

Transportation Committee

Meeting date: December 12, 2016

For the Metropolitan Council meeting of: December 14, 2016

Subject: RALF Loan to Lakeville for Parcel at I-35 and CSAH 5

District(s), Member(s): Wulff, District 16

Policy/Legal Reference: MN Statute 473.167, Subd. 2

Staff Prepared/Presented: Connie Kozlak, MTS Planning Analyst 651-602-1720), Amy Vennewitz, MTS Deputy Director Planning & Finance (651-602-1058)

Division/Department: MTS

Proposed Action

That the Metropolitan Council approve a Right of Way acquisition (RALF) loan of up to \$720,000 to the city of Lakeville to purchase 17395 Kenwood Trail, Lakeville, which is a parcel of land needed for reconstruction of the northbound exit ramp at CSAH 5 and I-35.

Background

MN Statute 473.167, Subd 2 established the 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. CSAH 5 crosses I-35 at a skewed angle, which was not considered an issue when the interchange was built in the 1960’s in a rural area. However, the city and MnDOT have been working for several years on plans to improve safety along CSAH 5 (formerly MnDOT TH 50) since the area has become more densely developed. The intersection of the northbound off ramp with CSAH 5 is proposed to be relocated to create a safer, right angled intersection, with a new direct connection to Kendrick Ave, which is the east frontage road of I-35. This will also allow several other nearby intersections with CSAH 5 to be closed to increase safety (see attached map). Right of way needed for this relocation is a vacant Burger King which could be redeveloped prior to the reconstruction if it is not purchased now.

Rationale

Earlier in 2016 the Council amended its policy to allow applications for RALF loans to purchase non-homesteaded commercial property. The proposed exit ramp reconstruction to improve roadway safety is consistent with the TPP, and the new roadway connection to Kendrick would create an improved route for traffic coming from the south to access Metro Transit’s 750 car Kendrick Park and Ride facility located just north of CSAH 5. Burger King Corporation is willing to sell the parcel for \$700,000, which is less than the current tax assessed value. The city would buy it directly avoiding broker fees, and due to the vacant building, there will be no relocation costs, so the purchase at this time is a good value. State law allows certain administrative costs incurred by the city, like appraisals, environmental investigation, legal fees, and closing costs, to also be included in the loan so they will be contained in the price MnDOT ultimately pays the city for the property. These costs are estimated at \$15-20,000 but will not be known exactly until after the closing.

Thrive Lens Analysis

The primary purpose of the RALF program is *stewardship* of public resources, since purchasing needed highway right of way when it is vacant or prior to



redevelopment will cost less than purchasing a property with a valuable building that would need to be demolished before road construction can begin. The Council evaluated the RALF program in 2013 and determined that cost savings of public money have been achieved since the beginning of this program in the 1980's. This loan is for a vacant commercial property, which furthers the Thrive *prosperity* outcome since this purchase will not close or relocate an existing business. Completion of the intersection reconstruction using this ROW parcel will improve roadway safety and access to the Kendrick park and ride, both of which are *livability* outcomes. The purchase is a *collaboration* between Lakeville, MnDOT and the Council.

Funding

The current balance in the RALF fund is \$14.6M, including recent repayments by the city of Maple Grove related to TH 610.

Known Support / Opposition

MnDOT supports purchase of this parcel for reconstruction of the interchange which will be programmed when funding becomes available. No known opposition.

