

T Transportation Committee

Meeting Date: April 27, 2009

For Metropolitan Council Meeting: May 13, 2009

ADVISORY INFORMATION

Date: April 17, 2009

Subject: Cooperative Construction and Utility Relocation Agreement and Loan Agreement with District Energy St. Paul and District Cooling St. Paul

District(s), Member(s): District 7: Annette Meeks District 8: Lynette Wittsack
 District 13: Richard Aguilar District 14: Kirstin Sersland Beach

Policy/Legal Reference: MN Statutes 473.3999, 473.405 and 469.152 through 469.165

Staff Prepared/Presented: Brian J. Lamb, General Manager, 612-349-7510
 Mark W. Fuhrmann, Deputy General Manager, 651-602-1942
 Rich Rovang, AGM – Transit Systems Development, 651-602-1941

Division/Department: Metro Transit / Central Corridor Project Office

Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator:

- To negotiate and execute a Cooperative Construction and Utility Relocation Agreement with District Energy St. Paul and District Cooling St. Paul relative to the 4th Street Advance Utility Construction in Saint Paul in a principal amount not to exceed \$2,500,000; and
- To negotiate and execute a Loan Agreement acting as the Metro Housing and Redevelopment Authority (HRA) with District Energy and District Cooling requiring full reimbursement to the Council for the cost of installation.

Background

- The Metropolitan Council plans to relocate utilities on 4th Street in downtown Saint Paul in advance of larger construction activity for the Central Corridor Light Rail Transit (“CCLRT”) project. The advance utility work is scheduled to begin August 2009.
- The advance utility work will include relocation of District Energy St. Paul and District Cooling St. Paul's facilities on 4th Street for the six blocks between Minnesota Street and Broadway Street.
- The cooperative agreement will accomplish the following with respect to relocation of District Energy St. Paul and District Cooling St. Paul's facilities:
 - Allow the Metropolitan Council to work cooperatively with District Energy St. Paul; and District Cooling St. Paul to efficiently construct, relocate and restore District Energy and District Cooling utilities; and
 - Address design and construction of the work.
- The loan agreement with District Energy and District Cooling enables the Council to pay its contractor for installing District Energy’s utilities with the contractual commitment of repayment by District Energy.
- The loan agreement will stipulate reimbursement of principal with interest as well as any applicable administrative costs incurred by the Council.

- Execution of this agreement is contingent on the Metropolitan Council completing the Final Environmental Impact Statement process and receiving a Letter of No Prejudice (“LONP”) from the FTA in July 2009.

Rationale

The 4th Street Advance Utility Construction work prior to the execution of the FFGA will enable the largest and longest duration contract package (Civil East) to begin work immediately upon receipt of the FFGA and complete heavy construction work in Saint Paul in 2013 allowing for service to begin in 2014. Relocation of District Energy heating and cooling pipes must be limited to the fall and spring seasons when demand for heating and cooling is at its lowest ebb for the year.

Funding

The Metropolitan Council acting as its HRA will loan a principal amount up to \$2.5 million from its General Fund to pay the Council’s contractor for installation of District Energy and District Cooling utilities in 2009 and 2010. The loan agreement requires payment of principal with interest to the Council within four years of the work beginning. If for whatever reason District Energy does not fully reimburse the Council per the payment terms, the Council has the right to offset any deficient amount by withholding future heating and cooling payments for the CCLRT Operation and Maintenance Facility.

Known Support/Opposition

The District Energy Board of Directors supports this cooperative agreement. This action is supported by the City of Saint Paul.