

Business Item

Transportation Committee



Committee Meeting Date: January 23, 2023

For the Metropolitan Council: January 25, 2023

Business Item: 2023-11 SW

Right-of-Way Acquisition Loan partial repayments from City of Ramsey for Parcels along US Highway 10

District(s), Member(s): District 9, Zeran
Policy/Legal Reference: Minn. Stat. § 473.167, Subd. 2
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Division/Department: MTS

Proposed Action

That the Metropolitan Council accept five proportional repayments of Right-of-Way Acquisition Loan Numbers (RALF Loans) L0801, L0705, L0404, L0503 and L0602 in the City of Ramsey and release related Council claim on the portions of the property that the payments are intended to cover.

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.

Between the fall of 2023 and spring of 2026, Anoka County will lead the construction of the City of Ramsey's Highway 10 Gateway Project (Figure 1). This project includes two grade-separated interchanges at Ramsey Boulevard and Sunfish Lake Boulevard that will replace existing signalized intersections. The at-grade BNSF railway crossings on Ramsey Boulevard and Sunfish Lake Boulevard will also be grade-separated.

Figure 1: City of Ramsey's Highway 10 Gateway Project

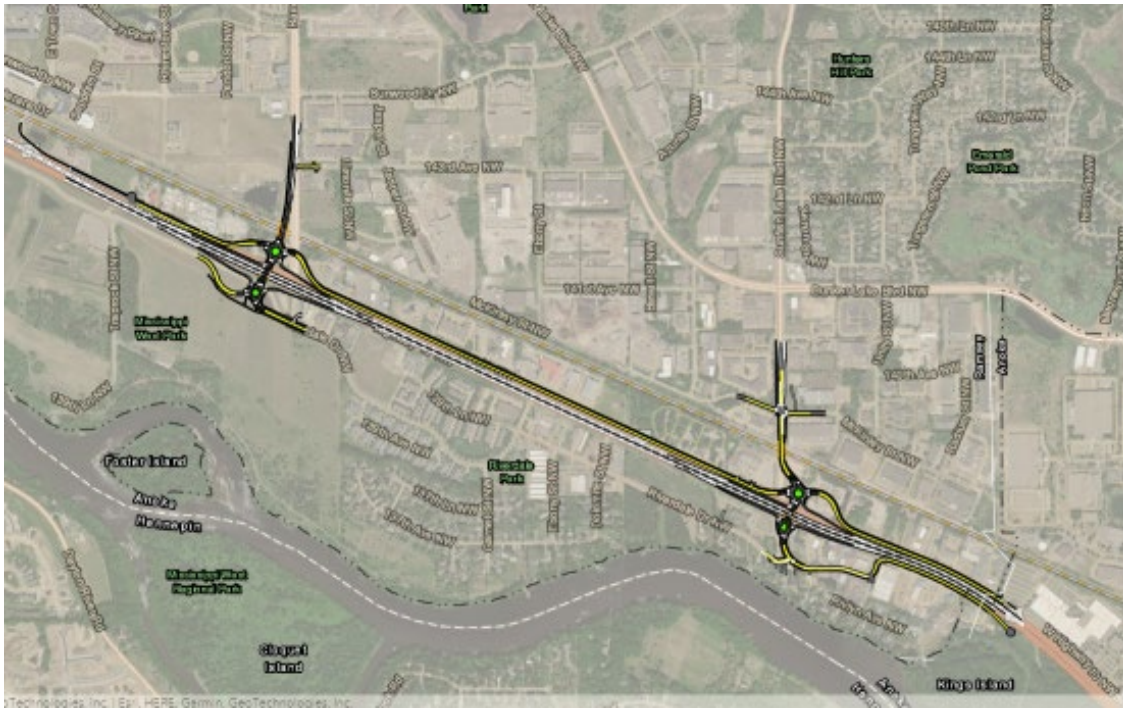


Table 1 identifies the five RALF loans that are proposed to be partially repaid at this time. Portions of parcels purchased with these RALF Loans are needed for the upcoming Highway 10 improvements in the City of Ramsey. Proposed repayments are in proportion to the part of the parcel needed for the highway improvements.

The Council's loan agreements require a recipient of a RALF loan to place a restrictive covenant on the land that protects the future highway interest from any encumbrances. In reviewing the file, the Council discovered that no restrictive covenants had been placed on the properties associated with the RALF loans granted to the City of Ramsey. To bring the transaction into compliance with the RALF loan program and upon receipt of the expected partial payments, the Council is requiring that the City of Ramsey file restrictive covenants per our loan agreements, excluding the portions of the properties identified as being used for road or highway purposes, and reserving further action until the disposal of the remainder parcels are concluded by the City.

Table 1: Proposed Partial RALF Loan Repayments

RALF Loan	Loan Value	Proposed Repayment	Property Purchase/Repayment %
L0801*	\$1,260,686.00	\$56,852.18	4.5
L0705	\$551,934.00	\$28,796.96	5.2
L0404	\$372,647.00	\$22,023.12	5.9
L0503	\$263,334.00	\$27,749.00	10.5
L0602	\$384,868.00	\$100,940.01	13.1
<i>sum</i>	\$2,833,469.00	\$236,361.27	

*None of the parcel purchased with L0801 is being purchased for the highway improvement but a railroad easement is necessary that will cover 4.5% of the parcel. Due to the intrusive nature of this easement, repayment at 100% of the proportional value is appropriate.

Rationale

Partial repayment requires Council action due to only a portion of the properties being used for the intended highway improvements. Part of five parcels purchased with RALF loans are needed for US 10 highway improvements in the City of Ramsey. This necessitates recording restrictive covenants against the remaining properties, which because it wasn't recorded at the time of issuance of the loans should be recorded against, and encumber the real property remaining under the loans following Council acceptance of these partial payments.

Thrive Lens Analysis

This action most directly affects and supports the Thrive outcome of Stewardship by supporting the economic acquisition of right-of-way for highway improvements.

Funding

This transaction includes five partial loan repayments. The RALF fund cash balance at the end of 2022 was \$25,164,398 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.

Small Business Inclusion

Not applicable; the RALF program does not involve contracting.

