

Table of Contents

2016-17 Governor's Budget, Metropolitan Council - Transportation

Agency Profile - Metropolitan Council.....	1
Expenditures Overview.....	3
Financing by Fund.....	4
Change Item: Transit Operations	5
Transit.....	8
Expenditures Overview.....	11
Financing by Fund.....	12

www.metrocouncil.org

AT A GLANCE

- 2,950,000 residents served (51 percent of state total)
- Anticipated Growth from 2010 to 2040:
 - 824,000 more people (29%)
 - 391,000 more households (35%)
 - 549,000 more jobs (35%)
- 94 million transit rides in 2013
- 1.8 million rides on Metro Mobility in 2013
- 250 million gallons of wastewater treated daily
- 107 communities provided wastewater treatment
- 7 treatment plants and 600 miles of regional sewers
- 47 million regional park visits in 2013
- 52 regional parks and park reserves totaling 55,000 acres
- 38 regional trails totaling 340 miles
- 6,800 low-income households provided affordable housing

PURPOSE

The Metropolitan Council is the regional policy-making body, planning agency and service provider for the Twin Cities metropolitan area. Our mission is to foster efficient and economic growth for a prosperous metropolitan region. Our priorities are to create a financially sustainable 21st century transportation system, promote dynamic housing opportunities for all and to leverage investments that drive regional economic development

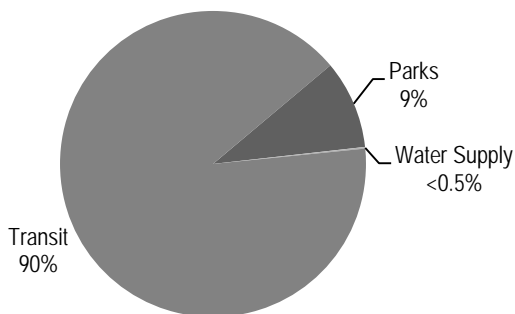
We bring together communities to develop policies and a shared vision for the region. We provide transit services and invest in a growing network of rail and bus transit ways. We collect and treat wastewater. We work to ensure adequate clean water. We plan for future growth in partnership with communities and the public. We develop a regional parks and trails system.

We provide affordable housing for low-income residents. Through our planning activities and the provision of regional services, we contribute to the following statewide outcomes.

- A thriving economy that encourages business growth and employment opportunities
- A clean, healthy environment with sustainable uses of natural resources
- Sustainable options to safely move people, goods, services & information

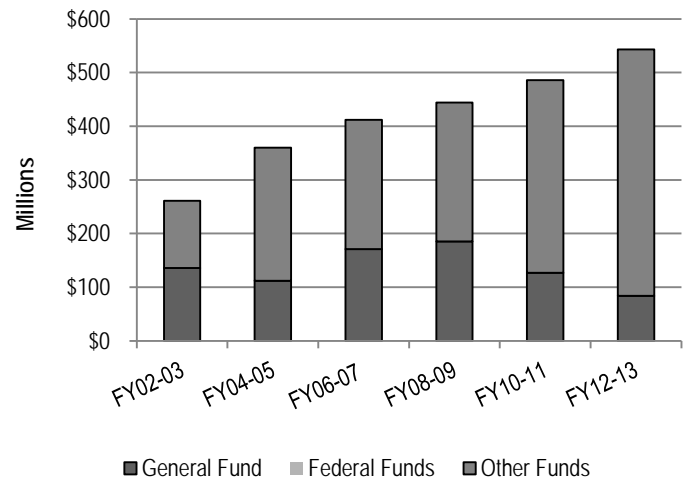
BUDGET

**Spending by Program
FY 13 Actual**



Source: SWIFT

Historical Spending



Motor vehicle sales tax revenues started in SFY 2003
Source: Consolidated Fund Statement

The charts show appropriations to the Metropolitan Council recorded in SWIFT. The Council's unified operating budget for calendar year 2013 was \$828 million. State appropriations for transit and parks operations and water supply planning provided approximately 35 percent of agency funding. Other funding came from wastewater fees, passenger fares, federal funds, property taxes and local funds.

STRATEGIES

Our governing body – the 17-member Metropolitan Council – plays a key convening role, bringing together communities to develop policies and a shared vision and direction for the region. To achieve our mission, we carry out planning initiatives and provide essential services to the region.

Planning Initiatives

- Our Thrive MSP 2040 initiative engaged residents to create a framework for a shared vision for a prosperous, equitable, and livable region.
- Our regional planning initiatives encompass transportation, parks, water resources, community planning, and housing.

Transportation

- Our Metro Transit bus and rail systems get people to work, school and services and help reduce road congestion so businesses can move their goods efficiently.
- Our Metro Mobility and Transit Link services transport people unable to use regular-route transit service.
- Our Transportation planners play a key role in creating our vision for roads, airports and transit to ensure effective and cost-efficient investments.

Parks

- We plan, acquire land and develop facilities for regional parks and trails, preserving natural resources and providing recreational opportunities throughout the region.

Clean water and wastewater treatment

- We're fostering a safe and healthy environment through our award-winning and cost-effective wastewater treatment services, water supply planning and water quality monitoring initiatives.

Planning and development

- Our Livable Communities grants clean polluted land for redevelopment and create new models for Transit-Oriented Development, stimulating and leveraging private investment and increasing communities' tax base.
- We coordinate local communities' local comprehensive plans, providing technical assistance and resources, to ensure coordinated, orderly and efficient development in the region.

Housing

- Our Housing Policy Plan will identify regional housing needs and priorities, connect housing to other Council system plans, and provide guidance for local housing planning
- Our Metro HRA provides affordable housing for more than 6,800 low-income residents in nearly 100 communities.

Minnesota Statutes, Chapter 473 <https://www.revisor.mn.gov/statutes/?id=473> provides the legal authority for Metropolitan Council.

Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
1050 - Transit Assistance	201,210	210,929	234,915	250,950	265,850	283,570	265,850	283,570
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
<i>Biennial Change</i>				183,343		29,114		29,114
<i>Biennial % Change</i>				37		4		4
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Program

	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
Program: Transit	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196

Expenditures by Category

	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
Grants, Aids and Subsidies	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Direct Appropriation	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
Net Transfers			0					
Expenditures	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
<i>Biennial Change in Expenditures</i>				109,617		(34,441)		(34,441)
<i>Biennial % Change in Expenditures</i>				140		(18)		(18)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

1050 - Transit Assistance

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In			4,417	0				
Direct Appropriation		0	0	0	0	0	0	0
Receipts	201,210	215,346	230,498	250,950	265,850	283,570	265,850	283,570
Cancellations		0						
Expenditures	201,210	210,929	234,915	250,950	265,850	283,570	265,850	283,570
Balance Forward Out		4,417	0					
<i>Biennial Change in Expenditures</i>				73,726		63,555		63,555
<i>Biennial % Change in Expenditures</i>				18		13		13
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

Metropolitan Council

Metropolitan Area Transit Sales Tax

Change Item: Transit Operations

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	163,100	256,700	267,500	276,300
Revenues	163,100	256,700	267,500	276,300
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends enactment of a half-cent local sales tax in the seven county metropolitan area to expand the regional bus and transitway system. Revenues from the sales tax would allow for the following transit expansion:

- 27 percent expansion of existing bus operations and the related expansion capital, customer facility and technology needs;
- Provide 10 percent of the capital funding for implementation of seven new transitways including the Green Line extension, (Southwest LRT), Blue Line extension (Bottineau LRT), Orange Line (I-35W Highway BRT), Red Line extension (Cedar Avenue BRT), Gateway corridor busway, and the Riverview, and Red Rock corridors (mode still under study);
- Fund 50 percent of the net operating subsidy for nine transitways including the existing Blue, Green and Red Lines; the Green extension, Blue Line extension and Red Line extension, the Orange Line BRT, Gateway corridor, and Riverview corridor (Minn. Stat. 473.4051 states “after operating revenue and federal funds have been used to pay for light rail transit operations, 50 percent of the remaining operating costs must be paid by the state”);
- Provide the capital and operating funding for ten new arterial bus rapid transit and two new highway bus rapid transit lines;
- Provide for improved amenities for existing riders by preserving, modernizing and expanding shelters, vehicles, transit centers and other customer and support facilities;
- Provide competitive grants for transit oriented development (TOD) and bicycle and pedestrian facilities.

Rationale/Background:

Transportation needs are changing and growing as the region grows and changes. More people means more demand for transit - by 2040 the metropolitan area is expected to add over 800,000 more people and 550,000 new jobs. In addition, more people are choosing to use transit. From 2003 to 2013 transit ridership increased by over 28% from 73 million annual rides to over 94 million annual rides.

Millennials – those aged 16 to 34 the largest age cohort today – are choosing to drive less and use transit more frequently than past generations. Nationwide between 2001 and 2009 the average number of miles driven by millennials dropped 23 percent as young people are taking fewer and shorter trips. In addition, by 2040 the region will have over 750,000 seniors who often depend on transit to meet their daily travel needs.

Our region has a choice – with no new investment, existing revenues levels will be focused on maintaining the current system and will not provide for the expansion needed to meet the rising public demand for services. With new investment the region can build an integrated, modern transit system that serves our growing travel needs, attracts new workers and businesses and keeps our region economically competitive.

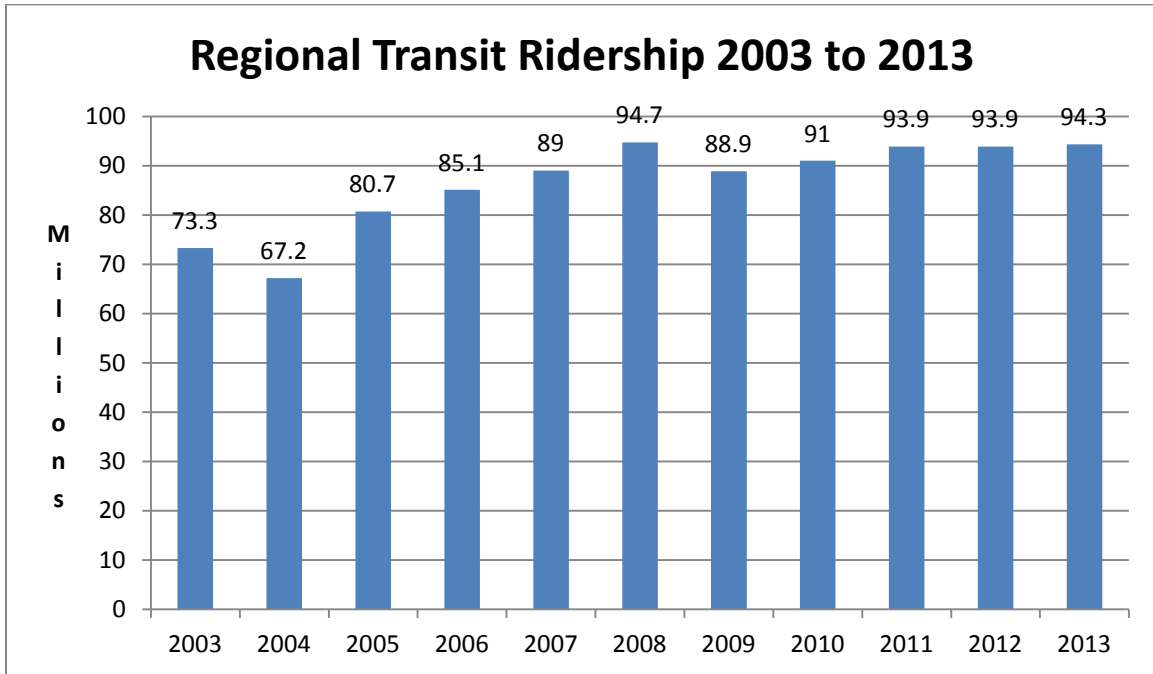
Proposal:

The Governor is proposing that the state enact a half cent sales tax in the seven county metropolitan area and invest the revenues - \$2.8 billion over 10 years - to build and operate an expanded, integrated regional transit system. The funding will provide for almost a 30% growth in metropolitan area bus services and construction and operations for up to 20 new bus and rail transitways. When fully implemented, the expanded system will provide a 70–80% increase in transit ridership resulting in 170 – 180 million annual rides. This investment will also allow for modernization and improvement of the current system providing riders with new and improved transit choices, better facilities, improved technology and a higher quality of overall service.

Results:

Transit Ridership

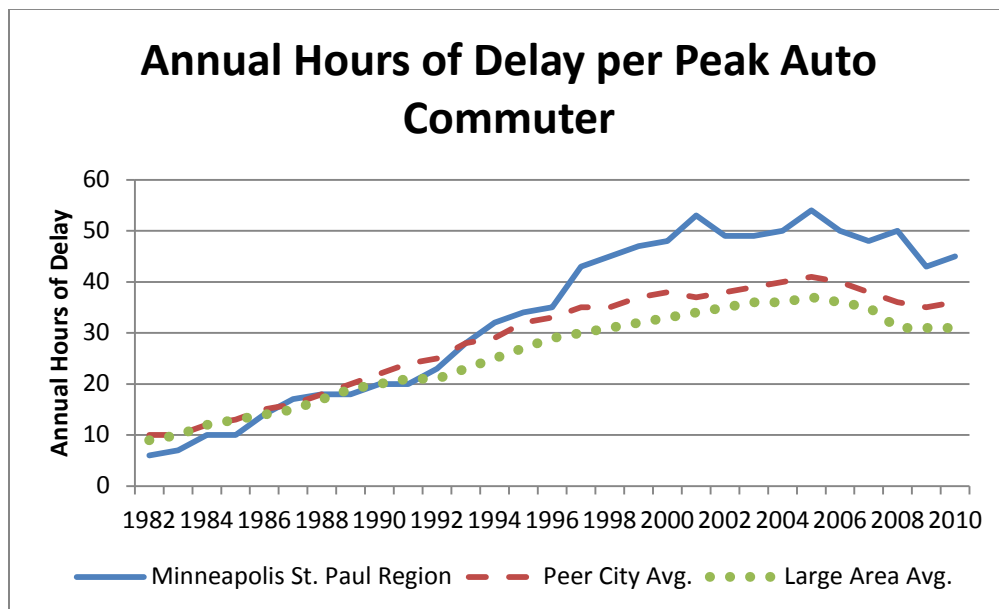
Ridership measures transit system accessibility, quality, and system growth. Growth in ridership is an indication that more people are able to meet their mobility needs using transit. Existing transit ridership shown below includes all transit providers in the region. The new metropolitan area transit sales tax will allow regional transit ridership to increase 70-80% to 170-180 million annual rides.



Hours of Delay Caused by Congestion

Transit helps our citizens and business use roads more efficiently, and benefits all road users, not just transit riders. Metro congestion affects many throughout the state, not just those who live in the metropolitan area such as workers commuting to and from the metro area, businesses shipping or receiving goods, and travelers and goods moving through the metropolitan area.

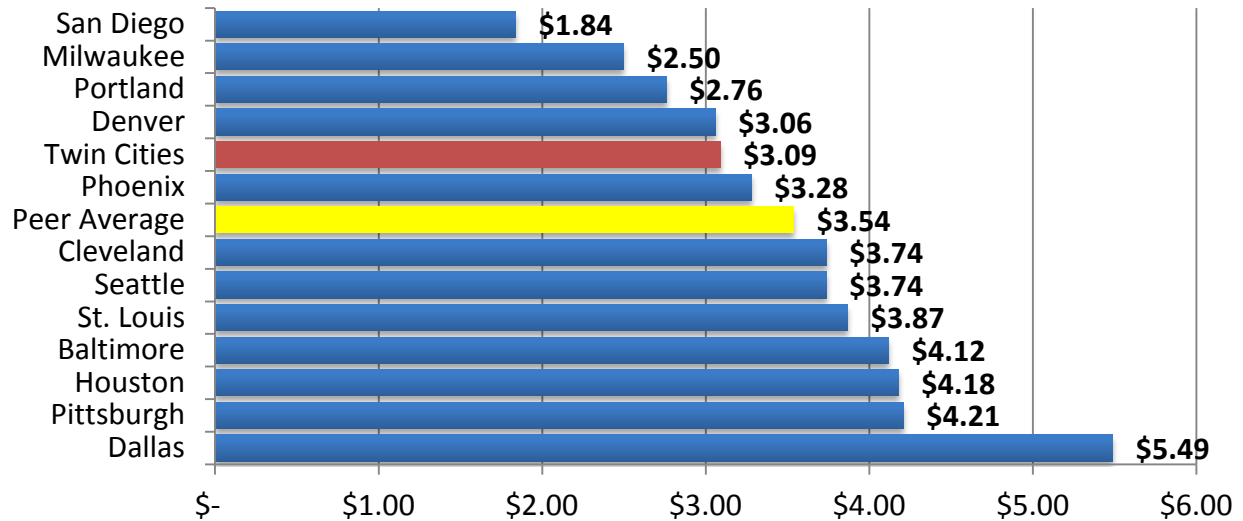
The number of hours spent in congestion is an indicator of roadway performance and of transportation-related impacts to air quality. Traffic congestion causes problems for travelers and shippers including extra travel time, unreliable travel time, and increased fuel costs. Congestion also impacts air quality through increased carbon dioxide (CO2) emissions.



Metro Transit Subsidy per Passenger Trip

Compared to our peers, we have a highly efficient, effective transit system. Data from the National Transit Database indicates that Twin Cities' subsidy per transit passenger trip was \$3.09 in 2012 – lower than 8 of 12 peer regions and about 13% less than the peer average. The Twin Cities' light rail system had a subsidy per passenger trip of just \$1.67 in 2012.

2012 Subsidy per Passenger Trip



Statutory Change(s):

Statutory language required to authorize a half-cent sales tax in the seven-county metropolitan area

Program: Transit

<http://metrocouncil.org>

AT A GLANCE

- Over 94 million total transit rides in 2013 - 315,000 rides per weekday
- 1.8 million rides on Metro Mobility in 2013
- METRO Green Line (Central Corridor) service initiated June 2014
- Green Line attracted \$2.7 billion in development and created over 5,400 jobs
- 15,000 housing units developed near Blue Line (Hiawatha)

PURPOSE & CONTEXT

Transportation matters because it connects us to the people and places that matter most and transit is an important part of our transportation system. Transit provides a sustainable, efficient, and effective option to relieve the region's roadway congestion and improve air quality in an environment of rising costs and tight fiscal constraints.

Transit functions are funded by passenger fares, state appropriations, Motor Vehicle Sales Tax (MVST), Counties Transit Improvement Board sales tax, federal revenue and other local sources.

SERVICES PROVIDED

We operate the state's largest public transit system. Bus and rail operations provide efficient and effective transportation for people who choose to use transit or who use transit out of necessity. Citizens unable to access or use regular bus or rail route service are served by Metro Mobility and Transit Link. Metro Mobility provides rides to certified riders who are unable to use regular fixed-route buses due to a disability or health condition. Transit Link is the Twin Cities dial-a-ride small bus service for the general public, where regular route transit service is not available. We:

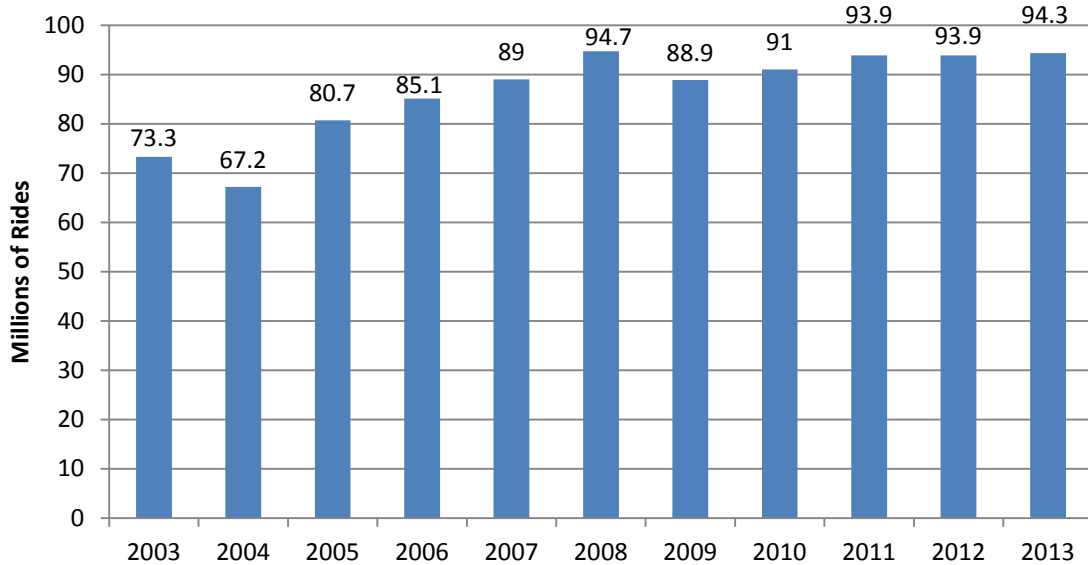
- Operate and maintain bus, light rail and commuter rail services;
- Add new and expand existing bus routes to meet growing demand;
- Develop a network of rail and bus "transitways", with service mode and alignment selected and implemented based on an extensive alternatives analysis and local input. Transitways include bus and rail transit that enable fast, reliable travel times and an improved passenger experience on high-demand corridors in the region; and
- Work with MnDOT, counties, and cities to increase the travel speed of transit through initiatives including bus-only shoulders, ramp meter bypasses and signal priority.

RESULTS

Transit Ridership (Result)

Ridership measures transit system accessibility, quality, and system growth. Growth in ridership is an indication that more people are able to meet their mobility needs using transit. Regional ridership includes all transit providers in the region.

Regional Transit Ridership 2003 to 2013

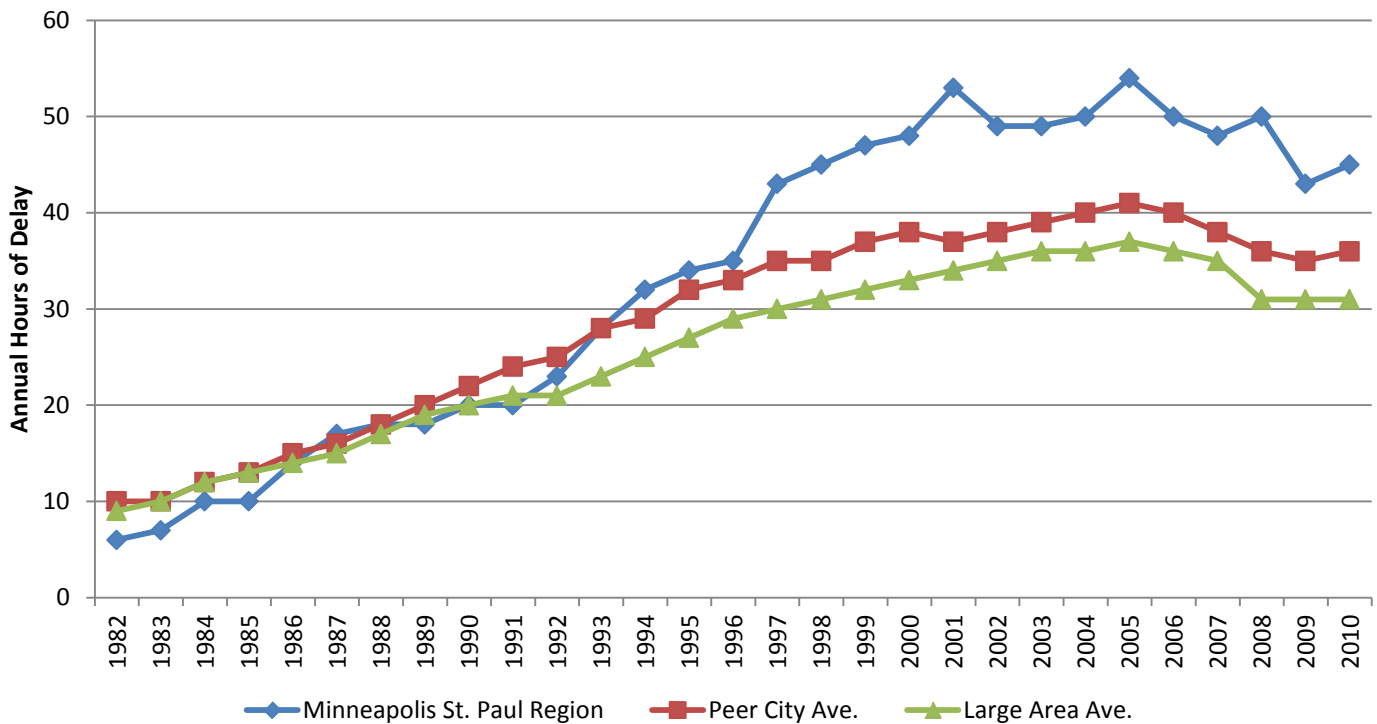


Hours of Delay Caused by Congestion (Result)

Transit helps our citizens use roads more efficiently, and therefore, benefits all road users, not just transit riders. Metro congestion affects many people throughout the state, not just those of us who live in the metro. If your business ships goods or needs to receive shipments, you have a stake in well-functioning, less congested metro area roads. If your workers travel to the metro area on business, you have a stake in ensuring they can get to and from their destination in a reasonable amount of time.

The number of hours spent in congestion is an indicator of roadway performance and of transportation-related impacts to air quality. Traffic congestion causes problems for travelers and shippers including extra travel time, unreliable travel time, and increased fuel costs. Congestion impacts air quality through increased carbon dioxide (CO₂) emissions.

Annual Hours of Delay per Peak Auto Commuter

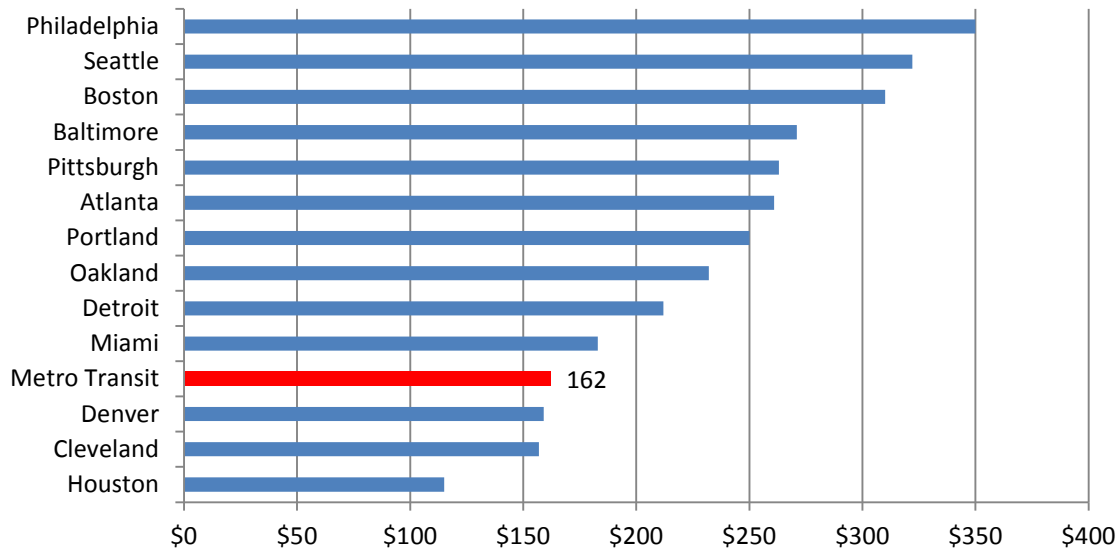


Metro Transit Annual Operating Funding Per Capita (Quantity)

We run a top-rate system but we are not growing as fast as our growing population or our employers need us to grow. Compared to our peers, we have a highly efficient, effective transit system today, but are not growing at the rate of peer regions.

Data from the National Transit Database indicates that Twin Cities residents pay an average of \$162 a year for transit operations – 1/3 less than the peer average. In 2011, Twin Cities residents paid an average of \$158 a year for transit operations.

2012 Annual Operating Funding Per Capita



Expenditures By Fund

	Actual		Actual FY14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY13			FY16	FY17	FY16	FY17
1000 - General	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
1050 - Transit Assistance	201,210	210,929	234,915	250,950	265,850	283,570	265,850	283,570
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
<i>Biennial Change</i>				183,343		29,114		29,114
<i>Biennial % Change</i>				37		4		4
<i>Governor's Change from Base</i>								0
<i>Governor's % Change from Base</i>								0

Expenditures by Budget Activity

Budget Activity: Met Council Transit	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196

Expenditures by Category

Grants, Aids and Subsidies	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Total	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Total Agency Expenditures	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196
Expenditures Less Internal Billing	240,248	249,967	342,804	330,754	342,476	360,196	342,476	360,196

Program: Transit

Program Financing by Fund

(Dollars in Thousands)

1000 - General

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Direct Appropriation	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
Net Transfers			0					
Expenditures	39,038	39,038	107,889	79,804	76,626	76,626	76,626	76,626
<i>Biennial Change in Expenditures</i>				109,617		(34,441)		(34,441)
<i>Biennial % Change in Expenditures</i>				140		(18)		(18)
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0

1050 - Transit Assistance

	Actual		Actual FY 14	Estimate FY15	Forecast Base		Governor's Recommendation	
	FY12	FY 13			FY16	FY17	FY16	FY17
Balance Forward In			4,417	0				
Direct Appropriation		0	0	0	0	0	0	0
Receipts	201,210	215,346	230,498	250,950	265,850	283,570	265,850	283,570
Cancellations		0						
Expenditures	201,210	210,929	234,915	250,950	265,850	283,570	265,850	283,570
Balance Forward Out		4,417	0					
<i>Biennial Change in Expenditures</i>				73,726		63,555		63,555
<i>Biennial % Change in Expenditures</i>				18		13		13
<i>Gov's Exp Change from Base</i>								0
<i>Gov's Exp % Change from Base</i>								0