

Transportation Committee

Meeting date: January 9, 2017

For the Metropolitan Council meeting of January 25, 2017

Subject: Southwest Light Rail Transit (Green Line Extension) Authorization to Execute Canadian Pacific (CP) Bass Lake Spur (BLS) Real Estate Purchase Agreement

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 execute:

- A Real Estate Purchase Agreement (Agreement) between the Council and CP related to the acquisition of the Bass Lake Spur in an amount not-to-exceed \$27,450,000 (*Amount not to exceed is contingent upon FTA concurrence.*)
- An associated Bass Lake Spur Freight Rail Easement Agreement among CP, Twin Cities & Western Railroad Company (TCWR), and the Council.
(*Both agreements are contingent upon a positive decision by the Surface Transportation Board and TCWR's assumption of the common carrier obligations.*)

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 Southwest Light Rail Transit Project (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.

On November 9, 2016, the Council approved an action to authorize the Regional Administrator to negotiate the Agreement (formerly referred to as a Purchase and Sales Agreement) and to file petitions with the Surface Transportation Board which will allow the Council to own the right-of-way and physical freight rail assets of the Bass Lake Spur without the residual common carrier obligation. As a result of the filings, CP's rights to operate in the Bass Lake Spur will terminate and TCWR will be the freight rail operator. These terms are outlined in the Bass Lake Spur Freight Rail Easement Agreement. The Council and TCWR will enter into an Operations and Maintenance Agreement governing the terms of TCWR's freight access over the Bass Lake Spur.

The terms of the Agreement address standard real estate terms, such as the property interests to be transferred, survey and environmental investigation terms, assignments of easements and leases, and buyer and seller representations. Closing of the Agreement is anticipated in Q2, 2017 and is contingent upon a positive decision by the Surface Transportation Board and TCWR's assumption of the common carrier obligations through execution of the Freight Rail Operating Easement with CP and the Operations and Maintenance Agreement with the Council.

The Bass Lake Spur Freight Rail Easement Agreement facilitates the granting of the Freight Rail Easement from CP to TCWR and describes the post-construction property.

Rationale

Executing the Agreement is necessary for the acquisition of the Bass Lake Spur and construction of the Project.

Thrive Lens Analysis

Purchasing the rail corridor is necessary to implement the Green Line Extension that will provide access to 80,900 forecasted jobs and a new transportation option for 55,600 forecasted residents within ½ mile of the planned new stations in addition to the 145,300 forecasted jobs and 35,600 forecasted residents in downtown Minneapolis.

Funding

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

Known Support / Opposition

There is no known opposition to this action.