

HF2604 - 0 - Local Bus and Transit Improvement Act

Chief Author: **Sydney Jordan**
 Committee: **Transportation Finance**
 Date Completed: **3/22/2023 1:45:51 PM**
 Lead Agency: **Metropolitan Council**
 Other Agencies:
 Transportation Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Metropolitan Council					
General Fund	-	103,216	-	-	-
Transportation Dept					
General Fund	-	-	-	-	-
State Total					
General Fund	-	103,216	-	-	-
Total	-	103,216	-	-	-
Biennial Total			103,216		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Metropolitan Council					
General Fund	-	-	-	-	-
Transportation Dept					
General Fund	-	-	-	-	-
Total	-	-	-	-	-

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/22/2023 1:45:51 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Metropolitan Council						
General Fund	-	103,216	-	-	-	-
Transportation Dept	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Total	-	103,216	-	-	-	-
Biennial Total			103,216			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Metropolitan Council						
General Fund	-	103,216	-	-	-	-
Transportation Dept	-	-	-	-	-	-
General Fund						
Expenditures	-	30	-	-	-	-
Absorbed Costs	-	(30)	-	-	-	-
Total	-	103,216	-	-	-	-
Biennial Total			103,216			-
2 - Revenues, Transfers In*						
Metropolitan Council						
General Fund	-	-	-	-	-	-
Transportation Dept	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	103,216	-	-	-
Total	-	103,216	-	-	-
Biennial Total			103,216		-

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/22/2023 1:45:40 PM
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State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	103,216	-	-	-
Total	-	103,216	-	-	-
Biennial Total			103,216		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	103,216	-	-	-
Total	-	103,216	-	-	-
Biennial Total			103,216		-
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

TRANSIT SIGNAL PRIORITY SYSTEM PLANNING. By August 1, 2023, the Metropolitan Council must convene a working group to perform planning on transit signal priority systems and related transit advantage improvements on high-frequency and high-ridership bus routes in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. Membership in this working group is defined in the proposed bill.

Report. By December 15, 2023, the Metropolitan Council must submit a report on transit signal priority system improvements to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must summarize the results of the working group and provide information on each of the activities specified in subdivision 3.

TRANSIT FARE ELIMINATION PILOT PROGRAM. Pilot program established.

Subject to available funds, the Metropolitan Council must establish a pilot program to provide transit service free of charge for all riders, as specified in this section.

Requirements. (a) The Metropolitan Council must implement the pilot program: from July 1, 2023, to December 31, 2024; 2) for at least two and up to four regular route bus lines, which may include express bus and bus rapid transit; (3) on the entirety of each selected route.

Legislative report. (a) By February 15, 2025, the Metropolitan Council must submit a report on the pilot program to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance.

APPROPRIATION; TRANSIT FARE ELIMINATION PILOT PROGRAM.

(a) \$...... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit system operations under Minnesota Statutes, sections 473.371 to 473.449. This appropriation is to provide for foregone revenue due to the transit fare elimination pilot program under section 3. This is a onetime appropriation.

(b) After accounting for foregone revenue, the Metropolitan Council may use any remaining funds from the appropriation in paragraph (a) for transit shelter replacement and improvements under Minnesota Statutes, section 473.41.

APPLICATION. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

APPROPRIATION; TRANSIT SHELTER IMPROVEMENTS.

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit shelter replacement and improvements under Minnesota Statutes, section 473.41. This is a onetime appropriation.

APPROPRIATION; ZERO-EMISSION BUS TRANSITION.

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for zero-emission bus procurement and associated costs in conformance with the zero-emission and electric transit vehicle transition plan under Minnesota Statutes, section 473.3927. This is a onetime appropriation and is available until December 31, 2028.

APPROPRIATION; ARTERIAL BUS RAPID TRANSIT PLANNING.

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for arterial bus rapid transit expansion planning. \$..... in each year is added to the base for transit system operations.

APPROPRIATION; TRANSIT SIGNAL PRIORITY SYSTEM PLANNING. \$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit signal priority system planning support under section 2. This is a onetime appropriation.

Assumptions

1) APPROPRIATION; TRANSIT FARE ELIMINATION PILOT PROGRAM.

(a) \$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit system operations under Minnesota Statutes, sections 473.371 to 473.449. This appropriation is to provide for foregone revenue due to the transit fare elimination pilot program under section 3. This is a onetime appropriation.

The Highest Four ridership routes are: D Line , Route 21, C Line, and Route 18. Total 2022 ridership was 7.2M rides with 2019 ridership at 11.8M rides or a 39% decrease. Analysis assumes with transit fare elimination we would recover 25% of the rides to 9.0M Rides annually at a system average fare of \$1.31 per ride. The total Transit Fare Elimination for 18 months is \$17.6M.

Total Fiscal Year 2024 Transit Fare Elimination General Fund Appropriation: \$17,643,683

2) APPROPRIATION; TRANSIT SHELTER IMPROVEMENTS.

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit shelter replacement and improvements under Minnesota Statutes, section 473.41. This is a onetime appropriation.

We prepared an analysis of transit shelter replacements and improvements for the period of 2024 to 2027.

We would do 120 Bus Shelter improvement for a total of \$400k.

We would do 100 Bus Shelter Replacements for a total of \$800k.

We would do 65 New Shelters with 41 Electric/Heat for a total of \$2.8M

The total for 2024 to 2027 is \$4.0M

Total Fiscal Year 2024 Transit Shelter Improvements General Fund Appropriation: \$4,000,000

Sites for new shelters are primarily selected based on customer boardings. Proximity to healthcare, housing for older adults or people with disabilities, and areas where residents are less likely to own a vehicle are factors also considered.

Replacement shelters are selected based on boardings, shelter age of 20 years, or if an accessibility improvement is needed.

Boarding pads are selected based on boardings & alightings, and data showing that people with disabilities are using the bus stop.

All improvements are coordinated with upcoming service changes over the next 5 years.

3) APPROPRIATION; ZERO-EMISSION BUS TRANSITION.

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for zero-emission bus procurement and associated costs in conformance with the zero-emission and electric transit vehicle transition plan under Minnesota Statutes, section 473.3927. This is a onetime appropriation and is available until December 31, 2028.

We prepared an analysis of the Zero Emission Bus Transition Plan.

Current requirements for the zero emission buses require a two year lead time on the buses and up to 18 month lead time for the electric infrastructure.

An appropriation deadline of 12/31/2028 will require the last buses to be procured and ordered in 2026 to meet the deadline date.

The Zero Emission Bus Transition Plan for the period of SYF 2024 to 2026 assumes the ordering of 80 Zero Emission Electric Buses for a total of \$79.0M. The last buses in 2026 should meet the appropriation deadline of 12/31/2028. This is the additional cost for electrification above the cost of a diesel bus.

Total Fiscal Year 2024 Zero-Emission Bus Transition General Fund Appropriation is \$78,972,294

- **APPROPRIATION; ARTERIAL BUS RAPID TRANSIT PLANNING.**

\$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for arterial bus rapid transit expansion planning. \$..... in each year is added to the base for transit system operations.

We prepared an analysis of Arterial Bus Rapid Transit Planning.

In 2024 the Cost of a Planning Consultant and staff would be \$900k

For years 2025, 2026 and 2027 the ongoing staff costs for Arterial Bus Rapid Transit Planning would be \$500K per year.

The total appropriation request is \$2.4M

Total Fiscal Year 2024 Arterial Bus Rapid Transit Planning General Fund Appropriation is \$2,400,000

- **APPROPRIATION; TRANSIT SIGNAL PRIORITY SYSTEM PLANNING.** \$..... in fiscal year 2024 is appropriated from the general fund to the Metropolitan Council for transit signal priority system planning support under section 2. This is a onetime appropriation.

The estimated cost for a consultant to support Transit Signal Planning in 2024 is \$200k. This is based on similar scoped consultant contracts.

Total Fiscal Year 2024 Transit Signal Priority System Planning General Fund Appropriation is \$200,000

Expenditure and/or Revenue Formula

1) APPROPRIATION; TRANSIT FARE ELIMINATION PILOT PROGRAM.

The Highest Four ridership routes are: D Line with Route 5, Route 21, C Line with Route 19 and Route 18. Total 2022 ridership was 7.2M rides with 2019 ridership at 11.8M rides or a 39% decrease. Analysis assumes with transit fare elimination we would recover 25% of the rides to 9.0M Rides annually at a system average fare of \$1.31 per ride.. The

total Transit Fare Elimination for 18 months is \$17.6M.

Total Ridership in 2022: 7,178,887

Growth Increase 25%: 1,794,722

Total Forecasted Ridership: 8,973,609

Average Fare Per Passenger 2022: \$1.31

Total Annual Revenue Loss with Free Fares: 11,762,455

Total Annual Revenue Loss July 1, 2023 to December 31, 2024: \$17,643,683

Total Fiscal Year 2024 Transit Fare Elimination General Fund Appropriation: \$17,643,683

	2022 Rides	Assumed Growth Rate 25%	SFY 2024: Rides July 23 to June 2024	SFY 2025: Rides July 24 to December 24
D Line+Route 5	2,065,393	25%	2,581,741	1,290,870
Route 21	1,926,311	25%	2,407,889	1,203,944
C Line + Route 19	1,661,904	25%	2,077,380	1,038,690
Route 18	1,525,279	25%	1,906,599	953,299
Total Rides	7,187,887		8,973,609	4,486,804
Average Fare Per Bus Passenger 2022	\$1.31		\$1.31	\$1.31
Revenue Loss Free Fares			\$11,762,455	\$5,881,228
				\$17,643,683
Total Fare Revenue Bus 2022	\$34,540,360			
Bus Ridership 2022	26,350,933			
Average Fare	\$1.31			

2) APPROPRIATION; TRANSIT SHELTER IMPROVEMENTS.

We prepared an analysis of transit shelter replacements and improvements for the period of 2024 to 2027.

We would do 120 Bus Shelter improvement for a total of \$400k.

We would do 100 Bus Shelter Replacements for a total of \$800k.

We would do 65 New Shelters with 41 Electric/Heat for a total of \$2.8M

A

The total for 2024 to 2027 is \$4.0M (or \$1,000,000 per year)

Total Fiscal Year 2024 Transit Shelter Improvements General Fund Appropriation: \$4,000,000

	Average Cost Per Unit	SFY24	SFY25	SFY26	SFY27
ADA Bus Stop Improvements	\$3,400	\$100,000	\$100,000	\$100,000	\$100,000
	#	30	30	30	
Bus Shelter Replacements	\$8,000	\$200,000	\$200,000	\$200,000	\$200,000
	#	25	25	25	25
Bus Stop Facility Enhancements		\$700,000	\$700,000	\$700,000	\$700,00
New Shelters	\$21,000				
	#	20	20	20	5
Light/Heat	\$35,000				
	#	8	8	8	17
Total Shelter Improvements		\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000

3) APPROPRIATION; ZERO-EMISSION BUS TRANSITION.

We prepared an analysis of the Zero Emission Bus Transition Plan.

Current requirements for the zero emission buses require a two-year lead time on the buses and up to 18 month lead time for the electric infrastructure.

An appropriation deadline of 12/31/2028 will require the last buses to be procured and ordered in 2026 to meet the deadline date.

The Zero Emission Bus Transition Plan for the period of **SFY 2024 to 2026** assumes the ordering of 80 Zero Emission Electric Buses for a total of \$79.0M. The last buses in 2026 should meet the appropriation deadline of 12/31/2028. This is the additional cost for electrification above the cost of a diesel bus.

RECAP:

SFY 2024 \$31,411,005 for 30 Buses

SFY 2025 \$27,759,507 for 30 Buses

SFY 2026 \$19,801,782 for 20 Buses

Total \$78,972,294 for 80 Buses

Total Fiscal Year 2024 Zero-Emission Bus Transition General Fund Appropriation is \$78,972,294

	Buses & Infrastructure Cost	# of Buses & Electric Infrastructure
FY24	\$31,411,005	30
FY25	\$27,759,507	30
FY26	\$19,801,782	20
FY27		
FY28		
TOTAL	\$78,972,294	80

• **APPROPRIATION; ARTERIAL BUS RAPID TRANSIT PLANNING.**

We prepared an analysis of Arterial Bus Rapid Transit Planning.

In 2024 the Cost of a Planning Consultant and staff would be \$900k

For years 2025, 2026 and 2027 the ongoing staff costs for Arterial Bus Rapid Transit Planning would be \$500K per year.

The total appropriation request is \$2.4M

RECAP:

Year 2024 \$900,000 for Consultant and Staff

Year 2025 \$500,000 for Staff

Year 2026 \$500,000 for Staff

Year 2027 \$500,000 for Staff

Total \$2,400,000

Total Fiscal Year 2024 Arterial Bus Rapid Transit Planning General Fund Appropriation is \$2,400,000

5) **APPROPRIATION; TRANSIT SIGNAL PRIORITY SYSTEM PLANNING.**

The estimated cost for a consultant to support Transit Signal Planning in 2024 is \$200k. This is based on similar scoped consultant contracts.

Total Fiscal Year 2024 Transit Signal Priority System Planning General Fund Appropriation is \$200,000

TOTAL RECAP:

Transit Fare Elimination Pilot Program: \$17,643,683

Transit Shelter Improvements: \$4,000,000

Zero-Emission Bus Transition: \$78,972,294

Arterial Bus Rapid Transit Planning: \$2,400,000

Transit Signal Priority System Planning: \$200,000

Total: \$103,215,977

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

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Agency Fiscal Note Coordinator Signature: Stewart McMullan

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HF2604 - 0 - Local Bus and Transit Improvement Act

Chief Author: **Sydney Jordan**
 Committee: **Transportation Finance**
 Date Completed: **3/22/2023 1:45:51 PM**
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/17/2023 4:46:44 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures		-	30	-	-	-
Absorbed Costs		-	(30)	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
General Fund						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill requires the Metropolitan Council to create a working group for transit signal priority systems and transit advantage improvements on high frequency and high ridership bus routes. One member in this working group must represent MnDOT. Met Council and MnDOT are obligated to provide administrative and technical support for the working group. This group must be established by August 1, 2023 and expires December 31, 2023.

Assumptions

MnDOT assumes the working group outlined in this bill will meet 7 times between August and December, 2023. MnDOT estimates 304 staff hours (0.15 FTE) are needed to participate and provide technical/administrative support. The average hourly wage for this staff time is \$66.10, plus 50% to account for related overhead costs including fringe benefits. The total cost of \$30,141.60 can be absorbed by the agency.

Expenditure and/or Revenue Formula

304 hrs (0.15 FTE) X \$99.15 (\$66.10 + 50% overhead) = \$30,141.60 (rounded to \$30,000) absorbed

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

MnDOT Office of Financial Management

MnDOT Metro District

Agency Contact:

Agency Fiscal Note Coordinator Signature: Samuel Brown

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