

# T Transportation Committee

Meeting date: February 12, 2007

## ADVISORY INFORMATION

<b>Date:</b>	February 5, 2007
<b>Subject:</b>	28 <sup>th</sup> Avenue Parking Structure Interagency Agreement and Project Reaffirmation
<b>District(s), Member(s):</b>	Russ Susag, District 5
<b>Policy/Legal Reference:</b>	Minnesota Statutes 473.129 and 473.405
<b>Staff Prepared/Presented:</b>	Brian Lamb, General Manager, 612 349-7510 Mark Fuhrmann, Deputy General Manager, 612 349-7513 Tom Thorstenson, Director, Engineering & Construction, 612 349-7689
<b>Division/Department:</b>	Metro Transit Engineering and Facilities Division

### Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute an Interagency Agreement with the City of Bloomington, Minnesota, for intersection improvements at 28<sup>th</sup> Avenue and Old Shakopee Road and that the Metropolitan Council reaffirm its authorization to execute agreements with the Bloomington Port Authority.

### Issue(s)

- Council authorization is required for interagency agreements.

### Overview and Funding

The Council previously authorized the Regional Administrator to negotiate and execute three agreements with the Bloomington Port Authority for the construction of the 28<sup>th</sup> Avenue Parking Structure at its meeting December 13, 2006 (Item 2006\_358). Council was alerted at that time, that the City of Bloomington planned to request execution of a Development or Interagency Agreement concerning the project. However, details of the city's proposal were not known. Such details are now fully disclosed and impact the final cost of the project.

The City proposes an agreement that substantially seeks Council participation in financing an improvement to the intersection of 28<sup>th</sup> Avenue and Old Shakopee Road. The improvements are required to accommodate increased traffic and turning movements resulting from the operation of the parking structure, as had been identified in a traffic improvement plan prepared at the request of the Metropolitan Council. The City approved the 28<sup>th</sup> Avenue Parking Structure "Development Plan" under the condition that staff obtain a development or interagency agreement with the Council.

The Interagency Agreement proposes that the Council finance the following items:

1. The actual cost of improvements to the intersection of East Old Shakopee Road and 28<sup>th</sup> Avenue estimated at \$750,000. The City requests up to a 10% contingency, if needed. Staff will return to Committee for authorization if it appears the contingency may be required.
2. The cost of relocating the access to the Parking Structure, if 82<sup>nd</sup> Street is connected between 28<sup>th</sup> Ave and 30<sup>th</sup> Avenue at some time in the future, an amount estimated not to exceed \$50,000, and
3. The cost of utility extensions on 82<sup>th</sup> Street, limited to \$17,500.

In approving this Interagency Agreement, the city would not seek additional compensation for other roadway improvements in the vicinity of the Park & Ride that might be required in the future. As a result, this agreement estimates Metropolitan Council costs for roadway related work at about \$820,000. Funding for this work is to be included in project 63612 as identified in the March 2007 proposed Unified Capital Program Amendment.

The following information provides additional project background, cost summaries and key milestone dates:

The Hiawatha LRT Project realigned the south end of the project in 2003 to bring light rail service directly to the Mall of America, expand LRT park and ride capacity in Bloomington from 200 to 550 and defer the 34<sup>th</sup> Avenue and American Boulevard Station. The Mall of America Station proved to be very popular with rail passengers and cross platform transfer capability with 13 bus routes. The 550 parking spaces at the 28<sup>th</sup> Avenue Station fill beyond capacity every weekday spilling over to adjacent streets and businesses.

The parking structure project will increase parking capacity from 550 to 1,650 at the 28<sup>th</sup> Avenue Station. As noted to the Committee in May last year, the City of Bloomington would require Metro Transit financial participation in roadway improvements that have only recently been identified.

In an effort to advance the schedule of the increased parking for Hiawatha LRT by three years, the Bloomington Port Authority is willing to issue lease revenue bonds to finance the project's early completion. The structure of the financing requires the Council to lease the land to the Port Authority which will in turn lease back the land and the parking structure to the Council at a lease cost equivalent to annual debt service payments required to retire the bonds. Sources of funding from the Council (to repay the lease revenue bonds) include \$4 million of CMAQ grant proceeds, Federal Transit Administration annual formula funds of \$17,800,000 over four years and Regional Transit Capital bond proceeds of \$5,450,000. The Council will operate and maintain the 28<sup>th</sup> Avenue Station LRT parking structure. Once the lease revenue bonds are satisfied, as anticipated in September 2010, the Council will own the facility.

Providing 1,450 structured parking spaces three years earlier than planned has required the use of bonds and associated costs amounting to about \$3 million as shown below. However, the alternative of providing the project three years later, as originally planned, also involves additional costs estimated between \$4 and \$5 million. Such additional costs would include escalation and unrealized fare revenue.

**Previous Council authorizations in 2006:**

Mar	Award of a design contract for the parking structure to Short Elliot Hendrikson.
May	Approval of a Memorandum of Understanding with the Bloomington Port Authority
Oct	Budget Amendment authorizing partial funding
Nov	Approval of three agreements with the Port Authority
Nov	Authority to acquire an easement from Polar Semiconductor

**Key Milestones:**

Feb 13	Bloomington Port Authority sets sale of lease revenue bonds
Feb 14	Construction bids close
Feb 23	Deadline for adjusting bond amount based on apparent low construction bid
Feb 26/28	Metro Council consideration to authorize construction award
Feb 26 or Mar 12	Transportation Committee considers Interim Parking Lease and Quality Testing Contract
Mar 14	Metro Council approves Budget amendment as endorsed by Transportation Committee Feb 12
Mar 21	Closing of Bonds
Mar 22	Parties sign agreements, notice of award to construction contractor
Late April	Construction begins
Sept 2008	Construction completes

**Project Budget by funding source:**

	<u>Port Authority Bonds</u>	<u>Other (RTC)</u>
Design		\$1,200,000
Construction	\$20,500,000	
Soft Costs	515,000	
Acquisition Costs (easement & interim parking)	635,000	
Council administrative costs	400,000	
Port Authority Admin costs	140,000	
Contingency (10%)	2,025,000	
<b>Subtotal</b>	<b>\$24,215,000</b>	<b>\$1,200,000</b>
Deposit to Debt Service Reserve	2,725,000	
Cost of Issuance	171,663	
Underwriter's Discount	136,250	
Rounding	2,087	
Interagency agreement costs with the City of Bloomington		820,000
<b>Total (Par Value of Lease Revenue Bonds + RTC)</b>	<b>\$27,250,000</b>	<b>\$2,020,000</b>

The approved 2007 – 2012 Capital Improvement Plan identifies a project value of \$25 million. Summing the par value of the lease revenue bonds of \$27,250,000 and RTC funds of \$2,020,000, the all-in project value totals \$29,270,000. The Capital Improvement Plan will require an amendment to reflect this project value should the Council elect to proceed.