



April 17, 2024

Senator Dibble and Transportation Committee members,

I am writing to express our positions on Metropolitan Council related provisions in the DE Amendment to SF5284.

Metropolitan Council annual transportation financial review requirement (SF 5285)

The sales tax for transit that passed last session has placed our regional transit system on the most solid ground it has ever been on – we are thankful to Senator Dibble and others who led the way. Because of these funds, we have eliminated our massive structural deficit as well as address unfunded transitway capital maintenance obligations. Across the many transit systems in our country – this is an advantageous position to be in and one from which we are now positioned for significant progress in the years ahead. Additionally, we will focus on the priorities the legislation elevated while also fulfilling a vision for the regional transit system.

The detailed information required in Article 2, Section 108 will allow us to be transparent and accountable as to how we are managing the new sales tax and all regional transportation funds - including MVST, general funds, federal appropriations and fares. This review will be an opportunity for us to highlight both the short-term and long-term financial responsibilities of the regional transit system for the legislature and we welcome this opportunity. This provision has our full support, and we look forward to presenting a comprehensive, systemwide vision for sales tax investments and the future of transit in our region during the next Legislative session.

Met Council required to fund construction of certain bus rapid transit project elements (SF 4267)

The Council has concerns with the provision included in Article 2, Section 120 of the DE amendment. This provision transfers the cost of accessibility upgrades at transitway intersections – corners where there isn't an ABRT or BRT station or stop – to the Metropolitan Council. It should be noted that current law requires these local authorities, usually cities or counties, to be responsible for complying with ADA standards on that roadway and its intersections regardless of the presence of a transitway project. When an ABRT project is planned, the project takes over the responsibility for the intersection segments where a stop or station are present.

Applying the effect of this provision to the H Line is important to understand its impacts. The H Line project needs \$75M to complete the local share. The Governor has requested \$37M in his recommendations this year and we plan to seek the balance at the next bonding opportunity. If this language becomes law, we will need to add these local costs to the remaining balance of the \$75M needed to meet the local share. As it currently stands, it has a cost estimate of \$33M. This would bring the total local cost of the H Line up to \$108M. Nearly all of this additional \$33M cost to the H Line project would be direct relief to the local road authorities. Future ABRT projects would have similar financial impacts as explained in the fiscal note. It is important to keep in mind that as part of the negotiated agreement last year, approximately \$50M per year of the sales tax will already be supplanting other previously identified funding sources for metro area counties when they were relieved of their annual operating obligations on transitways. We are glad to have had the opportunity to clarify funding responsibilities with our local partners, but we also stress that **counties now have that funding**

available to them to address other local needs that are already theirs to deliver, without any expectations placed upon them by the state for operational or capital maintenance needs within the transit corridor.

Further, this bill will adversely impact the planning and development of future lines if additional bonding isn't appropriated for these newly added costs. It likely means the next ABRT or BRT project in line will wait until the total local share needed is provided. If additional bonds are not provided by the legislature and the Council is mandated to take these local road authority costs on, the financial burden will fall upon the new sales tax and subsequently divert those funds away from fulfilling the regional transit vision they were intended to make possible.

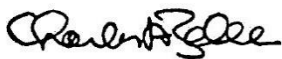
It should be noted that as part of the negotiated agreement last spring, there was a prioritization for using regional sales tax on ABRT and BRT established. In the Use of Funds language found in Chapter 473.4465, it directed the sales tax to be used for planning, project development, operations and capital maintenance. By default, this bill adds ABRT and BRT capital construction to that list. This is inconsistent with the negotiated agreement.

Zero Emission bus transition (SF 4938)

Lastly, the DE Amendment contains a provision that requires the Metropolitan Council to transition our regular route fleet to be zero-emission by January 1, 2030. It is found in Article 2, Sections 77-78 and 109-110. Zero emission buses and the supporting technologies that enable them including charging infrastructure and on-board batteries have been maturing in the past decades with the pace of improvements in reliability and economies of scale accelerating in more recent years. Many transit agencies have had increasing interest in zero emission buses, but commercial adoption of such technologies has not been widespread. The adoption of zero emissions buses is affected by supporting infrastructure production and supply chain constraints, electrical grid capacity, the rapid pace of zero emission bus innovation, and the limited production capacity and supporting infrastructure manufacturers. The Metropolitan Council's existing transition plan identified several objectives and strategies to address and mitigate the barriers and constraints with the transition to zero emission buses. As Metro Transit's experience and knowledge of this technology grows, these strategies and objectives will be continuously updated to reflect current best practices and lessons learned as additional experience is gained.

As the Council continues to move forward with the transition to zero emission buses, it is important to establish milestones and performance measures to maximize the benefits to the region while staying true to the mission to provide reliable service to customers. These milestones and performance measures are imperative to ensure a seamless transition to zero emission buses for our customers and guaranty of service. Our concern is a transition date of January 1, 2030 is not possible and the funding needed would overwhelm the new revenues provided by the sales tax. The Council recommends the continued monitoring and updating of our zero emission bus plan as this technology evolves instead of setting a hard date that does not consider these factors.

Thank you for your consideration of these comments.



Charles A. Zelle,
Chair, Metropolitan Council