

Transportation Committee

Meeting date: October 11, 2021

For the Metropolitan Council meeting of October 27, 2021

Subject: Right-of-Way Acquisition Loan to City of Lakeville for Parcel at I-35 and CSAH 50

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

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

Staff Prepared/Presented: Tony Fischer, MTS Planning Analyst (651-602-1703), Amy Vennewitz, Acting MTS Director (651-602-1058)

Division/Department: MTS

Proposed Action

That the Metropolitan Council approve a right-of-way acquisition loan of up to \$1,100,000 to the city of Lakeville to purchase 17471 Kenwood Trail, Lakeville, which is a parcel of land needed for reconstruction of the northbound exit ramp at I-35 and County State Aid Highway (CSAH) 50.

Background

MN Statute 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. CSAH 50 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 county have been working for several years on plans to improve safety along CSAH 50 (formerly MnDOT Trunk Highway 50) since the area has become more densely developed. The intersection of the northbound off ramp with CSAH 50 is proposed to be relocated to create a safer, right-angled intersection, with a new direct connection to Kenrick Ave, which is the east frontage road of I-35. An interchange improvement here will also address the bottleneck under I-35 where the existing bridge length only allows for a single westbound lane of CSAH 50. This will also allow several other nearby intersections along CSAH 50 to be closed to increase safety (see attached map). A previous RALF loan was provided by the Metropolitan Council to Lakeville in 2017 in the amount of approximately \$740,000 to purchase the neighboring former Burger King property. This additional right-of-way needed is a vacant former gas station which could be redeveloped prior to the reconstruction if it is not purchased now.

Rationale

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 Kenrick Ave would create an improved route for traffic coming from the south to access Metro Transit's 750 car Kenrick Park and Ride facility located just north of CSAH 50. Lakepoint Holdings II, LLC is willing to sell the parcel for \$970,000, which is reduced from a recent appraisal that estimated the value at \$1,000,000 to reflect the preliminary estimate to dispose of petroleum contaminated soils on the site and additional dewatering costs for petroleum contaminated groundwater. 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. Demolition costs are also permitted and included here. These costs are estimated at \$77,000 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. Completion of the intersection reconstruction using this ROW parcel will improve roadway safety and access to the Kenrick 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 \$15.2 million.

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.



Proposed RALF parcel:
17471 Kenwood Trail