

Committee Report

Transportation Committee



Committee Meeting Date: December 12, 2022

For the Metropolitan Council: January 11, 2023

Business Item: 2022-300

Right-of-Way Acquisition Loan partial repayment from City of Anoka for Parcel at US 10/169 and Thurston Avenue

Proposed Action

That the Metropolitan Council approve the partial release of a restrictive covenant on 0.23-acres of land within the City of Anoka in exchange for a partial repayment of Right-of-Way Acquisition Loan Number L0903 (RALF Loan L0903).

Summary of Transportation Committee Discussion/Questions

Metropolitan Transportation Services Planning Analyst Tony Fischer presented this item. Cummings asked if we reach out to say it's time for the loan to be repaid or does the entity come to us. Fischer replied that it can be either, depending on the case. Pacheco asked who pays the property taxes. Fischer responded that the land is held by the city so it's not taxable. Cummings asked where the money goes when repaid to which Fischer stated it goes back into the fund – it's a revolving loan fund. Gonzalez asked what happens if the property is sold for higher than the loan amount. Fischer stated the cost of the RALF program is shared, so sale price exceeds the loan value it all goes back into the program. Chamblis asked about the restrictions with the statute. Fischer answered that the statute anticipates that these funds will be used as a RALF loan only – so if there are better uses for the funds it would require a statute change.

Motion by Zeran, seconded by Sterner. Motion carried, Consent to Council.

Business Item

Transportation Committee



Committee Meeting Date: December 12, 2022

For the Metropolitan Council: January 11, 2023

Business Item: 2022-300

Right-of-Way Acquisition Loan partial repayment from City of Anoka for Parcel at US 10/169 and Thurston Avenue

District(s), Member(s): District 9, Zeran

Policy/Legal Reference: Minn. Stat. § 473.167, Subd. 2

Staff Prepared/Presented: Tony Fischer, Transportation Planner (651-602-1703)
Amy Vennewitz, Deputy Director Transportation Planning (651-602-1058)

Division/Department: MTS

Proposed Action

That the Metropolitan Council approve the partial release of a restrictive covenant on 0.23-acres of land within the City of Anoka in exchange for a partial repayment of Right-of-Way Acquisition Loan Number L0903 (RALF Loan L0903).

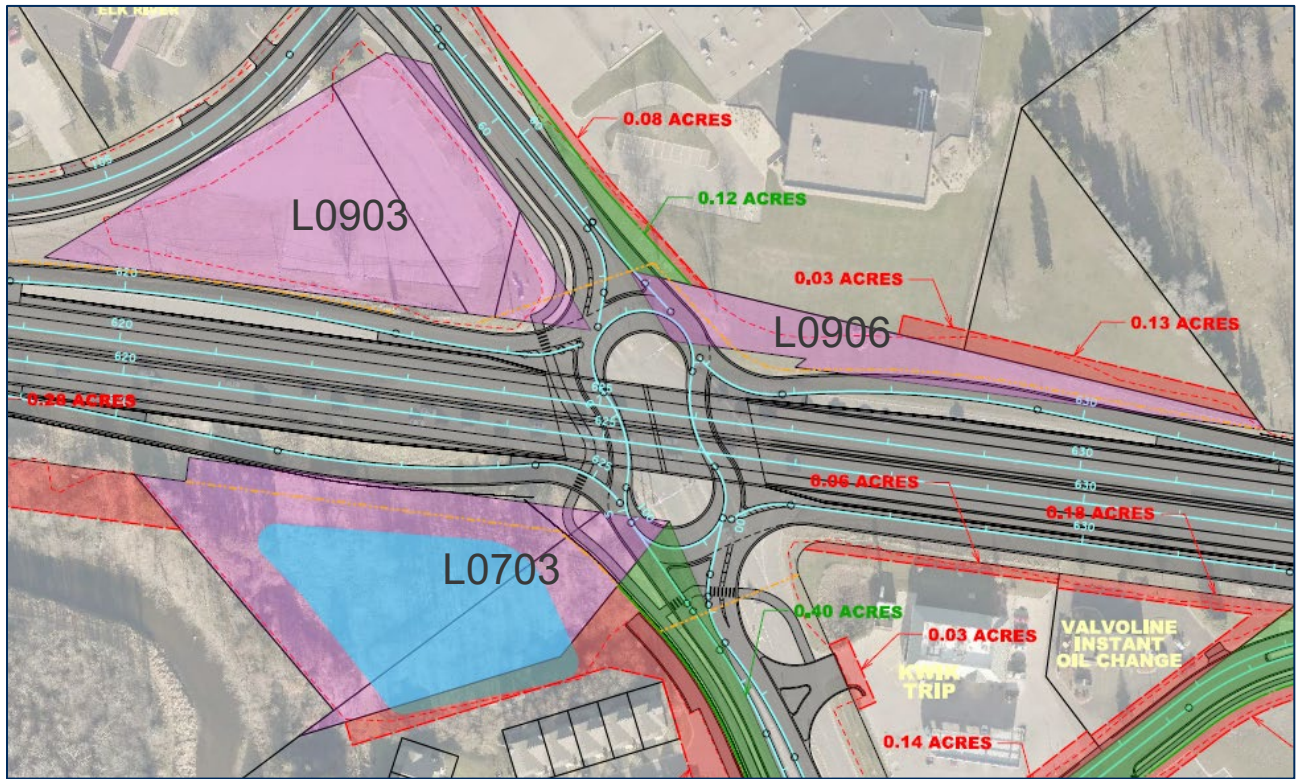
Background

Minn. Stat. Section 473.167, Subd 2 established the Right-of-Way Acquisition Loan Fund (RALF) program to allow the Council to make loans to cities to purchase right-of-way needed for future highway use in advance of the land being developed or redeveloped, with the goal of avoiding more costly acquisitions.

The City of Anoka is leading the anticipated project to convert the at grade signalized intersection on US 10/169 at Thurston Avenue to an interchange and, in coordination with MnDOT, is proposing to acquire the RALF property necessary for the project (Figure 1).

In 2007 and 2009, the Metropolitan Council approved three RALF loans (L0703, L0903 and L0906) for the City of Anoka to acquire three parcels for the future improvement of U.S. Highway 10/169 at a proposed interchange location at Thurston Avenue. RALF Loans L0703 and L0906 are fully needed for the highway improvements and being fully repaid as intended, and so are not being presented to Council. RALF Loan L0903 is only partially needed for the highway improvements and partially repaid so is the subject of this Business Item.

Figure 1: Highway Improvements and RALF Parcels at US 10/169 at Thurston Avenue



The City of Anoka is proposing to repay \$244,173.41 of the outstanding \$1,368,284.89 loan balance on RALF Loan L0903. At the time of the loans, the City of Anoka was required to file restrictive covenants that preserved this property for the highway improvements. Metropolitan Council approval is required to provide a partial release of restrictive covenant in exchange for a partial repayment of the loan. The remainder of the property will be sold after the project is complete to satisfy the remainder of the loan.

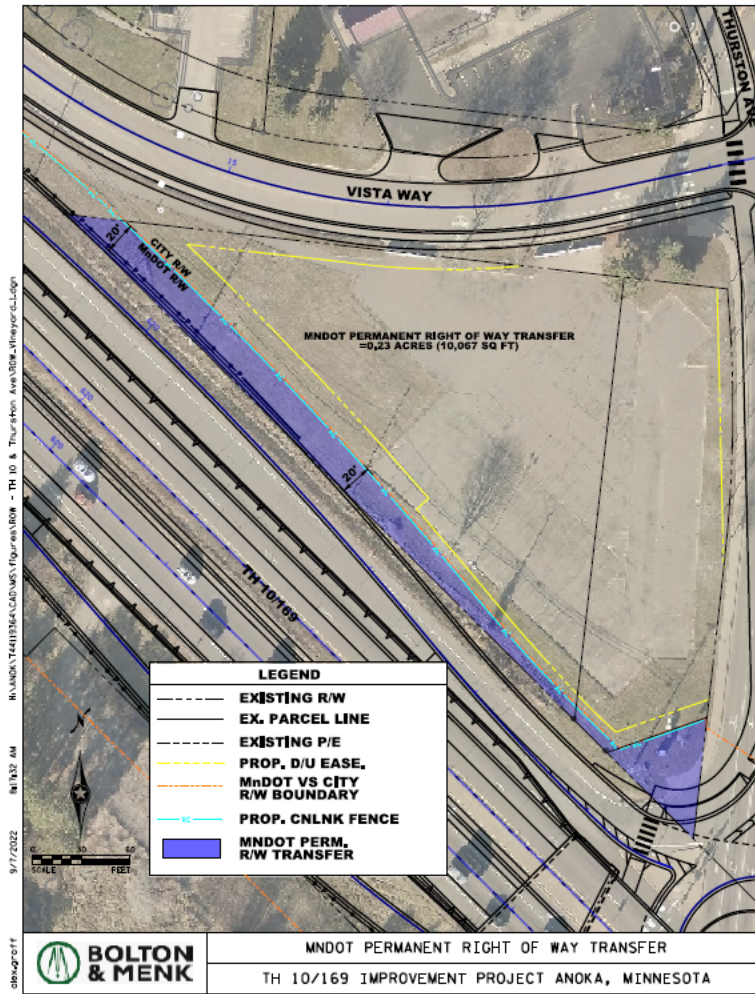
Table 1 below outlines the parts of RALF Loan L0903 and the related parcel. This loan was made in 2009 for \$1,368,284.89 which is currently outstanding. The loan is proposed to be repaid at this time in proportion to the part of the parcel needed. Of the 1.63-acre parcel, 0.23 acres (14.3%) are needed for State Trunk Highway right-of-way (Figure 2). Upon receipt of a proportional payment of the loan, \$195,822.68, Council is asked to authorize a partial release of the restrictive covenant covering this area.

Table 1: Parts of Parcel and RALF Loan L0903 Repayments Proposed

Description	Area (acres)	Outstanding Balance	Proposed Repayment	Remaining balance
State Trunk Highway right-of-way	0.23	\$195,822.68	\$195,822.68	\$0
City drainage and utility easement	0.19	\$161,169.10	\$48,350.73 (30% of \$161,169.10)	\$112,818.37
Rest of parcel	1.20	\$1,011,293.11	\$0	\$1,011,293.11
<i>sum</i>	1.63	\$1,368,284.89	\$244,173.41	\$1,124,111.48



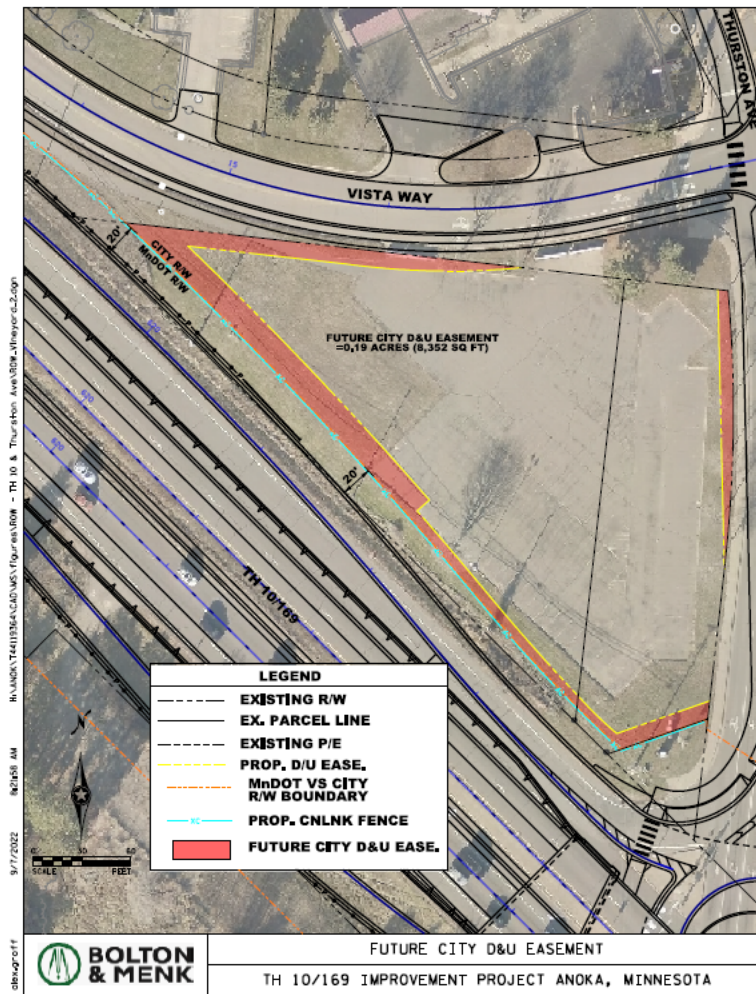
Figure 2: Area Reflecting Future State Trunk Highway Right-of-Way Covered by Loan L0903



In addition, drainage and utility easements are necessary on parts of the remnant parcel for the highway project and are proposed to be compensated at 30% of proportional loan value of the area covered (Figure 3). An additional repayment of \$48,350.73 results from these easements covering 0.19 acres of the parcel. This partial compensation is appropriate because the easements are along the edges of the property and will not materially affect future uses of it.



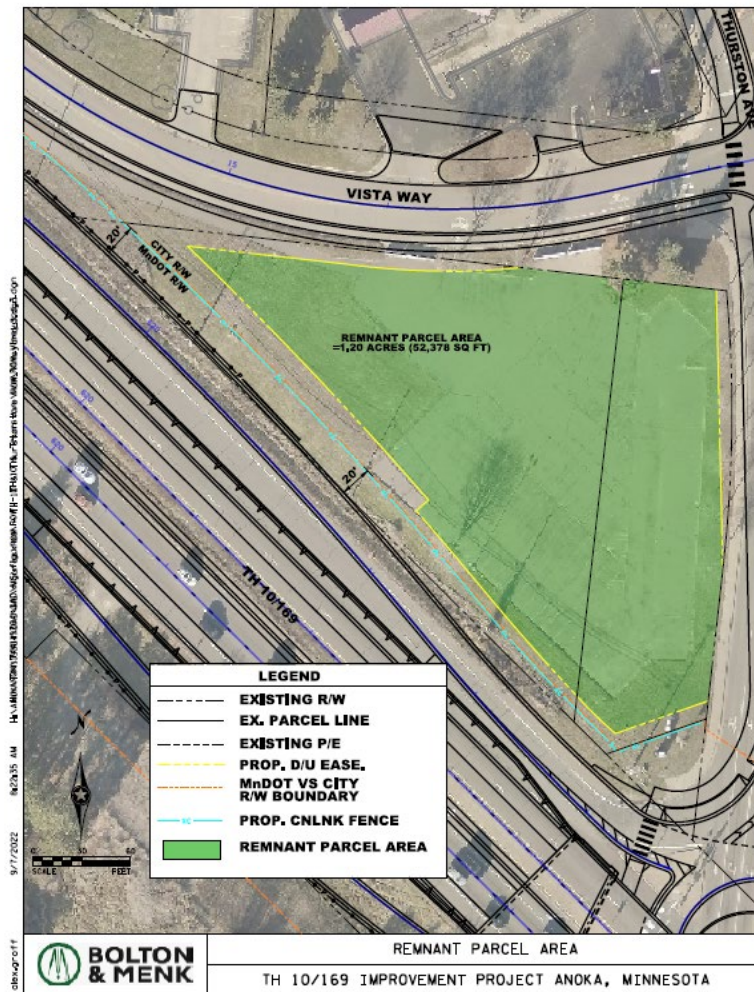
Figure 3: Area Covered by Easement Covered by Loan L0903



The rest of the parcel is 1.20 acres (Figure 4) and, in addition to the 0.19 acres covered by the drainage and utility easements, will remain in the ownership of the City of Anoka along with an outstanding RALF Loan balance of \$1,124,111.48. After construction of the highway project is complete, and with MnDOT’s concurrence that there is no future trunk highway need, the City of Anoka shall sell this property at market value as directed by Minnesota Statute.



Figure 4: Rest of Parcel with RALF Loan L0903



Rationale

Council approval is required for a partial release of restrictive covenant on 0.23 acres of land purchased with RALF loan L0903 in exchange for a partial repayment of the loan in the amount of \$244,173.41, and reserves action on any other parcels where RALF Loans are outstanding. Council approval is not requested nor required for the full repayments of RALF loans L0703 and L0906 because they are to be used as intended for the highway improvements. The City Council of the City of Anoka approved this transaction at its meeting of November 7, 2022.

Thrive Lens Analysis

This action most directly affects and supports the Thrive outcome of Stewardship by supporting highway improvements through efficient right-of-way acquisition and making unneeded property available for other uses in the future.

Funding

This transaction is a partial repayment of a loan given in 2009. The RALF fund cash balance is \$23.1 million and loan repayments are anticipated to exceed fund outlays for the foreseeable future. All loans in this program are interest free as designated in Minn. Stat. § 473.167, subd. 2.

