

Joint Report of the Transportation and Management Committees

For the Metropolitan Council meeting of March 21, 2018

Subject: Third Amendment to the CTIB Capital Grant Agreement Southwest LRT (Green Line Extension)

Proposed Action

That the Metropolitan Council (Council) authorize the Regional Administrator to negotiate and execute the third amendment to the 2017 Counties Transit Improvement Board (CTIB) Capital Grant Agreement to extend the grant activity period to May 31, 2018 and increase the amount of matching funds from Hennepin County by \$2,740,465.

Summary of Committee Discussion/Questions

Transportation Committee

Metro Transit SWLRT Project Director Jim Alexander presented this item.

Elkins asked what entity the negotiations would be with and Alexander answered that negotiations would be with Hennepin County as the administrator of the CTIB Grant.

Motion by Schreiber, seconded by Letofsky. Motion carried.

Management Committee

Metro Transit SWLRT Project Director Jim Alexander presented this item.

Motion by Barber, seconded by Rodriguez. Motion carried.

Management Committee

Meeting date: March 14, 2018

For the Metropolitan Council meeting of March 21, 2018

Subject: Third Amendment to the CTIB Capital Grant Agreement Southwest LRT (Green Line Extension)

District(s), Member(s): All

Policy/Legal Reference: 16 U.S.C. Section 470 (f); Minn. Stat. § 297A.993

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

The Council and CTIB executed the 2017 CTIB Capital Grant Agreement for Southwest LRT on January 31, 2017, for a total of \$179,834,921 through March 31, 2018.

On September 13, 2017, the Council authorized the Regional Administrator to negotiate and execute the first amendment to the grant to adjust downward the grant funding available for expenditures pursuant to pre-award authority or a Letter of No Prejudice to \$156,758,569 consistent with changes to the Project schedule.

On October 25, 2017, the Council authorized the Regional Administrator to execute the second amendment to the 2017 CTIB Capital Grant Agreement to assign the grant to Hennepin County and recognize Hennepin County's 20% funding share effective October 1, 2017.

Southwest Project Office is seeking authority to amend the 2017 CTIB Grant Agreement to:

- Extend the grant activity period to May 31, 2018;
- Increase the amount of matching funds provided by Hennepin County by \$2,740,465 (from the prior authorized amount of \$44,000,000 to \$46,740,465); 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 Green Line Extension.

Thrive Lens Analysis

Construction of the 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 Capital Grant will draw down funds committed by CTIB and Hennepin County.

Known Support / Opposition

Hennepin County supports the third amendment to the 2017 CTIB Capital Grant for Southwest LRT.

Transportation Committee

Meeting date: March 12, 2018

For the Metropolitan Council meeting of March 21, 2018

Subject: Third Amendment to the CTIB Capital Grant Agreement Southwest LRT (Green Line Extension)

District(s), Member(s): All

Policy/Legal Reference: 16 U.S.C. Section 470 (f); Minn. Stat. § 297A.993

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

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Funding

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Known Support / Opposition

Hennepin County supports the third amendment to the 2017 CTIB Capital Grant for Southwest LRT.

SOUTHWEST

Green Line LRT Extension



Management Committee

March 14, 2018



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

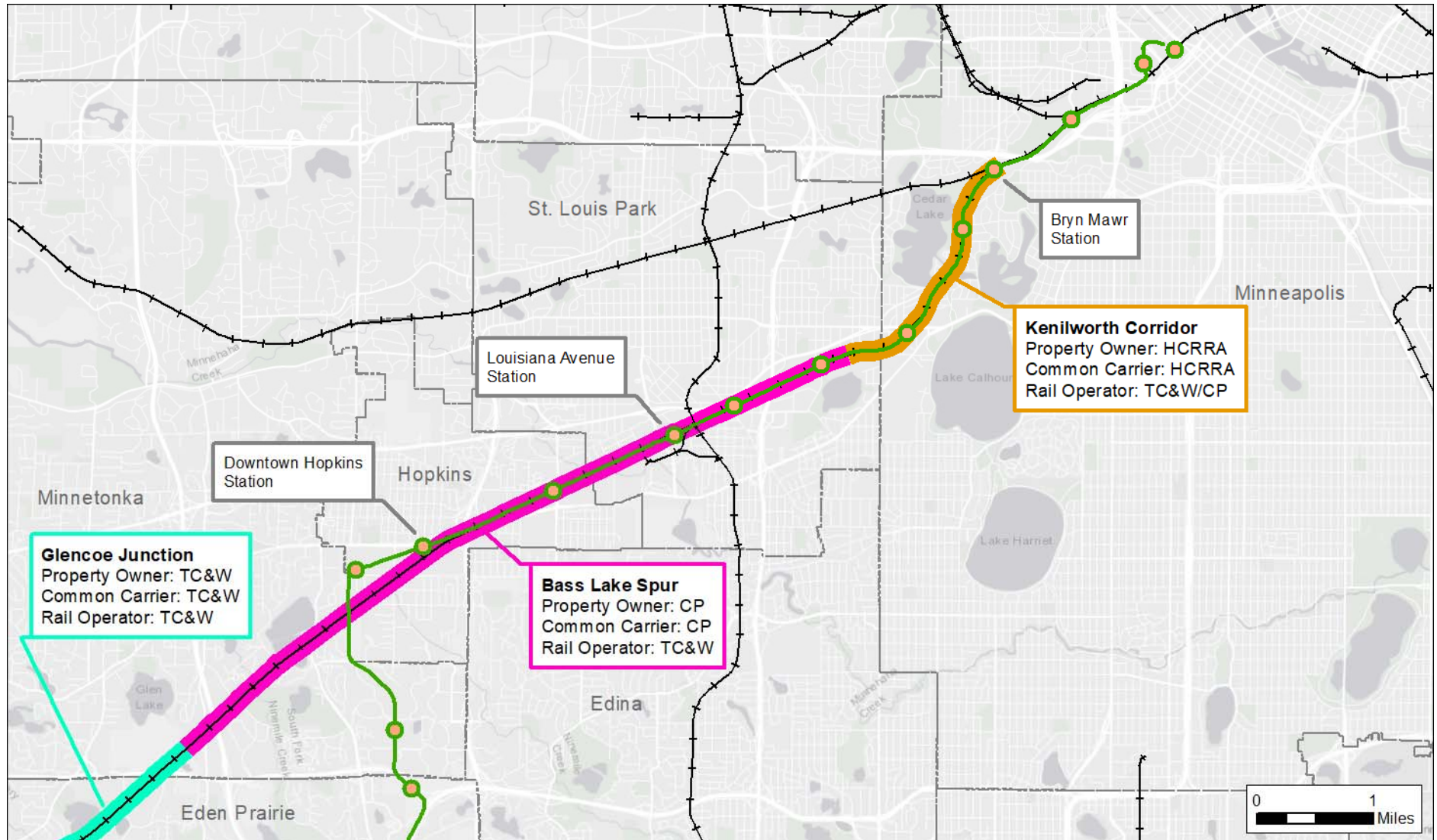
Overview of Agreements:

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

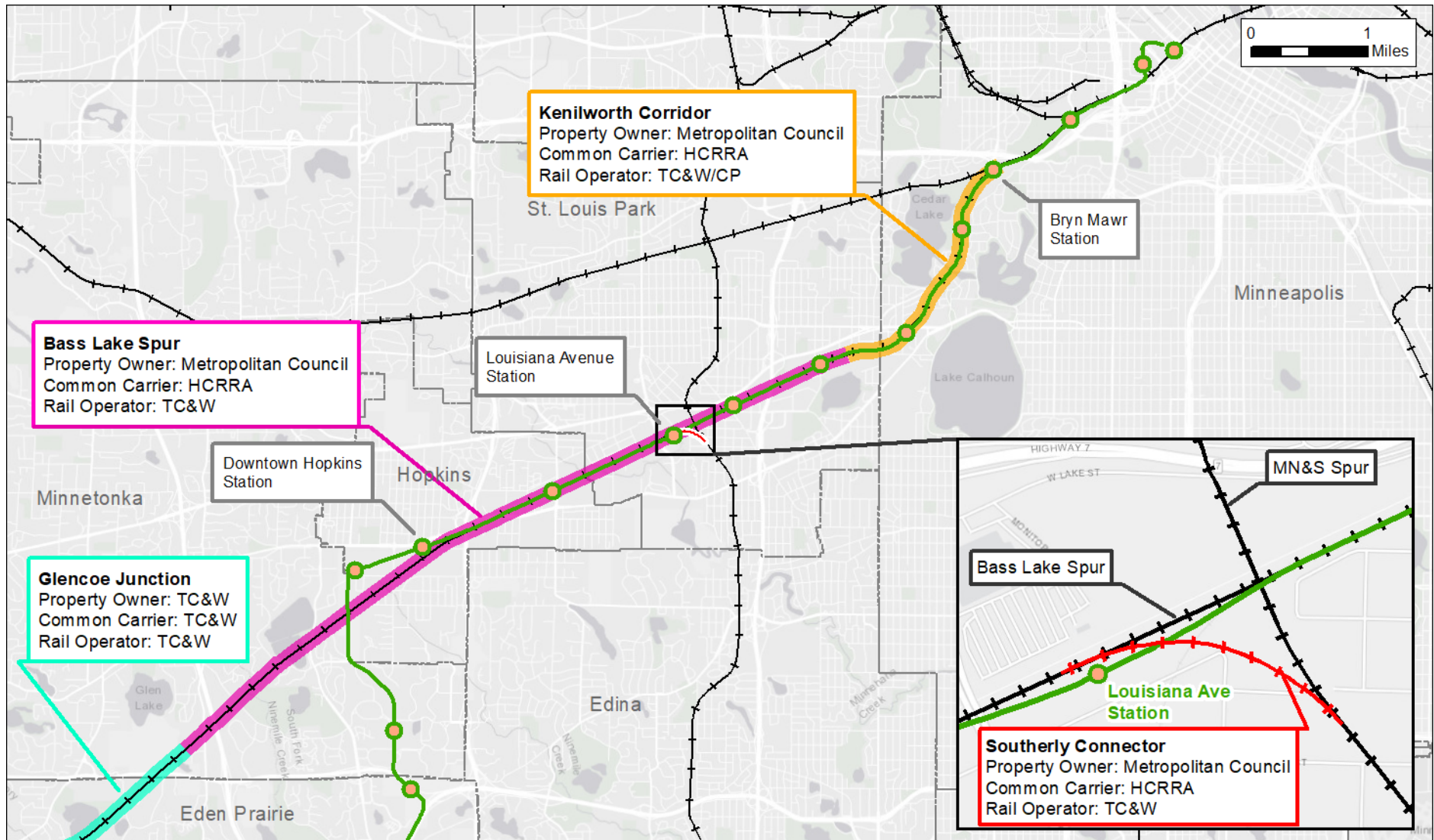
Real Estate Purchase Agreement, Property Transfer Agreement and Petition with STB (2018-60)

- 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

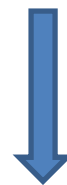
Proposed Freight Rail Owners, Common Carrier & Operators: Agreements

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

Existing Trackage Rights Agreements

Proposed Freight Rail Owners, Common 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

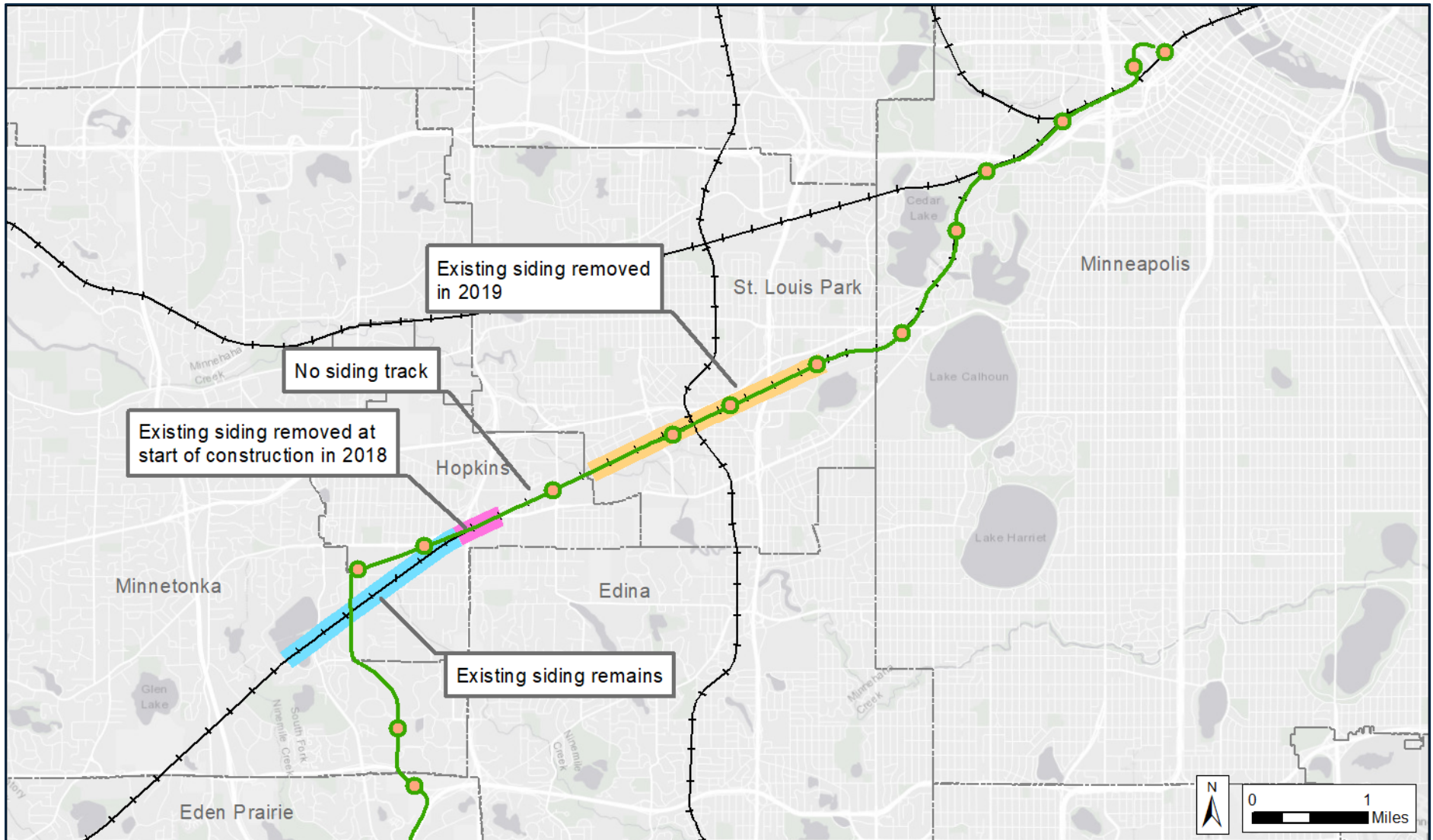


Existing Trackage
Rights Agreements

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

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