

2016 PERFORMANCE EVALUATION REPORT

REPORT TO THE MINNESOTA LEGISLATURE



METROPOLITAN
C O U N C I L

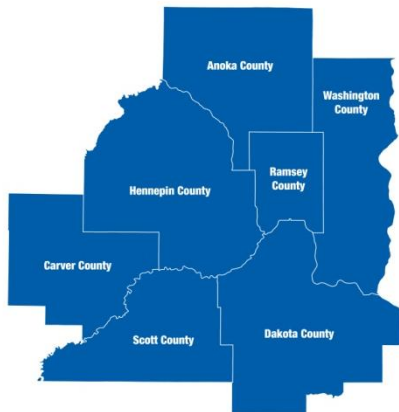
May 2017

The Council's mission is to foster efficient and economic growth for a prosperous metropolitan region.

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The Metropolitan Council is the regional planning organization for the seven-county Twin Cities area. The Council operates the regional bus and rail system, collects and treats wastewater, coordinates regional water resources, plans and helps fund regional parks, and administers federal funds that provide housing opportunities for low- and moderate-income individuals and families. The 17-member Council board is appointed by and serves at the pleasure of the governor.

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About This Report

The Metropolitan Council recognizes performance evaluation as a key tool to ensure that its functions meet their objectives in a timely and cost-effective manner. The Council has implemented a number of methods to strengthen its performance evaluation process.

This report is required by Minnesota Statutes, Section 473.13, Subdivision 1a, which calls for the Council to submit annually to the Legislature a "...substantive assessment and evaluation of the effectiveness of each significant program of the Council, with, to the extent possible, quantitative information on the status, progress, costs, benefits and effects of each program."

The report provides a record of the services provided and service levels achieved by the Council in the context of historical trends, performance measures and budget compliance.

The report includes multi-year performance measures for all major operations and summarizes significant accomplishments by division.

The report is organized into six sections. The introduction describes the Council's authority, organization, and major functions. The overview summarizes the Council's major accomplishments in 2016. The next three sections discuss division results and the accomplishments of the individual units within each division. The last section is the appendix, which includes maps showing Council Districts, participating communities in the Council's Livable Communities program, the Metro HRA service area, Regional Parks and Trails, transit routes and service areas, the sewer service network and a 2016 Council budget summary.

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Introduction

The Twin Cities Region and the Metropolitan Council

The seven-county metropolitan area is a growing and economically vibrant region with a population of 3 million. The regional economy is supported by diverse industries and has an unemployment rate below the national average. The region's population is projected to grow to more than 3.6 million people by 2040.

The Metropolitan Council was created by the Minnesota Legislature in 1967 to plan and coordinate the orderly growth and development of the seven-county area. It has authority to plan for regional systems that include transportation, aviation, water resources, and regional parks and open space. The Council's core mission also includes the efficient operation of transit, wastewater collection and treatment, and housing assistance programs for households with low incomes.

The governor appoints a chair who serves at large and 16 Council members representing districts, who together govern the Council. To carry out its responsibilities, the Council established divisions for transportation, environment, and community development, along with standing committees to deal with each of these areas. The Council has approximately 4,200 employees and annual operating expenditures of approximately \$654 million, mostly for regional transit service and wastewater treatment.

Council Divisions' Percent of Employees and Expenditures, 2016

Division	Employees	Expenditures
Environmental Services	15%	19%
Transportation	76%	71%
Community Development/Regional Administration	9%	10%
Total	100%	100%

Divisions and Their Functions

The **Community Development Division** includes Council-related functions of the regional parks system and open space planning, regional policy and research, planning assistance to local communities, the Metropolitan Council's Housing and Redevelopment Authority (Metro HRA) and administration of the Livable Communities programs.

The **Transportation Division** consists of Metropolitan Transportation Services and Metro Transit.

Metropolitan Transportation Services (MTS) is responsible for developing regional transportation policy for all means of transportation; allocating federal transportation funds to projects in the seven-county area; coordinating regional aviation planning, and providing transit service for people with disabilities.

Metro Transit is an operating unit of the Metropolitan Council and the largest transit agency in Minnesota. Metro Transit provides an integrated network of buses, light rail and commuter trains, as well as resources for those who carpool, vanpool, walk or bike in the Twin Cities.

The **Metropolitan Environmental Services Division (MCES)** operates and maintains approximately 600 miles of regional sewers and treats an average of 250 million gallons of wastewater daily at eight regional treatment plants. Serving more than 2.5 million residents of the seven-county area, MCES provides cost-effective wastewater service to 108 communities. The MCES mission is to provide wastewater services and integrated planning to ensure sustainable water quality and water supply for the region.

Overview of the Council's Performance

Preserving affordable housing and water quality

Manufactured homes are an important source of nonsubsidized affordable housing for low-income residents and residents of color in suburban communities. Surveys and research show that park closures disproportionately displace households of color.

In 2016, the Council allocated \$250,000 to the Manufactured Home Park Preservation Project. The first part of this two-part project involved the creation of a baseline report that evaluates the current state of the region's manufactured home parks and examines the policies that the Council could use to help preserve them. The second part involves a pilot grant program to defray the costs of connecting one manufactured home park to the regional wastewater treatment system to cover half of the assessed regional sewer availability charges.

Council protects public health and environment

The Council's Environmental Services division (MCES) treats an average of 250 million gallons of wastewater from 2.5 million residents daily. This cleaned water is discharged to our rivers. Six wastewater treatment plants received national awards in 2016 for five years or more of perfect discharge permit compliance through 2015: Hastings (25 years); St. Croix Valley (24 years); Seneca (15 years); Blue Lake (10 years); Eagles Point (10 years); and Empire (8 years). These compliance records are among the highest in the nation.

Continuous improvement program leads to 'System of the Year' honors

The American Public Transportation Association named Metro Transit its 2016 System of the Year. Metro Transit was selected from agencies across North America that provide more than 20 million annual passenger trips. The award came after the successful opening of the METRO Green Line, a decade of ridership growth, and improvements in system safety, reliability, community relations, workforce development, sustainability and financial management, among other areas.

MCES receives national recognition for vision and operations

MCES was designated a 2016 Utility of the Future Today under a new national recognition program developed jointly by the U.S. Environmental Protection Agency, Water Environmental Federation, the National Association of Clean Water Agencies and other leading water organizations. Utilities are selected based on their level of engagement in advancing resource efficiency and recovery, developing proactive relationships with stakeholders, establishing resilient, sustainable, and livable communities, and fostering an organizational culture that inspires and embraces positive change and innovation.

Parks investments protect environment, raise quality of life

In 2016, the Council approved grants to 10 regional park implementing agencies, distributing nearly \$18.1 million in Parks and Trails Legacy funding for fiscal year 2017. Ninety percent of the funds are allocated for construction and improvements of trails, nature centers, parking lots, and other facilities, as well as for enhancing programming. Ten percent of the funds are allocated for parkland acquisition.

The Council approved \$4.2 million in grants to the park agencies to acquire properties and trail easements within planned park and trail boundaries. Parks acquisition grants are competitive and reviewed on a first-come, first-served basis.

Sustainability efforts include energy conservation, solar development

- At the Blue Lake Wastewater Treatment Plant and NEFCO facilities, a combined total of 1.25 megawatts (MW) of solar power went operational in 2016. The solar installation is producing an amount equivalent to about 10% of the total load of the Blue Lake Wastewater Treatment Plant. The Council will pass on the savings to residents and businesses throughout the metro area who pay for wastewater treatment.
- MCES and Xcel Energy have a five-year memorandum of understanding that establishes goals for MCES energy reduction. If MCES achieves greater reductions than outlined in the goal, it receives a bonus payment from Xcel Energy. In 2016, MCES successfully completed energy conservation projects that resulted in savings greater than the goal.
- MCES further advanced solar through subscriptions to Community Solar Gardens on and off Council land. MCES signed over 40 subscription agreements to Community Solar Gardens, representing about 10 MWs in 2016.
- MCES expects to save over \$4 million in 2016 on avoided fossil-fuel energy purchases for wastewater treatment. (These energy savings are measured relative to 2006 energy costs as a baseline.) Moreover, cumulative savings from rebates, grants, tariff optimization, and study dollars secured by the MCES energy program since 2007 equal about \$7 million.

Metro HRA launches Community Choice Program

Community Choice is a mobility counseling program of the Metro HRA designed to assist those who have housing vouchers to move to areas of opportunity. As of December 2016, there were 12 low-income families living in new neighborhoods and receiving post-move counseling services through this program. Community Choice promotes access for rent-assisted families to all neighborhoods in the region, particularly those with above-average school performance and low poverty.

Regional parks continue to be a top metro attraction

Twin Cities metro area residents love their parks. The Regional Parks System includes 54 regional parks and reserves, comprising nearly 55,000 acres, about 350 miles of interconnected trails, and 8 special recreation features, such as Como Zoo and Conservatory. The number of annual visits to regional parks and trails was 47.3 million in 2015 (the latest figure available). For context, the Mall of America receives about 40 million annual visits.

Grants support local planning activities

As part of the decennial comprehensive planning process, the Metropolitan Council provides financial support to communities to update their local comprehensive plans. As directed by the Metropolitan Land Planning Act, the Council focuses on communities that have a demonstrated need for financial assistance. In 2016, the Council adopted need criteria and identified four different categories of grantees for a total grant program amount of nearly \$1.9 million.

Grants encourage redevelopment, affordable housing, create jobs

The Council awarded \$20.9 million in Livable Communities Act grants to support revitalization of brownfields for job creation, transit-oriented development, and affordable housing.

Since the Livable Communities program became law in 1995, the Council has awarded nearly 1,000 grants totaling over \$347 million to help build or rehabilitate more than 22,000 affordable housing units; clean nearly 2,300 acres of polluted land, creating or retaining 52,000 jobs; and support development of transit-oriented, connected land uses. The grants have helped leverage billions of dollars in other public and private investments.

Equity Advisory Committee up and running

In 2016, the Council recruited and selected members for the new Equity Advisory Committee. The committee was established in late 2015 to provide expertise and advice to the Council regarding equity-related policies. The selection committee invited more than 100 candidates to interview for the 17 committee slots identified for community members. The Council appointed the committee members and co-chairs, and the advisory committee began meeting in July.

New HRA online system creates efficiencies

In 2016, Metro HRA implemented a new online system for use by rent assistance participants and landlords. Rent assistance participants may complete all paperwork online instead of through in-person appointments or mail transactions. Landlords may review payment and inspection records online immediately. Both provide efficiency in service in times of tight budgets.

Council assists industry to meet permit requirements, save money

- The Industrial Waste Pollution Prevention department of MCES has implemented a first-in-the-nation EPA-approved electronic reporting system for industrial customers.
- MCES made solid progress in 2016 to establish several industrial pretreatment programs. The industrial customer benefits through lower strength charges and lower capital costs; the Council benefits through deferred plant expansion and lower strength processing.
- MCES assisted communities to reduce water use in the region by 140 million gallons a year through two water efficiency programs. The first is a grant program to implement water reduction measures. The second is an industrial water conservation program—in collaboration with the University of Minnesota—to help eight industries use water more efficiently.

\$200 million in federal funds allocated to transportation projects around region

Applicants submitted 145 local projects to the Council for consideration for \$200 million in federal transportation funding during the biannual Regional Solicitation process. The projects totaled \$540 million and sought to leverage an additional \$410 million from local sources. Subsequently, the Council allocated an additional \$32.7 million available from increased federal funds to Minnesota.

The Transportation Advisory Board's (TAB) Technical Advisory Committee evaluated each of the 145 projects submitted and made final recommendations to the full TAB in January 2017. Projects selected in January include highway, bridge, transit, bikeway, pedestrian, and Safe Routes to School projects in the metro area.

Systematic rehabilitation program protects wastewater assets

MCES is investing \$130 million annually to preserve wastewater infrastructure, which has an estimated replacement value of nearly \$7 billion, including \$100 million annually for interceptor pipe rehabilitation and pump station renovation.

Managing stormwater, sharing water data, and increasing efficiency

- The Council awarded \$1,000,000 in grants for projects providing multiple benefits to stormwater management and reuse. Several cooperating watershed organizations and communities received funding for using stormwater as a resource to clean fire trucks, water grass at parks and recreational areas, and other innovative investments.
- MCES launched an updated Environmental Information Management System, or EIMS, to provide easy access to our high-quality lake, river and stream data for the region. This update makes it much easier for water quality professionals and interested citizens to find and use information to improve our rivers, lakes and streams.
- MCES is refining its river, lake and stream monitoring programs by applying continuous-improvement to increase data accuracy and productivity. Enhancements to date include sustained success meeting 99%+ data accuracy goals and saving over 1,000 hours of effort per year to better meet the future needs of the communities we serve.

Improved bus service builds urban ridership

The first of a dozen planned rapid bus lines, the A Line, successfully opened in June. The line brings faster, more frequent service, enhanced stations and specially equipped buses to one of the region's most-traveled corridors along Snelling Avenue and Ford Parkway, from Roseville, Falcon Heights and Saint Paul to 46th Street in Minneapolis.

Metro Transit also expanded its High Frequency Network, improving service on all or part of three popular urban routes. The 14 routes in the High Frequency Network operate every 10 to 15 minutes throughout the day, Monday through Saturday. Average weekday ridership on Route 11 grew 10% after joining the High Frequency Network in March 2016.

PlanIt comprehensive plan training series launched

The Council launched a comprehensive plan training series, called PlanIt, which included 10 webinars, 2 workshops, 16 tutorials, 7 expert articles, and a free day-long conference held in 2016. PlanIt learning events focused on understanding minimum planning requirements, highlighting changes in updated policies, and clarifying expectations for planning, as well as providing examples from communities around the region. Resources related to each of these events can be accessed on the Council's Local Planning Handbook webpage. The series will continue in 2017 with additional opportunities and resources.

Bus Rapid Transit projects advance

In 2016, the METRO Gold Line Bus Rapid Transit Project was in the pre-project development phase. The Washington County Regional Railroad Authority, in close collaboration with Metropolitan Council and MnDOT, refined the Locally Preferred Alternative and advanced the Environmental Assessment for the Gateway Corridor (Gold Line BRT). The refined Locally Preferred Alternative primarily shifts the terminus of the line from Lake Elmo to Woodbury.

The METRO Orange Line Bus Rapid Transit (BRT) project cleared environmental review in 2016 and submitted a competitive application for federal funding. The 17-mile Orange Line is a planned BRT line that will connect Minneapolis, Richfield, Bloomington and Burnsville along I-35W. Opening of service is anticipated in 2019.

Southwest LRT ready for construction in 2017

The Federal Transit Administration underscored its continued confidence in the Southwest LRT Project (METRO Green Line Extension) by approving the project's entry into engineering in December. This milestone means the federal government has authorized project staff to finalize designs in preparation for the start of construction in 2017.

The METRO Green Line Extension will operate from downtown Minneapolis through the communities of St. Louis Park, Hopkins, Minnetonka, and Eden Prairie, passing near Edina. At Target Field Station in Minneapolis, Green Line Extension trains will continue through downtown Minneapolis to the University of Minnesota, Midway and State Capitol areas, and downtown Saint Paul.

METRO Blue Line LRT Extension on track

The METRO Blue Line Extension LRT Project met several milestones in 2016, including municipal consent by affected cities and Hennepin County, a Final Environmental Impact Statement issued for the project, and a Record of Decision issued by the FTA.

The Blue Line Extension Project—often called Bottineau LRT—will expand the existing Blue Line from Target Field in downtown Minneapolis into the northwest suburbs through Golden Valley, Robbinsdale, Crystal and Brooklyn Park, adding 13 miles to the line. Once all funding is secured, construction is set to occur from 2018 to 2020, with revenue service starting in 2021.

Metro Transit creates better bus stops in response to local needs

Efforts to improve the waiting experience for bus customers continued in 2016 with the installation of 33 new shelters. With these latest installations, Metro Transit is halfway to its

goal of installing 150 new shelters since 2014. The improvements are largely being made in areas of Brooklyn Center, Brooklyn Park, Richfield, Minneapolis and Saint Paul where there is a high concentration of poverty and the majority of residents are people of color.

In addition, Metro Transit partnered with several community-based organizations to gather customer and community input on how to improve the bus stop experience. The partnerships with local organizations may serve as a model for future project-based community outreach and engagement activities.

Metro Mobility restructuring improves customer service and reduces costs

Metro Mobility implemented a new service delivery model that provides better customer service, reduces duplication and improves efficiency. The new delivery model reflects a change from using two core contracts with three small county contracts to three large service contracts. The service areas were designed to honor past travel patterns.

One of the key effects of the change is to eliminate ride transfers. Previously, customers traveling between a core contractor and a county contractor would likely have to transfer vehicles and contractors. Now, all customers receive a “single seat” ride. Restructuring Metro Mobility also saves the Metropolitan Council an estimated \$630,000 annually.

Community Development

Overview

The mission of Community Development is to:

- Understand current and future development patterns to inform development of local and regional policy.
- Provide high-quality, coordinated planning, policy and program development to support regional growth and reinvestment.
- Identify and analyze regional issues.
- Facilitate community collaboration.
- Provide Livable Communities Act grants from three funding accounts to eligible communities to assist them with cleaning up polluted sites, expanding housing choices, and undertaking developments that use land and infrastructure more efficiently and connect housing, jobs and services.
- Deliver state and federally funded rent assistance to create and provide affordable housing for low-income households in the region.
- Partner with the 10 regional park implementing agencies (cities, counties, and park districts) and the Metropolitan Parks and Open Space Commission to manage the many regional parks, trails, and open spaces that make up the Twin Cities nationally renowned regional parks system.

The Community Development Division includes the following units and core activities:

UNIT	CORE ACTIVITIES
Regional Parks and Natural Resources	Develop and implement the Regional Parks Policy Plan through planning, research, and administration of the regional parks system grant programs. Support the Metropolitan Parks and Open Space Commission, which advises the Metropolitan Council on regional parks policy, master plan reviews and grant program coordination. Help coordinate the regional parks legislative requests. Ensure protection of the region's investment in the regional parks system through the review of local comprehensive plans and environmental studies.
Local Planning Assistance	Implement the Metropolitan Land Planning Act through <i>Thrive MSP 2040</i> and its policy plans. Provide planning and technical assistance and foster cooperative relationships with local governments and other organizations to achieve local and regional goals. Accomplish this responsibility through the Sector Representative Program; technical assistance; review of local comprehensive plans, plan amendments, and environmental reviews; and coordination of policy outreach efforts through the Land Use Advisory Committee.
Regional Policy and Research	Manage large regional policy initiatives, such as <i>Thrive MSP 2040</i> and the <i>2040 Housing Policy Plan</i> , and collect and disseminate data and analysis about the demographics and development patterns on the Twin Cities.
Livable Communities	Implement the Livable Communities Act and its three funding accounts to provide grants to participating communities. Support the planning and development of affordable and lifecycle housing in the region. Help fund transit-oriented development.
Metropolitan Council Housing and Redevelopment Authority (Metro HRA)	Administer rent assistance programs for low-income seniors, families, individuals and households with disabilities. Serve specialized populations such as homeless or families working towards self-sufficiency. Own and operate 150 scattered-site housing units, known as the Family Affordable Housing Program.

Regional Parks and Natural Resources

The Regional Parks and Natural Resources unit is responsible for developing and implementing the Regional Parks Policy Plan, with the advice of the Metropolitan Parks and Open Space Commission. The Commission provides recommendations to the Metropolitan Council regarding its reviews of park master plans, the capital improvement program for the Regional Parks System, and the distribution of park grants.

The Regional Parks and Natural Resources unit also protects the Regional Parks System through the review of local comprehensive plans and environmental studies for consistency with the Regional Parks Policy Plan.

In 2016, the Regional Parks and Natural Resources unit:

- Reviewed and evaluated local comprehensive plans for conformance to the Regional Parks Policy Plan and worked with local communities to ensure that their local planning efforts protect the integrity of the existing and planned Regional Parks System.
- Estimated the annual visitation to the Regional Parks System and individual regional park and trail facilities to produce the report *Annual Use Estimate of the Metropolitan Regional Parks System*. The Regional Parks System draws more than 47 million annual visits.
- Reviewed and approved master plans or master plan amendments for the following regional parks and trails:
 - Bunker-Chain of Lakes Regional Trail (Anoka County)
 - Central Anoka County Regional Trail (Anoka County)
 - Central Mississippi Riverfront Regional Park (Minneapolis Park and Recreation Board)
 - Harriet Island-South Saint Paul Regional Trail (Dakota County)
 - River to River Greenway Regional Trail (Dakota County)
 - Southwest Regional (Carver County)
 - Sugar Hills Regional Trail (Anoka County)
- Awarded grants to the 10 regional park implementing agencies for program and development projects from the FY 2016 Parks and Trails Legacy Fund appropriation totaling \$18,067,000. The Legacy appropriation is intended to supplement traditional sources of funding, and in 2016 it initiated new program and development projects.
 - Ninety percent of the funds authorized 14 projects such as trail improvements, natural resources restoration and management, volunteer programs, new trail and trailhead construction, wayfinding, and park improvements at more than 10 regional park and park reserve locations. A few of these locations include Clifton French Regional Park (Three Rivers Park District), Cherokee Regional Park (Saint Paul), Rice Creek North Regional Trail (Ramsey County), and Central Mississippi Regional Park (Minneapolis Park and Recreation Board). FY 2017 Legacy Funds also contributed to 18 projects started in 2015 with FY 2016 funds.
 - Ten percent of these funds created park acquisition opportunities through the park acquisition grant program. The Council matches every \$3 of Legacy acquisition funds with \$2 of Metropolitan Council Bonds to acquire lands programmed for future acquisition in Council-approved master plans.
- Distributed state appropriation of \$8,540,000 for parks operations and maintenance funding to the Metropolitan Regional Parks System for State fiscal year 2017 (July 1, 2016 to June 30, 2017).
- Conducted a region-wide survey to better understand regional park and trail visitors. Data collected from nearly 5,400 regional park and trail visitors provided information related to recreational activity preferences, visit satisfaction, use behavior, and sociodemographics.

Local Planning Assistance

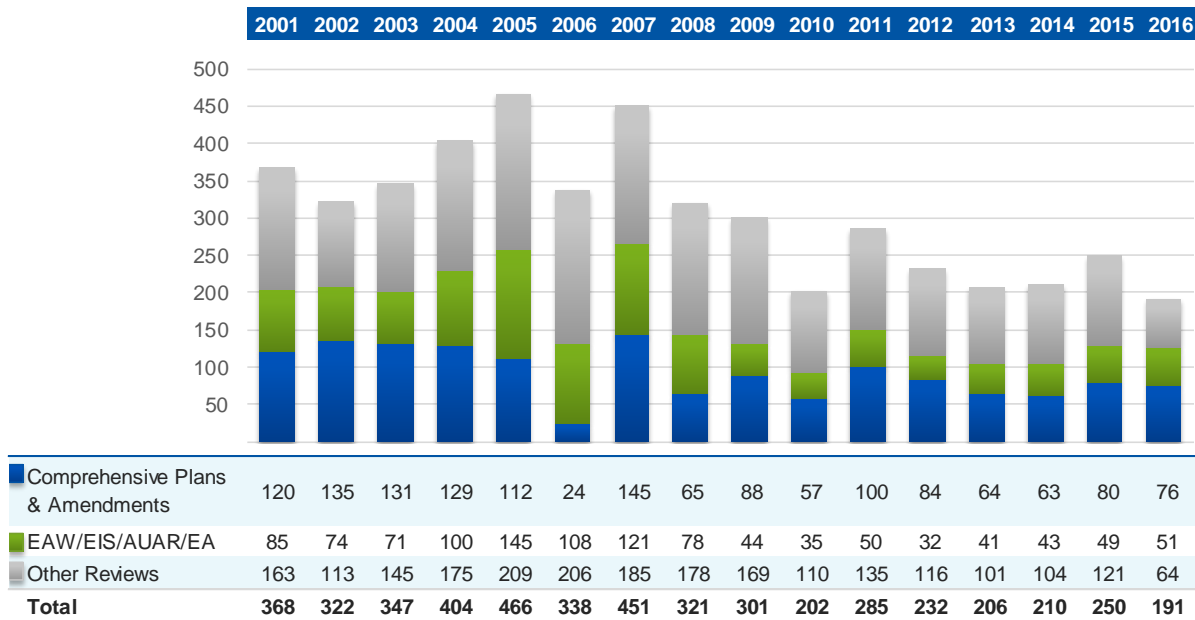
In 2016, the Local Planning Assistance unit:

- Coordinated 191 reviews to determine their conformance to the regional systems, consistency with Council policy, and compatibility with adjacent community plans, including:
 - 76 reviews of comprehensive plans including amendments, and 51 environmental reviews such as environmental assessment worksheets (EAWs), environmental impact statements (EIS), environmental assessments (EAs), and alternative urban area-wide reviews (AUARs).
 - One final 2030 comprehensive plan update after working successfully with the small staff in the one remaining community needing to complete their 2030 comprehensive plan.
 - 64 reviews of NPDES Permits, U.S. Army Corps of Engineers #404 Permits, wastewater and surface water discharge permits, and other types of reviews.
- Launched the PlanIt comprehensive plan training program to provide a series of learning opportunities for local planning staff, planning commissioners, elected officials, and other involved in writing local comprehensive plans. The 2016 series includes in-person learning events such as workshops and a day-long conference, self-guided learning through tutorials and expert articles, and remote learning opportunities through the webinar series. Attendance at all learning opportunities has been high, and people continue to access materials available online after events have been held.
- Developed and implemented the Planning Assistance Grant program, which provides \$1.9 million in grants to 70 eligible communities to facilitate the update of their 2040 comprehensive plans. Applications were received in the fall, with awards made by the end of 2016.
- Continued to add resources to the new Local Planning Handbook, which guides local governments regarding local comprehensive planning requirements and connects them to additional resources. The Handbook is fully housed on a new online platform and includes a new tool for submitting plans online, community-specific data and information needed for planning, a new individualized online mapping tool, and an extensive resource library to assist local governments in updating their comprehensive plans.
- Provided technical planning assistance and resources to local elected and appointed officials and local planning staff through the Council's Sector Representative Program, particularly as communities began their local planning process. Local comprehensive plans are due to the Council for review by December 31, 2018.
- Provided analysis and updated information on fiscal disparities, including tax-base values and impacts of the tax-base sharing program, for the public and policymakers. Also used this analysis to meet a statutory requirement to determine which communities are not eligible to participate in the Twin Cities Fiscal Disparities program.
- Planned and coordinated bimonthly meetings of the Land Use Advisory Committee, which advised the Council on the development of planning-assistance grant criteria and continued to assist in shaping new technical resources for the Local Planning Handbook and the Transit-Oriented Development Guide.
- Reviewed and provided internal comments to Livable Communities unit staff in coordinating grant requests for the Council's Tax Base Revitalization Account and for the Livable Communities Demonstration Account, including the LCA-TOD grant program.

- Prepared an annual Plat Monitoring Report for 45 developing communities.
- Prepared a report on the Metropolitan Agricultural Preserves program monitoring enrollments in the region.
- Continued coordination with Minnesota Department of Natural Resources staff on streamlining shared review of Critical Area plans as part of the Critical Area rulemaking process.

The chart below shows the number and type of planning assistance reviews and referrals administered by the Council from 2001 through 2016.

Type and Number of Reviews, 2001-2016



Regional Policy and Research

In 2016, the Regional Policy and Research team:

- Released the Diving Deeper series of *MetroStats* that assessed the impact of potential mitigating factors behind disparities in race and ethnicity in socioeconomic outcomes.
- Released a report on manufactured housing parks, outlining the pressures endangering this important source of housing affordability.
- Revised the Guidelines for Housing Policy Performance to refine the new approach to developing Housing Performance Scores introduced in 2015.
- Released the online presentation of the Housing Policy Plan Dashboard of Indicators.
- Followed up the adoption of *Thrive MSP 2040* with an initiative to expand Council staff’s understanding of the *Thrive* outcomes and principles.
- Presented to multiple external groups, such as MetroCities and MICAH, about the upcoming changes to the housing elements in the 2018 round of comprehensive plan updates.

- Revised forecasts of population, households and employment for transportation analysis zones within cities and worked with Metro Transit project offices to invite comments from local government officials.
- Produced annual city and township estimates of population and households per Minn. Stat. 473.24 and developed 2015 estimates of populations, households and affordable housing for both transportation analysis zones and census tracts.
- Released 12 issues of *MetroStats*, Internet-based publications that incorporate enhanced graphics and focused analysis to disseminate Research unit data.
- Disseminated data from two American Community Survey releases, including consistently posting data on the Council's website within 12 hours of new data availability and providing a number of public presentations.
- Provided analysis of or assistance with U.S. Census Bureau data to local government, nonprofit partners, the media, and the public.
- Conducted annual surveys on building permits (96% response rate), affordable housing production (71% response rate), group quarters (76% response rate), and manufactured home parks (79% response rate).
- Rebuilt the Council's electronic Building Permits Survey to ease the data collection process for local government staff.
- Maintained up-to-date data in the Council's Data+Maps website, including tabular geospatial data.
- Provided extensive data to inform the Green Line Extension, Blue Line Extension, Orange Line and Gold Line applications to the Federal Transit Administration (FTA) for New Starts and Small Starts funding.
- Completed a project to institutionalize the collection, maintenance, and dissemination of demographic data on station areas along transitways to inform future applications to FTA for New Starts and Small Starts funding.

Livable Communities

In 2016, 95 metropolitan area communities participated in the Livable Communities program (Minn. Stat. 473.25) to help expand and preserve affordable housing opportunities, recycle polluted sites, revitalize older cities and suburbs, and create new neighborhoods in growing communities.

Communities voluntarily participate in the program and negotiate housing goals with the Council. They are then eligible to compete for funding from the three accounts in the Livable Communities Fund, as well as pollution cleanup funds available from the Minnesota Department of Employment and Economic Development.

The Livable Communities Fund includes grants from the following accounts:

- Tax-Base Revitalization Account (TBRA) helps cities to pay for cleanup of polluted land and buildings, facilitating redevelopment activities and thus restoring tax base, jobs and housing in urban areas.
- Livable Communities Demonstration Account (LCDA) funds development and redevelopment projects that achieve connected development patterns linking housing, jobs

and services, and maximize the development potential of existing or planned infrastructure and regional facilities.

- Local Housing Incentives Account (LHIA) preserves and expands housing opportunities through grants to eligible communities to meet negotiated goals for affordable and lifecycle housing.

In 2016, the Livable Communities Program unit:

- Awarded 22 TBRA grants totaling over \$5.8 million to help clean up polluted land in six communities: Fridley, Hastings, Minneapolis, St. Louis Park, Saint Paul and Vadnais Heights.
- Awarded nine LCDA grants totaling nearly \$7.7 million to help projects in six communities: Bloomington, Hastings, Minneapolis, North Saint Paul, Richfield and Saint Paul. The funded projects will help acquire and prepare sites for redevelopment that include a mix of housing, commercial, and other uses that support daily needs and community activities. Projects will also assist with the construction of innovative storm water management solutions.
- Awarded 10 LHIA grants totaling \$2.5 million to help preserve or build affordable housing in at least seven cities: Bloomington, several cities through a Habitat for Humanity project, cities in Hennepin County, through a Homes Within Reach project, Minneapolis, Ramsey Saint Paul and Woodbury.
- Awarded five Transit Oriented Development grants totaling over \$5 million in three communities through the LCDA program: Coon Rapids, Minneapolis, and Saint Paul. The funded projects will help promote higher-density projects within easy walking distance of a major transit stop that will typically include a mix of uses oriented to the transit stop.
- Collectively, the 2016 Livable Communities grants are expected to:
 - Create or retain over 4,000 jobs
 - Leverage over \$1.2 billion in private funds and nearly \$150 million in other public funds
 - Add or preserve more than 3,400 housing units, over 1,700 of which will be affordable at 80% of Area Median Income
 - Clean up over 94 acres of polluted property to prepare it for redevelopment
- Reviewed 26 proposals for local housing revenue bond dollars to support affordable, market-rate and senior housing.
- Determined housing performance scores for cities and counties pursuant to the Council's Guidelines for Priority Funding for Housing Performance.

Metropolitan Council Housing and Redevelopment Authority

In 2016, about 7,200 low-income households in the metropolitan area benefited from rent assistance through one of 10 programs administered by the Metro HRA unit. The rental assistance programs, funded through federal and state funds, include the Housing Choice Voucher, Project Based Voucher, Non-Elderly Disabled, Family Unification, Veteran's Affairs

Supportive Housing, Bridges, Continuum of Care, Housing Opportunities for People with AIDS, Rental Assistance for Anoka County, and Family Affordable Housing programs.

In 2016, the HRA unit:

- Provided Housing Choice Vouchers to 6,500 very low income seniors, families, individuals and households with disabilities, enabling households to rent private rental units affordable to each household's income.
- Provided rent assistance to approximately 700 additional households through programs designed to assist households meeting specific eligibility criteria, such as being disabled, homeless, or working toward self-sufficiency.
- Issued over \$56 million in direct rent payments to private landlords.
- Maximized use of Housing Choice Voucher funds by ensuring 100% of the available funding was utilized.
- Maintained the HUD ranking of High Performer in the Section Eight Management Assessment Program (SEMAP).
- Owned and managed 150 scattered-site Project Based Voucher units (Family Affordable Housing Program), comprising single-family houses, duplexes and town homes located in 11 suburban communities.
- Implemented Community Choice, a mobility counseling program to assist families with Housing Choice Vouchers find housing in areas of opportunity. The program encourages self-sufficiency and success in their new neighborhood.
- Increased rental assistance opportunities available to homeless veterans through the Veteran's Affairs Supportive Housing (VASH) program.
- Continued support to HousingLink for information and referral services to housing seekers and landlords about affordable housing programs and housing vacancies.

Transportation Division

Overview

The Metropolitan Council adopts regional transportation policies and plans and coordinates all transportation planning in the Twin Cities area. This includes highways, transit, airports, waterways and rail, as well as travel-demand forecasting and air quality planning. In addition, the Council administers and operates transit services in the Twin Cities through directly provided services and contracted transit providers.

These programs are delivered by two divisions—Metropolitan Transportation Services (MTS) and Metro Transit—based on the Council's *2040 Transportation Policy Plan*.

Transportation Policy Plan Focus and Implementation

The philosophy and focus of the Council's Transportation Policy Plan is to implement the legislatively mandated regional development guide called *Thrive MSP 2040*. Specifically:

- Plan and invest in multi-modal transportation choices.
- Focus highway investments on preserving, operating and managing the existing system, and on slowing the growth of congestion.

- Encourage growth and density along transitway corridors.
- Encourage travel-demand management strategies.
- Encourage local communities in the urbanized area to implement a system of fully interconnected arterial and local streets, pedestrian pathways, and bikeways.
- Promote the development and preservation of various freight modes.
- Support investments in airport facilities.
- Serve the region's economic prosperity through investments that attract and retain successful businesses and a talented workforce.
- Connect residents of all races, ethnicities, income and abilities to opportunities.

To carry out these overall policies, the Metropolitan Council:

- Develops and maintains transportation policy for the metropolitan area, which is documented in the long-range Transportation Policy Plan.
- Develops and updates the metropolitan area federal Transportation Improvement Program (TIP), the short-range capital improvement program for all projects using federal transportation funds.
- Carries out the region's transportation planning program, the Unified Planning Work Program (UPWP).
- Implements transportation policy through the allocation of federal funds through implementation of its own programs and through coordination with the federal, state, and local governments.
- Acts as the federally designated Metropolitan Planning Organization.
- Provides or coordinates with transit programs throughout the region.
- Operates Metro Transit, the region's largest provider of large-bus, regular-route transit service, light-rail transit service, and commuter-rail transit service.
- Operates Metro Mobility, the region's ADA transit service. This program provides group-transit services (demand-response and arranged) as a legally mandated complement to the regular-route system for persons with disabilities who are unable to use regular-route transit service.
- Operates contracted regular-route transit services, a network of routes operated by private contractors. These routes comprise approximately 10% of regular-route transit in the Twin Cities.
- Operates Transit Link dial-a-ride, a shared-ride, curb-to-curb small bus service for the general public operating in the seven counties for trips not available using regular-route bus and rail transit. Transit Link connects riders to the regular-route system and to Metro Mobility.
- Partners with Suburban Transit Providers. Twelve communities, also known as "opt outs," have chosen to provide their own transit service. They provide service through contracts primarily with private companies, although they also contract with nonprofit and other governmental entities. Operating funding flows from the state to the Suburban Transit Providers through the Council. The Council coordinates regional support for fares, capital programs and other activities with opt-out authorities.

- Provides vanpools through Metro Vanpool. Started in 2001, Metro Vanpool subsidizes commuter vanpools that serve work locations and times not effectively served by the regular-route bus and rail network.

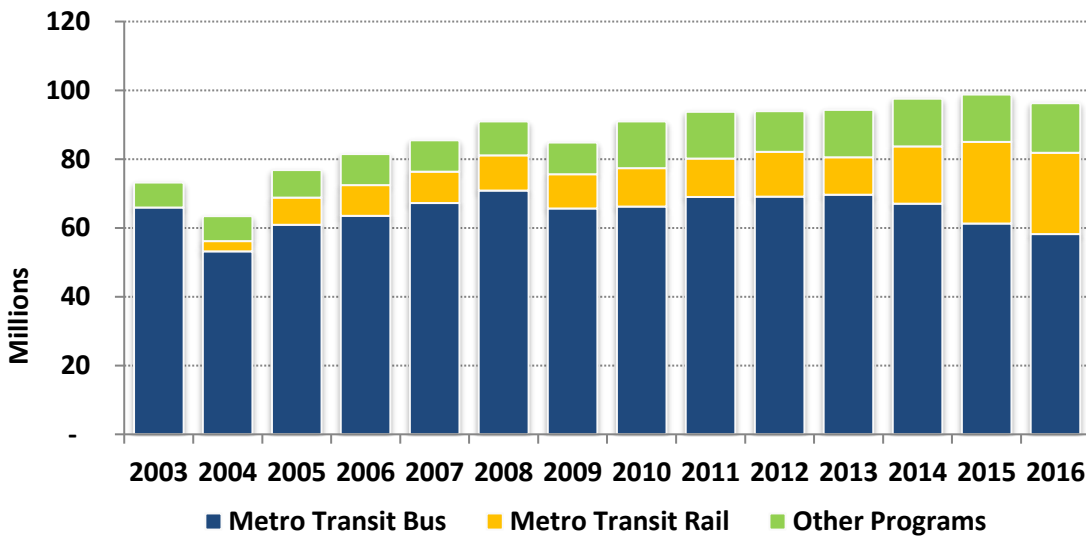
The region also has transit programs not affiliated with the Metropolitan Council. The University of Minnesota operates all-day intercampus transit service for students, faculty, employees, and the general public. The system is integrated with the regional regular-route network and interchanges passengers with other transit programs.

Regional Transit Ridership

Total 2016 transit ridership in the region was 96.3 million rides—the third highest ridership year in the region’s history. Ridership was down 2.6% from 2015 in the seven-county metro area. The region’s largest provider, Metro Transit, experienced a 3.8% decrease while Metro Mobility continued its trend of the past several years with a 5.9% increase.

A variety of factors will affect future ridership growth, including funding levels, fuel prices, the economy, employment levels, development patterns, income levels, service improvements, and highway congestion levels.

Regional Transit Ridership, 2003-2016



Metropolitan Transportation Services

Metropolitan Transportation Services has two major functions:

- Conduct transportation planning for the metropolitan area as the region's federally designated Metropolitan Planning Organization.
- Provide direct transit service contracts or partnerships with counties to deliver four major programs: Metro Mobility/ADA, Transit Link dial-a-ride, contracted regular-route, and Metro Vanpool.

Transportation Planning Activities

As the designated Metropolitan Planning Organization (MPO) for the Twin Cities metropolitan area, the Council is federally required to provide a continuing, coordinated, comprehensive transportation planning process that includes state and local units of government. In return, the metropolitan region is eligible for federal transportation funds.

Transportation Policy Plan

Federal regulations require the Council to prepare a long-range transportation plan, which must be updated every four years. The *2040 Transportation Policy Plan* was prepared in 2013-14 and adopted in January 2015. After adoption, the Council prepared a Systems Statement for every municipality and county in the region, detailing how the plan should be reflected in each of their local plan updates by the end of 2018. A transportation section of the Local Planning Handbook was written to provide planning technical assistance to communities. Webinars and other technical resources were developed as part of a comprehensive technical assistance program for local comprehensive plan updates called PlanIt. Several transportation elements of PlanIt were completed in 2016 with more planned during the comprehensive plan update process over the next two years.

Under MAP-21 and FAST Act federal guidelines, MPOs are required to have a performance-based long-range transportation plan. Since the federal rulemaking for required measures was not finalized when the *2040 Transportation Policy Plan* was being completed, the policy plan includes preliminary performance measures. In 2016, a more robust list of performance measures was being finalized for consideration in the Transportation Policy Plan update, scheduled to begin in early 2017. Five working groups, composed of transportation stakeholders, identified proposed high-priority measures for the respective transportation modes and input was gathered ahead of the beginning of the Transportation Policy Plan update.

Initial work was begun on an update to the *2040 Transportation Policy Plan* that will formally kick-off in early 2017. Work in 2016 involved preparing materials and determining the extent and structure that the update will take.

Regional Solicitation

The Council's Transportation Advisory Board (TAB) selected 58 projects to fund through two federal funding programs: the Surface Transportation Block Grant (STBG) Program (and the Congestion Mitigation and Air Quality Improvement (CMAQ) Program. The projects, most of which will be programmed for 2020-2021, will receive \$210 million in federal funds, with local sponsors contributing an additional \$206 million in local matching funds for a total investment

of \$416 million. The Regional Solicitation awards funds to highway, transit, bicycle/pedestrian, Safe Routs to School, and travel demand management (TDM) projects through a rigorous scoring system that involves over 50 participants from the Council and its partners.

Transportation Improvement Program

The Council is responsible for preparing a short-range Transportation Improvement Program (TIP) and selecting projects for federal funding. This work is conducted through the Transportation Advisory Board (TAB) and its Technical Advisory Committees, and includes broad citizen and interest-group input.

In 2016, the 2017-2020 TIP was prepared and adopted by TAB and the Council. As required by federal law, the TIP includes all federally funded surface transportation projects.

Highway Planning

The Council participates with MnDOT, cities and counties in highway planning activities to ensure implementation of the policy direction established by the Council in its *Thrive MSP 2040* and the *2040 Transportation Policy Plan*.

- During 2016, the Council coordinated with MnDOT's Metro District on several highway planning studies, especially several ongoing interagency corridor studies, including I-494/TH 62 Congestion Relief Study, Principal Arterial Intersection Conversion Study, TH 169 Managed Lane and Transitway Study, Rethinking I-94 Project, MnPASS III, Congestion Mitigation Safety Program IV, TH 65 Access Study, I-35W North MnPASS, and the Regional Highway Spending and Investment Needs Study.
- The Council administers the Right-of-Way Acquisition Loan Fund (RALF), which gives communities no-interest loans to purchase right-of-way for principal arterials and other trunk highways in advance of the time that MnDOT would be in a position to make the purchase. In 2016 the Council approved a change to the type of eligible parcels that could be purchased as part of the RALF Program.

Transit Planning Activities

The Council performs long-range transit planning activities to implement the policy direction established in its *Thrive MSP 2040* and the *2040 Transportation Policy Plan*.

- The Council continued work on the transit work program items of the *2040 Transportation Policy Plan* related to regional streetcar policies and setting regional transitway priorities. A consultant developed a series of memos related to these tasks and the initial results of this research was presented to a variety of stakeholder and policymaker groups in the region. Additional work related to these work program items will continue with the update to the *2040 Transportation Policy Plan*. The Council also began initial work on a Metro Mobility demand estimate model and an update to the *2030 Park-and-Ride Plan*. The Council also developed transit planning resources for local communities in support of upcoming comprehensive plan updates.
- The Council continued to participate with MnDOT, transit providers, cities, and county regional railroad authorities during 2016 to conduct feasibility, alternatives analysis, environmental, and engineering studies and implementation plans for several transitway corridors. Implementation and engineering work continued on the Green Line Extension (Southwest) light rail transit (LRT), Blue Line Extension (Bottineau LRT), and Orange Line (I-35W South) bus rapid transit. Feasibility, alternatives analysis, or environmental work

continued on the Red Rock, Nicollet-Central, Rush Line, Riverview, West Broadway, Highway 169 corridors. Additional ongoing work included implementation efforts for the arterial bus rapid transit system, including the Penn Avenue and Chicago-Emerson-Fremont lines, and the Dakota County East-West Transit Study.

- The Council also participated in intercity passenger rail studies, including Zip Rail, the Minneapolis/Saint Paul-Milwaukee High-Speed Rail, and the Northern Lights Express (NLX)—Duluth to Twin Cities.

Air Quality Planning

The Council conducts long-term planning required by federal law to ensure that planning for congestion management, transportation, land use and air quality conforms to the requirements of the 1990 Clean Air Act Amendment. In 2016, conformity analysis for the 2017-2020 Transportation Improvement Program (TIP) was completed to ensure the construction of policy plan and TIP projects would not violate federal air quality standards.

In 2016:

- Work continued to implement the 2010 Limited Maintenance Plan for carbon monoxide and to finalize a Transportation Conformity State Implementation Plan for air quality with MPCA and MnDOT.
- Work began on anticipating the consequences of the end of the second and final-year maintenance plan for carbon monoxide.
- Work continued with MnDOT and MPCA on responding to more stringent proposed federal ozone standards. The Council participated in the state Climate Strategies and Economic Opportunities work group and the *Thrive* work group on climate change and began work to integrate climate change mitigation and adaptation planning into transportation planning.

Project Selection for Federal Funding

In its role as the federally designated Metropolitan Planning Organization for the region, the Council concurs with the biennial selection of projects selected by its Transportation Advisory Board (TAB) for federal transportation funding through adoption of the TIP. This includes two programs: the Surface Transportation Block Grant (STBG) Program and the Congestion Mitigation and Air Quality Improvement (CMAQ) Program.

A solicitation for projects was released in spring of 2016. In January 2017, the Council's TAB selected projects to be funded with STBG and CMAQ money in 2020-2021. It also selected travel demand management (TDM) projects for 2018-2019 along with other surface transportation projects for 2017-2019 with additional funds that became available. The selected 2018-2021 projects will be incorporated into the 2018-2021 TIP, which will be approved by the Council in September 2017. TAB and its technical committees will evaluate the solicitation process to determine any changes needed prior to soliciting projects in 2018 for funding in 2022-2023.

Travel Forecasting

As the regional planning agency, the Council is charged with maintaining and applying travel forecast models to support planning for the orderly development and operation of transportation facilities. The Council maintains socioeconomic data and obtains traffic data from MnDOT to monitor, revise, and update travel forecasts. Federal regulations require the

Council to provide projections of traffic demand and related air quality emissions. These projections are used to evaluate regional transportation investments proposed in the short-range TIP and the long-range Transportation Policy Plan. In 2016:

- Work continued on responding to requests for forecast travel-demand data and providing assistance and model review to consultants, agencies and local governments. Council staff also worked with consultants on several regional-scale highway and transit projects that required forecasts, including the Blue Line Extension, Green Line Extension, Rush Line, Riverview, Orange Line, Red Rock, and Gateway transitway corridors and the I-94, I-35W, I-494/TH 62, and TH 169 MnPASS highway corridors.
- 2010 Travel Behavior Inventory (TBI) data and findings were presented to various audiences. Data from the TBI was also used in developing and implementing a next-generation activity-based travel demand model, which was released in late 2015. Work will continue on refining the new model and providing technical assistance in its application.
- Work continued on planning for the next Travel Behavior Inventory. A 10-year 2018-2027 TBI program has been developed that will involve more frequent and regular data collection and model improvements. This program has secured funding, and implementation will begin in 2017. The 2016 transit on-board study continued in 2016, with analysis to occur in early 2017.

Aviation Planning Activities

The Council prepares and maintains a plan for the regional aviation system. The Council works closely with MnDOT Aeronautics, the Metropolitan Airports Commission (MAC), and other airport owners to ensure that the region's airports provide state-of-the-art, secure and affordable services for business and leisure travelers, freight transport and general aviation activities. The Council coordinates aviation planning and community development with local, state and federal governmental units, airport users and citizens.

2016 highlights include the following activities:

- Reviewed, analyzed, and provided comments and made a determination on the Lake Elmo Airport Long Term Comprehensive Plan. Presented the findings to both the community, as well as the TAC/TAB and Metropolitan Council policy makers.
- Participated in meetings and interviews to select a consultant that will deliver the environmental documents needed for project development at the reliever airports.
- Reviewed and approved the 2017-2023 Capital Improvement Program for Minneapolis-Saint Paul International Airport and MAC's reliever airports.
- Participated in the advisory group for the Crystal and Airlake Airport Master Plan Update, which is expected to be adopted in 2017.

Transit Programs

The Contracted Transit Services unit provides transit service through service contracts for Metro Mobility, Transit Link dial-a-ride, regular-route transit, and Metro Vanpool.

Suburban Transit Providers

Twelve suburban communities manage their own transit services. Two of these—Plymouth and Maple Grove—operate their own municipal programs.

Apple Valley, Burnsville, Eagan, Prior Lake, Savage, Shakopee and Rosemount created an intergovernmental entity called Minnesota Valley Transit Authority (MVTA) to provide transit in their communities. Chaska, Chanhassen, and Eden Prairie created another intergovernmental entity, Southwest Metro Transit.

These communities contract with a variety of providers to deliver service. They also select their own routes and levels of services. A significant share of the service provided by suburban providers meets the needs of commuters traveling to and from downtown Saint Paul and Minneapolis.

Contracted Regular Routes

Contracting regular-route service is most beneficial in situations where a smaller bus is appropriate due to ridership, operational constraints, and neighborhood perception; where performance does not meet regional standards when directly operated; and in certain specially funded service arrangements. Metropolitan Transportation Services manages contracts for approximately 8% of the region's regular-route bus service.

Dial-a-Ride Service

Dial-a-ride service provides a public transit option in areas not served by the regular-route transit network. The Metropolitan Council contracts with local governments and private companies to provide general-public dial-a-ride service in these areas, called Transit Link. Although Transit Link is available to the general public, typical users are the elderly, people who do not own a car, people too young to drive, and persons with disabilities traveling outside the Metro Mobility service area. Growth or reduction in these services will be addressed as a consideration of the overall transit system and as demand warrants. The expansion of the regular-route bus system may result in reduced demand for Transit Link as more people have access to regular-route service.

Metro Vanpool

Commuter vanpools are made up of five or more people, including a volunteer driver, commuting to and from work at destinations throughout the region on a regular basis. The Metro Vanpool program provides financial assistance for vans serving locations or times not well served by the regular-route transit network.

Metro Mobility Program Evaluation

This section responds to Minn. Stat. 473.13, which requires the Council's program evaluation report to include "an assessment of progress towards meeting transit goals for people with disabilities... with required elements including, but not limited to: (1) a description of proposed program enhancements; (2) an assessment of progress; (3) identification of the estimated total number of potential and actual riders who are disabled; (4) an assessment of the level and type of service required to meet unmet ridership needs; and (5) an analysis of costs and revenue options, including a calculation of the amounts of surplus or insufficient funds available for achieving paratransit needs."

Metro Mobility Service

Under the Americans with Disabilities Act (ADA) every public entity operating a regular-route system must provide complementary paratransit service to individuals with disabilities who

are unable to use the regular-route system. Federal law requires this paratransit service be delivered at levels comparable to the regular-route system. This service must be provided within three-quarters of a mile of any all-day, local regular route in the Twin Cities. In addition Minnesota Statute 473.386 requires the Metropolitan Council to provide “greater access” to “door-through-door transportation” for the elderly, people with disabilities, and others with special transportation needs” within the Transit Taxing District as it existed on March 1, 2006.

Under the ADA there are a number of key provisions governing service delivery in the federally mandated service area. Some of these provisions include:

- No trip limits, restrictions or capacity constraints.
- There can be no denials of service.
- Service must be guaranteed at the time of the call.
- Service must be provided during all hours when regular-route service is available.
- Trips must be scheduled within one hour of the requested time.
- There may not be a pattern or practice of limiting availability. This includes long telephone hold times, substantial number of late pickups, missed trips, or excessively long trips.
- The fare cannot exceed twice the non-discounted fare for a trip of similar length, at a similar time on the regular-route system.
- Eligibility determinations must be made within 21 days of receiving a complete application for service.

The state further requires that the service must provide the assistance necessary for door-*through*-door transportation service. This exceeds the ADA which requires door-*to*-door service upon request of the rider.

Metro Mobility serves as the complementary paratransit service transit within the taxing district as it existed on March 1, 2006. Metro Mobility is a service of the Metropolitan Council. The Metro Mobility Service Center manages the service. Several private contractors deliver it.

The 2016 Metro Mobility ridership exceeded 2.23 Million rides. This is an increase of over 120,000 rides for the third consecutive year in a row. Since 2006, Metro Mobility ridership has increased 77%. The Council is currently working with a consultant to conduct a ridership analysis study to project future growth.

Program Enhancements

To maintain high-quality service and improve efficiency, Metro Mobility implemented an aggressive plan to upgrade the communications infrastructure over the past three years. In 2016, Metro Mobility completed phase three of technology upgrade projects by implementing the Go-To electronic fare payment system.

In 2013, the Council completed Phase I of the project. Phase I implemented mobile data computers (MDC) and automatic vehicle location (AVL) on all Metro Mobility vehicles. The system provides real-time information to dispatchers and managers, allowing staff to actively monitor and adjust routes as the day progresses. This allows drivers to stay on schedule and improves service dependability. Metro Mobility saw improvements in on-time performance and productivity as a result of this program.

In 2014 Metro Mobility implemented Phase II of the project. In Phase II, real-time schedule information became available to riders. An interactive voice response (IVR) system sends

riders reminder messages about trips scheduled for the following day, as well as imminent arrival messages to alert riders when the vehicle is 10 minutes away from picking them up. In addition, customers can get an email confirmation when their trips are scheduled or cancelled. This program began on a voluntary basis in July 2014.

In 2016, Phase III was completed, implementing the Go-To electronic fare payment system. This system now allows Metro Mobility riders to move seamlessly between service modes within the region. With one Go-To card, Metro Mobility customers can take advantage of the many fare features currently available to fixed-route riders. The electronic fare readers were installed on all Metro Mobility vehicles in 2015. A pilot project ran from January to April 2016. In April, the program was opened to all customers.

In August 2016, Metro Mobility stopped selling paper ride tickets. Ride tickets were printed in \$3.00 and \$4.00 denominations. They were valid only on Metro Mobility. If the tickets were lost or stolen customers could not be refunded. By contrast, the Go-To system allows value protection, so that every customer who registers their Go-To Card has their investment protected. When the card is lost or stolen, customers can contact Metro Transit Stores or the Metro Mobility Service Center. The card is immediately deactivated and any remaining stored value is transferred to a new card for a nominal fee.

The transition from tickets to the Go-To electronic fare system has gone more smoothly and faster than anticipated. In January 2016, Metro Mobility providers collected over \$326,000 worth of Metro Mobility fare tickets. By December 2016, that dropped to just under \$84,000. By contrast, the electronic fare payments rose from just over \$4,000 to just under \$200,000 by December 2016.

The electronic fare payment system recognizes fares differently than paper ticket fares. When Metro Mobility sold tickets, the revenue from ticket sales was recognized at the time of sale, not the time of use. By contrast, the Go-To value is recognized at the time of use, not the time of sale. Overall the technology project complete in 2016 has improved efficiency, effectiveness, and customer service. It allows customers greater flexibility and choice.

Assessment of Progress

Premium Same-Day Service

In 2016, Metro Mobility saw a sharp increase in Premium Same Day ridership. Premium Same Day service is not a substitute for the federally required ADA service but provides customers with an additional option that is flexible and spontaneous. The Premium Same Day Program allows customers more flexibility and the convenience of a single-seat ride.

One of the advantages to the Council of the Premium Same Day service is the relatively low cost per ride because the Council’s share of the cost is capped at \$15.00 and riders tend to take shorter trips to limit their cost to \$5.00. The average Council contribution for each Premium Same Day service remains at approximately \$9.00 for each ride.

Premium Same-Day Ridership

Year	2012	2013	2014	2015	2016
Ridership	9,916	17,005	27,790	38,380	72,343

Background on Premium Same Day Service

In 2004, Metro Mobility began offering Premium Same Day (PSD) service to customers who want a same-day ride but are not able or chose not to place a ride with Metro Mobility. (ADA regulations do not require same-day service availability.) In 2013 Metro Mobility expanded the Premium Same Day program to include all same-day trip requests. The change was made to ensure that drivers and dispatchers stay focused on delivering quality service to pre-scheduled riders on Metro Mobility.

In addition to expanding the Premium Same Day program, the cost structure was altered slightly to provide a more cost-effective alternative for customers. The Council changed the maximum subsidy for a taxi trip from \$13 to \$15. In addition, the Council lowered the threshold at which the Council contributes to the ride. Previously the passenger paid the first \$7.00 in costs plus the cab fare charges above \$20. Now the passenger must pay the first \$5.00 plus all costs over \$20.

Metro Mobility Ridership Growth

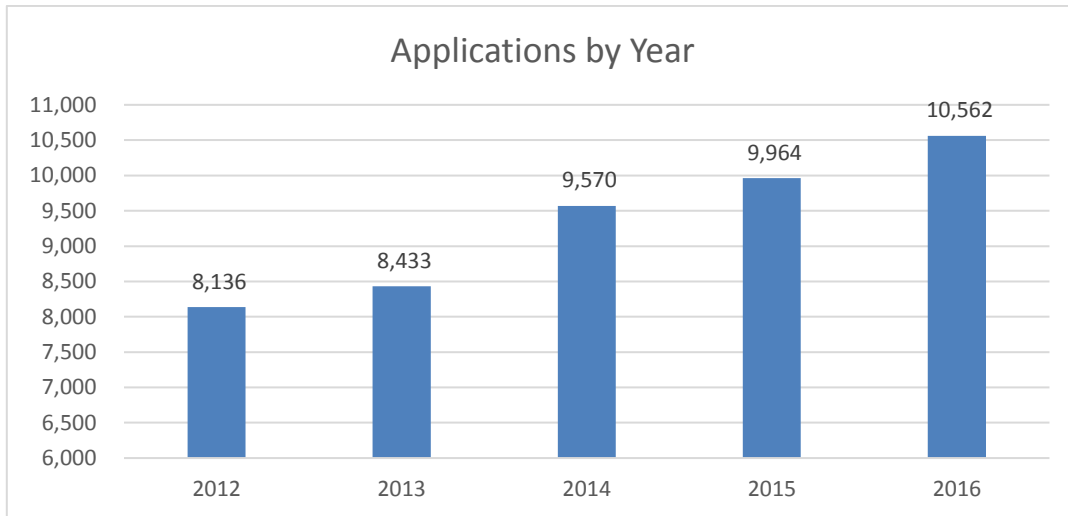
The demand for Metro Mobility service has increased dramatically over the past decade. All indications are that this trend will continue. The Council is currently conducting a needs assessment study. This project is being conducted in three phases.

Phase 1. Peer Comparison. This phase is looking at 11 other comparable regions around the country. The goal is to see how Metro Mobility compares in terms of riders, ridership, population, operating budget, growth, miles traveled, passengers serviced, percentage of population with a disability and a number of other factors. The results from Phase 1 will be used to select a smaller set of systems for Phase 2.

Phase 2. In Phase 2 will entail a “deep dive” of two or three comparable regions. This activity will look at how these regions are managing increasing demand with limited resources. It will evaluate potential operational and policy changes that could be implemented in the Twin Cities.

Phase 3. The final phase will involve developing a ridership projection model. It will look at historic ridership patterns and build a working model that can be updated regularly to help the Council better forecast short-term and long-term growth. This project is scheduled to be completed in the second quarter of 2017.

Although the Council is conducting a study to analyze ridership projections, there are some factors that are clearly contributing to increased ridership. First, more people are being certified for Metro Mobility. In 2012, Metro Mobility received about 8,100 applications for certification. In 2016, that number grew to 10,562. While some of these applications are submitted by people who are “recertifying,” an increasing number are new certifications. In 2014, 48% of the applications were new. In 2016 that number increase to 60%.



Not surprisingly, Metro Mobility is seeing an increased number of riders each year as well.

Active Metro Mobility Riders by Year

Year	2012	2013	2014	2015	2016
Active Riders	15,321	17,138	18,973	19,983	20,794

Options for Managing Costs and Increasing Revenue

As ridership demand increases so do operational and capital costs. Over the past several years the Council has improved operating cost effectiveness by increasing investments in technology to make service more efficient, restructuring to achieve economy of scale, purchasing fuel in bulk below pump rates, and identifying innovative ways to reduce the cost of the service being provided without changing the operating parameters of the service.

At this point the Council has exhausted all the “low hanging fruit” for service improvement—options that do not alter service delivery parameters. Curbing costs in the future will require hard choices and will likely result in reduced service for people with disabilities if funding is not available.

Currently, Metro Mobility’s revenue comes from a variety of sources, but the majority of revenue consists of legislative appropriations from the state General Fund. In 2015, the Council included Metro Mobility vehicles in its advertising contract. The vendor that sells advertising for the Council’s Metro Transit buses and trains was invited to sell advertising on Metro Mobility vehicles as well. To date, that revenue is extremely small, and there has been little interest in advertising. In 2015, the Council generated \$15,652 in advertising revenue on Metro Mobility. Listed below are Metro Mobility’s revenue sources.

Metro Mobility Budgeted Sources of Revenue, 2016

State General Fund Appropriation	\$52.4 M
Passenger Fares	\$7.9 M
TOTAL	\$60.3 M

Metro Mobility Cost, 2012-2016

	2012	2013	2014	2015	2016 Unaudited
Revenue Hours	774,146	852,466	935,929	1,033,178	1,101,710
Average Hourly Rate	\$49.68	\$49.56	\$50.30	\$54.95	\$51.55
Fuel Cost / Hour	\$6.85	\$6.96	\$6.26	\$5.05	\$4.32
Total Service Cost	\$45.5M	\$50.5M	\$55.1M	\$58.1M	\$58.1M

Metro Transit – A Service of the Metropolitan Council

Based on ridership, Metro Transit, an operating division of the Metropolitan Council, is the largest transit agency in Minnesota. Metro Transit provides about 90% of all regular-route service in the Minneapolis/Saint Paul metropolitan area. About 80% of rides are taken on the agency’s buses; the remaining 20% of rides are taken on light-rail and commuter rail.

With nearly 3,200 employees, Metro Transit provides around 267,000 rides each weekday with service on 132 bus and rail routes, including the newly opened A Line rapid bus service, the METRO Blue Line, the METRO Green Line and the Northstar Commuter Rail Line. Metro Transit’s fleet includes 902 buses, 86 light-rail rail vehicles, 18 commuter rail cars and six locomotives.

Metro Transit expects to achieve the goals set in the Council’s *2040 Transportation Policy Plan* by tailoring cost-effective service to diverse markets with an integrated system of core routes focusing on transit centers, an array of express bus services using Park & Ride facilities and transit advantages on freeways and highways.

Ridership growth will be driven by the implementation of an expanded network of transitways. Metro Transit has aligned its business plans to coincide with the growth objectives of the *2040 Transportation Policy Plan*.

Recognizing accomplishments in several key areas, the American Public Transportation Association named Metro Transit its 2016 System of the Year. Metro Transit was selected among transit agencies from across North America that provide more than 20 million annual passenger trips.

The award came after the successful opening of the METRO Green Line, a decade of ridership growth and improvements in system safety, reliability, community relations, workforce development, sustainability and financial management, among other areas.

Mission

To implement the *Transportation Policy Plan*, Metro Transit is committed to fulfilling its mission of delivering environmentally sustainable transportation choices that link people, jobs and community conveniently, consistently and safely.

In pursuit of its mission, Metro Transit embraces these guiding principles:

- **Service Excellence.** We go beyond the expectations of our customers to deliver convenient, comfortable and reliable service; we don't accept today's best as tomorrow's limitations.
- **Environmental Responsibility.** We promote public transportation as an environmentally friendly service and conduct our business in an environmentally responsible manner.
- **Innovation.** We regularly question the status quo; we encourage creativity and innovation in all things.
- **Safety.** We provide a safe and secure environment for our customers, community and employees through consistent training, enforcement and allocation of resources.
- **Teamwork.** As employees, we seek shared success, treat one another with respect and consider each other as customers.
- **Financial Responsibility.** We continuously improve the cost-efficiency of our services; we approach our financial relationships with integrity and transparency.
- **Community Orientation.** We are an important part of the Twin Cities region. We engage the community in our decision-making, provide well-crafted communication and offer opportunities for public involvement.

Ridership

Metro Transit provided 82.6 million rides in 2016, the third-highest annual ridership since 1981 and the sixth consecutive year the agency has provided more than 80 million rides. Average weekday ridership was 266,916. Ridership on the METRO Green Line also continued to grow, while the region's first rapid bus line boosted ridership in the corridor it serves.

Ridership highlights from 2016 include:

- Metro Transit saw its highest single-day system ridership in recent memory when fairgoers mixed with commuters and sports fans across the region on Thursday, Sept. 1, 2016. Nearly 370,000 rides were taken systemwide as the Twins, Vikings, Gophers and Saints each hosted home games and service was provided to the Minnesota State Fair.
- On Monday, Oct. 3, a single-day light rail ridership record was set with a combined 122,529 rides on the METRO Green and Blue lines.

About a quarter of Vikings fans took light rail to U.S. Bank Stadium during the team's inaugural season at the new venue.

- Metro Transit provided a record number of express bus and regular-route rides to and from the Minnesota State Fair, serving 16% of the fair's record 1.9 million visitors. More than 632,500 rides were provided to and from the fairgrounds, surpassing 2015's record ridership by nearly 10%.
- Systemwide, ridership topped 80 million annual rides for the sixth consecutive year, building on a decade of ridership growth.

System highlights

- **Preparing the workforce of the future.** Anticipating retirements and planning for system growth, Metro Transit continued to develop its current and future workforce on several fronts. To attract a diverse pool of potential Mechanic-Technicians, Metro Transit and partnering organizations led a first-of-its-kind program that combines workforce readiness training, education and a paid internship. In August, 19 job seekers completed the first phase of the inaugural Metro Transit Technician program, moving on to paid internships and a two-year degree program at Hennepin Technical College. A similarly designed program that will prepare job seekers for positions in Rail Maintenance launched in December with around 40 participants.
- **Fare payment options expand.** To make it easier and more convenient to pay fares, Metro Transit introduced a new app that includes a mobile ticketing option. With the app, customers can purchase tickets in advance online and activate them when they're ready to ride, providing operators or police an active screen as proof of payment. The app also includes Metro Transit's most popular trip planning tools. The app had been downloaded more than 5,600 times in just its first month.
- **System becomes safer, more secure.** Continued efforts to improve safety and security showed results, with fewer light-rail collisions and declines in bus customer accidents and serious reported crimes. The trends in system safety were driven by extensive training, including additional instruction at the beginning of an operator's career and in the transition from part- to full-time. Police worked proactively to make the system more secure by focusing on community-oriented and data-driven policing. Transit Police also launched a new Youth Diversion Program and welcomed 13 new full-time officers, many of whom speak a second language. In early 2016, Metro Transit was recognized with a "Gold Standard" rating for its transit security program by the Transportation Security Administration.
- **Preventative maintenance boosts fleet performance.** A continued focus on preventative maintenance led to improved fleet reliability. In 2016, buses traveled an average of nearly 8,000 miles between maintenance road calls, a key performance measure that is at a historically high level.

Local, Express and Rapid Bus Service

Metro Transit bus service remained the workhorse of the system with nearly 200,000 average weekday boardings. To improve the bus customer experience, Metro Transit installed 33 new waiting shelters, including several with heat and light. With these latest installations, Metro Transit is halfway to its goal of installing 150 new shelters since initiating the Better Bus Stops program in late 2014.

Around 7,400 new bus stop signs with route numbers and additional information were also installed by the end of 2016, marking the halfway point of a systemwide replacement effort. Each sign includes a stop number and instructions for accessing real-time departure information by phone; signs at busier stops also include route maps and information about how frequently buses arrive at that destination.

One of the shining successes for Metro Transit was the June opening of the A Line rapid bus service along Snelling Avenue and Ford Parkway and Minneapolis' 46th Street. The rapid bus

line connects the METRO Green and Blue lines as well as several schools, shopping centers and the Minnesota State Fairgrounds. Several community partners participated in opening-day celebrations.

A Line service operates every 10 minutes most of the day. Service is faster and more frequent, with off-board fare payments, transit signal priority and limited stops. A Line stations also have real-time displays, ticket vending machines and other amenities. Unique buses allow customers to board and exit either door.

In the nearly six months of service in 2016, nearly 830,000 rides were taken on the A Line, with 4,521 average weekday rides, figures not expected for more than a decade. These measurements represent a 33% increase in ridership along the corridor.

METRO Green Line

The METRO Green Line continued to attract customers, with ridership increasing for the second straight year. The 12.7 million rides taken in 2016 represented a 2.5% increase from 2015. The average weekday ridership of 39,386 was just shy of the projected weekday ridership of nearly 41,000 rides by 2030.

The METRO Green Line has 23 stations, including five shared with the METRO Blue Line in downtown Minneapolis. While ridership remained strong along the 11-mile corridor, the University of Minnesota campus has been especially active. The East Bank Station, at the heart of the U of M's main campus, had 690,169 total boarding and an average of 3,871 boardings per weekday in 2016.

METRO Blue Line

Formerly the Hiawatha Line, the region's first light rail line was renamed the METRO Blue Line in May of 2013 with the rollout of the METRO system of light-rail and Bus Rapid Transit lines. Ridership in 2016 again eclipsed the 10 million ride mark, with more than 30,000 rides given on the average weekday.

The entire METRO light-rail system includes a fleet of 86 vehicles that are powered by an overhead catenary system. A three-car train set, common during peak periods, can carry up to 600 passengers. Light-rail vehicles can operate on either the Green or Blue Lines, but in general there are 39 trains in service on the Green Line and 33 on the Blue Line. The trains run on 10-minute schedules throughout most of the service day.

In 2016, light-rail mechanics completed an exterior overhaul of the 27 Bombardier vehicles that have been in service since the Blue Line opened in 2004 and continued to rebuild the vehicle's trucks, which contain the electric motors and gearboxes that move trains down the tracks. In addition, mechanics installed new alternating flashing headlights designed to improve safety by increasing train visibility.

Along the 12-mile Blue Line corridor, there are 2,671 park-and-ride spaces and 19 stations, including the five shared stations with the Green Line. Blue Line service connects downtown Minneapolis with the Mall of America in Bloomington and the two terminals at the Minneapolis/Saint Paul International Airport.

Northstar Commuter Rail Line

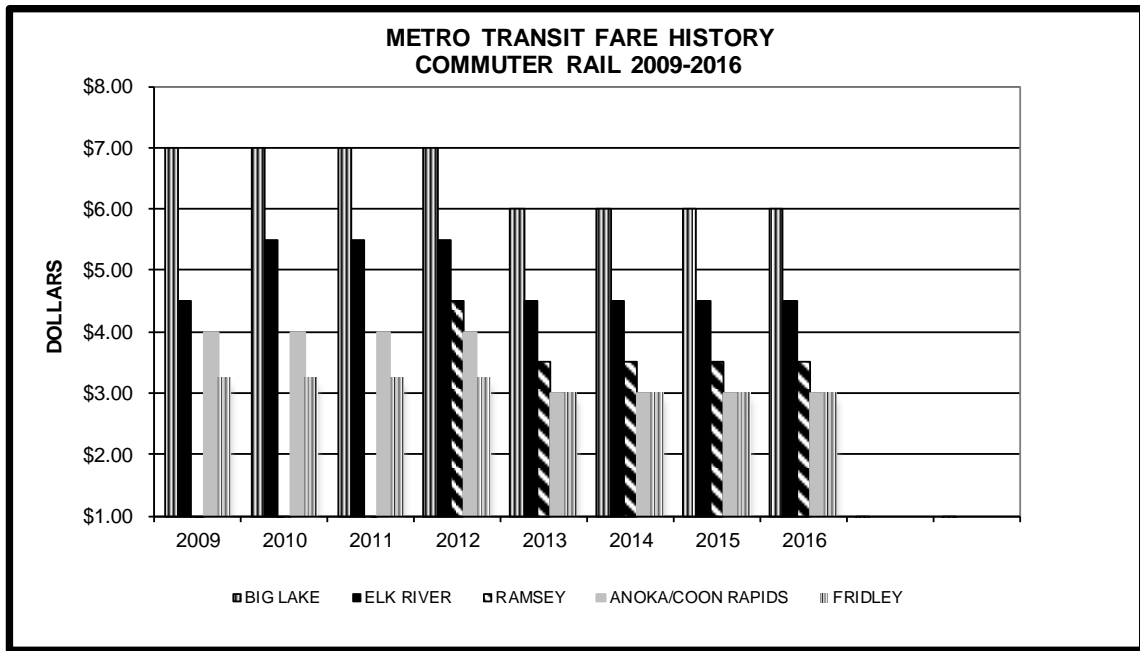
The Northstar Commuter Rail Line, which opened on Nov. 16, 2009, had a successful fifth year, with riders boarding 722,637 times, an incremental gain from 2014. The increase reversed a downward trend mainly due to on-time performance challenges related to historically severe cold weather in the 2013-2014 winter and large-scale track maintenance to address those challenges.

In 2016, Northstar average weekday ridership rose slightly to 2,534. That measurement does not include rides for special events. Northstar service to Twins and Vikings games downtown and other special events continued to be well received by riders. Using a combination of regular-service and special-event trains, Northstar served all Vikings and Twins home games.

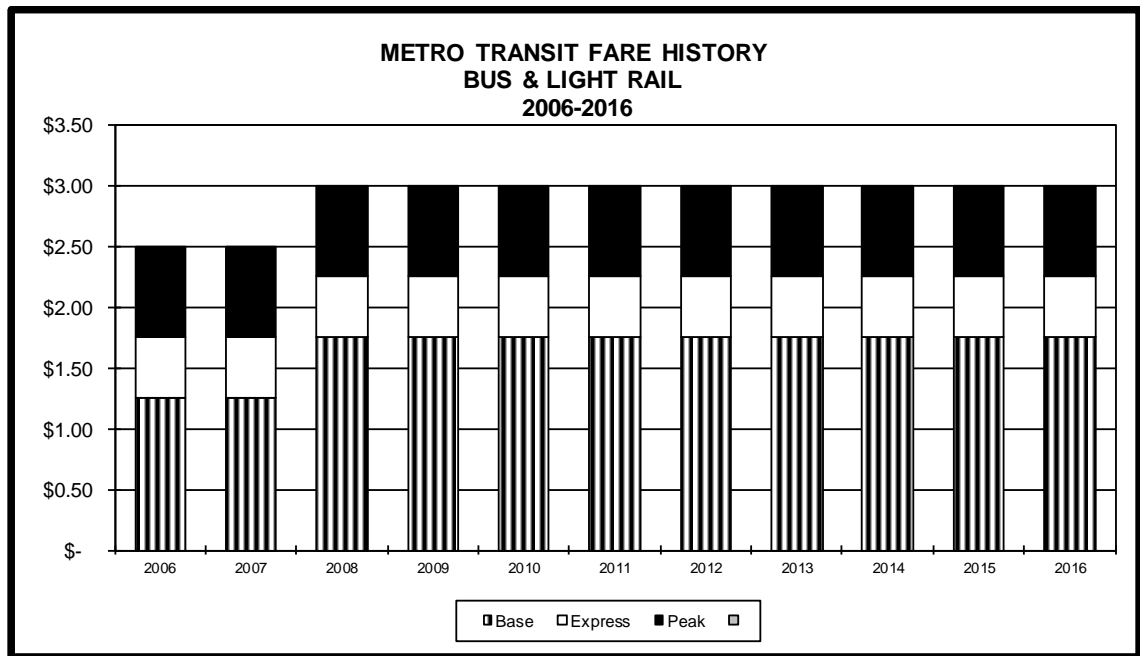
The steady ridership for Northstar in 2015 and 2016 proved that reliability is a key to Northstar's success. The 18 commuter rail cars and eight locomotives ran an average of 48,921 miles between vehicle failures. That figure, combined with the 93% on-time performance stood as testament to the rail line's dependability.

Using existing freight tracks of BNSF Railways, the Northstar Line offers five morning trips from Big Lake, Minn., to downtown Minneapolis and five return trips in the afternoon along a 40-mile corridor adjacent to congested Highways 10 and 47. Two reverse-commute roundtrips are available on weekdays, one in the morning and one in the afternoon. Additionally, three weekend roundtrips are offered on Saturdays and Sundays.

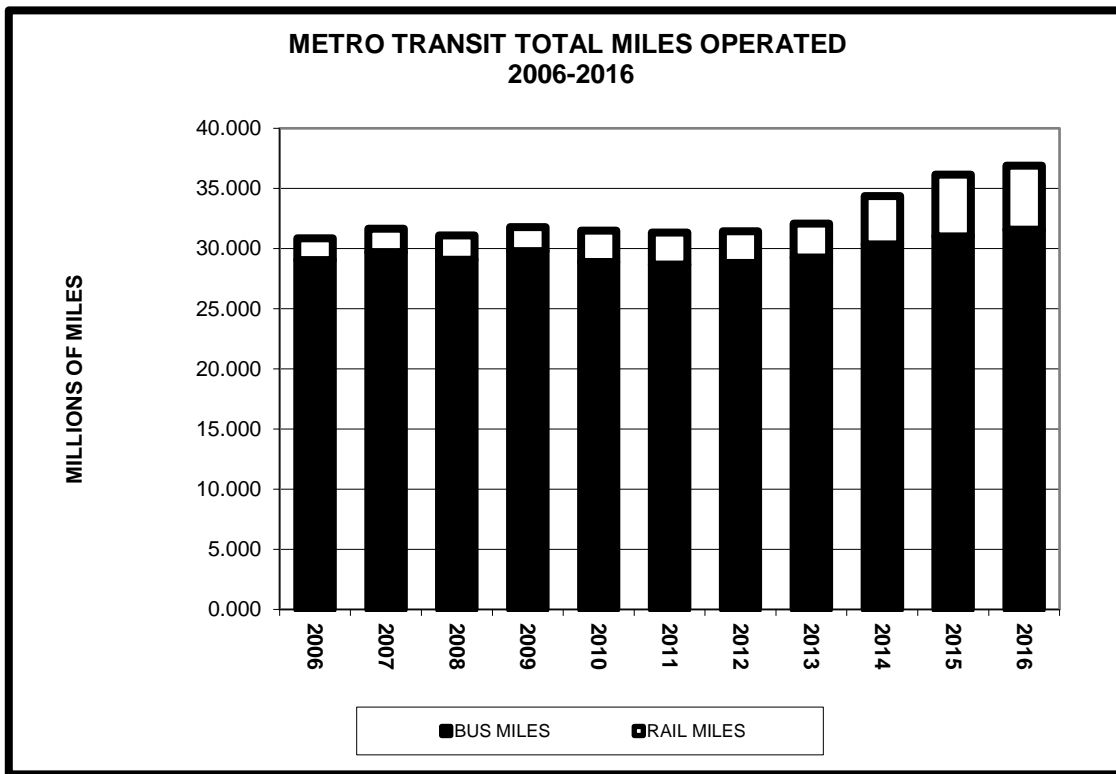
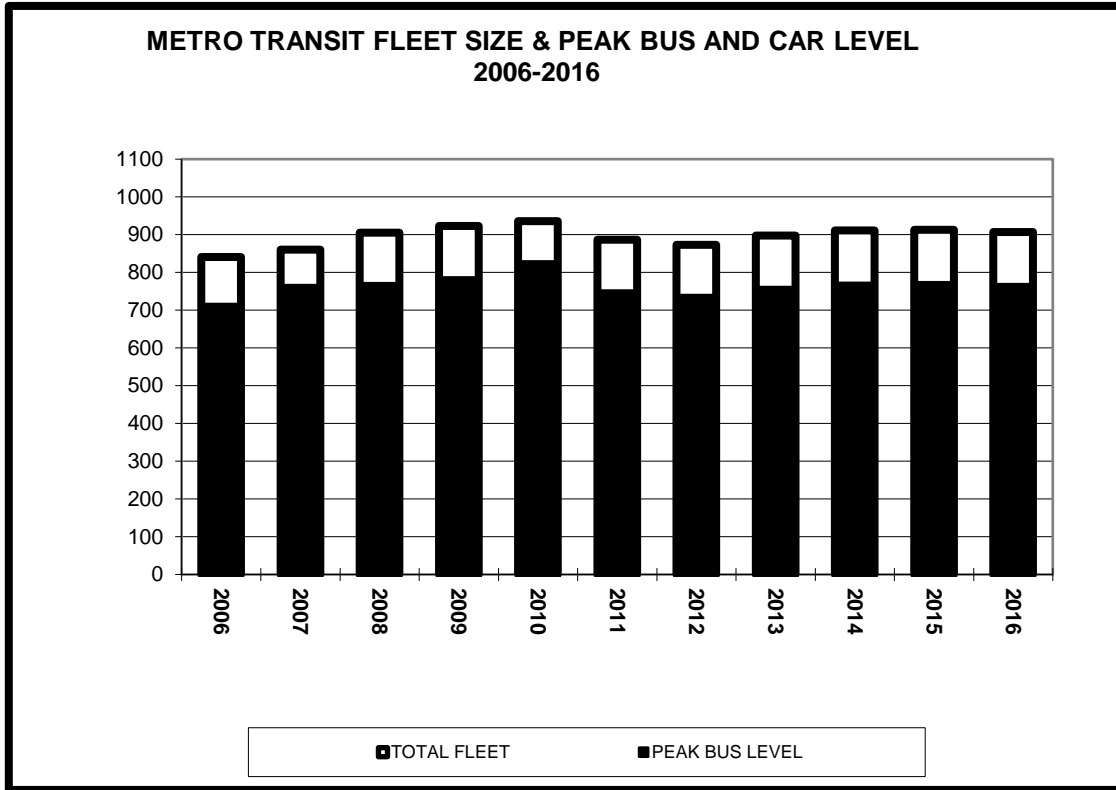
Northstar's six suburban stations – in Big Lake, Elk River, Ramsey, Anoka, Coon Rapids/Riverdale and Fridley – have adjacent Park & Ride facilities. There are more than 3,000 free parking spaces at these lots. Platforms are equipped with cameras, emergency telephones, enclosed shelters, heating and other amenities. Connecting bus service is available at four suburban stations, including Northstar Link coach buses, which provides express bus service to commuters between St. Cloud and Northstar's Big Lake Station. Northstar Link also provided service during Twins and Vikings home games.

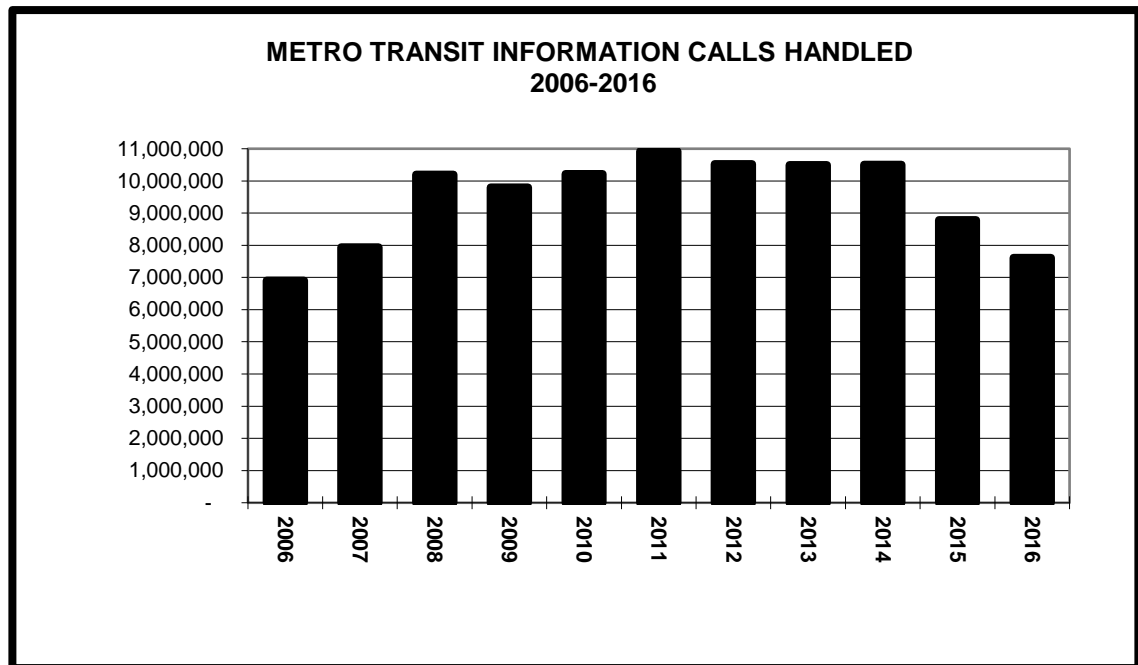
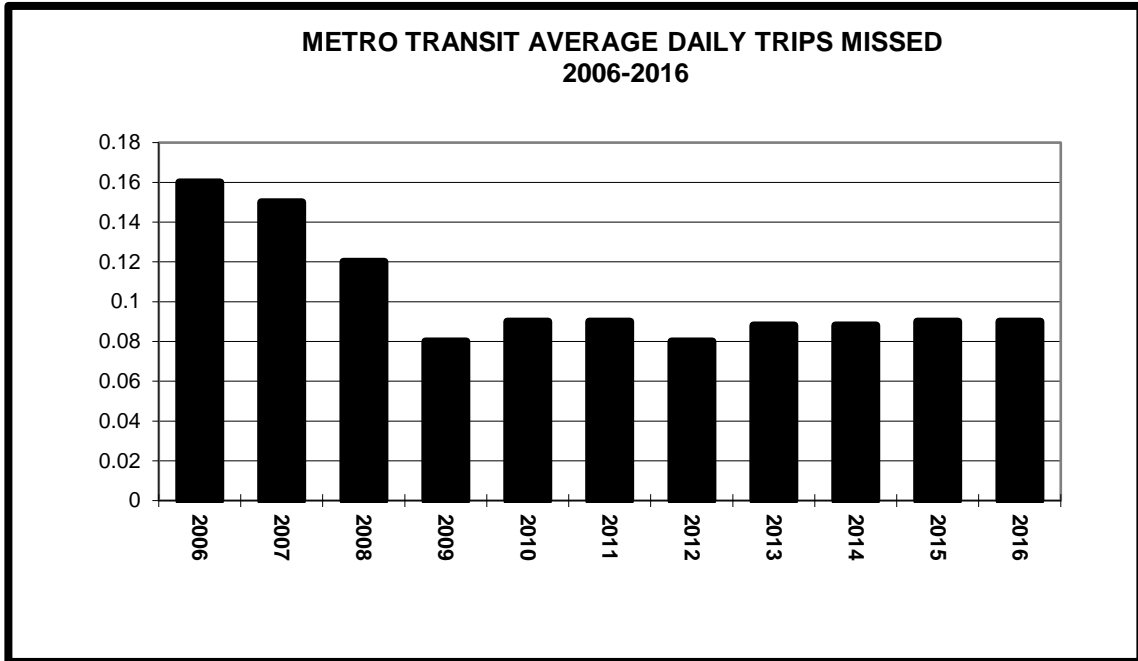


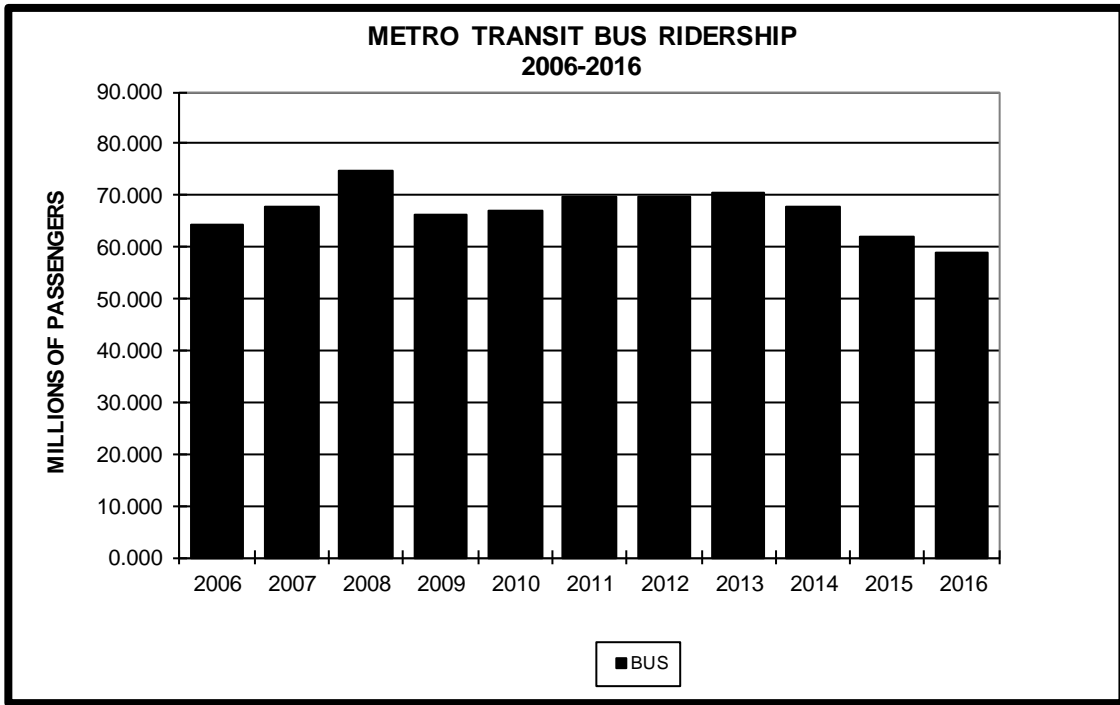
Stations	2009	2010	2011	2012	2013	2014	2015	2016
BIG LAKE	\$7.00	\$7.00	\$7.00	\$7.00	\$6.00	\$6.00	\$6.00	\$6.00
ELK RIVER	\$4.50	\$5.50	\$5.50	\$5.50	\$4.50	\$4.50	\$4.50	\$4.50
RAMSEY	\$ -	\$ -	\$ -	\$4.50	\$3.50	\$3.50	\$3.50	\$3.50
ANOKA/COON RAPIDS	\$4.00	\$4.00	\$4.00	\$4.00	\$3.00	\$3.00	\$3.00	\$3.00
FRIDLEY	\$3.25	\$3.25	\$3.25	\$3.25	\$3.00	\$3.00	\$3.00	\$3.00



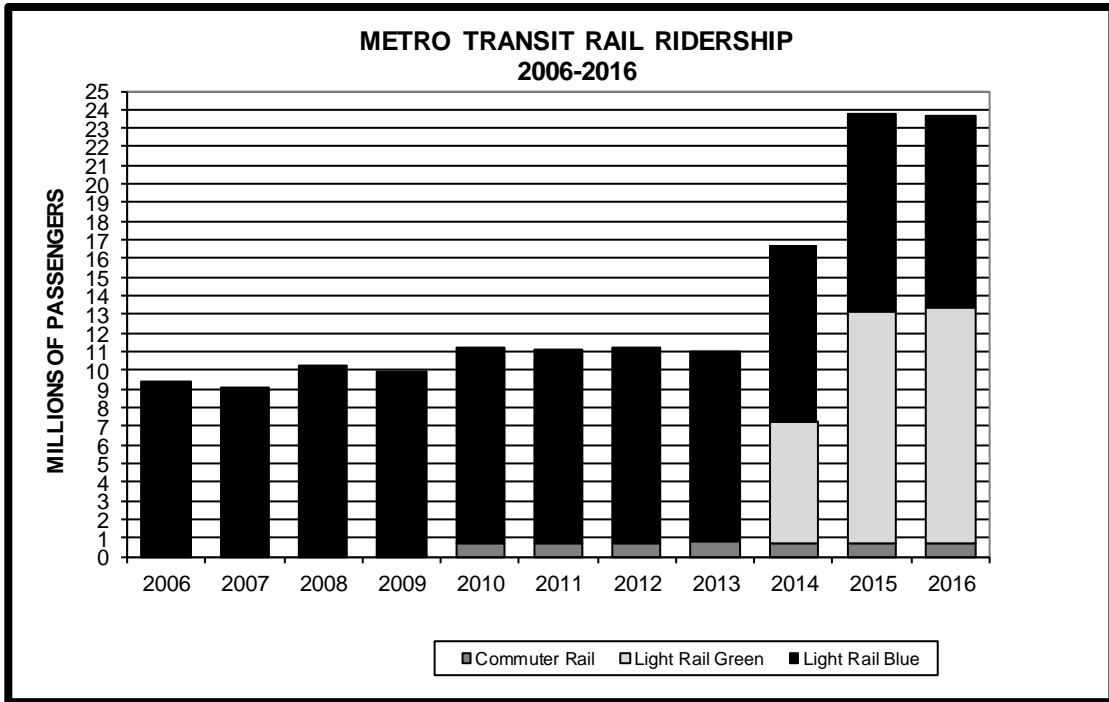
Regular fare	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Base	\$1.25	\$1.25	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75	\$1.75
Express	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
Peak	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75



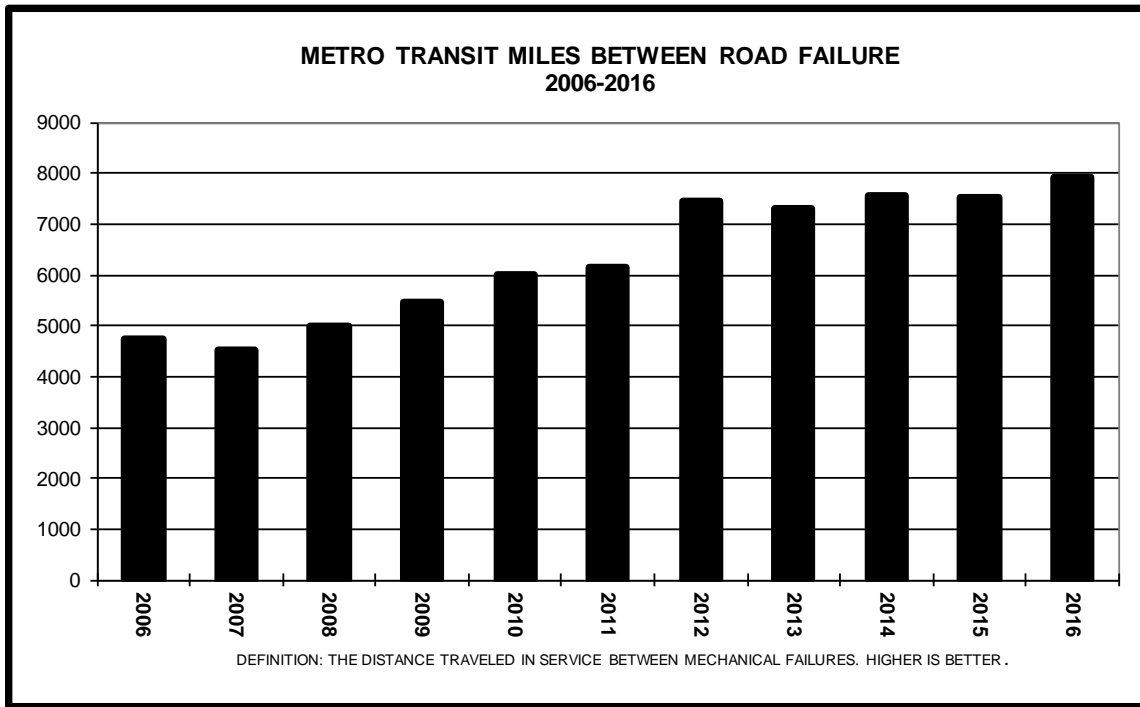




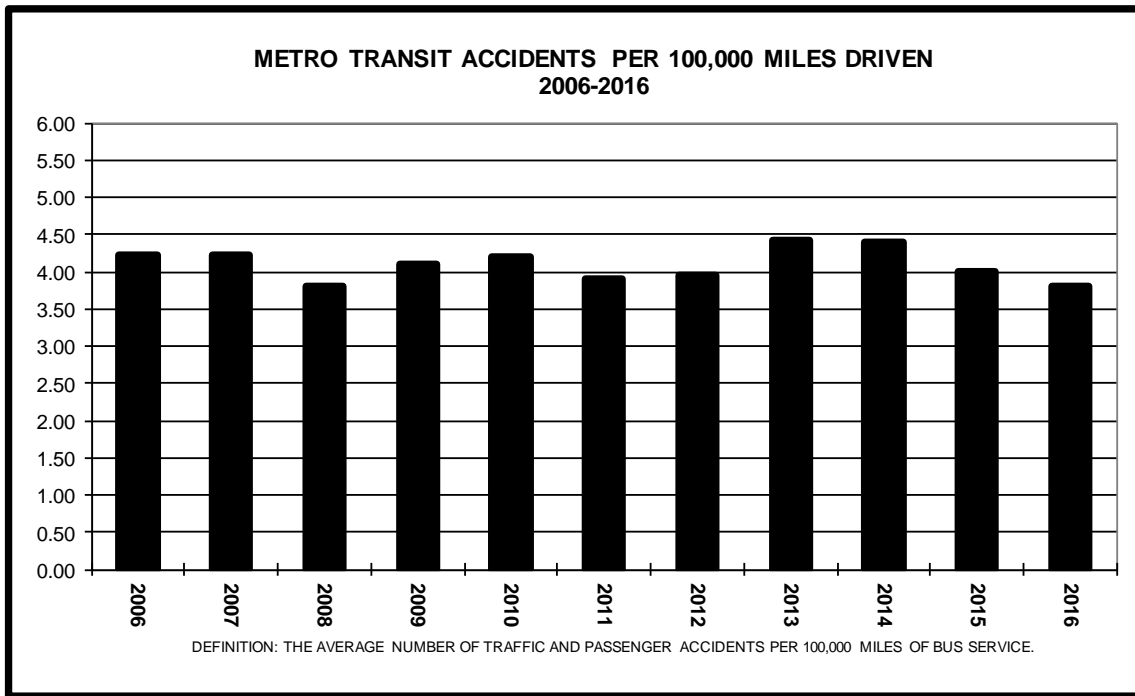
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
BUS	64.399	67.866	74.656	66.401	66.882	69.783	69.855	70.419	67.814	62.106	58.949



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Commuter Rail				0.082	0.710	0.703	0.700	0.787	0.721	0.722	0.711
Light Rail Green									6.507	12.383	12.701
Light Rail Blue	9.357	9.101	10.222	9.863	10.456	10.401	10.498	10.163	9.493	10.620	10.261



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
MECHANICAL FAILURES	4720	4536	5003	5468	5988	6128	7456	7310	7549	7510	7915
ACCIDENTS	4.21	4.22	3.80	4.09	4.19	3.91	3.95	4.42	4.40	4.00	3.81

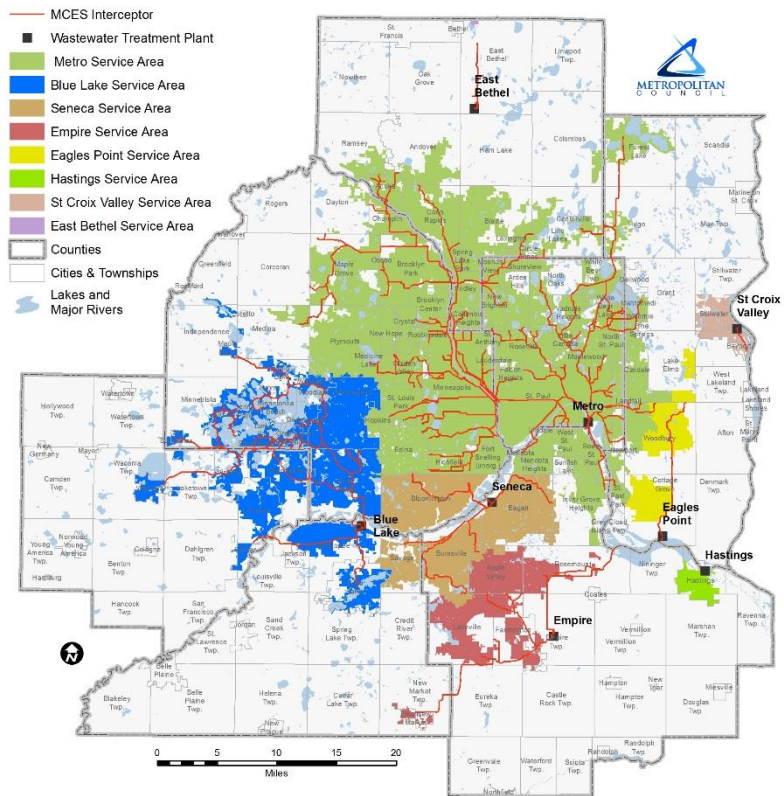


Environmental Services Division

Overview

Guided by the Metropolitan Council's long-range plan, *Thrive MSP 2040*, and the *MCES 2040 Water Resources Policy Plan*, MCES:

- Operates and maintains approximately 600 miles of regional sewers that collect flows from more than 5,000 miles of sewers owned by 108 communities in the seven-county Twin Cities region.
- Collects and treats approximately 250 million gallons of wastewater a day.
- Runs eight regional wastewater treatment plants: Seneca, St. Croix Valley, Hastings, Metropolitan, Eagles Point, Empire, Blue Lake and East Bethel.
- Continues to achieve outstanding compliance with federal and state clean water discharge standards.
- Works collaboratively with state and federal agencies, local and county government, watershed management organizations, interest groups and the public to protect the region's rich water resources as the region continues to grow.
- Establishes user fees that pay 100% of wastewater operations and debt service costs, which are below national averages.
- Works with approximately 800 industrial permit holders to substantially reduce the amount of pollution entering the wastewater collection system.
- Ensures sufficient sewer capacity to serve planned development.
- Makes capital investments to support growth, maintain infrastructure and improve water quality.



MCES Mission

Provide wastewater services and integrated planning to ensure sustainable water quality and water supply for the region.

MCES Vision

Be a valued leader and partner in water sustainability.

Strategic Vision Process

MCES continued its strategic planning process that began in 2013, rolling out its new Outcomes, Strategies and Goals. Strategic planning efforts will continue in 2016 to identify additional goals which will be integrated into 2016 performance measurements.

MCES's Strategic Outcomes for 2016 are divided into three categories:

1. Sustainable Communities
2. Sustainable Services
3. Sustainable Infrastructure

Sustainable Communities

MCES seeks to improve customer service, lead by example in environmental sustainability, and partner with customers and stakeholders to achieve regional goals.

Wastewater Treatment

MCES treatment plants continued to perform at an outstanding level in complying with clean water discharge permits. System-wide, all required air emissions stack tests were passed; there were two treatment plant non-compliance events, which have been resolved.

Six treatment plants earned a Platinum Award from the National Association of Clean Water Agencies (NACWA) for five or more consecutive years of perfect NPDES permit compliance through 2015 and awarded in 2016: Hastings (25 years), St. Croix Valley (24 years), Seneca (15 years), Blue Lake (10 years), Eagles Point (10 years), and Empire (8 years).

Customer Service

MCES reaches out to new customers and works to maintain good relations with current customers. In planning for the 2017 budget, MCES held meetings for customer communities and industrial permit holders in late May and early June, 2016. The meetings included information on proposed 2017 budget and rates and an opportunity for customer input and questions.

An additional finance forum was held with the elected officials and managers of city customers to provide an overview of MCES financial structure and budget process. The forum was attended by mayors, city council members and administrators, and gave MCES feedback from its customers on how they could be better served from a financial perspective.

Energy Reduction, Recovery, and Conservation

MCES's energy goal is to reduce purchased fossil fuel energy 10% by 2020, using 2015 as the base year. By the end of 2020, MCES will have advanced clean energy within the state of Minnesota by participating in projects that support the expansion of renewable energy in an amount equivalent to at least 10% of MCES's 2015 energy usage.

In 2016, the Council entered several community solar garden agreements. Participation in the solar gardens will save the Council about \$50,000, and over the life of the subscription agreements (25 years), will save the Council a net present value of almost \$8 million.

Eight of the solar gardens the Council has subscribed to are located on Council property, and other subscribers to those gardens are Metro Transit and local governments that the Council serves.

Water Resources Management

Among the initiatives being implemented under the Water Resources Policy Plan are the following:

1. The Integrated Water Planning Team met monthly to discuss meetings, projects, and plan reviews that span MCES departments. Collaborated with the City of Eagan to evaluate potential reuse of treated wastewater and under-tank drainage water. The latter appears technically feasible.
2. Developed potential wastewater reuse scenarios for the southeast and northeast metro and estimated costs based on those scenarios. Presented the potential scenarios and estimated costs to communities in those parts of the region.
3. Updated the region's Master Water Supply Plan in collaboration with local stakeholders, agencies and input from the Metropolitan Area Water Supply Advisory Committee (MAWSAC) and the Community Technical Work Group. The final plan was adopted by the Metropolitan Council in 2015, and plan implementation continued in 2016.
4. Expanded on a 2015 evaluation of water rates in the metropolitan area, including a more in-depth analysis of water use and water rate structures, water conservation programs, and the development of a water rate lookup tool.
5. Continued collaboration with the University of Minnesota to explore opportunities for water conservation by businesses in the seven-county metro area; and to increase the efficiency of water use in Twin Cities residential landscapes by conducting site assessments, research and demonstration projects focusing on smart irrigation practices.
6. Continued collaboration with southeast and northeast sub regions and the Washington County Water Coalition to investigate the feasibility of potential water supply alternatives available for communities. Created a new subregional work group in 2016 in western metro including cities of Minnetonka, Edina, Eden Prairie, Chanhassen, Chaska, Shakopee, Mound, Victoria, and St Louis Park.
7. Worked with three subregional work groups in the northeast, southeast and northwest metro to evaluate the opportunities for enhanced groundwater recharge and storm water capture and reuse.

8. Collaborated with stakeholders to develop a water efficiency (conservation) grant program. Grants were awarded to 19 communities, totaling \$558,000. Council grants will provide 75% of the program cost; each municipality provides the remaining 25%. An estimated annual water savings of nearly 86 million gallons per year will be realized through the implementation of these grants.
9. Continued collaboration with the U.S. Geological Survey and local stakeholders to study groundwater and surface water interaction in the northeast Twin Cities metro area.
10. Coordinated activities of the Metro Area Water Supply Advisory Committee (MAWSAC) and a new technical advisory committee created by the 2015 legislature. This new technical committee provides input to MAWSAC and MCES on technical, financial, and operational issues related to regional water supply planning from the perspective of water supply providers. The two groups met seven times throughout 2016, resulting in the development and endorsement of a MAWSAC report on water supply planning activities to be released in February 2017. The report will be sent to the Metropolitan Council, the Legislative Water Commission and the chairs and ranking minority members of the House of Representatives and Senate committees and divisions with jurisdiction over environment and natural resources.
11. Collaborated with Minnesota Department of Natural Resources to provide three training workshops for local water suppliers to support the update of their local water supply plans.
12. Collaborated with Minnesota Department of Natural Resources and planning staff to streamline the local water supply plan review process and provide technical assistance to communities as they complete those plans.
13. Collaborated with planning staff to hold a conference that included sessions on water supply and surface water planning as well as poster sessions on wastewater issues to aid communities in the update of their comprehensive plans, in particular the local water supply plan and the local surface water plans. Also held tutorials and webinars on topics to aid in the comp plan process.
14. Through stakeholder input on better providing value, began to integrate and reevaluate MCES water quality monitoring and assessment functions to put data to work for improved water quality. Deployed the new Environmental Information Management System (EIMS), which is the public access to Council's lakes, rivers, stream, and precipitation data and data reports.
15. Awarded targeted stormwater grants in the amount of:
 - a. \$200,000 to Chanhassen High School Stormwater Capture and Reuse (Riley Purgatory Bluff Creek Watershed District). Project will install a treatment system to use stormwater (1.9 million gallons per year) from an existing treatment pond to irrigate up to 51% of playing fields and green space at a high school.
 - b. \$99,287 to Eden Prairie Fire Station #2 Water Harvesting and Reuse (Riley Purgatory Bluff Creek Watershed District). Project will retrofit a city fire station to collect and treat rainwater (41,000 gallons per year) for irrigation, truck washing, and fire truck tanker filling.

- c. \$200,000 to City of Hugo Waters Edge Stormwater Reuse Project (Rice Creek Watershed District). Project will connect an existing irrigation system at a 378 unit townhome community to a stormwater pond to decrease groundwater demand.
- d. \$100,000 to Minneapolis Northside Neighborhood Engagement & Opportunities (Bassett Creek Watershed Management Commission). Project is to employ disadvantaged youth and adults to construct rain gardens in the Harrison neighborhood of North Minneapolis.
- e. \$100,000 to Minneapolis Westminster Church Stormwater Management and Reuse (Mississippi Watershed Management Organization). Project is to help fund a rain water reuse system on urban property fronting Nicollet Mall in downtown Minneapolis.
- f. \$200,000 to Saint Paul Snelling Ave. Midway Soccer Redevelopment (Capitol Region Watershed District). The request is for green infrastructure elements that go beyond stormwater management requirements on a brownfield redevelopment site.
- g. \$41,136 to Greenfield Central Park Pond Project to Pioneer-Sarah WMC. Project is to construct stormwater pond and swale to treat runoff from a city park that drains to a farm field and then to a creek and eventually Lake Sarah. The Metropolitan Council has designated Lake Sarah as a priority lake for its high regional recreational value.
- h. \$9,000 to Lilydale Stormwater Improvement Project to Lower Mississippi River WMO. Project is to buy and install a SAFL baffle in a storm sewer manhole to remove sediment, along with installation of an educational sign. This is part of a larger project to repave Trunk Highway 13. Stormwater from the intersection of TH 13 and Lexington Avenue in Lilydale discharges to the Mississippi River near its confluence with the Minnesota River.
- i. \$100,000 to Small Space Stormwater Retrofits for the Rum and Mississippi Rivers to Lower Rum River WMO. Project is to install retrofit stormwater treatment practices such as filtration, iron enhanced media, curb-cut rain gardens, bio-swales, and/or others in the cities of Anoka and Ramsey. Targeting of projects is based on 2015-2016 study that examined portions of the cities of Anoka and Ramsey that drain directly to rivers and have little to no stormwater treatment.

Sustainable Services

MCES seeks to manage and reward performance linked to mission, vision, values strategies and goals; recruit, develop and retain a high-performance workforce that has full opportunity for engagement; and utilize technology and best practices to improve efficiency and effectiveness.

Employees in the Workplace

The MCES workforce, 683 full-time equivalents (FTEs), meets the needs of a high-tech and capital-intensive industry that operates 24 hours a day, 7 days a week, 365 days a year. Employees work at multiple wastewater collection and treatment facilities throughout the Twin Cities metro area. Positions include engineers, environmental scientists, machinists, electricians, pipefitters, painters, plant operators, technicians, interceptor service workers and administrative support personnel.

MCES Workforce Plan

More than 20% of MCES employees are currently eligible or will be eligible for retirement within the next five years. Building on previous plans, the 2016-2020 Workforce Plan was created to help address the challenges of succession planning and recruiting diverse candidates.

The Workforce Planning Team (staff from Human Resources and MCES) continued its work in 2016 by implementing the 2016-2020 Workforce Plan, which focuses on seven workforce initiatives; each initiative has its own subteam. Five of the seven teams commenced in 2016.

The seven workforce subteams are:

1. Performance Management Tools/Leadership Development—ensure performance management tools and resources are in place for all employees. The team’s recommendations were approved, and will be implemented in 2017.
2. Behavioral Expectations—support and enhance a positive work culture that builds respect and a secure and civil work environment. This team’s recommendations were implemented in 2016 and will continue. Team completed its work and all recommendations were approved by the executive team.
3. Recognize/Celebrate Employees—establish/enhance programs that recognize and celebrate employees. This team developed a new program for MCES that will be implemented in 2017.
4. Build Diversity/Networking & Collaboration—build diversity in MCES that more clearly reflects the region. This team works closely with the MCES Equity Change team to accomplish the following:
 - a. Reinforced practices to recruit a more diverse staff.
 - b. Hired an intern and equity-funded employee to help with the program by looking into grants, creating hiring metrics, and representing the division at job fairs and area high schools.
 - c. Created rosters for Outreach Champions and Equity Ambassadors to assist with various outreach and equity events.
5. Mentoring—increase employee engagement, retention, and professional growth using mentoring. (On hold in 2016; will be implemented in 2017.)
6. Onboarding—welcome and integrate new employees into the workplace through inclusive and informational onboarding programs. Team supported the overarching Council onboarding team by assisting in the creation of new employee checklists, helping pilot the new checklists, and providing feedback.
7. Defining Career Opportunities/Networking & Collaboration—create a work culture that allows for career opportunities to increase retention. (On hold in 2016; will commence in 2017.)

MCES hired 15 interns and 3 urban scholars who worked on projects across the division, toured ES locations, conducted information interviews and presented what they learned about the range of career opportunities in MCES.

Additionally, MCES continued its commitment to worksite wellness through incentive programs such as a pilot program, Trade Time for Fitness.

Safety

As a result of the safety measures in 2016:

- Accidents were reduced 26% (17 in 2016 versus 23 in 2015).
- Lost time accidents slightly improved 13% (8 in 2016 versus 9 in 2015).
- Lost and restricted days improved 26% (433 in 2016 versus 587 in 2015).

Additionally, the Safety Excellence Team was created to continue safety improvements in 2016. The team has 23 representatives including 11 safety committee members, 7 executive team members and 5 safety staff.

The team's purpose is to increase communication, partnership and understanding between the Safety Excellence Team and MCES Executive Team as it relates to driving organizational safety to a level of excellence to include no recordable injuries.

The team split into three subteams to identify and develop Leading Edge Indicators (LEI). LEI precede or indicate a future event used to drive and measure activities carried out to prevent and control injury. LEI are proactive, and illustrate what employees are regularly doing to prevent injuries. LEI focus on future safety performance and continuous improvement.

The three subteams are:

1. Site Safety
2. Job Hazard Analysis (JHA)
3. Safety Metrics

Monthly or more frequently, LEI were made possible by increased safety awareness during 2016 that included:

- 12 Safety Committee meetings
- 12 site safety audits
- Regular safety training, including annual and triennial Lockout/Tagout; Arc Flash; online safety; Personnel Protective Equipment; Industrial Ergonomics; Hazard Communication; Incident Investigation; Scaffold Safety; Ladder Safety; Fall Protection; Driver Safety; Flammable Liquid Safety; Machine Guarding; Chemical Safety; Hand Safety; Office Ergonomics.
- 3 root-cause accident analyses
- More than 50 job hazard analyses
- 86 near-miss reports (versus 61 in 2015—an increase indicates improvement; more close calls being reported can be fixed before an accident happens)
- 12 personal protection equipment inspections
- Monthly discussion on observations of safe or unsafe behavior
- Safety work permits, which occur everywhere within the division and include Hot Work Permits and Energy Control Log Permits, for example.

- 103 Incident investigations
- Regulatory compliance, and following OSHA rules and regulations, and including MCES Best Safety Practices
- Acted on employee safety improvement suggestions, such as fire resistant fall protection harness needed when cutting or welding in a confined space or area when fall protection is needed.
- Additionally, 11 division wide safety committees identified site specific goals. The Safety Excellence Team monitors the committees' progress and assists as needed. Safety goals were consistently made throughout MCES including no reportable injuries, zero lost time injuries and no accidents in 2017.

Sustainable Infrastructure

MCES seeks to improve asset management practices to increase value to our customers; preserve sound financial practices for wastewater services and secure funding for its other water services; and utilize infrastructure efficiently by addressing system inputs at the source.

Asset Management

MCES is improving asset management practices to sustain customer levels of service and reduce lifecycle costs. Improvements in 2016 included completion of a criticality analysis for the Metropolitan Wastewater Treatment Plant's Solids Business Unit, initiation of a criticality analysis for the plant's Liquids Business Unit, and development of a capital program for the plant's Solids Management Building.

Preserving and Building Infrastructure

MCES is preserving and building infrastructure to meet the wastewater collection and treatment needs for the region using asset management principles. Approximately \$128 million was spent on capital improvements in 2016.

Growth-related projects in 2016 included:

- Substantial completion of sewer capacity improvements in Golden Valley and St. Louis Park, and substantial completion of a wastewater lift station to serve portions of Woodbury and Lake Elmo. Construction also began on a lift station to serve Chaska and Carver, and on an interceptor extension to serve Rogers (completion anticipated in 2017).

Asset preservation projects in 2016 included:

- Development of a 10-year capital program for preserving assets in each business unit and the overall wastewater system, recognizing financial constraints.
- Continued rehabilitation/replacement of regional sanitary sewers at a rate of approximately 10 miles annually to ensure reliable wastewater conveyance. Work occurred in 2016 in the cities of Bloomington, Brooklyn Park, Burnsville, Champlin, Coon Rapids, Excelsior, Fridley, Hugo, Inver Grove Heights, Minneapolis, Mound, Mounds View, New Brighton, Richfield, Saint Paul, Shakopee, Shoreview, and Wayzata.

- Continued rehabilitation/replacement/elimination of wastewater lift stations at a rate of approximately five lift stations annually. Work occurred in 2016 in the cities of Chaska/Carver, Hopkins, Mound, and Shorewood.
- Continued rehabilitation/replacement/improvement of the wastewater flow metering system. Work occurred in 2016 in the cities of Golden Valley, Greenwood, Maplewood, Medicine Lake, Minneapolis, North St. Paul, Saint Paul, and St. Louis Park.
- Continued rehabilitation and asset renewal at the Metropolitan Wastewater Treatment Plant including major renovations of the solids processing facilities.
- Completion of preliminary design for the Empire Wastewater Treatment Plant Solids Improvement Project, which includes combined heat and power generation systems (completion of design and initiation of construction anticipated in 2017).
- Completion of design for the Seneca Wastewater Treatment Plant Solids Improvement Project, which will replace wastewater solids thickening centrifuges with gravity belt thickeners and will improve the plant's tunnel lighting (initiation of construction anticipated in 2017).

Finance

MCES management keeps the organization competitive as compared to other similarly sized wastewater utilities across the country. Additionally, wastewater service charges (approximately \$23 per month) are lower than most other metro-area utility charges, such as gas, electric and high-speed Internet. A process improvement team was formed and revised the financial forecast tracking tool and process, with a goal of increased engagement and accuracy of the forecast.

A new line-item tracking tool was implemented in the budgeting process, allowing greater accountability and visibility for managing the budget.

Budget

MCES staff completed 2016 operations and routine maintenance activities within the Annual Operating Budget limits.

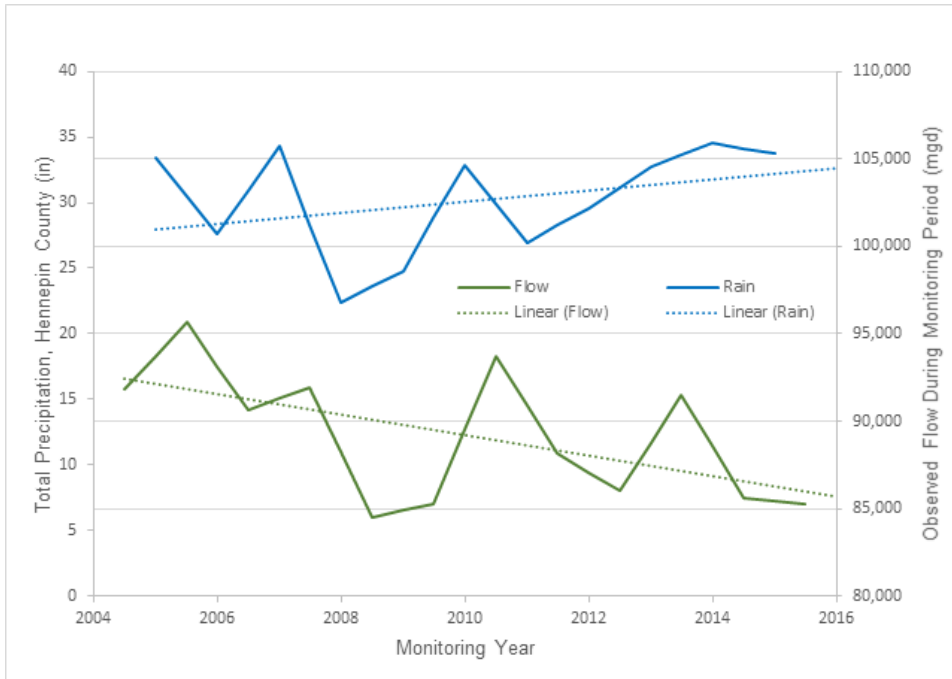
Inflow and Infiltration (I&I) Reduction Program

An I/I task force was appointed in 2016 to develop recommendations that support the efforts of regional communities to mitigate I/I in the metropolitan area.

The task force included Council Member Sandy Rummel, staff from Metro Cities, and representatives from 19 communities with public works, wastewater utility, finance, or city manager experience.

The task force reviewed information that demonstrates that the region is making positive progress in I/I mitigation. Success of the I/I program can be measured in reduced base flow from less infiltration and reduced peak flow from less inflow. Since the inception of the I/I program, total volume of wastewater treated by the regional system has decreased while precipitation has increased and growth in the region has continued.

The chart below shows the yearly wastewater flow calculated by MCES for the regional Municipal Wastewater Charges (MWC) and the yearly rainfall data recorded by the National Oceanic and Atmospheric Administration (NOAA) for Hennepin County for monitoring years 2005 through 2016.



The total amount of wastewater flow declined from 95 billion gallons per year (BGY) in 2005 to 86 BGY in 2015. The trend line for regional flows indicates an average annual reduction of 615 million gallons of wastewater per year (MGY). Over the same period, annual rainfall and regional population increased. This flow reduction can be attributed to I/I mitigation and water conservation.

The task force recommended that MCES:

1. Continue the regional planning policy of balancing regional standards with the needs of local communities to tailor programs to their individual circumstances.
2. Develop a robust public outreach program that would include proper maintenance of wastewater collection systems, ownership of sanitary sewer service laterals, and impacts of excessive I/I during wet weather events.
3. Support efforts to secure funding for public and private I/I mitigation projects, including State bonds and Clean Water Legacy Funds. Consider the provision of financial assistance through regional sources, such as a portion of the wastewater fee, to provide assistance to communities for private property I/I mitigation
4. Develop a model ordinance and best practices for a private-property service-lateral inspection program in conjunction with the League of Minnesota Cities, Metro Cities, and local communities.
5. Investigate the ability to develop master contracts held by MCES that could be used by communities for private property I/I inspections and service lateral repairs.

6. Design and implement a private property I/I mitigation demonstration project that would provide additional opportunity for measurement of impact on wastewater base and peak flows.
7. Review the peak-hour factors used to develop I/I goals at the time that the 2050 Water Resources Policy Plan is prepared.

MCES staff began and will continue developing a plan to implement the task force recommendations.

Industrial Pretreatment Incentive Program

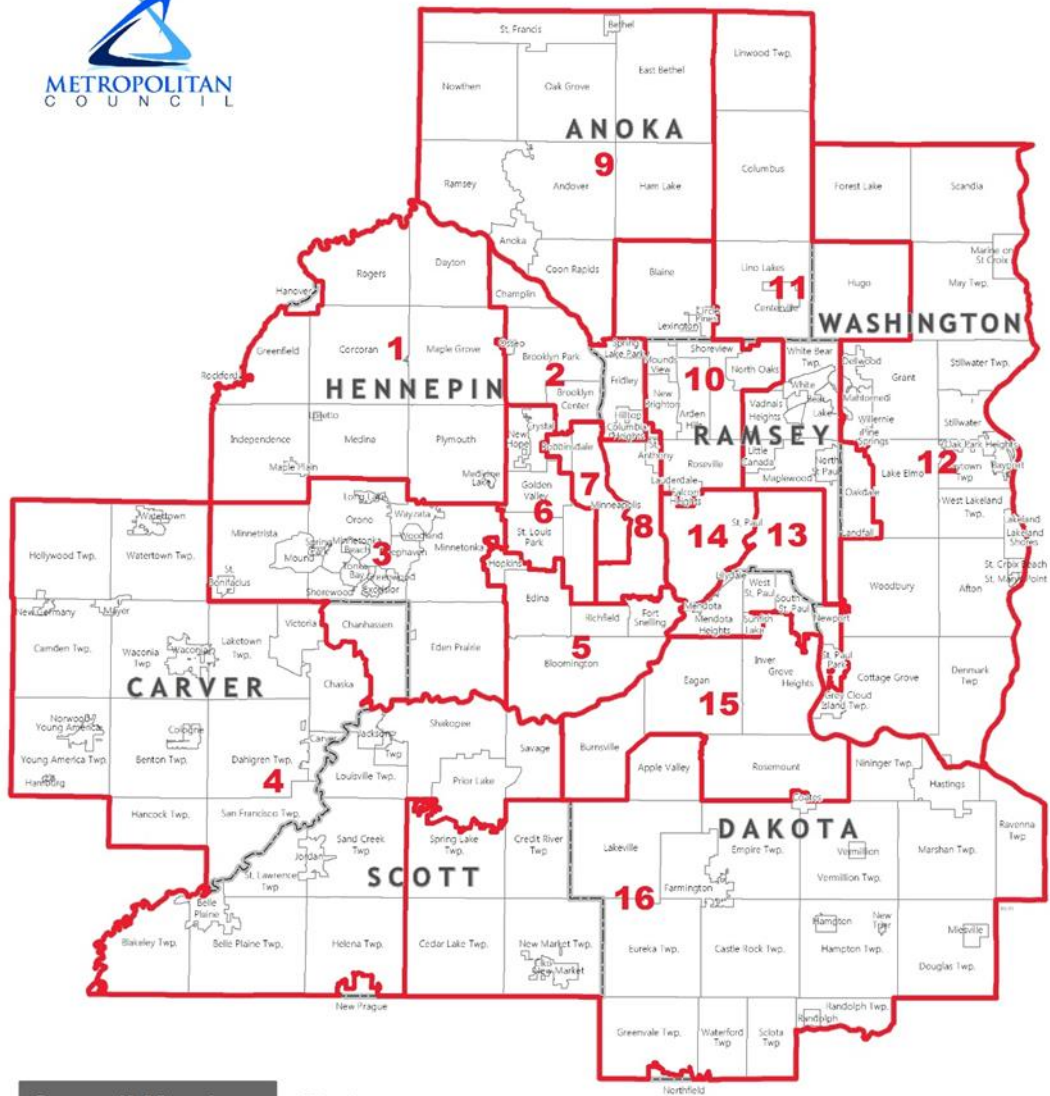
MCES is working to recover process capacity for wastewater treatment at the Metro, Blue Lake, and Empire Plants by reducing high-strength waste loads from existing industrial customers. Through the Industrial Pretreatment Incentive Program (IPIP) instituted in 2015, MCES is encouraging high-strength industrial dischargers to reduce their chemical oxygen demand (COD) and total suspended solids (TSS) by installing pretreatment equipment at their facilities.

Five industries applied to the program and MCES Industrial Waste/Pollution Prevention staff and finance staff will work with them to initiate the projects.

Appendix: Maps and Budget Summary

Metropolitan Council Districts and Members

January 2016

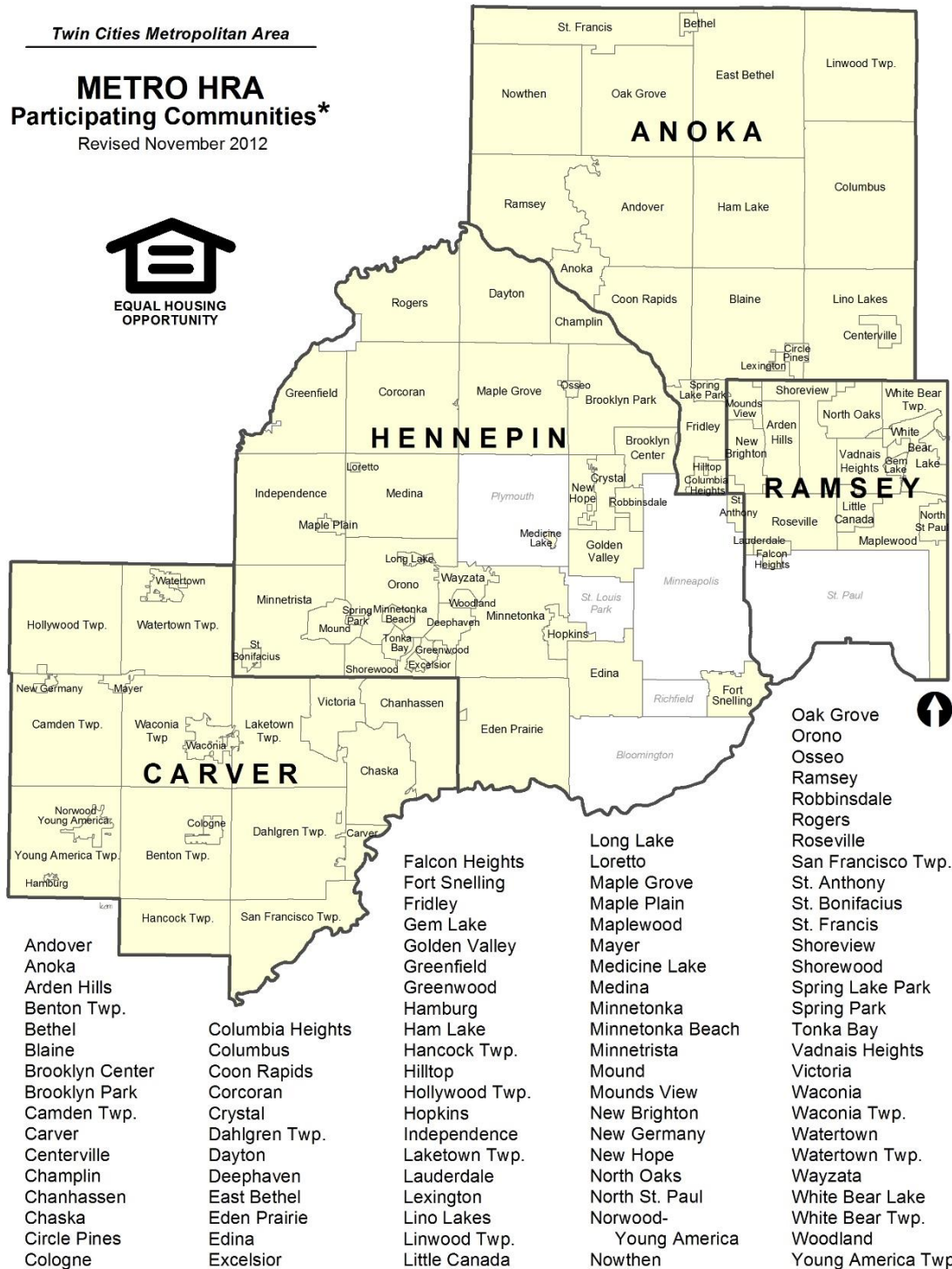


Council Members Chair-- Adam Duinick

- | | | | |
|-------------------|----------------------|-------------------|---------------------|
| 1 Katie Rodriguez | 5 Steve Elkins | 9 Edward Reynoso | 13 Richard Kramer |
| 2 Lona Schreiber | 6 Gail Dorfman | 10 Marie McCarthy | 14 Jon Commers |
| 3 Jennifer Munt | 7 Gary L. Cunningham | 11 Sandy Rummel | 15 Steven T. Chávez |
| 4 Deb Barber | 8 Cara Letofsky | 12 Harry Melander | 16 Wendy Wulff |

Twin Cities Metropolitan Area

**METRO HRA
Participating Communities***
Revised November 2012



Andover
Anoka
Arden Hills
Benton Twp.
Blaine
Brooklyn Center
Brooklyn Park
Camden Twp.
Carver
Centerville
Champlin
Chanhassen
Chaska
Circle Pines
Cologne

Columbia Heights
Columbus
Coon Rapids
Corcoran
Crystal
Dahlgren Twp.
Dayton
Deephaven
East Bethel
Eden Prairie
Edina
Excelsior

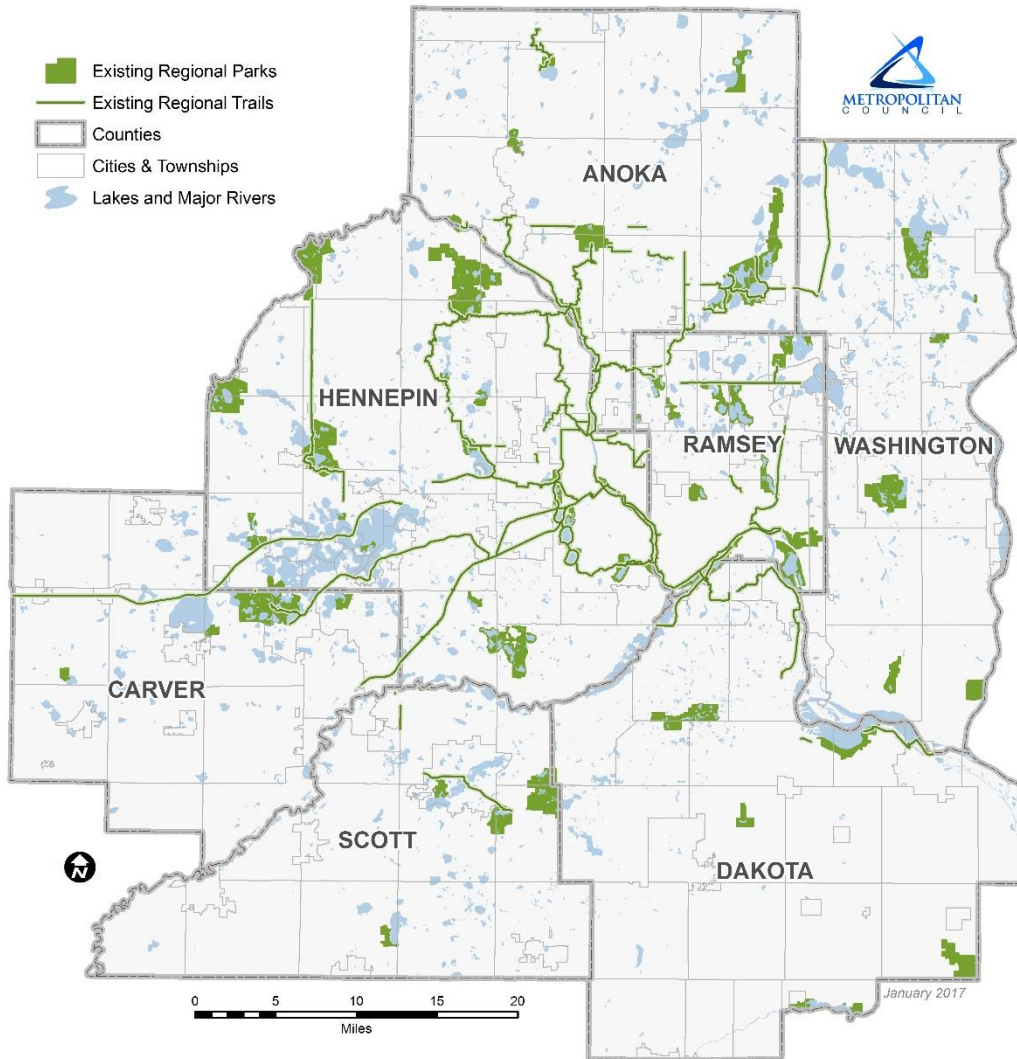
Falcon Heights
Fort Snelling
Fridley
Gem Lake
Golden Valley
Greenfield
Greenwood
Hamburg
Ham Lake
Hancock Twp.
Hilltop
Hollywood Twp.
Hopkins
Independence
Laketown Twp.
Lauderdale
Lexington
Lino Lakes
Linwood Twp.
Little Canada

Long Lake
Loretto
Maple Grove
Maple Plain
Maplewood
Mayer
Medicine Lake
Medina
Minnetonka
Minnetonka Beach
Minnetrista
Mound
Mounds View
New Brighton
New Germany
New Hope
North Oaks
North St. Paul
Norwood-
Young America
Nowthen

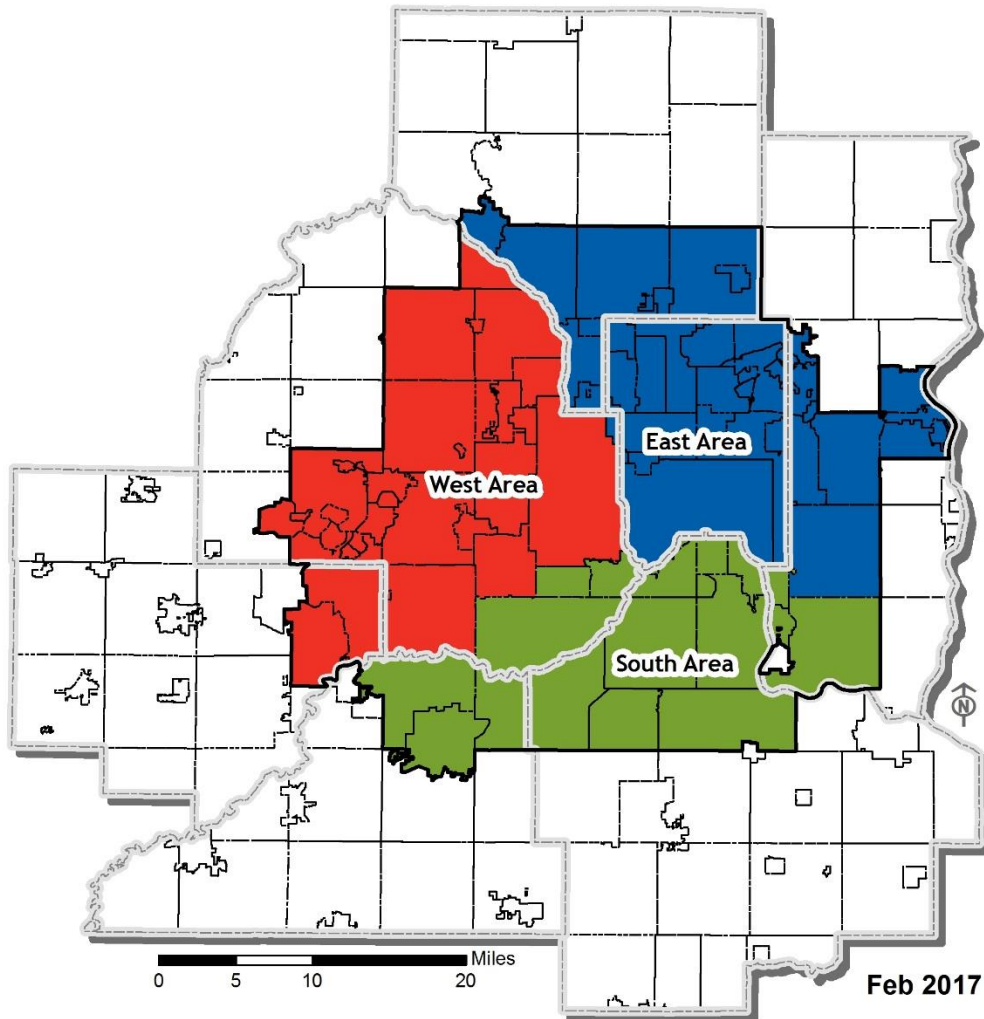
Oak Grove
Orono
Osseo
Ramsey
Robbinsdale
Rogers
Roseville
San Francisco Twp.
St. Anthony
St. Bonifacius
St. Francis
Shoreview
Shorewood
Spring Lake Park
Spring Park
Tonka Bay
Vadnais Heights
Victoria
Waconia
Waconia Twp.
Watertown
Watertown Twp.
Wayzata
White Bear Lake
White Bear Twp.
Woodland
Young America Twp.

* For some programs, the Metro HRA service jurisdiction is expanded.

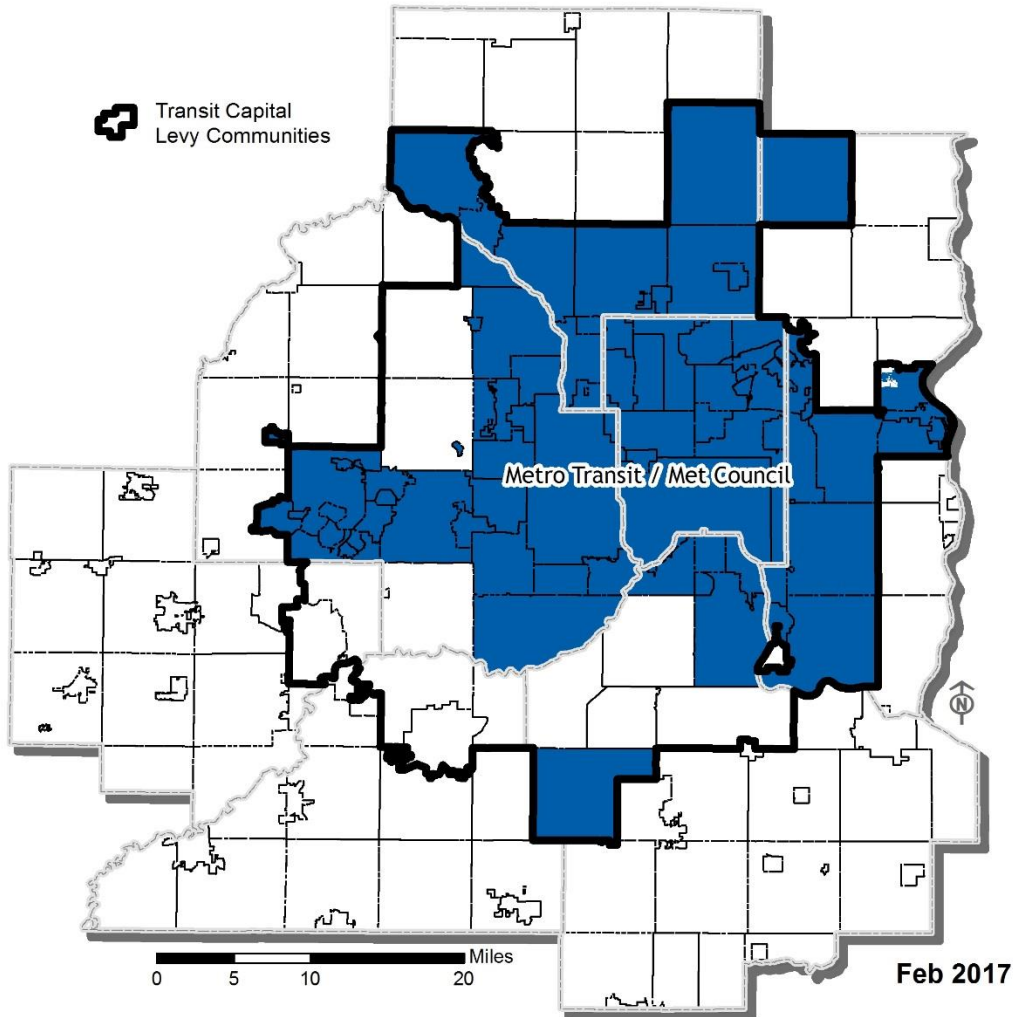
Regional Parks and Trails



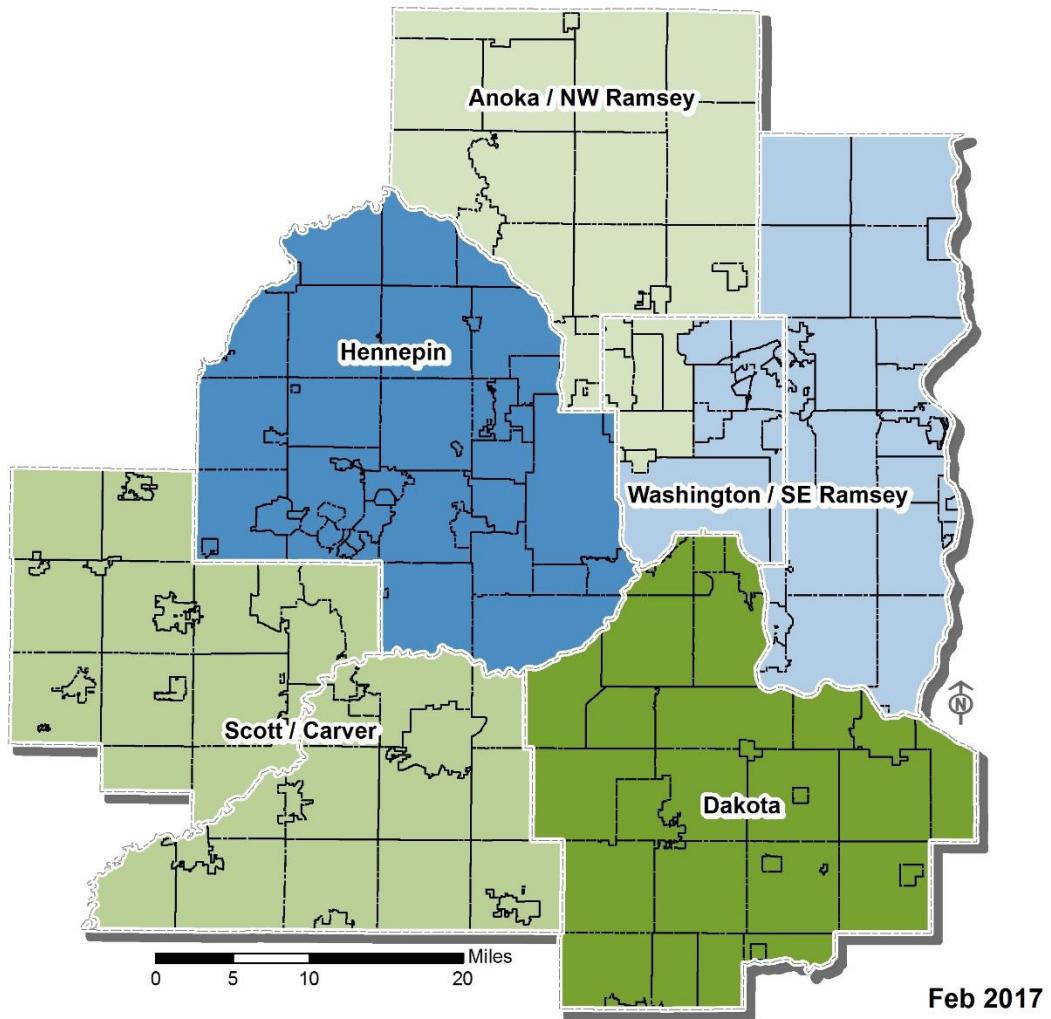
Metro Mobility ADA Services



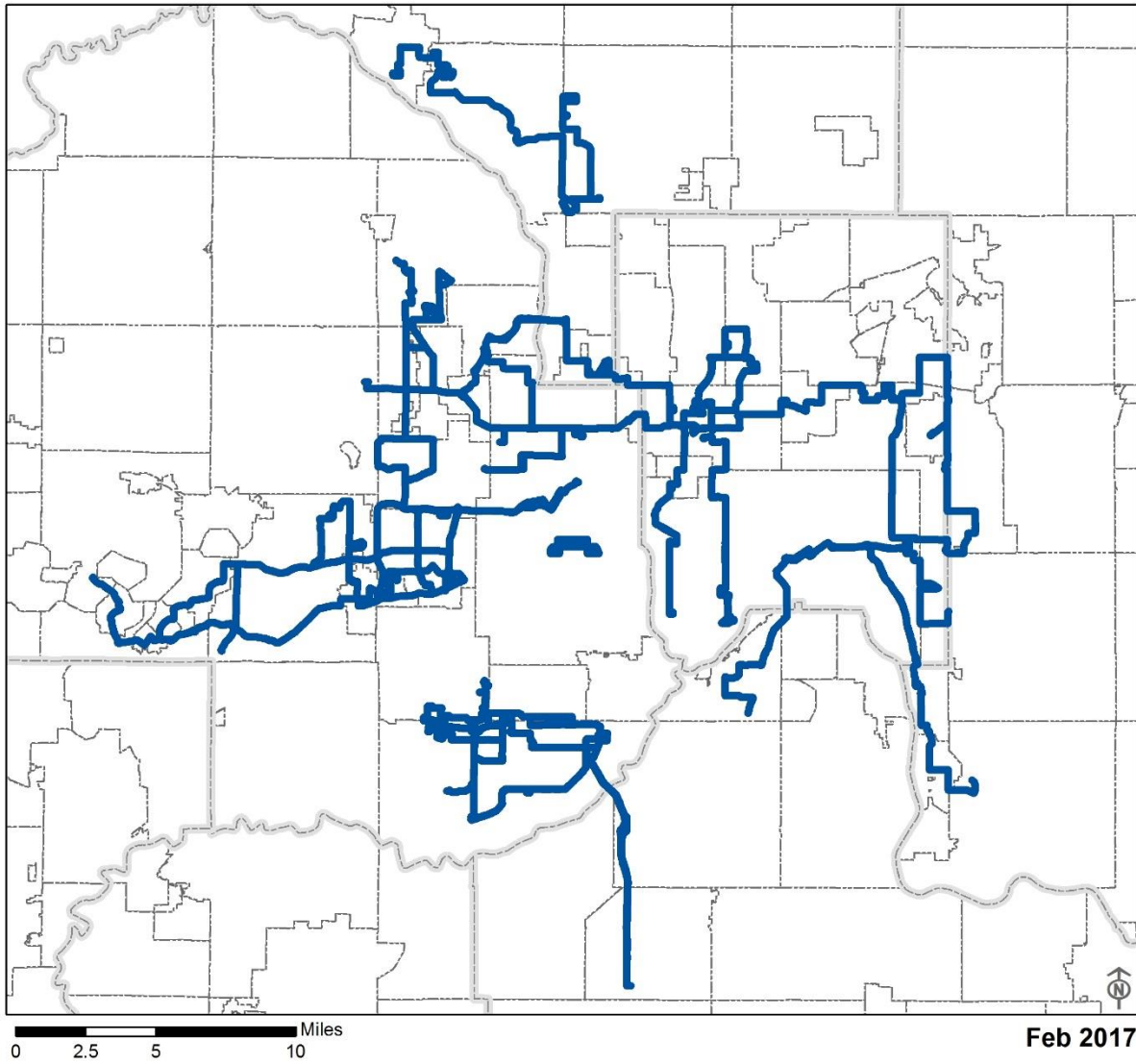
Metro Transit / Met Council Service Area



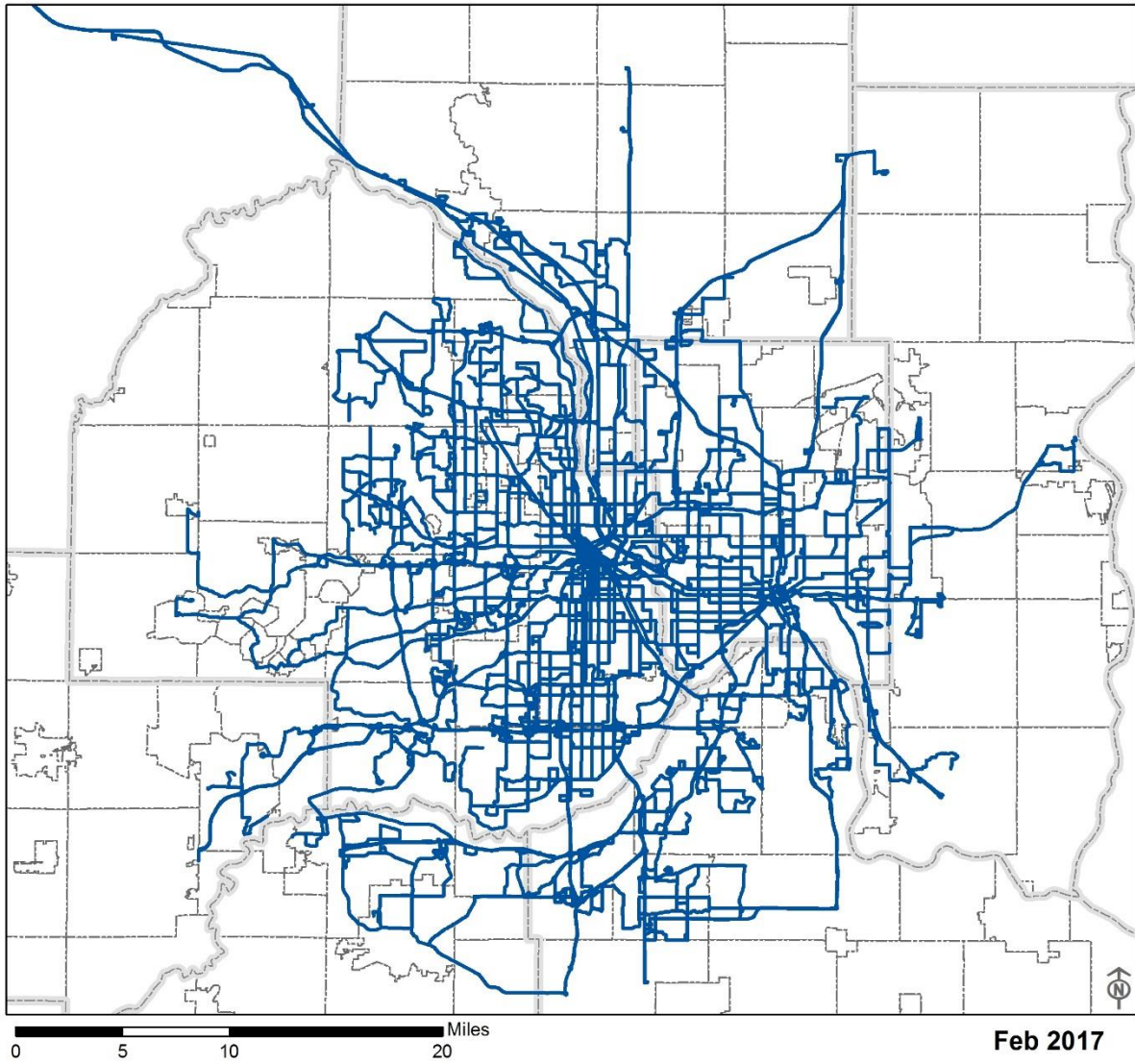
Transit Link Dial-a-Ride Service Areas



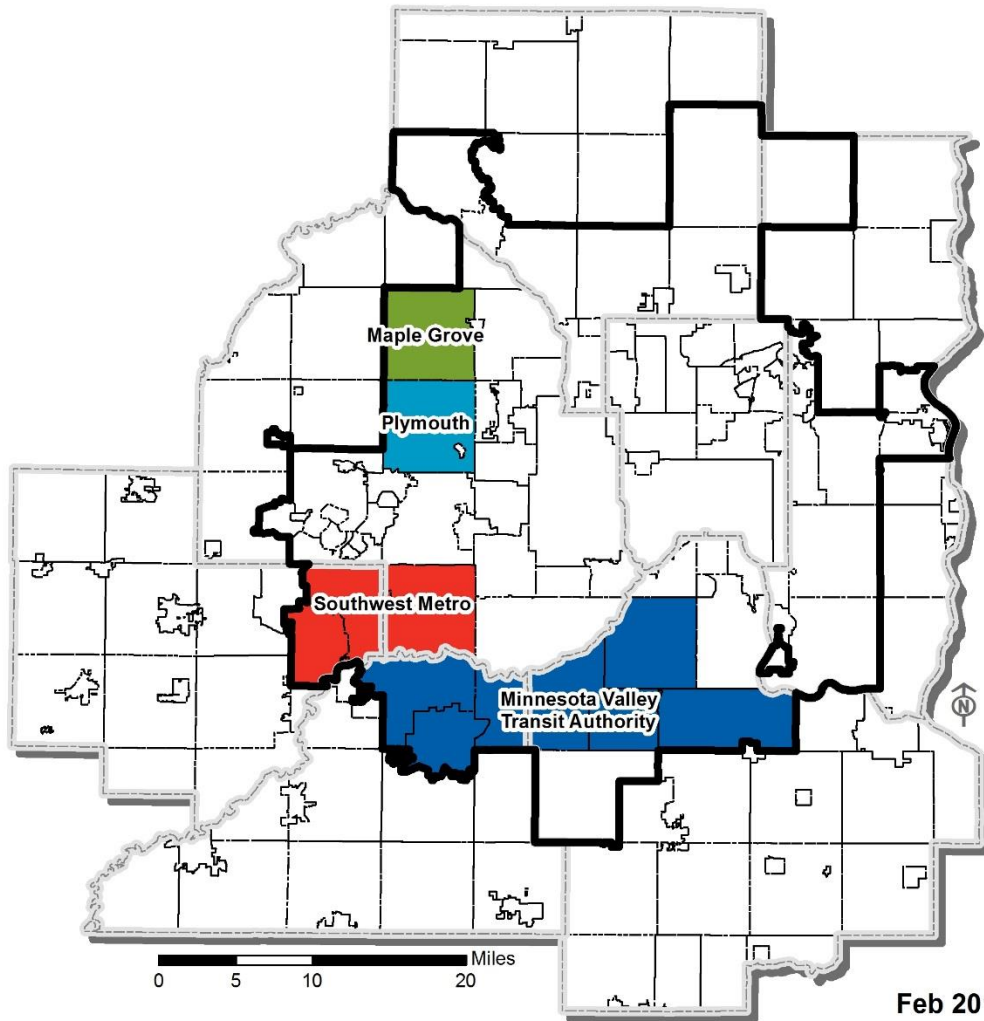
Privately Contracted Regular Route Transit

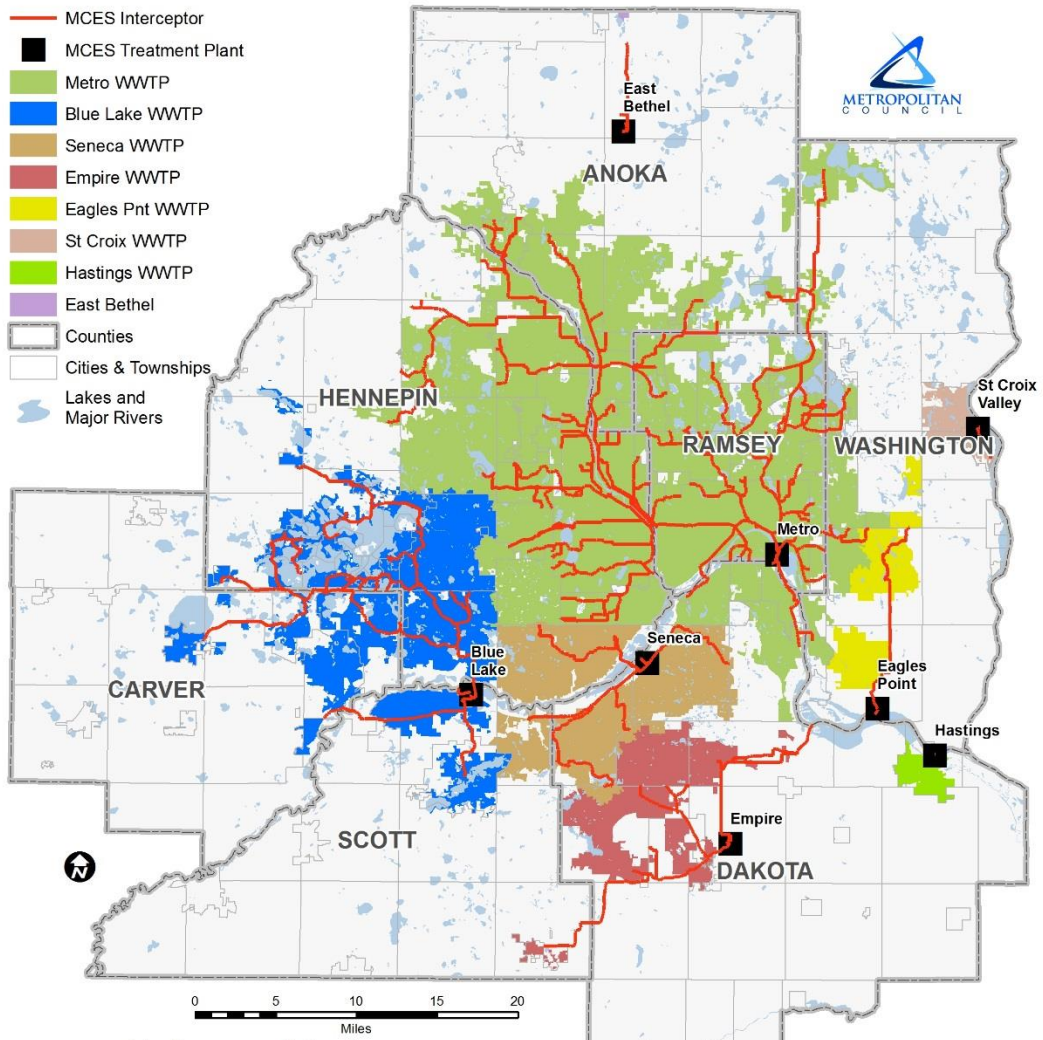


Metropolitan Area Regular Route Transit Service



Suburban Transit Providers





**Environmental Services
Wastewater Treatment Plants and Interceptors**

**Metropolitan Council
2015 Budget Summary (\$ in 000s)**

	REGIONAL ADMINISTRATION/COMMUNITY DEVELOPMENT AND HRA OPERATING ONLY			ENVIRONMENTAL SERVICES DIVISION INCLUDING DEBT SERVICE			TRANSPORTATION DIVISION OPERATING ONLY		
	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE
Revenues:									
Property Taxes.....	\$ 11,579	\$ 11,862	\$ 273	\$ 800	\$ 800	\$ -	\$ 2,000	\$ 2,000	\$ -
Federal Revenue.....	4,165	4,983	818	-	-	-	24,306	22,503	(1,803)
State Revenue.....	149	162	13	2,862	167	(2,685)	283,689	285,461	1,762
Local Revenue/Other Gov't Revenue.....	-	193	193	-	-	-	32,136	29,668	(2,468)
ES Fees.....	-	-	-	204,976	204,544	(432)	-	-	-
Fares & Related Revenue.....	-	-	-	-	-	-	108,394	111,291	2,897
Interest.....	580	789	209	500	857	357	774	1,485	711
Other Revenue.....	4,517	4,895	378	2,475	916	(1,559)	2,138	614	(1,524)
Total Revenues.....	\$ 20,990	\$ 22,874	\$ 1,884	\$ 2,116	\$ 207,284	\$ (4,319)	\$ 453,447	\$ 453,022	\$ (425)
Expenditures:									
Salaries, Wages, & Fringes.....	\$ 40,269	\$ 40,487	\$ (218)	\$ 64,511	\$ 61,984	\$ 2,527	\$ 274,395	\$ 274,387	\$ (8)
Consulting & Contractual.....	15,639	13,396	2,243	16,511	15,048	1,463	16,626	15,772	854
Materials & Supplies.....	1,242	1,413	(171)	9,016	10,112	(1,096)	61,171	47,313	13,858
Chemicals.....	-	-	-	7,305	8,084	(779)	-	-	-
Rent & Utilities.....	3,284	3,062	222	17,704	16,912	792	13,155	10,511	2,644
Printing.....	294	90	204	30	54	(24)	505	498	7
Travel.....	581	618	(37)	381	235	146	752	515	237
Insurance.....	130	91	39	3,010	1,170	1,840	5,959	5,748	211
Operating Capital.....	1,710	1,073	637	4,135	2,939	1,196	98	97	1
Debt Service Expense.....	-	-	-	109,000	109,000	-	-	-	-
Other Expense.....	6,602	3,244	3,358	3,117	1,204	1,913	-	-	-
Transit Programs.....	-	-	-	-	-	-	10,769	9,486	1,283
Total Expenditures.....	\$ 69,751	\$ 63,474	\$ 6,277	\$ 234,720	\$ 226,742	\$ 7,978	\$ 458,631	\$ 456,600	\$ 2,031
Operating Income(Loss).....	\$ (48,761)	\$ (40,600)	\$ 8,161	\$ (23,117)	\$ (19,458)	\$ 3,659	\$ (5,184)	\$ 17,422	\$ 22,606
Other Financing Sources (Uses):									
Transfers from.....	\$ 47,938	\$ 48,669	\$ 731	\$ 39,898	\$ 36,278	\$ (3,620)	\$ 16,759	\$ 14,759	\$ (2,000)
Transfers To.....	(5,111)	(4,368)	743	(17,741)	(14,407)	3,334	(31,901)	(32,979)	(1,678)
Total Other Financing Sources (Uses).....	\$ 42,827	\$ 44,301	\$ 1,474	\$ 22,157	\$ 21,871	\$ (286)	\$ (14,542)	\$ (18,220)	\$ (3,678)
Surplus/(Deficit).....	\$ (5,934)	\$ 3,701	\$ 9,635	\$ (960)	\$ 2,413	\$ 3,373	\$ (19,726)	\$ (798)	\$ 18,928



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