

**Joint Report of the Transportation and Management Committees**

For the Metropolitan Council meeting of March 21, 2018

**Subject:** Second Amendment to the Cooperative Funding Agreement with HCRRA for the Southwest LRT (Green Line Extension)

**Proposed Action**

That the Metropolitan Council (Council) authorize the Regional Administrator to negotiate and execute the Second Amendment to the Cooperative Funding Agreement with HCRRA for the Southwest LRT (Green Line Extension) to extend the funding agreement to May 31, 2018 and increase the amount of HCRRA's share of project funding by \$3,969,282.

**Summary of Committee Discussion/Questions**

**Transportation Committee**

Metro Transit SWLRT Project Director Jim Alexander presented this item.

Motion by Dorfman, seconded by Elkins. Motion carried.

**Management Committee**

Metro Transit SWLRT Project Director Jim Alexander presented this item.

Motion by Rodriguez, seconded by Cunningham. Motion carried.

## Management Committee

Meeting date: March 14, 2018

For the Metropolitan Council meeting of March 21, 2018

**Subject:** Second Amendment to the Cooperative Funding Agreement with HCRRA for the Southwest LRT (Green Line Extension)

**District(s), Member(s):** All

**Policy/Legal Reference:** Minn. Stat. § 473.405

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

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

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### Background

The Council and HCRRA entered into a Cooperative Funding Agreement for Project Development Continuance and Engineering Phases (CFA) in December 2016. The CFA set forth the terms by which the parties would work cooperatively to successfully complete activities required to complete the Project Development and Engineering phases of FTA's New Starts program. The parties amended the CFA in December 2017 to extend the HCRRA share of funding for the Engineering phase and to extend the CFA's termination date from July 31, 2017 to March 31, 2018.

Southwest Project Office is seeking authority to amend the CFA to:

- Extend the CFA's termination date from March 31, 2018, to May 31, 2018;
- Increase HCRRA's share of project funding by an additional \$3,969,282 (from the prior authorized not to exceed amount of \$59,900,00 to \$63,869,282); and
- Clarify roles and responsibilities regarding liability and insurance in the corridor, financing federal grant reimbursements and costs associated with the unlikely event of a project shut down prior to revenue service.

### Rationale

This amendment provides sufficient funding to allow the Council to continue Engineering phase activities for the for the Southwest LRT (Green Line Extension)

### Thrive Lens Analysis

Construction of the for the Southwest LRT (Green Line Extension) will increase the region's prosperity as it will provide access to 80,900 forecasted jobs and a new transportation option for 55,000 forecasted residents within ½ mile of the planned new stations in addition to the 145,300 forecasted jobs and 35,600 forecasted residents in downtown Minneapolis.

## **Funding**

The CFA will draw down funds committed by HCRRA.

## **Known Support / Opposition**

HCRRA supports the second amendment to the Cooperative Funding Agreement for the Southwest LRT (Green Line Extension)

## Transportation Committee

Meeting date: March 12, 2018

For the Metropolitan Council meeting of March 21, 2018

**Subject:** Second Amendment to the Cooperative Funding Agreement with HCRRA for the Southwest LRT (Green Line Extension)

**District(s), Member(s):** All

**Policy/Legal Reference:** Minn. Stat. § 473.405

**Staff Prepared/Presented:** Brian Lamb, General Manager, 612-349-7510  
Mark Fuhrmann, Deputy General Manager, 612-373-3810  
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## **Funding**

The CFA will draw down funds committed by HCRRA.

## **Known Support / Opposition**

HCRRA supports the second amendment to the Cooperative Funding Agreement for the Southwest LRT (Green Line Extension)

SOUTHWEST

Green Line LRT Extension



# Management Committee

March 14, 2018



EDEN PRAIRIE | MINNETONKA | EDINA | HOPKINS | ST. LOUIS PARK | MINNEAPOLIS

# Overview of Agreements:

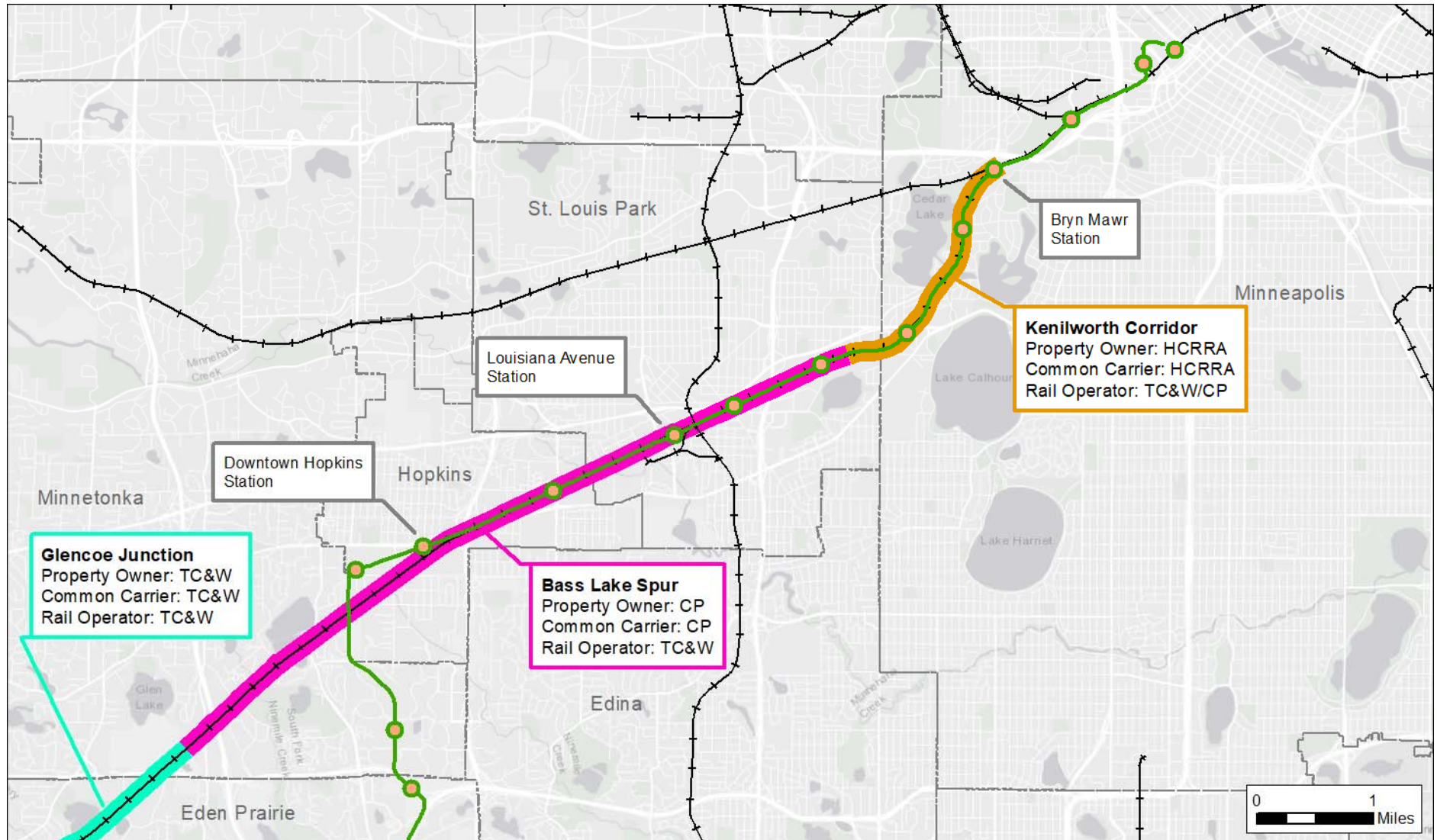
**Joint and Cooperative Exercise of Powers Agreement**

**Real Estate Purchase Agreement**

**Property Transfer Agreement and  
Surface Transportation Board Petition and  
Potential Settlement Agreement with TC&W**



# Current Freight Rail Owners, Carriers & Operators





# Freight Operations: Current

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	CP	CP	TC&W
Kenilworth Corridor	HCRRA	HCRRA	TC&W CP

# Background:

- Nov 9, 2016: Council authorized Regional Administrator to:
  - Negotiate Operations and Maintenance Agreement with Twin Cities and Western Railroad (TC&W)
  - File petitions with Surface Transportation Board to acquire right-of-way and physical freight rail assets of Bass Lake Spur & Kenilworth Corridor and transfer freight rail common carrier obligation to TC&W

# Background:

- July 12, 2017:
  - Council authorized Regional Administrator to execute an Operations and Maintenance Agreement with TC&W related to operations on the Bass Lake Spur and Kenilworth Corridors
- Aug 16, 2017:
  - Council authorized Regional Administrator to negotiate and execute a Construction Agreement with TC&W in an amount not-to-exceed \$16.1 million

# Background

- TC&W presented conditions after Council action on August 16, 2017, that exceeded financial obligations that were authorized
- Despite best efforts, the Council was unable to finalize the agreement reached with TC&W in August 2017
- In cooperation with Canadian Pacific (CP) and Hennepin County Regional Railroad Authority (HCRRA), the Council will acquire the Kenilworth and Bass Lake Spur Corridors subject to the freight rail easements and existing Trackage Rights Agreements (TRAs)
  - This will allow TC&W to continue to operate overhead service pursuant to its existing TRAs

# Joint and Cooperative Exercise of Powers Agreement (2018-59)

- This agreement allows HCRRA and the Council to:
  - Perform their unique statutory authorities and fulfill the common carrier obligation
    - Common carrier is the responsibility to provide carrier freight rail service within the corridor if a reasonable request for service is made
  - Perform duties and responsibilities under the existing TRAs
    - Acting as HCRRA's agent, the Council will assume maintenance and liability responsibilities as the owner of the Corridors
    - Performance of maintenance obligations will be paid through fees collected from TC&W pursuant to the terms of the TRAs
    - Consistent with state law passed during the 2017 special session, the Council, through its insurance program, will provide coverage for claims arising from LRT-related incidents

# Real Estate Purchase Agreement, Property Transfer Agreement and Petition with STB (2018-60)

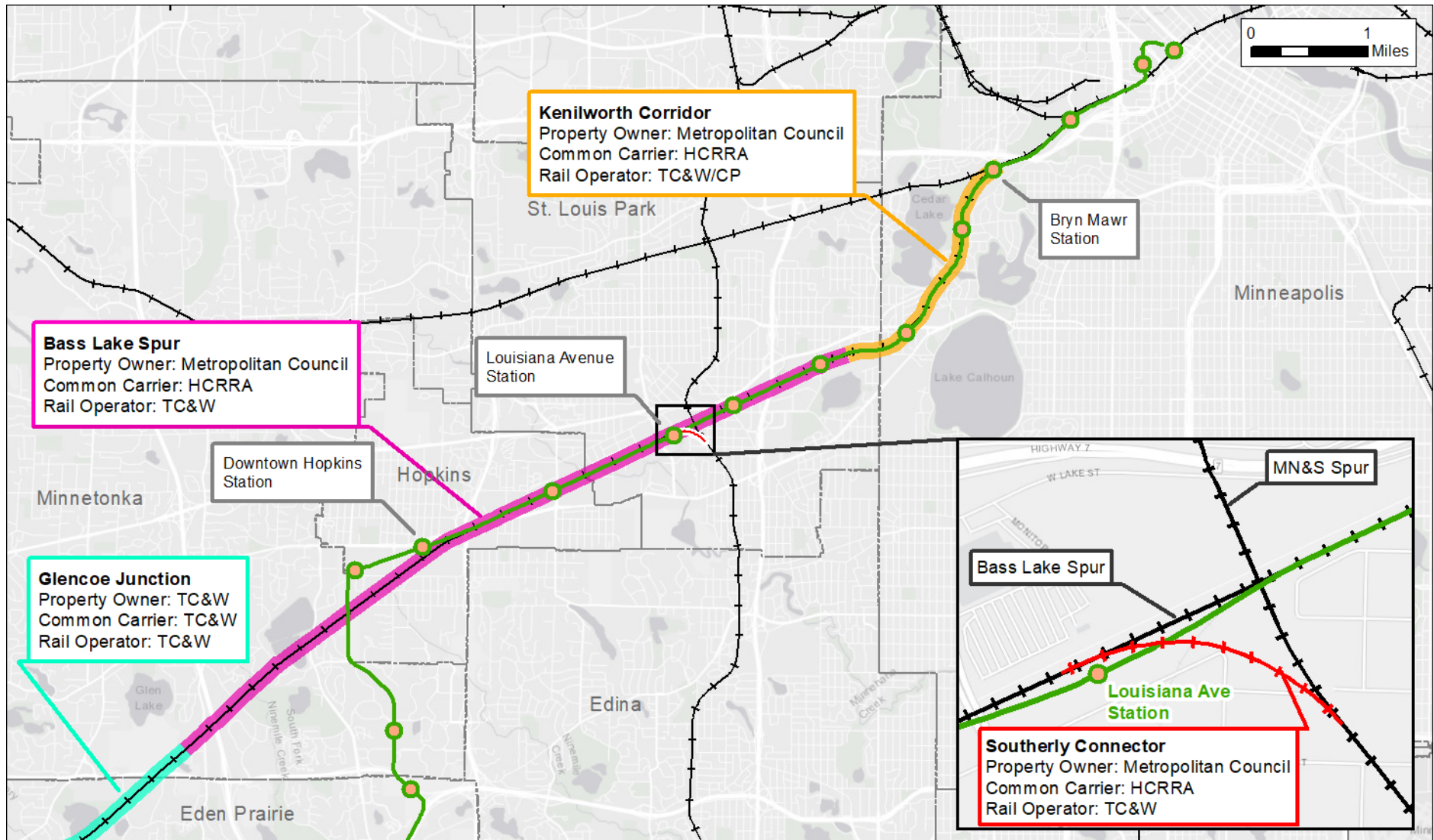
- The Real Estate Purchase Agreement allows the Council to purchase the Bass Lake Spur from CP
- The Property Transfer Agreement allows the Council to accept HCRRA's property
- The STB petition is required to allow the Council to acquire the rights-of-way and physical assets of the Bass Lake Spur and Kenilworth Corridors subject to the freight rail easements and existing TRAs

# Surface Transportation Board (STB) Petition

- The STB is a federal regulatory agency whose responsibilities include reviewing certain railroad property transfers
- After the Council petitions the STB, it is anticipated the STB will rule within 30-60 days



# Proposed Freight Rail Owners, Common Carrier & Operators

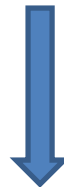


# Proposed Freight Rail Owners, Common Carrier & Operators

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP

# Proposed Freight Rail Owners, Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP



Joint and  
Cooperative Exercise  
of Powers  
Agreement

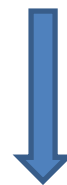
# Proposed Freight Rail Owners, Common Carrier & Operators: Agreements

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Existing Trackage Rights Agreements

# Proposed Freight Rail Owners, Common Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
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Joint and Cooperative  
Exercise of Powers  
Agreement



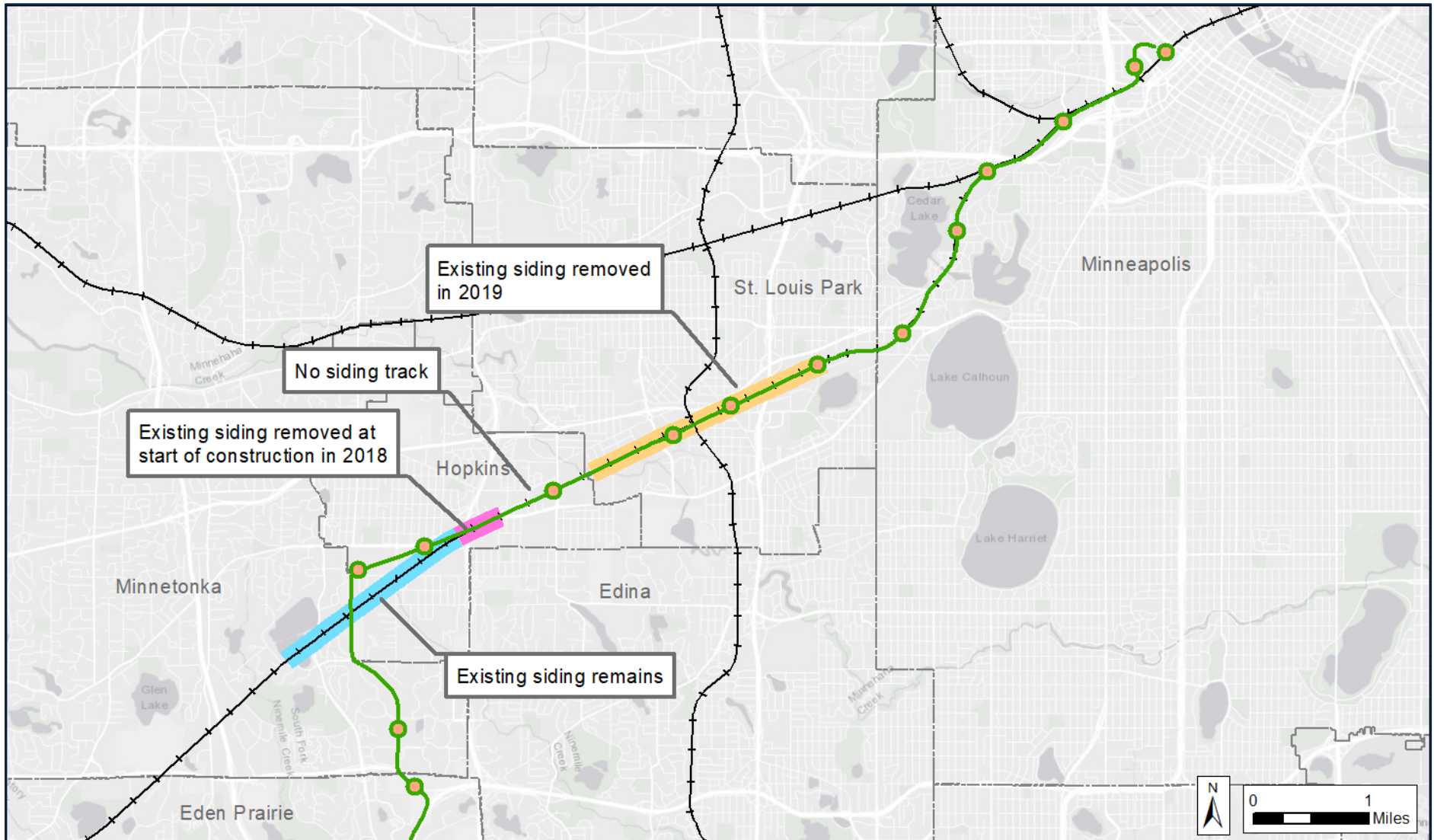
Existing Trackage  
Rights Agreements

# Freight Infrastructure Improvements

- The Council will construct rail improvements as part of the SWLRT Project including:
  - New rail, ballast, and ties
  - New signals and gates at roadway crossings
  - New bridge structures and retaining walls, freight equipment defect detection
  - A more efficient connection to CP's MN&S line in St. Louis Park
  - Construction specifications and protocols for phasing and work windows



# Bass Lake Spur Siding Track





# Proposed TC&W Settlement Agreement

- Purpose of the settlement:
  - Settle all potential claims of TC&W, set terms for cooperation and coordination during construction, and avoid potential delays to the SWLRT Project and expense and uncertainty of litigation
- Under the proposal the Council would:
  - Pay TC&W up to \$11.9M
  - Pay TC&W \$230K for expenses
  - Require the Council's construction contractor to add TC&W as an additional insured on its Commercial General Liability Policy
  - Name TC&W as an insured on the Council's Railroad Protective Liability Policy during construction
  - Name TC&W as an additional insured on the Council's Railroad Liability Insurance Policy during revenue service, with limits consistent with state law passed during the 2017 special session

# Proposed TC&W Settlement Agreement

- Under the proposal, TC&W would:
  - Cooperate with the Council and its contractors during construction
  - Release all potential claims
  - Vacate existing siding tracks to be removed
- Proposed settlement offer is good through April 18, 2018

# Recommendation (2018-59)

- That the Council authorize the Regional Administrator to:
  - Negotiate and execute a Joint and Cooperative Exercise of Powers Agreement between the Council and Hennepin County Regional Railroad Authority related to common carrier obligations in the Kenilworth and Bass Lake Spur Corridors and performance of duties and responsibilities under the existing TRAs; and
  - Negotiate and execute ancillary agreements necessary to implement the Joint and Cooperative Exercise of Powers Agreement

# Recommendation (2018-60)

- That the Council authorize the Regional Administrator to:
  - Negotiate and execute a Real Estate Purchase Agreement between the Council and CP related to acquisition of the Bass Lake Spur for an amount not-to-exceed \$27.45M;
  - Negotiate and execute a Property Transfer Agreement between the Council and HCRRA related to transfer of ownership of Kenilworth Corridor as a permanent, in-kind property transfer for the SWLRT Project;
  - Negotiate and execute ancillary documents necessary for closing on the Kenilworth and Bass Lake Spur Corridors;

# Recommendation (2018-60) cont

- Petition the STB to acquire rights-of-way and physical freight rail assets of the Kenilworth and Bass Lake Spur Corridors subject to the freight rail easements and existing TRAs; and
- Negotiate any settlement or other agreement with TC&W related to the acquisition of these properties or utilization for construction of the SWLRT Project.

# **CTIB Capital Grant Agreement Amendment and HCRRA Cooperative Funding Agreement Amendment**

# 2017 CTIB Capital Grant Agreement Third Amendment

- This amendment provides funding to allow the Council to continue Engineering phase activities
- **Recommendation (2018-65)**
  - That the Council authorize the Regional Administrator to negotiate and execute an amendment to:
    - Extend the grant activity period from March 31, 2018 to May 31, 2018;
    - Increase the amount of matching funds provided by Hennepin County by \$2,740,465 to \$46,740,465; and
    - Clarify roles and responsibilities regarding liability and insurance in the Corridor and financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown prior to revenue service.



# HCRRA Cooperative Funding Agreement Second Amendment

- This amendment provides funding to allow the Council to continue Engineering phase activities
- **Recommendation (2018-61)**
  - That the Council authorize the Regional Administrator to negotiate and execute an amendment to:
    - Extend the Cooperative Funding Agreement grant period from March 31, 2018 to May 31, 2018;
    - Increase the amount of matching funds provided by HCRRA by \$3,969,282 to an amount of \$63,869,282; and
    - Clarify roles and responsibilities regarding liability and insurance in the Corridor and financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown prior to revenue service.

# More Information

Online:

[www.SWLRT.org](http://www.SWLRT.org)

Email:

[SWLRT@metrotransit.org](mailto:SWLRT@metrotransit.org)

Twitter:

[@southwestlrt](https://twitter.com/southwestlrt)

