

C Community Development Committee

For the Metropolitan Council meeting of April 23, 2008

Item: 2008-75

ADVISORY INFORMATION

Date Prepared: April 8, 2008

Subject: Request for Acquisition Opportunity Grant to partially finance Butler Trust parcel in Empire Wetlands Regional Park, Dakota County

Proposed Action:

That the Metropolitan Council authorize a grant of \$1.7 million comprised of \$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan Council bonds from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund. The grant must be matched with \$566,666 of Dakota County funds to partially finance a portion of the 456-acre Empire Wetlands Regional Park as part of the Butler Trust Parcel shown on Attachment 2.

Summary of Committee Discussion / Questions:

The Committee asked what amount of land should be acquired in the Metropolitan Council's *2030 Regional Parks Policy Plan* and if it was fiscally possible to acquire and manage this additional land. Council staff replied that the *2030 Regional Parks Policy Plan* was developed in consultation with the 10 regional park implementing agencies. The plan called for acquiring about 17,000 more acres for a total system acreage of 70,000. The acquisition of this land would occur between the time the plan was adopted in June 2005 to 2030. Analysis of the fiscal impact of this effort was done as part of the park plan. That analysis concluded that acquiring this additional land was fiscally possible because it would occur over a long time frame in step with the projected growth of the region.

The Committee unanimously approved the recommendation.

C Community Development Committee

Meeting date: April 7, 2008

ADVISORY INFORMATION

Date:	April 3, 2008
Subject:	Request for Acquisition Opportunity Grant to partially finance Butler Trust parcel in Empire Wetlands Regional Park, Dakota County
District(s), Member(s):	District 16, Brian McDaniel
Policy/Legal Reference:	MN Statute 473.315
Staff Prepared/Presented:	Arne Stefferud, Planning Analyst—Parks (651-602-1360)
Division/Department:	Community Development/Regional Systems Planning and Growth Strategy, Parks

Proposed Action

1. That the Metropolitan Council authorize a grant of \$1.7 million comprised of \$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan Council bonds from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund. The grant must be matched with \$566,666 of Dakota County funds to partially finance a portion of the 456-acre Empire Wetlands Regional Park as part of the Butler Trust Parcel shown on Attachment 2.

Defer action on Recommendation 2 below at this time to consider a clarification to the 25% net cost match requirement under “Option 2: Revised Rules” for a Park Acquisition Opportunity Fund grant.

2. Notify Dakota County, that if the County has to solely finance the \$2,873,334 due on September 30, 2008 for the remainder of the Empire Wetlands Regional Park acquisition from the Butler Trust, its total contribution would be \$3,440,000 for the park or 28.8% of the \$11.94 million purchase price. Therefore, the amount the Metropolitan Council would consider reimbursing the County in a future regional parks CIP would be \$455,000 to be consistent with the 25% net cost match requirement under “Option 2: Revised Rules” for a Park Acquisition Opportunity Fund grant. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Background

Dakota County has negotiated the purchase of the 816-acre Butler Trust parcel which encompasses all of the 456-acre Empire Wetlands Regional Park plus 360 acres for an adjacent State wildlife refuge. The County has asked for a \$1.7 million Park Acquisition Opportunity Fund grant that would be matched with \$566,666 of County funds that are not eligible for reimbursement consideration under “Option 2: Revised Rules” for distributing grants from the Park Acquisition Opportunity Fund.

Rationale

The Park Acquisition Opportunity Fund is used to partially finance the acquisition of land within Metropolitan Council-approved master plan boundaries of regional parks and trails. There are two options of rules for distributing grants from the Fund. “Option 1” rules provide up to \$1 million to a park agency to finance up to 40% of the costs to acquire a parcel. Park agencies can request reimbursement consideration from the Council’s regional parks capital improvement program for the 60% match if the match was financed with park agency funds—not other grants. “Option 2” rules provide up to \$1.7 million to a park agency to finance up to 75% of the costs to acquire a parcel. Park agencies cannot request reimbursement consideration from the Council’s regional parks capital improvement program for the 25% match if the match was financed with park agency funds.

Dakota County has requested a grant under the “Option 2” rules to maximize the amount it can receive. The \$1.7 million grant finances 14% of the cost to acquire the land.

Funding

The purchase price of the 456 acre regional park portion of the 816 acre parcel is \$11.94 million. Following are the revenue sources proposed to finance the purchase price.

Revenue Sources for 456 acre regional park purchase price	Amount
Metropolitan Council acquisition grant SG-2006-123	\$ 800,000
2006 State bonding bill line item appropriation	\$6,000,000
Metropolitan Council Park Acquisition Opportunity Fund grant request under Option 2: Revised Rules (maximum amount per agency)	\$1,700,000
Dakota County funds to match the Park Acquisition Opportunity Fund grant request <u>not eligible</u> for CIP reimbursement consideration	\$ 566,666
Funding gap due on September 30, 2008 (may be financed with Dakota County funds)	\$2,873,334
Total	\$11,940,000

If \$1.7 million was granted, there would be \$4,087,342 remaining in the Park Acquisition Opportunity Fund for other acquisition opportunities.

The County’s request is for a grant under Option 2. The County is requesting \$1.7 million, which is 14.24% of the \$11.94 million cost to acquire the 456-acre regional park. The County is putting up \$566,666 as a 25% non-reimbursable match to the Council’s grant. The County’s match to the Council’s grant is consistent with this rule. However the County’s contribution of \$566,666 is only 4.75% of the \$11.94 million needed to acquire the land. Twenty-five percent of the \$11.94 million cost is \$2,985,000.

If the County has to solely finance the \$2,873,334 due on September 30, its total contribution would be \$3,440,000. Therefore the only amount the Council would consider reimbursing the County in a future regional parks CIP would be \$455,000 as calculated below:

\$ 3,440,000 (Dakota County's total contribution to \$11.94 million purchase price)
 - \$ 2,985,000 (25% of \$11.94 million purchase price)
 \$ 455,000 (amount Metro Council could consider reimbursing County in future regional parks CIP)

Because the Council's grant is capped at \$1.7 million, the maximum cost for an acquisition under these rules is \$2,267,000. In that case 75% is financed with the \$1.7 million Council grant and the remaining 25% is financed by the park agency as shown below:

Item	Amount	Percent of Total Costs
Maximum Acquisition Opportunity Grant	\$ 1,700,000	75%
Local match that is not reimbursable from Metro Parks CIP	\$ 567,000	25%
Total Costs	\$ 2,267,000	100%

When acquisition costs exceed \$2,267,000, the share the park agency has to provide in dollars and percent of total costs exceeds 25%. The Option 2: Revised Rule allows the additional local match above 25% of the total cost to be eligible for reimbursement consideration from the Metro Council. However, a policy question has been raised:

When the total cost of acquisition exceeds \$2,267,000 should the 25% local non-reimbursable match be applied to the total acquisition cost, or should the local match that is not reimbursable be capped at \$567,000 –which is the 25% match to the Council's maximum \$1.7 million grant?

Known Support / Opposition

Dakota County and the Minnesota Dept. of Natural Resources have worked for almost two years in negotiating the purchase of this land. There is no known opposition to this grant request. The Metropolitan Parks and Open Space Commission reviewed this request at its April 1st meeting and unanimously recommended its approval.

On April 3, Council staff met with Chair Peter Bell and Regional Administrator Tom Weaver regarding what amount of Dakota County match to the Metro Council's grant should be ineligible for regional parks CIP reimbursement consideration under the Option 2: Revised Rules. They directed staff to request the Council to defer action on recommendation 2 of this memorandum to provide time to analyze the implications of the rule and propose any changes to it that would apply to this acquisition grant.

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

DATE: March 14, 2008

TO: Metropolitan Parks and Open Space Commission

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

SUBJECT: (2008-75) Request for Acquisition Opportunity Grant to partially finance Butler Trust parcel in Empire Wetlands Regional Park, Dakota County

INTRODUCTION:

Dakota County has negotiated the purchase of the 816-acre Butler Trust parcel which encompasses all of the 456-acre Empire Wetlands Regional Park plus 360 acres for an adjacent DNR wildlife refuge. The County has asked for a \$1.7 million Park Acquisition Opportunity Fund grant that would be matched with \$566,666 of County funds that are not eligible for reimbursement consideration under “Option 2: Revised Rules” for distributing grants from the Park Acquisition Opportunity Fund adopted on January 9, 2008. (See **Attachment 1**, letter from Steve Sullivan, Dakota County Parks Director)

This memorandum analyzes the request against the rules for distributing grants from the Acquisition Opportunity Fund adopted on January 9, 2008.

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, City 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*”.

ANALYSIS:

The Butler Trust parcel is 816 acres. Of this, 456 acres encompass the entire Empire Wetlands Regional Park. The remaining 360 acres is proposed as part of Minnesota Dept. of Natural Resources aquatic and wildlife management area. (See **Attachment 2** for the location of the Butler Trust parcel in relationship to Empire Wetlands Regional Park, DNR’s Vermillion River Aquatic and Wildlife Management Area and Univ. of Minnesota’s UMORE Park).

The purchase price of the 456 acre regional park portion of the 816 acre total parcel is \$11.94 million. The County did not request additional grant eligible costs related to the purchase of the property. Following are the revenue sources proposed to finance the purchase price.

Revenue Sources for 456 acre regional park purchase price	Amount
Metropolitan Council acquisition grant SG-2006-123	\$ 800,000
2006 State bonding bill line item appropriation	\$6,000,000
Metropolitan Council Park Acquisition Opportunity Fund grant request under Option 2: Revised Rules (maximum amount per agency)	\$1,700,000
Dakota County funds to match the Park Acquisition Opportunity Fund grant request <u>not eligible</u> for CIP reimbursement consideration	\$ 566,666
Funding gap (may be financed with State bonds appropriated in 2008 or Dakota County funds or a combination of both sources)	\$2,873,334
Total	\$11,940,000

As shown above, a portion of the parcel's acquisition cost is proposed to be financed under "Option 2: Revised Rules" for distributing Park Acquisition Opportunity Grants as adopted by the Metropolitan Council on January 9, 2008 as follows:

Revenue Source	Amount
Metropolitan Council Park Acquisition Opportunity Fund grant (up to 75%)	\$1,700,000
Dakota County funds to match the Park Acquisition Opportunity Fund grant request <u>not eligible</u> for CIP reimbursement consideration (at least 25% of Subtotal)	\$ 566,666
Subtotal	\$2,266,666

The Council's grant and County match would help partially finance the cost of the land. The Council's grant would be financed with \$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan Council bonds.

Background on Acquisition Opportunity Fund

In May 2007 the Legislature appropriated \$2.5 million of Environment and Natural Resources Trust Fund revenue (ENTRF) that must be used to acquire land for the regional park system. The appropriation has rider language prohibiting its use for buying residential structures associated with a park land acquisition, and it required the Metropolitan Council to provide a \$1.66 million match with bonds issued by the Metropolitan Council. The Council requested this appropriation in 2006 with the intent to use it to partially finance the Acquisition Opportunity Fund.

On September 12, 2007 the Metropolitan Council created two accounts for the Acquisition Opportunity Fund and recognized grants financed from those accounts. Following are tables illustrating the current balances in these accounts assuming \$339,389 is granted to Bloomington to acquire the 9633 East Bush Lake Road parcel on April 9 as recommended by the Metropolitan Parks and Open Space Commission and the Council's Community Development Committee.

Account Balances in Park Acquisition Opportunity Fund (3/14/2008)

**State Acquisition Grant Account financed with State and Metro Council revenues
(3/14/2008)**

State Env. Trust Fund appropriation from 2007	Metro Council bond match to State Env. Trust Fund	Grants financed with State Env. Trust Fund	Grants financed with Metro Council bond match	Balance State Env. Trust Fund	Balance Metro Council bond match	Balance of combined State and Metro Council funds
\$2,500,000	\$1,666,000	\$1,309,256	\$872,838	\$1,190,744	\$793,162	\$1,983,906

Land Acquisition Opportunity Account financed only with Metro Council bonds for parcels that don't qualify for State Acquisition Grant Account assuming \$339,389 grant for 9633 East Bush Lake Road is approved (3/14/08)

Metro Council bonds	Grants financed with this account and \$339,389 for 9633 East Bush Lake Road grant	Balance in this account
\$4,783,001	\$979,565	\$3,803,436

The combined balance for both accounts in the Fund as of March 14 is \$5,787,342 assuming the \$339,389 grant for 9633 East Bush Lake Road is approved.

Assuming approval of the \$339,389 grant for 9633 East Bush Lake Road, the Metropolitan Council would have granted \$8,825,354 from the Park Acquisition Opportunity Fund as shown in Table 1. The acquisition of 1,199 acres would have been partially financed with these grants.

Table 1: Park Acquisition Opportunity Fund Grants approved and pending as of March 14, 2008

Amount Granted	Park Agency	Project Description
\$99,966	Dakota County	Acquire Wasserman and Klink parcels at Spring Lake Park Reserve. Dakota City 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 City 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.

Amount Granted	Park Agency	Project Description
\$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 City 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 City 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.
\$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 City 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 City 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 City 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 City 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 City 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 City 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 City 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 Weinkauf 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 City 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 City 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
\$182,094	Washington County	Partially finance acquisition of 8.19 acre Katarik parcel for Grey Cloud Island Regional Park. Washington City 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 City 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. Remaining 25% financed by City of St. Paul and it is not eligible for reimbursement consideration in a future regional parks 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. Remaining 25% (\$113,129) financed by City of Bloomington and Three Rivers Park District. It is not eligible for reimbursement consideration in a future regional parks CIP. Pending approval on April 9, 2008
\$8,825,354	Total funds granted and pending approval as of March 14, 2008	

Based on the grants approved to-date and the assumed grant for the 9633 East Bush Lake Road parcel the updated balance of the Fund is \$5,787,342 as shown in Table 2 below.

Table 2: Updated Balance to Park Acquisition Opportunity Fund prior to grant for Bulter Trust parcel in Empire Wetlands Regional Park

\$2,400,000	Original amount in park acquisition opportunity fund
\$3,357,000	Additional Council bonds added to fund in June 2003
\$340,334	Additional Council bonds added that were not needed to match State funds for natural resource restoration grants. Added in December 2003
\$15,362	Additional funds added from closed grants as part of amendment to 2005 Unified Capital Budget on May 11, 2005
\$3,000,000	Additional Council bonds authorized to be added to Fund in July 2006
\$2,500,000	ENRTF appropriation added in July 2007
\$3,000,000	Additional Council bonds authorized to be added to Fund on December 12, 2007
\$14,612,696	Total funds available
-\$8,825,354	Granted as of March 14, 2008 and assumed grant for 9633 East Bush Lake Road parcel is approved on April 9, 2008 (For details see Table 1 above)
\$5,787,342	Balance of Acquisition Opportunity Fund (Before granting any funds for Butler Trust parcel in Empire Wetlands Regional Park)

Rules for distributing grants from Park Acquisition Opportunity Fund

On January 9, 2008 the Metropolitan Council adopted rules that govern the distribution of grants from the Park Acquisition Opportunity Fund. Those rules are indicated below in italic font. The following findings indicate that these rules have been met for Dakota County’s request to acquire the Butler Trust parcel.

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.

The County’s request is consistent with this rule because the land in question is within the Metropolitan Council-approved master plan boundary for Empire Wetlands Regional Park, and the County does not have sufficient acquisition grant funds previously provided by the Metropolitan Council (SG-2006-123) and a line item appropriation of \$6 million from the 2006 bonding bill 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 are two payments proposed for the acquisition of the entire 816 acres. The total of both payments is \$14.81 million. The first payment of at least \$9.67 million is due on June 1, 2008. The second payment of up to \$5.14 million is due on September 30, 2008. Assuming the \$1.7

million Park Acquisition Opportunity Fund grant is approved, the first payment would be \$11,936,666 and would be financed as follows:

Revenue Sources for Butler Trust parcel payment due June 1, 2008	Amount and what is being acquired
MN Dept. of Natural Resources wildlife management area acquisition funds	\$1,870,000 for 356 acre wildlife management area
Dakota County Farmland and Natural Area Protection Funds	\$1,000,000 for 356 acre wildlife management area
Metro Council grant SG-2006-123	\$ 800,000 for 456 acre regional park
2006 State bond line item appropriation for this acquisition	\$6,000,000 for 456 acre regional park
Metro Council Park Acquisition Opportunity Fund grant (assuming grant is approved)	\$1,700,000 for 456 acre regional park
Dakota County funds to match Park Acquisition Opportunity Fund grant (assuming grant is approved)	\$ 566,666 for 456 acre regional park
Total	\$11,936,666

The balance (\$2,873,334) would be due on September 30, 2008 for the rest of the regional park. That would have to be funded by Dakota County or possibly with a 2008 State bond appropriation or combination of both sources. There are no interest costs incurred by the County, which are not grant eligible as noted above. There is no discounted sale of this 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 used to finance a portion of the cost in one of two options as chosen by the requesting regional park implementing agency:

Option 1, Existing Rule:

The Park Acquisition Opportunity Fund Grant finances up to 40% 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.

That portion of the remaining 60% or more of the net cost to acquire the land as defined above that is financed by regional park implementing agency funds—not grants from other sources--may be eligible for reimbursement consideration in future Metropolitan Council regional park capital improvement programs.

The maximum grant(s) available to a park agency under Option 1 is \$1 million.

The Option 1, Existing Rule is not applicable in this case.

Option 2, Revised Rule:

The Park Acquisition Opportunity Fund Grant finances up to 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 maximum contribution of 25% of the net cost of acquiring the land as defined above that is financed by regional park implementing agency funds—not grants from other sources—is not eligible for reimbursement consideration by the Metropolitan Council. Any contribution above 25% that is financed with regional park implementing agency funds is eligible for reimbursement consideration by the Metropolitan Council.

The maximum grant(s) available to a park agency under Option 2 is \$1.7 million.

The County’s request is for a grant under Option 2, Revised Rule. The County is requesting \$1.7 million, which is 14.24% of the \$11.94 million cost to acquire the 456-acre regional park. The County is putting up \$566,666 as a 25% non-reimbursable match to the Council’s grant. The County’s match to the Council’s grant is consistent with this rule. However the County’s contribution of \$566,666 is only 4.75% of the \$11.94 million needed to acquire the land. Twenty-five percent of the \$11.94 million cost is \$2,985,000. If the County has to solely finance the \$2,873,334 due on September 30, its total contribution would be \$3,440,000. Therefore the only amount the Council would consider reimbursing the County in a future regional parks CIP would be \$455,000 as calculated below:

\$ 3,440,000 (County’s total contribution to \$11.94 million purchase price)
 - \$ 2,985,000 (25% of \$11.94 million purchase price)
 \$ 455,000 (amount Metro Council could consider reimbursing to County in future regional parks CIP)

D. Once a park agency chooses an option for an Acquisition Opportunity Grant, it is limited to using that option and associated agency limit for any future grants until these rules expire on June 30, 2008.

With the approval of this \$1.7 million grant, Dakota County could not request another Park Acquisition Opportunity Fund grant prior to June 30, 2008. The Metropolitan Council will have to either adopt an extension of these rules beyond June 30, or some modification to these rules that would go into effect after June 30 for the County to be eligible to apply again for a grant.

Status of remaining acquisition opportunity funds

If \$1.7 million was granted, there would be \$4,087,342 remaining for future acquisition opportunities as shown in Table 3.

Table 3: Updated Balance to Park Acquisition Opportunity Fund if a grant is awarded for Butler Trust parcel –Empire Wetlands Regional Park

\$5,787,342	Projected balance of the Park Acquisition Opportunity Fund before granting any funds for Butler Trust parcel (For details see Table 2 above.)
-\$1,700,000	Proposed funding for Butler Trust parcel – Empire Wetlands Regional Park
\$4,087,342	Updated balance of Park Acquisition Opportunity Fund

As noted earlier, this acquisition grant is proposed to finance land only for the regional park. Therefore the State Acquisition Grant Account can be used. The grant would be financed with

\$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan Council bonds. This account would have a new balance of \$283,906 as shown in Table 4.

Table 4: Balance of State Acquisition Grant Account financed with State and Metro Council revenues if \$1,020,000 of Environment Trust Funds and \$680,000 of Metro Council bonds are granted to acquire part of Butler Trust parcel (3/14/2008)

State Env. Trust Fund appropriation from 2007	Metro Council bond match to State Env. Trust Fund	Grants financed with State Env. Trust Fund including Butler Trust parcel	Grants financed with Metro Council bond match including Butler Trust parcel	Balance State Env. Trust Fund	Balance Metro Council bond match	Balance of combined State and Metro Council funds
\$2,500,000	\$1,666,000	\$2,329,256	\$1,552,838	\$170,744	\$113,162	\$283,906

Please note that the Legislative Citizens Commission on Minnesota Resources (LCCMR) has recommended that \$1.5 million of Environment and Natural Resources Trust Fund revenue be appropriated to the Metropolitan Council, which along with \$1 million of Metropolitan Council bonds would be placed in this “State Acquisition Grant Account” on July 1, 2008. That would bring the balance up in this Account to \$2,783,905. Plus the “Land Acquisition Opportunity Account” which is funded only with Metropolitan Council bonds and can be used to purchase structures and land has a current balance of \$3,803,436. If no other grants were awarded from either account from now until July 1, there would be a balance in the Fund of \$6,587,342 on July 1 for future acquisitions.

CONCLUSIONS:

1. Dakota County’s request for a \$1.7 million grant from the Park Acquisition Opportunity Fund to partially finance acquisition of the 456-acre Empire Wetlands Regional Park portion of the Butler Trust parcel is consistent with the conditions under “Option 2: Revised Rules” for a Park Acquisition Opportunity Fund grant.
2. Since the grant will partially finance only land for the park, the grant can be financed with \$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan Council bonds from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund.
3. If Dakota County has to solely finance the \$2,873,334 due on September 30, 2008 for the remainder of the regional park acquisition, its total contribution would be \$3,440,000 or 28.8% of the \$11.94 million purchase price. Therefore the amount the Metropolitan Council would consider reimbursing the County in a future regional parks CIP would be \$455,000 to be consistent with the 25% net cost match requirement under “Option 2: Revised Rules” for a Park Acquisition Opportunity Fund grant. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

RECOMMENDATIONS:

1. That the Metropolitan Council authorize a grant of \$1.7 million comprised of \$1,020,000 of Environment and Natural Resources Trust Fund revenue and \$680,000 of Metropolitan

Council bonds from the State Acquisition Grant Account in the Park Acquisition Opportunity Fund. The grant must be matched with \$566,666 of Dakota County funds to partially finance a portion of the 456-acre Empire Wetlands Regional Park as part of the Butler Trust Parcel shown on Attachment 2.

2. Notify Dakota County, that if the County has to solely finance the \$2,873,334 due on September 30, 2008 for the remainder of the Empire Wetlands Regional Park acquisition from the Butler Trust, its total contribution would be \$3,440,000 for the park or 28.8% of the \$11.94 million purchase price. Therefore, the amount the Metropolitan Council would consider reimbursing the County in a future regional parks CIP would be \$455,000 to be consistent with the 25% net cost match requirement under "Option 2: Revised Rules" for a Park Acquisition Opportunity Fund grant. However, the Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Attachment 1: Letter from Steve Sullivan, Dakota County Parks Director



March 10, 2008

Arne Stefferud
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

Physical Development Division
Gregory J. Konat, Director

Dakota County
Western Service Center
14955
952-891-7000
Fax 952-891-7031
www.dakotacounty.us
Galaxie Avenue
Apple Valley, MN 55124

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

Dear Arne:

Dakota County, the Minnesota Department of Natural Resources (DNR) and the University of Minnesota have been working together to acquire and collaboratively manage a 4,000-acre site called Vermillion Highlands. One of the critical acquisition properties within Vermillion Highlands is the 816-acre Butler Trust property that includes the approved Empire Wetlands Regional Park. The Butler Trust property provides the critical connection between the 475-acre Vermillion River Aquatic and Wildlife Management Area and the 2,840-acre Vermillion Highlands Research, Recreation and Wildlife Management Area (Attachment: Site Plan).

The purpose of the letter is to request Metropolitan Council consideration for Acquisition Opportunity Funding (AOF) for the purchase of the Butler Trust property. On February 26, 2008, the Dakota County Board approved a conditional purchase agreement to acquire the entire Butler Trust property for \$14.81 million (Attachment: Resolution 08-100). Also, on February 26, 2008, the Dakota County Board authorized application for an AOF grant based on the policy option of Metropolitan Council providing \$1.7 million with a local match from Dakota County of \$566,666 (Attachment: Resolution 08-101).

Based on the County/DNR appraisal and subsequent negotiations, the 360-acre WMA portion of the property is valued at \$2.87 million and derived from the following committed funding:

- \$1.87 million from the Minnesota Department of Natural Resources
- \$1.0 million from the Dakota County Farmland and Natural Areas Program

The remaining 456-acre regional park portion of the property is valued at \$11.94 million. A total of \$6.8 million from the following sources has been committed:

- \$6.0 million from 2006 State bonding
- \$0.8 million Regional Park Grant 06-123.

The current funding gap is \$5.14 million. Subject to AOF approval, the resulting funding gap will be reduced to \$2.87 million. The County has requesting \$4 million (\$3 million for acquisition and \$1 million for development) in a separate bonding appropriation from the 2008 state legislature.

If the legislature does not fully fund the request, the County Board will need to consider whether additional, County-derived funding will be approved to accommodate the shortfall. If additional County funds are necessary for the purchase of the regional park, a future request will be made of the Metropolitan Council for eligibility of future reimbursement.

Thank you for considering the request.

Respectfully,



Steve Sullivan
Parks Director



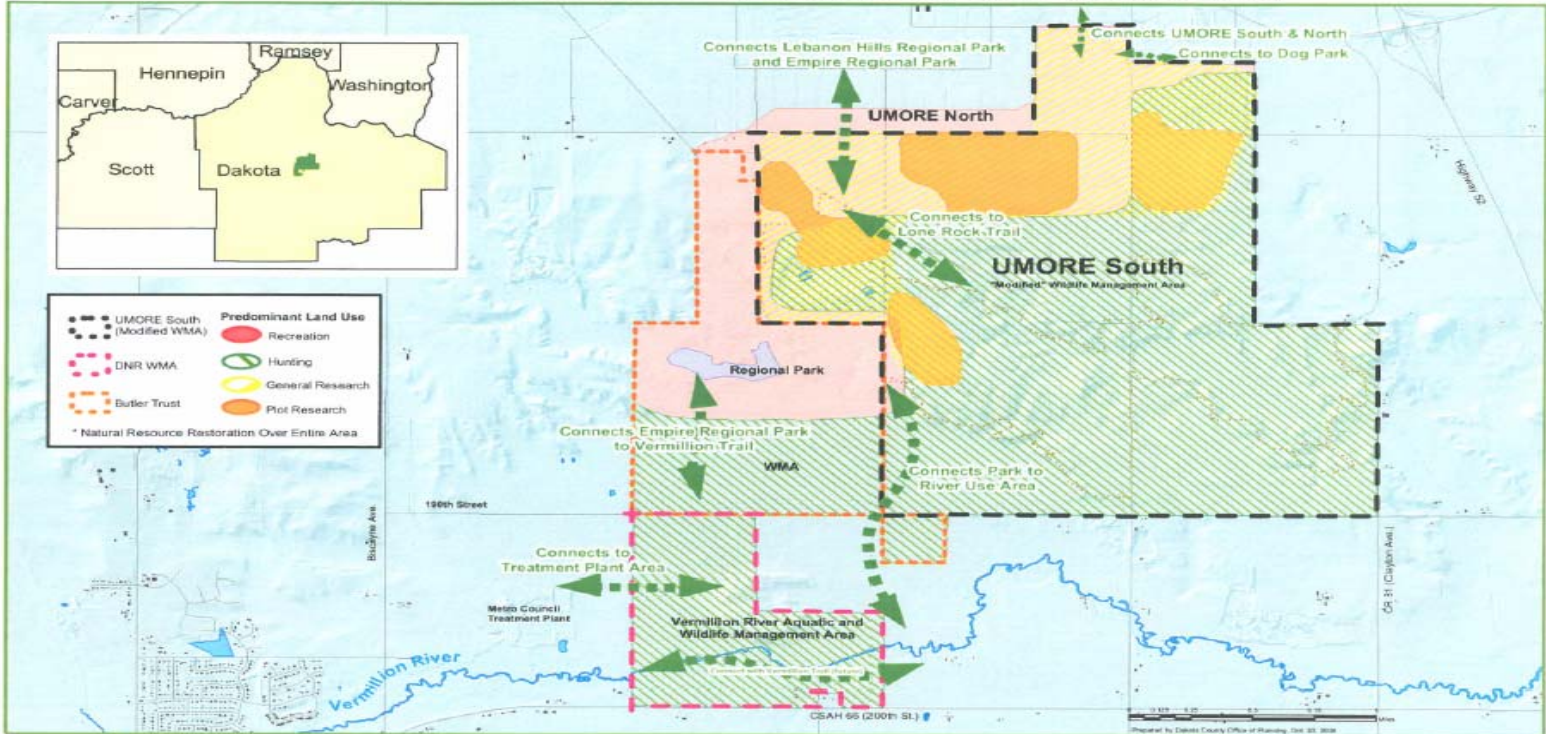
Alan Singer
Land Management Director

C: Greg Konat, Physical Development Division Director
Michelle Beeman, Environment and Natural Resource Director
Barb Schmidt, MPOSC Representative

Enc.

Attachment 2: Location map of Butler Trust parcel in relationship to Empire Wetlands Regional Park, DNR's Vermillion River Aquatic and Wildlife Management Area and Univ. of Minnesota's UMORE Park

UMORE South Area - Preliminary Long-Range Land Use Vision



Submitted by: UMORE South Operations Committee 10/26/06

Attachment 3: Dakota County Board resolution requesting Park Acquisition Opportunity Fund grant for portion of Butler Trust parcel

Page 1 of 2

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

February 26, 2008

Resolution No. 08-101

Motion by Commissioner Turner

Second by Commissioner Egan

Authorization To Submit Application To Metropolitan Council For Acquisition Opportunity Fund Grant And Commitment Of Dakota County Matching Funds For Acquisition Of The Butler Trust Property

WHEREAS, the Metropolitan Council Regional Park and Open Space Plan and the most recent Dakota County Parks System Plan identified the need for a new regional park within the Lakeville, Farmington, and Rosemount areas; and

WHEREAS, as the 816-acre Janine Butler Revocable Trust property (Butler Trust) in Empire Township was identified as the best possible regional park site as a result of its location, natural characteristics, recreational opportunities, partnership opportunities, and acquisition feasibility; and

WHEREAS, the County Board, by Resolution No. 04-530 (November 16, 2004), adopted the Empire Wetlands Acquisition Master Plan that included the Butler Trust property and directed staff to negotiate with the Butler Trust representatives; and

WHEREAS, Dakota County has been working with the Minnesota Department of Natural Resources (DNR) and the University of Minnesota to acquire and collaboratively manage a 4,000-acre natural area complex in central Dakota County; and

WHEREAS, one of the connecting properties between the Vermillion River Aquatic and Wildlife Management Area and the Vermillion Highlands Research, Recreations and Wildlife Management Area is the 816-acre Butler Trust property; and

WHEREAS, it is a 2008 County Board goal to acquire the Butler Trust property; and

WHEREAS, the Janine Butler Revocable trust has agreed to sell the Butler Property for \$14.81 million; and

WHEREAS, \$9.67 million in funds from several sources have been committed to this acquisition; and

WHEREAS, one potential funding source to reduce the existing \$5.14 million funding shortfall is the Metropolitan Council (MC) Acquisition Opportunity Fund (AOF); and

WHEREAS, the Butler Trust property meets the requirements to apply for an AOF grant; and

WHEREAS, there are two AOF funding options available to the County; and

WHEREAS, AOF Option 1 is to request the maximum of \$400,000 (40 percent) of MC funds and commit \$600,000 (60%) of reimbursable matching County funds to generate an additional \$1.0 million toward the acquisition; and

WHEREAS, Option 2 is to request the maximum of \$1.7 million (75 percent) of MC funds and commit \$566,666 (25 percent) of non-reimbursable matching County funds to generate an additional \$2,266,666 toward the acquisition.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners hereby authorizes the Physical Development Director to submit an application to the Metropolitan Council for an Acquisition Opportunity Fund (AOF) grant, in the amount of \$1.7 million for the acquisition of the Butler Trust property; and

BE IT FURTHER RESOLVED, That the County Board of Commissioners hereby commits up to \$566,666 of funds from the County's General Fund balance as the required local match for this Metropolitan Council AOF grant to acquire the Butler Trust property; and

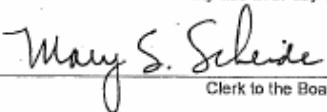
BE IT FURTHER RESOLVED, That if the AOF grant is awarded, the County Board of Commissioners authorizes the Physical Development Director to execute an AOF grant agreement with the Metropolitan Council, subject to approval by the County Attorney's Office as to form.

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	_____
Turner	<u> X </u>	Turner	_____
Krause	<u> X </u>	Krause	_____
Branning	<u> Absent </u>	Branning	_____

I, Mary S. Schelde, 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 28th day of February 2008, 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 27th day of February 2008.


Clerk to the Board