

Transportation Committee

Meeting date: September 17, 2014

For the Metropolitan Council meeting of September 24, 2014

Subject: Green Line Extension (SWLRT) Project Office lease amendment between the Metropolitan Council and Golub and Company / AEW Management

District(s), Member(s): All

Policy/Legal Reference: Council Policy 3-3 Expenditures, Federal Transit Administration Circular 4220.1F Third Party Contracting Guidance

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Division/Department: Metro Transit / Green Line Extension (SWLRT) Project Office

Proposed Action

That the Met Council authorize the Regional Administrator to negotiate and execute a lease agreement amendment between the Metropolitan Council and Golub Realty Management for expanding the Green Line Extension (SWLRT) Project Office by 12,432 square foot area in Park Place West Office Building in St. Louis Park, Minnesota for the 56-month period from December 1, 2014 through July 31, 2019 in an amount not to exceed \$1,460,000.

Background

The Southwest LRT Project Office (SPO) was established in 2012 to position the Met Council to successfully deliver the Green Line Extension (Southwest Light Rail Transit) in an efficient and timely manner under a very tight timeline.

In January 2012, the Council authorized the Regional Administrator to enter into a lease agreement and purchase furniture and IT equipment for phase one of the SPO mobilizations. The Met Council entered into an agreement with Golub and Company / AEW Management to lease approximately 22,000 square feet on the fifth floor of Park Place West in St. Louis Park for an 89-month lease in an amount not to exceed \$3,600,000. The council negotiated a "first right of offer" with the lessor in the original lease anticipating the need for additional space as design advanced and the project progresses into construction.

With the completion of 30 percent engineering plans and municipal consent approval from all five cities and Hennepin County, the Met Council is in the process of engaging an Advanced Design Consultant (ADC) and anticipates they will be under contract in early 2015.

Based on a review of CCPO space needs during a similar phase of the project, SPO staff estimates that an additional 24 to 30 workstations are needed in early 2015. .

Park Place West has 12,432 square feet of office space available on the 6th floor.

Rationale

There are both organizational and cost avoidance benefits of a project office. The organizational benefits are gained by co-locating staff from the public agencies and the consultants in one location with IT equipment that supports collaborative communication among engineering disciplines to resolve complex design issues, and in a location that is easily accessed by the public and stakeholders.

The cost-avoidance benefits are realized by lower consultant field labor rates which the Council negotiates with consultants for the opportunity to co-locate their staff in the project office. SPO estimates that the investment of project office infrastructure (lease, office furniture, IT equipment) to co-locate the consultant staff will yield an estimated cost avoidance of \$1.8 million over the two-year Advanced Design phase, and an estimated total of \$4.5 million of cost avoidance over the five year project period.

Four previous transitway projects (Blue Line/Hiawatha, Northstar, Green Line/Central Corridor, and Southwest) have demonstrated the benefit of a project office for a major capital project as complex as a New Starts rail project. Therefore, due to the productivity and cost efficiency of an LRT project office, the 56-month lease agreement for 12,432 sq. ft. in Phase Two to support the Green Line Extension LRT Project Office is a cost-effective investment. Other project office needs, such as furniture and IT, will follow Council procurement policies and procedures.

Funding

The SWLRT Project has available funding in the Project Development budget.

Known Support / Opposition

No known opposition.