

Community Development Committee

Meeting Date: September 21, 2015

For the Metropolitan Council meeting of October 14, 2015

Subject: Park Acquisition Opportunity Fund Grant for Lake Elmo Park Reserve, 10112 10th Street North (Hammes Property), Washington County

District(s), Member(s): Council District 12, Harry Melander

Policy/Legal Reference: MN Statute 473.313

Staff Prepared/Presented: Tori Dupre, Senior Planner (651-602-1621)

Division/Department: Community Development, Regional Parks and Natural Resources

Proposed Action

That the Metropolitan Council:

1. Authorize a grant of up to \$707,013 to Washington County to acquire a 33.5 acre property for Lake Elmo Park Reserve. The Metropolitan Council's grant finances up to 75 percent of the total acquisition costs from the Park Acquisition Opportunity Fund using the Parks and Trails Legacy Fund account. The grant will be financed as follows:
 - \$424,208 from the Fiscal Year 2016 Parks and Trails Legacy Fund appropriation, and
 - \$282,805 from Metropolitan Council bonds
2. Acknowledge Washington County's grant match of \$235,671 that finances at least 25 percent of the total acquisition costs. If the total acquisition costs are higher than estimated, Washington County is responsible for the difference.
3. Authorize the Community Development Director to sign the grant agreement including the restrictive covenant.

Background

Washington County requests a Park Acquisition Opportunity Fund (PAOF) grant of up to \$707,013 to acquire a 33.5 acre property located at 10112 10th Street North in the City Lake Elmo (Attachment 1).

The property consists of two tax parcels that include a vacated single-family residence and outbuildings. The balance of the property is leased for agricultural production. Washington County plans to restore the site with native vegetation consistent with the Park Reserve restoration landscape plan.

Both the County and the landowner completed independent appraisals of the subject property. The County Board of Commissioners agreed upon the purchase price of \$930,000, matching the landowner's appraised value

Rationale

Washington County's grant request is consistent with the *2040 Regional Parks Policy Plan (adopted February 11, 2015)*, which contains the rules for PAOF grant requests. The PAOF rules specify that lands must be within Council-

approved master plan boundaries to qualify for an acquisition grant. The PAOF rules also define grant-eligible acquisition costs that the Council funds through reimbursements to the park agencies.

Funding

The Park Acquisition Opportunity Fund Rules identify the grant-eligible acquisition costs, and Table 1 summarizes the County’s grant-eligible estimated costs to acquire the subject property which total \$942,684.

Table 1: Estimated Acquisition Costs - 10112 10th Street North, Lake Elmo

| Cost Items | Amount |
|---------------------------------------|------------------|
| Purchase Price | \$930,000 |
| Appraisal | \$3,600 |
| Phase 1 Environmental Assessment | \$2,100 |
| Stewardship (Material/Debris Removal) | \$500 |
| Taxes and Closing Costs | \$6,484 |
| Total Acquisition (Estimated) | \$942,684 |

The County’s grant request of \$707,013 represents 75 percent of the estimated acquisition costs. The Council will finance this grant using Fiscal Year 2016 Parks and Trails Legacy Fund account that provides 60 percent of the grant amount, with Metropolitan Council bonds providing 40 percent of the grant, as shown in Table 2.

Washington County will finance the remaining \$235,671, or 25 percent of the acquisition costs, and is not requesting future reimbursement from a regional parks capital improvement program. Following the Council’s action on this grant request, the Parks and Trails Legacy Fund account balance is approximately \$1,215,000.

Table 2: Acquisition Grant Revenue Sources

| Revenue Sources | Amount |
|---|------------------|
| Estimated Total Acquisition Costs | \$942,684 |
| Council Grant Amount | \$707,013 |
| Local Match Amount | \$235,671 |
| Grant Funding by Account: | |
| FY2016 Parks and Trails Legacy Fund (60%) | \$424,208 |
| Metropolitan Council Bonds (40%) | \$282,805 |

Known Support / Opposition

The Metropolitan Parks and Open Space Commission unanimously recommended approval of the proposed action at its meeting on September 8. The Washington County Board of Commissioners authorized the purchase of the Hammes property, and the acquisition grant request on July 28, 2015. There is no known opposition.

Metropolitan Parks and Open Space Commission

Meeting date: September 8, 2015

For the Community Development Committee meeting of September 21, 2015

For the Metropolitan Council meeting of October 14, 2015

Subject: Park Acquisition Opportunity Fund Grant for Lake Elmo Park Reserve, 10112 10th Street North (Hammes Property), Washington County

District(s), Member(s): MPOSC District F, Sarah Hietpas

Policy/Legal Reference: MN Statute Section 473.315

Staff Prepared/Presented: Tori Dupre, Senior Planner (651-602-1621)

Division/Department: Community Development, Regional Parks and Natural Resources

Proposed Action

That the Metropolitan Council:

1. Authorize a grant of up to \$707,013 to Washington County to acquire a 33.5 acre property for Lake Elmo Park Reserve. The Metropolitan Council's grant finances up to 75 percent of the total acquisition costs from the Park Acquisition Opportunity Fund using the Parks and Trails Legacy Fund account. The grant will be financed as follows:
 - \$424,208 from the Fiscal Year 2016 Parks and Trails Legacy Fund appropriation, and
 - \$282,805 from Metropolitan Council bonds
2. Acknowledge Washington County's grant match of \$235,671 that finances at least 25 percent of the total acquisition costs. If the total acquisition costs are higher than estimated, Washington County is responsible for the difference.
3. Authorize the Community Development Director to sign the grant agreement including the restrictive covenant.

Background

Washington County requests a Park Acquisition Opportunity Fund (PAOF) grant of up to \$707,013 to acquire a 33.5 acre property located at 10112 10th Street North in the City Lake Elmo (Attachment 1).

The subject property is located north of 10th Street, east of private property near the entrance to Lake Elmo Park Reserve, and surrounded to the north by the Park Reserve, to the west by private property, to the south by 10th Street and rural/agricultural land uses, and to the east by a private gun club (Attachment 2). The City of Lake Elmo's guides the subject property's future land use as rural and Public/Park, and zones it as rural residential.

The property consists of two tax parcels (Attachment 3) that include a vacated single-family residence and outbuildings. The balance of the property is leased for agricultural production. Washington County plans to restore the site with native vegetation consistent with the Park Reserve restoration landscape plan.

Both the County and the landowner completed independent appraisals of the subject property. The County Board of Commissioners agreed upon the purchase price of \$930,000, matching the landowner's appraised value, recognizing that this amount was six

percent greater than the County's appraised value of \$875,000. The County found that the property represented a highly desirable addition to the Park Reserve.

The purchase agreement specifies the purchase price of \$930,000, and the closing scheduled on or before November 30, 2015, following the Metropolitan Council's scheduled action on the PAOF grant request on October 14, 2015. Washington County acknowledges this schedule in its grant request letter.

The County's acquisition of the subject property is consistent with the Lake Elmo Park Reserve master plan which the Metropolitan Council approved on August 23, 2006 (business item 2006-219). The Council approved a master plan amendment on August 26, 2015 (business item 2015-190) that added the subject property to the Park Reserve boundary.

The County estimates the total acquisition costs to be \$942,684 including the purchase price, appraisal, Phase 1 environmental site assessment, land stewardship, closing costs and taxes as outlined in Table 1.

Upon the Metropolitan Council's approval of a PAOF grant, staff prepares a grant agreement that includes an "agreement and restrictive covenant" which park agencies must record to ensure that the property remains in regional recreation use. Therefore, the Metropolitan Council's action authorizes the Community Development Director to sign the grant agreement and the restrictive covenant.

Rationale

Washington County's grant request is consistent with the *2040 Regional Parks Policy Plan (adopted February 11, 2015)*, which contains the rules for PAOF grant requests. The PAOF rules specify that lands must be within Council-approved master plan boundaries to qualify for an acquisition grant. The PAOF rules also define grant-eligible acquisition costs that the Council funds through reimbursements to the park agencies.

Funding

The Park Acquisition Opportunity Fund provides grants to park implementing agencies to acquire land for the regional parks system. As of September 2015, the PAOF has provided more than \$39,460,000 to acquire approximately 3,000 acres. The Council accepts PAOF grants on a first-come-first-served basis and the grant finances up to 75 percent of the total acquisition costs, with the park agency paying the remaining 25 percent as the required local match. If the actual total acquisition costs are higher than estimated, the park agency is responsible for the difference.

The Fund has two accounts, the Environment and Natural Resources Trust Fund (ENRTF) and the Parks and Trails Legacy Fund. The Council's park bonds provide a 40 percent match to each state fund appropriation.

The ENRTF account is available only to acquisition projects that are included in the LCCMR-approved work plan, and meet LCCMR acquisition funding guidelines. The current fund balance is approximately \$4,167,000. Since this property does not qualify for acquisition using ENRTF, this grant will be financed through the Parks and Trails Legacy Fund account.

On June 14, 2015, the Legislature approved the Parks and Trails Legacy funding appropriation for fiscal year 2016. Following that action, the Metropolitan Council approved the 2015 Capital Program and Budget Amendment (Business Item 2015-145) on June 24, 2015 that acknowledged receipt of the \$1,723,700 fiscal year 2016 Parks and Trails Legacy

Fund appropriation, plus the Metropolitan Council bond match of \$1,149,133, creating a new balance of \$2,872,833 in the PAOF Parks and Trails Legacy fund account.

The PAOF Rules identify the grant-eligible acquisition costs, and Table 1 summarizes the County's grant-eligible estimated costs to acquire the subject property which total \$942,684.

Table 1: Estimated Acquisition Costs - 10112 10th Street North, Lake Elmo

| Cost Items | Amount |
|---------------------------------------|------------------|
| Purchase Price | \$930,000 |
| Appraisal | \$3,600 |
| Phase 1 Environmental Assessment | \$2,100 |
| Stewardship (Material/Debris Removal) | \$500 |
| Taxes and Closing Costs | \$6,484 |
| Total Acquisition (Estimated) | \$942,684 |

The County's grant request of \$707,013 represents 75 percent of the estimated acquisition costs. The Council will finance this grant using Fiscal Year 2016 Parks and Trails Legacy Fund account that provides 60 percent of the grant amount, with Metropolitan Council bonds providing 40 percent of the grant, as shown in Table 2.

Washington County will finance the remaining \$235,671, or 25 percent of the acquisition costs, and is not requesting future reimbursement from a regional parks capital improvement program. Following the Council's action on this grant request, the Parks and Trails Legacy Fund account balance is approximately \$1,215,000.

Table 2: Acquisition Grant Revenue Sources

| Revenue Sources | Amount |
|---|------------------|
| Estimated Total Acquisition Costs | \$942,684 |
| Council Grant Amount | \$707,013 |
| Local Match Amount | \$235,671 |
| Grant Funding by Account: | |
| FY2016 Parks and Trails Legacy Fund (60%) | \$424,208 |
| Metropolitan Council Bonds (40%) | \$282,805 |

Known Support / Opposition

The Washington County Board of Commissioners authorized the purchase of the Hammes property for the Park Reserve, and the request for an acquisition grant on July 28, 2015. The Metropolitan Council has not received any opposition to the County's acquisition of the property, or to its request for acquisition grant funding.



Public Works Department
Parks Division

Donald J. Theisen, P.E.
Public Works Director

John D. Elholm, CPRP
Parks Director

July 31, 2015

Tori Dupree
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

REQUEST FOR ACQUISITION OPPORTUNITY GRANT FUNDS FOR PURCHASE OF THE HAMMES PROPERTY IN LAKE ELMO PARK RESERVE

Dear Tori:

Washington County requests that the Metropolitan Council consider providing acquisition opportunity grant funds for the purchase of the Hammes property; a 33.5 acre property located within the City of Lake Elmo. With its location adjacent to the park entrance road, converting the parcel to a natural condition over time will greatly improve visual experience of citizens entering the park – making it highly desirable for inclusion into the park. Because of its location at the park entrance and the opportunities it provides to improve and protect habitat forever, the agreed upon price matches the landowner’s appraised value but is 6% over Washington County’s appraised value.

The offer presented here has been signed by the landowner, and was approved by the Washington County Board of Commissioners on July 28, 2015. Funding for this project is requested to be 75% from the Metropolitan Council’s Acquisition Opportunity Fund with the remaining 25% being funded by Washington County funds. The closing for this property will occur following Met Council action on the grant request.

Estimated Acquisition Costs:

| | |
|--|-------------------|
| Purchase Price | \$ 930,000 |
| Other costs (identified on spreadsheet) | \$ 12,684 |
| Total Estimated Acquisition Costs | \$ 942,684 |

Proposed Revenue Sources:

| | |
|---------------------------------------|-------------------|
| Acquisition Opportunity Fund (75%) | \$ 707,013 |
| Washington County (25%) | \$ 235,671 |
| Total Proposed Revenue Sources | \$ 942,684 |

Thank you for your consideration of this request. If you have any questions or need further information, please let me know.

Respectfully,

John D. Elholm
Parks Director

C: Sharon Price, Acquisition Manager
June Mathiowetz, Land and Water Legacy Program Manager

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Equal Employment Opportunity / Affirmative Action



Attachment 2: Subject Acquisition at Lake Elmo Park Reserve, Washington County



West side looking East

Attachment 3: Subject Property (Hammes) at Lake Elmo Park Reserve, Washington County

