Office as to form; and

BE IT FURTHER RESOLVED, That the Dakota County Board of Commissioners hereby authorizes the Operations Management Director to submit an AOF grant request to the MC for acquiring 4.49-acre Andrews property as an addition to the LHRP for 75 percent or \$413,120 of the estimated \$550,826 total cost of this acquisition project; and

BE IT FURTHER RESOLVED, That pending approval of the AOF grant agreement by the MC for the Andrews property acquisition project, the County accepts the grant and the Physical Development Director is authorized to execute the AOF grant agreement, provided said grant agreement is in a form substantially similar to the attached grant template and includes funding amounts and terms as described in this resolution; and

BE IT FURTHER RESOLVED, That upon execution of the AOF grant agreement with the MC for the Andrews property acquisition project, the Chair of the County Board of Commissioners is authorized to execute and the County record an agreement and restrictive covenant that is substantially similar to the attached agreement/ restrictive covenant template and that states the County must not sell, lease or otherwise change the use of the acquired property for non-park/trail use without seeking prior approval from the MC and will provide a permanent easement to the MC for any future regional wastewater conveyance corridors on the acquired property; and

BE IT FURTHER RESOLVED, That upon completion of the Andrews Property acquisition, the County will pay the City of Eagan \$9,826 as the remaining balance of city assessments for related stormwater improvements on the Andrews property; and

BE IT FURTHER RESOLVED, That following completion of the Andrews property acquisition, Dakota County will submit the necessary forms and documentation to the MC to receive the \$413,120 of AOF reimbursements and said reimbursements will be returned to the Operations Management - Parks CIP budget; and

BE IT FURTHER RESOLVED, That the 2012 Operations Management - Parks Capital Improvement Program is hereby amended as follows:

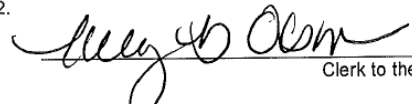
Expense		
Purchase Price of the Andrews Property		\$500,000
Estimated Inspection, Repair/Demolition and Initial Land Stewardship Costs		\$20,000
Partial Relocation Costs		\$15,000
Payment of Special Assessment to the City of Eagan		\$9,826
Appraisal, Closing, Taxes and Other Estimated Project Costs		\$6,000
Total Expenses		\$550,826
Revenue		
AOF Reimbursement from Metropolitan Council		\$413,120
General Fund		\$137,706
Total Revenue		\$550,826

STATE OF MINNESOTA
County of Dakota

	YES		NO
Harris	<u> X </u>	Harris	_____
Gaylord	<u> X </u>	Gaylord	_____
Egan	<u> X </u>	Egan	_____
Schouweiler	<u> X </u>	Schouweiler	_____
Workman	<u> X </u>	Workman	_____
Krause	<u> X </u>	Krause	_____
Branning	<u> Absent </u>	Branning	_____

I, Kelly Olson, Clerk to the Board of the County of Dakota, State of Minnesota, do hereby certify that I have compared the foregoing copy of a resolution with the original minutes of the proceedings of the Board of County Commissioners, Dakota County, Minnesota, at their session held on the 20th day of November 2012, now on file in the County Administration Department, and have found the same to be a true and correct copy thereof.

Witness my hand and official seal of Dakota County this 30th day of November 2012.


Clerk to the Board

Attachment 2:

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

Park Agency	Total Park Acq. Opp. Grants	%of Park Acq. Opp. Grants	Acres Acquired	% of Acres Acquired
Anoka County Subtotal	\$,379,751	5.12%	859	40.59%
Bloomington Subtotal	\$ 500,244	1.86%	1.07	0.05%
Carver County Subtotal	\$ 2,574,281	9.55%	67.10	3.17%
Dakota County Subtotal	\$ 3,460,848	12.84%	532.01	25.14%
Mpls. Park & Rec. Bd. Subtotal	\$ 3,235,233	12.00%	9.48	0.45%
Ramsey County Subtotal	\$ 99,639	3.67%	13.69	0.65%
Scott County Subtotal	\$ 3,601,185	13.36%	301.56	14.25%
St. Paul Subtotal	\$ 2,221,918	8.24%	5.09	0.24%
Three Rivers Park Dist. Subtotal	\$ 5,163,949	19.15%	209.86	9.92%
Washington County Subtotal	\$ 3,33,230	14.22%	117.38	5.55%
Grand Total	\$26,961,277	100%	2,116.24	100%

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

MPOSC District	Total Park Acq. Opp. Grants	%of Park Acq. Opp. Grants	Acres Acquired	% of Acres Acquired
District A Subtotal	\$ 3,343,349	12.40%	64	3.03%
District B Subtotal	\$ 7,264,865	26.95%	394.55	18.64%
District C Subtotal	\$ 500,244	1.86%	1.07	0.05%
District D Subtotal	\$ 3,235,233	12.00%	9.48	0.45%
District E Subtotal	\$ 731,200	2.71%	119.80	5.66%
District F Subtotal	\$ 6,045,931	22.42%	983.57	46.48%
District G Subtotal	\$ 2,379,607	8.83%	11.59	0.55%
District H Subtotal	\$ 3,460,848	12.84%	532.01	25.14%
Grand Total	\$26,961,277	100%	2,116.24	100%