

Committee Report

Transportation Committee



Committee Meeting Date: December 11, 2023

For the Metropolitan Council: December 13, 2023

Business Item: 2023-303 SW

METRO Green Line Extension Amendment No. 4 to Lease Agreement 12P008 with Middleton Park Place Investors, LLC

Proposed Action

That the Metropolitan Council ratify the Regional Administrator's May 3, 2023, execution of Amendment No. 4 to the lease agreement (12P008) between the Metropolitan Council and Middleton Park Place Investors, LLC that extends the lease by 24 months beginning January 1, 2024, and ending December 31, 2025, in an amount not to exceed \$1,500,000.

Summary of Transportation Committee Discussion/Questions

METRO Green Line Extension Project Director Jim Alexander presented this item. There were no questions or comments from Council members.

Motion by Cameron seconded by Morales. Motion carried.



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District(s), Member(s):	District 3 (Carter) District 6 (Lilligren), District 8 (Cameron)
Policy/Legal Reference:	FM 14-2 Expenditures for the Procurement of Goods, Services, and Real Estate Policy
Staff Prepared/Presented:	Lesley Kandasas, General Manager, 612-349-7513 Nick Thompson, Deputy General Manager, 612-349-7507 Jim Alexander, Project Director, 612-373-3880 Joan Hollick, Deputy Project Director, 612-373-3820
Division/Department:	Metro Transit / Green Line Extension

Proposed Action

That the Metropolitan Council ratify the Regional Administrator's May 3, 2023, execution of Amendment No. 4 to the lease agreement (12P008) between the Metropolitan Council and Middleton Park Place Investors, LLC that extends the lease by 24 months beginning January 1, 2024, and ending December 31, 2025, in an amount not to exceed \$1,500,000.

Background

In February 2012, the Council executed an 89-month lease (12P008) with Middleton Park Place Investors, LLC. (formerly GOLUB & Company / AEW management) for 21,950 rentable square feet (RSF) on the 5th floor of the Park Place West Building for the METRO Green Line Extension Project Office at a cost of \$3,580,000. The original lease included rent, taxes, operating costs and inflation at a rate of up to 3% per year with an expiration date of July 31, 2019. The lease terms included renewal and expansion options to meet the project's needs and accommodate the Advance Design Consultant (ADC) and construction staff.

In November 2014, the Council amended the lease to add 12,432 RSF of space for 38 workstations on the 6th floor for additional ADC staff and resulted in lower consultant field rate charges. The term of the amended lease for the 6th floor space was January 1, 2015, through July 31, 2019. The lease amendment increased the lease cost by \$1,640,000 for a total not to exceed amount of \$5,220,000. With the hiring of construction staff in 2017, use of the 6th floor space transitioned from ADC to construction staff.

In January 2019, construction staff relocated to a field office and the 6th floor of the Park Place West Building was no longer needed. The Council and Middleton Park Place Investors, LLC amended the lease to terminate the 6th floor lease early, reducing the existing lease cost by approximately \$145,000 by avoiding rent, taxes, and operating costs on 12,432 RSF over a five (5) month period. The amendment extended the term of the 5th floor lease through December 31, 2023.

On May 3, 2023, the Regional Administrator executed the fourth amendment to the lease extending the term by twenty-four (24) months through December 31, 2025, for an amount not to exceed \$1.5 million which includes rent, taxes, and operating costs and Council approval is required.

Office space is needed through the completion of the METRO Green Line Extension Project. Staff will assess Project needs regarding the lease beyond 2025 as the 2025 construction season concludes.

Rationale

Lease agreements over \$1 million require Council approval.

Thrive Lens Analysis

Successful completion of the METRO Green Line Extension will advance the following Thrive MSP 2040 outcomes:

Stewardship: Transit investment provides an opportunity to reinvest and grow the capacity of our communities, with more inclusive development and intentional investment. It encourages businesses to invest in communities, which means access to resources, community amenities, jobs, and other community assets.

Equity: Connections to other METRO lines and countless local bus routes will bring people to jobs, jobs to communities, and returns to communities across the region.

Livability: The METRO Green Line Extension will add 14.5 miles to the existing Line, which connects downtown Minneapolis, downtown Saint Paul, and places in-between. This segment connects Eden Prairie, Minnetonka, Hopkins, and St. Louis Park to both downtown Minneapolis and Saint Paul, and major destinations at the University of Minnesota and the State Capitol.

Prosperity: The METRO Green Line Extension reflects strategic investment in regional infrastructure that will promote economic competitiveness and create prosperity for the region. Despite being under construction, the METRO Green Line Extension has already seen more than \$1.6 billion of investment within a half-mile of the line. Another \$500 million in investment is planned.

Sustainability: As many as 700,000 more people will be living, working, and moving around the Twin Cities region by 2040. As a result, a robust transportation system is needed to provide the region with choices and more mobility.

Funding

This is a METRO Green Line Extension Project (61001) eligible cost. Funds are available in Project No. 61001 budget and included in the Council's authorized capital budget.

Small Business Inclusion

There are no direct impacts to small business associated with this action.

