

Metropolitan Parks and Open Space Commission

Meeting date: December 1, 2015

For the Community Development Committee meeting of December 21, 2015

For the Metropolitan Council meeting of January 13, 2016

Subject: Request for Park Acquisition Opportunity Fund Grant for Lake Waconia Regional Park (Coney Island) from Carver County

MPOSC District(s), Member(s): District B – Robert Moeller

Policy/Legal Reference: MN Stats. §473.315 and 473.331

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

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

Proposed Action

That the Metropolitan Council:

1. Contingent upon receipt of a second appraisal review acceptable to the Council, authorize a grant of up to \$1,050,000.00 to reimburse Carver County for acquisition of the 33.7-acre Coney Island for Lake Waconia Regional Park, financed from:
 - \$630,000 from the 2017 state fiscal year Minnesota Parks and Trails Fund appropriation, and
 - \$420,000 from Metropolitan Council bonds; and
2. Authorize the Community Development Director to sign the grant agreement and the restrictive covenant.

Background

Carver County has requested a grant of up to \$1,050,000 from the Park Acquisition Opportunity Fund (PAOF) for costs associated with the acquisition of a 33.7-acre property in Lake Waconia, known as Coney Island. The county's request letter is shown in Attachment 1.

Lake Waconia Regional Park is located along the southeast shore of Lake Waconia in Carver County. Coney Island, which was added to the Regional Park's boundary in November 2015, is located approximately one-half mile offshore. In 1976, Coney Island was placed on the National Register of Historic Places due to cabins, homes and a hotel once being located on the island. The structures are no longer standing, with only a few remnants remaining. Despite the significant human activity that has taken place on the island, a 2015 environmental site assessment did not reveal any hazardous conditions. The remnants of the structures do need to be removed before the island is safe for public enjoyment.

The property is currently owned by a private party, Hoffman Properties, LLC (Hoffman), which has been working with the Trust for Public Land (TPL) to sell the island to the County. The property has been appraised at \$1,350,000.

Hoffman has committed to a reduce price of \$1,000,000. The *2040 Regional Parks Policy Plan* allows for a park implementing agency to capture the value of land donated by the seller and credit it towards the agency’s local match for the purchase. In this case, the land donation via a reduced price will comprise the entire local match.

Hoffman has also committed to donating the proceeds from the \$1,000,000 purchase price: \$100,000 will be donated to TPL and \$900,000 to Carver County for development of the island.

This acquisition is listed on the 2014 approved Environment and Natural Resources Trust Fund (ENRTF) work plan, and the County’s original request proposed ENRTF funding. However, staff representing the Legislative-Citizen Commission on Minnesota Resources (LCCMR) were not comfortable with the intended donations. LCCMR staff also had concerns about whether the appraisal and appraisal review were done with sufficient disinterest, since both were commissioned by TPL. After much discussion with LCCMR staff, Council staff determined that the purchase was not a good fit for ENRTF funds. The project will be removed from the approved 2014 ENRTF work plan through an amendment in January 2016.

The Council has since undertaken a second appraisal review to confirm the stated value of the land. Staff in the Council’s real estate office expect the results of the second review to be available by December 1, 2015. The Council’s Finance staff investigated the impact of the donations through bond counsel, who advised that the donations would not affect the Council bonds’ tax exempt status.

Table 1 - Project expenses

Item	Eligible expenses	Request
Property acquisition	\$1,350,000	\$1,000,000
Estimated closing costs	6,000	4,500
Tax equivalent payment	171	128
Site access (boarding dock)	20,000	15,000
Stewardship	40,496	30,372
Total	\$1,416,667	\$1,050,000

A restrictive covenant must be recorded by the County to ensure the property remains in regional recreation use in perpetuity.

Carver County’s request also includes approval of consideration of future reimbursement for the balance of the stewardship costs. That portion of the request is handled in a separate business item.

Rationale

Carver County’s request is consistent with the *2040 Regional Parks Policy Plan*, which contains the rules for PAOF grant requests. Additionally, the property under consideration has been amended into the Lake Waconia Regional Park boundary.

Funding

Each year, 10% of the Minnesota Park & Trails Legacy Fund (Legacy) appropriation is set aside for acquisitions. The *2040 Regional Parks Policy Plan* requires that an acquisition be fully funded out of a single appropriation; i.e., PAOF grants are not split across appropriations. If a grant request cannot be met given the available balance in



the PAOF, the full grant amount is shifted to the next appropriation when it can be fully funded. When this happens, PAOF grants are said to be in “reimbursement mode.” The fiscal year 2016 Legacy appropriation cannot fully fund this request, and PAOF grants are now in reimbursement mode.

For state fiscal year 2017, the appropriation amount will be \$1.8 million. The Council matches that amount in a 60/40 split, for a total of \$2.9 million. The 2017 appropriation will fully fund the grant request of \$1,050,000. No grant funds are disbursed, however, until after the appropriation is formally made – in this case, after July 1, 2016.

The Council accepts PAOF grant requests on a first-come, first-served basis. The Council awarded two reimbursement-mode grants in October that occupy positions superior to this request for the state fiscal year 2017 PAOF funds. The balance in the 2017 Legacy/Council reimbursement mode after this grant will be \$167,541. Subsequent Legacy/Council reimbursement-mode grant requests that exceed the available balance will be shifted to the first appropriation beyond 2017 in which the request could be fully funded. Table 2 details the reimbursement mode balance for fiscal year 2017.

Table 2 - PAOF Legacy FY 2017 Reimbursement Mode Balance

2017 Legacy Acquisition appropriation	\$1,806,700
Council bond match	1,204,467
Total available – 2017 Legacy Acquisitions	3,011,167
60% available while in ‘reimbursement mode’	1,806,700
Washington County – Lake Elmo Regional Park (Item #2015-247)	-194,479
Minneapolis Park & Recreation Board – Above the Falls Regional Park (Item #2015-248)	-394,680
Carver County – Lake Waconia Regional Park/Coney Island	-1,050,000
Balance of 2017 Legacy/Council reimbursement mode funds	\$167,541

Assuming Council approval of this item, Carver County may close on the property after the date of Council approval. The Council will not enter into a grant agreement for this purpose, however, until after the appropriation is made. Reimbursement will not be considered until the grant agreement has been fully executed.

Known Support / Opposition

The Carver County Board supports the purchase, and there is no known opposition.



Carver County Parks

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November 18, 2015

Emmet Mullin
Parks and Natural Resource Manager
Metropolitan Council
390 North Robert Street
St. Paul, MN 55101

Dear Mr. Mullin;

Carver County has submitted the Lake Waconia Regional Park Master Plan Acquisition Amendment. The amendment would expand the park boundary to include 33.7 acres of Coney Island. Currently, this master plan amendment is making its way through the Metropolitan Council's review and approval process.

Carver County seeks Park Acquisition Opportunity Funds (PAOF) to acquire Coney Island. The appraisal as well as the appraisal review value Coney Island at \$1,350,000. Carver County will purchase the property from the Trust for Public Land (TPL). TPL has agreed to a land value donation of \$350,000 for the local match to the PAOF request. Carver County will purchase the island for \$1,000,000. For your review, attached is the appraisal and appraisal review.

The appraisal estimates stewardship costs to address removal of debris, dilapidated structures and hazardous conditions at \$267,000. Additional eligible expenses are itemized below. The total cost for stewardship and additional eligible expenses is estimated at \$293,171. Carver County requests 75% of the additional eligible expenses or \$219,750 from the PAOF.

Carver County respectfully requests \$1,050,000 of PAOF from the fiscal year 2017 Legacy Fund appropriation. Additionally, it is requested that Carver County be eligible for the balance of eligible expenses for land and stewardship costs of \$169,750 in a future capital improvement program of the Metropolitan Council. Below is the breakdown of the request.

Item	Eligible Expenses	PAOF Request
Appraised Land Value	\$1,350,000	\$1,000,000*
Closing Costs Estimated	\$ 6,000	\$ 4,500
Tax Equivalent Payment	\$ 171	\$ 128
Stewardship Cost Estimated	\$ 267,000	\$ 200,250
Access, Boarding Dock	\$ 20,000	\$ 15,000
Total	\$1,643,171	\$1,219,750

*Note: The actual land value donation of \$350,000 is a 26% local match.

Please contact me with any questions you may have.

Sincerely,

Martin J. Walsh
Parks Director