

SOUTHWEST

Green Line LRT Extension



# Metropolitan Council Special Meeting

July 18, 2018



# Today's Topics

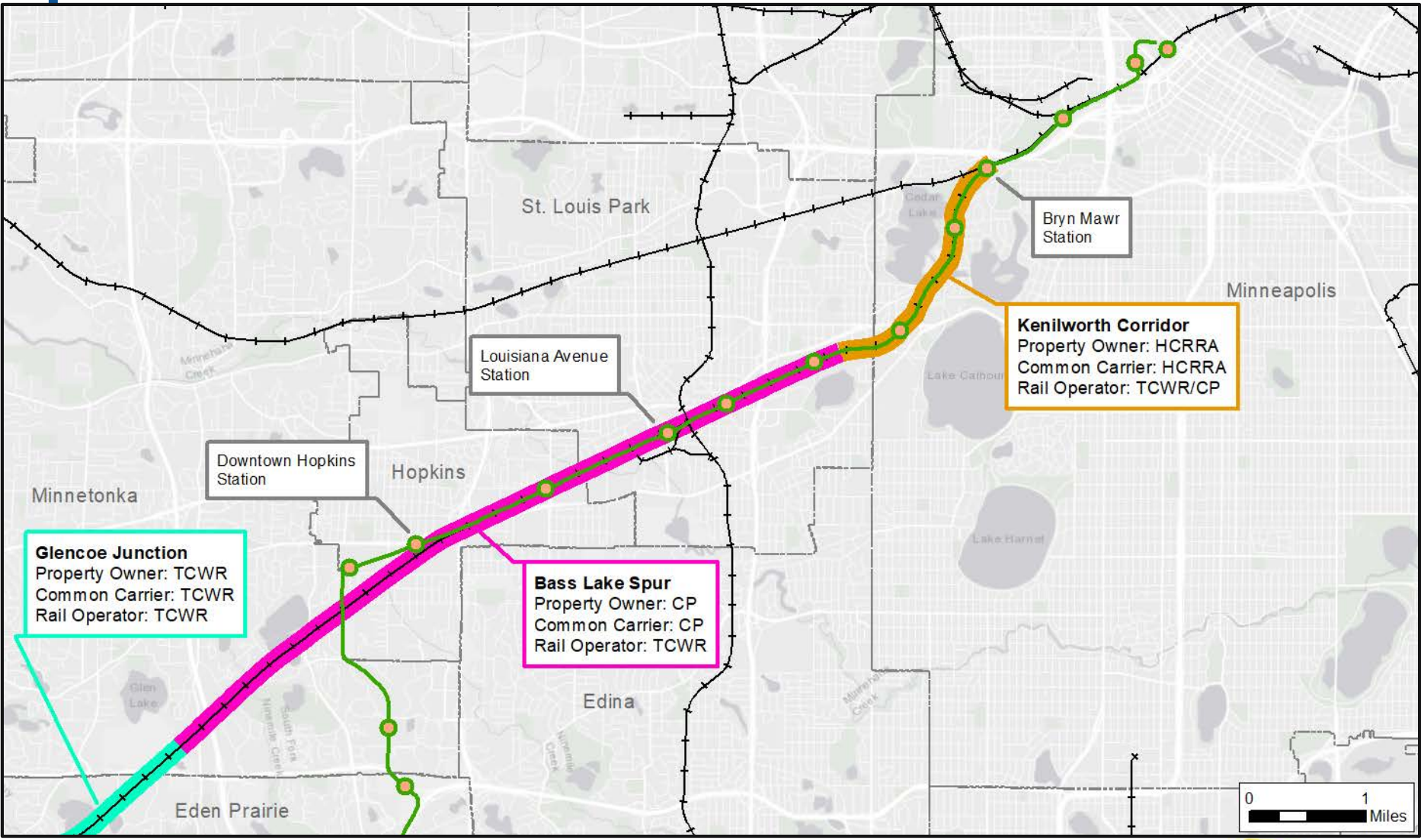
- Freight Rail Background and Previous Actions
- Settlement Agreements with Twin Cities & Western Railroad (TCWR) (2018-196)
- Next Steps



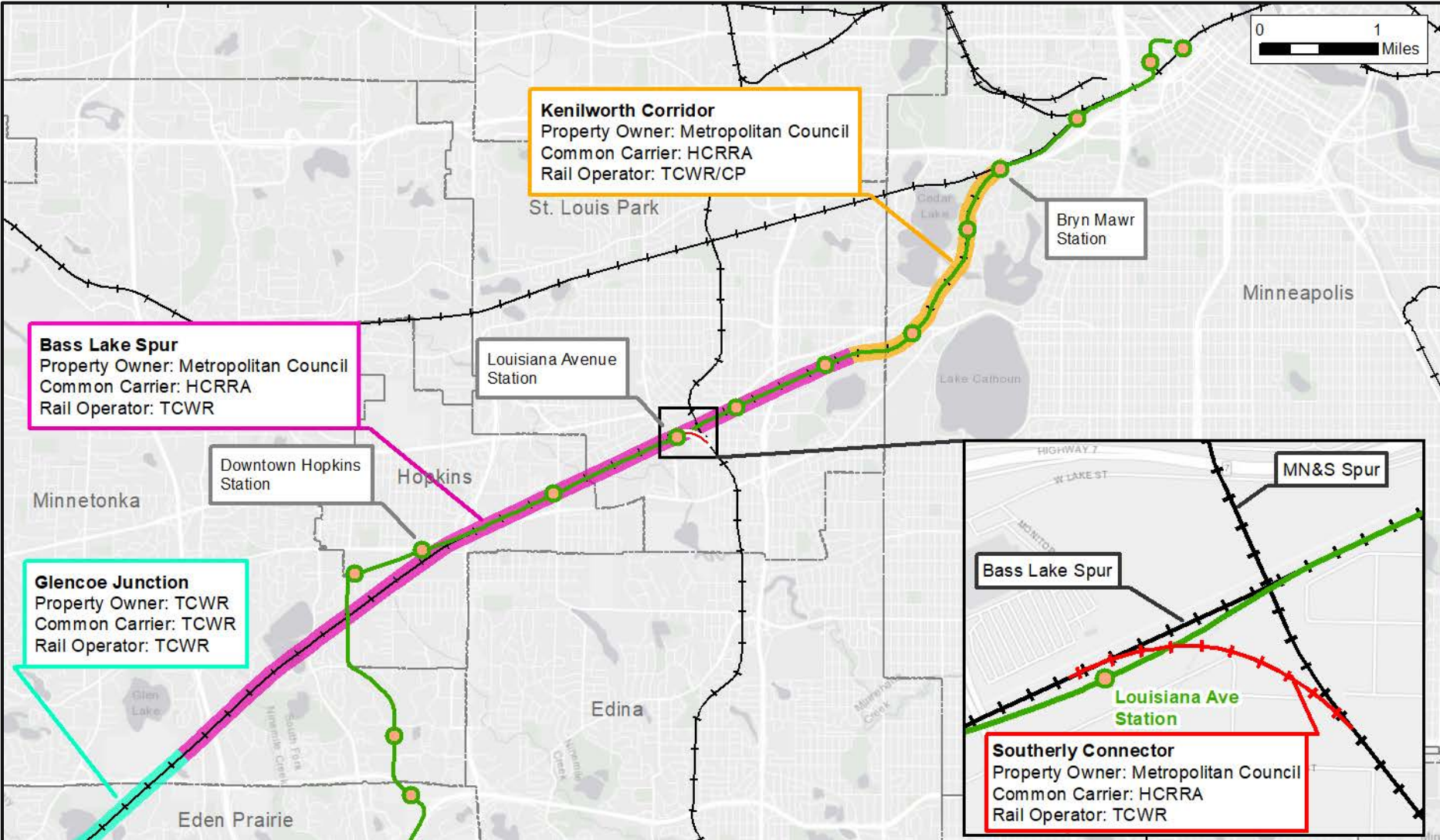
# Background: March 21, 2018 Council Action

- Authorized Regional Administrator to negotiate and execute:
  - Real Estate Purchase Agreement with Canadian Pacific for Bass Lake Spur Corridor
  - Property Transfer Agreement with HCRRA for Kenilworth Corridor
  - Ancillary documents necessary for closing on Kenilworth and Bass Lake Spur corridors
  - Any settlement or other agreement with TCWR
  - Joint Powers Agreement with HCRRA
- Authorized Petition to Surface Transportation Board (STB) to acquire rights-of-way and physical freight rail assets of Kenilworth and Bass Lake Spur corridors

# Current Freight Rail Owners, Carriers & Operators

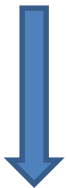


# Proposed Freight Rail Owners, Common Carrier & Operators



# Proposed Freight Rail Owners, Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TCWR
Kenilworth Corridor	Council	HCRRA	TCWR CP



Joint Powers Agreement


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

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TCWR
Kenilworth Corridor	Council	HCRRA	TCWR 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	TCWR
Kenilworth Corridor	Council	HCRRA	TCWR CP



Joint Powers Agreement

Existing Trackage Rights Agreements



# Actions Since March 2018

- April: Council and HCRRA filed Petition with STB
- April: TCWR filed opposition papers with STB
- April: TCWR filed Lawsuit against Council, HCRRA and CP
- April - June: Council, HCRRA and TCWR submitted additional information to STB
- June: Council and TCWR agreed to STB sponsored mediation
- June - July: Council, HCRRA and TCWR participated in 4 mediation sessions and reached resolution, subject to Council and County board approvals

# Proposed Agreement: Overview

- Tentative agreement consists of three agreements which resolve the disputes between parties
  - Settlement agreement
  - Construction agreement
  - Co-location agreement

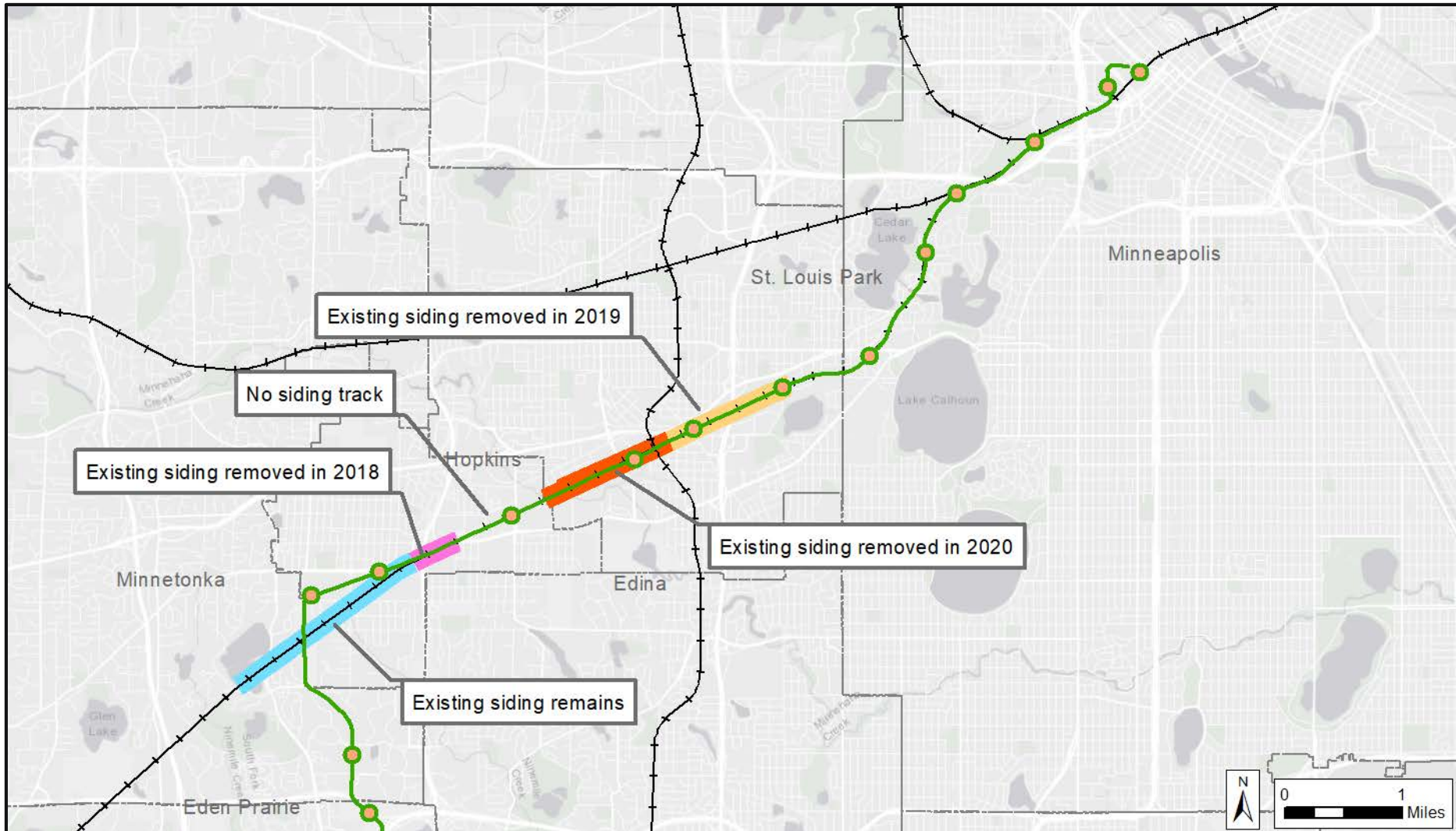
# Proposed Agreement: Settlement Agreement

- TCWR will release claim and withdraw opposition related to STB Petition and Lawsuit
  - Within 24 hours, TCWR will communicate in writing to the STB and its shippers about the withdrawal of opposition to STB Petition
  - Within 5 days, the Council, HCRRA, TCWR and CP will notify the Court of settlement
- Minimizes financial risk during construction
  - Commits total payment of \$18.5M to TCWR for removal of siding track, technical expertise and activities related to construction
  - Payment to be made over the course of five years, tied to major project milestones
  - Total amount within \$2.003B Project budget
- Avoids long-term financial risk

# Proposed Agreement: Settlement Agreement

- Defines timeline for TCWR to vacate siding track
  - TCWR will cease use of siding track to be removed by SWLRT in accordance with schedule in Civil Construction specifications
  - TCWR will cease all storage and freight forwarding activities from remaining siding no sooner than July 1, 2020
- Provides for rehabilitation of freight rail facilities in western portion of the Bass Lake Spur

# Proposed Agreement: Settlement Agreement Bass Lake Spur Siding Track



# Proposed Agreement: Construction Agreement

- Governs roles and responsibilities during construction of SWLRT
- Provides for Construction Coordination Committee
  - Council and TCWR
- Allows TCWR to review and comment on contractor submittals
- Defines agreed-to outages when TCWR will temporarily suspend freight rail operations
  - Outages correspond to Civil Construction specifications
- Allows TCWR to inspect construction work on freight rail facilities

# Proposed Agreement: Co-Location Agreement

- Provides for Coordination Committee
  - Council, HCRRA, TCWR
- Defines roles and responsibilities
  - In accordance with existing Trackage Rights Agreements (TRAs)
  - Acting on HCRRA's behalf, Council will assume maintenance and liability responsibilities as owner of the Corridors
  - Performance of maintenance obligations will be paid through fees collected from TCWR pursuant to terms of TRAs
  - Consistent with state law passed during 2017 special session, Council, through its insurance program, will provide coverage for claims arising from LRT-related incidents
  - TCWR will maintain railroad liability insurance for claims arising from freight rail only incidents

# Recommendation

- Authorize the Regional Administrator to execute:
  - (1) a Settlement Agreement with Twin Cities & Western Railroad (TCWR) for the Southwest LRT 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 Agreements



# Next Steps

- Council, HCRRA and TCWR to complete agreed-to actions defined in the Settlement Agreement related to the STB and Lawsuit
- STB decision on the Council & HCRRA Petition
- Council to resubmit application for Letter of No Prejudice to FTA
- FTA to approve LONP request
- Council to award civil construction bid
- Submit FFGA application to FTA

# More Information

Online:

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

Email:

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

Twitter:

[www.twitter.com/southwestlrt](http://www.twitter.com/southwestlrt)

