

Community Development Committee

For the Community Development Committee meeting of August 20, 2018

For the Metropolitan Council meeting of September 12, 2018

Subject: Parks Acquisition Opportunity Fund Grant for West Mississippi River Regional Trail, Three Rivers Park District – Goodin Property

District, Member: 1 – Katie Rodriguez

Policy/Legal Reference: Minn. Const. art. XI, sec. 15; and Minn. Stat. 473.315; *2040 Regional Parks Policy Plan* Siting and Acquisition Policy: Strategies 1 and 2

Staff Prepared/Presented: Deb Streets Jensen, Senior Parks Finance Planner 651-602-1554

Division/Department: Community Development / Regional Planning

Proposed Action

That the Metropolitan Council:

1. Approve a grant of up to \$325,839.68 to Three Rivers Park District to acquire the 7.3-acre Goodin parcel at 17180 Dayton River Road in the City of Dayton for West Mississippi River Regional Trail;
2. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council;
3. Consider reimbursing Three Rivers Park District for up to \$108,613.22 from its share of a future Regional Parks Capital Improvement Program for costs associated with this item; and
4. Inform Three Rivers Park District that the Council does not under any circumstances represent or guarantee that future reimbursement will be granted and expenditure of local funds never entitles a park agency to reimbursement.

Background

Regional Park Implementing Agency (Agency) and Location

Three Rivers Park District requested this grant on June 22, 2018 to support development of the West Mississippi River Regional Trail. A copy of the Agency's request is attached to this item. The West Mississippi River Regional Trail is a destination trail located in Hennepin County and, when complete, it will run through the communities of Dayton, Champlin, Brooklyn Park, and Brooklyn Center.

Policy

Strategy Two of the Siting and Acquisition policy from the *2040 Regional Parks Policy Plan* states that "priorities for land acquisition are set by regional park implementing agencies in Council-approved master plans."

Funding sources

The Council's Park Acquisition Opportunity Fund (PAOF) provides resources to purchase property and easements via two state sources: the Parks and Trails Legacy Fund (PTLF) and the Environment and Natural Resources Trust Fund (ENRTF). The Council contributes further by matching every \$3 in state funds with \$2 in Council bonds proceeds. Between them, state and Council funds contribute up to 75% of the purchase price and eligible costs; the Regional Park Implementing Agency (Agency) contributes the remaining 25% as local match. The Council will fund this grant through ENRTF and Council match. Funding for this project was

provided by the Minnesota Environment and Natural Resources Trust Fund as recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR). The Trust Fund is a permanent fund constitutionally established by the citizens of Minnesota to assist in the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. Currently 40% of net Minnesota State Lottery proceeds are dedicated to growing the Trust Fund and ensuring future benefits for Minnesota's environment and natural resources.

Council review

Staff from the Council's Regional Parks and Natural Resources work unit:

- Reviews each PAOF request to ensure that the proposed acquisition complies with state statute and Council policy;
- Ensures that all necessary documentation is in place and that the appraisal is reasonable and appropriate; and
- Processes requests on a first-come-first-served basis.

Subject property

The subject 7.3-acre property is an inholding within the Council-approved alignment of the regional trail. The purchase will protect property that includes 830 feet of shoreline within the Mississippi River Corridor Critical Area. It is adjacent to the City of Dayton's Goodin Park and to Goodin Island, which is owned by the Minnesota Department of Natural Resources. The property is gently sloping, with a wooded northeasterly portion and an open southwesterly portion. Approximately 64% of the site is within the floodway/floodplain and has easy access to the river.

ENRTF funding rules prohibit the purchase of a property that contains habitable structures. This property does contain a barn with converted living quarters, but it has suffered from deferred maintenance and extensive damage to the interior. The City of Dayton has provided a statement that the living quarters are uninhabitable. The structures will be removed, and the Agency is working to salvage the building materials.

Acquisition details

This is a straightforward, fee simple transaction. There are easements for drainage and utility purposes that are primarily located in the floodway and do not significantly impact the use of the property as a regional asset.

Rationale

This acquisition is consistent with:

- The *2040 Regional Parks Policy Plan*;
- Appropriation requirements; and
- The West Mississippi River Regional Trail master plan, approved by the Council on April 25, 2018 ([*Business Item 2018-85*](#)).

Thrive Lens Analysis

This request is consistent with Thrive's Livability outcome because the Council's investment in the regional trail will increase access to nature and outdoor recreation, thereby enhancing the region's quality of life.

Funding

Project budget

The appraised value is \$368,500, and the Agency has offered the seller 100% of the appraised amount plus closing and other costs as shown below.

| Budget item | Requested amount |
|--|-------------------------|
| Purchase price | \$368,500.00 |
| Due diligence (appraisal, Phase I environmental site assessment, etc.) | 25,000.00 |
| Holding and closing costs | 10,952.90 |
| Stewardship | <u>30,000.00</u> |
| Total costs | \$434,452.90 |
| Grant structure | |
| State FY 2014 ENRTF/PAOF | \$195,503.81 |
| Council bonds | 130,335.87 |
| Grant amount not to exceed | \$325,839.68 |
| Local match | \$108,613.22 |

Fund balance

If this grant is awarded by the Council, the combined balance available for the state fiscal year 2014 ENRTF appropriation and the standard Council match will be \$527,873.99. It should be noted that a second ENRTF/PAOF grant recommendation, 2018-203, will be presented to the Council concurrent with this item, and the combined balance after both grants will be \$53,518.49 for the 2014 appropriation. The Council also has a combined \$4.2 million available from 2015 and 2017 ENRTF appropriation, with their accompanying regional bond match.

Future reimbursement consideration

The Agency is also requesting that the Council consider reimbursing its local match of \$108,613.22 for this acquisition at some point in the future as a part of a regular Capital Improvement Program (CIP). A request for "future reimbursement consideration" is the first step in a process Agencies may use to request repayment of their match amount for this acquisition in a future CIP cycle. Because the Council issues bonds to cover exactly 40% of CIP costs for a given state bonding cycle, such reimbursements are limited. The Council is under no obligation to reimburse this amount.

Known Support / Opposition

There is no known opposition. The Metropolitan Parks and Open Space Commission approved the recommendation unanimously at its meeting on August 7, 2018.

Exhibit List

- Exhibit 1: Images
- Exhibit 2: Grant request letter
- Exhibit 3: Grant application
- Exhibit 4: Board approval to request grant
- Exhibit 5: Purchase agreement
- Exhibit 6: Appraisal excerpt