

Other Business

For the Metropolitan Council special meeting of July 18, 2018

Subject: Southwest Light Rail Transit (Green Line Extension) Settlement Agreement with Twin Cities & Western Railroad

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. 473.399

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
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Division/Department: Metro Transit / Green Line Extension Project Office

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute: (1) a Settlement Agreement with Twin Cities & Western Railroad (TCWR) for the Southwest LRT Project (Project) in an amount of \$18.5 million; (2) the associated Co-Location Agreement and Construction Agreement; and (3) any ancillary agreements or documents necessary to implement the Settlement Agreement.

Background

TCWR operates freight rail service over the Bass Lake Spur and Kenilworth Corridor which will be acquired by the Council to construct the Project. TCWR needs to continue operating freight rail during construction of the Project and long-term to serve its customers.

In March 2018, the Council authorized staff to negotiate and execute agreements that would allow the Council to acquire the Kenilworth and Bass Lake Spur corridors subject to the freight rail easements and existing Trackage Rights Agreements (TRAs). Under this arrangement, the Council would be the owner of property and freight rail facilities, Hennepin County Regional Railroad Authority (HCRRA) would be the Common Carrier in the corridors, and TCWR would continue to operate freight rail service in the Kenilworth Corridor and the Bass Lake Spur pursuant to its existing TRAs.

The Council also authorized staff to petition the Surface Transportation Board (STB) to allow the Council to acquire the rights-of-way and freight rail facilities of the Kenilworth Corridor and Bass Lake Spur subject to the freight rail easements and existing TRAs. On April 4 and 5, 2018, the Council and HCRRA submitted pleadings to the STB. On April 24, 2018, TCWR submitted opposition papers to the pleadings and filed a lawsuit against the Council, HCRRA and Canadian Pacific Railway. From April through June, the Council, HCRRA and TCWR submitted supplemental information to the STB. In June, the parties agreed to STB-sponsored mediation to resolve outstanding issues. As a result of four mediation sessions, the parties reached agreement, subject to Council, Hennepin County, and HCRRA board approvals. In addition to the Settlement Agreement, the settlement includes a Construction Agreement and a Co-Location Agreement that outline roles and responsibilities related to construction of the Project and long-term operations.

Rationale

The settlement represents the parties' binding commitments to providing a solution to outstanding issues related to construction and operations necessary for the STB to act on the

Petition, which is needed for the Project to move forward and to ensure TCWR can continue to provide service to its shippers.

Thrive Outcomes

The settlement will allow implementation of the Green Line Extension that will increase the region's prosperity as it will provide access to 80,900 forecasted jobs and a new transportation option for 55,800 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 settlement amount in the Settlement Agreement are Project eligible costs and are within the \$2.003 billion Project budget.

Known Support / Opposition

There is no known opposition to this action.