

METROPOLITAN COUNCIL REPORT ON THE METRO MOBILITY NOVEMBER 2024 FINANCIAL FORECAST

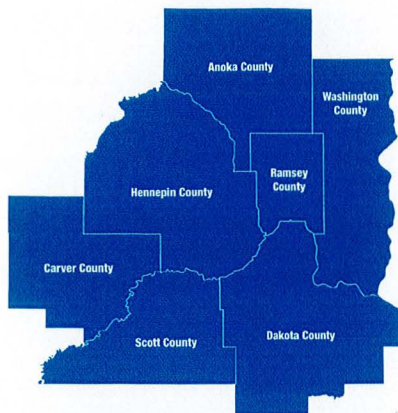


February 2025

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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Purpose

This report on the forecasted funding as included in the State of Minnesota's November 2024 forecast for Special Transportation Services (Metro Mobility) is a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy as required by Minnesota Statutes 473.386 Subdivision 10(3)(d).

Introduction

The Metropolitan Council is providing the forecasted and actual financial information for the most recently completed two years and each year of the forecast period (State Fiscal Years 2026 through 2029) for the transportation components under the Council's operating budget, and the forecasts for each year of the State's forecast horizon (through state fiscal year 2029).

Attached is an analysis of the historical and forecasted revenues and expenditures in the operating and capital budgets for this program, as well as details on cost assumptions used in the forecast.

Robert Street North
Saint Paul, MN 55101-1805

651.602.1000
TTY 651.291.0904
public.info@metc.state.mn.us
metro council.org

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	Amended							
	Actual CY 22	Actual CY 23	Budget CY24	Budget CY25	Forecast CY26	Forecast CY27	Forecast CY28	Forecast CY29
1 Metro Mobility								
2 State General Fund	56.20	55.98	55.98	27.99	-	-	-	-
3 Non-Base/Forecasted SFY26	-	-	-	57.27	117.02	124.04	130.72	132.85
4 Total State General Fund	56.20	55.98	55.98	85.26	117.02	124.04	130.72	132.85
5 Fares, Contracts & Special Events	6.65	6.79	7.02	7.55	7.70	7.86	8.02	8.18
6 Federal Relief Funds	31.00	37.00	34.84	22.50	-	-	-	-
7 Other / (Transfer-in)	-	-	2.84	12.68	13.08	13.49	13.92	14.36
8 Total Revenues	93.85	99.77	100.68	127.99	137.80	145.39	152.66	155.39
9								
10 Salaries & Benefits	2.59	2.82	3.64	4.24	4.37	4.51	4.65	4.80
11 Expenses @ Standard Inflation	1.52	1.66	3.33	3.42	3.53	3.64	3.75	3.87
12 Interdivisional Cost Allocation	2.89	2.75	3.04	3.43	3.53	3.65	3.76	3.88
13 Transit Programs & Fuel	80.92	95.53	111.15	121.48	125.30	129.25	133.32	137.52
14 Total Expenses	87.92	102.76	121.16	132.57	136.73	141.05	145.48	150.07
15 Structural Position	5.93	(2.99)	(20.48)	(4.58)	1.07	4.34	7.18	5.32
16 (To) From Operations	(5.93)	2.98	20.48	4.57	(1.07)	(4.35)	(7.16)	(5.32)
17 Financial Position	-	-	-	-	-	-	-	-
18								
19 Beginning Operating Reserve	24.05	30.46	29.15	10.34	6.86	8.43	13.28	20.94
20 Investment Income	0.48	1.67	1.67	1.09	0.50	0.50	0.50	0.50
21 (To) From Operations	5.93	(2.98)	(20.48)	(4.57)	1.07	4.35	7.16	5.32
22 Forecast Ending Operating Reserve	30.46	29.15	10.34	6.86	8.43	13.28	20.94	26.76
23 Minimum Reserve Target	8.79	10.28	6.06	6.63	6.84	7.05	7.27	7.50
24								

Last of federal pandemic funds are committed in

CY25 budget

Assumptions:

Minimum reserve of 5% of annual operating expenditures is maintained

CY24 is based on the amended budget, and CY25 on the Public Comment Budget

The historical actual data for calendar years is audited and correct. The six-month split of revenues and expenses is generally assumed to be 50-50, and the state fiscal year numbers are not audited.

The anticipated reduction in fare for fare simplification across our transportation programs, to be considered in December, is not included in the forecast.

Staffing/Salary/Allocation Increases

Additional FTEs to support expanded programming (3 new FTEs)

Internal cost allocation increases (13% increase) in CY25, 3.15% after that

Ridership and contract hours based on recent actuals

Budget projects ridership will be at 95% pre-COVID levels in 2025

Ridership has been hovering around 87% of pre-covid levels throughout 2023 and 2024

Budget projects vehicle revenue hours will return to pre-COVID levels in 2025

First full year of Metro Move budgeted in 2025

Service costs based on current contract rates and assume 90% of base hours in 2025

Program is too new to have robust information. Analysis and forecasting will improve as data is collected through 2024 and 2025

Includes premium on-demand service costs and contingency

Seeing higher than expected Premium-on-Demand activity due to a Legislative change that requires metro mobility to extend service hours and provide transportation during late night hours.

Contingency budgeted for potential expansion of POD providers

SFY24	SFY25	SFY26	SFY27	SFY28	SFY29
55.98	55.98	-	-	-	-
-	-	114.54	119.50	128.58	132.85
55.98	55.98	114.54	119.50	128.58	132.85
6.91	7.29	7.63	7.78	7.94	8.10
35.92	39.92	-	-	-	-
1.42	7.76	12.88	13.29	13.71	14.14
100.23	110.95	135.05	140.57	150.23	155.09
3.23	3.94	4.31	4.44	4.58	4.73
2.49	3.37	3.47	3.58	3.70	3.81
2.90	3.23	3.48	3.59	3.70	3.82
103.34	116.31	123.39	127.27	131.28	135.42
111.96	126.85	134.65	138.88	143.26	147.78
(11.73)	(15.90)	0.40	1.69	6.97	7.31
11.73	15.91	(0.40)	(1.68)	(6.96)	(7.31)
-	-	-	-	-	-
29.82	19.76	5.52	6.42	8.60	16.06
1.67	1.67	0.50	0.50	0.50	0.50
(11.73)	(15.91)	0.40	1.68	6.96	7.31
19.76	5.52	6.42	8.60	16.06	23.87

Metro Mobility Capital Forecast for State Fiscal Years 2026-2029

	Jul-Dec 25	CY 25	Jan-Jun 26	SFY 26	Jul-Dec 26	CY 26	Jan-Jun 27	SFY 27	Jul-Dec 27	CY 27	Jan-Jun 28	SFY 28	Jul-Dec 28	CY 28	Jan-Jun 29	SFY 29
METRO MOBILITY - CAPITAL	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Federal - 5307 Funds*	1,428,000	1,428,000	-	1,428,000	1,499,400	1,499,400	-	1,499,400	15,586,263	15,586,263	-	15,586,263	41,327,212	41,327,212	-	41,327,212
State General Fund - Non-Base/Forecast	587,000	587,000	-	587,000	599,600	599,600	-	599,600	5,158,533	5,158,533	-	5,158,533	11,092,229	11,092,229	-	11,092,229
TOTAL REVENUES & SOURCES	2,015,000	2,015,000	-	2,015,000	2,099,000	2,099,000	-	2,099,000	20,744,796	20,744,796	-	20,744,796	52,419,441	52,419,441	-	52,419,441
Metro Mobility Bus Purchases	1,680,000	1,680,000	-	1,680,000	1,764,000	1,764,000	-	1,764,000	18,336,780	18,336,780	-	18,336,780	48,620,251	48,620,251	-	48,620,251
Metro Mobility Van Purchases	-	-	-	-	-	-	-	-	2,073,016	2,073,016	-	2,073,016	3,464,190	3,464,190	-	3,464,190
Technology for New Vehicles	335,000	335,000	-	335,000	335,000	335,000	-	335,000	335,000	335,000	-	335,000	335,000	335,000	-	335,000
TOTAL EXPENSES & USES	2,015,000	2,015,000	-	2,015,000	2,099,000	2,099,000	-	2,099,000	20,744,796	20,744,796	-	20,744,796	52,419,441	52,419,441	-	52,419,441
FUNDING GAP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

*Federal 5307 funding comes from the Urbanized Area Formula Funding program. This program makes federal resources available to urbanized areas for transit capital and other transit expenses using a formula based on inputs such as vehicle revenue miles. The federal share is not to exceed 80 percent of the net project cost for capital expenditures.

Assumptions:

- * Current Total Metro Mobility Fleet Size: 635 - Buses (546), Vans (89)
- * Replacement on all Metro Mobility Bus is on a 5-year replacement cycle.
- * Replacement on all Metro Mobility Vans is on a 4-year replacement cycle.
- * All existing preservation buses are being replaced in 2023, next replacement cycle starts in 2028.
- * Historical replacement schedule was thrown off cycle due to the pandemic and supply chain issues. Our plan is to return back to a regular replacement schedule starting 2028.
- * Additional Metro Mobility expansion buses are included every year to meet service demands, expansion bus needs are impacted by demographics, routes, and ridership.
- * Anticipated growth is 10 expansion vehicles per year
- * Each new vehicle will be outfitted with necessary technology for operations.
- * Historically the Council has not used federal funds to purchase vans due to issues with Buy America compliance, we could adjust this practice if able to find a Buy America compliant contract for vans