

Business Item

Transportation Committee



Committee Meeting Date: June 10, 2024

For the Metropolitan Council: June 26, 2024

Business Item: 2024-154

Partial Right-of-Way Acquisition Loan Repayment from City of Ramsey.

District(s), Member(s): District 9, Morales
Policy/Legal Reference: Minn. Stat. § 473.167, Subd. 2
Staff Prepared/Presented: Tony Fischer, Transportation Planner (651-602-1703)
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Division/Department: MTS

Proposed Action

That the Metropolitan Council authorize the City of Ramsey to sell a part of one parcel purchased with Right-of-Way Acquisition Loan Fund loan number L0502 for the agreed upon value and forward those funds to the Council in partial satisfaction of this loan.

Background

Minn. Stat. Section 473.167, subdivision 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 2005 the City of Ramsey (the City) purchased a parcel (Anoka County Property ID 34-32-25-12-0013) through the RALF program that was anticipated to be used for future Highway 10 improvements (Figure 1). Under this program the Met Council made a loan to the City for \$1,165,249 to pay for the purchase.

RALF loans are only given when there is near certainty that the property will be needed in the future; however, in the years following the issuance of this loan, road authorities have reduced right-of-way needs for projects to both reduce costs and the impacts to the neighboring communities. After a reevaluation of the corridor improvement plans this parcel was no longer necessary for the long-term vision of Highway 10 through the City. This spring construction began on the highway improvements.

Figure 1: Parcel Purchased with RALF Loan L0502



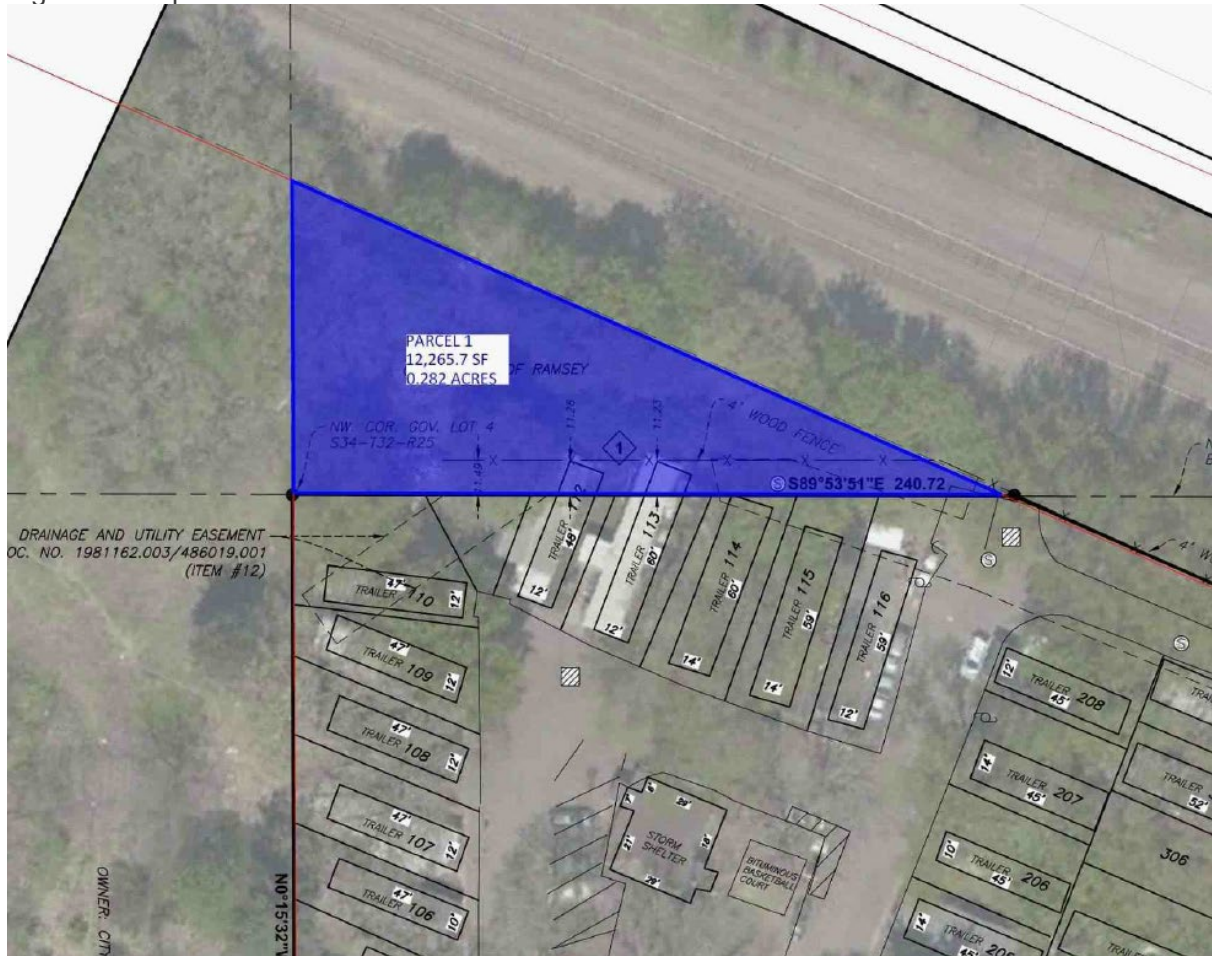
The RALF loan agreement between the Council and the City provides that, when RALF property is no longer needed for highway improvements, the City obtains the Council's approval to sell it at fair market value. Upon remittance of the sale proceeds to the Council, the Council discharges the RALF loan, usually after the highway improvements are complete. In this case a partial sale is proposed while the highway project is underway.

The neighboring property to the east is the site of a manufactured home community. The neighboring parcel owner is claiming it has been encroaching on a part of the RALF-funded parcel for decades and has a claim on this part of the parcel through adverse possession and has offered to purchase a portion of the parcel that is slightly larger than its encroachment (Figure 2). It proposes to purchase 0.282 acres for \$43,460 or \$3.54 per square foot.

The City of Ramsey commissioned an appraisal of the property. Through review and discussion with city staff, and through independent evaluation the sale price was found to be reasonable. Given its irregular shape and its relationship to the neighboring parcel, the proposed small triangle parcel could be used as an extension of home sites in the neighboring parcel without detrimentally impacting the development potential of the remainder of the RALF site. Council review of comparable commercial land sales shows limited activity for parcels of such a small size in the area but the review supports this value for a partial loan repayment for this part of the parcel.



Figure 2: Proposed Part of Parcel to be Sold



Rationale

Council action is required to authorize holders of property purchased with RALF funds to sell such property in cases where the property will not be used for its originally intended purpose.

Thrive Lens Analysis

This action most directly affects and supports the Thrive outcome of Stewardship by both supporting a program for the economic acquisition of right-of-way for highway improvements and disposal of surplus property. This transaction indirectly supports the development of additional affordable housing.

Funding

This transaction includes a partial loan repayment of \$43,460 as agreed to by the owner of the neighboring parcel, and the City and Council staff. An outstanding balance on the RALF loan of \$1,121,789 will remain and be addressed after Highway 10 construction is completed.

The RALF fund balance as of 12/31/2023 included \$28,859,187 in cash and investments, and \$29,675,142 in loans receivable. Loan repayments are anticipated to exceed fund outlays for the foreseeable future. RALF loans are interest free, as provided in Minn. Stat. Section 473.167, subdivision 2.

Small Business Inclusion

The proposed action has no direct impact to small business inclusion as there are no contracting or subcontracting opportunities.

