

Business Item

Transportation Committee



Committee Meeting Date: August 22, 2022

For the Metropolitan Council: September 14, 2022

Business Item: 2022-221

Right-of-Way Acquisition Loan partial repayment from City of Maple Grove for Parcel at I-94 and MN 610

District(s), Member(s): District 1, Johnson
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 6.94-acres of land within the City of Maple Grove in exchange for a proportional repayment of Right-of-Way Acquisition Loan Number L0202 (RALF Loan).

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.

In 2002, the Council made the RALF Loan to the City of Maple Grove (Maple Grove) in the amount of \$3,996,243.00 for the purchase of Hennepin County Parcel ID 0811922210002 (Parcel). The Parcel was anticipated to be needed for the future interchange of I-94 and Highway 610, and the extension of Highway 610 to the west.

From 2014 to 2016 MnDOT constructed Highway 610 between Hennepin County Road 81 and I-94 including an interchange at Hennepin County Road 30, and ramps to and from I-94 West. This project required a small part of the Parcel in its northeast corner and Maple Grove repaid \$185,155.00, the proportionate share represented by this portion of the Parcel. This left an outstanding RALF Loan balance of \$3,811,088.00.

Maple Grove is now leading the development of a project to extend Highway 610 to the west to Hennepin County Road 30 and add two connecting ramps at I-94 (Figure 1). This new roadway will be named Rush Creek Boulevard. MnDOT will preserve the right-of-way necessary so that all the remaining movements between Highway 610 and I-94 could be provided in the future.

In coordination with MnDOT, Maple Grove has prepared a plat (Figure 2) to define the various uses of the Parcel. The parts labeled Rush Creek Boulevard and Outlot D will be needed for the immediate highway project in development and will be owned by Maple Grove and MnDOT respectively. MnDOT will purchase Outlot A to preserve the possibility of completing all future movements between Highway 610 and I-94. Outlots B and C will not be needed for roadway construction and will be sold. Outlot B does not have city services and is anticipated to be held by Maple Grove until such time that development is more imminent.

MnDOT and Maple Grove are currently developing a cooperative construction agreement for the broader highway construction project that will incorporate the purchase of Outlots A and D from Maple Grove at a prorated rate of the RALF Loan of \$2.98 per square foot. At that time Maple Grove intends to repay the loan for Outlot B and Rush Creek Boulevard at the same prorated rate of the RALF Loan of \$2.98 per square foot. This purchase and repayment are anticipated in the winter of 2022/2023. At that time, the RALF Loan will have been paid in full.

Outlot C does not have planned roadway access and abuts a property currently being developed. The development abutting Outlot C is interested in incorporating Outlot C into its project at this time. This business item would facilitate the proportional repayment of the RALF Loan in the amount of \$899,454.99 (Table 1) and recording of a partial release of Outlot C from the RALF Loan restrictive covenant, thereby enabling Maple Grove to dispose of this excess property. Similar properties nearby have been offered for sale and appraised at similar per square foot values.

Table 1: Proposed Resolution of RALF Loan No. L0202

Parcel Description	RALF Loan Repayment	Anticipated Repayment Timeframe	Acres	Part of Loan/Part of Parcel	Anticipated Future Ownership
Outlot A	\$398,601.38	Winter 2022/2023	3.07	10.46%	MnDOT
Outlot B	\$1,757,809.91	Winter 2022/2023	13.56	46.12%	City
Outlot C	\$899,454.99	September 2022	6.94	23.60%	City/ Developer
Outlot D	\$466,598.35	Winter 2022/2023	3.60	12.24%	MnDOT
Rush Creek Blvd	\$288,623.37	Winter 2022/2023	2.23	7.57%	City
<i>Total</i>	<i>\$3,811,088.00</i>		<i>29.39</i>	<i>100%</i>	

Rationale

The Council provided Maple Grove the RALF Loan to acquire the Parcel for the I-94 and Highway 610 interchange and its extension to the west. Maple Grove is leading project development and, together with MnDOT, it has identified the portions of the Parcel needed for current and future highway construction and those that are excess property. MnDOT and Maple Grove are prepared to fully repay the RALF Loan in exchange for the entire Parcel consistent with Minn. Stat. § 473.167, subd. 2. However, at this time, to support the highest and best use of the excess portion of the Parcel, Maple Grove seeks to repay the proportion of the RALF Loan represented by Outlot C and obtain a release of the RALF Loan restrictive covenant against Outlot C in advance of resolving the remainder of the RALF Loan and Parcel ownership. Council approval is required here for a partial release of restrictive covenant on Outlot C so that near term development may proceed

Thrive Lens Analysis

This action most directly affects and supports the Thrive outcome of Stewardship by supporting the highest and best use of a part of a parcel that is not needed for highway construction.



Funding

This transaction is a partial repayment of a loan given in 2002. The RALF fund cash balance is \$14,204,274.48 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.

Figure 1: Highway 610 Project Area

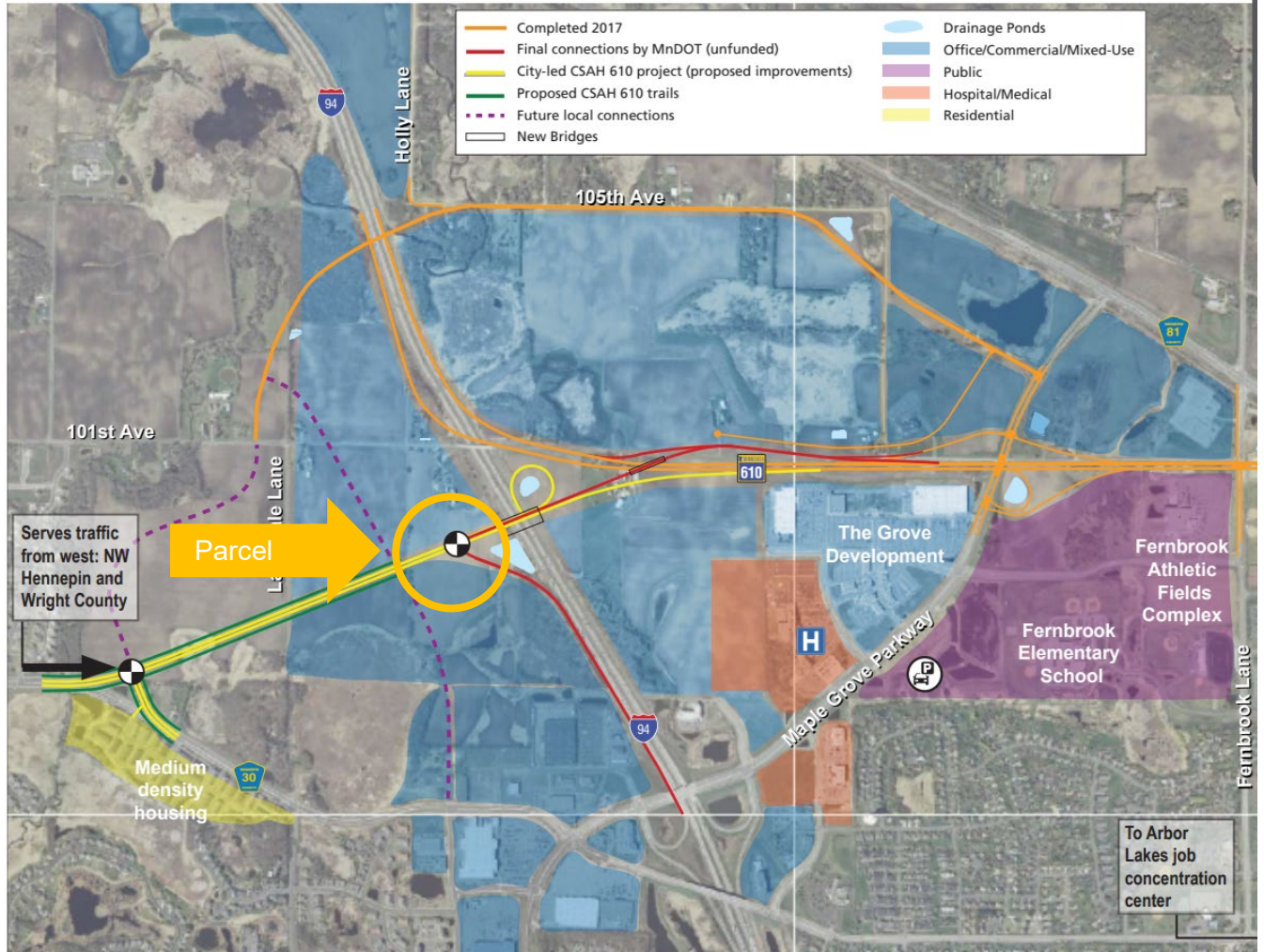
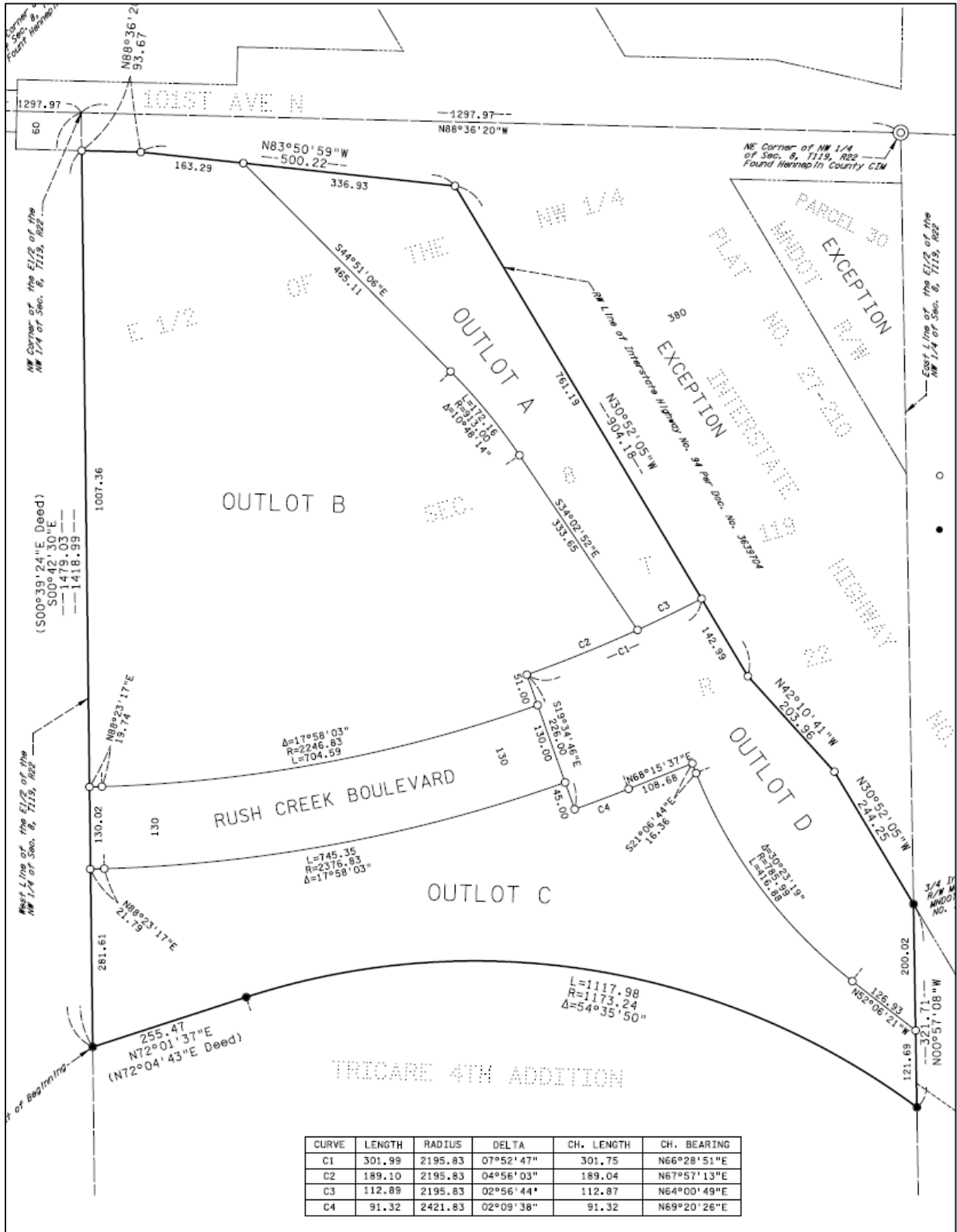


Figure 2: Draft Plat for Hennepin County Parcel ID 0811922210002



Metropolitan Council