

Business Item

Transportation Committee



Committee meeting date: December 8, 2025

For the Metropolitan Council: December 17, 2025

Business Item: 2025-316

Right-of-Way Acquisition Loan Fund repayment from City of Ramsey and write-off

District(s), member(s):	District 9, Council Member Diego Morales
Policy/legal reference:	Minn. Stat. § 473.167, Subd. 2
Staff prepared/presented:	Tony Fischer, Transportation Planner (651-602-1703) Amy Vennewitz, Director Regional Transportation Planning (651-602-1058)
Division/department:	Metropolitan Transportation Services

Proposed action

That the Metropolitan Council authorize the City of Ramsey to sell two parcels purchased with Right-of-Way Acquisition Loan Fund Loan Numbers L0505 and L0609 for the agreed upon combined value of \$2 million, forward these funds less customary closing costs to the Metropolitan Council in satisfaction of these loans, and direct staff to write-off the remaining loan balances.

Background

Minnesota Statutes Section 473.167, subdivision 2 established the Right-of-Way Acquisition Loan Fund (RALF) program to allow the Metropolitan Council (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.

The Council made two RALF loans, RALF Loan Numbers L0505 and L0609, to the City of Ramsey (City) for the purchase of parcels at 6701 U.S. Highway 10 and 6745 U.S. Highway 10 in 2005 and 2006 respectively. These parcels were anticipated to be needed for improvements to U.S. Highway 10; however, the Minnesota Department of Transportation's (MnDOT) improvement plans changed, and the parcels are no longer necessary to improve U.S. Highway 10.

Council staff ordered an appraisal of each parcel, resulting in estimated combined value almost \$2.3 million. The outstanding loan amounts, reflecting purchase and transaction costs, total almost \$3.6 million for the two parcels. Council staff attributes the diminished value over time to the purchase of these parcels at the height of the real estate market values before the 2007 - 2009 recession and to building depreciation.

Council staff directed the City to market the parcels for sale. The City marketed these parcels at the appraised value for more than 60 days through MNCAR Exchange database, which is a widely used publicly available commercial listing service. This listing resulted in three offers for both parcels, the highest being \$2,000,000. It is standard practice in the real estate industry for the seller to pay closing costs, and it has been past practice in the RALF program to accept loan repayments less customary closing costs. Closing costs are unknown at this time but anticipated to be less than \$100,000, inclusive of agent fees.

The outstanding loan balances, the appraised market values, the purchase offer, the proposed

repayment, and proposed loan write off amounts for the parcels are summarized in the table below.

Table 1: RALF Loan Identifying Information and Values

	Loan Number L0505	Loan Number L0609	Sum
Address	6701 U.S. Highway 10	6745 U.S. Highway 10	-
Outstanding Loan Balance	\$1,828,129	\$1,762,491	\$3,590,620
Appraisals	\$1,410,000	\$850,000	\$2,260,000
Purchase Offer	-	-	\$2,000,000
Repayment Proposed	-	-	\$2,000,000 (minus closing costs)
Proposed Loan Write Off	-	-	\$1,590,620 (plus closing costs)

Rationale

The Council made these two loans to the City to purchase two parcels that were anticipated to be needed for future improvements to U.S. Highway 10. Those plans changed and the parcels are no longer needed. Minnesota statute and the Loan Agreement with the City contemplate this eventuality and state that the parcels shall be sold at market value and the proceeds forwarded to the Council in full satisfaction of the loan.

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens, this project furthers the Stewardship indicator by both supporting a program for the economic acquisition of right-of-way for highway improvements and disposal of surplus parcels.

Funding

This transaction includes a combined loan repayment for RALF Loan Numbers L0505 and L0609 of \$2 million, as determined by the Council's appraisal and best purchase offer available, less customary closing costs, and a proposed RALF program write-off of \$1,590,620 (plus customary closing costs). The RALF fund balance as of 12/31/2024 included \$33,349,190 in cash and investments, and \$26,763,509 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

There are no direct impacts to small business with this action.