

Transportation Committee

Meeting date: July 10, 2017

For the Metropolitan Council meeting of July 12, 2017

Subject: Southwest Light Rail Transit (Green Line Extension) Twin Cities & Western (TCWR) Operations and Maintenance Agreement

District(s), Member(s): All

Policy/Legal Reference: Minn. Stat. 473.399

Staff Prepared/Presented: Brian Lamb, General Manager, 612-349-7510
Mark Fuhrmann, Deputy General Manager, 612-373-3810
Jim Alexander, Project Director, 612-373-3880
Joan Hollick, Deputy Project Director, 612-373-3820

Division/Department: Metro Transit / Green Line Extension Project Office

Proposed Action

That the Metropolitan Council (Council) authorize the Regional Administrator to execute an Operations and Maintenance Agreement (OMA) between the Council and Twin Cities & Western Railroad Company (TCWR) related to freight access and operations on the Bass Lake Spur and Kenilworth Corridor as a result of the Southwest Light Rail Transit Project (Project).

Background

TCWR has operating rights on the Bass Lake Spur and Kenilworth Corridor, which are currently governed by Trackage Rights Agreements with Canadian Pacific (CP) and Hennepin County Regional Railroad Authority (HCRRA). Ownership of the Bass Lake Spur and Kenilworth Corridor will transfer to the Council to construct and operate the Green Line Extension.

On November 9, 2016, the Council approved an action to authorize the Regional Administrator to negotiate the OMA and file petitions with the Surface Transportation Board which will allow the Council to acquire the right-of-way and physical freight rail assets of the Bass Lake Spur and Kenilworth Corridor without the residual common carrier obligation. As a result of the filings, TCWR will become the Common Carrier and its rights to operate in the Bass Lake Spur and Kenilworth Corridor through its Trackage Rights Agreements will be replaced with Freight Rail Operating Easements and be governed by the OMA with the Council.

The terms of an OMA provide for TCWR's right to access the Bass Lake Spur and Kenilworth Corridor for freight operations in exchange for an annual indexed access fee of \$55,000, which will be set aside as a capital reserve to go toward long-term replacement of the freight rail assets. Through a coordination committee, the parties will develop an annual maintenance plan for the freight assets that includes routine maintenance, inspection, and repair which will be the responsibility of TCWR, and long-term capital replacement which will be the responsibility of the Council. The OMA also addresses risk allocation and insurance requirements.

Rationale

Entering into an OMA with TCWR will allow the Council to fulfill the obligations required for the Surface Transportation Board filing, acquire property, and construct the Project.

Thrive Lens Analysis

The Operations and Maintenance Agreement with TCWR will provide funding for maintenance of the freight rail assets. This agreement demonstrates efficient and effective use of public resources.

Funding

The annual access fee paid to the Council by TCWR is identified in the terms of this agreement. The revenue stream generated by the access fee is not part of the Full Funding Grant Agreement.

Known Support / Opposition

There is no known opposition to this action.