

## Metropolitan Parks and Open Space Commission

Meeting date: October 6, 2015

For the Community Development Committee meeting of October 19, 2015

For the Metropolitan Council meeting of October 28, 2015

**Subject:** Park Acquisition Opportunity Fund Grant for Above the Falls Regional Park, 1822 Marshall Street NE, Minneapolis Park and Recreation Board

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

**Policy/Legal Reference:** MN Statute Section 473.315

**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:

1. Authorize a grant of up to \$394,680 to reimburse the Minneapolis Park and Recreation Board for acquisition of a 0.28- acre property for Above the Falls Regional Park when funds are available in the Parks and Trails Legacy fund account of the Park Acquisition Opportunity Fund.
  - The Metropolitan Council's grant finances up to 75 percent of the total acquisition costs from the Park Acquisition Opportunity Fund (PAOF) using the Fiscal Year 2017 Parks and Trails Legacy Fund account (60 percent) and Metropolitan Council Bonds (40 percent).
  - Minneapolis Park and Recreation Board will finance at least 25 percent of the total acquisition costs. If the total acquisition costs are higher than estimated, the Park Board is responsible for the difference.
2. Authorize the Community Development Director to sign the grant agreement including the restrictive covenant.

### Background

Above the Falls Regional Park is located along both sides of the Mississippi River between the Plymouth Avenue Bridge and the Camden Bridge in north and northeast Minneapolis. The Metropolitan Council approved the Above the Falls Regional Park Master Plan in February 2002, and master plan amendments to expand the park boundary in June 2012 (Scherer property), in September 2014 (Hall's Island) and in March 2015 (Andrews property).

Minneapolis Park and Recreation Board (Park Board) requests a Park Acquisition Opportunity Fund (PAOF) grant for up to \$394,680 to acquire a 0.28-acre inholding property for the Above the Falls Regional Park (Attachment 1). The property is located at 1822 Marshall Street Northeast in Minneapolis, on the east bank of the Mississippi River and within the master planned boundary of Above the Falls Regional Park (Attachment 2).

The subject property is approximately 12,340 square feet of land with 49.86 feet of frontage on the Mississippi River. The land is zoned multi-family residential and the existing residence was built in 1900.

The seller's appraisal lists the property's fair market value at \$740,000, while the Park Board's appraisal listed the fair market value at \$310,000. The signed purchase agreement sets the purchase price at \$425,000 which the Park Board approved on September 2, 2015 (resolution 2015-303).

The Park Board estimates the total acquisition costs to be \$526,240 which includes the purchase price (\$425,000) and other grant-eligible costs totaling \$101,240 as outlined in Table 1. The closing is set to occur after the scheduled Metropolitan Council action on the grant request on October 28, 2015. While the Park Board's request provides all data required by the PAOF Rules, the grant amount requested exceeds the available balance in the park acquisition opportunity fund. Therefore, the *2040 Regional Parks Policy Plan* provides guidance in special circumstances where there is a lack of available acquisition opportunity funds. It states:

*If funds are not available to fully fund a grant during a given fiscal year, up to 60% of the next fiscal year appropriation and matching Council bonds for Park Acquisition Opportunity Fund accounts will to be used to reimburse park agencies for up to 75% of the grant-eligible acquisition costs or \$1.7 million--whichever is less-- the park agency incurred to buy land that would have qualified for a Park Acquisition Opportunity Fund grant under the rules.*

*The park agency must request reimbursement consideration from the Council by providing all data required for a Park Acquisition Opportunity Fund grant required by the rules and obtain Metropolitan Council approval before it acquires the land. The 25% match is not grant-eligible for reimbursement from the Park Acquisition Opportunity Fund accounts. However, the park agency may request reimbursement of that match as part of its share of future park capital improvement programs (CIP).*

The Park Board's request also requires action to reimburse the Park Board for the acquisition when funds become available. The PAOF Parks and Trails Legacy fund account includes Parks and Trails Legacy Fund appropriations and Council bonds. The Parks and Trails Legacy Fund appropriation requires Legislative and Council action for the funds to be made available.

Upon the Metropolitan Council's approval of a PAOF grant, staff prepares a grant agreement that includes an "agreement and restrictive covenant" which park agencies must record to ensure that the property remains in regional recreation use. Therefore, the Metropolitan Council's action authorizes the Community Development Director to sign the grant agreement and the restrictive covenant.

## **Rationale**

The Park Board's grant request is consistent with the *2040 Regional Parks Policy Plan (adopted February 11, 2015)*, which contains the rules for PAOF grant requests. The PAOF rules specify that lands must be within Council-approved master plan boundaries to qualify for an acquisition grant. The PAOF rules also define grant-eligible acquisition costs that the Council funds through reimbursements to the park agencies.

## Funding

The Park Acquisition Opportunity Fund provides grants to park implementing agencies to acquire land for the regional parks system. As of October 2015, the PAOF has provided more than \$39.5 million to acquire approximately 3,000 acres. The Council accepts PAOF grant requests on a first-come-first-serve basis, and the grant finances up to 75 percent of the total acquisition costs, with the park agency paying the remaining 25 percent as the required local match. If the actual total acquisition costs are higher than estimated, the park agency is responsible for the difference.

The PAOF has two accounts, the Environment and Natural Resources Trust Fund (ENRTF) and the Parks and Trails Legacy Fund. The Council's park bonds provide a 40 percent match to each state fund appropriation.

The ENRTF account is available only to acquisition projects that are included in the LCCMR-approved work plan, and meet LCCMR acquisition funding guidelines. The current fund balance is approximately \$4,167,000. Since this property does not qualify for acquisition using ENRTF, this grant will be financed through the Parks and Trails Legacy Fund account.

On June 14, 2015, the Legislature approved the Parks and Trails Legacy funding appropriation for fiscal years 2016 and 2017. On June 24, 2015, the Metropolitan Council approved the 2015 Capital Program and Budget Amendment (Business Item 2015-145) that acknowledged receipt of the \$1,723,700 fiscal year 2016 Parks and Trails Legacy Fund appropriation, plus the Metropolitan Council bond match of \$1,149,133, creating a new balance of \$2,872,833 in the PAOF Parks and Trails Legacy fund account. The fiscal year 2017 appropriation becomes available after the Council adopts a budget amendment that authorizes that appropriation and spending.

The PAOF Rules identify the grant-eligible acquisition costs, and Table 1 summarizes the Park Board's grant-eligible estimated costs to acquire the subject property which total \$526,240. The requested grant amount represents 75 percent of these estimated costs.

**Table 1:** Estimated Acquisition Costs for 1822 Marshall Street NE, Above the Falls Regional Park

Cost Items	Amount
Purchase Price	\$425,000
Appraisals (2)	\$5,600
Phase 1 Environmental Assessment	\$4,000
Legal Services, Closing, Title Insurance, Survey, Recording	\$11,640
Land Stewardship (Demolition; Removal)	\$80,000
<b>Total Acquisition (Estimated)</b>	<b>\$526,240</b>

The Council will finance this grant using Fiscal Year 2017 Parks and Trails Legacy Fund account once these funds become available after July 1, 2016. The Legacy account provides 60 percent of the grant amount and Metropolitan Council bonds provide 40 percent, as shown in Table 2.

**Table 2:** Acquisition Grant Revenue Sources

Revenue Sources	Amount
Estimated Total Acquisition Costs	\$526,240
Local Match Amount	\$131,560
Grant Amount	\$394,680
FY2017 Parks and Trails Legacy Fund (60%)	\$236,808
Metropolitan Council Bonds (40%)	\$157,872

**Known Support / Opposition**

The Park Board approved the purchase of the property on September 2, 2015 (resolution 2015-303). The Metropolitan Council has not received any opposition to the Park Board's acquisition of the property, or to the grant request.

**Attachment 1:** Minneapolis Park and Recreation Board Park Acquisition Opportunity Fund Grant Request Letter



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September 3, 2015

Mr. Emmett Mullin  
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  
1822 Marshall Street NE Acquisition

Dear Mr. Mullin:

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 1822 Marshall Street NE for \$425,000 (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. It had not been on the market prior to the Park Board being contacted by the sellers, indicating their interest in offering the property to the Park Board prior to listing it for sale on the open market.

The site consists of a residential home, yard and porch/gazebo totaling .28 acres with approximately 50 feet of frontage on the Mississippi River. Our intended use will be to demolish the building and use the land as part of the regional park.

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 \$394,680 based on 75% of the total estimated costs of the property (see below).

Purchase Price	\$425,000
Prorata 2015 taxes*	\$0
Tax Equiv. Pmt*	\$0

Attachment 1 (Page 2)

Appraisal	\$ 5,600
Survey	\$ 3,000
Environmental Review	\$ 4,000
Demolition	\$80,000
Closing Costs	<u>\$ 8,640</u>
Total Acquisition Costs:	\$526,240

\*Tax exempt due to veteran disability status.

We understand there may not be sufficient funds to fully finance this grant request in the 2016 fiscal year. However, we believe the "Special Circumstances – Lack of Available Acquisition Opportunity Funds" section of the policy plan allows the Council to use up to 60% of the next year fiscal appropriation, along with matching Council bonds, to fund current acquisition projects. The funding wouldn't become available until after July 1, 2016. We request consideration of grant funding through the special circumstances section. The closing for this property will occur following Metropolitan Council action on the grant request.

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 October, 2015, MPOSC agenda, if possible. Please contact me if you have any questions.

Sincerely,



Michael Schroeder  
Assistant Superintendent for Planning

ATTACHMENTS:

Purchase Agreement  
Park Acquisition Opportunity Fund (PAOF) Grant Documents Spreadsheet  
PAOF Brief Overview of Grant Request  
Appraisals (2)  
Appraisal Invoices  
Map of Property  
Map of Property with Regional Park Boundary

To Follow:

MPRB Board Resolution 2015-303 Approving Purchase Agreement (September 2 approval)  
Environmental Review (underway), with invoice  
Survey (underway), with invoice

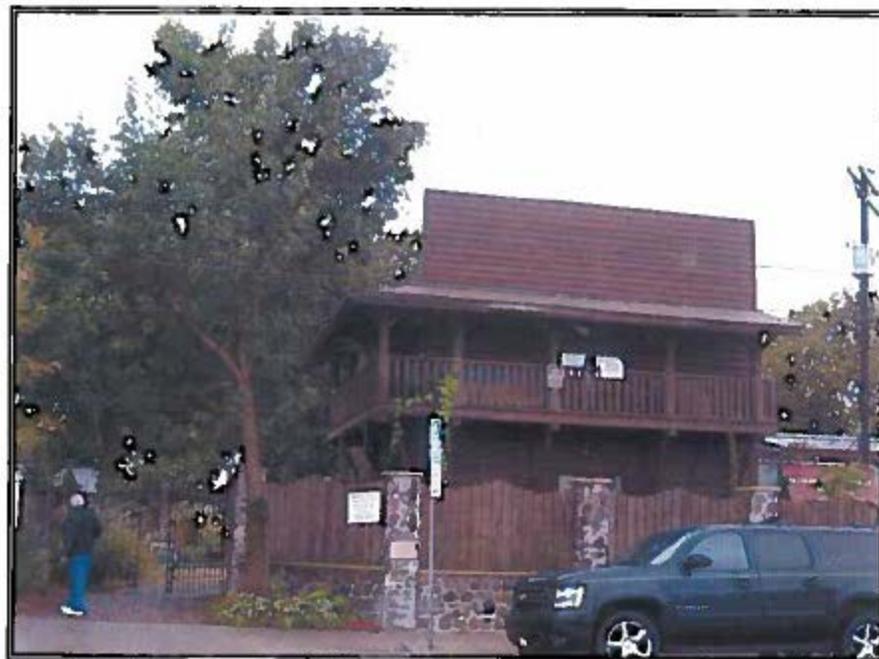
**Attachment 2:** Master Plan Support for Acquisition at Above the Falls Regional Park, Minneapolis Park and Recreation Board



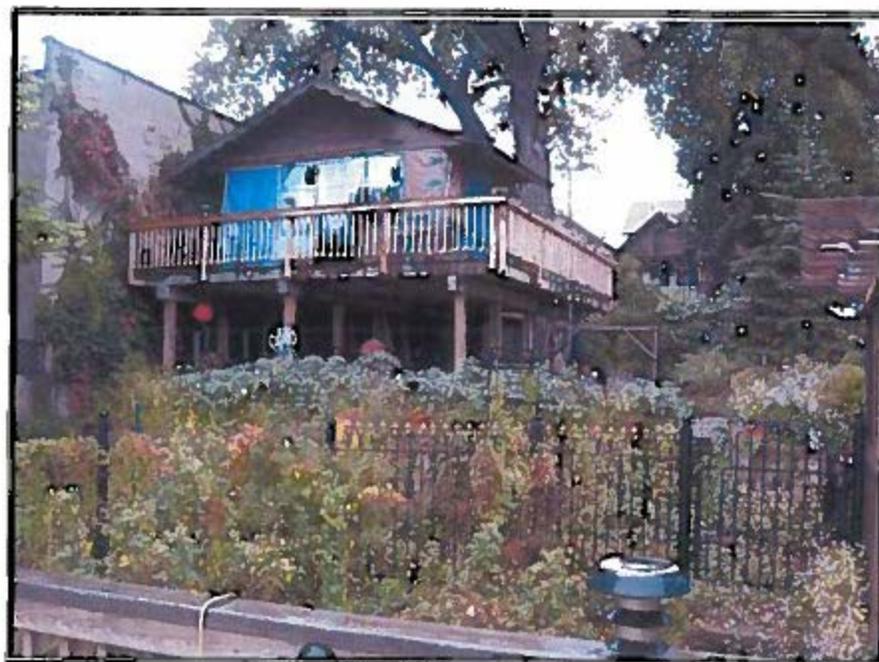
**Attachment 3:** Aerial Photo of 1822 Marshall Street NE, Above the Falls Regional Park, Minneapolis Park and Recreation Board



**Attachment 4:** Photos of 1822 Marshall Street NE, Above the Falls Regional Park, Minneapolis Park and Recreation Board



**East side of the subject property on Marshall St.**



**Rear of the home facing the Mississippi River.**