

Business Item

Transportation Committee



Committee meeting date: February 23, 2026

For the Metropolitan Council: March 11, 2026

Business Item: 2026-49

Metropolitan Airport Commission Bus Garage Facility Lease Agreement Amendment

District(s), member(s):	District 5, Council member John Pacheco Jr.
Policy/legal reference:	FM 14-2 Expenditures for Procurement of Goods, Services, and Real Estate Policy. FM 9-1 Real Estate Policy. Minnesota Statute 473.129, subd. 7. Minnesota Statute 471.64
Staff prepared/presented:	Lesley Kandaras, General Manager, 612-349-7513 Nick Thompson, Deputy General Manager Capital Programs, 612-349-7507 Marilyn Porter, Facilities Maintenance Director, 612-349-7689 Claudius Toussaint, Program Manager, 612-349-7770 Kelly Jameson, Real Estate Director, 651-602-1556
Division/department:	Metro Transit – Planning and Capital Programs

Proposed action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute an extension to lease agreement #201010 with the Metropolitan Airport Commission for the South Garage facility for a total contract amount not to exceed \$19,350,000.

Background

In 2020, Council approved a lease agreement with the Metropolitan Airport Commission (MAC) for the purpose of extending Metro Transit's use and occupancy of the South Garage facility in support of its public transit operations. The term of the current contract is for ten (10) years expiring in 2030 with one five (5) year option to renew for expiration in 2035. The new amendment will take the five-year option early to commit to space through 2035 and add a new option to renew through 2040. In addition, every five years when the MAC evaluates space needs pursuant to federal requirements, Metro Transit will be given the opportunity to take the five-year renewal option early and add a new five-year option, always giving Metro Transit a 15-year commitment to the space.

In consideration for all terms of the proposed extension, Metro Transit would pay annual building rent at a fair-market rate of \$771,429.96 in 2031 and would increase annually based on the prior year's building rent plus 2.5% until 2040. In addition, Metro Transit would pay MAC ground rent in accordance with MAC Ordinance 121 at an annual cost of \$318,772.08 for the years 2031 to 2035, and \$350,649.29 for the years 2036 to 2040.

The garage is approximately 204,000 square feet and is situated on approximately 550,000 square feet of Metropolitan Airport Commission land. The facility is used to store and maintain approximately 145 buses that serve primarily north-south routes. There are 244 operators at South Garage and approximately 600 round trips per week on Route 54 serving the airport.

The South Garage facility currently supports Metro Transit's operations in the southern Metro region. Metro Transit also needs the facility for operations that will support future bus and rail lines to the southern Metro. The facility is strategically located to operate key local bus routes

serving south, east and north Metro. South Garage is located near the Mall of America transit center to operate high frequency routes to many suburban local routes. South Garage also supports 35W all-day service and express routes for south Metro.

Council staff have evaluated several properties with potential to meet the criteria to serve as South Garage and have evaluated market value for industrial rent. Staff have determined that the lease terms are fair and reasonable and in the best interest of the Council.

Rationale

Contracts for the acquisition of interests in real property, such as leases, that exceed \$2,000,000 require Council approval.

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. The South Garage facility support routes that serve diverse and historically underserved communities. The lease extension supports continued service to those communities as it relates to equity. This action also promotes Stewardship and Prosperity through needed facility space to support expanded bus service and transit way investments. The extension lease for South Garage facility will provide bus storage, operations and support functions, and maintenance space to support continued growth in ridership demand and upcoming service expansion. This action promotes Sustainability by ensuring the region's existing transit resources are maintained in a state of good repair, thereby providing efficient, reliable, and safe service.

Funding

The lease will be funded by the annual operating budget for Metro Transit.

Small business inclusion

There is no direct impact to small businesses with this action.

