

Community Development Committee

For the Metropolitan Council meeting of July 26, 2017

Subject: Parks Acquisition Opportunity Fund Grant for Nine Mile Creek Regional Trail, Three Rivers Park District (Edina Gateway/4900 77th Street West)

Proposed Action

That the Metropolitan Council:

1. Approve a grant of up to \$178,499 to Three Rivers Park District to acquire an easement on a parcel at 4900 77th Street West in Edina for the Nine Mile Creek 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 up to \$59,500 for costs associated with acquisition of this easement, from its share of a future Regional Parks Capital Improvement Program; 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 that expenditure of local funds never entitles a park agency to reimbursement.

Summary of Committee Discussion/Questions

At its meeting on July 17, 2017, the Community Development Committee recommended approval of the proposed action as part of the consent agenda.

Community Development Committee

For the Community Development Committee meeting of July 17, 2017

For the Metropolitan Council meeting of July 26, 2017

Subject: Parks Acquisition Opportunity Fund Grant for Nine Mile Creek Regional Trail, Three Rivers Park District (Edina Gateway/4900 77th Street West)

District(s), Member(s): 5 – Steve Elkins

Policy/Legal Reference: MN Statutes §85.53 Subd. 3(4) and MN Statutes 473.315

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

Division/Department: Community Development Division / Regional Parks & Natural Resources

Proposed Action

That the Metropolitan Council:

5. Approve a grant of up to \$178,499 to Three Rivers Park District to acquire an easement on a parcel at 4900 77th Street West in Edina for the Nine Mile Creek Regional Trail;
6. Authorize the Community Development Director to execute the grant agreement and restrictive covenant on behalf of the Council;
7. Consider reimbursing Three Rivers Park District up to \$59,500 for costs associated with acquisition of this easement, from its share of a future Regional Parks Capital Improvement Program; and
8. Inform Three Rivers Park District that the Council does not under any circumstances represent or guarantee that future reimbursement will be granted, and that expenditure of local funds never entitles a park agency to reimbursement.

Background

Regional Park Implementing Agency. This grant was requested by Three Rivers Park District on April 17, 2017. A copy of the Agency's request is attached to this item. The property over which the easement will run is located in Edina, in Hennepin County.

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 via two state sources: the Parks and Trails Legacy Fund (PTLF) and the Environment and Natural Resources Trust Fund (ENRTF). Easements may only be purchased through PTLF. The Council contributes further by matching every \$3 in state funds with \$2 in Council bonds proceeds. Between them, state and Council funds contribute 75% of the purchase price and eligible costs; the Regional Park Implementing Agency (Agency) contributes the remaining 25% as local match. This grant would be funded through PTLF and Council match.

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

- processes requests on a first-come-first-served basis.

Subject property. The subject 0.17-acre easement area is within the Council-approved boundaries of the regional trail.

Acquisition details. The Park District received a federal transportation grant in the amount of \$6.16 million to construct the east segment of the Nine Mile Creek Regional Trail. The funding was contingent upon the Park District securing and paying for the property rights – or being in the process of condemnation – by June 1, 2015. After preliminary negotiations were unsuccessful, the Park District notified the Council on March 6, 2015 of its intent to acquire the easement through condemnation. An administrative settlement has been reached in the condemnation process, and the Park District has paid the settlement amount to the landowner. This grant will reimburse the Park District for part of the funds they have already expended to secure the easement.

Rationale

This acquisition is consistent with:

- The 2040 Regional Parks Policy Plan;
- Appropriation requirements;
- The Nine Mile Creek Regional Trail master plan, approved by the Council on December 11, 2013; and
- All requirements of PTLF.

Thrive Lens Analysis

This request is consistent with Thrive’s Livability outcome because it will facilitate construction of a regional trail that will eventually span the communities of Hopkins, Minnetonka, Edina, Richfield, and Bloomington.

Funding

Project budget. When a Regional Park Implementing Agency acquires an easement through condemnation, an appraisal is used to aid in determining the “damages” that will occur when the owner surrenders rights to a portion of the property. The appraised value of the expected damages was \$314,100. The administrative settlement amount was \$210,000. The grant request also includes the cost of the appraisal, legal services, and closing, all of which are eligible costs according to the *2040 Regional Parks Policy Plan*.

Budget item	Requested amount	
Purchase price	\$210,000	
Appraisal	8,500	
Legal services and closing costs	<u>19,499</u>	
Total costs	\$237,999	
Grant structure		
State FY 2018 PTLF PAOF	\$107,099	
Council bonds	\$71,400	
Grant amount not to exceed		\$178,499
Local match	<u>\$59,500</u>	
Project total	\$237,999	

Fund balance.

As of July 1, 2017, the combined balance available PTLF PAOF and Council match was \$2,764,577. If this grant is awarded by the Council, the balance will be \$2,586,078.

There are two other PTLF grant requests before the Metropolitan Parks and Open Space Commission on July 11, 2017. If all three grants are approved, the balance in the fund will be \$2,302,211.

Future reimbursement consideration. The Park District is also requesting that the Council consider reimbursing the Park District's \$59,500 local match for this acquisition at some point in the future as a part of a regular Capital Improvement Program (CIP). When each Regional Parks Implementing Agency (Agency) prepares its CIP proposals for state bonding cycles, their proposal comprises capital projects that will be accomplished during the grant term; the proposal may also include a request for reimbursement of some of their match dollars from past projects. A request for "future reimbursement consideration" is the mechanism used to obtain the Council's conditional approval to include the match for this easement 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.

Metropolitan Parks and Open Space Commission

Meeting date: July 11, 2017

For the Community Development Committee meeting of July 17, 2017

For the Metropolitan Council meeting of July 26, 2017

Subject: Parks Acquisition Opportunity Fund Grant for Nine Mile Creek Regional Trail, Three Rivers Park District (Edina Gateway/4900 77th Street West)

MPOSC District: C – Margie Andreason

Policy/Legal Reference: MN Statutes §85.53 Subd. 3(4) and MN Statutes 473.315

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

Division/Department: Community Development Division / Regional Parks & Natural Resources

Proposed Action

That the Metropolitan Council:

1. Approve a grant of up to \$178,499 to Three Rivers Park District to acquire an easement on a parcel at 4900 77th Street West in Edina for the Nine Mile Creek 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 up to \$59,500 for costs associated with acquisition of this easement, from its share of a future Regional Parks Capital Improvement Program; 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 that expenditure of local funds never entitles a park agency to reimbursement.

Background

Regional Park Implementing Agency. This grant was requested by Three Rivers Park District on April 17, 2017. A copy of the Agency's request is attached to this item. The property over which the easement will run is located in Edina, in Hennepin County.

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 via two state sources: the Parks and Trails Legacy Fund (PTLF) and the Environment and Natural Resources Trust Fund (ENRTF). Easements may only be purchased through PTLF. The Council contributes further by matching every \$3 in state funds with \$2 in Council bonds proceeds. Between them, state and Council funds contribute 75% of the purchase price and eligible costs; the Regional Park Implementing Agency (Agency) contributes the remaining 25% as local match. This grant would be funded through PTLF and Council match.

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
- processes requests on a first-come-first-served basis.

Subject property. The subject 0.17-acre easement area is within the Council-approved boundaries of the regional trail.

Acquisition details. The Park District received a federal transportation grant in the amount of \$6.16 million to construct the east segment of the Nine Mile Creek Regional Trail. The funding was contingent upon the Park District securing and paying for the property rights – or being in the process of condemnation – by June 1, 2015. After preliminary negotiations were unsuccessful, the Park District notified the Council on March 6, 2015 of its intent to acquire the easement through condemnation. An administrative settlement has been reached in the condemnation process, and the Park District has paid the settlement amount to the landowner. This grant will reimburse the Park District for part of the funds they have already expended to secure the easement.

Rationale

This acquisition is consistent with:

- The 2040 Regional Parks Policy Plan;
- Appropriation requirements;
- The Nine Mile Creek Regional Trail master plan, approved by the Council on December 11, 2013; and
- All requirements of PTLF.

Thrive Lens Analysis

This request is consistent with Thrive’s Livability outcome because it will facilitate construction of a regional trail that will eventually span the communities of Hopkins, Minnetonka, Edina, Richfield, and Bloomington.

Funding

Project budget. When a Regional Park Implementing Agency acquires an easement through condemnation, an appraisal is used to aid in determining the “damages” that will occur when the owner surrenders rights to a portion of the property. The appraised value of the expected damages was \$314,100. The administrative settlement amount was \$210,000. The grant request also includes the cost of the appraisal, legal services, and closing, all of which are eligible costs according to the *2040 Regional Parks Policy Plan*.

Budget item	Requested amount
Purchase price	\$210,000
Appraisal	8,500
Legal services and closing costs	<u>19,499</u>
Total costs	\$237,999
Grant structure	
State FY 2018 PTLF PAOF	\$107,099
Council bonds	\$71,400
Grant amount not to exceed	\$178,499
Local match	<u>\$59,500</u>
Project total	\$237,999

Fund balance.

As of July 1, 2017, the combined balance available PTLF PAOF and Council match was \$2,764,577. If this grant is awarded by the Council, the balance will be \$2,586,078.

There are two other PTLF grant requests before the Metropolitan Parks and Open Space Commission on July 11, 2017. If all three grants are approved, the balance in the fund will be \$2,302,211.

Future reimbursement consideration. The Park District is also requesting that the Council consider reimbursing the Park District's \$59,500 local match for this acquisition at some point in the future as a part of a regular Capital Improvement Program (CIP). When each Regional Parks Implementing Agency (Agency) prepares its CIP proposals for state bonding cycles, their proposal comprises capital projects that will be accomplished during the grant term; the proposal may also include a request for reimbursement of some of their match dollars from past projects. A request for "future reimbursement consideration" is the mechanism used to obtain the Council's conditional approval to include the match for this easement 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.

Exhibit List

- Exhibit 1: Three Rivers Park District grant request letter
- Exhibit 2: Images
- Exhibit 3: Grant application
- Exhibit 4: Board approval to request grant
- Exhibit 5: Settlement agreement
- Exhibit 6: Appraisal excerpt
- Exhibit 7: Notice of Condemnation and Intent to Request PAOF