

METROPOLITAN COUNCIL
SUMMARY BUDGET-BY FUND TYPE
TRANSPORTATION DIVISION
2007

	Governmental Fund Types						Proprietary Fund Types					Passthrough (Hwy Right-of-way Program)	Memo Total
	Special Revenue Funds						Enterprise Fund			Division Operating Total	Transit Debt Service Funds		
	Transportation Planning & TDM Activity	Metro Mobility Operations	Suburban Transit Providers	Community Based Transit	Regular Route	Subtotal Special Rev	Metro Bus	Transit LRT	Transit Total				
Revenues													
State Revenues													
Motor Vehicle Sales Taxes	\$ -	\$ -	\$ 21,714,798	\$ 2,354,313	\$ 5,895,398	\$ 29,964,509	\$ 91,361,533	\$ -	\$ 91,361,533	\$121,326,042	\$ -	\$ -	\$121,326,042
State Market Value Credit Aid	-	-	-	-	-	-	-	-	-	-	1,661,516	141,475	1,802,991
State Appropriation - Base	660,780	23,893,776	1,850,000	952,485	2,975,152	30,332,193	44,302,807	6,288,082	50,590,889	80,923,082	-	-	80,923,082
Total State Revenues	\$ 660,780	\$ 23,893,776	\$ 23,564,798	\$ 3,306,798	\$ 8,870,550	\$ 60,296,702	\$135,664,340	\$ 6,288,082	\$141,952,422	\$202,249,124	\$ 1,661,516	\$ 141,475	\$204,052,115
Other Revenues													
Property Taxes	-	-	-	-	-	-	-	-	-	-	35,110,205	2,989,558	38,099,763
Federal Revenues	2,643,121	4,250,000	-	61,476	3,553,992	10,508,589	15,377,870	64,950	15,442,820	25,951,409	-	-	25,951,409
Local Revenues	105,000	-	-	-	546,700	651,700	-	6,288,082	6,288,082	6,939,782	-	-	6,939,782
Investment Earnings	-	-	-	-	201,000	201,000	303,000	-	303,000	504,000	180,000	125,000	809,000
Other Revenues	-	-	-	-	-	-	2,781,900	-	2,781,900	2,781,900	-	-	2,781,900
Fares - Base	-	1,226,807	-	914,900	677,500	2,819,207	64,298,931	7,286,517	71,585,448	74,404,655	-	-	74,404,655
Fares - Expansion	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract & Special Event Revenue	-	2,468,007	-	-	-	2,468,007	5,684,410	449,224	6,133,634	8,601,641	-	-	8,601,641
Total Revenues	\$ 3,408,901	\$ 31,838,590	\$ 23,564,798	\$ 4,283,174	\$ 13,849,742	\$ 76,945,205	\$224,110,451	\$ 20,376,855	\$244,487,306	\$321,432,511	\$ 36,951,721	\$ 3,256,033	\$361,640,265
Expenses													
Salaries & Benefits	\$ 1,865,107	\$ 984,555	\$ -	\$ 76,845	\$ 591,968	\$ 3,518,475	\$174,001,479	\$ 11,308,919	\$185,310,398	\$188,828,873	\$ -	\$ -	\$188,828,873
Consulting & Contractual Services	441,426	287,500	-	-	35,700	764,626	4,347,673	745,948	5,093,621	5,858,247	-	-	5,858,247
Materials & Supplies	-	-	-	-	-	-	7,808,506	3,596,000	11,404,506	11,404,506	-	-	11,404,506
Utilities	-	-	-	-	-	-	4,946,022	762,318	5,708,340	5,708,340	-	-	5,708,340
Rent	124,160	83,981	-	-	-	208,141	-	-	-	208,141	-	-	208,141
Printing	23,040	51,000	-	-	35,000	109,040	-	-	-	109,040	-	-	109,040
Travel	35,000	9,000	-	-	2,000	46,000	-	-	-	46,000	-	-	46,000
Insurance	-	-	-	-	-	-	2,937,333	525,000	3,462,333	3,462,333	-	-	3,462,333
Transit Programs	-	30,520,853	23,564,798	3,265,096	12,173,991	69,524,738	-	-	-	69,524,738	-	-	69,524,738
Fares Affecting Expense	-	1,226,808	-	914,900	677,500	2,819,208	637,356	-	637,356	3,456,564	-	-	3,456,564
Debt Service	-	-	-	-	-	-	-	-	-	-	43,392,581	-	43,392,581
Other Operating Expenses	154,664	224,243	-	-	149,250	528,157	18,697,799	2,399,919	21,097,718	21,625,875	-	-	21,625,875
Total Expenses	\$ 2,643,397	\$ 33,387,940	\$ 23,564,798	\$ 4,256,841	\$ 13,665,409	\$ 77,518,385	\$213,376,168	\$ 19,338,104	\$232,714,272	\$310,232,657	\$ 43,392,581	\$ -	\$353,625,238
Other Uses													
Interdivisional Expense Alloc-MT & LR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,414,650	\$ 1,038,751	\$ 13,453,401	\$ 13,453,401	\$ -	\$ -	\$ 13,453,401
A-87- Metropolitan Transportation Service	579,334	-	-	26,333	184,333	790,000	-	-	-	790,000	-	-	790,000
Planning Chargeback Expense	186,170	-	-	-	-	186,170	-	-	-	186,170	-	-	186,170
Total Other Uses	\$ 765,504	\$ -	\$ -	\$ 26,333	\$ 184,333	\$ 976,170	\$ 12,414,650	\$ 1,038,751	\$ 13,453,401	\$ 14,429,571	\$ -	\$ -	\$ 14,429,571
Transfers in	-	49,350	-	-	-	49,350	-	-	-	49,350	-	-	49,350
Total Expenses and Uses	\$ 3,408,901	\$ 33,338,590	\$ 23,564,798	\$ 4,283,174	\$ 13,849,742	\$ 78,445,205	\$225,790,818	\$ 20,376,855	\$246,167,673	\$324,612,878	\$ 43,392,581	\$ -	\$368,005,459
Surplus/(Deficit)	\$ -	\$ (1,500,000)	\$ -	\$ -	\$ -	\$ (1,500,000)	\$ (1,680,367)	\$ -	\$ (1,680,367)	\$ (3,180,367)	\$ (6,440,860)	\$ 3,256,033	\$ (6,365,194)

Metropolitan Council 2007 Adopted Unified Budget

Transportation Division - Metropolitan Transportation Services

ORGANIZATION

The Metropolitan Council's Transportation Division is composed of two units: Metropolitan Transportation Services and Metro Transit.

- **Metropolitan Transportation Services** includes Metro Mobility, Contracted Regular Routes, Community-based programs, regional transportation planning, and Suburban Transit programs.
- **Metro Transit** includes bus and light rail operations.

KEY REVENUE ASSUMPTIONS

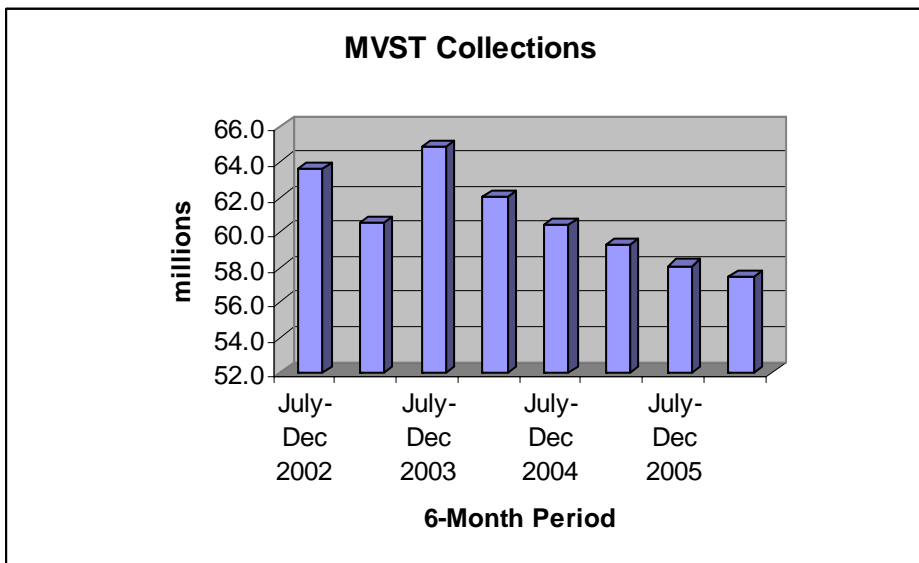
Motor Vehicle Sales Tax (MVST)

Prior to calendar year 2002, the Metropolitan Council and certain Suburban Transit communities levied property taxes to fund a portion of transit operations. This levy authority was eliminated by the 2001 Legislature, and replaced with a share of the Motor Vehicle Sales Tax.

The State transfers MVST funds to the Council, which in turn, distributes a portion of these funds to the Suburban Transit communities based on a formula established in legislation. The Council distributes the remaining amount of these funds to the Council's transit programs through its regular budget processes.

The MVST is a single sector sales tax, making it a volatile funding source. On average, once every ten years MVST revenues have reflected significant reductions, taking several years to recover to earlier levels. The Council has recognized the potential for these short-term declines in MVST revenues and has established a transit operating reserve to address this variability in MVST revenues.

Because of historic fluctuations in MVST revenues and uncertainty in State revenue forecasts, the Council originally budgeted at 97% of the Council's portion of MVST revenue forecasted over a multi-year period, with 3% held in reserve in the event that actual receipts fell short of projections. However, in 2005 even this 3% reserve was not enough to cover the downturn in the MVST funds, which declined 6% from 2004 levels. Beginning in 2006, the Council increased the amount set aside for reserves to 5% and will maintain this reserve level for 2007. As a result of decreasing MVST forecasts we will likely move to increase the net set-aside. The amounts budgeted and set-aside in reserves will vary from year to year in order to smooth out annual budget increases.



Metropolitan Council 2007 Adopted Unified Budget

Transportation Division - Metropolitan Transportation Services

For 2007, MVST funding for metropolitan transit is projected at \$126.6 million based on February 2006 State revenue forecasts and the passage of the Transportation Amendment. Of this amount, approximately \$21.7 million is projected to be distributed to the Suburban Transit communities. The Council's portion totals \$104.9 million. \$91.4 million is projected to be distributed to Metro Transit, \$8.3 million to Metropolitan Transportation Services and approximately \$5.2 million into reserves.

State General Funds

The State of Minnesota provides General Fund appropriations to support both bus and rail operations. For the 2007 budget, State general funds for transit are \$80.9 million, an increase of \$3.0 million over the amount budgeted in 2006.

The State allocates general funds on a biennial, fiscal year basis (July 1 – June 30); for the 2006-07 biennium, the legislature appropriated \$156.3 million to the Council, which was approximately a 39% increase over the 2004-05 biennium. The Council operates on a calendar year basis and the existing 2006-07 state general fund appropriation is only through June 30, 2007.

METROPOLITAN TRANSPORTATION SERVICES

Introduction

Metropolitan Transportation Services (MTS) has two functions: to be the leader in Twin Cities regional transportation planning and to provide a wide range of contracted transit services.

Transportation Planning

The Metropolitan Council is the federally designated Metropolitan Planning Organization (MPO) for the Twin Cities region. In this role, it is tasked with conducting and coordinating all of the region's transportation planning. This includes the development of the region's long-range transportation plan, the Transportation Policy Plan (TPP); the region's short-range four-year transportation plan, the Transportation Improvement Program (TIP); and, the region's annual planning and research staff work plan, the Unified Planning Work Program (UPWP).

Staff also participates in transportation planning efforts throughout the region, such as highway corridor studies, transitway studies, long-range airport needs analyses, freight studies, air quality conformance analyses, regional transportation modeling, area traffic studies, bikeway needs analyses, and other transportation planning.

Contracted Transit Programs

MTS manages or coordinates four transit programs, which provide services through contracts with private, public, and non-profit entities. These programs are:

- **Metro Mobility/ADA** – Provides paratransit service to persons with disabilities through six contracts.
- **Community-based programs** – Provide dial-a-ride transit service in Anoka, Washington, Dakota, Scott, Carver, and parts of Hennepin and Ramsey counties through 20 contracts.
- **Contracted Regular Routes** – Provide small, medium, and large regular route bus transit service through 12 contracts and also includes the regional vanpool program, Van Go, which focuses in areas without regular route transit or for commuters not served by regular route transit.

Metropolitan Council 2006 Adopted Unified Budget

Transportation Division - Metropolitan Transportation Services

- **Suburban Transit Authority Providers(STAP)** – Twelve communities (formerly referred to as the Opt-Out programs) have chosen to provide their own transit service. Two consortiums have been created and four cities provide transit service through contracts with various private, public, and non-profit entities. The Council passes-through MVST operating funds to the Suburban Transit programs.

Financial Analysis: Revenue Highlights

- **MVST:** 2007 revenues are projected at \$8.25 million for Contracted Regular Route and Community programs, and \$21.71 million for the Suburban Transit programs. (Metro Mobility and Transportation Planning do not utilize MVST funding.) This compares to the 2006 adopted budget of \$8.07 million of MVST for MTS programs and \$21.5 million for the STAP and reflects a slight increase in MVST revenues over 2006 levels.
- **State General Funds:** For the 2006-07 biennium, the State appropriated additional funds to help offset the shortfall in MVST receipts. 2007 revenues are projected at \$30.33 million, a small increase from the 2006 amount of \$29.25 million. These funds are used for Transportation Planning (to provide match to federal planning grants), Metro Mobility, Contracted Regular Routes and Community Programs. In 2007, similar to 2006, \$1.85 million has been allocated to STAP programs to address the shortfalls from the MVST decline.
- **Federal Grants:**
 - Congestion Mitigation/Air Quality (CMAQ) funds are projected at \$108,379 and are used for eligible Van Go costs.
 - Federal formula funds are projected at \$7,236,000 slightly above the 2006 level.
 - Federal Planning Grants remain essentially steady with \$3,164,210 projected in 2007.
- **Fares** – Fare revenues are a relatively small funding source for MTS, representing \$5.3 million, or 7 percent, of total revenues. Metro Mobility receives about 10 percent of its funding from fares. Contracted Regular Route currently shows less than 5 percent of its funding from fares due to all non-cash fares being shown within Metro Transit's fare revenue figure rather than as part of the Contracted Regular Routes budget. Fares were last increased in 2005 and are not projected to be increased during 2007.
- **Fund Balances** – This budget projects a \$1.5 million shortfall in 2007 for Metro Mobility.

Financial Analysis: Expenditures Highlights

MTS has five cost centers to track, Transportation Planning and the four transit programs. Each program has its own unique funding issues and expenditure patterns. The 2007 and 2006 adopted budgets are shown below along with annual percentage changes.

MTS Cost Center	2006 Adopted Budget	2007 Adopted Budget	Change
Transportation Planning	\$3,474,435	\$3,408,901	-2%
Metro Mobility	\$31,396,201	\$33,338,590	6%
Community-Based	\$4,216,109	\$4,283,174	2%
Contracted Regular Route (1)	\$12,059,894	\$13,849,741	15%
Opt-Outs	\$23,349,837	\$23,564,798	1%
Total MTS Budget	\$74,496,476	\$78,445,204	5%

Metropolitan Council 2006 Adopted Unified Budget

Transportation Division - Metropolitan Transportation Services

(1) Includes Van GO budget and local contributions not shown in previous years.

- **Transportation Planning:** The overall budget for Transportation Planning is projected to decrease 2% over 2006 levels. This budget is funded 80% with federal funds and 20% with the required local match funds(SGF).
- **Metro Mobility:** 2007 costs are about 6% higher than 2006 due to higher fuel and provider contract costs. Ridership and service hours are also projected to increase by 1.5% in 2007.
- **Community Programs:** Community transit program costs are up by 2% over 2006, primarily due to fuel and other cost increases.
- **Contracted Regular Route:** Contracted regular routes are shown to have increased 15% over 2006. However for 2007, the budget includes local contributions for Van Go which were not included in the 2006 budget. If these costs are removed, the contracted regular route budget would show a 7% increase over 2006 due to service increases to address overloads and fuel and other cost increases.
- **Suburban Transit Authority Providers:** The Suburban Transit Authority Providers (Opt-Outs) are projected to receive a 1% increase over funding levels in 2006 due to a slight increase in MVST projections.

The detailed revenues and expenditures for each cost center (fund) are shown in the table below. The table also reflects a projected \$1.5 million shortfall for Metro Mobility. This deficit is expected to be covered by a general fund request or, if necessary, by the MTS fund balance.

Metropolitan Council 2007 Adopted Unified Budget

Transportation Division - Metro Transit

METRO TRANSIT - BUS OPERATIONS

Introduction

As the largest operator of bus service and the first and only operator of light rail in the Twin Cities region, Metro Transit is a key part of the Metropolitan Council's commitment to operating quality transit services in an inclusive, customer-focused and efficient manner.

Metro Transit is one of the country's largest transit systems, providing more than 90 percent of the fixed-route public transportation in the Minneapolis/St. Paul metro area. Each weekday, customers board Metro Transit buses an average of 225,000 times.

The 1383 operators and 464 mechanics support a 915 bus fleet serving 118 local, express and contract routes. In service to its customers, Metro Transit drives 94,000 miles each weekday. Metro Transit service results in fewer cars on Twin Cities roadways which reduces congestion. In 2007, 64.3 million customers are expected to ride on Metro Transit buses.

The Metro Transit budget assumes the continuation of the current fare structure from 2005, adjusted State general funding as enacted by the State Legislature in 2005, and State forecasted Motor Vehicle Sales Taxes (MVST) revenue.

Policy Choices and Constraints

The Council has the discretion to allocate motor vehicle sales taxes and State funds among Metro Transit, Metro Mobility, rural/small urban programs, non-Metro Transit operations, and Metropolitan Transportation Services. In consultation with the Transportation Advisory Board, the Council also allocates federal transportation funds among transit, highway, and other transportation projects.

The 2007 budget brings together numerous policy choices governing services provided by Metro Transit. Metro Transit has established guidelines to help decide where, when, and how much fixed route bus service is delivered, how frequently it runs, as well as service quality parameters. Metro Transit also decides what levels of marketing, advertising, customer service information, and customer relations to provide, consistent with the mobility needs of the region. Metro Transit recommends maintaining the level and structure of the fare system, which reflects the fare adjustments, implemented in July 2005.

Passenger fares provide about 30% of Metro Transit operating revenue with motor vehicle sales taxes and State general funds providing most of the remainder. The State legislature determines the amount of State funds available in two-year, biennial appropriations. Metro Transit implements and operationalizes the Council's Regional Framework, Transportation Policy Plan, and various State legislative goals. The plans provide guidance for: transit quality, service levels, service locations, bus route financial and operational performance, fare policies, and system-wide fare recovery and transit infrastructure investment.

A competitive environment also affects Metro Transit policy decisions. In addition to Metro Transit service, fixed-route buses in the metro area are operated by Opt-Out transit systems; privately contracted regular route providers, and the University of Minnesota. About 3% of the buses operated by Metro Transit are operated as a provider, not as a principal decision-maker. Finally, federal laws and regulations direct some Metro Transit policy decisions, such as reduced fares for seniors, accessibility for customers with disabilities, and pollution control.

FINANCIAL ANALYSIS

***Metropolitan Council 2007 Adopted Unified Budget
Transportation Division - Metro Transit***

Financial and Resource Outlook

The Metro Transit - Bus operating budget reflects revenue of \$224.1 million and expenses of \$225.8 million. A \$1.7 million surplus from 2006 operations will be carried over to 2007 to offset the spending in excess of revenues. Available operating reserves in 2007 are estimated to start at about \$17.3 million.

**Metro Transit - Bus Operations
Sources and Uses of Funds, 2004 - 2007
(All values in millions of dollars)**

	2004 Actual	2005 Actual	2006 Budget	2007 Budget
UNDESIGNATED RETAINED EARNINGS – JAN. 1	\$ 13.1	\$ 16.2	\$ 17.3	\$ 19.0
<u>SOURCES OF FUNDS:</u>				
Transit Fund	\$ 93.4	\$ 87.4	\$ 88.7	\$ 91.4
Passenger Fares	46.6	62.6	62.0	64.3
State General Fund	31.5	35.1	44.6	44.3
Federal Funds + Capital	16.6	13.6	16.8	15.4
All Other Sources	7.9	7.8	7.6	8.7
Transfers From Other Funds	0.0	0.0	0.0	0.0
Total Sources	\$ 196.0	\$ 206.5	\$ 219.7	\$ 224.1
<u>USES OF FUNDS:</u>				
Salaries & Benefits	\$ 155.3	\$ 164.1	\$ 167.7	\$ 174.0
Materials & Supplies	17.1	21.4	25.8	28.7
All Other Expenses	9.5	9.6	13.7	10.7
Central Service Fees	11.0	10.3	12.5	12.4
Total Uses	\$ 192.9	\$ 205.4	\$ 219.7	\$ 225.8
SURPLUS / (DEFICIT) Note 3	\$ 3.1	\$ 1.1	\$ 1.7	(\$ 1.7)
UNDESIGNATED RETAINED EARNINGS – DEC. 31	\$ 16.2	\$ 17.3	\$ 19.0	\$ 17.3

Note 1) Undesignated Retained Earnings do not include certain balances from State appropriation recognized in prior years due to implementation of GASB 33 (new accounting standard).

Note 2) Actual and Budgeted amounts include capital expense reimbursement. Capital expense reimbursement is for mechanic rebuilding activities and Engineering and Construction staff design and construction management which is reimbursable by federal, State and/or local capital funds.

Note 3) 2007 Budget will be balanced with the use of \$1.7 million of projected 2006 surplus.

Metropolitan Council 2007 Adopted Unified Budget

Transportation Division - Metro Transit

Revenue

Metro Transit revenue budget in 2007 is \$224.1 million. Revenue increased nearly \$4.4 million from the 2006 adopted Budget of \$219.7 million. This increase is due in large part to the increase in fare revenue from increasing ridership. In addition to passenger fares, the largest sources of funding include proceeds from the Motor Vehicle Sales Tax (MVST) and a State of Minnesota general fund appropriation. The Council no longer levies property taxes for transit operations. In 2001 the State Legislature eliminated this levying authority and replaced it with a percentage of the Motor Vehicle Sales Tax. The revenue assumptions in the 2007 Transportation Division budget are based on the February 2006 State forecast and predicated on the successful passage of a Minnesota Constitutional Transportation Amendment in November 2006 that will guarantee a fixed percentage of MVST funds for the benefit of transit in the state.

Expenses

Metro Transit's 2007 expense budget is \$225.8 million, up \$6.1 million from the 2006 adopted budget of \$219.7 million. The expense increases are in labor, fringe benefits, fuel, and utilities expenses.

Bus operators, mechanics and clerical employees are represented by Amalgamated Transit Union (ATU) Local 1005. Police officers are represented by Law Enforcement Labor Services (LELS). Supervisors and managers are represented by Transit Managers and Supervisors Association (TMSA).

KEY WORK PROGRAM ACTIVITIES FOR 2007

Ridership

During the 2000/2001 biennium, the State legislature increased transit funding while challenging the Metropolitan Council to increase ridership. Metro Transit share of the goal was 138 million rides. Metro Transit achieved and exceeded this biennium goal at over 147 million rides. In the succeeding biennium, faced with an economic downturn resulting in a State funding reduction and a need to increase fares, Metro Transit did not achieve the ridership increases needed to continue the effort to double the system by 2020. In 2004, Metro Transit experienced a work stoppage that ceased bus operations for 45 days. Consequently, ridership dropped by nearly 28% in the first few weeks after resumption of service. In 2006, Metro Transit had a total ridership of 73.8 million passengers. This was an increase of 4.1 million passengers (5.9%) from 2005, and the highest yearly total since 1984. Anticipated system ridership in 2007 is 75.0 million.

Metro Transit is always working to attract more new customers and to retain and better satisfy existing customers. Key actions include improving service reliability, expanding and simplifying transfers, adding employer-subsidized fare programs and making the riding experience comfortable and easy. In 2007, key enhancements will include the system-wide launch and use of the new Go-To fare collection system that will make boarding faster and easier. Additionally, this customer-oriented fare paying option will integrate with the Hiawatha Light Rail system and streamline administrative and accounting processes.

In October 1998, Metro Transit introduced the MetroPass program that allows employers to subsidize annual transit passes for all of their employees. The program is designed to be revenue neutral to Metro Transit. However, the long-term goal of this program is to encourage additional new riders and to grow passenger revenue. As of August 2006, 141 companies are enrolled in the program with over 23,000 active MetroPass employees within these companies. Metro Transit generates approximately \$14.1 million in annual revenue from the MetroPass program with project ridership in 2007 of nearly 6.6 million annual rides.

Metropolitan Council 2007 Adopted Unified Budget Transportation Division - Metro Transit

In a similar fashion, Metro Transit and the University of Minnesota have negotiated the U-Pass Transit Program. The U-Pass program is a deeply discounted bus pass that offers students unlimited rides on all metro area bus and rail service with projected ridership in 2007 of nearly 4 million annual rides.

Congestion Mitigation and Air Quality (CMAQ) Grants:

Metro Transit participates in the federal CMAQ program that has the objective of improving the nation's air quality and managing traffic congestion. To this end, Metro Transit is investing the grant funds to increase ridership and improve service through expansion of service and the study of demand:

- Sector 5 Transit Service Expansion implements a restructured route network with key service strategies including a major improvement in the local grid regular route network, expanded peak-only commuter express service tied to expanded Park and Ride facilities in three congested highway corridors, and improved reverse commute transit. This grant provides for operating costs and marketing of expanded service and benefits the cities of Minneapolis, St. Paul, Edina, and Bloomington. In June 2007 the funding for the CMAQ grant will end, however, Metro Transit will continue the service developed in this route network.

Special Service:

Metro Transit provides express service to the State Fair from convenient locations and Park-and-Ride lots and provides shuttle service from various other locations. The service provided more than 932,000 State Fair rides in 2006, bringing more than 27% of all patrons to the State Fair.

Service Review

As part of its ongoing review of best service alternatives, Metro Transit will complete added sector studies to ensure that communities are receiving the types and quantity of transit service that best meet their mobility needs. These sector studies are a logical continuation of the Council's Transit Redesign program, which set service standards for the region. The sector approach removes the natural inclination to examine service on a route-by-route basis. The sector approach will ensure broad community input while building the Metro Transit and Council constituency.

Fleet

Metro Transit buses are replaced after 12-years of service. The purchase of new buses is timed so that they will arrive around June of the year their replacements are due for retirement.

In 2003, three Hybrid-Electric buses were introduced to Metro Transit's fleet. This low-floor designed bus utilizes an Allison Diesel-Electric Hybrid Power train. The power from a relatively small Cummins diesel engine and a 640-volt battery pack are blended together. A component called the Ev Drive, consisting of two AC induction motors/generators and some gearing, integrates the mechanical and electrical power elements. Through the use of Hybrid Control Modules, operation of the two power sources are optimized, resulting in reduced emissions, lower fuel consumption and continuous freeway speed capability. The unit also utilizes regenerative braking, which recaptures energy while decelerating.

Metropolitan Council 2007 Adopted Unified Budget Transportation Division - Metro Transit

Over the next five years Metro Transit will replace its retiring buses with 150 hybrid buses; additionally, 164 standard engine bus replacements will incorporate the latest engine technologies. Metro Transit will also double the biodiesel content of its fuel supply to 10 percent in mid-2007. An operational test of 20 percent biodiesel has been initiated in a small sub-fleet of buses to determine the feasibility of burning even more bio-additives so that emissions and the use of non-renewable fossil fuel will be further reduced.

Public and Support Facilities

In addition to maintaining its fleet, Metro Transit is responsible for the maintenance of both publicly-used facilities and bus-related facilities. Coverage within the seven county Metro area includes conventional bus shelters, large custom shelters, transit centers and park and ride lots. The maintenance work is conducted around the clock, every day of the week.

Summary

Metro Transits FY 2007 bus operating budget provides funding to maintain current service levels with a major focus on quality service in a customer-focused and efficient manner. The budget projects revenues of \$224.1 million and expenses of \$225.8 million with a use of \$1.7 million in surplus funds from 2006 carried over to 2007.

Metropolitan Council 2007 Adopted Unified Budget

Transportation Division - Metro Transit

METRO TRANSIT - HIAWATHA LIGHT RAIL OPERATIONS

INTRODUCTION

On June 28th, 2004, the Hiawatha light Rail line began passenger service between downtown Minneapolis and Fort Snelling carrying 2.2 million riders in advance of the Full Funding Grant commitment scheduled for a December 2004 opening. On December 4, 2004 passenger service to the MSP Airport and Mall of America commenced, completing the 12.0 mile line 27 days ahead of schedule.

Metro Transit now offers numerous bus routes with connecting service and timed transfers at 17 light rail stations. There are nearly 1,800 free parking spaces near Hiawatha Light Rail stations, including Park and Ride lots at Midtown/Lake Street, Fort Snelling and 28th Avenue near the Mall of America. Since the beginning operations through August, 2006, the Hiawatha Light Rail Line has carried more than 16 million passengers. In August 2006, Hiawatha Light Rail hit a system milestone of over 1 million passengers in one month of operations.

FINANCIAL ANALYSIS

Light Rail fares are the same as bus fares. Transfers between bus and rail are valid for 150 minutes from time of initial boarding. Fare collection is barrier-free with tickets issued from self-service vending machines located on station platforms. Passengers are required to provide valid tickets upon request as proof of payment.

Twenty-four Light Rail Vehicles were commissioned for operation and the 1.4-mile HLRT Dual Tunnels were opened to serve two Airport Stations and three stations in Bloomington.

Rail operators, mechanics and clerical employees are represented by Amalgamated Transit Union (ATU) Local 1005. Police officers are represented by Law Enforcement Labor Services (LELS). Supervisors and managers are represented by Transit Managers and Supervisors Association (TMSA).

HIAWATHA LRT OPERATIONS FUNDING

The State of Minnesota appropriated \$6.70 million to operate the Hiawatha LRT line for the 2004-2005 Biennium and \$9.35 million for the 2006-2007 Biennium. This appropriation is to cover 50 percent of the operating costs after operating revenue and federal funds are used for light rail transit operations. The remaining 50 percent are to be funded by Hennepin County Regional Rail Authority (HCRRA).

For the 2007 calendar year, passenger fares will generate \$7.3 million for rail operations. In addition, M.A.C. Airport Shuttle service will generate \$153 thousand contracted service revenue. The State of Minnesota and the Hennepin County Regional Rail Authority will round out the operating resources by providing \$6.3 million each. Federal CMAQ grant funds originally provided funding to assist the rail system but the funding concluded as of December 31, 2006.

Metropolitan Council 2007 Adopted Unified Budget
Transportation Division - Metro Transit

Sources and Uses of Funds, 2005 -2007
 (All values in millions of dollars)

	2005 Actual	2006 Budget	2007 Budget
UNDESIGNATED RETAINED EARNINGS – JAN. 1	\$1.502	\$2.264	\$2.264
<u>SOURCES OF FUNDS:</u>			
Passenger Fares	\$6.64	\$7.20	\$7.29
State General Fund	3.98	4.06	6.29
Federal Funds	3.12	3.91	-----
Hennepin County	2.75	4.06	6.29
Contracted Service	.42	.62	.15
Other	.53		.36
Total Sources	\$17.44	\$19.85	\$20.38
<u>USES OF FUNDS:</u>			
Salaries & Benefits	\$8.97	\$11.98	\$11.31
Materials & Supplies	1.45	1.41	1.28
All Other Expenses	5.54	5.51	6.75
Central Service Fees	.72	.95	1.04
Total Uses	\$16.68	\$19.85	\$20.38
SURPLUS (DEFICIT)	.762	--	--
UNDESIGNATED RETAINED EARNINGS – DEC. 31	\$2.264	\$2.264	\$2.264