

Metropolitan Parks and Open Space Commission

Meeting date: March 5, 2019

Subject: Park Acquisition Opportunity Fund Grant for Minnesota River Bluffs Regional Trail, Carver County (Hennepin County Regional Rail Authority)

MPOSC District: District B – Robert Moeller

Policy/Legal Reference: MN Constitution, Article XI, Sec. 15 and MN Statutes 473.315; *2040 Regional Parks Policy Plan* Planning Policy Strategy 1, Siting and Acquisition Policy: Strategies 1 and 2

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

Division/Department: Community Development / Regional Planning

Proposed Action

Information item; no action is proposed at this time.

Background

Carver County is developing an agreement with Hennepin County Regional Rail Authority (Rail Authority) to purchase 90 acres of railroad corridor for an existing three-mile trail segment for the Minnesota River Bluffs Regional Trail. The Council approved an amendment to the Minnesota River Bluffs Regional Trail Master Plan via business item [2018-301](#) on November 28, 2018. A map of the area is shown below in [Figure 1](#), and the parcels comprising the corridor are shown in [Figure 2](#).

Council staff have been working with Carver County, the Rail Authority, Three Rivers, and staff from the Legislative Citizens Commission on Minnesota Resources (LCCMR) since the summer of 2017 to facilitate a request for a Park Acquisition Opportunity Fund (PAOF) grant. This information item is intended to acquaint decision-makers with the complex background of this transaction and prepare for a funding decision in late spring or early summer 2019.

Subject property

This property was developed for heavy rail in 1911 by the Minneapolis and St. Louis Railroad. The Rail Authority bought the property in 1991 to hold for a portion of the future Southwest Light Rail line. The Rail Authority and Carver County have an agreement allowing the County to use the out-of-service rail corridor as a trail until such time as the Rail Authority may need the corridor again for rail service. In the interim, the Minnesota River Bluffs Regional Trail (MRBRT) was developed, in part, across the subject property. The Rail Authority has determined it no longer needs the corridor for rail service. The Rail Authority leased the Hennepin County portion of the Minnesota River Bluffs Regional Trail to Three Rivers Park District and the Carver County portion to Carver County. Because of the possibility that the leases could be terminated at any time, the trail is paved in some areas and unpaved in others.

The property is rich in high-quality natural resources. Much of it runs along a steep ridge line that is 80 to 100 feet tall and overlooks the Minnesota River, running through wooded areas containing sugar maple, red oak, hackberry and black ash trees. The Seminary Fen Scientific and Natural Area is adjacent to the property on the southerly edge. The Raguet Wildlife Management Area lies down-view from the trail bed. The only known trout stream in Carver County runs through the property.

Figure 1: Map of impacted area

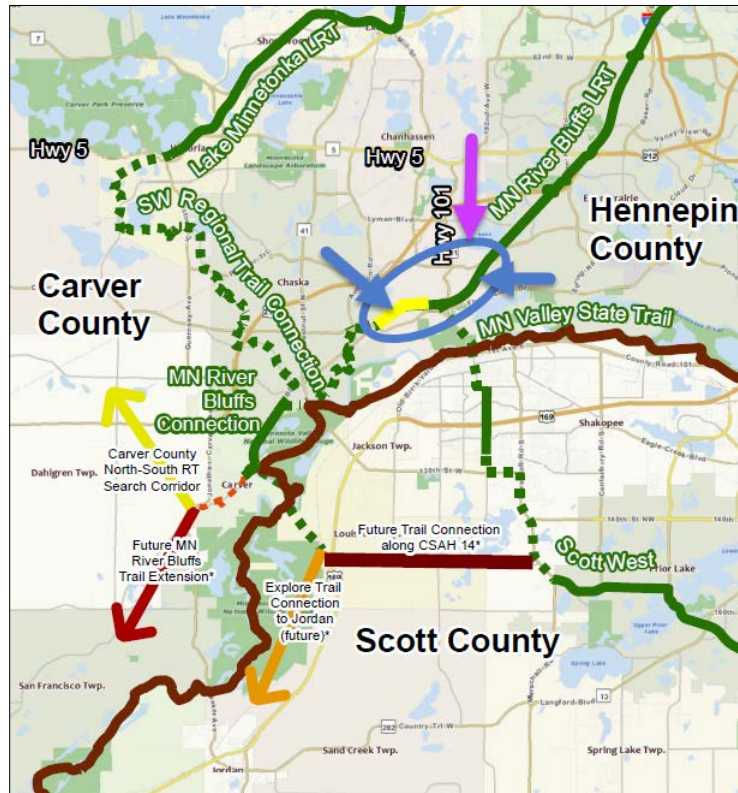
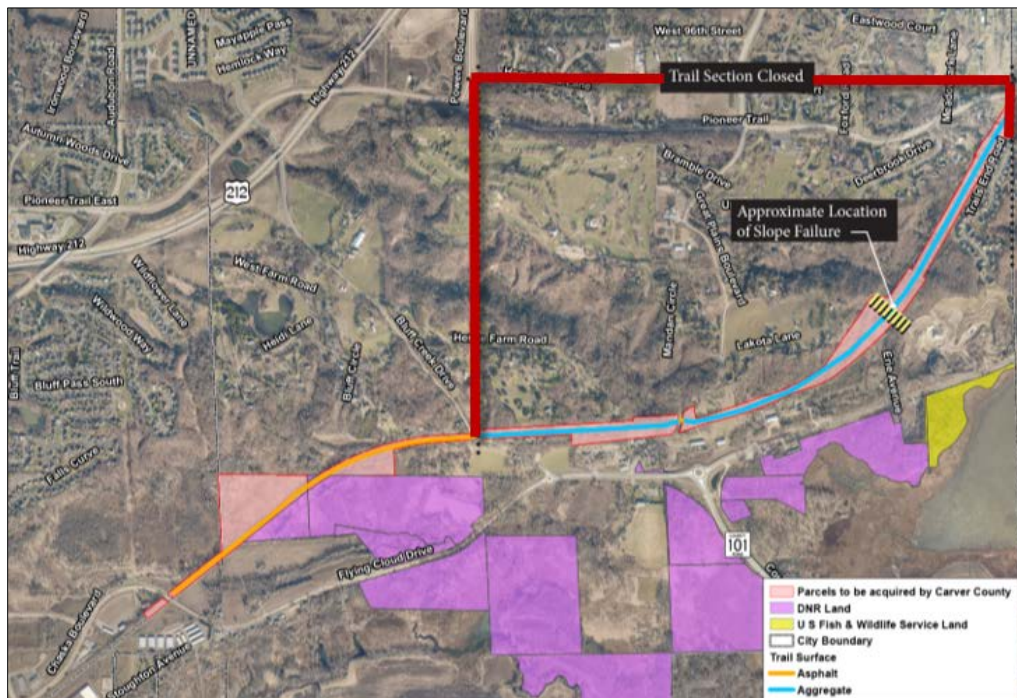


Figure 2: Parcels comprising the proposed acquisition



Acquisition issues

1. Trail repairs: Part of the trail has been closed since 2014 due to a slope failure in the eastern segment of the trail. The resulting six-mile detour adds approximately 40 minutes to biking the trail and routes users along busy roads. Carver County proposed to leverage the acquisition

- grant to repair the trail as well as transfer ownership. As the deal is currently structured, after a grant is awarded, the Rail Authority will begin work to repair the slope. When the slope repair is complete, Carver County and the Rail Authority will close on the sale transaction. The Rail Authority will use the proceeds from the sale to reimburse the costs incurred to repair the slope.
2. Acquisition structure: The property has been appraised at \$5.84 million. Regional Park Implementing Agencies are limited to \$1.7 million in Park Acquisition Opportunity Funding (PAOF) per state fiscal year from a single PAOF funding source, such as the Parks and Trails Legacy Fund (PTLF) or the Environment Natural Resource Trust Fund (ENRTF). Carver County has submitted a grant application for \$1.7 million, from which it will deduct its expenses for the appraisal, appraisal review, and the Phase I Environmental Site Assessment and pay the balance to the Rail Authority. LCCMR has asked the Council to obtain a second appraisal, and that effort will be completed in April. The Rail Authority intends to accept that amount as payment in full and donate to Carver County the difference between the appraised value and the grant amount, or \$4.14 million, and the County plans to use that land value donation as its local match.
 3. Timing: This acquisition has two possible funding paths, both of which affect the timing as to when the acquisition could be considered for funding. Because staff have concluded that the application is complete and eligible for a PAOF grant, the acquisition's "place in line" is secured, regardless of the funding source.
 - a. PTLF / PAOF: Insufficient state fiscal year (SFY) 2019 funds are currently available to fund the grant. This acquisition would be third "in line" for the SFY 2020 funds when they are available on July 1, 2019, and the grant request could be presented to Metropolitan Parks and Open Space Commission (MPOSC) in July.
 - b. ENRTF / PAOF: Because this acquisition involves the purchase of property already held in the public domain, [Minnesota Statutes, section 116P.18](#) requires that the Legislative-Citizen Commission on Minnesota Resources (LCCMR) approve the purchase with at least 12 commissioners voting in favor of the proposal before ENRTF funds can be used. This issue is on the agenda for the next LCCMR meeting in June. The Council has also requested amendments to the SFY 2015 and 2017 ENRTF appropriations to reduce the minimum number of acres purchased from 133 and 197 to 90 and 70, respectively. The bill carrying these proposed amendments has not yet been introduced at the legislature. If the legislature reduces the minimum acreage, and if the LCCMR approves the public-to-public nature of the transaction, this acquisition could use ENRTF funds. The transaction would commit all the SFY 2015 ENRTF/Council match funds and use approximately \$131,000 of the SFY 2017 ENRTF/Council match. This acquisition would be first "in line" for ENRTF funding and could be presented to MPOSC in June.
 4. Once the grant agreement is executed and the Rail Authority is assured of payment, it plans to begin repair of the slope.
 5. The title to the property is not completely clear. The Minnesota Department of Transportation (MnDOT) holds a mortgage on the property. The mortgage had a 20-year term, which has expired, and no funds are due to MnDOT unless the mortgage is called. MnDOT, the Rail Authority and Carver County are still in negotiation about how the portion of the mortgage associated with the subject property will be severed from the larger mortgage over the remainder of the rail corridor. Staff does not believe these negotiations present an impediment to moving forward with a grant, because the grant is unlikely to be paid out until 2021. The grant agreement will contain a provision that no grant funds will be paid until the County provides documentation to the Council that the mortgage has been satisfactorily assigned.