

Measuring Our Progress



Metropolitan Council
2005 Annual Report

Message from the chair



For the Metropolitan Council, 2005 was a year of great challenges, but also great progress, particularly in the area of transit.

We erased a projected \$60 million budget shortfall for transit through a combination of fare increases, service efficiencies and increased state support, averting the need for deeper service reductions.

We completed the first year of full operation of our region's first light-rail transit line linking downtown Minneapolis, International Airport and the Mall of America. A stunning success by any measure, the Hiawatha line recorded 7.8 million rides, exceeding pre-construction estimates by 58.2 percent. And we secured vital state and federal support to expand our network of bus and rail "transitways."

These and other important milestones are highlighted in this annual report. Less visible, perhaps, was the Council's progress toward achieving three important goals we set when we took office: to work more collaboratively with our regional partners, to ensure the most cost-effective use of regional resources, and to be accountable for results.

Collaboration: In 2005, the Council finished updating three regional policy plans – for transportation, water resources and regional parks – that implement our *2030 Regional Development Framework*. These plans were developed with considerable public input received at 16 community outreach meetings.

Following the completion of our regional plans, we mailed customized "system statements" to every community in the metropolitan area, informing local officials how our regional plans affect their communities. We then held another round of outreach meetings – one in each county – to brief local officials on the system statements and the updated comprehensive plans they now must prepare for their community.

Efficiency: In these difficult fiscal times, the Council has worked diligently to maximize the effectiveness and value of regional investments. Since 2003, we have reduced FTEs by 3.8 percent, saved \$8.1 million in interest costs by refunding more than \$176 million in Council bonds, held the Council's property taxes flat for three successive years and maintained our AAA bond rating.

We continue to operate a wastewater treatment system that regularly wins awards for near-perfect compliance with federal and state clean water standards, while maintaining sewer rates that are 23 percent below those of peer agencies.

In 2006, we will move the Council's offices to a newly renovated building in downtown St. Paul that will save \$14 million over the 35-year life of the building.

Accountability: Reflecting our commitment to greater accountability, the Council developed two sets of performance indicators to measure the progress of our agency's operations and the region as a whole.

Along with 22 other Cabinet-level departments, the Council was directed by the Governor to establish goals for its key programs and develop performance indicators to measure progress toward achieving these goals. These results are updated twice annually.

In our *2030 Regional Development Framework*, the Council – for the first time – included benchmarks to measure the region's progress toward achieving the long-range goals of our plan. In 2005, the first results were posted on our website and they will be updated annually. Both sets of indicators may be accessed at **www.metrocouncil.org** by clicking on the icon labeled "Measuring Our Progress."

Peter Bell
Chair

Growth underscores need for good planning

The Twin Cities metropolitan area continues to grow at a fast pace. The Metropolitan Council estimates that the seven-county region gained more population between 2000 and 2004 (the most recent estimates available) than it did in the first few years of the 1990s, a record-breaking decade of population growth.

The region is on course to add a million people between 2000 and 2030, when the population is expected to top 3.6 million. The rapid growth underscores the importance of regional and local planning, which took a big step forward in 2005.

After extensive public input, the Council finished updating the last of its policy plans for the four regional systems: transportation, aviation, water resources (including wastewater collection and treatment), and regional parks. These plans implement the *2030 Regional Development Framework*, the Council's overall plan for accommodating the region's anticipated growth.

In September, the Council issued a "system statement" to each city and township in the seven-county area. The system statement is a customized document that informed each community how it is affected by the Council's policy plans.



In October, the Council held seven planning information meetings, one in each county. The goal was to present information about the regional plans, the system statements and the comprehensive planning process, and to answer questions from local elected officials and staff. More than 350 people attended the meetings.

Under state law, communities must update their local comprehensive plans to be consistent with the Council's regional system plans. Plans must be submitted for Council review by the end of 2008. The update process gives each community the opportunity to engage citizens in creating a long-range vision for the community.

128,968

Estimated growth in
seven-county area population
between 2000 and 2004

New planning tools to assist communities

The Council is offering several new or updated tools to assist communities as they update their local comprehensive plans.

The first is the web-based, interactive *Local Planning Handbook*. It is concise and readable, and includes numerous links to online resources, including the latest forecasts and data. The handbook has downloadable forms, worksheets and templates, and clearly indicates which plan elements are required, recommended and optional.

The field-developed and tested handbook received high praise from planners around the region.

Other tools include an updated transit-oriented development guidebook, available online in early 2006. A new digital atlas of natural resources, ready in April 2006, will help communities identify and protect important natural resources. Communities may consult with their Council staff sector representative for planning assistance.

More growth highlights

- The Council approved \$5.5 million in Livable Communities grants for 23 projects to clean up polluted land for redevelopment in 10 metro area communities. The grants will help to clean up 86 acres, with resulting redevelopment creating more than 720 new jobs and increasing the net tax capacity by nearly \$10 million.

- The Council awarded \$7.5 million to eight projects in seven cities that demonstrate land uses that link housing, jobs and services, including transit. Grants went to central cities, inner-ring suburbs and developing suburbs.

- The Council co-hosted a regional policy conference on the challenges facing rapidly growing communities, both inside and adjacent to the region.



Transit projects move rapidly ahead

Progress toward the Council's goals of expanding the regional transit system and slowing the growth of congestion accelerated in 2005, fueled by support from Governor Tim Pawlenty and the Minnesota Legislature. New federal transportation legislation also gave a big boost to regional transit projects.

The Council's long-range transportation plan calls for increasing transit ridership 50 percent by 2020, and doubling it by 2030. The plan includes developing five new bus and/or rail transitways by 2030, as well as adding new express bus service, limited-stop routes, park-and-ride lots and other passenger amenities.



Facing a \$60 million transit funding shortfall for the 2006-07 biennium, the Council in June raised transit fares and cut service on high-subsidy, low-ridership bus routes. In spite of a lean state budget, the Legislature provided an additional \$40 million for regional transit services, enabling the Council to reduce service by just 3.5 percent instead of the 10 percent initially envisioned.

58.2%

How much LRT ridership exceeded pre-construction estimates in the first year of full operation.



Transit projects moving forward with new funding in 2005:

- Northstar commuter rail between Minneapolis and Big Lake – \$37.5 million from the state and \$80 million from Congress for construction. Work is under way to reach a full funding grant agreement with the Federal Transit Administration.
- Cedar Avenue bus rapid transit from the Mall of America in Bloomington to Lakeville – \$10 million from the state and \$9.8 million from Congress.
- Central corridor on University Avenue between downtown Minneapolis and St. Paul – \$5.25 million in state funds for a corridor study and analysis of alternatives to determine whether light rail or bus rapid transit will be most cost-effective.
- Red Rock corridor from Hastings through downtown St. Paul – \$500,000 in state funds for a corridor study.
- Rush Line corridor from downtown St. Paul through Ramsey, Washington, Chisago and Pine Counties – \$500,000 in state funds for a corridor study and \$1.25 million in federal funds earmarked for transit amenities.

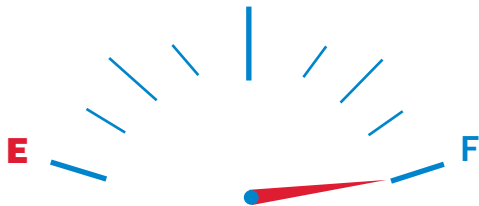
Light rail proves popular

Phenomenal ridership numbers on the Hiawatha light-rail transit (LRT) line during its first year of full service proved that Twin Citians like to ride rail.

Between December 2004 – when LRT service to the airport and the Mall of America opened – through November 2005, Hiawatha carried 7.8 million passengers. Ridership is 58.2 percent ahead of pre-construction estimates, and now exceeds that of the region's most-used bus line, Route 5, linking Brookdale, downtown Minneapolis and the Mall of America.

Many passengers take advantage of newly restructured bus service that provides frequent and timely connections with the rail line. Others use park-and-ride lots along the line. Hiawatha is popular among weekday commuters, shoppers, and fans attending games and other special events at the Metrodome and Target Center.

The Council in autumn 2005 undertook a major survey to determine origin and destination patterns of transit users. The data will help the Council more accurately predict how new services, such as bus rapid transit, light rail and commuter rail, will affect overall transit ridership. Results are expected in 2006.



More transportation highlights

- The Council's Transportation Advisory Board solicited applications for highway and transit projects eligible for an estimated \$100 million in federal funds available through three federal transportation programs. Selected projects will be programmed for construction in 2009-10 in the Council's 2007-2010 Transportation Improvement Program. The program will be prepared in March 2006.

- The opening of a new 8,000-foot runway at Minneapolis-St. Paul International Airport in October marked the completion of MSP 2010, the \$2.7 billion expansion plan launched by the Metropolitan Airports Commission in 1996. The expansion also included 46 new gates and a new ground transportation center at Lindbergh Terminal, a new Humphrey Terminal, expanded parking and more.

- By purchasing and selling heating oil futures contracts, the Council offset increases in diesel fuel prices by more than \$1.7 million from January 1 through October 6, 2005. Expected savings from October 2005 through March 2007 are \$4.4 million.

- Metro Transit provided a record 955,688 rides to the 2005 Minnesota State Fair. Nearly one in three Fair attendees arrived by bus.

- Metro Mobility provided 1.1 million rides to people with disabilities and maintained a trip denial rate of only .2 percent due to capacity issues.

- The region added 36 miles of bus-only shoulder lanes on the region's highways and freeways, the largest mileage ever added in a single year and more than double the average to date. The lanes give transit users a distinct advantage during rush hour and provide more reliable commute times.



Council achieves environmental goals

The Metropolitan Council in 2005 reached several milestones in its efforts to protect the environment and operate regional services efficiently.

To start, all eight of the Council's wastewater treatment plants received "Peak Performance Awards" in 2005 from the National Association of Clean Water Agencies based on their 2004 performance. Seven of the eight, including the Metro Plant, achieved full compliance with their clean water discharge permits.

The six-state Region 5 office of the U.S. Environmental Protection Agency chose the Blue Lake Wastewater Treatment Plant as its "Best Large Advanced Facility" for 2005, and the plant was runner-up in the nationwide competition.

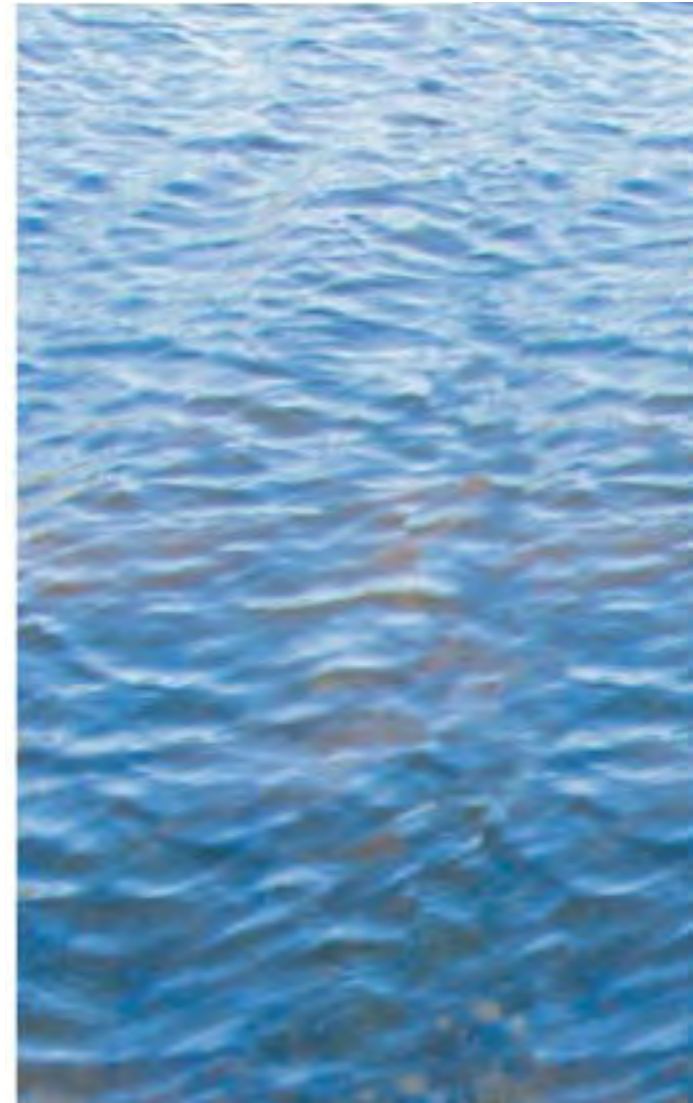
Between 2003 and 2005, the Council reduced its total discharge of phosphorus by regional wastewater treatment plants by 49 percent. The massive Metro Plant, using biological processes, has reduced phosphorus discharge to less than one milligram per liter.



Achieving
Phosphorus
Reduction

New solids incineration equipment at the Metro Plant, which began full operations in January 2005, reduced air emissions of particulates by 98 percent and mercury by 96 percent from 2004. The equipment uses about 80 percent less natural gas, cutting plant costs by \$3.4 million annually. It also recovers more heat, helping to heat the plant and generate electricity, saving up to \$600,000 annually in avoided electricity costs.

Nearly 100 percent of dental offices in the region now participate in a voluntary program to keep dental amalgam out of the wastewater system, significantly reducing mercury levels in the wastewater that enters the Council's treatment plants.



Commitment to
environmental
goals

Collaboration
with regulatory
agencies

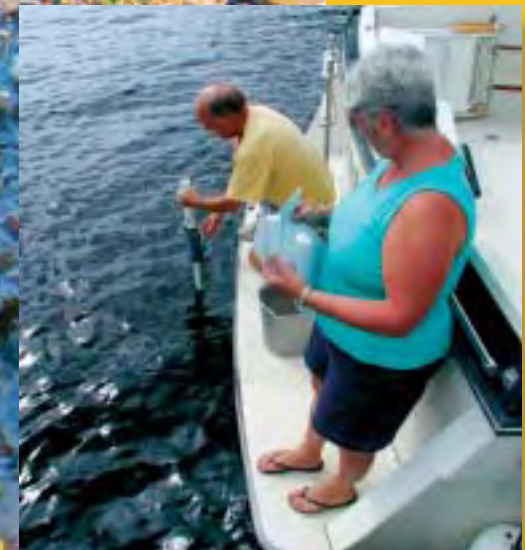
Delivery
of
results

Development
of reduction
strategies

Application of innovative
and cost-effective
technology

49%

Reduction in
total discharge
of phosphorus
during the
period 2003-05
by the regional
wastewater
treatment
system.



Reducing clear water in sewers is plan's target

More efficient use of costly wastewater facilities. Enough water supplies for the region's growth. Less pollution running into lakes and streams.

These are among the goals of the Metropolitan Council's *2030 Water Resources Management Policy Plan*, adopted by the Council in 2005. The plan estimates that to accommodate the region's projected growth, the Council will need to invest \$3.7 billion over the next 25 years to maintain, replace and expand wastewater collection and treatment facilities. The plan's major priorities include:

Eliminating excess clear water in the sewers. A major threat to the efficiency of the regional wastewater collection and treatment system is clear water and storm-water that enters wastewater conveyance pipes, especially during major rainfalls. This water, known as infiltration and inflow (I/I), consumes capacity in the system needed for future growth.

To reduce the problem, the Council established I/I goals for all communities discharging wastewater into the metropolitan disposal system, and will require communities with excessive I/I to include a reduction plan in their comprehensive plan. Starting in 2007, the Council proposes to institute a surcharge program on communities' wastewater bills to provide funding to reduce I/I. Starting in 2013, communities that fail to meet their goals will face stiffer penalties, including a potential moratorium on growth.

The Council estimates it will cost communities a total of about \$150 million to solve the problem, whereas expanding regional collection and treatment facilities to handle the excessive I/I would cost at least \$900 million.



Assisting growing rural areas. Some communities in the region's rural areas are growing fast. If a rural growth center will accommodate the increased growth forecasted by the Council, the Council will consider acquiring, improving and operating the wastewater treatment plant located in that community – if the community requests it. In some cases, the Council might share the costs of system improvements with local communities.

Ensuring an adequate water supply. The region currently uses 384 million gallons of water a day. With nearly a million more people in the next 25 years and a growing economy, water consumption is expected to grow to 496 million gallons per day.

In order to ensure an adequate supply of clean water in the future, the Council – with authority from the 2005 Minnesota Legisla-

ture – is undertaking a thorough evaluation of current water supplies and future needs, and will develop a regional plan for efficient water use and regulation. Governor Pawlenty in December appointed a 12-member committee, with representatives from state agencies, counties and cities, to advise the Council during the study.

Strengthening pollution control. The Council plans to use its authority under the Metropolitan Land Planning Act to help reduce polluted urban and agricultural runoff (nonpoint source pollution). If the surface-water management section of a community's local comprehensive plan lacks a strong emphasis on nonpoint pollution control, the Council could find the local plan to be inconsistent with its regional wastewater system plan. Such a finding, called a "system impact," could be made and would require modification of the local plan.

The Council will continue to partner with local governments, watershed organizations, and other public and private entities on a variety of efforts – including water quality monitoring and technical assistance on best management practices – to reduce nonpoint source pollution.



Visionary parks plan put into action



By just about any measure, the seven-county Twin Cities area enjoys a regional parks and open space system with few rivals across the globe. As the region continues to grow, the Council plans to identify and secure additional outstanding natural resources and outdoor recreational opportunities for future generations.

2030



In 2005, the Metropolitan Council approved a visionary plan to preserve and expand the regional parks system through 2030 and beyond. To meet the needs of the region in 2030, the Council proposes to:

- Designate two existing county parks and three trails as “regional.”
- Acquire and develop three new parks. Search areas include northwestern Anoka County, Empire Township in Dakota County, and Blakeley Township in Scott County.
- Acquire and develop seven new trails. Search areas include the Crow River; north/south and east/west trails traversing Dakota County; an east/west trail in Scott County; and several trails to connect regional parks in the Three Rivers Park District.
- Acquire land within the current boundaries of 30 existing parks and four trails.
- Acquire natural-resource lands adjacent to six existing parks and six existing trails.

Regional parks system - 2030 and beyond

Regional Parks, Regional Park Reserves and Special Use Facilities with Existing or Approved Boundaries

Regional Trails

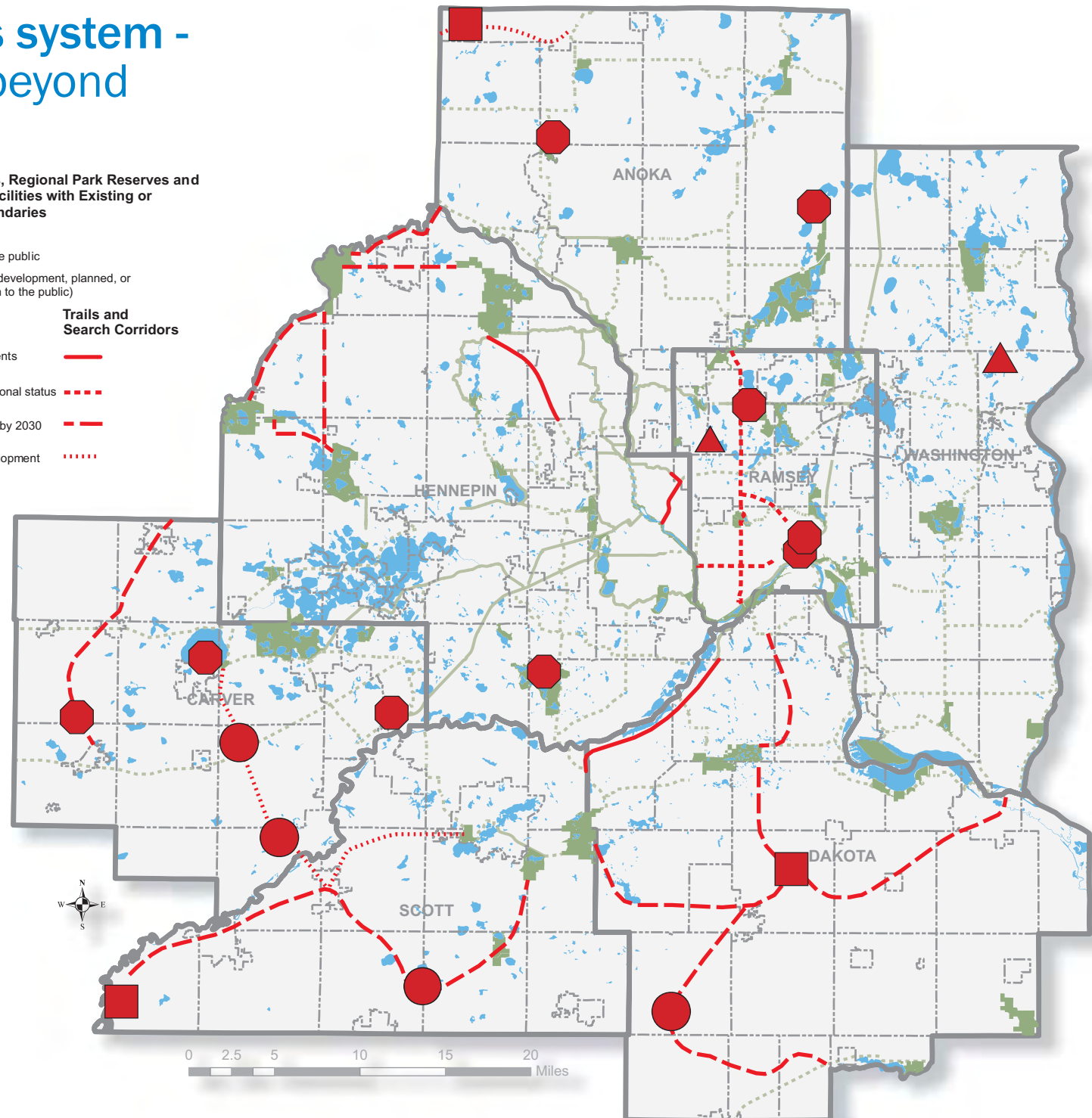
— Existing, open to the public
 - - - Under acquisition, development, planned, or proposed (not open to the public)

Parks and Search Areas

● Boundary adjustments
 ▲ Recognition of regional status
 ■ New units needed by 2030
 ● New units for development after 2030

Trails and Search Corridors

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 - - -
 - - -
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Parks for future generations



To meet the needs of the region beyond 2030, the Council proposes to acquire four new regional parks or reserves and three new trails. These parks would not be developed until after 2030, but the opportunity to acquire them will likely be lost if the lands aren't identified and purchased before 2030. The goal is to secure the last best places and complete the acquisition of the regional parks system. Search areas for these additions include:

Parks – Miller Lake area and Minnesota River Bluff and Ravines in Carver County; southwestern Dakota County; and Cedar Lake area in Scott County.

Trails – northwestern Anoka County; central to south Carver County; and Minnesota River to Spring Lake in Scott County.

In total, the Council's plan would add more than 15,000 acres of parks and 196 miles of new trails to a system that at present encompasses 52,000 acres with 47 regional parks, six special recreation features and 170 miles of trails. The cost to rehabilitate, develop and expand the regional parks system is estimated at \$17.4 million annually over the next 25 years.



34% Growth in
acreage of regional parks
system Council proposes
between now and 2030.



More parks highlights

- One of the new regional parks proposed in the Council's policy plan is the Empire Wetlands Area in Dakota County's Empire Township. The Council approved the acquisition master plan for the park in 2005, which makes the county eligible to request regional funds for land acquisition.

- To support its vision for regional parks for future generations, the Council increased its commitment to regional bonding for parks acquisition by \$1 million annually. Starting in the current biennium, the Council will issue up to \$7 million annually in parks bonds.

- The Council awarded more than \$1.7 million in park acquisition opportunity grants to five park implementing agencies to acquire nearly 132 acres of land. The grants help agencies purchase land that comes on the market before a capital funding request can be made. The land is typically a parcel within a current park boundary.



Council reaches housing benchmarks

The production and location of new housing in the seven-county region is meeting the Council's benchmarks.

The Council's *2030 Regional Development Framework* calls for the addition of 16,000-18,000 new housing units per year, and that goal was met or exceeded in each of the first five years of the decade. The Framework goal to have 27 percent of new housing built in the central cities and developed suburbs, where sewers, roads and other costly infrastructure is already in place, is actually being exceeded by three percent.

The region is having mixed success in producing new affordable housing to households with moderate and low incomes. The long-term goals of communities in the region call for 990 new units of affordable rental units each year; through 2003 (latest figures available), 1,100 such units have been added annually. Affordable ownership housing, however, is falling short of the cumulative city goal. Only 3,536 units per year have been added, compared with the 5,763 units needed to meet cities' goals.



30%

Share of all region's new housing since 2000 built in the developed area.

By 2008, communities are required to update their local comprehensive plans, including a section on housing. To assist communities in this effort, the Council developed an estimate of regional affordable housing needs from 2010-2020 and a distribution of those needs among the region's communities. The Council developed the estimate in consultation with the Minnesota Housing Finance Agency, the Family Housing Fund and the Association of Metropolitan Municipalities.

The Council's Housing and Redevelopment Authority achieved full use of its available tenant-based rent subsidy funding in 2005, assisting an average of 6,600 households monthly. Rental assistance payments were made to more than 1,400 property owners, injecting \$52.4 million annually of federal, state and local funds into the regional economy. The program's waiting list comprised about 4,500 households.



The Council awarded a total of \$1.65 million to Minneapolis, St. Paul and 16 suburban communities to support affordable housing initiatives. The funds will assist in the development or rehabilitation of 259 rental units affordable to lower income households and 48 affordable ownership units. The grants, made from the Local Housing Incentives Account of the Livable Communities program, will leverage an additional \$36 million in total development investments.



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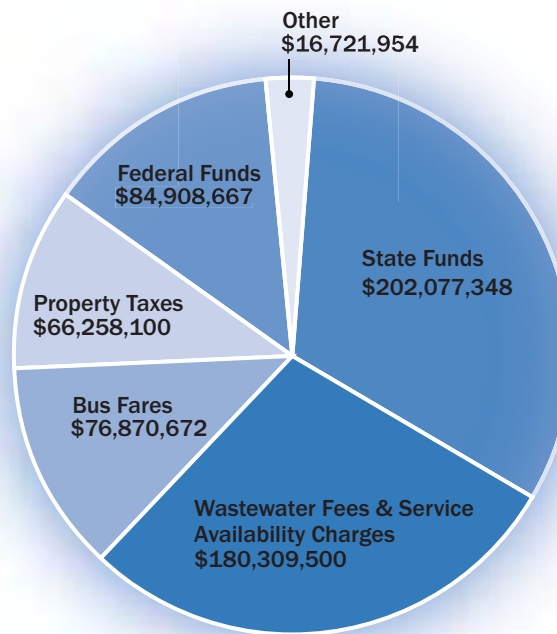


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Metropolitan Council Core Services

The Metropolitan Council serves the public in five principal areas:

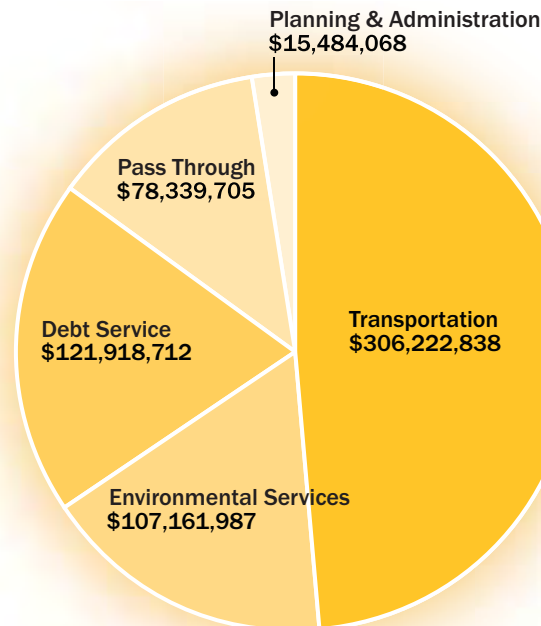
- 1) Providing and coordinating regional transit services and travel-demand management through Metro Transit, regional-route service and Metro Commuter Services; working with transit providers, transportation agencies and businesses to reduce traffic congestion and improve air quality; and providing transportation service to people with disabilities through Metro Mobility.
- 2) Conserving and protecting vital natural resources, principally water, by collecting and treating wastewater, and by working with communities and coordinating watershed management to improve water quality and supply; and open space, helping to plan, acquire and develop a system of regional parks.
- 3) Providing affordable housing choices by working with communities and employers to increase the supply of affordable housing, and providing affordable housing opportunities to low- and moderate-income families through the Metro Housing and Redevelopment Authority.
- 4) Working with local communities to accommodate growth in a flexible, connected and efficient manner; encouraging the creation of neighborhoods that are walkable, convenient to transit, jobs, shops and services, incorporate green space, include affordable housing, and save on infrastructure costs.
- 5) Increasing efficiency of regional services and investments by maintaining a AAA credit rating, making efficient and effective capital improvements, and providing cost-competitive services.



2005 Budget Revenue (Amended)

Total = \$627,146,241*

Wastewater Fees and Service	
Availability Charges	\$180,309,500
Bus Fares	\$ 76,870,672
Property Taxes	\$ 66,258,100
Federal Funds	\$ 84,908,667
Other	\$ 16,721,954
State Funds	\$202,077,348



2005 Budget Expenditures (Amended)

Total = \$629,127,311

Transportation	\$306,222,838
Environmental Services	\$107,161,987
Debt Service	\$121,918,712
Pass Through	\$ 78,339,705
Planning and Administration	\$ 15,484,068

*Revenues and expenditures for pass-through and debt-service funds rarely match on an annual basis. In 2005, the Council used reserves to make up the difference in revenues and expenditures.

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Environmental Services

651-602-1005

Metro Transit

612-349-7400

Metro Mobility Service Center

651-602-1111

TTY 651-221-9886

Customer information for transit services for certified riders with disabilities

Transit Information Center

612-373-3333

Metro Commuter Services

612-373-3333, Option 4

Commuting options, employer trip-planning and travel-demand management

Metro HRA

651-602-1428

Housing Choice vouchers for low-income families and individuals

Regional Data Center

651-602-1140

Maps, CD-ROMs, reports and publications
Email: data.center@metc.state.mn.us

Public Comment Line

651-602-1500

24-hour voice mail for comments, ideas, suggestions

www.metrocouncil.org for regional information

www.metrotransit.org for transit information

www.metrocommuterservices.org for direct link to employer travel-demand information

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Council Mission

The mission of the Metropolitan Council is to develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on transportation, wastewater, parks and aviation systems, that guides the efficient growth of the metropolitan area. The Council operates transit and wastewater services and administers housing and other grant programs.

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Upon request, this publication will be made available in alternative formats to people with disabilities.

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Together, shaping our future