

Community Development Committee

For the Metropolitan Council meeting of January 14, 2015

Subject: Park Acquisition Opportunity Fund Grant Request for Above the Falls Regional Park (1828 Marshall Street NE), Minneapolis Park and Recreation Board

Proposed Action

1. Authorize a grant of up to \$1,421,250 from the Parks and Trails Legacy Fund Acquisition Account to Minneapolis Park and Recreation Board to finance up to 75 percent of the costs to acquire a parcel at 1828 Marshall Street NE for Above the Falls Regional Park. The grant will be financed as follows:
 - \$852,750 from the Fiscal Year 2015 Parks and Trails Legacy Fund appropriation, and
 - \$568,500 from Metropolitan Council bondsMinneapolis Park and Recreation Board will provide up to \$473,750 to finance the required local match, or up to 25 percent of the total acquisition costs.
2. Authorize the Community Development Director to sign the grant agreement and accompanying documents including the restrictive covenant.

Summary of Committee Discussion/Questions

On December 15, 2014, the Community Development Committee unanimously recommended approval of the proposed action.

Community Development Committee

Meeting date: December 15, 2014

For the Metropolitan Council meeting of January 14, 2015

Subject: Park Acquisition Opportunity Fund Grant Request for Above the Falls Regional Park (1828 Marshall Street NE), Minneapolis Park and Recreation Board

District(s), Member(s): Council District 7, Gary Cunningham and District 8, Adam Duininck

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:

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2. Authorize the Community Development Director to sign the grant agreement and accompanying documents including the restrictive covenant.

Background

Minneapolis Park and Recreation Board (MPRB) requests a Park Acquisition Opportunity Fund (PAOF) grant for up to \$1,421,250 to acquire a property located at 1828 Marshall Street NE in Minneapolis, along the east bank of the Mississippi River within Above the Falls Regional Park (Attachment 1).

The property is 0.86 acres in size (37,450 square feet) with 140 feet of river frontage, and is located in an area of commercial, industrial and residential properties. The property has an existing building (26,368 square feet) which has a number of tenants. The MPRB intends to retain the existing tenants until the current leases expire into 2015, and then evaluate the building and park development status in 2016 to determine the best time to proceed with the park development. The MPRB is responsible for future relocation and demolition costs.

The Above the Falls Regional Park master plan sets out to create a continuous riverside park corridor that provides access to both sides of the Mississippi River. The subject property is within the planned park boundary, and the master plan identified this and the adjacent properties as "targeted for acquisition as and when the parcels become available" (Attachment 2). The Metropolitan Council approved the Above the Falls Regional Park master plan in March 2002, as well as two plan amendments in 2012 (Scherer property) and in 2014 (Hall's Island).

On September 20, 2014, MPRB signed a purchase agreement which schedules the closing date subject to the Metropolitan Council's approval of the grant. On

November 5, 2014 the MPRB took action to acquire the property and request a PAOF grant in resolution 2014-326 (Attachment 3).

Rationale

The MPRB's grant request is consistent with the 2030 Regional Parks Policy Plan and the Park Acquisition Opportunity Fund Rules. MN Statutes 473.315 authorizes the Council, with the advice of the Metropolitan Parks and Open Space Commission, to make grants from any funds available to it to the regional park implementing agencies to cover the cost, or any portion of the cost, of acquiring and developing the regional park system in accordance with the Parks Policy Plan. These grants are funded and managed according to the PAOF Rules.

The PAOF assists regional park agencies in acquiring land for the regional park system, provided that the property is within Metropolitan Council approved master plan boundaries. As of November 28, 2014, the cumulative total of all PAOF grants is \$37,005,890 which contributed to acquiring 3,002 acres of regional park land.

The PAOF Rules define grant-eligible acquisition costs that the Council funds through reimbursements to the park agencies. The grant agreements include an "agreement and restrictive covenant" that park agencies record to ensure that the property remains in regional recreation use. The Metropolitan Council's action authorizes the Community Development Director to sign the grant agreement and accompanying documents including the restrictive covenant.

Funding

The Park Acquisition Opportunity Fund has two accounts: the Environment and Natural Resources Trust Fund (ENRTF) and the Parks and Trails Legacy Fund (PTLF). This property acquisition is eligible for funding from the PTLF which has a current balance of \$3,345,070, comprised of \$1,124,531 of fiscal year 2015 PTLF and \$2,220,539 in Metropolitan Council bonds.

The PAOF rules provide the grant-eligible acquisition costs which the MPRB completed and provided to Council staff (Table 1). The estimated total property acquisition costs are \$1,895,000, which include the purchase price, appraisal, phase 1 environmental assessment, legal services and closing costs, title insurance and taxes. The appraisal valued the property at \$1,835,000.

Table 1: Above the Falls Regional Park Estimated Acquisition Costs

| Cost Items | Amount |
|--|--------------------|
| Purchase Price | \$1,835,000 |
| Appraisal | \$6,000 |
| Phase 1 Environmental assessment | \$2,000 |
| Legal services, closing costs | \$9,277 |
| Property taxes | \$25,591 |
| Local taxes (payment in Lieu of taxes) | \$11,057 |
| Title survey and title insurance | \$6,075 |
| Total Acquisition (Estimated) | \$1,895,000 |

Table 2 shows how the Council will finance the grant up to \$1,421,250, or 75 percent of the total estimated acquisition costs and because these costs are estimates, the actual costs may be lower. However, if the actual costs are higher, the MPRB pays the additional cost per the grant agreement.

Sixty percent of the grant will be financed from the fiscal year 2015 PTLF (\$852,750) and 40 percent from Metropolitan Council bonds (\$568,500). The PAOF Rules (and the grant agreement) require the park agency to provide a 25 percent match toward the total acquisition costs. MPRB is not requesting future reimbursement from a regional parks capital improvement program.

Table 2: Above the Falls Regional Park Acquisition Grant Revenue Sources

| Revenue Sources | Amount |
|---|--------------------|
| Estimated Total Acquisition Costs | \$1,895,000 |
| Grant Total (up to 75 % estimated acquisition total) | \$1,421,250 |
| FY2015 Parks & Trails Legacy Fund | \$852,750 |
| Metropolitan Council bonds (remainder of grant request) | \$568,500 |
| Local Match (25% of acquisition total) | \$473,750 |

The Metropolitan Council’s action on this MPRB grant leaves an unobligated PAOF fund balance of \$1,923,820 comprised of fiscal year 2015 PTLF (\$271,781) and Metropolitan Council park bonds (\$1,652,039).

The ENRTF account is available to fund future acquisition grants provided that the acquisition meets both the Legislative Citizens Commission on Minnesota Resources (LCCMR) funding criteria, and is included in the LCCMR’s work plan.

Known Support / Opposition

There is no known opposition to the MPRB’s grant request, or to the regional park land acquisition. The MPRB’s November 5, 2014 action supports the property acquisition and the grant request.

At its December 2, 2014 meeting, the Metropolitan Parks and Open Space Commission unanimously approved the staff report recommendation.

Metropolitan Parks and Open Space Commission

Meeting date: December 2, 2014

For the Community Development Committee meeting of December 15, 2014

For the Metropolitan Council meeting of January 14, 2015

Subject: Park Acquisition Opportunity Fund Grant Request for Above the Falls Regional Park (1828 Marshall Street NE), Minneapolis Park and Recreation Board

District(s), Member(s): MPOSC District D, Anthony Taylor

Policy/Legal Reference: MN Statute 473.313

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

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Known Support / Opposition

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Attachment 1: Acquisition Grant Request, Minneapolis Park and Recreation Board



**Minneapolis
Park & Recreation Board**

Administrative Offices
2117 West River Road
Minneapolis, MN 55411-2227

Operations Center
3800 Bryant Avenue South
Minneapolis, MN 55409-1000

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612-230-6400
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Jayne Miller

Secretary to the Board
Pamela French

November 3, 2014

Mr. Arne Stefferud
Manager, Regional Parks and Natural Resources
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
1828 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 1828 Marshall Street NE for \$1,835,000 (land and building). 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.

The site consists of an industrial mixed use office-warehouse, retail and residential building totaling .86 acres with 140 feet of frontage on the Mississippi River. Our intended near-term use will be to retain the existing tenants until current leases expire, many of which run well in 2015. We will re-evaluate the status of the building and park development opportunities in 2016 to determine the best time to proceed with park development, which is the long-term planned use of the property.

The Minneapolis Park and Recreation Board is requesting funding assistance through the Assistance Opportunity Grant Program under the "75% Met Council/25% Local Match" rules. Under these rules, we are requesting an Acquisition Opportunity Grant toward the acquisition of the property in the amount of \$1,421,250 based on 75% of the total estimated costs of the property (see below).

Grant Request, page 2

| | |
|--------------------------|-----------------|
| Purchase Price | \$1,835,000 |
| Prorata 2015 taxes | \$25,591 est. |
| Tax Equiv. Pmt | \$11,057 |
| Appraisal | \$6,000 |
| Survey | \$3,700 |
| Environmental Review | \$2,000 |
| Closing Costs | <u>\$11,652</u> |
| | |
| Total Acquisition Costs: | \$1,895,000 |

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 December 1, 2014, MPOSC agenda, if possible. Please contact me if you have any questions.

Sincerely,



Jennifer Ringold
Director of Strategic Planning

ATTACHMENTS:

Purchase Agreement, with Addendum #1
Park Acquisition Opportunity Fund (PAOF) Grant Documents Spreadsheet
PAOF Brief Overview of Grant Request
Appraisal
Map of Property
Map of Property with Regional Park Boundary

Attachment 2: Above the Falls Regional Park; Property Acquisition at 1828 Marshall Street NE



Attachment 3: MPRB Action on Land Purchase, Above the Falls Regional Park

Offered by: *Scott Kree land*

Resolution 2014-326

Seconded by: *John Erwin*

Resolution 2014-326

Resolution Authorizing the Execution of a Purchase Agreement and Addendum "1" with Marshall Street Holding Co., L. P. for the Acquisition of 1828 Marshall Street Northeast, Minneapolis, Minnesota for \$1,835,000

Whereas, The Minneapolis Park and Recreation Board (MPRB) was created by the Minnesota Legislature in April 1883 and has the authority to acquire parkland with six votes of the Board of Commissioners;

Whereas, The MPRB has adopted the Above the Falls Regional Park Master Plan that defines a regional park boundary along both sides of the Mississippi River from the Plymouth Avenue Bridge to the northern city boundary limits;

Whereas, 1828 Marshall Street Northeast is within the Above the Falls Regional Park Master Plan boundary;

Whereas, This property is a critical acquisition for implementation of the Riverfront Trail System articulated in *RiverFirst, A Park Design Proposal and Implementation Framework for the Minneapolis Upper Riverfront* that was approved by the MPRB in March 2012;

Whereas, Marshall Street Holding Co., L.P. is a willing seller of 1828 Marshall Street Northeast;

Whereas, The MPRB is working with the Metropolitan Council through their Park Acquisition Opportunity Grant Program to obtain funding for a portion of the acquisition costs;

Whereas, The MPRB is working with the Mississippi Watershed Management Organization to obtain funding for a portion of the acquisition;

Whereas, The balance of the acquisition costs will be covered by funding allocated to Above the Falls Regional Park in 2015 of the approved 2014-2019 and proposed 2015-2020 Capital Improvement Programs;

Whereas, MPRB staff, with legal counsel, developed a draft purchase agreement that includes provisions for conducting environmental due diligence, conducting an appraisal, and securing finance commitments;

Whereas, MPRB staff negotiated a purchase agreement that is signed by the seller and will become effective with six votes of the Board of Commissioners; and

Whereas, This resolution is supported by the MPRB 2007-2020 Comprehensive Plan, which envisions "Dynamic parks that shape city character and meet diverse community needs";

RESOLVED, That the Board authorize the execution of a purchase agreement with Marshall Street Holding Co., L. P. for the Acquisition of 1828 Marshall Street Northeast, Minneapolis, Minnesota for \$1,835,000; and

RESOLVED, That the President of the Board and Secretary to the Board are authorized to take all necessary administrative actions to implement this resolution.

| Commissioner | Aye | Nay | Abstain | Absent |
|--------------|-----|-----|---------|--------|
| Bourn | x | | | |
| Erwin | x | | | |
| Forney | | | | x |
| Musich | | | | x |
| Olson | x | | | |
| Talbott | x | | | |