

AGENCY INITIATIVE: REGIONAL TRANSIT BONDING AUTHORIZATION

This proposal requests authorization for the Metropolitan Council to issue bonds for regional transit capital projects. This authorization has been sought by the Council and enacted by the legislature since 1989 under Minn. Stat. § 473.39, which authorizes the Council to issue general obligation bonds to implement the Council’s transit capital improvement program in amounts specifically identified in the law. RTC bonds are not state GO bonds. RTC bonds are funded by the transit debt service levy collected from the transit taxing area within the 7-county metropolitan region.

Bonds are generally sold as other bond debt is retired so that there are minimal impacts in local property tax for debt service. This request is increased by an inflation factor over the previous authorization. (Inflation numbers are from the US Bureau of Economic Analysis.)

The Metropolitan Council is requesting \$51.5M in 2024 and \$53.045 in 2025 be authorized by the legislature. Securing this authority in advance will help the Council avoid disruption of fleet orders. The legislature approved \$98.4M combined for calendar years 2022 and 2023.

The bond proceeds are used for replacement buses and capital improvements for the regional public transit system. This includes funding for Metro Transit and all other public transit providers in the region, including Metro Mobility, opt-out programs, and other small urban and rural area dial-a-ride programs. The bond proceeds provide the 20% local match to 80% federal funding the Council receives for fleet replacement.