

Metropolitan Parks and Open Space Commission

Meeting date: May 7, 2013

For the Community Development Committee meeting of May 20, 2013

For the Metropolitan Council meeting of June 12, 2013

Subject: 2013-xxx Park Acquisition Opportunity Fund Grant for Kingswood Special Recreation Feature, Three Rivers Park District

District(s), Member(s): Metropolitan Parks & Open Space Commission District B, Robert Moeller

Policy/Legal Reference: Minnesota Statute Section 473.315

Staff Prepared/Presented: Arne Stefferud, Manager - Regional Parks and Natural Resources (651 602-1360)

Division/Department: Community Development Division

Proposed Action

That the Metropolitan Council approve one of the following scenarios for Park Acquisition Opportunity Fund grant(s) to Three Rivers Park District for the acquisition of the 106 acre Kingswood Special Recreation Feature:

Scenario 1: Approval by the Legislative Commission on Minnesota Resources (LCCMR) on June 11 or June 25 to use Environment and Natural Resources Trust Fund appropriations to partially finance the acquisition of the 45 acre "Northern lot" as part of Kingswood Special Recreation Feature.

If the LCCMR approval is made as described above, the Metropolitan Council approves two Park Acquisition Opportunity Fund grants as follows:

1. A grant of up to \$382,125 to finance 75% of the acquisition of the 45 acre "Northern lot" illustrated in Attachment 2. The grant is financed with:

- \$229,275 from the 2012 Environment and Natural Resources Trust Fund appropriation
- \$152,850 Metropolitan Council bonds

This grant must be matched with up to \$127,375 of Three Rivers Park District funds to finance 25% of the "Northern lot" acquisition.

2. A grant of up to \$1,505,858 to finance 75% of the acquisition of 61.3 acres comprised of the "Western Lakeshore lot" and "Eastern lots" illustrated in Attachment 2. The grant is financed with:

- \$905,315 of FY 2013 Parks and Trails Legacy Fund appropriation
- \$603,543 of Metropolitan Council bonds

This grant must be matched with up to \$502,952 of Three Rivers Park District funds to finance 25% of the remaining lot's acquisition costs.

The Park District fund match amount of up to \$630,327 is eligible for reimbursement consideration as part of Three Rivers Park District's share of future regional park capital improvement programs. The Council does not under any circumstances represent or

guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Scenario 2: Disapproval by the Legislative Commission on Minnesota Resources (LCCMR) on June 11 or June 25 to use Environment and Natural Resources Trust Fund appropriations to finance the acquisition of the 45 acre "Northern lot" as part of Kingswood Special Recreation Feature.

If the LCCMR disapproval occurs as described above, the Metropolitan Council approves a Park Acquisition Opportunity Fund grant of up to \$1,700,000 from the Parks and Trails Legacy Fund account to Three Rivers Park District to finance up to 67% of the costs to acquire the 106 acre Kingswood Special Recreation Feature. The grant shall be financed as follows:

- \$1,020,000 of FY 2013 Parks and Trails Legacy Fund appropriation
- \$680,000 of Metropolitan Council bonds

This grant must be matched with up to \$821,310 of Three Rivers Park District funds to finance at least 33% of the remaining lot's acquisition costs.

The Park District fund match amount up to \$821,310 is eligible for reimbursement consideration as part of Three Rivers Park District's share of future regional park capital improvement programs. The Council does not under any circumstances represent or guarantee that reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Background

Three Rivers Park District has submitted a request for Park Acquisition Opportunity Fund financing to assist in acquiring the 106 acre Camp Kingswood as a Special Recreation Feature. Under Rule 4 for Park Acquisition Opportunity Fund grants, the Park District prefers two grants—one from the Environment and Natural Resources Fund (ENRTF) account of \$382,125 for the "Northern lot" and one from the Parks and Trails Legacy Fund (PTLF) account of \$1,508,858 for the "Western Lakeshore lot" and "Eastern lots". The Park District would provide \$630,327 of matching funds under this scenario. Grant funds finance 75% of costs and Park District funds finance 25% of costs.

A portion of the site has been protected under two conservation easements financed with ENRTF appropriations and State bonds. Those easements are owned by the Minnesota Dept. of Natural Resources and the Minnesota Land Trust.

Legislative Citizens Commission on Minnesota Resources (LCCMR) policy states:

"Money appropriated from the [Environment and Natural Resources] trust fund must not be used to purchase any land in fee title or a permanent conservation easement if the land in question is fully or partially owned by the state or a political subdivision of the state or was acquired fully or partially with state money, unless:

(1) the purchase creates additional direct benefit to the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources; and

(2) The purchase is approved by an affirmative vote of at least 12 members of the commission [LCCMR]."

Due to this policy the LCCMR must approve the use of additional ENRTF appropriations to acquire fee title to the "Northern lot" with a super majority of members (12 of 17). They are expected to consider this request on June 11 or June 25.

If the LCCMR does not approve the use of ENRTF appropriations to help purchase the "Northern lot", the Park District requests that a grant of \$1.7 million from the Parks and Trails Legacy Fund (PTLF) account finance 67% of acquisition costs. The Park District would match that with \$821,310 to finance the remaining 33% of acquisition costs.

Three Rivers Park District also requests reimbursement consideration of its funding to match the Park Acquisition Opportunity grant from the Park District's share of future regional parks capital improvement programs. Reimbursement consideration for the Park District's financing of the acquisition is permitted under the amended rules for Park Acquisition Opportunity Grants approved by the Metropolitan Council on January 9, 2013 (Business Item 2012-260). See Attachment 1: Letter from Jonathan Vlaming, Three Rivers Park District and Attachment 2: Aerial Map of Developable Lots in Kingswood Special Recreation Feature

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 to be acquired must be within Metropolitan Council approved master plan boundaries for that particular park or trail unit. To-date, about \$27.6 million has been granted for the acquisition of 2,122 acres. The total related acquisition costs and market value of this land is about \$69 million. (Attachment 3 summarizes all grants awarded, sorted by Park Agency and sorted by MPOSC District as of April 2013).

Funding

"Scenario 1" which follows illustrates what costs to acquire Kingswood Special Recreation Feature would be financed from the ENRTF, PTLF and matching Park District funds based on LCCMR approving ENRTF appropriations to acquire the "Northern lot".

"Scenario 2" which follows Scenario 2 illustrates what costs to acquire Kingswood Special Recreation Feature would be financed from the PTLF and matching Park District funds based on the LCCMR not approving ENRTF appropriations to acquire the "Northern lot".

Scenario 1: Costs and Proposed Funding Sources to Acquire Kingswood Special Recreation Feature based LCCMR approval to use ENRTF appropriations to acquire "Northern lot"

Item	Reference ¹	Estimated Cost	Proposed ENRTF funding	Proposed PTLF funding	Proposed Local Match (Three Rivers)
Purchase of "Northern lot" ²	4	\$ 509,500	\$ 382,125	\$ 0	\$ 127,376
Purchase of "Western Lakeshore lot" and "Eastern lots" ²	4	\$1,740,500		\$ 1,305,375	\$ 435,125
Closing Costs	Staff Est.	\$ 5,500		\$ 4,125	\$ 1,375
Preliminary Appraisal	5	\$ 1,925		\$ 1,444	\$ 481
Appraisal ³	6	\$ 4,500		\$ 3,375	\$ 1,125
Supplemental Appraisal	7	\$ 3,800		\$ 2,850	\$ 950
Land survey	8	\$ 23,295		\$ 17,471	\$ 5,824
Phase I Environmental Study/Hazardous Materials study	9	\$ 9,900		\$ 7,425	\$ 2,475
Phase II Environmental Study	10	\$ 7,590		\$ 5,693	\$ 1,897
Environmental remediation costs (soil clean up by old fuel tank – tentative)	Staff Est.	\$ 20,000		\$ 15,000	\$ 5,000
DNR Easement Release Application Fee	11	\$ 2,000		\$ 1,500	\$ 500
DNR Easement Release land costs	11	\$ 17,800		\$ 13,350	\$ 4,450
Share of 2013 Property taxes and Payment in Lieu of Property Taxes ⁴		N/A			
Stewardship costs (building removal, septic removal, utility removal, boundary marking signs, and stabilizing/rehabilitating natural resources in old building sites to prevent erosion at the top of the esker.	Staff Est.	\$ 175,000		\$ 131,250	\$ 43,750
TOTAL		\$ 2,523,310	\$ 382,125 (15 %)	\$1,508,858 (60 %)	\$ 630,327 (25 %)

¹ The items with a reference number listed are documented expenses as of 4/29/13, based on submitted invoices or contracts.

² Based on submitted copy of signed Purchase Agreement. Original closing of May 30, 2013 as noted in the agreement has been extended to June 30, 2013.

³ Based on submitted appraisal. This appraisal provides the information used to estimate the total value of property that qualifies for funding through the ENRTF.

⁴ The seller is a church and there are no related property taxes on the property.

Scenario 2: Costs and Proposed Funding Sources to Acquire Kingswood Special Recreation Feature based on LCCMR not approving use of ENRTF appropriations to acquire "Northern lot"

Item	Reference ¹	Estimated Cost	Proposed ENRTF funding	Proposed PTLF funding	Proposed Local Match (Three Rivers)
Purchase of "Northern lot" ²		\$ 509,500	N/A	\$ 382,125	\$ 127,375
Purchase of "Western Lakeshore lot" and "Eastern lots" ²	4	\$ 1,740,000	N/A	\$ 1,305,375	\$ 435,125
Closing Costs	Staff Est.	\$ 5,500	N/A	\$ 0	\$ 5,500
Preliminary Appraisal	5	\$ 1,925	N/A	\$ 1,444	\$ 481
Appraisal ³	6	\$ 4,500	N/A	\$ 3,375	\$ 1,125
Supplemental Appraisal	7	\$ 3,800	N/A	\$ 2,850	\$ 950
Land survey	8	\$ 23,295	N/A	\$ 4,831	\$ 18,464
Phase I Environmental Study/Hazardous Materials study	9	\$ 9,900	N/A	\$ 0	\$ 9,900
Phase II Environmental Study	10	\$ 7,590	N/A	\$ 0	\$ 7,590
Environmental remediation costs (soil clean up by old fuel tank - tentative)	Staff Est.	\$20,000	N/A	\$ 0	\$ 20,000
DNR Easement Release Application Fee	11	\$ 2,000	N/A	\$ 0	\$ 2,000
DNR Easement Release land costs	11	\$17,800	N/A	\$ 0	\$ 17,800
Share of 2013 Property taxes and Payment in Lieu of Property Taxes ⁴		N/A	N/A	N/A	N/A
Stewardship costs (building removal, septic removal, utility removal, boundary marking signs, and stabilizing/rehabilitating natural resources in old building sites to prevent erosion at the top of the esker.	Staff Est.	\$175,000	N/A	\$ 131,250	\$ 43,750
TOTAL		\$2,521,310	\$ 0 (0 %)	\$1,700,000 (67 %)	\$ 821,310 (33 %)

¹ The items with a reference number listed are documented expenses as of 4/29/13, based on submitted invoices or contracts.

² Based on submitted copy of signed Purchase Agreement. Original closing of May 30, 2013 as noted in the agreement has been extended to June 30, 2013.

³ Based on submitted appraisal. This appraisal provides the information used to estimate the total value of property that qualifies for funding through the ENRTF.

⁴ The seller is a church and there are no related property taxes on the property.

Three River Park District's request for reimbursement consideration of up to \$630,327 of its funding under Scenario 1, or up to \$821,310 under Scenario 2 to partially finance the acquisition of Kingswood Special Recreation Feature is permitted under the amended rules for Park Acquisition Opportunity Grants approved by the Metropolitan Council on January 9, 2013. The reimbursement would be financed from the Park District's share of future regional parks capital improvement programs.

The timing of when Three Rivers Park District is reimbursed for any portion of the amounts shown above depends upon when funds are provided in future Regional Park Capital Improvement Programs. The Council does not under any circumstances represent or guarantee that a reimbursement will be granted, and expenditure of local funds never entitles a park agency to reimbursement.

Under Scenario 1, and the assumption that a grant is awarded for the Pauls parcel for Lake Waconia Regional Park, the unobligated balance in the ENRTF account would be at least \$1,230,425 and the unobligated balance of the PTLF account would be at least \$676,998 for a total unobligated balance in both accounts of at least \$1,907,423.

Under Scenario 2, and the assumption that a grant is awarded for the Pauls parcel for Lake Waconia Regional Park, the unobligated balance in the ENRTF account would be at least \$1,612,550 and the unobligated balance of the PTLF account would be at least \$485,856 for a total unobligated balance in both accounts of at least \$2,098,446.

Known Support / Opposition

Assuming the Metropolitan Council approves adding Kingswood Special Recreation Feature to the Regional Park System as an amendment to the *2030 Regional Parks Policy Plan*, and the Council approves the Kingswood Special Recreation Feature acquisition master plan, the grant request is consistent the rules for Park Acquisition Opportunity Fund grants adopted on January 9, 2013.

There is no known opposition to the request.

Attachment 1: Letter from Jonathan Vlaming, Three Rivers Park District regarding acquisition of 106 acre Kingswood Special Recreation Feature



April 30, 2013

Three Rivers
Park District
Board of
Commissioners

Arne Stefferud
Metropolitan Council
Regional Parks and Natural Resources Unit
390 North Robert Street
Saint Paul, Minnesota 55101

Penny Steele
District 1

RE: Kingswood SRF, Camp Kingswood Property
Land Acquisition Opportunity Grant

Jennifer DeJournett
District 2

Dear Arne:

Three Rivers has entered into a purchase agreement to acquire the Camp Kingswood property for the purposes of creating Kingswood Special Recreation Feature (SRF).

Daniel Freeman,
Vice Chair
District 3

The 106-acre property is located in the City of Minnetrista, Hennepin County, Minnesota (**Reference 1**). The property accounts for nearly all of the privately owned land around Little Long Lake, and has land on both the west and east sides of the lake (**Reference 2a**). The property provides the land resources required to meet the vision of Kingswood SRF, and is the only acquisition identified in the Kingswood SRF Acquisition Master Plan. A legal description and PIN numbers for the parcels to be acquired is provided (**Reference 2b**).

John Gunyou,
Chair
District 4

John Gibbs
District 5

The total anticipated cost of acquisition and initial stewardship is \$2,521,310. Three Rivers Park District is requesting a Park Acquisition Opportunity Fund grant to 75 percent of those costs, estimated to be \$1,890,983 using a grant that finances a part of the property with the Environment and Natural Resources Trust Fund account (ENRTF) and a part with the Parks and Trails Legacy Fund account (PTLF).

Larry Blackstad
Appointed
At Large

There are several old camp buildings on the property. As discussed in the Acquisition Master Plan, the Park District will remove these after the purchase as part of the initial stewardship costs associated with acquisition. An itemized list of incurred and expected costs associated with acquisition is provided (**Reference 3**). Documentation of those costs is also provided as follows:

Steve Antolak
Appointed
At Large

- Purchase Agreement (**Reference 4**)
- Preliminary Appraisal (**Reference 5**)
- Appraisal (**Reference 6**)
- Supplemental Appraisal (**Reference 7**)
- Land Survey (**Reference 8**)
- Phase I Environmental Study/Hazardous Materials Study (**Reference 9**)
- Phase II Environmental Study (**Reference 10**)
- DNR Easement Release Land Costs/Application Fee. A small portion of the conservation easement needs to be released to allow future development of a regional trail through Kingswood SRF (**Reference 11**)

Cris Gears
Superintendent

Administrative Center, 3000 Xenium Lane North, Plymouth, MN 55441-1299

Information 763.559.9000 • TTY 763.559.6719 • Fax 763.559.3287 • www.ThreeRiversParks.org

Rule 4 of the Metropolitan Council's Park Acquisition Opportunity Fund Grant Rules (Adopted January 9, 2013) identifies specific rules when using funds for acquisition from the ENRTF and PTLF accounts. Specifically, ENRTF and PTLF funds may qualify for use in funding acquisitions when the parcel can be subdivided into lots and the value of those lots is used to determine fair market value of the parcel. In addition, the ENRTF may only be used to acquire lots that contain high-quality natural resources and cannot contain a habitable structure such as a home. As shown in the Appraisal (**Reference 6**), that appraisal identified four marketable lots to determine value of the property. The "Northern Lot" had an adjusted appraised value of \$509,500, contains no habitable structures, and contains high quality natural resources, making it eligible for funding through the ENTRF portion of the Acquisition Opportunity Grant Fund. Table 1 of Reference 3 provides the method used to determine the adjusted value of the "Northern Lot". Three Rivers proposes the ENTRF be used to fund 75 percent of the acquisition cost associated with the "Northern Lot", for a total of funding through ENRTF of \$382,125. Three Rivers proposes that of the remaining estimated acquisition costs (\$2,011,810), that the Parks and Trails Legacy Fund (PTLF) be used to fund 75 percent, for a total of PTLF funding of \$1,508,858. Table 2 of Reference 3 provides the breakdown of acquisition costs and the proposed funding assignments split between the ENTRF, PTLF and Local Match (Three Rivers).

It is my understanding that the Legislative-Citizens Commission on Minnesota Resources (LCCMR) must approve use of the proposed \$382,125 of ENTRF funds for the Kingswood acquisition, which is scheduled for consideration on June 11, or June 25 2013. In the event that the LCCMR does not approve use of the ENTRF funds for acquisition of Kingswood, Three Rivers requests that the PTLF funds be increased to a total of \$1,700,000 to help acquire Kingswood. Under this scenario, Three Rivers would match the \$1,700,000 of PTLF funds with \$821,310 of its own funds, for a 33 percent local match. This scenario is requested only if the LCCMR were to not approve using ENTRF funds to help pay for a portion of the Kingswood acquisition. Table 3 of Reference 3 provides the breakdown of acquisition costs and proposed funding assignments of PTLF and Local Match (Three Rivers) under this scenario.

The grant is requested subject to Metropolitan Council designation of Kingswood as a Special Recreation Feature via an amendment to the 2030 Parks Policy Plan and approval of the Kingswood Acquisition SRF Master Plan by the Metropolitan Council.

With regard to the local match for the acquisition, Three Rivers requests that the final local match amount of either \$630,327 or \$821,310 (to be determined dependent on LCCMR approval of ENTRF funds) be recognized as eligible for reimbursement consideration as part of Three Rivers' share of a future regional parks Capital Improvement Program.

Thank you for your consideration of this item. Please let me know if you have any questions.

Sincerely,



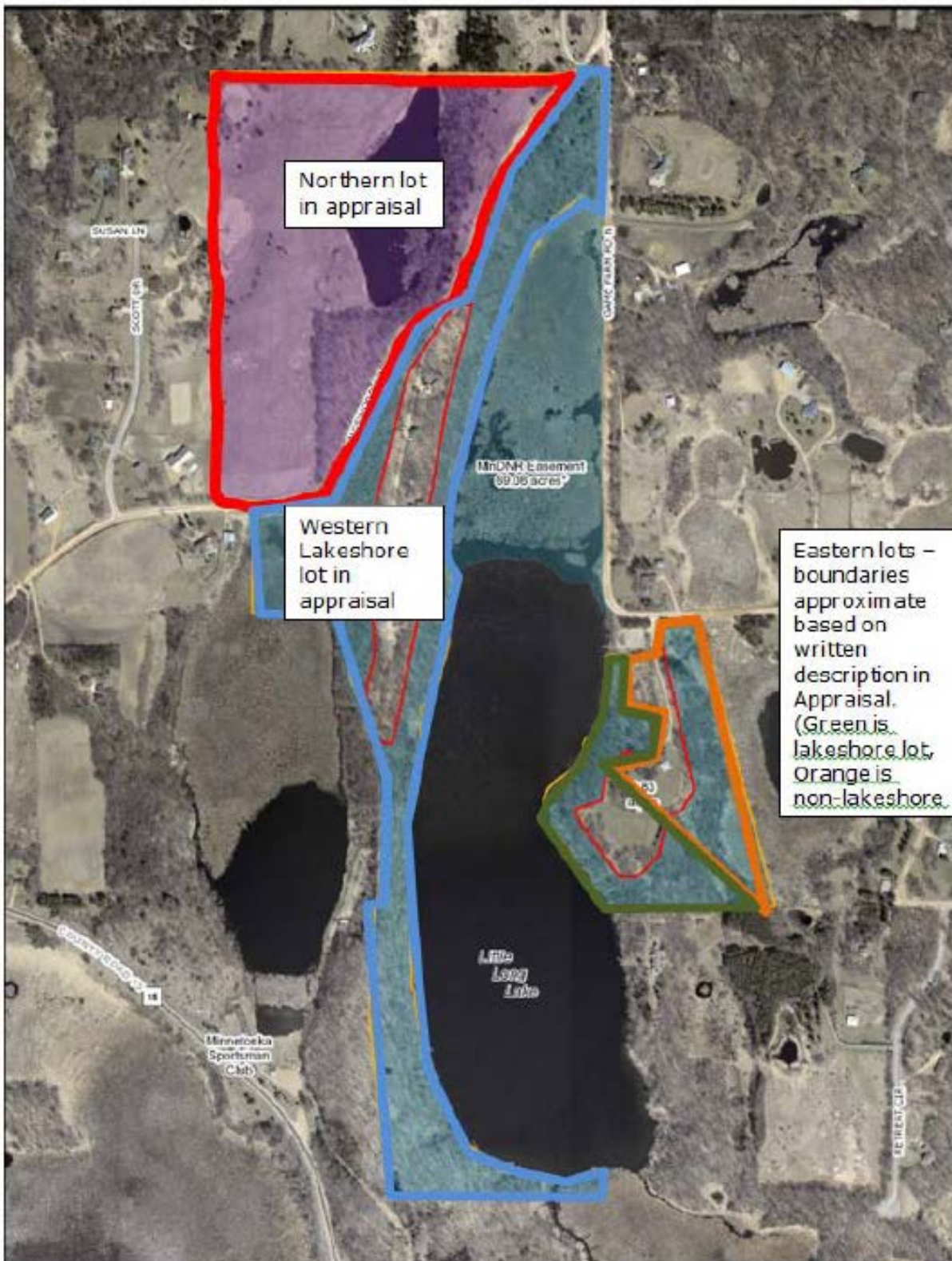
Jonathan Vlaming
Associate Superintendent of Planning, Design and Technology

attachments

JCV/jjs

Attachment 2: Aerial Map of Developable Lots in Kingswood Special Recreation Feature

"Northern lot" proposed for funding from Environment and Natural Resource Trust Fund Acquisition Account. "Western Lakeshore lot" and "Eastern lots" proposed for funding from Parks and Trails Legacy Fund Acquisition Account.



Attachment 3:

**Park Acquisition Opportunity Fund Grant Totals and Percent Grants
Awarded/Spent by Park Agency (2001-April 2013)**

Park Agency	Total Park Acq. Opp. Grants	%of Park Acq. Opp. Grants	Acres Acquired	% of Acres Acquired
Anoka County	\$ 632,891	5.91%	860	40.54%
Bloomington	\$ 500,244	1.81%	1.07	0.05%
Carver County	\$ 2,574,281	9.32%	67.10	3.16%
Dakota County	\$ 3,873,968	14.03%	536.50	25.28%
Minneapolis Park & Rec. Board	\$ 3,233,794	11.71%	9.48	0.45%
Ramsey County	\$ 990,639	3.59%	13.69	0.65%
Scott County	\$ 3,582,674	12.98%	301.56	14.21%
St. Paul	\$ 2,221,918	8.05%	5.09	0.24%
Three Rivers Park District	\$ 5,163,949	18.71%	209.86	9.89%
Washington County	\$ 3,832,858	13.88%	117.38	5.53%
Grand Total	\$27,607,215	100%	2,122.03	100%

**Park Acquisition Opportunity Fund Grant Totals and Percent Grants Awarded by
MPOSC District (2001-April 2013)**

MPOSC District	Total Park Acq. Opp. Grants	%of Park Acq. Opp. Grants	Acres Acquired	% of Acres Acquired
District A Subtotal	\$ 3,343,349	12.11%	64	3.02%
District B Subtotal	\$ 7,246,354	26.25%	394.55	18.59%
District C Subtotal	\$ 500,244	1.81%	1.07	0.05%
District D Subtotal	\$ 3,233,794	11.71%	9.48	0.45%
District E Subtotal	\$ 731,200	2.65%	119.80	5.65%
District F Subtotal	\$ 6,298,699	22.82%	984.87	46.41%
District G Subtotal	\$ 2,379,607	8.62%	11.59	0.55%
District H Subtotal	\$ 3,873,968	14.03%	536.50	25.28%
Grand Total	\$27,607,215	100%	2,122.03	100%