

Metropolitan Parks and Open Space Commission

Meeting date: January 7, 2013

For the Community Development Committee meeting of January 21, 2013

For the Metropolitan Council meeting of February 12, 2014

Subject: Park Acquisition Opportunity Fund Grant for Above the Falls Regional Park (2128 Marshall Street NE), Minneapolis Park and Recreation Board (Tori Dupre 651-602-1621)

District(s), Member(s): Metropolitan Parks & Open Space Commission District D, (vacant)

Policy/Legal Reference: Minnesota Statute Section 473.315

Staff Prepared/Presented: Tori Dupre, Senior Planner-Regional Parks and Natural Resources (651-602-1621)

Division/Department: Community Development Division

Proposed Action

That the Metropolitan Council:

1. Reimburse up to \$85,370 from Park Acquisition Opportunity Fund's Parks and Trails Legacy Fund Acquisition Account to the Minneapolis Park and Recreation Board (MPRB) to partially finance the acquisition of 2128 Marshall St. NE for Above the Falls Regional Park. The grant is financed with \$51,222 of Fiscal Year 2014 Parks and Trails Legacy Fund money and \$34,148 of Metro Council bonds. The grant must be matched with at least \$61,790 from the Mississippi Watershed Management Organization. The grant start date is November 12, 2013.
2. Authorize the Community Development Director to sign the grant agreement and accompanying documents including the restrictive covenant.
3. Direct the Metro Council staff to publish the "Decision Making Process for Awarding Park Acquisition Opportunity Fund Grants" to inform regional park agencies about this process and insure that the Metro Council can consider Park Acquisition Opportunity Fund grant requests and award funds before land is acquired. (See Attachment 6).

Background

At the December 3, 2013 Metropolitan Parks and Open Space Commission (MPOSC) meeting the MPOSC considered a request from the Minneapolis Park & Recreation Board (MPRB) for a \$185,370 Park Acquisition Opportunity Fund grant to partially finance the costs to acquire approximately .52 acres (22,650 square feet) for Above the Falls Regional Park. (Attachment 1). The MPRB staff stated at the meeting that the grant request should be reduced by \$100,000 because \$100,000 of Fiscal Year 2014 Parks and Trails Legacy

Fund appropriations to the MPRB had been granted for this acquisition. At the MPOSC meeting, MPRB staff stated that the land had been acquired in November. This was problematic because the acquisition grants are intended to help park agencies acquire land, not to reimburse them for land that had been acquired. The MPOSC referred the business item back to Metro Council staff to determine the facts and make a recommendation on how to proceed. The facts are as follows:

1. On August 21, 2013 the MPRB approved a purchase agreement to acquire the land. The purchase agreement called for the acquisition transaction (closing) to occur no later than November 10, 2013. The agreement was amended by delaying the closing to November 12, 2013 which is the date the land was acquired.
2. On September 10, 2013 the Mississippi Watershed Management Organization approved up to \$63,000 as the local 25% match to acquire the land, subject to the Metropolitan Council's approval of a Park Acquisition Opportunity Fund grant for the property. (Attachment 4).
3. As a condition of the land purchase agreement, the sellers agreed to move a home off the property, which reduced the agreed upon purchase price. The house move needed to occur before winter. The acquisition transaction (closing) occurred on November 12, 2013. The house was moved on November 20, 2013.
4. The MPRB submitted their grant request to the Metropolitan Council in a letter dated October 31, 2013 which was received on November 4, 2013. Additional information was needed to determine that the grant award would comply with the grant rules. This resulted in a revised request that was submitted on November 14, 2013 (Attachment 1).
5. During the review of the grant request, there were no conversations between MPRB and Metro Council staff about the timing of the acquisition in context of the Metro Council making a decision to award the grant.
6. The Park Acquisition Opportunity Fund Grant Rules do not include any statement that the land acquisition (closing) must occur after the grant is awarded by the Metropolitan Council. Had the MPRB been aware of this requirement, they would have submitted their grant request in early September so that the MPOSC and Metro Council could have considered the grant request in October--in advance of the November acquisition closing.

Because the MPRB submitted information that complied with the grant rules, but the rules did not contain any statement that the land acquisition must occur after the grant request is awarded by the Metropolitan Council, Council staff recommends: (1) approval of the grant and, (2) that Council staff be directed to publish "Decision Making Process for Awarding Park Acquisition Opportunity Fund Grants" as depicted in Attachment 6.

Rationale

In 2001, the Metropolitan Council established a Park Acquisition Opportunity Fund grant program to assist regional park agencies in acquiring land for the Metropolitan Regional

Park System. Land that is acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit.

Currently, the cumulative amount of all Park Acquisition Opportunity Fund grants totals \$34,827,158 acquiring 2,841 acres. The total cost to acquire this land is \$79,959,965.

All park acquisition opportunity 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 unobligated balance in the Parks and Trails Legacy Fund acquisition account is \$2,744,225, which includes \$746,535 of fiscal year 2014 Parks and Trails Legacy Fund money, plus \$1,997,690 of Metropolitan Council Bonds. On September 25, 2013, the Metropolitan Council added \$1.5 million of Metro Council bonds to this account.

Table 1 summarizes 62% of the total property acquisition costs for which the MPRB is seeking grant funding. Sixty two percent of the land will become park, while the balance will become a parking lot. Maps of the parcel in context of Above the Falls Regional Park are shown in Attachment 2. A map illustrating the land proposed to be acquired for the park and the parking lot is shown in Attachment 3. Attachment 5 is the revised MPRB grant request which acknowledges a \$100,000 FY 2014 Parks and Trails Legacy grant that is also financing a part of the park acquisition.

Table 1: Acquisition Costs of Land Proposed for Park

Cost Items	Amount
Purchase Price	\$238,731
Appraisal	\$1,364
Property Tax, Survey, Environmental Review, Closing costs	\$7,064
Total	\$247,159
75 percent of Total	\$185,370
Less \$100,000 FY 2014 Parks and Trails Legacy Grant	-100,000
Grant Request	\$85,370

The Metropolitan Council’s approval of the MPRB grant request leaves an unobligated balance of \$2,658,855 in the Parks and Trails Legacy Fund acquisition account.

Table 2: Acquisition Grant Revenue Sources

Revenue Sources	Amount
Grant Request (up to 75% acquisition total)	\$85,370
FY2014 Parks and Trails Legacy Fund (60%)	\$51,222
Metropolitan Council bonds (40%)	\$34,148

Known Support / Opposition

The Mississippi Watershed Management Organization supports the grant and acquisition by approving up to \$63,000 as local match to the Park Acquisition Opportunity Fund grant.

Attachment 1: Original - Minneapolis Park and Recreation Board request for an acquisition grant for the Above the Falls Regional Park



**Minneapolis
Park & Recreation Board**

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

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

Phone
612-230-6400

Fax:
612-230-6500

www.minneapolisparcs.org

November 14, 2013

Mr. Arne Stefferud
Manager, Regional Parks and Natural Resources
Metropolitan Council
390 North Robert Street
Saint Paul, MN 55101

Re: Acquisition Opportunity Fund Grant Request
Above the Falls Regional Park
2128 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 2128 Marshall Street NE for \$385,050, which is \$450,950 less than the full appraised value of \$836,000. Of the negotiated purchase price, the portion of the property which is eligible for consideration under this Fund is 62% of the area, or \$238,731. We calculated the eligible vs. non-eligible property as follows. Because we anticipate putting a parking lot on the easterly portion of the property we are acquiring (38% of the total square footage of the parcel), we are considering that ineligible for this grant proposal. See attached for the depiction of this division of the lot. The attached aerial photo shows an existing residence and separate one-car garage, both of which are being removed from the property by the seller as a condition of this transaction.

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 a residential lot totaling 22,650 square feet with approximately 85 feet of frontage on the Mississippi River and direct access from Marshall Street NE, a publicly-traveled right of way. The property is just one commercial lot north of Gluek Park, an existing part of the Above the Falls Regional Park. Acquiring this lot will provide accessibility to the river and increase our ownership of land along the river toward a future pedestrian/biking trail in the regional park.

President
John Erwin

Vice President
Liz Wielinski

Commissioners
Brad Boum
Bob Fine

Carol A. Kummer
Jon C. Olson
Anita Tabb
Scott Vreeland
Liz Wielinski

Superintendent
Jayne Miller

Secretary to the Board
Karen Robinson



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The Minneapolis Park and Recreation Board has submitted a grant request for \$100,000 of our share of the FY2014 Parks and Trails Legacy Fund to be applied to the non-eligible portion of this land acquisition. We are now requesting funding assistance through the Acquisition Opportunity Grant Program under the "75% Met Council/25% Local Match" rules. Under these rules, we are requesting an Acquisition Opportunity Grant toward only the eligible portion of the property in the amount of \$185,370 based on 75% of the total purchase costs of the land (see below and attached for copies of the cost items with asterisks). The 25% local match has been committed by the Mississippi Watershed Management Organization (see attached Additional Information Sheet for more detail on this).

Purchase Price	\$385,050, of which \$238,731 (62%) is eligible Property; 75% of this is	\$179,048
	Total Cost	Proposed Grant Share
Prorata 2012 Property Tax	\$525	244
Tax Equiv.Pmt (180%)	\$2,758	1,282
Appraisal*	\$2,200	1,023
Survey*	\$4,750	2,209
Environmental Review*	\$1,900	884
Closing Costs	\$1,460	<u>680</u>
Total Grant Request:		\$185,370

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, 2013, agenda. Please contact me if you have any questions.

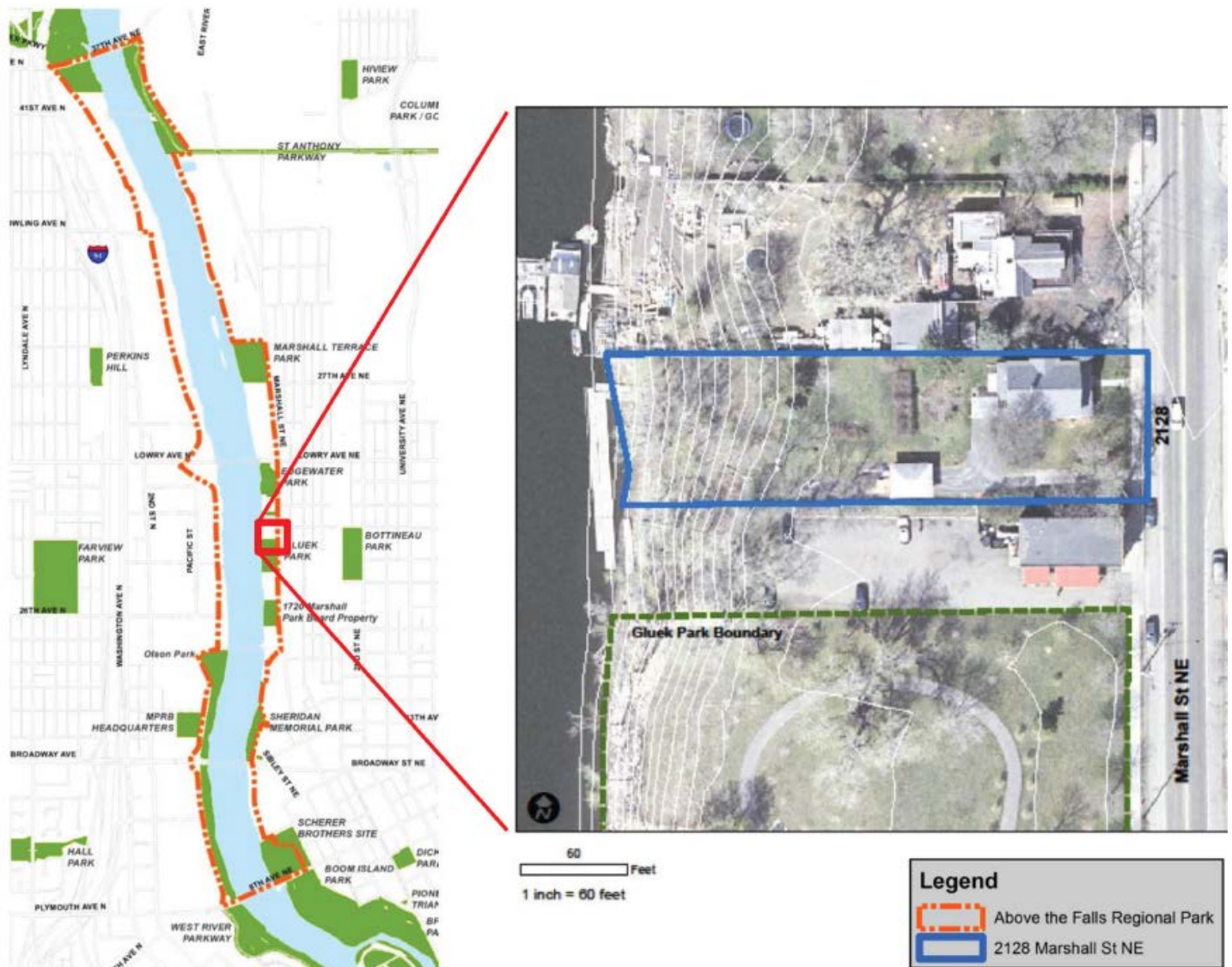
Sincerely,



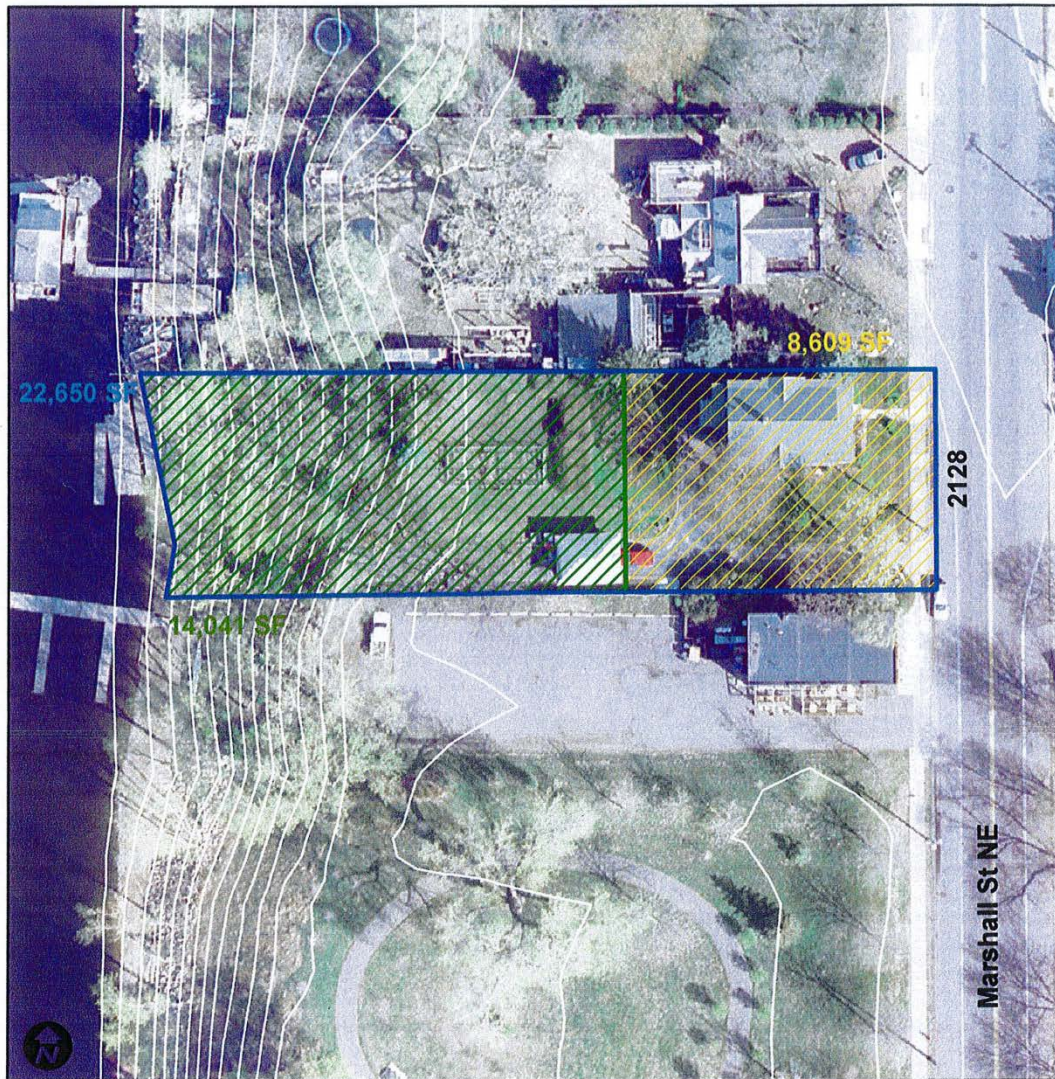
Bruce Chamberlain
Assistant Superintendent for Planning

Attachments:
Site Map
Copy of Park Board Resolution Approving Acquisition
Purchase Agreement
Appraisal Report with Invoice
Phase I Environmental Assessment with Invoice
Survey with Invoice
Additional Information Sheet

Attachment 2: Minneapolis Park and Recreation Board Property Acquisition



Attachment 3: Aerial Photo of Minneapolis Park and Recreation Board Property Acquisition in Above the Falls Regional Park



50 Feet
1 inch = 60 feet

Legend	
	Existing Parcel
	Proposed Parkland
	Proposed Parking Lot
	2 Foot Contours

Attachment 4: MWMO Meeting Minutes



2522 Marshall Street NE
Minneapolis, MN 55418-3329

(612) 465-8780
(612) 465-8785 fax

www.mwmo.org

**MISSISSIPPI
WATERSHED
MANAGEMENT
ORGANIZATION**

MEETING MINUTES

Date: September 10, 2013
Time: 3:00 pm – 5:00 pm
Location: Saint Anthony Boardroom
3301 Saint Anthony Boulevard
St. Anthony, Minnesota 55418

ATTACHMENT 3

Commissioners in Attendance

Jerry Faust (St Anthony), Donna Schmitt (City of Columbia Heights), Kevin Reich (Minneapolis), Jim Saefke (City of Fridley), Matt Hass (St. Paul), Scott Vreeland (Minneapolis Park and Recreation Board), and Karen Gill-Gerbig (Lauderdale)

Staff and Guests: Doug Snyder (MWMO), Zhenya Stone (MWMO), Lorrie Stromme (MWMO), Dan Kalmon (MWMO), Udai Singh (MWMO), Kevin Hansen (Columbia Heights), Renay Leone (Minneapolis Park and Recreation Board [MPRB]), and Cliff Swenson (MPRB)

The meeting was called to order at 3:04 p.m. by Commissioner Vreeland. Commissioner Reich arrived 3:10 p.m. and chaired the meeting thereafter.

Approval of Agenda and Minutes

The current meeting agenda and minutes for the meetings held on July 9, 2013, and August 19, 2013, were approved unanimously by the board.

General Business

Lorrie Stromme (Land Acquisition; 2128 Marshall Street NE)

The MPRB has negotiated the purchase of a 22,650-square-foot parcel of riverfront property, zoned R6, with 84 feet of shoreline for \$385,050. The MPRB is requesting a contribution of up to \$63,000 from the MWMO. The property should eventually become part of the East Bank Trail.

The board approved an allocation, not to exceed \$63,000, as a local match to acquire the property, subject to the Met Council's approval of MPRB's request for 75% of qualifying acquisition costs. Renay Leone (MPRB), in response to a question from Commissioner Gill-Gerbig, stated that the land would be subject to a restrictive covenant, thus safeguarding its use if sold.

Attachment 5: Revised MPRB Grant Request



Minneapolis Park & Recreation Board

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December 12, 2013

Mr. Arne Stefferud
Manager, Regional Parks and Natural Resources
Metropolitan Council
390 North Robert Street
Saint Paul, MN 55101

Re: Acquisition Opportunity Fund Grant Request
Above the Falls Regional Park
2128 Marshall Street NE Acquisition
Additional Information

Dear Mr. Stefferud:

On behalf of the Minneapolis Park and Recreation Board, I am writing to explain the events that led to the timing of our request for this grant.

First, it is important to note that the circumstances of this land acquisition included some unusual constraints, mostly to do with the seller's intent (and our requirement) that the residence located on the property would need to be moved at or soon after closing. The negotiations for this property lasted several months due primarily to the complexity of the house move and the seller's tax status. We feel the time was well spent because of the seller's decision to move the residence and sell the property to the Park Board for far less than the fair market appraised value. This decision by the seller was contingent on the closing occurring with sufficient time to move the house before winter weather set in, so the closing was scheduled for early to mid-November.

The purchase agreement was approved and signed by our board on August 21, 2013. We immediately began our due diligence work, including title work, boundary survey, and Phase I environmental review. The timing of the execution of the purchase agreement and our board's approval of the purchase meant the window for completing due diligence items and final closing plus the house move prior to winter weather was much shorter than our usual land acquisition transaction. The closing on the acquisition was November 12, 2013, and the residence was moved to another site in the neighborhood on November 20, 2013.

We also want to note that in reading the rules concerning Acquisition Opportunity Fund grants, we could not find details regarding the grant decision process or schedule that needed to be followed prior to the land being acquired. Had we

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been aware of the process and schedule, we would have placed great priority on beginning the grant application process in early September so that the Council could have considered the request in October prior to our November 12, 2013 closing. As it happened, we submitted our grant application on October 31, and then amended it to add requested documentation, re-submitting it on November 14. Now that we are better informed of the needed paperwork, we will submit our more complete requests much earlier in the process of a land acquisition transaction.

We have received a grant for \$100,000 from the FY2014 Parks and Trails Legacy Fund appropriation to be applied to this land acquisition. We are now requesting additional funding assistance through the Acquisition Opportunity Grant Program under the "75% Met Council/25% Local Match" rules. Under these rules, we are requesting an Acquisition Opportunity Grant toward only the eligible portion of the property in the amount of \$85,370 based on 75% of the total purchase costs of the land, less the \$100,000 grant already received. The 25% local match has been committed by the Mississippi Watershed Management Organization.

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Environmental Review	\$1,900	884
Closing Costs	\$1,460	<u>680</u>
	Total Eligible Property Amount:	\$185,370
	FY2014 Parks and Trails Legacy Grant:	<u>100,000</u>
	Total Current Grant Request:	<u>85,370</u>

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. Please contact me if you have any questions.

Sincerely,



Bruce Chamberlain
Assistant Superintendent for Planning

Attachment 6: Decision Making Process for Awarding Park Acquisition Opportunity Fund Grants

Introduction

Park Acquisition Opportunity Fund grants are intended to help regional park agencies acquire land within Metropolitan Council-approved regional park and trail master plan boundaries. These grants finance up to 75% of acquisition costs within a limit per park agency and require matching funds to finance 25% of the costs. A set of rules has been adopted to guide the disbursement of these grants. *[link to currently adopted version of Park Acquisition Opportunity Fund Grant Rules would be inserted here]*

It is imperative that regional park agencies be aware that their grant request be considered and approved by the Metropolitan Council before the land is acquired because the Council may not award the grant. This memorandum outlines the Metropolitan Council's decision making process for awarding Park Acquisition Opportunity Fund grants.

Step 1: The regional park agency should contact the Metropolitan Council staff prior to proposing a purchase agreement to the seller to verify:

- A. The land in question qualifies for a grant from the Park Acquisition Opportunity Fund.
- B. All costs associated with the acquisition are calculated and an initial determination is made by Metro Council staff on the amount of the grant that would be in compliance with the grant rules. Staff will also consider what other approvals will be required by funding entities. This includes the park agency's policy board, any other policy board that is providing matching funds to the Park Acquisition Opportunity Fund grant, and possibly the Legislative Citizens Commission on Minnesota Resources (LCCMR) if the land in question has already had interests acquired on it with past State funding.

Once both conditions are met, the regional park agency may wish to include in the purchase agreement a contingency that states the closing would occur if a Park Acquisition Opportunity Fund grant is approved by the Metropolitan Council.

The proposed closing date should be based on the amount of time it takes to receive approval from the proposed funding policy boards in the proper sequence. For example, approvals by the regional park agency policy board, a watershed management organization that is providing the local match, and the LCCMR may be required before the Metropolitan Council could approve the grant. The formal review/approval process by the Metropolitan Council will take between 41 and 70 days. The timing is dependent on when the formal request is submitted—before or after the 15th of the month plus meeting schedules of the Metropolitan Council and its Community Development Committee. Other entities such as the Legislative Citizens Commission on Minnesota Resources will have their own approval process/schedule.

Step 2: The terms of the purchase agreement is agreed to by the seller and the park agency through official action by the park agency policy board.

Step 3: If other policy boards beyond the park agency's policy board must approve funding of the acquisition, their approvals should be requested and received.

Step 4: Once the park agency policy board and any other policy boards have approved the acquisition and any funding for it under Steps 2 and 3, the regional park agency should submit a formal request for a Park Acquisition Opportunity Fund grant to the Metropolitan Council.

If the formal grant request is submitted to the Metropolitan Council by the 15th of the month, it would be considered under the following schedule:

Last Tuesday of the month in which the grant request is submitted: Posting of the Metro Council staff analysis of the grant request and recommendations to approve it along with any other appropriate conditions.

First Tuesday of the next month: Consideration by the Metropolitan Parks and Open Space Commission.

Third Monday or Third Tuesday of that month: Consideration by the Community Development Committee (CDC) of the Metropolitan Council.

Fourth Wednesday of that month, or second Wednesday of the following month if the CDC meeting and Metro Council meetings fall on the same week: Consideration by the Metropolitan Council

Example of Step 4 under premise the formal grant request is submitted no later than the 15th of the month:

December 15, 2013: Regional park agency submits formal request for Park Acquisition Opportunity Fund grant.

December 31, 2013: Posting of the Metro Council staff analysis of the grant request and recommendations to approve it along with any other appropriate conditions.

January 7, 2014: Consideration by the Metropolitan Parks and Open Space Commission.

January 21, 2014: Consideration by the Community Development Committee (CDC) of the Metropolitan Council.

February 12, 2014: Consideration by the Metropolitan Council.

February 13, 2014: Assuming the grant is approved, the start date for the grant agreement would occur the day after the Metropolitan Council meeting. The acquisition of the land (closing) could occur on or after February 13 in this example. Total number of days to complete Step 4 in this example: 59.

Example of Step 4 under premise the formal grant request is submitted after the 15th of the month:

December 20, 2013: Regional park agency submits formal request for Park Acquisition Opportunity Fund grant.

January 28, 2014: Posting of the Metro Council staff analysis of the grant request and recommendations to approve it along with any other appropriate conditions.

February 4, 2014: Consideration by the Metropolitan Parks and Open Space Commission.

February 18, 2014: Consideration by the Community Development Committee (CDC) of the Metropolitan Council.

February 26, 2014: Consideration by the Metropolitan Council.

February 27, 2014: Assuming the grant is approved, the start date for the grant agreement would occur the day after the Metropolitan Council meeting. The acquisition of the land (closing) could occur on or after February 27 in this example. Total number of days to complete Step 4 in this example: 70.