

Metropolitan Council: Southwest Light Rail Transit Construction

Update to 2023 Evaluation Reports

February 2024

Problems Identified

- **Mismatch of Funding and Construction Responsibility.** Minnesota’s framework for developing light rail projects created a mismatch between project funders and project builders. Metropolitan Council decisions to increase expenditures in response to unexpected construction challenges relied on funding from others.
- **Inadequate Contract Management.** The Metropolitan Council did not adequately enforce aspects of certain Southwest Light Rail Transit (Southwest LRT) contracts. The Council’s civil construction bidding process did not include key project specifications, and its original contract did not contain sufficient enforcement mechanisms to hold the contractor accountable.
- **Lack of Transparency.** The Metropolitan Council was not fully transparent about the Southwest LRT project’s increasing costs and delays.

Changes Implemented

- **Regional Transit Tax Created.** The 2023 Legislature instituted a 0.75 percent sales tax in the seven-county metropolitan area that can be used by the Metropolitan Council to fund transit, including transit system capital projects.
- **Risk Assessments Initiated.** The Metropolitan Council hired a consultant to conduct risk assessments of its capital projects and audit high-cost or high-risk project elements.

Actions Needed

- **Legislative Oversight.** The Legislature should continue to monitor the Metropolitan Council’s management of Southwest LRT construction and other light rail projects. The 2023 Legislature established a Metropolitan Governance Task Force to evaluate options to reform the Metropolitan Council, which could impact its role on future light rail projects.
- **Enforce Construction Contracts.** The Metropolitan Council should ensure its construction contracts contain adequate enforcement mechanisms and then use those mechanisms when needed.