



## Environment and Natural Resources Trust Fund (ENRTF) M.L. 2016 Work Plan

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**Date of Report:** June 2, 2016

**Date of Next Status Update Report:** January 20, 2017

**Date of Work Plan Approval:** June 7, 2016

**Project Completion Date:** June 30, 2017

**Does this submission include an amendment request?** No

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**PROJECT TITLE:** Otter Tail River Recreational Trail Acquisition

**Project Manager:** Gordon Hydukovich

**Organization:** City of Fergus Falls

**Mailing Address:** 112 Washington Avenue West

**City/State/Zip Code:** Fergus Falls, Minnesota 56537

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**Location:** The work will take place in Fergus Falls in Otter tail County. Downstream counties, which touch the Otter Tail and Red Rivers on their way to the Canadian Border will be positively impacted.

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**Total ENRTF Project Budget:**

**ENRTF Appropriation:** \$600,000

**Amount Spent:** \$0

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**Balance:** \$600,000

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**Legal Citation:** M.L. 2016, Chp. 186, Sec. 2, Subd. 09g

**Appropriation Language:**

\$600,000 the second year is from the trust fund to the commissioner of natural resources for an agreement with the City of Fergus Falls to acquire approximately 16 acres along the Otter Tail River for a recreational trail and park. This appropriation is contingent on at least a match of \$400,000 of nonstate money. Prior to the acquisition, a phase 1 environmental assessment must be completed and the city must not accept any liability for previous contamination of lands acquired with this appropriation.

## **I. PROJECT TITLE: Otter Tail River Protection and Recreation Trail Acquisition**

### **II. PROJECT STATEMENT:**

**A. Basic Background and Context:** The City of Fergus Falls has the opportunity to acquire the past Mid-American Dairy property, which is a 28.9 acre industrial site fronting on the Otter Tail River in downtown Fergus Falls. The City is proposing to acquire the property, then subdivide it into two parcels with 16.6 acres ("Encumbered Site") or Trust Fund Property fronting on the Otter Tail River to be used for 1) River Protection (via environmental buffers) and 2) Multi-Use, non-motorized trail development. An illustration of the proposed Encumbered Site and the total Dairy Property follow as Exhibits B and C respectively.

If an option to purchase agreement and/or contingent purchase agreement can be successfully negotiated between the seller and the City, the agreement would contain a lengthy due diligence period in order for the City to further study the entire site. Due diligence items would include but not be limited to title, survey, appraisal, environmental evaluation, demolition and site clean-up costs, etc. During this period, the Encumbered Site size and location for the buffer zone, non-motorized paths plus a proposed legal description and site value would be determined.

The City is in the process of engaging Mr. Robert J. Strachota, President of Shenehon Company, MAI, MCBA, and CRE® to provide an appraisal of the Encumbered Site. Mr. Strachota is listed as a DNR approved appraiser. As noted above, the City will retain a qualified environmental engineering, testing and consulting Services Company to conduct a thorough site analysis. The City will not accept any liabilities associated with environmental contamination if any should exist on the site.

The City of Fergus Falls is proposing to finance the proposed acquisition of the Encumbered Site, portion of the entire site with matching funds from LCCMR. It is believed (but ultimately determined by appraisal) that the Encumbered Site has a value of approximately \$1,000,000; therefore, funding would be \$600,000 from LCCMR and \$400,000 from the City of Fergus Falls.

The Encumbered Site (16.6 acres) includes all 3,476 lineal feet of the entire Dairy Property frontage on the Otter Tail River. The Encumbered Site does not include buildings, foundations or old dairy infrastructure therefore, minimal site cleanup would be required for this portion of the Dairy Site.

**B. Major Project Objectives:** The City of Fergus Falls wishes to obtain the 16.6 acres to ensure protection of the river and foster recreational activities led by the first phase of trail development and appropriate buffers. This provides public access to river frontage that was previously inaccessible as well as creating a trail link that will provide a major point of connectivity between the Central Lakes Trail and north bound trail to Pelican to Perham Trail with eventual connection to the Heartland Trail.

These goals contribute to the improvement of water quality of the Otter Tail River, true headwaters of the Red River of the North and benefit downstream communities, counties and countries (Canada) by accomplishing objectives laid out in the comprehensive DNR, Otter Tail River Master Plan (2009), following the designation of the Otter Tail as the 31<sup>st</sup> Water Trail in Minnesota. This section of river, The Fergus Falls Reach, has "potentially the highest number of users nearby" yet has been noted to have been the least accessible municipal stretch on the 186.0 miles of the Otter Tail's total drainage (Otter Tail River Master Plan, page 5).

**C. General Project Activities and Methods:** The anticipated activities to achieve the planned acquisition already in process are an appraisal by a DNR Certified Appraiser, a Phase One Environmental Analysis, the due diligence necessary to ensure the City takes no responsibility for any potential obligations or clean-up resulting from previous activities on the site, and a demolition estimate on the Retained Site the City would acquire as a next step.

The City Council of Fergus Falls, at its October 5, 2015 meeting, authorized by resolution the hiring of MDNR Certified Appraiser Bob Strachota of the Shenehon Group and he has been retained with agreement to complete the work prior to February 1, 2016. The City Council also approved, on November 6, 2015, the hiring of West Central Environmental Consultants to conduct the Phase One Environmental Analysis, with work beginning in November 2015. Discussions are also in process with the West Otter Tail Soil and Water Conservation office

regarding cooperative efforts on creating buffers and rain gardens and on the 16 acre site and with the regional DNR Trails Officer on river access amenities near the site.

**D. Overall Project Significance:** A municipally guided plan for this section of the scenic Otter Tail River is a win/win for the city, region and the State. First it leverages the LCCMR funding and City match toward a staged development involving adjoining properties with complementary, long-term resource protection recreation and economic benefit. It also increases the project value in supplying crucial connectivity for Biking (Central Lakes Trail) and Hiking (National Scenic Trail) through Fergus Falls and beyond. Furthermore, it enhances requests in process for Legacy funding (Glacial Edge Trails) toward anticipated Regional Trails Designation in 2016. Local healthful living efforts and regional connectivity of state and national trails have brought many supporters to realize and energize in support of this acquisition as the necessary jump-start/catalyst for long term protection, use and enhancement of what has been a neglected and grossly underused resource.

### III. OVERALL PROJECT STATUS UPDATES:

**Project Status as of January 20, 2017:**

**Project Status as of July 20, 2017:**

**Project Status as of January 20, 2018:**

### Overall Project Outcomes and Results:

### IV. PROJECT ACTIVITIES AND OUTCOMES:

**ACTIVITY 1:** Acquire 16.6 acres of land for Trail.

**Description:** To acquire 16.6 acres of past Mid American Dairy property. This results in acquisition transaction costs such as due diligence, appraisals, environmental assurances, refining negotiations, drafting of sales documents, identification of local match, purchase of property, and recording.

#### Summary Budget Information for Activity 1:

**ENRTF Budget:** \$ 600,000  
**Amount Spent:** \$ 0  
**Balance:** \$ 600,000

Outcome	Completion Date
1. The acquisition of 16.6 acres of land	June 30,2017

**Activity Status as of January 20, 2017:**

**Activity Status as of July 20, 2017:**

**Activity Status as of January 20, 2018;**

**Final Report Summary:****V. DISSEMINATION:**

**Description:** The Fergus Falls City Council will receive regular public updates related to the purchase process. The updates will be in monthly staff reports, City Council Subcommittee Minutes, City Council Meeting Minutes, Fergus Falls Port Authority Minutes and or Fergus Falls Economic Improvement Commission Minutes. The Fergus Falls City Council Subcommittee minutes and the Fergus Falls City Council minutes are posted to the City website at [www.ci.fergus-falls.mn.us](http://www.ci.fergus-falls.mn.us)

**Status as of** January 20, 2017:

**Status as of** July 20, 2017:

**Status as of** January 20, 2018:

**Final Report Summary:****VI. PROJECT BUDGET SUMMARY:****A. ENRTF Budget Overview:**

Budget Category	\$ Amount	Overview Explanation
Fee Title Acquisition:	\$ 600,000	16.6 acres of land having 3,476 lineal feet of river shoreline all property held by the City to construct a trail and install environmental buffers
<b>TOTAL ENRTF BUDGET:</b>	<b>\$ 600,000</b>	

**Explanation of Use of Classified Staff:** N/A

**Explanation of Capital Expenditures Greater Than \$5,000:** N/A

**Number of Full-time Equivalents (FTE) Directly Funded with this ENRTF Appropriation:** N/A

**Number of Full-time Equivalents (FTE) Estimated to Be Funded through Contracts with this ENRTF Appropriation:** N/A

**B. Other Funds:**

Source of Funds	\$ Amount Proposed	\$ Amount Spent	Use of Other Funds
<b>Non-state</b>			
City tax receipts, sale of City assets, and/ or City bonding	\$ 400,000	\$ 0	Fee Title Acquisition (cost up to 40% of acquisition and related costs)
<b>State</b>			
	\$	\$	
<b>TOTAL OTHER FUNDS:</b>	<b>\$ 400,000</b>	<b>\$ 0</b>	

## VII. PROJECT STRATEGY:

### A. Project Partners:

None of the project partners will be receive any ENRTF funds. They are as follows:

- Fergus Falls Port Authority (will provide staff time)
- Fergus Falls Economic Improvement Commission (may provide staff time)
- Fergus Falls DT Council (a not for profit which may volunteer professional services and/or time)
- US Soil & Water Service (tech services)
- MN DNR (tech services)

At all times, the City of Fergus Falls will manage the project. The City Community Development Director will complete the purchase and assure proper recording and paperwork. The City Finance Director will handle all financial matters including local match creation, receipts collections and disbursements. The City Attorney will advise the process and prepare documents.

### B. Project Impact and Long-term Strategy:

An opportunity has surfaced to acquire 16.6 acres with, 3,476 lineal feet of river shoreline in the center of Fergus Falls in Otter Tail County. Once a publically inaccessible and threatened by neglect, this piece of ground now can provide for an important portion of trail with environmental buffering to enhance the health of the Otter Tail River. 64.64 acres of the Otter Tail River or abutting the Otter Tail River will benefit downstream communities, counties, states, and countries.

The planned trail will be a key connector for several regional trails. An important piece of a Otter Tail River Trail it will to connect the Central Lakes Trail and northward to the Pelican to Perham Trail.

### C. Funding History: N/A

City Staff Time	In kind donation	\$
Phase One Environmental Analysis	Lump sum	\$2,0000
Appraisal Cost 16.6 acres	Not to exceed	\$18,500

## VIII. FEE TITLE ACQUISITION/CONSERVATION EASEMENT/RESTORATION REQUIREMENTS:

**A. Parcel List:** See attached Parcel List. Also see Attachment D.

### B. Acquisition/Restoration Information:

#### Fee Title Acquisition

1. Describe the selection process for identifying and including proposed parcels on the parcel list, including explanation of the criteria and decision-making process used to rank and prioritize parcels.

Parcels identified in "Preliminary Report for Otter Tail River Trail Plan West Segment 2010".

2. List all adopted state, regional, or local natural resource plans in which the lands included in the parcel list are identified. Include a link to the plan if one is available.

These resource plans and any similar federal plans, not for profit plans, recreational advocacy plans will be consulted. At this point, the Minnesota DNR's 2009 Otter Tail River Master Plan is a key reference.

3. **For any parcels acquired in fee title, a restoration and management must be prepared. Summarize the components and expected outcomes of restoration and management plans for parcels acquired by your organization, how these plans are kept on file by your organization, and overall strategies for long-term plan implementation, including how long-term maintenance and management needs of the parcel will be financed into the future.**

This process is currently taking place. The City Engineering Department has already been involved in contracting for the Phase One Environmental Analysis on the property to be acquired, that is essential to a proper appraisal and negotiation due diligence. That same department will be working in 2016 to begin the initial design of the trail and environmental features. City resources or other identified grant dollars will construct the future identified improvements. The City Parks Department will do long term maintenance. The City will develop the trail using BOWSR vegetative guidelines.

4. **For each parcel to be conveyed to a State of Minnesota entity (e.g., DNR) after purchase, provide a statement confirming that county board approval will be obtained.**

All parcels (i.e. land obtained) will be retained by the City of Fergus Falls. The City and/or city partners will construct a trail and environmental buffering. No portion of the land will be conveyed to the State of Minnesota.

5. **If applicable (see M.S. 116P.17), provide a statement confirming that written approval from the DNR Commissioner will be obtained 10 business days prior to any final acquisition transaction.**

The City of Fergus Falls, after reviewing M.S. 116p.17, understands that it must get written approval from the DNR Commissioner at least 10 business days prior to any acquisition transaction. This is acknowledged by Gordon Hydukovich, Project Manager.

**IX. VISUAL COMPONENT or MAP(S): See attached maps. They are as follows:**

**Map A:** Location of LCCMR project within the City of Fergus Falls (line map showing indicated location).

**Map B:** Proposed 16.6 Acre Encumbered LCCMR Grant Request 182-G (aerial map showing acres to be purchased).

**Map C:** Dairy Property (total 28.9 acres recently made available for sale).

**Map D:** Proposed 16.6 acre Parcel Portion Map (line map indicating 4 parcels transected by acquisition lines).

**X. RESEARCH ADDENDUM: N/A**

**XI. REPORTING REQUIREMENTS:**

Periodic work plan status update reports will be submitted no later than January 20, 2017; July 20, 2017; and January 20, 2018. A final report and associated products will be submitted between June 30 and August 15, 2017.

**Environment and Natural Resources Trust Fund**  
**M.L. 2016 Project Budget**



**Project Title:** *Otter Tail River Recreational Trail Acquisition*

**Legal Citation:** M.L. 2016, Chp. 186, Sec. 2, Subd. 09g

**Project Manager:** Gordon Hydukovich

**Organization:** City of Fergus Falls

**M.L. 2016 ENRTF Appropriation:** \$600,000

**Project Length and Completion Date:** 2 years, June 30, 2017

**Date of Report:** June 2, 2016

ENVIRONMENT AND NATURAL RESOURCES TRUST FUND BUDGET	Activity 1 Budget	Amount Spent	Activity 1 Balance	TOTAL BUDGET	TOTAL BALANCE
<b>BUDGET ITEM</b>	<b><i>Fee Title Acquisition</i></b>				
<b>Fee Title Acquisition</b>					
<i>16.624 acres of land having 3,476 lineal feet of river shoreland all property held by the City</i>	\$600,000	\$0		\$600,000	\$600,000
<b>Professional Services for Acquisition</b>	\$0	\$0		\$0	\$0
<b>COLUMN TOTAL</b>	<b>\$600,000</b>	<b>\$0</b>		<b>\$600,000</b>	<b>\$600,000</b>

**Environment and Natural Resources Trust Fund**  
**M.L. 2016 Parcel List**

**Project Title:** Otter Tail River Recreation Trail Acquisition

**Legal Citation:** M.L. 2016, Chp. 186, Sec. 2, Subd. 09g

**Project Manger:** Gordon Hydukovich

**Organization:** City of Fergus Falls

**M.L. 2016 ENRTF Application:** \$600,000

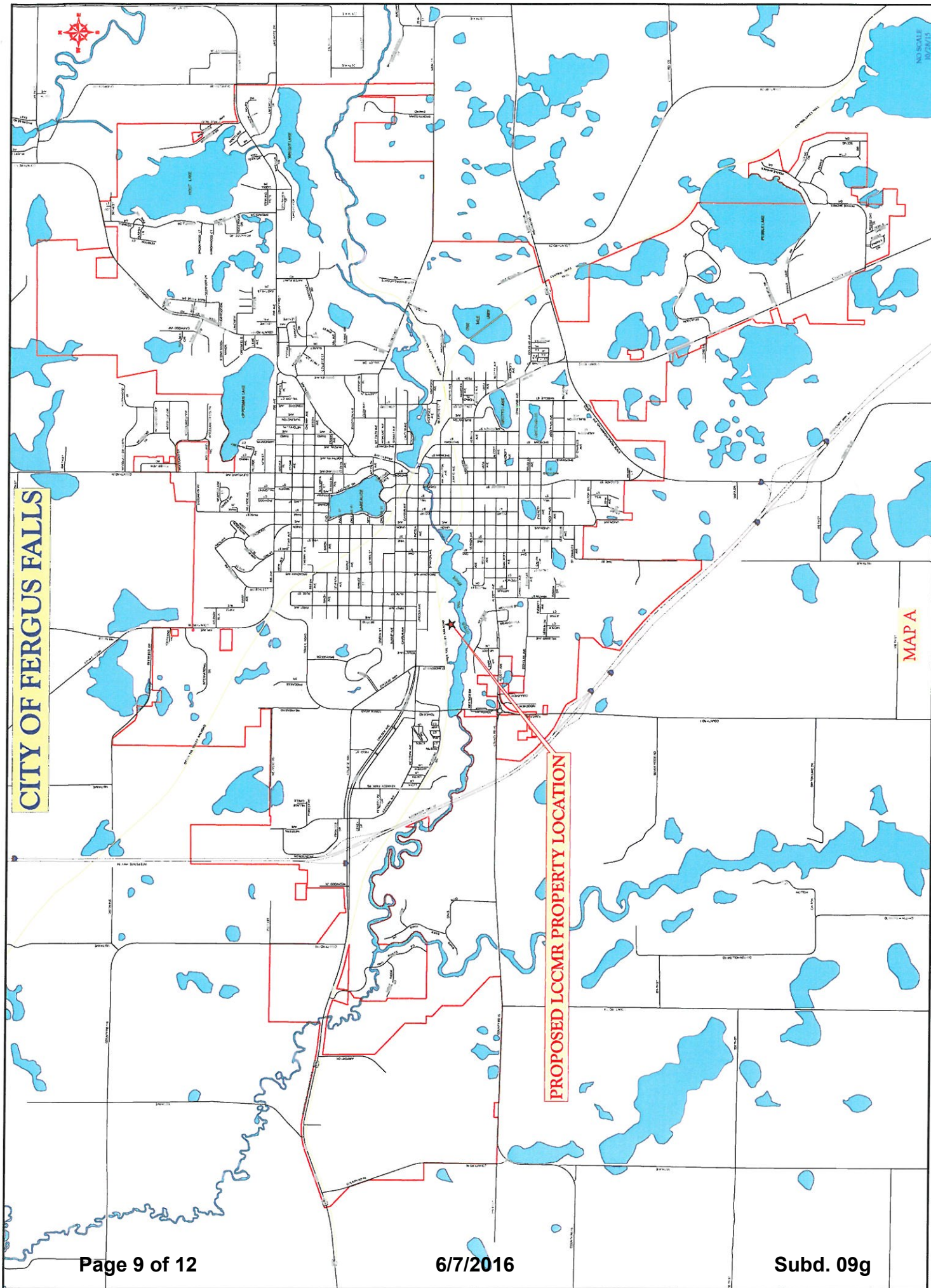
**Project Length and Completion Date:** 2 years, June 30, 2017

**Date of Report:** June 2, 2016

#	Acquisition or Restoration Parcel Name	Geographic Coordinates Format: [Deg.]° [Min.]' [Sec.]" [Hemis.]		Estimated Cost	Estimated Annual PILT Liabilities	County	Site Significance	Activity Description	# of Acres	# of Shoreline Miles	Type of Landowner	Proposed Fee Title or Easement Holder (if applicable)	Status
		Latitude	Longitude										
1	Part of 710035000002000	46.28061	96.086298	\$60,154/a.	N/A	Otter tail County	Land from the high water mark up and over the bluff edge	Fee Title acquisition	0.53 acres	Part of .658 miles	Private individual	City of Fergus Falls	In landowner negotiations
2	Part of 710035000003000	46.281241	96.085528	\$60,154/a.	N/A	Otter Tail County	Land from the high water mark up and over the bluff edge	Fee Title Acquisition	0.28 acres	Part of .658 miles	Private Individual	City of Fergus Falls	In land owner negotiations
3	Part of 710035000004002	46.280471	96.087006	\$60,154/a.	N/A	Otter Tail County	Land from the high water mark up and over the bluff edge	Fee Title acquisition	0.59 acres	Part of .658 miles	Private individual	City of Fergus Falls	In land owner negotiations
4	Part of 710035000004004	46.280033	96.091781	\$60.154/a.	N/A	Otter tail County	Land from the high water mark up and over the bluff edge	Fee Title acquisition	15.15 acres	Part of .658 miles	Private individual	City of Fergus Falls	In land owner negotiations
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NOTES: 16.624a. (Used as 1.63a. path, and 14.9940a. environmental strip/ environmental buffers.)





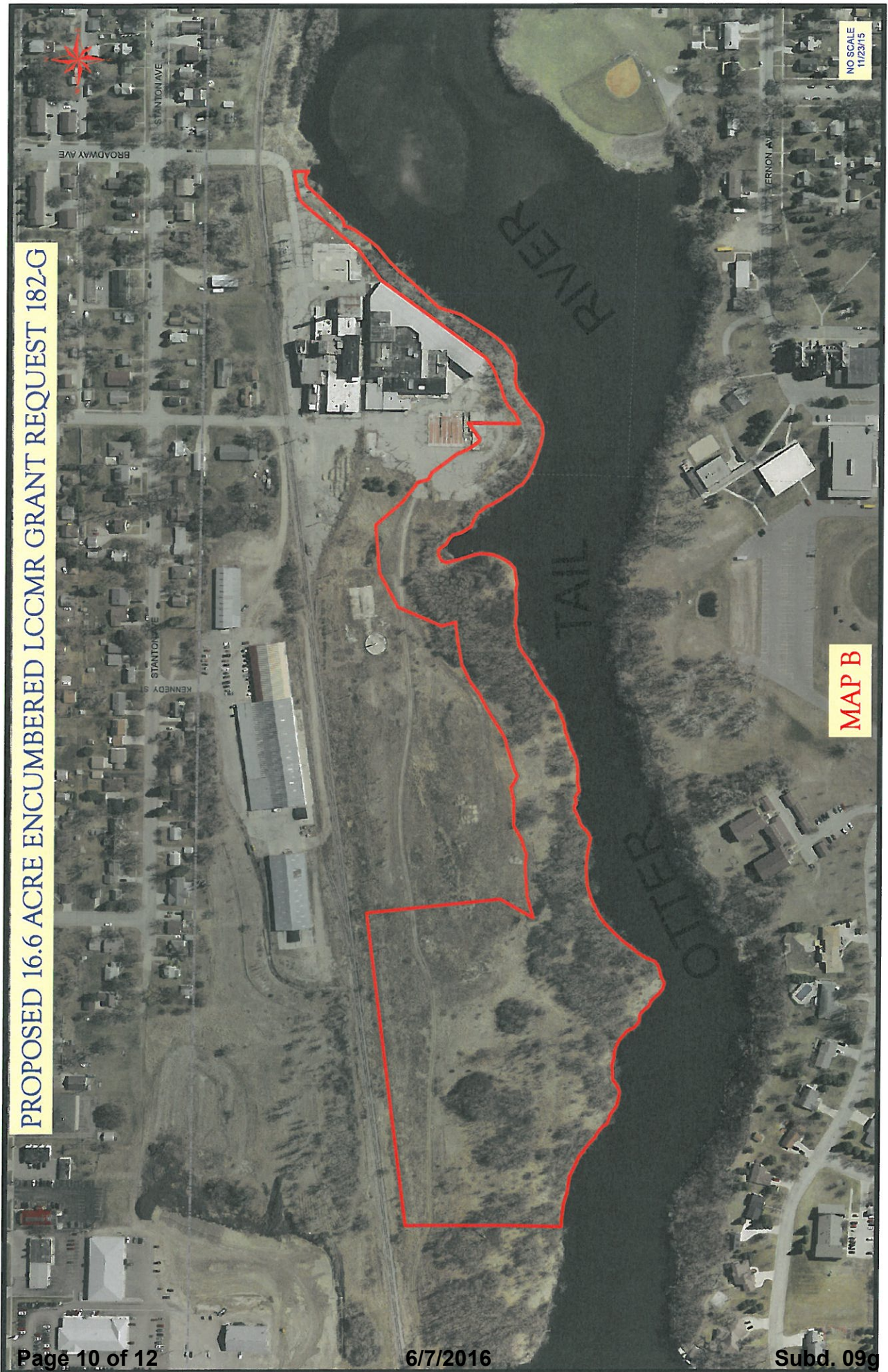
CITY OF FERGUS FALLS

MAP A

PROPOSED LCCMR PROPERTY LOCATION



PROPOSED 16.6 ACRE ENCUMBERED LCCMR GRANT REQUEST 182-G









PROPOSED 16.6 ACRE PARCEL PORTION MAP

