

T Transportation Committee

Executive Summary

Item: 2007-53

Consent

Meeting date: February 26, 2007

For Council meeting March 28, 2007

ADVISORY INFORMATION

Date:	February 12, 2007
Subject:	Right of Way Acquisition Loan Fund (RALF) Annual Program Plan
District(s), Member(s):	All
Policy/Legal Reference:	Council's Grant/Loan Policy
Staff Prepared/Presented:	Arlene McCarthy, Director, 651-602-1754 Amy Vennewitz, Dep. Director, Finance and Planning 651-602-1058 Connie Kozlak, Manager, Systems Planning 651-602-1720 Ann Braden, Senior Planner, 651-602-1705
Division/Department:	Metropolitan Transportation Services

Proposed Action/Motion

That the Metropolitan Council:

1. Approve the 2007 Annual RALF Program Plan.
2. Amend the RALF guidelines to require one property appraisal.

Issue(s)

The Council's 1998 grant/loan policy directs loan managers to take grant/loan program plans to the Council for approval on an annual basis. The Regional Administrator or designee may then execute grants and loans awarded within the guidelines of the annual program.

The current RALF guidelines for allocating loan funds were adopted in 1986 and have been in use ever since. Several of the loan application requirements were based on procedures the Minnesota Department of Transportation (MnDOT) used at that time to acquire right-of-way. One of the procedures required the applicant city to obtain and submit to MnDOT two property appraisals if the purchase price exceeded \$100,000. Since then, MnDOT has revised its own acquisition guidelines and now requires only one appraisal for certification (although property owners may obtain and be reimbursed for a second appraisal). This guideline change would also be consistent with the Council's Environmental Services Division requirement for a single appraisal of property needed for sewer right-of-way.

Overview and Status of Loan Program

The RALF program enables the Council to make loans to cities to purchase highway right-of-way identified in advance of development. The current program plan would allow loans to be made to acquire officially mapped segments of the following roadways: TH 10 in Ramsey and Anoka, TH 52/CSAH 42 in Rosemount, TH 610 in Maple Grove, I-35W/I-494 in Bloomington and CR J/I-35W in Blaine. The program plan may be amended from time to time to include additional officially-mapped corridors. The Council last approved the RALF Program Plan in February, 2006 when it amended it to include the CR J/I-35W area in Blaine.

Calendar year 2006 was the most active year ever in the 23-year history of the RALF program. The year began with a balance of approximately \$12.8 million which was augmented by over \$600,000 in interest earnings and nearly \$3.9 million of loan repayments. These repayments represented all of the outstanding TH 212-related loans in Chaska (\$3,436,520) and partial repayment of one TH 610 loan in Maple Grove (\$440,892).

During CY2006 11 RALF loans totaling nearly \$13.2 million were made. These included three loans to the City of Ramsey (\$2,389,180), four loans to Bloomington (\$1,035,000); and one each to Lakeville (\$1,466,300); Shoreview (\$6,012,176); Belle Plaine (\$1,139,800) and Blaine (\$1,093,250). Although the current balance of the account stands at over \$4 million, commitments have been made to Ramsey for two loans totaling approximately \$2.4 million, to the city of Anoka for a \$700,000 loan and to the city of Bloomington for two loans totaling approximately \$500,000. After these loans are made, the balance will stand at approximately \$500,000. With the expectation that the RALF program balance would be reduced to less than \$1 million, the Council last year levied the full amount for 2007 which is estimated bring in revenues of \$3.16 million, half of which will be received at the end of June and the remainder at the end of the year. No other loan repayments are anticipated in 2007. The cities of Ramsey and Rosemount have expressed interest in acquiring additional right-of-way through the RALF program in 2007.

Summary of 2006 RALF Loan Program Activity
February 2007

CY2006 Beginning Balance	\$12.8 million
Plus:	
Earned interest	.6 million
Repayments	<u>3.9 million</u>
Total:	\$17.3 million
Less:	
Loans made in CY2006	\$13.2 million
Additional commitments	<u>3.6 million</u>
Projected balance through June 2007:	\$ 0.5 million