

Kingswood Property Briefing Paper

Prepared for LCCMR Staff and Metropolitan Council Staff

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Strategic Initiatives

Three Rivers Park District

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Background: The Minnesota Annual Conference of the Methodist Church (Methodist Church) operated the Kingswood property as a church camp since 1947. In the spring of 2012, Three Park District (Park District) was notified that the Methodist Church was planning to close the camp and sell the property. In December 2012, after extensive review and stakeholder involvement, Three Rivers Park District approved a Purchase Agreement with the Methodist Church to purchase the former Camp Kingswood property in Minnetrista, contingent upon four conditions of external approvals. A closing date of June, 2013 was established to allow for adequate time to secure the necessary approvals.

Considering the existing conservation easements on most of the property and the unique natural resource values of the land and Little Long Lake, the Park District, in consultation with other natural resource management agencies, sought to secure public ownership to ensure the future stewardship and protection of this land. The property was also in a search area for a proposed regional trail providing a north-south connection running from the Lake Minnetonka LRT Regional Trail on the south, through Carver Park Reserve, Lake Minnetonka Regional Park, Gale Woods, through Minnetrista and north connecting to the Dakota Rail Regional Trail and the Luce Line State Trail. The Park District envisioned this property as meeting its primary legislative mandate:

MN Statutes Chapter 398.07 -**PRIMARY DUTIES.** *“Park district boards shall have as their primary duty not the establishment of parks and playgrounds of a local or neighborhood type but rather the acquisition, development and maintenance of large parks, wild life sanctuaries, forest and other reservations, and means for public access to historic sites and to lakes, rivers, and streams and to other natural phenomena. History: 1955 c 806 s 7.*

As an implementing agency of the Metropolitan Parks and Open Space System (MPOS), the Park District consulted with Metropolitan Council staff about the possibility of adding this property to MPOS as a Regional Special Recreation Feature. Because neither park district, resource management agency or regional planners knew of the possibility this property would be available to the public and because important features were under conservation easements, agencies had previously not identified future acquisition in their long-term plans; however, this changed with the notification of sale in the spring of 2012.

The Park District has been working through the Metropolitan Council approval process to secure approval for inclusion in the regional system and thus also qualify for partial acquisition cost reimbursement through the Councils Land Acquisition Opportunity Fund – **in process.** Attached is a copy of required *“Acquisition Master Plan for Kingswood Special Recreation Feature”* that has been submitted to the Metropolitan Council. The *Acquisition*

Master Plan includes an analysis of the property, establishes a case for inclusion in the MPOS system, and provides a general concept of intended uses and management.

In addition to required approvals from the Metropolitan Council, other contingencies include: (1) approval from the City of Minnetrista – **secured**; (2) approval from the Minnesota Department of Natural Resources (MnDNR) for release of a small portion of the conservation easement for purposes of future regional trail development. This process also requires LCCMR review – **in process**; (3) approval from the Minnetonka Sportsmens Club for future access to their property for an erosion control project that would protect a glacier esker on the Kingswood property and a future regional trail development - **secured**.

Brief Key Facts – Support Information (as identified at 2/27 Team Meeting)

- Acreage: The property totals 106.24 acres. Approximately 45 acres is under a conservation easement held by the Minnesota Land Trust (MLT)/ Hennepin County and approximately 47 acres held by the MnDNR, leaving approximately 14 acres not associated with a conservation easement.
- Conservation Easements: **Attached** are copies, including amendments, of both conservation easements. The easements appear to have been designed with the understanding the property was and would remain a camp. A management plan for the DNR easement was developed, which includes more specific detail of allowed activities, again written with a camp in mind. Some of the key restrictions are summarized below.

MnDNR EASEMENT - \$500,000	
PROHIBITED ACTIVITIES	PERMITTED ACTIVITIES
No residential, industrial or commercial or associated right of passage	Natural resource management according to Plan developed by MnDNR and Camp Kingswood Allows borrowing of acres to support three lots.
No construction except rope course buildings	Various dirt or woodchip trails allowed by Plan
No roads, parking lots, asphalt, gravel, concrete	Benches allowed by Plan
No trails except as allowed by Plan	150 ft. beach on west side plus two docks and storage building
No motor vehicles except management and emergency	100 ft. beach on east side with one dock and storage building
No change of topography	Hiking, cross-country skiing, nature observation and similar low impact educational and recreational
Limited pesticides or herbicides	
No livestock or animals	
No tilling or plowing for crops	
No subdivision	

MINNESOTA LAND TRUST/HENNEPIN COUNTY EASEMENT - \$200,000	
PROHIBITED ACTIVITIES	PERMITTED ACTIVITIES
No residential use – possible 5,000 ft. footprint for one house	Limited camp or retreat uses
No subdivision or division	Hiking, cross-country skiing, biking, camping, nature study and similar
No borrowing to satisfy zoning	Habitat management
No dumping, mining	3,000 ft. maintenance building
No change in topography or surface	Minor rustic structures
No industrial, commercial or agricultural use	Some utilities and roads
	Unpaved foot trails
	Unlighted informational signs
	Some wells
	Non-intensive recreational and educational programs

- MnDNR Easement Release Process: The Park District is working with the MnDNR to request an easement release of 2.467 acres as allowed and under the conditions as established in M.S. 84.632. Approvals from both the LCCMR and Minnesota Management and Budget are required as part of the process since both LCCMR funds and state bonding dollars were used in the purchase of the DNR conservation easement. An official application was submitted by the landowner, Minnesota Annual Conference of the Methodist Church, on behalf of the Park District and as prepared by the Park District.
- Negotiated Purchase Price: The Park District negotiated a purchase price with the Methodist Church for \$2.25 million. The Park District commenced negotiation with an awareness of the appraised value of approximately \$1.6 million based on a September, 2012 appraisal commissioned by the Park District. The District negotiated back and forth with Church officials and their real estate agent for about three to four months and there was substantial give and take on both sides. The Park District entered into a confidentiality agreement with the Methodist Church regarding the negotiation process. Offers and counter-offers are private data under the open meeting law and the appraisals become public after a purchase agreement is executed.
- Property Value Without Conservation Easements: A supplemental appraisal was commissioned by the Park District in March 2013 to determine the value of the Kingswood property if no conservation easements existed, using the same valuation period as the initial appraisal. The highest and best use was identified as a Planned Unit Development (PUD) with 10 lots. The PUD concept was reviewed with the City of Minnetrista. The appraised property valuation using this development scenario totaled \$3.15 million. (**See Chart #1**)

SALE PRICES	Year 1 2013	Year 2 2014	Year 3 2015	Total
Lot 1 - East Lakeshore	\$595,000			\$595,000
Lot 2 - East Lakeshore	\$570,000			\$570,000
Lot 3 - East Lakeshore		\$598,500		\$598,500
Lot 4 - East Lakeshore			\$605,000	\$605,000
Lot 5 - West Lakeshore	\$395,000			\$395,000
Lot 6 - West Lakeshore		\$378,000		\$378,000
Lot 7 - West lakeshore			\$396,000	\$396,000
Lot 8 - West Lakeshore			\$357,500	\$357,500
Lot 5 - Northern - 22.5 acres	\$540,000			\$540,000
Lot 6 - Northern - 22.5 acres		\$567,000		\$567,000
TOTAL REVENUE	\$2,100,000	\$1,543,500	\$1,358,500	\$5,002,000
EXPENSES				
Approval Expenses				
Demolition	(\$75,000)			(\$75,000)
Preliminary & Final Surveys	(\$20,000)			(\$20,000)
Wetland Delineation	(\$6,000)			(\$6,000)
Soil Testing	(\$7,500)			(\$7,500)
Road Construction	(\$625,000)			(\$625,000)
City Fees	(\$15,000)			(\$15,000)
Park Dedication Fees	(\$250,100)			(\$250,100)
Subtotal - Approval Expenses	(\$998,600)	\$0	\$0	(\$998,600)
Holding Costs				
Real Estate Taxes**	(\$19,808)	(\$24,032)	(\$16,791)	(\$60,631)
Sales commissions @ 6%	(\$126,000)	(\$92,610)	(\$81,510)	(\$300,120)
Marketing, Admin. And Management @ 2%	(\$42,000)	(\$30,870)	(\$27,170)	(\$100,040)
Contingency @ 5% of Approval & Site Expenses	(\$49,930)			(\$49,930)
Subtotal - Holding Costs	(\$237,738)	(\$147,512)	(\$125,471)	(\$510,721)
TOTAL EXPENSES	(\$1,236,338)	(\$147,512)	(\$125,471)	(\$1,509,321)
NET CASH FLOW BEFORE ENTREPRENEURIAL PROFIT	\$863,662	\$1,395,988	\$1,233,029	\$3,492,679
Entrepreneurial Profit @ 6% of revenue	(\$126,000)	\$0	(\$81,510)	(\$300,120)
NET CASH FLOW	\$737,662	\$1,395,988	\$1,151,519	\$3,192,559
Present Value Discount Factor @ 0.04	1.0000	0.9615	0.9246	
PRESENT VALUE OF CASH FLOW	\$737,662	\$1,342,296	\$1,064,644	\$3,144,602
MARKET VALUE - ROUNDED				\$3,150,000

Chart #1 – Property Appraisal Excerpt (03-20-13)

- Rationale for Purchase Price Offer in Excess of Appraisal:
Through the negotiation process, the Methodist Church had advised the Park District that there were other buyers interested in the Kingswood property. Staff also

speculated that the property could be purchased by an individual or a developer for either exclusive home sites or facilities such as retreats and conference centers. Because of the privacy and natural beauty of the property, some individuals may have considered it a “trophy” property and be willing to pay the price being asked by the Methodist Church. Negotiations were extensive and the agreed to price was considered acceptable to the Park District because of the **extraordinary public benefits that could be gained by securing public ownership of the property in perpetuity.**

- o *Natural Resources Enhancement Values* - The Kingswood property land base and Little Long Lake are widely recognized as important natural areas within Hennepin County commensurate with its unique forest, wetlands, fishery and water quality. Despite designation of the conservation easements, without active, professional natural resources management, the conservation values of this property could easily be degraded. The Park District is charged with the protection and management of important natural resources within parklands under its ownership. The quality of the Park District’s management program is renowned in the metropolitan area and throughout the state. The *Acquisition Master Plan* calls for both staff directed and public volunteer programs of active resource management, which will ensure best management practices are applied to the conservation easement areas. The Park District also proposed to restore additional area where buildings were previously located to a more naturalized condition.
- o *Public Access Values* – The Kingswood property has been privately held by the Methodist Church for decades and not accessible to the public, except for their members involved in camp programs. The MnDNR has a small boat launch on Little Long Lake which provides some limited public access to the lake. If acquired the Park District plans to develop and manage the property in a manner that would enable public access while focusing on protection and enhancement of the natural resources. The *Acquisition Master Plan* identifies in its interim use plan some non-paved hiking/interpretive trails consistent with the restrictions of the conservation easements as a means for limited public access. Also included as interim uses are public service learning stewardship activities and some leader-led outdoor recreation public programs. In addition to the continuation of some of the interim uses, a future phase calls the development of a regional trail that would pass through the property. The public can enjoy viewscapes and interpretive information about the natural resources while traversing through the property on the trail. Park District Ordinances restrict use to designated trails and areas.

When fully developed, consistent with the *Acquisition Master Plan* (pending subsequent creation and adoption of a Development Master Plan), park use is estimated at between 55,000 – 100,000 annual visits and regional trail use though the park is estimated at approximately 138,000 annually.

- *Educational Values* – Three Rivers Park District has a mission of environmental stewardship that is achieved through recreation and education in a natural resources based park system. Environmental education is a cornerstone of the Park District’s program and we believe leads to public understanding and appreciation of the natural resources. The Kingswood property provides some unique opportunities for educating the public about important and high quality resources within Hennepin County. Features such as the tamarack bog, the maple-basswood forest, glacial esker, and Little Long Lake watershed and two-tier fishery provide exciting opportunities for interpretation. Also, management of the conservation easements lends well to the involvement of public volunteers in service-learning activities as described in the *Acquisition Master Plan*. Finally, the Park District also identified potential future phases in the *Acquisition Master Plan*, which includes a possible water resource learning center and service learning campground. Students from all levels of education and the public could be engaged in first-hand learning about water quality and water resource protection and volunteers of all ages could become involved in natural resources stewardship programs and have a place to camp while volunteering.
- **Acquisition Financing**
 - *Conservation Easements*: LCCMR staff report that state funds from the ENRTF of (\$124,000) and additional state bond funds of (\$376,000) for a total of \$500,000 was expended for the acquisition of the MnDNR conservation easement. Also \$172,500 of the \$200,000 purchase price for the MLT easement was financed with ENFRT funds. (Apparently both conservation easement purchases also included a donation of value from the Methodist Church.)
 - *Proposed Kingswood Purchase*: If the proposed Kingswood Special Recreation Feature is approved by the Metropolitan Council for inclusion in the MPOS, the Park District will be eligible for up to 75% reimbursement of acquisition costs and the remainder will be funded by the Park District. Arne Stefferud, has stated that if approved, the source of funding from the Park Acquisition Opportunity Fund would be the Parks and Trails Legacy Fund and not from ENRTF money.