

SOUTHWEST

Green Line LRT Extension



# Transportation Committee

March 12, 2018



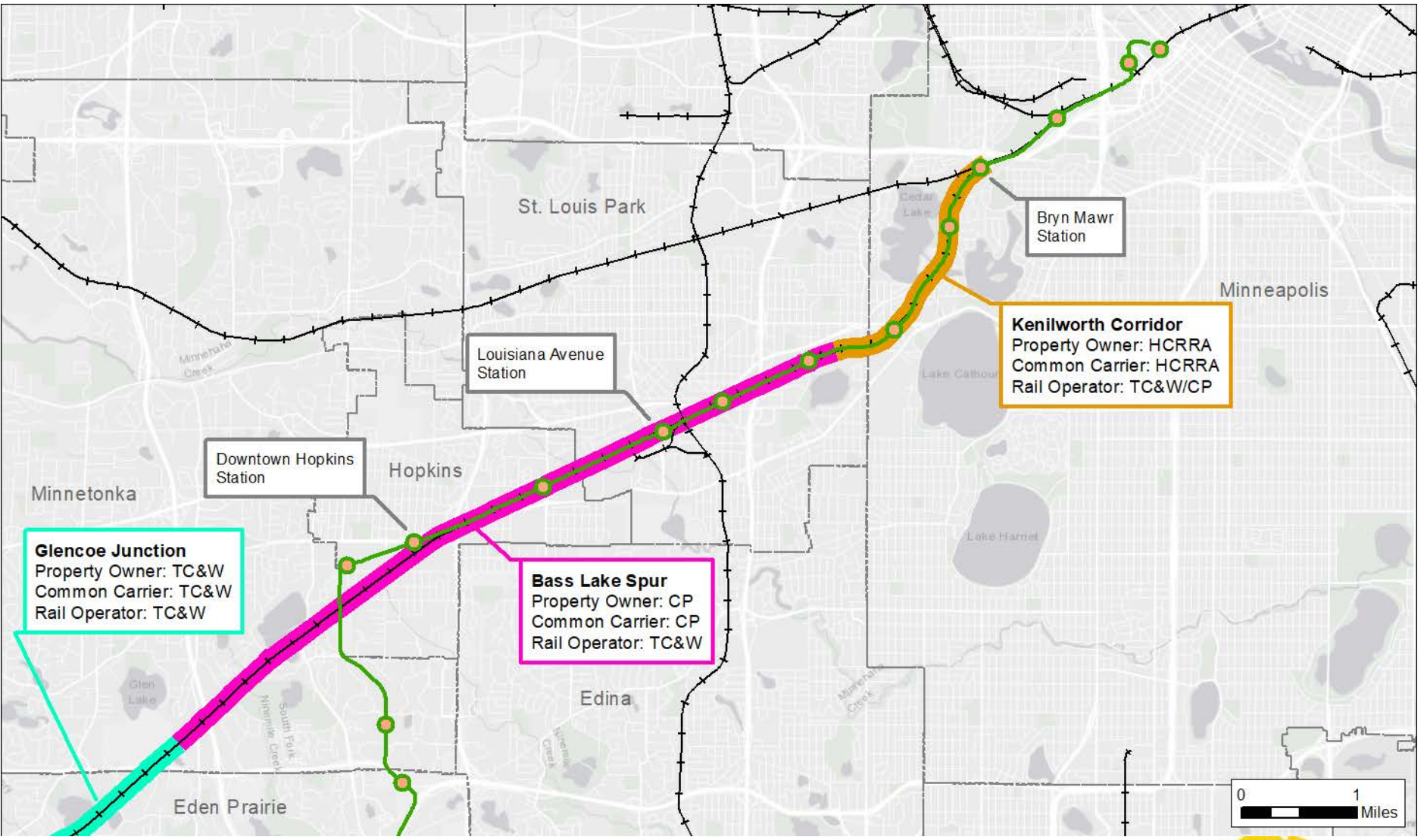
# **Overview of Agreements:**

**Joint and Cooperative Exercise of Powers Agreement**

**Real Estate Purchase Agreement**

**Property Transfer Agreement and  
Surface Transportation Board Petition and  
Potential Settlement Agreement with TC&W**

# Current Freight Rail Owners, Carriers & Operators



# Freight Operations: Current

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	CP	CP	TC&W
Kenilworth Corridor	HCRRA	HCRRA	TC&W CP

# Background:

- Nov 9, 2016: Council authorized Regional Administrator to:
  - Negotiate Operations and Maintenance Agreement with Twin Cities and Western Railroad (TC&W)
  - File petitions with Surface Transportation Board to acquire right-of-way and physical freight rail assets of Bass Lake Spur & Kenilworth Corridor and transfer freight rail common carrier obligation to TC&W

# Background:

- July 12, 2017:
  - Council authorized Regional Administrator to execute an Operations and Maintenance Agreement with TC&W related to operations on the Bass Lake Spur and Kenilworth Corridors
- Aug 16, 2017:
  - Council authorized Regional Administrator to negotiate and execute a Construction Agreement with TC&W in an amount not-to-exceed \$16.1 million

# Background

- TC&W presented conditions after Council action on August 16, 2017, that exceeded financial obligations that were authorized
- Despite best efforts, the Council was unable to finalize the agreement reached with TC&W in August 2017
- In cooperation with Canadian Pacific (CP) and Hennepin County Regional Railroad Authority (HCRRA), the Council will acquire the Kenilworth and Bass Lake Spur Corridors subject to the freight rail easements and existing Trackage Rights Agreements (TRAs)
  - This will allow TC&W to continue to operate overhead service pursuant to its existing TRAs

# Joint and Cooperative Exercise of Powers Agreement (2018-59)

- This agreement allows HCRRA and the Council to:
  - Perform their unique statutory authorities and fulfill the common carrier obligation
    - Common carrier is the responsibility to provide carrier freight rail service within the corridor if a reasonable request for service is made
  - Perform duties and responsibilities under the existing TRAs
    - Acting as HCRRA's agent, the Council will assume maintenance and liability responsibilities as the owner of the Corridors
    - Performance of maintenance obligations will be paid through fees collected from TC&W pursuant to the terms of the TRAs
    - Consistent with state law passed during the 2017 special session, the Council, through its insurance program, will provide coverage for claims arising from LRT-related incidents



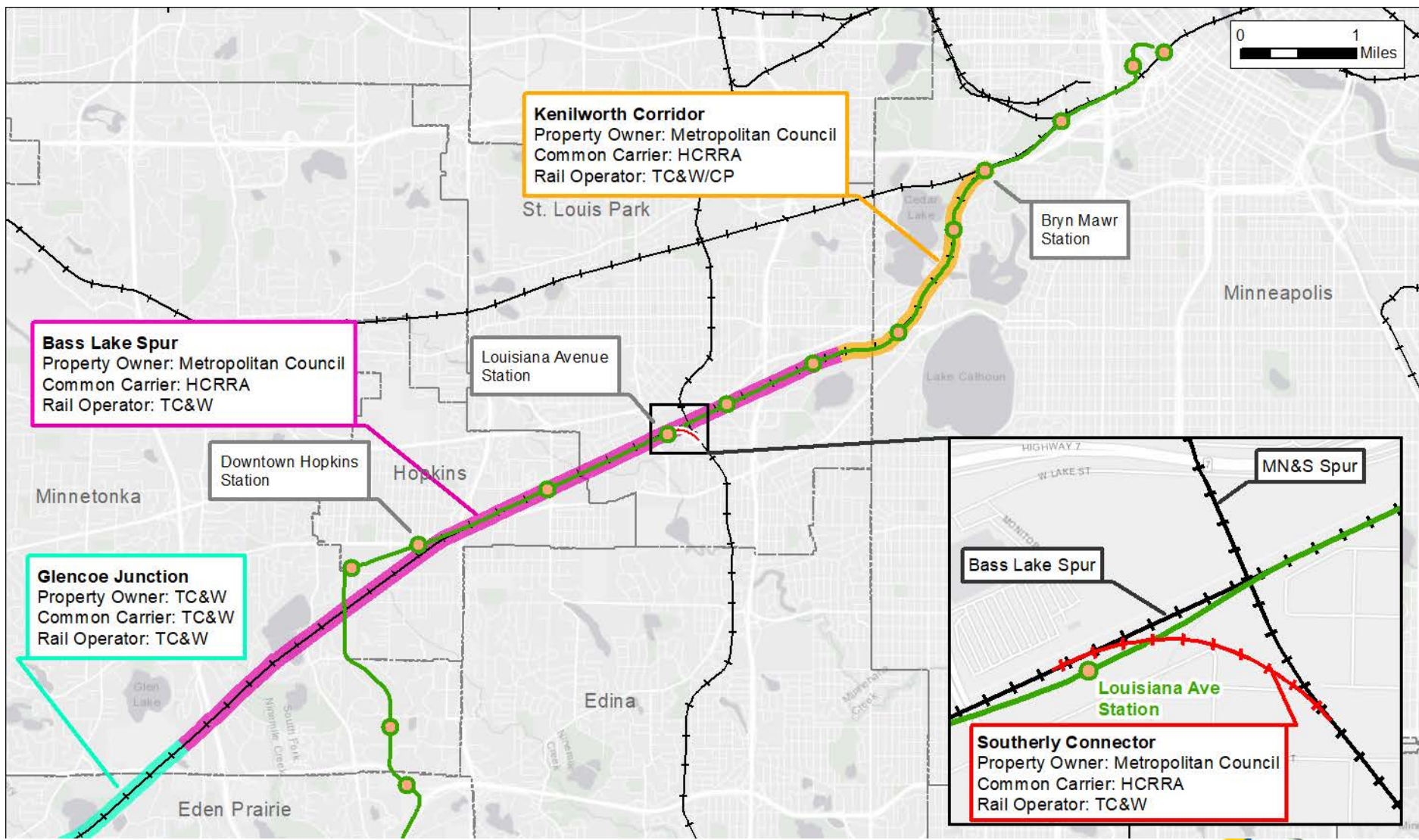
# Real Estate Purchase Agreement, Property Transfer Agreement and Petition with STB (2018-60)

- The Real Estate Purchase Agreement allows the Council to purchase the Bass Lake Spur from CP
- The Property Transfer Agreement allows the Council to accept HCRRA's property
- The STB petition is required to allow the Council to acquire the rights-of-way and physical assets of the Bass Lake Spur and Kenilworth Corridors subject to the freight rail easements and existing TRAs

# Surface Transportation Board (STB) Petition

- The STB is a federal regulatory agency whose responsibilities include reviewing certain railroad property transfers
- After the Council petitions the STB, it is anticipated the STB will rule within 30-60 days

# Proposed Freight Rail Owners, Common Carrier & Operators

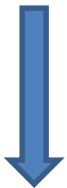


# Proposed Freight Rail Owners, Common Carrier & Operators

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP

# Proposed Freight Rail Owners, Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP



Joint and  
Cooperative Exercise  
of Powers  
Agreement

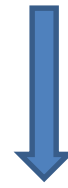
# Proposed Freight Rail Owners, Common Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP

Existing Trackage Rights Agreements

# Proposed Freight Rail Owners, Common Carrier & Operators: Agreements

Segment	Property Owner	Common Carrier	Rail Operator
Bass Lake Spur	Council	HCRRA	TC&W
Kenilworth Corridor	Council	HCRRA	TC&W CP



Joint and Cooperative  
Exercise of Powers  
Agreement



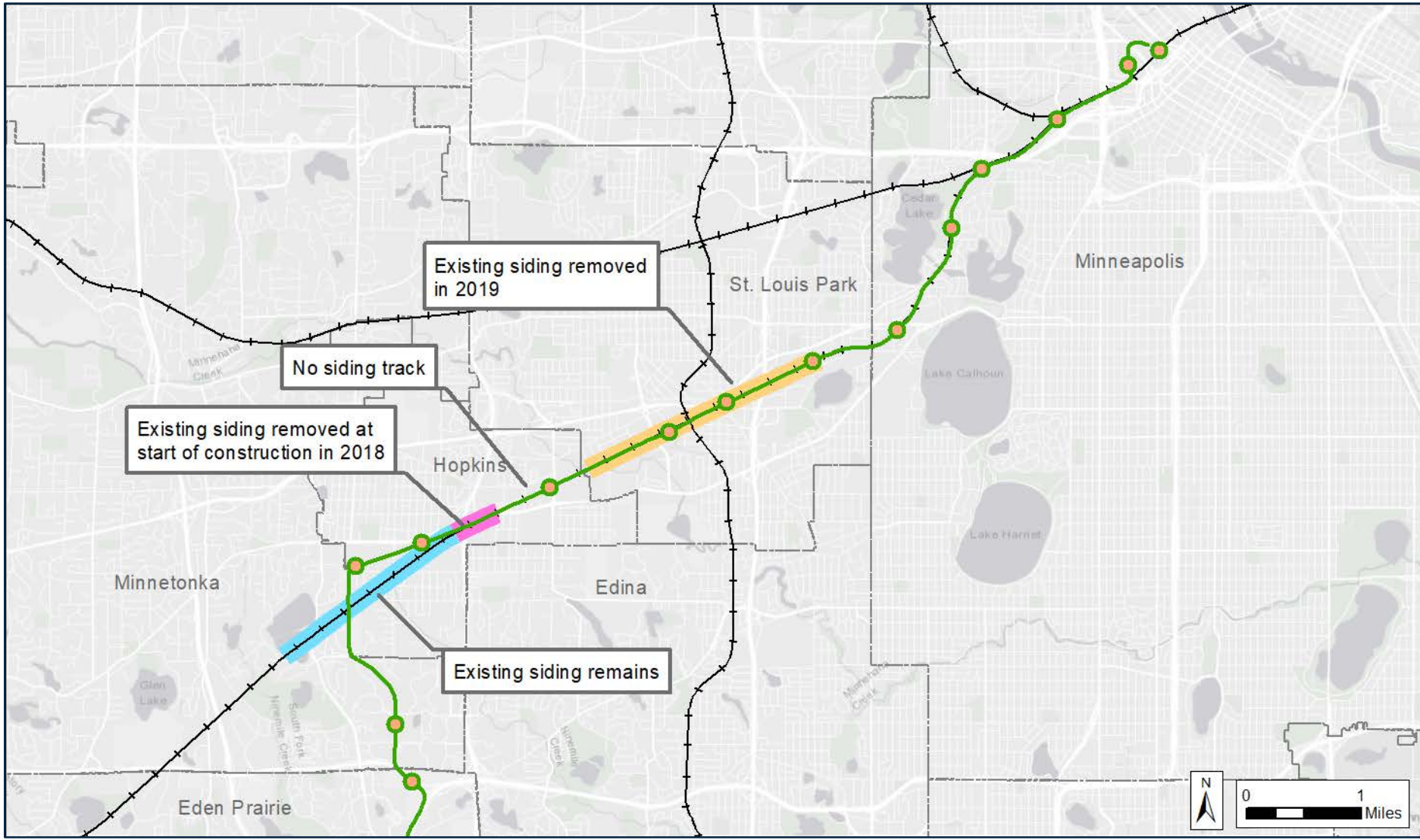
Existing Trackage  
Rights Agreements

# Freight Infrastructure Improvements

- The Council will construct rail improvements as part of the SWLRT Project including:
  - New rail, ballast, and ties
  - New signals and gates at roadway crossings
  - New bridge structures and retaining walls, freight equipment defect detection
  - A more efficient connection to CP's MN&S line in St. Louis Park
  - Construction specifications and protocols for phasing and work windows



# Bass Lake Spur Siding Track



# Proposed TC&W Settlement Agreement

- Purpose of the settlement:
  - Settle all potential claims of TC&W, set terms for cooperation and coordination during construction, and avoid potential delays to the SWLRT Project and expense and uncertainty of litigation
- Under the proposal the Council would:
  - Pay TC&W up to \$11.9M
  - Pay TC&W \$230K for expenses
  - Require the Council's construction contractor to add TC&W as an additional insured on its Commercial General Liability Policy
  - Name TC&W as an insured on the Council's Railroad Protective Liability Policy during construction
  - Name TC&W as an additional insured on the Council's Railroad Liability Insurance Policy during revenue service, with limits consistent with state law passed during the 2017 special session

# Proposed TC&W Settlement Agreement

- Under the proposal, TC&W would:
  - Cooperate with the Council and its contractors during construction
  - Release all potential claims
  - Vacate existing siding tracks to be removed
- Proposed settlement offer is good through April 18, 2018

# Recommendation (2018-59)

- That the Council authorize the Regional Administrator to:
  - Negotiate and execute a Joint and Cooperative Exercise of Powers Agreement between the Council and Hennepin County Regional Railroad Authority related to common carrier obligations in the Kenilworth and Bass Lake Spur Corridors and performance of duties and responsibilities under the existing TRAs; and
  - Negotiate and execute ancillary agreements necessary to implement the Joint and Cooperative Exercise of Powers Agreement

# Recommendation (2018-60)

- That the Council authorize the Regional Administrator to:
  - Negotiate and execute a Real Estate Purchase Agreement between the Council and CP related to acquisition of the Bass Lake Spur for an amount not-to-exceed \$27.45M;
  - Negotiate and execute a Property Transfer Agreement between the Council and HCRRA related to transfer of ownership of Kenilworth Corridor as a permanent, in-kind property transfer for the SWLRT Project;
  - Negotiate and execute ancillary documents necessary for closing on the Kenilworth and Bass Lake Spur Corridors;

# Recommendation (2018-60) cont

- Petition the STB to acquire rights-of-way and physical freight rail assets of the Kenilworth and Bass Lake Spur Corridors subject to the freight rail easements and existing TRAs; and
- Negotiate and execute any settlement or other agreement with TC&W related to the acquisition of these properties or utilization for construction of the SWLRT Project.

# **CTIB Capital Grant Agreement Amendment and HCRRA Cooperative Funding Agreement Amendment**

# 2017 CTIB Capital Grant Agreement Third Amendment

- This amendment provides funding to allow the Council to continue Engineering phase activities
- **Recommendation (2018-65)**
  - That the Council authorize the Regional Administrator to negotiate and execute an amendment to:
    - Extend the grant activity period from March 31, 2018 to May 31, 2018;
    - Increase the amount of matching funds provided by Hennepin County by \$2,740,465 to \$46,740,465; and
    - Clarify roles and responsibilities regarding liability and insurance in the Corridor and financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown prior to revenue service.



# HCRRA Cooperative Funding Agreement Second Amendment

- This amendment provides funding to allow the Council to continue Engineering phase activities
- **Recommendation (2018-61)**
  - That the Council authorize the Regional Administrator to negotiate and execute an amendment to:
    - Extend the Cooperative Funding Agreement grant period from March 31, 2018 to May 31, 2018;
    - Increase the amount of matching funds provided by HCRRA by \$3,969,282 to an amount of \$63,869,282; and
    - Clarify roles and responsibilities regarding liability and insurance in the Corridor and financing federal grant reimbursements and costs associated with the unlikely event of a project shutdown prior to revenue service.

# More Information

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