



Minnesota Department of Natural Resources

500 Lafayette Road
St. Paul, Minnesota 55155-40__

February 5, 2008

Representative Kathy Tingelstad, Co-chair,
Senator Jim Vickerman, Co-chair, and
Mr. David Hartwell, Co-chair
LCCMR
72 State Office Building
St. Paul, MN 55155

Dear LCCMR Co-chairs and Members:

RE: Paul Bunyan State Trail Connection in Bemidji

This 2005 appropriation [Legal Citation: ML 2005, Chapter 1, Article 2, Section 11, Subdivision 6h; ML 2007 Chapter 57, Article 1, Section 4, Subdivision 6] was originally intended for the purchase of a trail corridor through a 100 acre, former industrial area on the south shore of Lake Bemidji that had recently been purchased by a commercial developer. Because of the former uses of the land, there were significant concerns about the extent of contamination of the site and adjacent lakebed. The extent of the contamination had to be determined in order to establish a purchase price for trail purposes. The final report on the contamination was received in December of 2007.

In January 2008, the City of Bemidji purchased the entire former industrial area from the developer, with the intent of developing an events center and other outdoor public amenities. The Department of Natural Resources (DNR) is currently cooperating with the City to plan how the entire area would be developed including the provision for a Paul Bunyan State Trail alignment. The trail corridor in that area will not be purchased until after June 30, 2008.

Previous to the transactions concerning the former industrial area, the City had purchased certain key private parcels necessary for the Paul Bunyan State Trail as it passes through town. It is our intent to purchase those properties from the City using the 2005 appropriation.

Although much progress has occurred recently to bring this project to fruition, more time will be required to complete the necessary land transactions. The DNR anticipates obtaining options and purchase agreements prior to June 30, 2008, and having final property closings and payments later in the calendar year. For these reasons, an extension is requested for six months to complete the land transactions.

Thank you for your consideration in the matter.

Sincerely,

A handwritten signature in blue ink, reading "Forrest Boe".

Forrest Boe, Director
Trails and Waterways Division

Attachment
By E-Mail

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Paul Bunyan State Trail Corridor Through Bemidji

Feb. 2008



NOT TO SCALE

1 inch equals 900 feet

To Bemidji
State Park

Existing Paved
Trail

South Lake Bemidji Area

Previous BNSF Parcels

Future Bridge

3 Residential Parcels

Properties identified in
green are proposed to be
acquired with LCCMR
funding.

Clausen Avenue

197

Previous MN DOT Parcel
(City Trail Property)

Existing Bridge

To Brainerd

To be drafted as an amendment to House and Senate Files for LCCMR Trust Fund
Recommendations 2008

Subd. 16 is amended to read:

line 24.1 insert “subdivision 6, paragraph (h), as amended by laws 2007, chapter 57,
article 1, section 4, subdivision 6, Paul Bunyan state trail connection; “

LCMR 2005 Work Program

Date of Report: January 28, 2008

Date of Next Status Report: July 1, 2008

Date of Work Program Approval: June 14, 2005

Project Completion Date: June 30, 2008

I. PROJECT TITLE: Paul Bunyan State Trail Connection in Bemidji

Project Manager: Tony Walzer

Affiliation: Development Specialist, Trails & Waterways

Mailing Address: 6603 Bemidji Avenue North

Minnesota Dept. of Natural Resources

City / State / Zip : Bemidji, Minnesota 56601

Telephone Number: 218.308.2379

E-mail Address: tony.walzer@dnr.state.mn.us

FAX Number: 218.755.4063

Web Page address:

Location: Paul Bunyan State Trail within the City of Bemidji

Total Biennial LCMR Project Budget:

LCMR Appropriation:

\$400,000.00

Minus Amount Spent: \$

Equal Balance:

\$400,000.00

Legal Citation: ML 2005, Chapter 1, Article 2, Section 11, Subdivision 6h.

Appropriation Language: \$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources to acquire land to connect the Paul Bunyan State Trail within the City of Bemidji.

Money appropriated under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 6, paragraph (h), for the Paul Bunyan State Trail connection is available until June 30, 2008; adopted into ML 2007 Chapter 57.

II. PROJECT SUMMARY AND RESULTS: To acquire necessary property interests to connect and complete the Paul Bunyan State Trail within the City of Bemidji, including approximately 1.25 miles for trail corridor connection.

III. SUMMARY OF PROGRESS AS OF:

June 30, 2006: Discussions continue to be held with the City of Bemidji concerning their involvement and the value of the property under consideration for this trail connection, along with internal DNR discussions and the involvement of MPCA. Additionally, discussions have been held with the landowner concerning the trail alignments, cost of the acquisition and dimensions of the property to be acquired. Further discussions are planned with the City of Bemidji, the landowner, other DNR divisions and MPCA. Environmental review procedures are in progress to help determine project parameters.

April 12, 2007: DNR recently contracted with SERVICE Engineering Group to conduct lakebed Phase II sediment sampling and assessment of lakebed in front of ShoreQuest property. Once study is complete, estimated to be by June 1, 2007, determination of any contamination and necessary remediation can proceed. Outcomes may impact the value of the property where DNR intends to acquire a corridor for the trail right-of-way. Once outcomes are known, DNR can proceed with an appraisal of the corridor. Any possible acquisition should be completed by June 30, 2008.

Request for Extension: When Trails & Waterways became involved with this project, the intent was to contact the landowner to acquire the necessary trail corridor. The project became much more complicated due to the landowner's involvement with the MPCA in their Voluntary Investigation and

Clean-up program and the other entities that needed to be involved, such as the City of Bemidji, Leech Lake Tribe and other DNR divisions. Not only would the contamination on the upland property but also any in the lake bed could impact the value of the land. Therefore, DNR, Ecological Services, has entered in to a VIC with MPCA for the lakebed sampling and assessment. The contractor has been delayed due to the variable ice conditions and won't be able to start work until the ice goes out from Lake Bemidji. For these reasons, DNR, Trails & Waterways is requesting an extension to June 30, 2008, to complete the necessary investigation, appraisal and acquisition work to secure a corridor for the trail.

July 20, 2007: Acquisition discussions continue with John Zacher, ShoreQuest, as the Phase II DNR VIC lakebed report is issued and further need for at least one more round of investigation moves forward. John Zacher is requesting approval of the final plat for this property under the name of Voyager Crossing. An appraisal may be started soon but cannot be completed before the last investigation is concluded. Therefore, Trails & Waterways is working with the City of Bemidji to possibly acquire other property along the trail corridor. The City has appraised three properties. The intent here would be for the City to acquire these properties and then sell them to the DNR. At least one more private parcel may be considered for acquisition in the near future and prior to June 30, 2008. The appraisal process through the DNR would be shortened by dealing with one owner, the City. Since the DNR does not need the entire parcels, the City would intend to sell to the DNR only what is needed for the trail alignment and resell the remaining property to adjacent landowners.

January 2, 2008: A major change has occurred in the ownership of the property along the south shore of Lake Bemidji with the City of Bemidji acquiring approximately 130 acres in this area; the largest acquisition came from ShoreQuest, Inc., John Zacher. The emphasis has changed from one of trying to convince the developer of the value of the trail corridors to one of working with the City of Bemidji to include the public amenities as a priority in the site planning process. Instead of two different trail corridors, the discussions have emphasized one trail corridor that would be set back from the lake between it and any proposed development. The City of Bemidji is very interested in selling the corridor to the State for the trails. Unfortunately, the appraisal process will be lengthy, and the trail corridor could not be purchased until after July 1, 2008, when the LCCMR funding expires or until additional funding became available. However, Trails & Waterways has been working with the City of Bemidji to acquire other properties along a continuous alignment in the old railroad wye area and along Clausen Avenue. The timing of these acquisitions should be completed prior to July 1, 2008. Maps of these potential acquisitions are included with this report.

The Wye area will be used for a trail corridor and amenities, such as rest area and parking lot, and for a future bridge. Portions of three residential properties, purchased by the City of Bemidji, will be acquired by the State for the trail corridor, due to the nearness of improvements to the proposed trail. The City of Bemidji will permit streets to be narrowed in order to have the trail separate from the roadway within their existing rights-of-way. Trails & Waterways will acquire property south of Rako Street which was used to previously construct a local trail through a DNR grant program. This entire alignment will be route for the Paul Bunyan State Trail through the south part of Bemidji.

Request for Extension (01/28/2008): Trails & Waterways is requesting another extension for the Paul Bunyan State Trail Connection in Bemidji project beyond June 30, 2008, to complete certain acquisition transactions. After the first extension was approved, the necessity for this second extension request was not anticipated, but the assembly of five transaction parcels has taken longer than expected.

An acquisition fact sheet packet, that included all the parcels identified under one cover, was submitted for processing. After some review by the Central Office Trails & Waterways acquisition and

development staff and Lands & Minerals staff, the determination was made that the packet should be divided in to at least three separate fact sheets to address different ways of appraising these various parcels and that more time would be needed to process these transactions. These discussions indicated the necessity for an extension. The fact sheet would be divided in to the Railroad properties (Wye area), Clausen Avenue Connection residential parcels and existing City trail parcel. The residential parcels fact sheet would contain the three parcels. Since two of the parcels were appraised and purchased separately by the City, each would require its own transaction processing. The City of Bemidji is still in the process of acquiring one of the smaller residential parcels.

Therefore, an extension is being requested to June 30, 2009, in relation to the time that was needed to assemble the parcels, divide the original fact sheet in to its various components and submit the revised fact sheets for processing, and now for the future assignment, completion and review of the appraisals and allowance of time for any negotiations and closings with the City. The intention is to complete the acquisition of all these parcels within this calendar year. These parcels will be acquired as they are processed in order to lessen any delays.

Any acquisition of a trail corridor, along the south shore of Lake Bemidji as initially intended, would be expected to take a longer period of time. This could possibly take two years, since the acquisition is dependent on obtaining even more funding beyond the 2005 LCCMR grant level and may not occur until after the 2009 legislative session. The City and Trails & Waterways are still working on identifying a trail alignment in this area.

IV. OUTLINE OF PROJECT RESULTS. No funds have been expended from the LCMR grant as these funds are earmarked as a portion of the funds needed for the acquisition cost.

Result 1: Acquisition of connecting corridor in the Southeast Bemidji area with the highest priority through the ShoreQuest property. Secondary priority is to acquire property adjacent to the ShoreQuest property within the City of Bemidji for the trail corridor.

Description: Acquire approximately 1.25 miles of corridor along or near the southeast shore of Lake Bemidji. This will connect the “Y”, now owned by the City of Bemidji, with the southern end of the northernmost paved section of the Paul Bunyan State Trail near Gould Avenue and 5th Street northeast in Bemidji. The Department of Natural Resources will attempt to acquire fee ownership of this property. If this can’t be accomplished by June 30, 2008, efforts will be made to acquire adjacent connecting corridor property in the city. Trails & Waterways is waiting to have lakebed testing done when ice is off the lake to determine level of contamination and necessary mitigation, which may impact value of the property. An appraisal will follow after the testing is done.

Acquire various parcels from the City of Bemidji that, when combined with other public rights-of-way, will provide a continuous trail corridor from Rako Street to the north side of TH 197. Trails & Waterways will continue to work with the City of Bemidji to acquire the necessary property along the south shore of the lake and through the back lot property for a trail corridor.

| | | |
|---|--------------------|--------------|
| Summary Budget Information for Result 1: | LCMR Budget | \$400,000.00 |
| | Balance | \$400,000.00 |

Completion Date: June 30, 2007 (Extension requested until June 30, 2008)

Result Status as of (Date of First Update Report): January 1, 2006

Result Status as of (Date of Second Update Report): July 1, 2006

Result Status as of (Date of Third Update Report): April 12, 2007 (No report submitted in January 2007)

Result Status as of (Date of Fourth Update Report): July 20, 2007

Final Report Summary: 1 to 3 years

Result 2: Development of 1.25 miles of trail along or near the southeast shore of Lake Bemidji.

Description: Develop 1.25 miles of multi-use trail near the southeast shore of Lake Bemidji. This trail will connect the wye area with the southern end of the northernmost section of the Paul Bunyan State Trail near Gould Avenue and 5th Street Northeast in Bemidji. This trail will be developed with a 12' bituminous travel surface, gravel shoulders and appropriate traffic control signage. The Department of Natural Resources will design and develop this trail. This result is not part of this LCMR project but is offered as next steps to completion of this project. If this does not occur, other sections of the trail in the area may be developed.

Develop the trail segment between Rako Street and 300' north of TH 197, primarily along Clausen Avenue and the wye area, on State property and within City of Bemidji road rights-of-way.

| | | |
|---|--------------------|----------|
| Summary Budget Information for Result 2: | LCMR Budget | \$ _____ |
| | Balance | \$ _____ |

Completion Date: 3 to 5 years

Result Status as of (Date of First Update Report):

Result Status as of (Date of Second Update Report):

Result Status as of (Date of Third Update Report):

Result Status as of (Date of Fourth Update Report):

Final Report Summary:

V. TOTAL LCMR PROJECT BUDGET: \$400,000.00

All Results: Personnel: \$

All Results: Equipment: \$

All Results: Development: \$

All Results: Acquisition: \$400,000.00

All Results: Other: \$

TOTAL LCMR PROJECT BUDGET: \$400,000.00

Explanation of Capital Expenditures Greater Than \$3,500: None.

VI. OTHER FUNDS & PARTNERS:

A. Project Partners:

- a. City of Bemidji (John Chattin)
- b. Minnesota Department of Transportation (Lynn Eaton)
- c. Bemidji Area Paul Bunyan State Trail Committee (Gail Quistgard)

B. Other Funds being spent during the Project Period: No other funds have been spent on this project to date, however, federal, state & local funds could be appropriated in the future.

C. Required Match (if applicable):

D. Past Spending: The City of Bemidji has spent \$505,093.50 for acquisition of the right-of-way from Clausen Avenue through the 'Y' west to the Mississippi River.

E. Time: 1-3 years to acquire / 3-5 years to develop

VII. DISSEMINATION:

VIII. REPORTING REQUIREMENTS:

IX. RESEARCH PROJECTS: