

Transportation Committee

For the Metropolitan Council meeting of October 28, 2020

Subject: Metropolitan Airport Commission Bus Garage and Facility Lease Agreement #201010 (South Garage)

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute lease agreement #201010 with the Metropolitan Airport Commission for the South Garage facility in the amount of \$10,941,576.91.

Summary of Committee Discussion/Questions

Metro Transit Engineering & Facilities Director, Marilyn Porter, presented this item. Committee member Cummings asked if Metro Transit plans to store the same number of vehicles with this new lease or is Metro Transit looking to expand at this location. Porter responded that we would house the same number of vehicles, but it is fluid. Metro Transit General Manager, Wes Kooistra, added that the South Garage is an important facility to Metro Transit due to its ideal location for serving multiple routes, and that is why Metro Transit tried to secure a 20-year lease but got a 15-year lease.

Motion by Member Fredson, seconded by Member Cummings. Motion carried.

Transportation Committee

Meeting date: October 26, 2020

For the Metropolitan Council meeting of October 28, 2020

Subject:	Metropolitan Airport Commission Bus Garage and Facility Lease Agreement #201010 (South Garage).
District(s), Member(s):	District 5, Molly Cummings.
Policy/Legal Reference:	Policy 3.3 (Expenditures) and Policy 3.10 (Real Estate)
Staff Prepared/Presented:	Wes Kooistra, Metro Transit General Manager Marilyn Porter, Engineering & Facilities Director Claudius Toussaint, Project Manager
Division/Department:	Metro Transit – Engineering and Facilities

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute lease agreement #201010 with the Metropolitan Airport Commission for the South Garage facility in the amount of \$10,941,576.91.

Background

In 1980, Metro Transit completed construction of the South Garage facility as a leasehold improvement on land owned by the Metropolitan Airport Commission (MAC). Metro Transit's 40-year fixed term tenancy with MAC for the South Garage facility expires on November 30, 2020. The annual rent was secured at a flat rate of \$54,885 for the duration of the tenancy. The facility (shown in the attached exhibit) is used to store and maintain approximately 145 buses that serve 28, primarily north-south, transit routes. The garage is approximately 204,000 square-feet and is situated on approximately 548,850 square feet of land as shown in attached exhibit.

MAC and Metro Transit desire to execute an agreement for the purpose of extending Metro Transit's use and occupancy of the South Garage facility in support of its public transit operations. The Term of the proposed extension is for ten (10) years with one five (5) year extension for a total of fifteen (15) years.

In consideration for all terms of the agreement, Metro Transit would pay annual building rent at a fair-market rate of \$408,164.00. Rent would increase annually based on the prior year's building rent plus two-and one-half percent (2.5%). In addition, Metro Transit would pay MAC ground rent in accordance with MAC Ordinance 121 at an annual cost of \$241,494.00.

Rationale

The South Garage facility supports Metro Transit's operations in the southern Metro region. With the addition of the Orange Line, D line, Southwest and other future bus and rail lines to the southern Metro, Metro Transit needs the facility for operations that supports these transit lines. The facility is strategically located to operate key local bus routes serving south, east and north Metro. South Garage is located near the Mall of America transit center to operate high frequency Routes such as routes 5 and 54, and to connect the Red Line and Blue Line to many suburban local routes. South Garage also supports 35W all-day service and express routes for south Metro.

Thrive Lens Analysis

The South Garage facility support routes that serve diverse and historically underserved communities. The lease extension supports continued service to those communities as it relates to equity. This action also promotes Stewardship and Prosperity through needed facility space to support expanded bus service and transit way investments. The extension lease for South Garage facility will provide bus storage, operations and support functions, and maintenance space to support continued growth in ridership demand and upcoming service expansion. This action promotes Sustainability by ensuring the region's existing transit resources are maintained in a state of good repair, thereby providing efficient, reliable, and safe service.

Funding

The lease will be funded by the annual operating budget for Metro Transit. The total estimated lease cost for the first year of the lease term is \$649,658.

Known Support / Opposition

There is No known opposition.

