

Transportation Committee

For the Metropolitan Council meeting of November 9, 2016

Subject: Southwest Light Rail Transit (Green Line Extension) Authorization to Negotiate Freight Rail Property and Operations Agreements

Proposed Action

That the Metropolitan Council (Council) authorize the Regional Administrator to:

- Negotiate a Purchase and Sales Agreement between the Council and Canadian Pacific (CP) related to the acquisition of the Bass Lake Spur
- Negotiate a Property Transfer Agreement between the Council and Hennepin County Regional Railroad Authority (HCRRA) related to the transfer of ownership of the Kenilworth Corridor as a permanent, in-kind property transfer for the SWLRT Project
- Negotiate an Operations and Maintenance Agreement between the Council and Twin Cities & Western Railroad Company (TCWR) related to freight access on the Bass Lake Spur and Kenilworth Corridor
- File petitions with the Surface Transportation Board (STB) to transfer freight rail operating easements to TCWR and allow the Council to acquire the right-of-way and physical freight rail assets of the Bass Lake Spur and Kenilworth Corridor (collectively referred to herein as "Property")

Summary of Committee Discussion/Questions

Metro Transit Project Director Jim Alexander presented this item. Councilmember Munt asked what liability comes with freight rail ownership and how is the project addressing community concerns regarding safety. Mr. Alexander stated that the project office has been working with the Council's Risk Management Department on insurance requirements and we expect to bring an item to the Transportation Committee for consideration in the coming months. Regarding safety, Mr. Alexander stated we have already undertaken a number of steps to ensure safety with an intrusion detection system between LRT and freight and wall barriers at appropriate locations. Councilmember Dorfman asked who will be responsible for the new track costs. Mr. Alexander stated that the project includes replacing the existing freight track with new, and the basis of the agreement will be that TCWR will take on maintenance and pay a certain yearly stipend that would go toward replacement. Councilmember Dorfman asked if the freight trains will be going at a higher speed with the new track. Mr. Alexander stated no, the freight corridors will continue to be Class 2 track where the maximum speed allowed is 25 mph. Mr. Alexander noted that TCWR has indicated that they would continue to operate at a maximum speed of 10 mph in the Kenilworth Corridor. At the request of Chair Schreiber, Mr. Alexander explained what STB and their function is. Mr. Alexander stated that the STB is a regulatory body that has jurisdiction over freight rail transactions and will be asked to approve the proposed property and operations agreements.

Motion by Councilmember Munt, seconded by Councilmember Rodriguez and carried.

Transportation Committee

Meeting date: October 24, 2016

For the Metropolitan Council meeting of November 9, 2016

Subject: Southwest Light Rail Transit (Green Line Extension) Authorization to Negotiate Freight Rail Property and Operations Agreements

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. 473.399

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
Mark Fuhrmann, Deputy General Manager, 612-373-3810
Jim Alexander, Project Director, 612-373-3880
Joan Hollick, Deputy Project Director, 612-373-3820

Division/Department: Metro Transit / Green Line Extension Project Office

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Background

CP presently owns a 6.8 mile linear corridor known as the Bass Lake Spur in the cities of St. Louis Park, Hopkins, and Minnetonka that is required for the SWLRT Project. CP is willing to sell the right-of-way and physical assets of the Bass Lake Spur to the Council and grant a freight rail operating easement to TCWR.

HCRRA presently owns a 2.5 mile linear corridor known as the Kenilworth Corridor in the cities of Minneapolis, St. Louis Park, Hopkins, and Minnetonka that is required for the SWLRT Project. HCRRA is willing to transfer the right-of-way and physical assets of the Kenilworth Corridor to the Council and grant a freight rail operating easement to TCWR.

TCWR has operating rights on the Property, which are currently governed by Trackage Rights Agreements with CP and HCRRA.

As part of these transactions, the Council will file petitions with the STB to allow the Council to acquire the right-of-way and physical freight rail assets of the Property. As part of the filing, the Trackage Rights Agreements will terminate and be replaced by an Operations and Maintenance Agreement between the Council and TCWR governing the terms of TCWR's freight access over the Property.

Rationale

The draft Purchase and Sales Agreement, Property Transfer Agreement, and Operations and Maintenance Agreement are required for the STB filing. Negotiating and subsequently executing these agreements is necessary for the acquisition of the Property and construction of the SWLRT Project. Southwest Project staff will return to the Council for authorization to execute these agreements upon filing with the Surface Transportation Board.

Funding

The Purchase and Sales Agreement between the Council and CP for the acquisition of the Bass Lake Spur is a Project cost and will be funded 50% by the Federal Transit Administration and 50% by local funding partners.

The Property Transfer Agreement between the Council and HCRRA for the transfer of the Kenilworth Corridor is an in-kind property transfer from HCRRA to the Council for the SWLRT Project

The Operations and Maintenance Agreement between the Council and TCWR related to freight access over the Property does not require a funding source at this time.

Known Support / Opposition

There is no known opposition to this action.

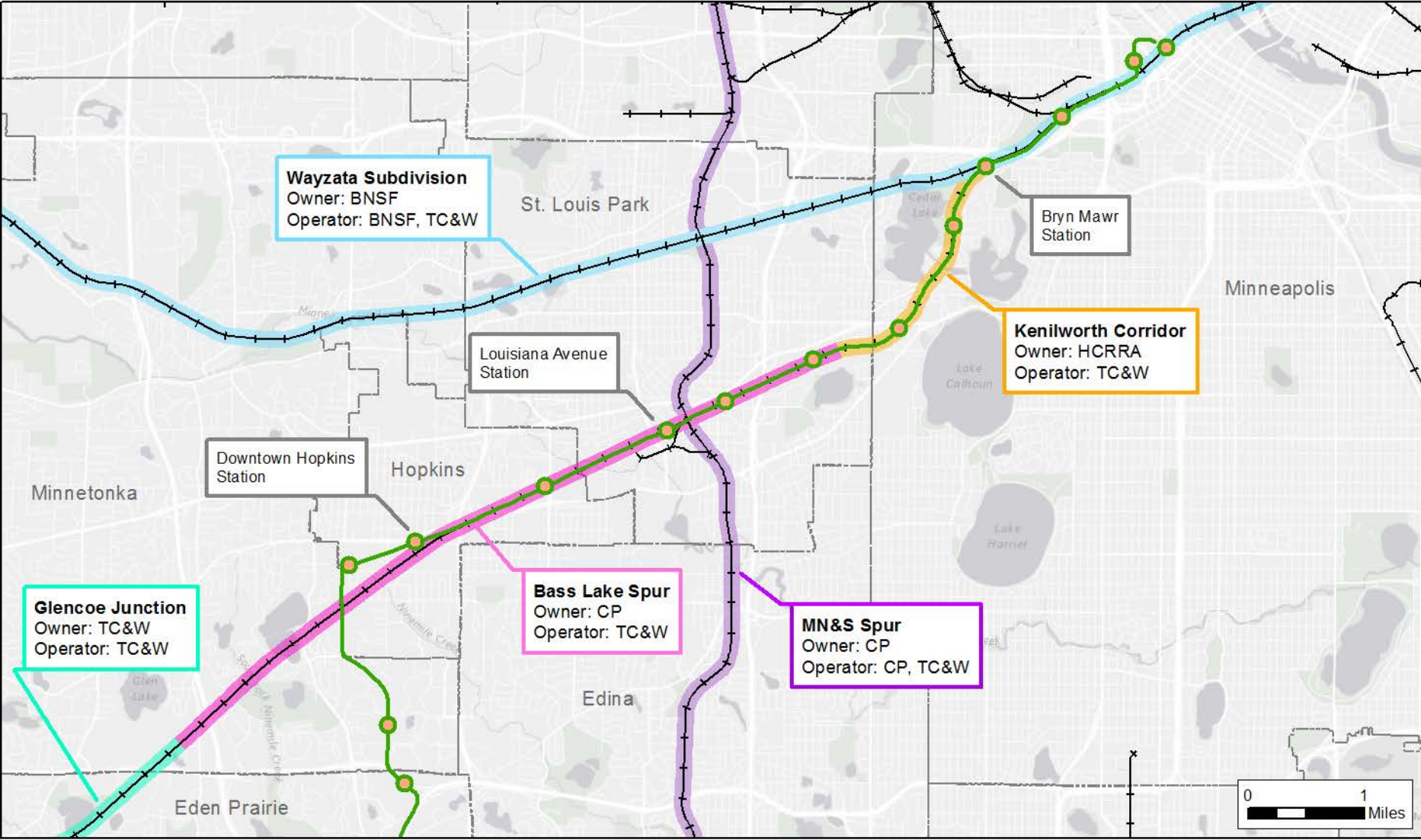


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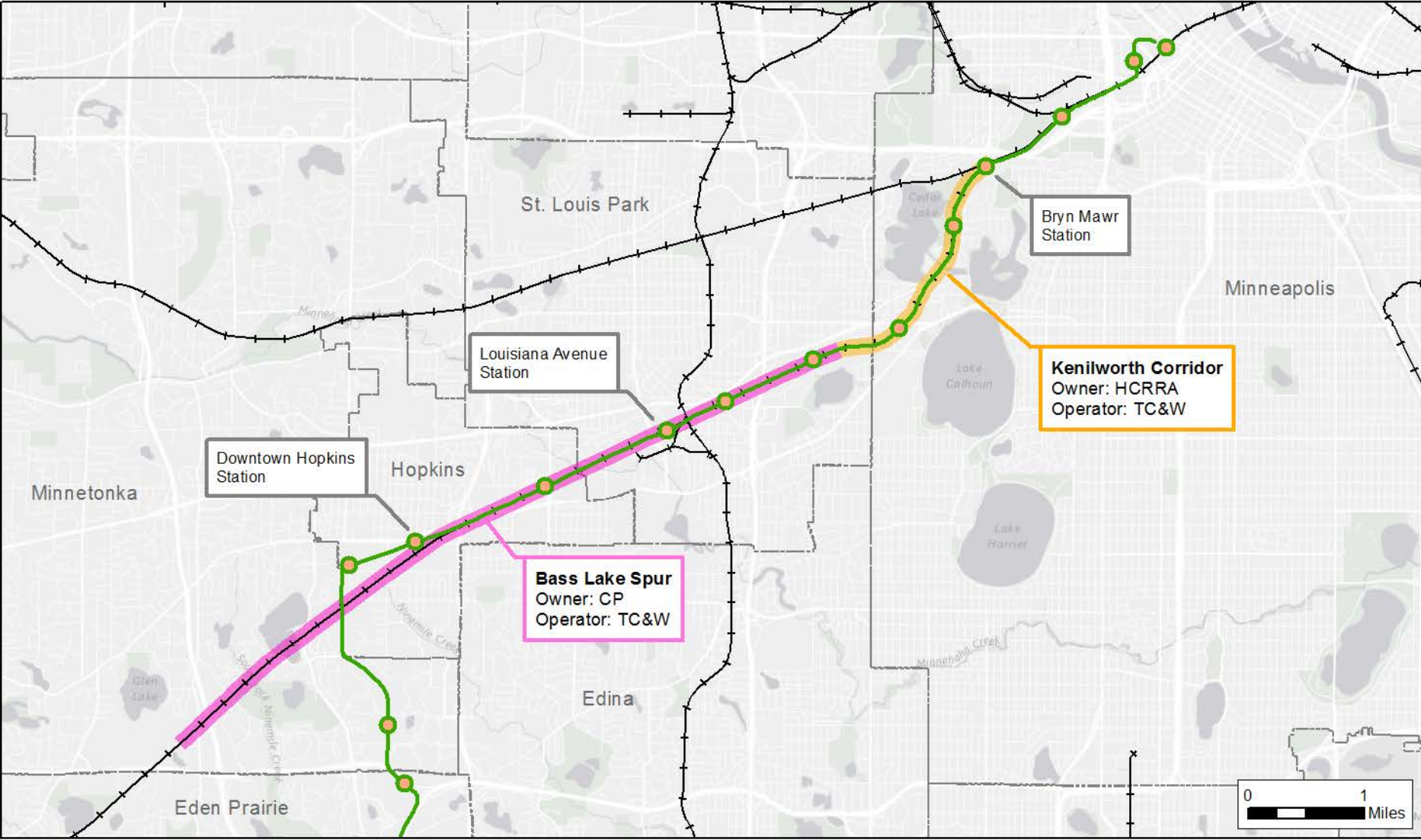
October 24, 2016



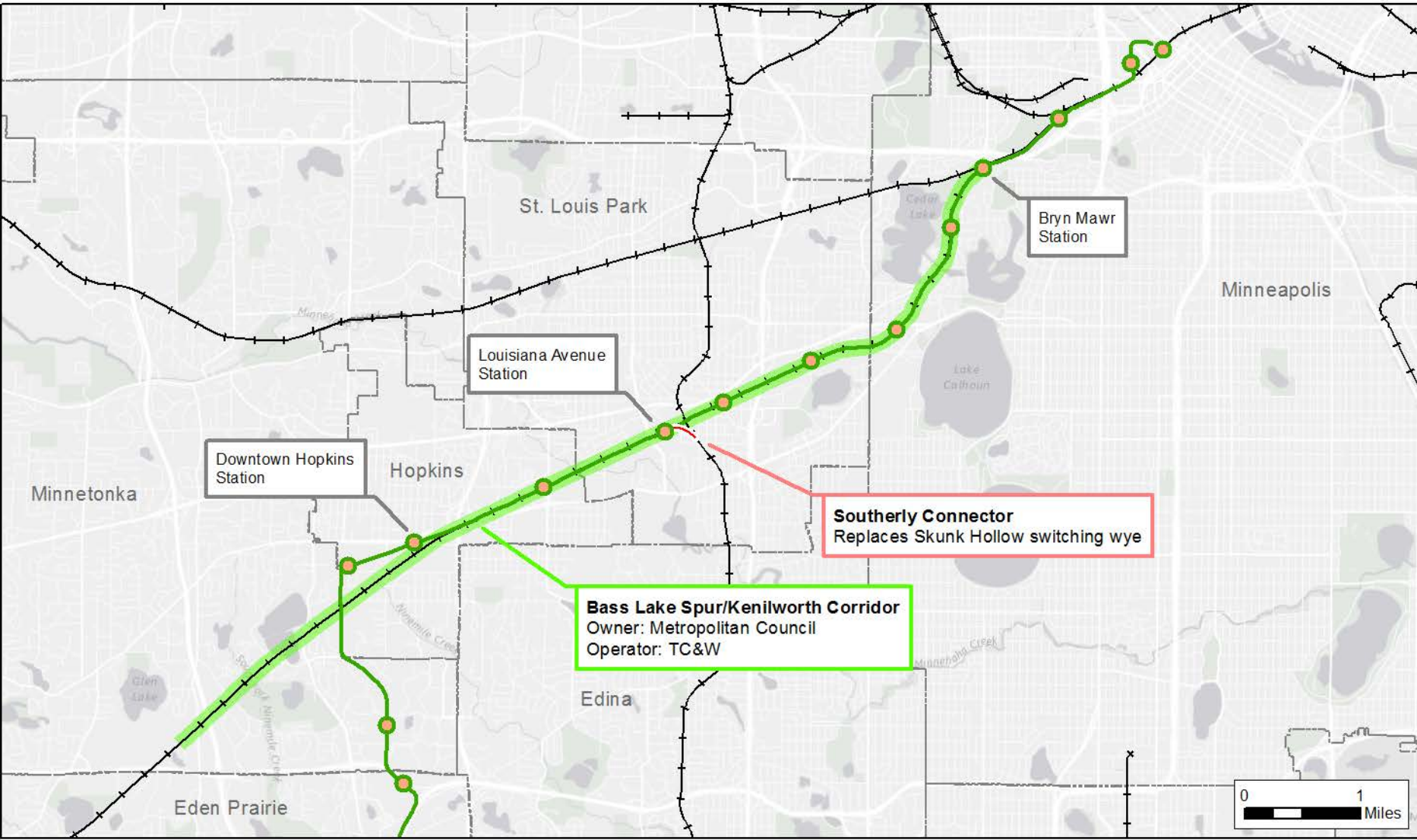
Existing Freight Rail Network



Existing Freight Rail Owners & Operators



Proposed Freight Rail Owners & Operators



Recommendation

- Authorize the Regional Administrator to:
 - Negotiate a Purchase and Sales Agreement between the Council and Canadian Pacific
 - Negotiate a Property Transfer Agreement between the Council and Hennepin County Regional Railroad Authority
 - Negotiate an Operations and Maintenance Agreement between the Council and Twin Cities & Western Railroad Company
 - File petitions with the Surface Transportation Board

More Information

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