

Transportation Committee

Meeting date: October 24, 2016

For the Metropolitan Council meeting of November 9, 2016

Subject: Southwest Light Rail Transit (Green Line Extension) Authorization to Negotiate Freight Rail Property and Operations Agreements

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 (Council) authorize the Regional Administrator to:

- Negotiate a Purchase and Sales Agreement between the Council and Canadian Pacific (CP) related to the acquisition of the Bass Lake Spur
- Negotiate a Property Transfer Agreement between the Council and Hennepin County Regional Railroad Authority (HCRRA) related to the transfer of ownership of the Kenilworth Corridor as a permanent, in-kind property transfer for the SWLRT Project
- Negotiate an Operations and Maintenance Agreement between the Council and Twin Cities & Western Railroad Company (TCWR) related to freight access on the Bass Lake Spur and Kenilworth Corridor
- File petitions with the Surface Transportation Board (STB) to transfer freight rail operating easements to TCWR and allow the Council to acquire the right-of-way and physical freight rail assets of the Bass Lake Spur and Kenilworth Corridor (collectively referred to herein as "Property")

Background

CP presently owns a 6.8 mile linear corridor known as the Bass Lake Spur in the cities of St. Louis Park, Hopkins, and Minnetonka that is required for the SWLRT Project. CP is willing to sell the right-of-way and physical assets of the Bass Lake Spur to the Council and grant a freight rail operating easement to TCWR.

HCRRA presently owns a 2.5 mile linear corridor known as the Kenilworth Corridor in the cities of Minneapolis, St. Louis Park, Hopkins, and Minnetonka that is required for the SWLRT Project. HCRRA is willing to transfer the right-of-way and physical assets of the Kenilworth Corridor to the Council and grant a freight rail operating easement to TCWR.

TCWR has operating rights on the Property, which are currently governed by Trackage Rights Agreements with CP and HCRRA.

As part of these transactions, the Council will file petitions with the STB to allow the Council to acquire the right-of-way and physical freight rail assets of the Property. As part of the filing, the Trackage Rights Agreements will terminate and be replaced by an Operations and Maintenance Agreement between the Council and TCWR governing the terms of TCWR's freight access over the Property.

Rationale

The draft Purchase and Sales Agreement, Property Transfer Agreement, and Operations and Maintenance Agreement are required for the STB filing. Negotiating and subsequently executing these agreements is necessary for the acquisition of the Property and construction of the SWLRT Project. Southwest Project staff will return to the Council for authorization to execute these agreements upon filing with the Surface Transportation Board.

Funding

The Purchase and Sales Agreement between the Council and CP for the acquisition of the Bass Lake Spur is a Project cost and will be funded 50% by the Federal Transit Administration and 50% by local funding partners.

The Property Transfer Agreement between the Council and HCRRA for the transfer of the Kenilworth Corridor is an in-kind property transfer from HCRRA to the Council for the SWLRT Project

The Operations and Maintenance Agreement between the Council and TCWR related to freight access over the Property does not require a funding source at this time.

Known Support / Opposition

There is no known opposition to this action.