

# Budget Overview and Governor's Budget Recommendations FY2018-2019

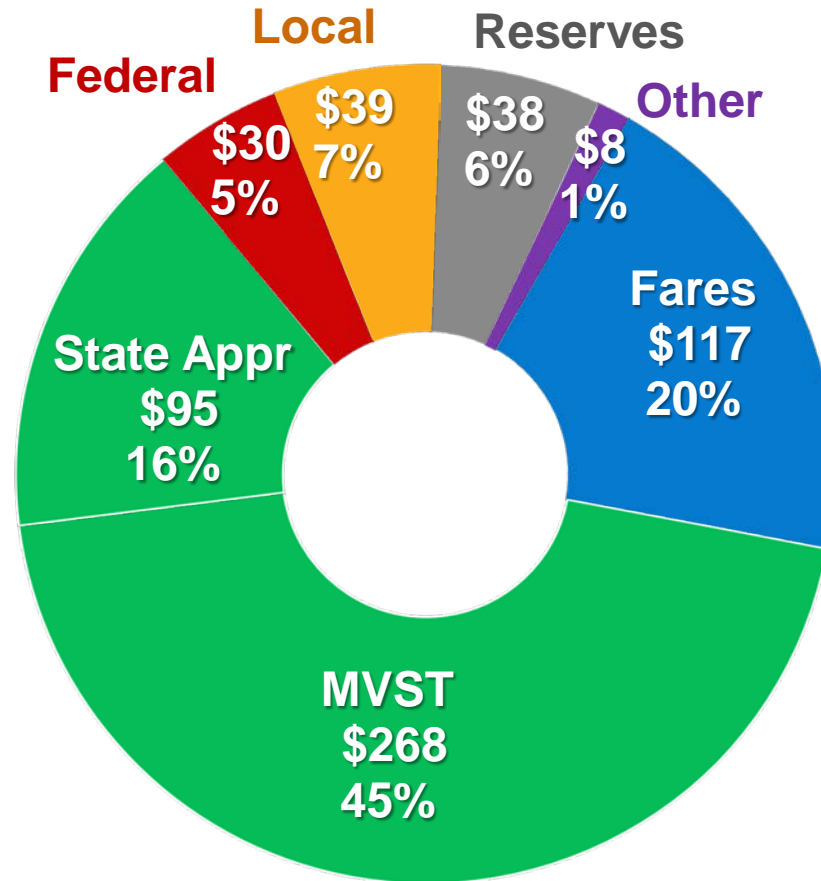
March 7, 2017

House Transportation Finance Committee

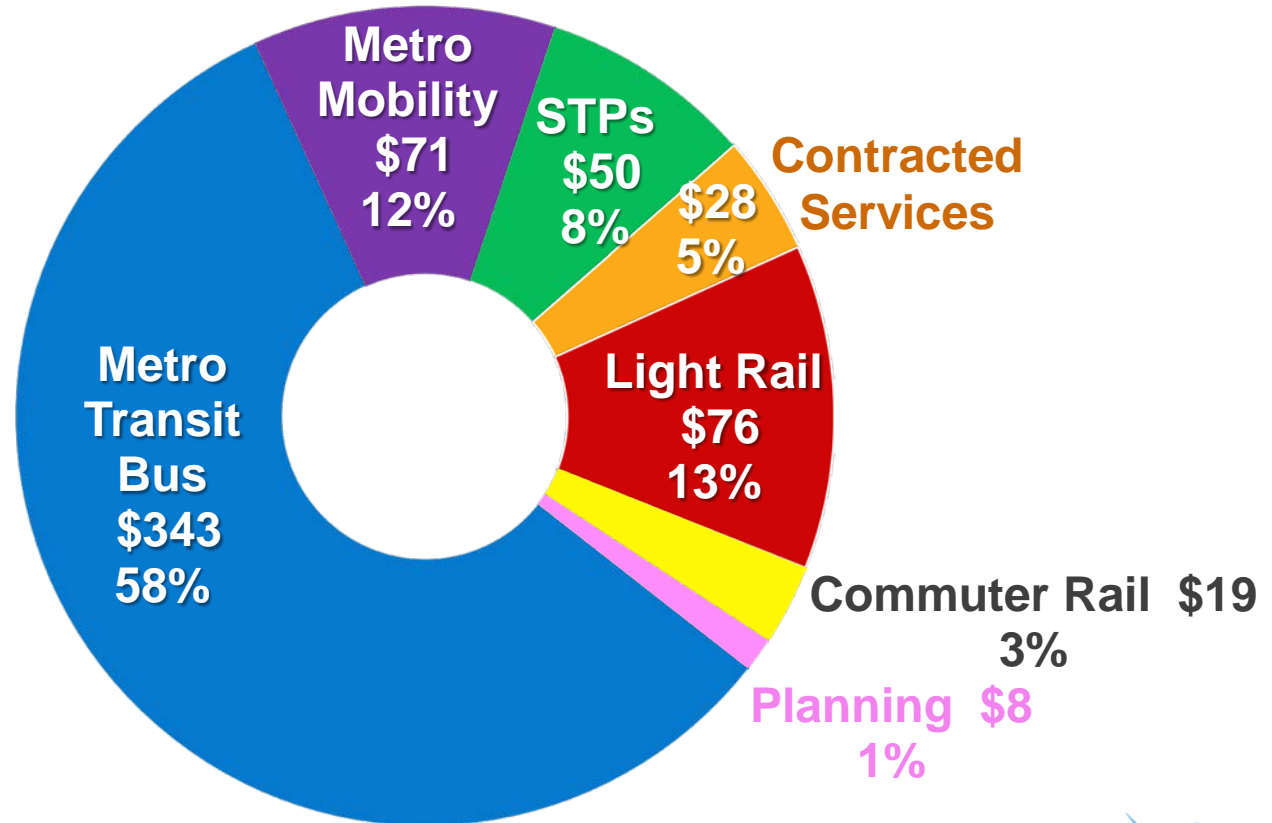


# Transportation Budget Overview

# 2017 Operations Budget Sources (Regional Transit - \$595M)



# 2017 Operations Budget Uses (Regional Transit - \$595M)



# CY 2017 Operations Budget

## (Regional Transit - \$595M)

	State							
	GF	MVST	Local	Federal	Fares	Other	Reserves	Total
Metro Transit Bus	\$18.2	\$213.0	\$ -	\$19.5	\$71.9	\$5.8	\$14.2	\$343.0
Metro Mobility	62.1	-	-	-	6.6	-	2.2	70.9
STPs	-	28.0	2.9	0.8	11.8	0.5	6.1	50.1
Contracted Services	-	22.8	1.8	1.9	2.6	-	(0.7)	28.4
Light Rail	14.6	-	24.5	2.9	22.0	2.1	10.0	76.1
Commuter Rail	-	3.6	9.6	0.4	2.4	-	3.4	19.4
Planning	-	0.6	0.1	4.6	-	-	2.6	7.9
Total	\$94.9	\$268.0	\$39.3	\$30.1	\$117.3	\$8.4	\$37.8	\$595.8

# Farebox Recovery

Service Type	Farebox Recovery	Subsidy Per Passenger	Passengers (thousands)
Express Bus	37%	\$3.86	12,200
Light Rail	35%	\$1.84	23,003
Urban Local Bus	22%	\$3.16	56,750
Northstar Commuter Rail	16%	\$18.31	723
Suburban Local Bus	13%	\$5.22	4,968
Metro Mobility	13%	\$23.94	2,065
Transit Link	11%	\$19.92	371

# Farebox Recovery- Express Bus

Service Type	Farebox Recovery	Subsidy Per Passenger	Passengers (thousands)
Maple Grove	53%	\$2.25	788
Metro Transit	40%	\$3.45	7,803
MTS (contracted service)	14%	\$4.57	256
Minnesota Valley Transit Authority	34%	\$4.62	1,767
Plymouth	33%	\$4.11	412
Prior Lake	24%	\$7.47	97
Shakopee	27%	\$7.19	92
SouthWest Transit	26%	\$6.75	1,005

# Farebox Recovery- Local Bus

Service Type	Farebox Recovery	Subsidy Per Passenger	Passengers (thousands)
Maple Grove	6%	\$11.36	9
Metro Transit	15%	\$3.71	2,004
MTS (contracted service)	13%	\$5.47	2,146
Minnesota Valley Transit Authority	10%	\$9.21	723
Plymouth	12%	\$8.08	55
Prior Lake	4%	\$10.94	28
Shakopee	1%	\$50.30	3
SouthWest Transit	6%	\$11.36	9



# Farebox Recovery- Urban Bus, Rail, Demand Response

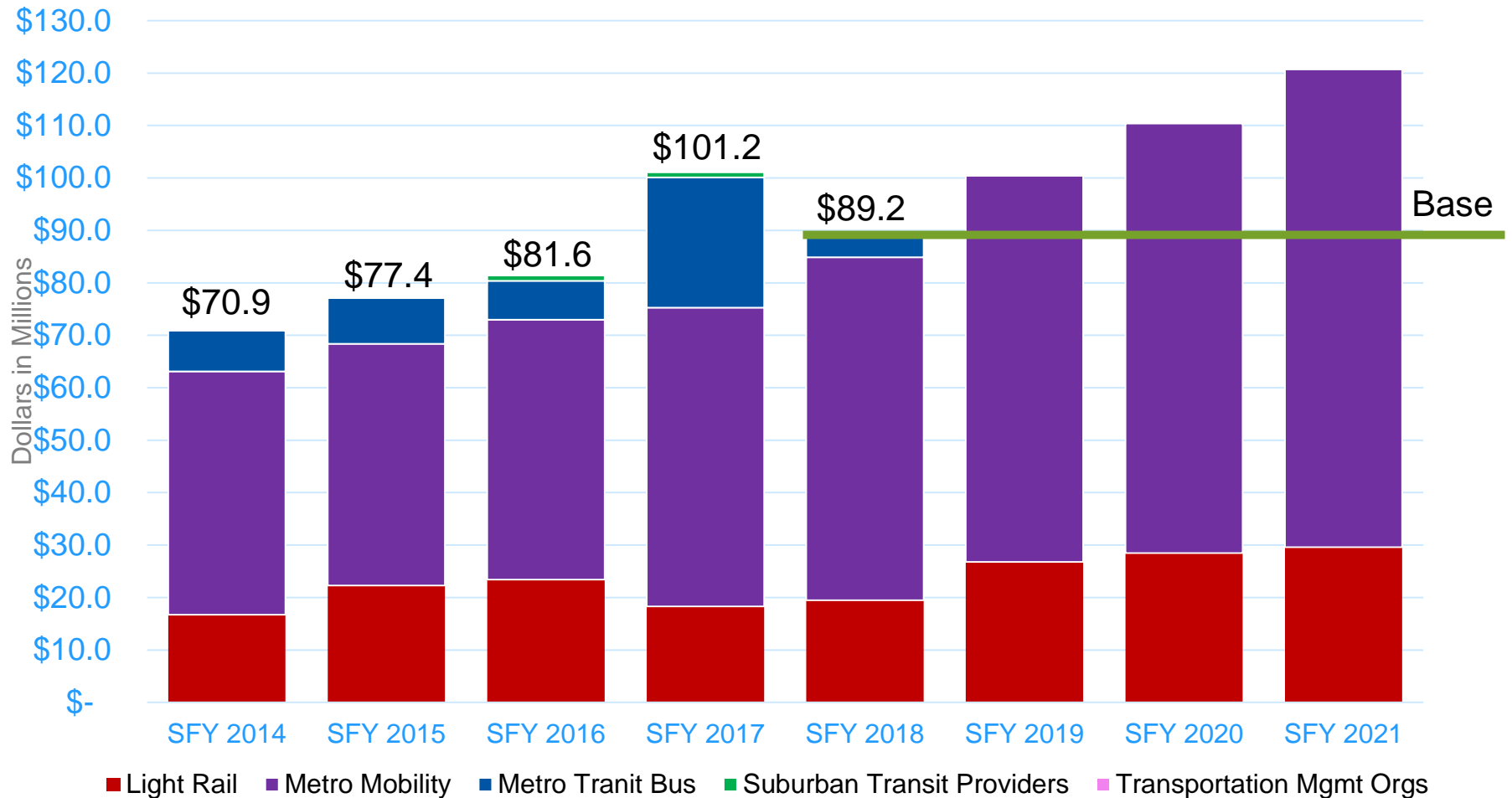
Service Type	Farebox Recovery	Subsidy Per Passenger	Passengers (thousands)
Metro Transit Urban Local Bus	22%	\$3.16	56,750
MTS Urban Local Bus	21%	\$3.92	604
Metro Transit Light Rail	35%	\$1.84	23,003
Metro Transit Commuter Rail	16%	\$18.31	723
Metro Mobility	13%	\$23.94	2,065
Transit Link	11%	\$19.92	371

# State Funds

## General Fund and MVST

# State General Fund Appropriations

**General Fund**  
**Actual: 2014-2016, Forecast: 2017-2021**



REGIONAL TRANSIT SYSTEM

OPERATING SOURCES AND USES

Calendar Years 2014-2021

	Approved Budget				Forecast				Ave. Ann.
	CY 14	CY 15	CY 16	CY 17	CY 18	CY 19	CY 20	CY 21	Growth
MVST	225	242	249	268	283	297	309	318	5.0%
State Appropriation	74	79	90	95	90	90	90	90	2.8%
Fares	111	111	114	117	120	121	123	126	1.9%
Federal	32	28	41	30	28	28	28	28	-1.9%
Local	29	36	37	39	42	43	45	48	7.3%
Other	10	14	9	10	10	10	10	11	0.9%
Reserves	27	37	28	36	18	13	14	15	-8.6%
Total Sources	508	547	568	595	590	603	618	635	3.2%
Metro Transit Bus	299	320	332	343	354	365	376	388	3.8%
Light Rail *	59	67	71	76	79	81	84	91	6.5%
Commuter Rail	18	18	19	19	20	21	21	22	2.7%
Metro Mobility	60	62	63	71	78	86	94	104	8.0%
Contracted Services	26	27	28	28	29	30	31	32	3.0%
Suburban Providers	41	47	48	49	54	55	57	59	5.5%
Planning	6	6	8	8	8	8	8	9	5.9%
Total Uses	508	547	568	595	621	646	672	705	4.8%
Funding Shortfall					(31)	(43)	(54)	(70)	

\* Light Rail includes service expansion for Green Line (CCLRT 2014-15 and SWLRT 2021)

# MVST Forecast

	SFY 2016	SFY 2017	SFY 2018	SFY 2019	
Nov 2015	\$262	\$282	\$302	\$315	
Feb 2016	\$257	\$278	\$297	\$310	
Nov 2016	\$258	\$268	\$288	\$304	
Forecast Loss	(\$4)	(\$14)	(\$14)	(\$11)	(\$43M)
<b>Feb 2017</b>	-	<b>\$272</b>	<b>\$291</b>	<b>\$306</b>	
Feb 2017 Forecast Gain	-	\$4	\$3	\$2	\$9M
Forecast Loss since Nov 2015	(\$4)	(\$10)	(\$11)	(\$9)	(\$34M)

# Total Projected Transportation Deficit State Fiscal Years 2018-19

	Nov 16 SFY 18-19	Feb 17 SFY 18-19
MVST Downturn (SFY 2016 – 2019)	\$43	\$34
Metro Mobility Growth	24	24
Certificates of Participation	9	9
Other (inflationary pressures)	13	7
Total Projected Deficit	\$89	\$74

# **Regional Transit Capital (RTC) Bonding**

# Regional Transit Capital Bonding

- Council requests transit bonding authority from the Legislature
- Capital projects authorized when regional and federal funds available
- Many projects have long lead times between authorization and cash flow (i.e.: bus purchases 12-15 months)
- Regional transit bonding used to leverage federal funds
- Eligible projects include: bus fleet, support and customer facilities, technology, other capital equipment, current transitway capital
- Currently no unencumbered authority



# Authorized RTC Projects 2013 – 2016

(in millions)

	Federal	State	Other	RTC	Total
Fleet Replacement	\$158.8	\$0.1	\$4.3	\$90.2	\$253.4
Customer Facilities	\$13.4	\$15.2	\$1.3	10.8	\$40.6
Support Facilities	\$23.3	\$2.9	\$6.1	\$21.6	\$53.8
Other Capital	\$5.4	\$0.7	\$0.5	\$6.9	\$13.5
Technology	\$11.3	\$0.4	\$4.3	\$20.0	\$36.0
Existing Transitways	\$49.5	\$7.0	\$12.0	\$19.0	\$87.6
<b>Total</b>	<b>\$261.7</b>	<b>\$26.3</b>	<b>\$28.5</b>	<b>\$168.5</b>	<b>\$485.0</b>

- Projects include Metro Mobility, Metro Transit, Suburban Transit Providers
- Generally, fleet large buses 80% Federal/20% RTC and Metro Mobility fleet buses 40% Federal/60% RTC
- RTC used to leverage federal funds

# Planned RTC Projects for 2017 and 2018

(in millions)

	2017 Federal	2017 RTC	2018 Federal	2018 RTC	Total Federal	Total RTC
Fleet Replacement	\$67.8	\$25.4	\$43.3	\$16.0	\$111.1	\$41.5
Support Facilities	\$36.4	\$17.4	\$12.4	\$11.4	\$48.8	\$28.9
Customer Facilities	\$11.1	\$12.4	\$0.9	\$3.7	\$12.0	\$16.1
Technology	\$12.0	\$11.4	\$5.0	\$5.3	\$17.1	\$16.7
Other Capital	\$9.3	\$12.9	\$3.4	\$6.2	\$12.7	\$19.0
Existing Transitways	\$4.5	\$2.6	\$3.9	\$1.3	\$8.5	\$3.9
<b>Total</b>	<b>\$141.2</b>	<b>\$82.1</b>	<b>\$69.0</b>	<b>\$43.9</b>	<b>\$210.1</b>	<b>\$126.0</b>

- Year 2017 includes planned projects from both years 2016 & 2017
- Projects include Metro Mobility, Metro Transit, Suburban Transit Providers
- RTC planned to leverage federal funds

# Vikings Stadium Pedestrian Bridge

- Total project budget \$11.7M (\$6.1M Vikings, \$5.6M RTC)
- Project was planned and included in the Metro Transit Capital Improvement Plan. Did not impact other projects.
- Total project change orders \$1,018,000. Change orders were covered by project contingency.
- Standard Industry Project Management includes a construction contingency to allow for unforeseen conditions.
- Project will be completed within the project budget.

# Other Budget Activity

# Charges by State Agencies

State Agency	Current Rate	2014	2015	2016	2017	Service	Fund Paid From
State Auditor	\$225,000 per year	\$225,000	\$225,000	\$225,000	\$225,000	Financial Audit	Metropolitan Council General Fund
Governor's Office	\$57,600 per year	\$43,505	\$57,600	\$57,600	\$57,600	Government Affairs, Policy Advisors, Communications and Legal Services	
Governor's Office	\$0	-	-	-	\$7,291	Water Summit	
MMB	\$44,250 per year	-	\$8,160	\$29,500	\$44,250	Statewide Executive Recruiter	
MN.IT	\$23,100 per month	\$200,000	\$220,000	\$260,000	\$277,000	Data Center & Licensing	
MN.IT	\$0	\$14,000	-	\$14,000	-	Host and publish GIS data	
Admin	\$15,000 per year	-	-	-	\$15,000	Sustainability Coordination	

# Consultant Contracts

## Central Corridor LRT Project

Consultant	Total 2007-2014
AECOM	\$114,491,524
Braun Intertec	\$1,785,063
CNA Consultants	\$111,751
CH2M Hill	\$34,803
Erickson, Gary J P.E.	\$611,880
HDR Engineering Inc	\$3,772,703
Isabella Lode & Associates	\$40,214
Peer Engineering Inc	\$49,695
S&N Consulting LLC	\$13,052
SRF Consulting	\$104,764
URS/BRW Inc	\$278,761
<b>TOTAL</b>	<b>\$121,294,212</b>

# Consultant Contracts

## Southwest LRT Project

Consultant	Total 2011-2016
MFRA	\$124,090
LSA Design, Inc.	\$27,838
10,000 Lakes Archaeology, Inc	\$329,949
Mead & Hunt, Inc	\$73,651
Perkins + Will, Inc	\$315,556
CH2M Hill, Inc.	\$6,691,975
HNTB Corporation	\$2,606,406
LSA Design, Inc.	\$62,094
Short Elliott Hendrickson	\$2,212,744
SWCA Environmental Consultants	\$219,160
Kimley-Horn and Associates, Inc.	\$15,251,113
AECOM	\$92,854,563
Construction Support Services, Inc	\$95,153
Braun Intertec	\$100,476
<b>TOTAL</b>	<b>\$120,964,767</b>

# **Governor's Budget Recommendation SFY 2018-2019**



# Governor's Budget Proposal: **funds all metro area transit**

- **1/2 cent transit-dedicated sales tax** for the metro area
  - SFY 2018: \$174.6 million
  - SFY 2019: \$271.8 million
- **\$3 billion** over ten years
- Transit capital and operating costs
- Provides stable and reliable funding source to support long-term planning
- Allows for accelerated expansion of the entire system

# **Governor's Budget Proposal:** **relieves pressure on state budget**

- Relieves General Fund of operating costs for current and future transitways
  - **\$270 million over 10 years for current transitways alone**
- Relieves state's GO bonding share for future transit capital investments
- Continues general fund for Metro Mobility and provides general fund savings of \$36.84 million in SFY 2018-19

# Transit connects us to the places that matter



# Transit is a key component of our transportation system



1 bus = 40 cars

At rush hour, buses carry 1.5 lanes of traffic

3-car LRT = 600 cars

# Demand and expectations are growing

**MORE PEOPLE:  
POPULATION INCREASE OF**



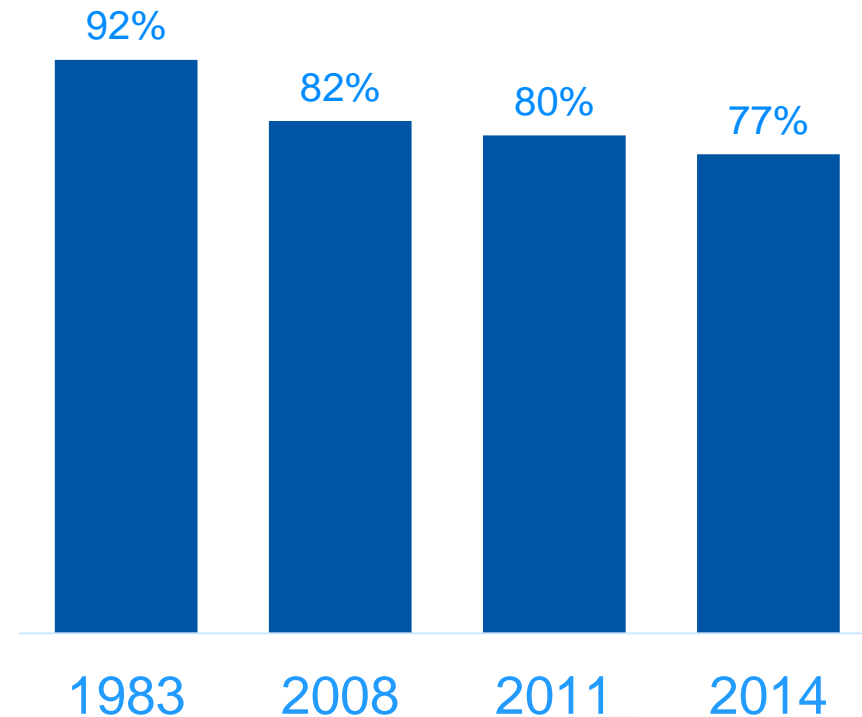
The region's population is expected to grow to over 3.6 million by 2040



# Trends Driving Transit Demand

- Younger people are driving less. Millennials see transit as a quality of life issue.
- In 2040, 1 in 5 people will be 65+ years old. As people age, they tend to drive less.
- In 2040, 41 percent of people will be people of color—currently, approximately 2x the transit use.

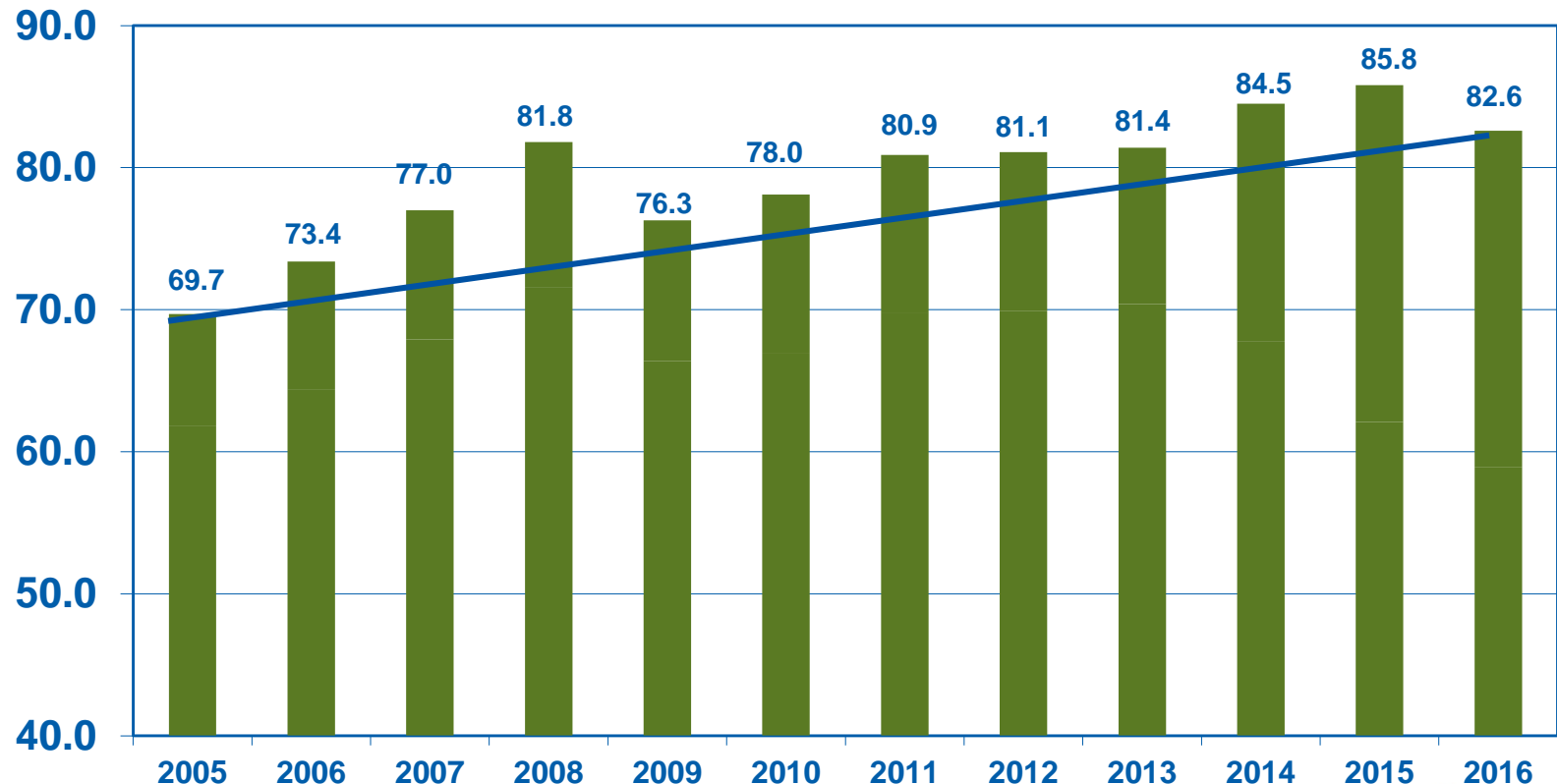
Fewer 20-24 year-olds with a driver's license



METROPOLITAN  
COUNCIL

# Transit demand is already growing

## Metro Transit Historical Ridership



**18.5% growth in ridership since 2005**



**METROPOLITAN  
COUNCIL**

# Transit is key to regional competitiveness





# Return on Investment \$6-10 Billion



## Itasca Study Attributed Return on Investment to:

- travel time savings
- reduced vehicle operating cost
- saving to shippers
- reduced emissions

# Transit investment spurs development

TUESDAY, JUNE 23, 2015 **StarTribune** STARTRIBUNE.COM/BUSINESS • SECTION D

## BUSINESS

### Home along the Green Line

On Minneapolis-St. Paul border, apartment project aims at light-rail commuters

By JIM BUCHTA  
jim.buchta@startribune.com

With a saltwater swimming pool, a workshop for bicyclists and a cyber cafe, an Indianapolis-based developer hopes to create a one-of-a-kind apartment building on the border of Minneapolis and St. Paul.

Flaherty & Collins Properties will break ground Tuesday on 2700 University, a \$54 million mixed-use apartment building in an up-and-coming area at the corner of University and Emerald avenues along the Green Line.

"Our location speaks for itself," said Ryan Cronk, the vice president of development for Flaherty & Collins, which also developed the Residence at the Cor, a 230-unit apartment building near a Northstar commuter rail stop in Ramsey.

"We're not in the North Loop and we're not in Uptown, but I think we can compete with those locations by offering a similar product at a lower price."

The six-story building is beside the Westgate light-rail station and will have 248 apartments, 3,000 square feet of retail space and two levels of underground parking.

Wellington Management of St. Paul, which developed hundreds of apartments and condos in the area, planned to build a \$24 million

See **APARTMENTS** on D2 ▶



The six-story building project, with apartments and retail space, will be near the Green Line's Westgate station.

<b>\$54 million</b>	<b>248</b>	<b>3,000 sq. ft.</b>
Cost of the mixed-use apartment building	Number of units in the development	Space that will be available for retail

## \$6.78 Billion in Development near Transitways



# Transit investment creates jobs

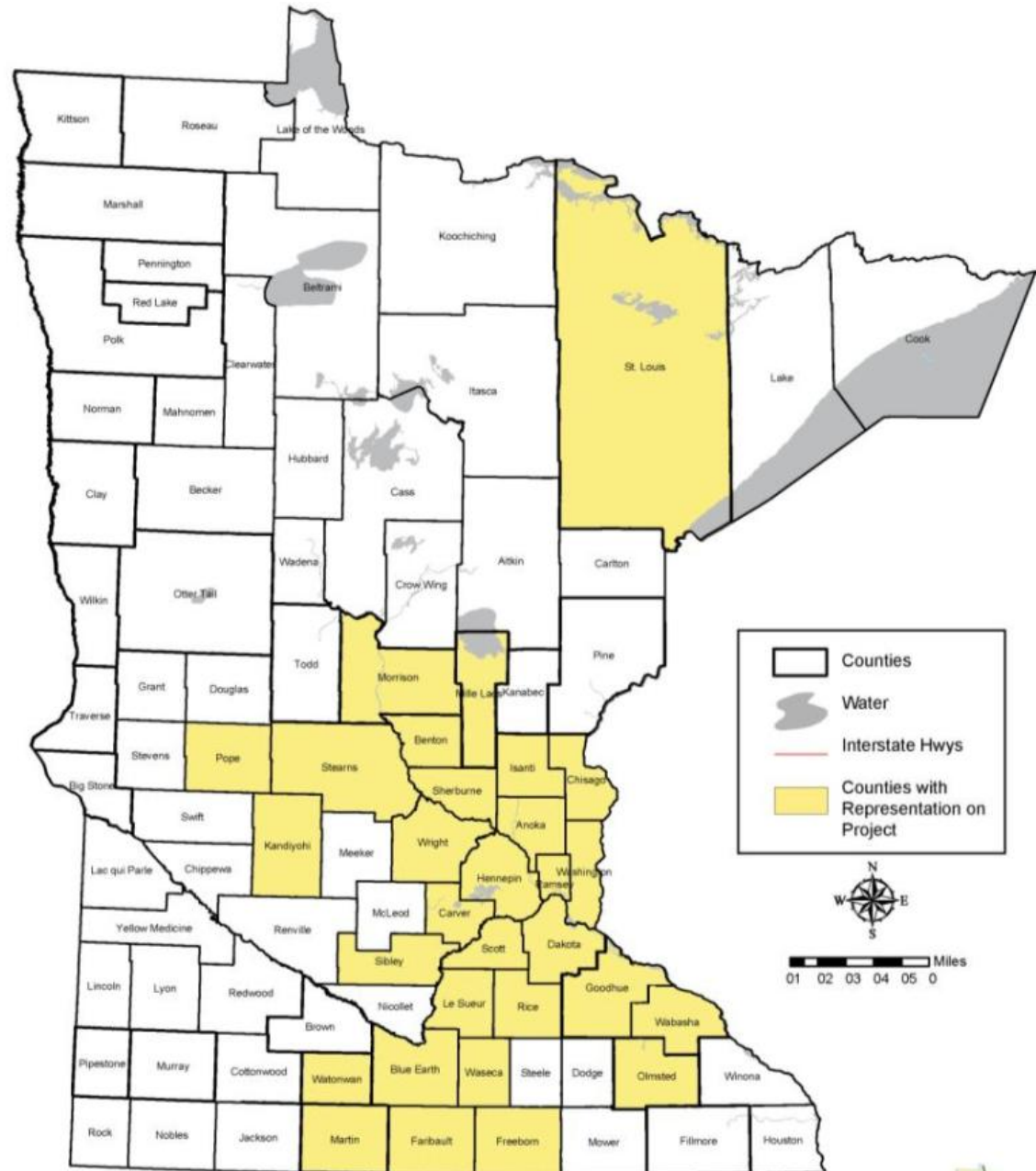


**METRO Green Line  
(Central Corridor)**  
approximately **5,500 jobs** created



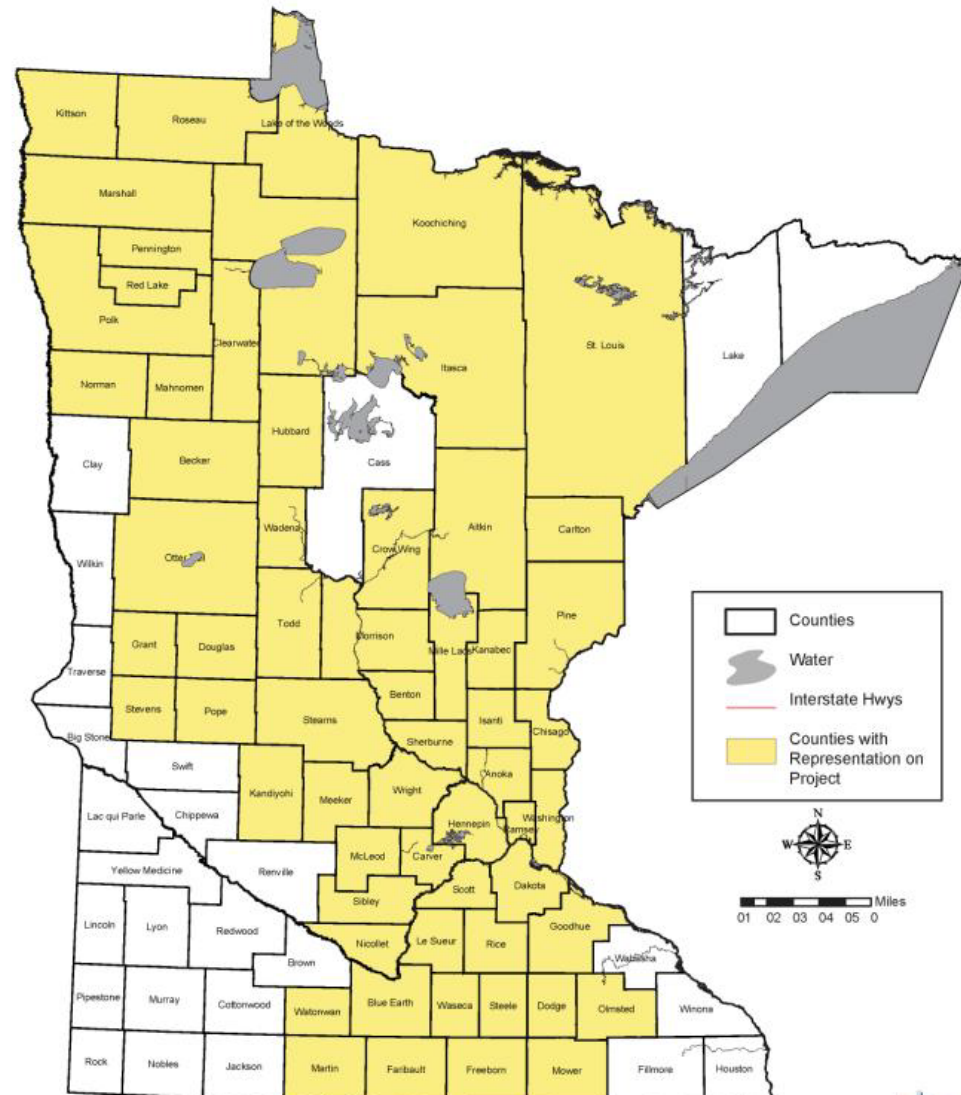
# Green Line Subs and Suppliers by County

- Examples
  - Aggregate Industries
  - Amcon Construction
  - Bituminous Roadways
  - Hardrives
  - Safety Signs



# Green Line Construction Workers: Home Counties

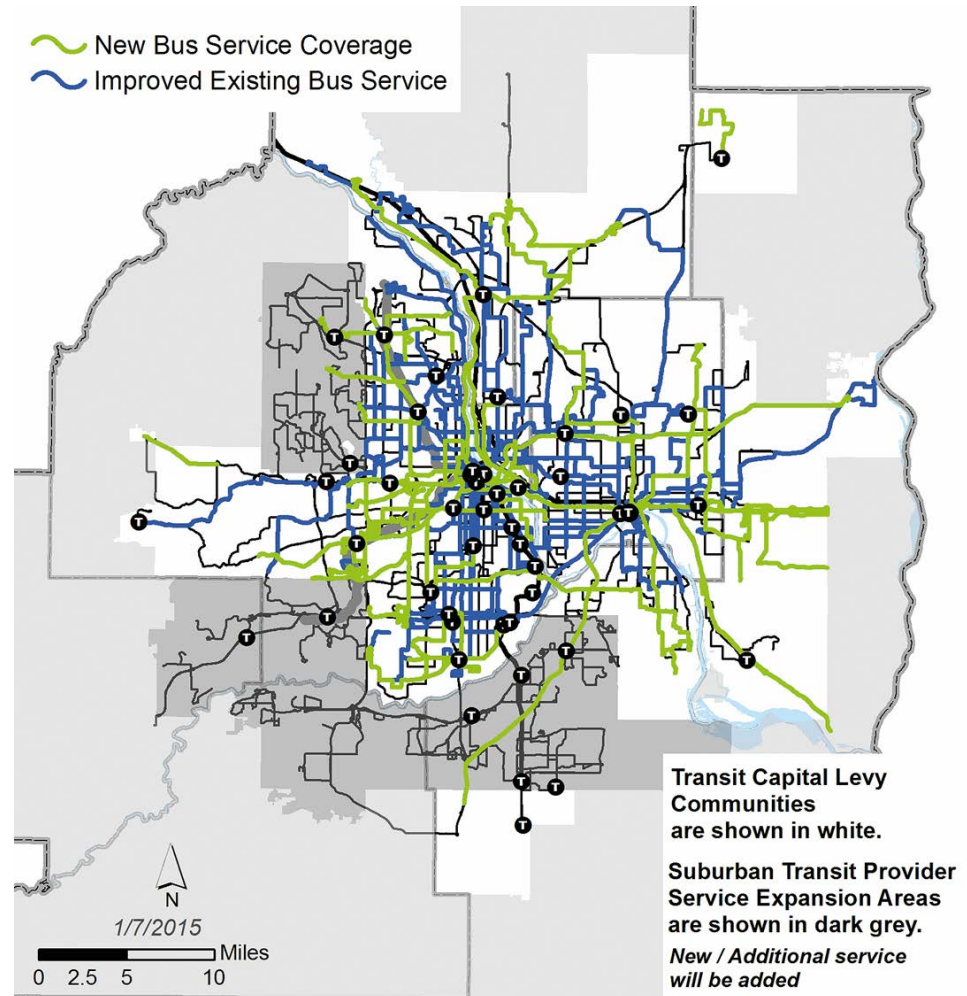
\$256 million  
Green Line  
payroll benefits  
communities  
statewide





# Next 10 yrs: \$3B investment

- Expands regional bus system by almost 30% by 2027
- More routes, more frequent service, more coverage
- Modernized system using new technologies and real-time updates
- Adds 1000 more shelters, many with light and heat

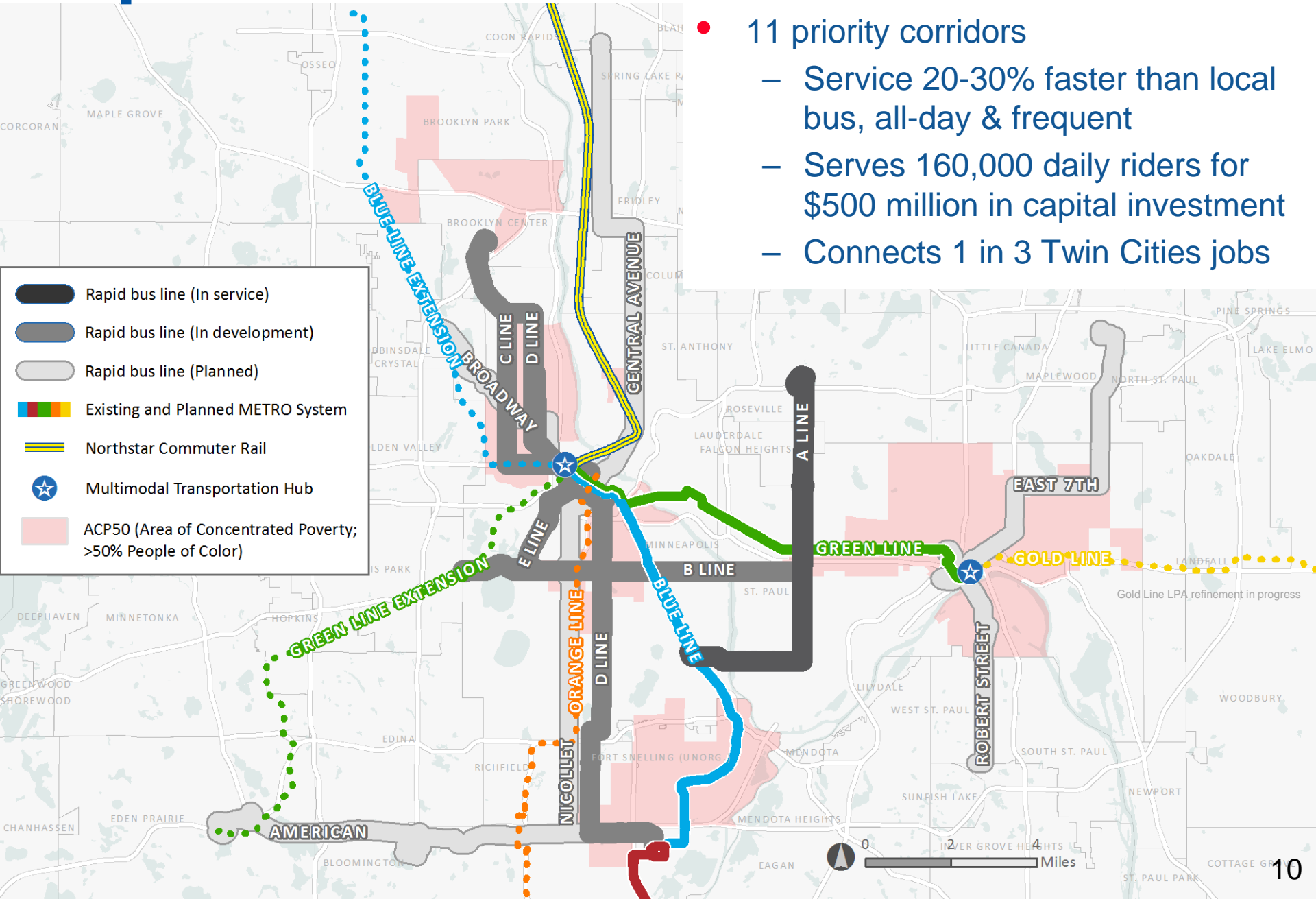


# Next 10 yrs: \$3B investment

Allows our region to build:

- **11 Arterial BRT lines**
- **Orange Line BRT (35W)**
- **Gold Line BRT (Gateway)**
- **Red Line Extension**
- **Southwest LRT (Green Line Extension)**
- **Bottineau LRT (Blue Line Extension)**
- Additional transitways under development

# Rapid Bus Network



- 11 priority corridors
  - Service 20-30% faster than local bus, all-day & frequent
  - Serves 160,000 daily riders for \$500 million in capital investment
  - Connects 1 in 3 Twin Cities jobs





# Metro Mobility



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C O U N C I L