

Land Acquisition Procedures

Land to be conveyed to DNR through the CPL Grant Program

The following procedures apply only when using funds from the Conservation Partners Legacy Grant Program to purchase real property or an interest in real property (e.g., easement) AND property or interest is to be conveyed to the DNR through a donation.

1. DNR review and approval procedures PRE- GRANT AWARD, DNR RESPONSIBILITY

- a. Each acquisition must meet DNR's resource connections and criteria as identified in the DNR approved biennial acquisition plan for the applicable program.
- b. The DNR must complete the fact sheet approval process as provided under Operational Order No. 6 before the DNR agrees or expresses an interest in acquiring property or interest in property through the CPL grant recipient. This includes approval by the Regional Director. (In a rapid response situation, the Regional Director may need to skip up-front review by the Regional Management Team or Regional Environmental Assessment Team.) Upon approval of the one page fact sheet, a DNR project manager will be assigned to the acquisition to be working closely with the CPL grant recipient.

2. Acquisition Packet POST GRANT AWARD, CPL GRANT RECIPIENT RESPONSIBILITY

The DNR Lands and Minerals (LAM) Project Manager will be assigned to work with the CPL grant recipient to prepare the DNR acquisition packet.

- a. The CPL grant recipient must conduct a site assessment of the property to determine whether it is used or has ever been used for the manufacture, use, storage, or disposal of any hazardous waste or toxic substance, pollutant or contaminants. The CPL grant recipient should use the DNR's initial site assessment checklist.
- b. The CPL grant recipient must obtain information from the landowner on the use of the property, any site conditions, and any known conditions or use that could materially or adversely affect the property. The CPL grant recipient should use the DNR's landowner disclosure statement.
- c. The CPL grant recipient must obtain any easement information from the landowner for easements currently in place on the parcel to be acquired and provide that information to the DNR LAM Project Manager, to be included in the DNR Acquisition Packet. As noted in all CPL grant program materials, any portion of land that has an easement (permanent or temporary) already in place that had been funded by any State dollars (such as RIM or RIM/ WRP) cannot be purchased using CPL grant funds. It is important to discuss this appraisal situation with the Appraisal Unit Supervisor. Acres of a total parcel encumbered with such an easement may be purchased using non-state matching funds as part of the CPL grant project (match funds provided by the grantee). CPL grant recipients are required to receive 2 certified appraised values for the parcel. Value #1 must be the for the purchase price to be negotiated with the

landowner (entire parcel). Value #2 must be the portion of the parcel to be paid for with CPL grant funds.

- d. The CPL grant recipient must provide the Lands and Minerals Project Manager with a proposed legal description for review before the appraisal is ordered. The DNR will determine if the property needs to be surveyed in order to have a recordable legal description. If a survey is needed, the CPL grant recipient must obtain a survey from a Minnesota licensed surveyor under terms to be provided by the DNR. The CPL grant recipient shall also provide a copy of any prepared survey to the DNR for review. See 7. Third Party Survey Criteria (of this document) for additional survey information.
- e. If the interest to be acquired is a conservation easement, the Project Manager will work with the CPL grant recipient on the negotiation of and drafting of the terms and conditions of the easement. The easement must be drafted prior to the appraisal.

The official DNR expression of interest in acquiring property or interest in property from or through a CPL grant recipient must be in written form and signed by DNR personnel with delegation authority from the Commissioner for acquisitions as provided under Operational Order No. 6.

3. Appraisal and Appraisal review, SHARED RESPONSIBILITY

- a. Upon receiving a completed Acquisition Packet, the DNR LAM Appraisal Management Unit Supervisor will:
 - i. bid out the appraisal using the DNR's master contract list for appraisers.
 - ii. notify CPL grant recipient and provide contact information for low bidder.
- b. DNR LAM Appraisal Management Unit Supervisor will provide CPL grant recipient with appraisal instructions to be provided to the low bidder appraiser. Instructions will include the following information:
 - i. The DNR must be named as an intended user in the appraisal.
 - ii. The appraisal must be prepared in conformity with the guidelines titled "Uniform Standards of Professional Appraisal Practice" and "Minnesota DNR Supplemental Appraisal and Appraisal Review Guidelines (7/15/09)". A copy of the new DNR Guidelines can be found at the following location: http://www.dnr.state.mn.us/lands_minerals/appraisal_mgmt.html.
 - iii. In order to ensure compliance with the applicable appraisal standards, your written assignment instructions to the appraiser must be included as an addendum of the appraisal report.
 - iv. The property must be valued as though the DNR is purchasing the property directly from the landowner. The appraiser must be instructed to include this assumption as a "Hypothetical Condition" in the appraisal.
 - v. The Sales Comparison Approach shall include comparables that are both inferior and superior to the subject property.
 - vi. If the value is less than \$100,000, a summary appraisal report is acceptable.

- vii. If state-funded easements exist on the subject property, 2 certified appraised values must be conducted. The first value is to be the total parcel value to be negotiated with the landowner. The second value is the certified value of all non-easement acres.
 - viii. The effective date of the appraisal must be no more than one year prior to obtaining an executed purchase agreement/exercised option agreement.
 - c. The CPL grant recipient must provide the appraisal instructions to the appraiser.
 - d. The CPL grant recipient shall provide two original appraisals to the Appraisal Unit Supervisor to the following address for review:
 - MN DNR – Lands and Minerals
 - Appraisal Management Unit Supervisor
 - 1601 Minnesota Drive
 - Brainerd MN 56401
 - e. The Appraisal Management Unit Supervisor shall conduct appropriate administrative or technical review of completed appraisal. Appraisal reviews typically take 2-6 weeks (depending upon the complexity of the project and the quality of the appraisal).
 - f. The Appraisal Management Unit Supervisor shall mail the CPL grant recipient a document providing the state certified appraised value.
4. Landowner information **POST APPRAISAL, CPL GRANT RECIPIENT RESPONSIBILITY**
- a. The CPL grant recipient must be working with a willing seller and the landowner must be made aware of the fact that the CPL grant recipient intends to convey the real property or interest in property to the DNR after acquisition from the landowner.
 - b. The CPL grant recipient must disclose the appraised value to the landowner prior to making the offer to purchase the property.
5. Marketable title **POST APPRAISAL, CPL GRANT RECIPIENT RESPONSIBILITY**
- The CPL grant recipient must provide marketable title. The DNR will not accept title to property until such time as it concludes that, in the opinion of the State, that the title is marketable. In most instances, the DNR will require the CPL grant recipient to provide an abstract of title or registered property abstract and an attorney's title opinion. A CPL grant recipient may contact the DNR to determine if a title commitment for an owner's policy of title insurance would be acceptable.
6. County Board approvals **BEFORE PURCHASE, CPL GRANT RECIPIENT/ AREA DNR RESPONSIBILITY**
- County board approval is required for designation of DNR land as part of a wildlife management area or scientific and natural area. If the property is to be accepted by the DNR for these purposes, the CPL grant recipient must work with the Area Wildlife Manager or SNA Program Coordinator on obtaining the required approvals before completing the acquisition.

7. Third party survey criteria (IF DEEMED NECESSARY) POST GRANT AWARD, CPL GRANT RECIPIENT RESPONSIBILITY

The following criteria have been developed to help define the expectations the Survey Unit has for the acceptance of land surveying work done by a surveying firm outside of the DNR or outside of the DNR contract process. Work with DNR Project Manager to ensure proper procedures.

Field:

- a. Contact the landowner to secure permission to be on the property.
- b. Project in appropriate county coordinate system. NAD 1983.
- c. A listing of control stations used.
- d. Contact appropriate DNR Division Area Manager prior to and at the completion of the survey.
- e. Contact appropriate DNR Project surveyor prior to the projects start.
- f. Set intervisible points on property lines per the area managers' requirements.
- g. Locate and note any encroachments.

Office:

- h. Signed Mylar map sheet, 22" by 34", to be submitted to the LAM Survey Unit.
- i. Certificate of Location of Government Corners in accordance with state statute.
- j. Project coordinate list – electronic ASCII format with point descriptions.
- k. Land description in MS WORD, which calls out the appropriate found and set monuments.
- l. Electronic copy of the finished map in DWF, DWG or PDF format.
- m. ArcGIS compatible shape file of project boundaries in UTM Zone 15 extended meters, NAD1983. If the survey work is done in county coordinates a shape file in these coordinates would be acceptable, if the specifics of the coordinate system are provided. Shape files based on local or assumed coordinate systems are not acceptable.

These are the basic criteria, which the DNR will use to evaluate the acceptability of a survey done outside of the DNR process.

8. Relocation PRE-CLOSING, CPL GRANT RECIPIENT RESPONSIBILITY

The DNR is obligated under federal and state law to pay relocation expenses any time it displaces owners or tenants from their residences or displaces a business, farm or nonprofit organization. Moving expenses are the most common relocation benefit. If an acquisition may cause the DNR to become obligated for relocation expenses, the CPL grant recipient must contact the DNR Project Manager at the beginning of the acquisition process to discuss options and procedures.

9. Reporting requirements and deed restrictions PRE-CLOSING, CPL GRANT RECIPIENT RESPONSIBILITY

- a. The CPL grant recipient must comply with the project requirements and reporting requirements; and

- b. The CPL grant recipient must comply with the land acquisition restrictions and deed restriction notice requirements specified in appropriation language from year of CPL grant funding (see CPL grant recipient Grant Agreement):
 - i. ML 2009 Chapter 172, Article 1, Section 2, subdivisions 10, 14, 15 (FY10 CPL grant recipients)
 - ii. ML 2010 Chapter 361, Article 1, Section 2, subdivisions 9, 13, 14 (FY11 CPL grant recipients)
 - iii. ML 2011 First Special Session, Chapter 6, Article 1, Section 2, subdivisions 9, 13, 14, (FY12 CPL grant recipients)
 - iv. ML 2012 Chapter 264, Article 1, Section 3, subdivisions 13, 15, 16 (FY13 CPL grant recipients)

10. Conditions for payments of eligible costs **POST APPRAISAL/ PRE-CLOSING, CPL GRANT RECIPIENT RESPONSIBILITY**

- a. Before the DNR will reimburse the CPL grant recipient for any purchase of property, the DNR must review and approve the appraisal prepared for the property. If the CPL grant recipient purchases the property before the DNR approves the appraisal, and the DNR rejects the appraisal or determines that the value of the property is different than what was paid, the CPL grant recipient will only be reimbursed for the approved appraised value of the property.
- b. If the DNR finds that the title is not marketable or that any required county board approval cannot be obtained, the CPL grant recipient will only be reimbursed those costs directly associated with the acquisition packet. It is the CPL grant recipient's responsibility to recoup expenditures such as earnest money.
- c. The grant recipient will not be entitled to use funds under the grant to pay the landowner in excess of 110% of the approved value.
- d. The CPL grant recipient must disclose the amount they paid to the landowner for the property.
- e. All eligible costs must be documented.

11. Eligible costs

Eligible costs are the following:

- a. The value the CPL grant recipient paid for the property, subject to the above-described conditions,
- b. Appraisals,
- c. Surveys,
- d. Loan costs for holding the property,
- e. Property taxes paid by the CPL grant recipient from the date of its acquisition,
- f. Attorney fees for the specific acquisition,
- g. Staff time spent on the specific acquisition,
- h. Abstracting and recording fees, and
- i. Penalty payments made for prepayment of a mortgage or loan.