

Transportation Committee

Meeting date: May 8, 2017

For the Metropolitan Council meeting of: May 24, 2017

Subject: RALF Loan to City of Ramsey for Parcel at US 10 and Sunfish Lake Blvd

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

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

Staff Prepared/Presented: Tony Fischer, MTS Planning Analyst (651-602-1703), 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 \$905,500 to the City of Ramsey to purchase a 1.6 acre parcel at 6401 US Highway 10, which is a parcel of land needed for construction of a grade separated interchange and an associated frontage road at US 10 and Sunfish Lake Blvd.

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. The City of Ramsey, Anoka county and MnDOT have been working for several years on plans to improve safety and traffic along US 10 in western Anoka county. US 10 is a four- lane principal arterial with signalized intersections, running northwest of the city of Anoka into Sherburne county. Recognizing that converting this road to a freeway in the traditional manner was cost prohibitive, the Highway 10 Access Planning Study was completed in 2014 to define a series of small, implementable projects that would provide 90-95% of the safety and mobility benefits of the previously planned freeway at roughly one half of the cost. Individual intersections are now being improved as funding becomes available. An interchange at Armstrong Blvd was completed in 2016, and TAB recently approved funds from the most recent Regional Solicitation to construct an underpass at Fairoak Av and US 10.

The parcel proposed for purchase is needed to construct a new frontage road south of the BNSF railroad to provide access to several private properties, allowing closure of their existing direct driveways to US 10 which would conflict with the interchange ramps. The attached air photos show the subject parcel and the two designs that are currently being evaluated for this location, one allowing Sunfish Lake Blvd to pass over the railroad track, new frontage road and US 10 while the other has the boulevard passing under the other three. The driveway closures are indicated by red "xx".

Rationale

In 2016 the Council amended its policy to allow applications for RALF loans to purchase non-homesteaded commercial property. The property owner is willing to sell the parcel for \$645,000, which is less than the county assessor's 2017 estimated market value of \$1,012,900.

This project is a vacant gas station which could be redeveloped prior to the road construction if it is not purchased now. Since the building is currently vacant,

there will be no lease buy out or business relocation costs, so the purchase at this time is a good value. State law allows certain additional costs incurred by the city, like appraisals, environmental investigation, demolition, legal fees, and closing costs, to also be included in the loan. These costs are estimated at \$260,500 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 with an overpass of highway 10 using this parcel will improve roadway safety which is a *livability* outcome. The purchase is a *collaboration* between Ramsey, MnDOT and the Council.

Funding

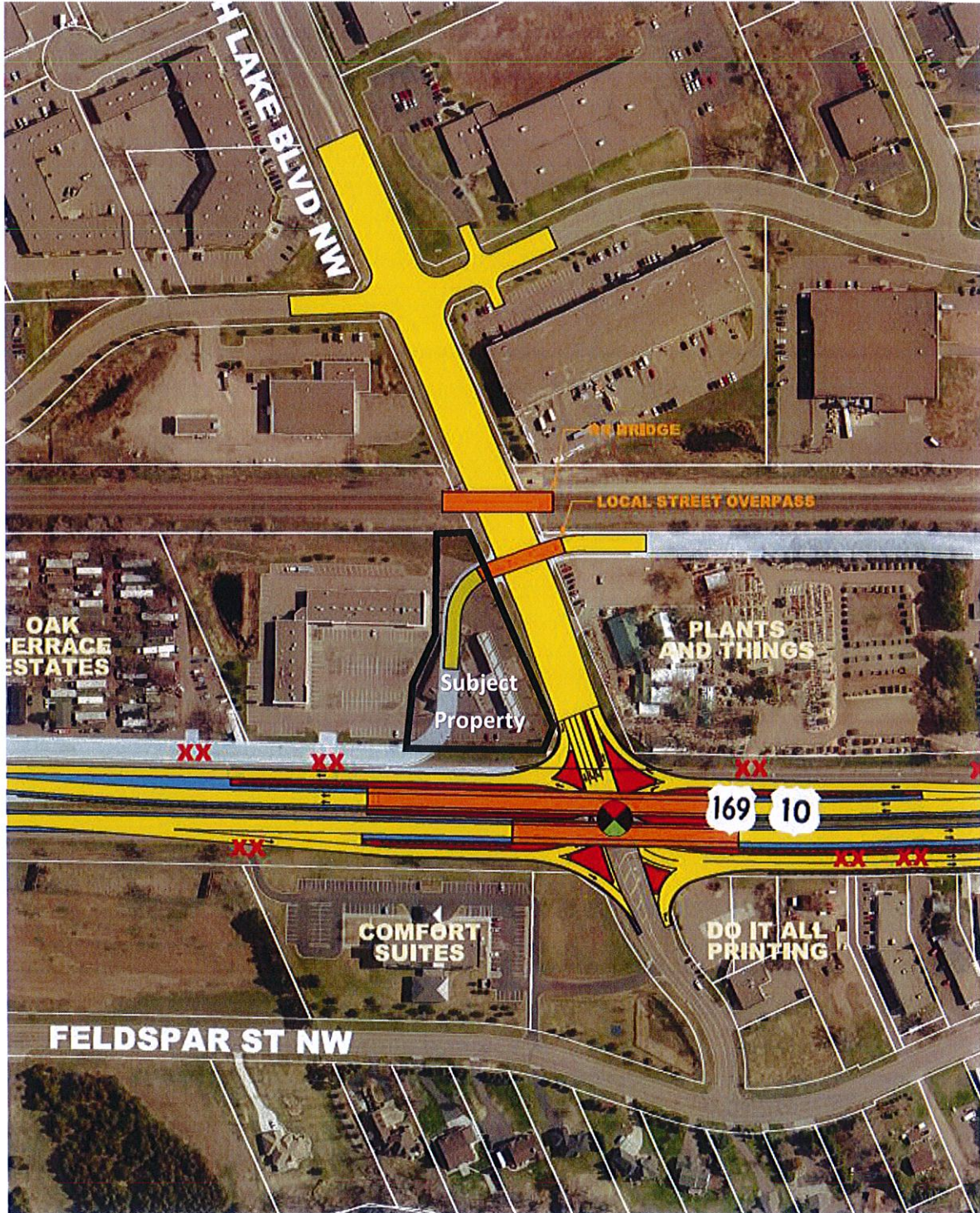
The current balance in the RALF fund is \$14.2 million, which reflects recent repayments by the city of Maple Grove related to TH 610 and by the city of Anoka related to construction at Thurston and US 10, as well as a loan made to Lakeville in January, 2017.

Known Support / Opposition

A letter from MnDOT supporting purchase of this parcel with RALF funds is attached. There is no known opposition.

APPENDIX A (continued)
Property Description

U.S. Highway 10 Access Planning Study: option 1 of 2 for the Sunfish Lake Boulevard Intersection



APPENDIX A (continued)
Property Description

U.S. Highway 10 Access Planning Study: option 2 of 2 for the Sunfish Lake Boulevard Intersection



Date: April 25, 2017

Ms. Connie Kozlak
Metropolitan Council
Mears Park Centre
230 East Fifth Street
St. Paul, MN 55101-1633

RE: RALF Request
6401 TH 10, Lot 2 Block 1
Official Map Parcel #42
Pin #34-32-25-14-0027

Dear Ms. Kozlak,

Metro District staff have been working with the City of Ramsey to preserve the R/W needed for a City of Ramsey frontage road and a future MnDOT interchange at TH 10 and Sunfish Boulevard.

According to the Guidelines to Allocate Funds for Metropolitan Highway Rights of Way (October 2015), the Council may make loans "to avert the imminent conversion or the granting of approvals that would allow the conversion of property to uses jeopardizing its availability for highway construction...". The parcel referenced above is a former gas station, is now vacant, and is a good candidate for the RALF program to prevent its conversion to another commercial use.

The City of Ramsey will be required repay the RALF Loan for the property acquired for their frontage road. My appraisal staff will do the appraisal reviews of this parcel for the City of Ramsey if the Metropolitan Council determines to fund this acquisition through the RALF.

Sincerely,



Debra M. Anderson, P.E.
Metro District R/W Manager