

2025 Report to the Legislature on

# Metro Mobility Forecasting Analysis

## Special Transportation Services Financial Forecasting Report

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February 2026

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## Cover Letter

February 12, 2026

The Honorable Brad Tabke, Co-Chair  
House Transportation Finance & Policy Committee  
5<sup>th</sup> Floor, Centennial Office Building  
Saint Paul, MN 55155

The Honorable Scott Dibble, Chair  
Senate Transportation Committee  
3107 Minnesota Senate Building  
Saint Paul, MN 55155

The Honorable Jon Koznick, Co-Chair  
House Transportation Finance & Policy Committee  
2<sup>nd</sup> Floor, Centennial Office Building  
Saint Paul, MN 55155

The Honorable John Jasinski  
Ranking Minority Member  
Senate Transportation Committee  
2227 Minnesota Senate Building  
Saint Paul, MN 55155

RE: Metro Mobility Forecasting Analysis Study

Dear Legislators,

The Minnesota Department of Transportation is pleased to present the Metro Mobility Forecasting Analysis report. For clarity, this report may also be referred to as the Special Transportation Services Financial Forecasting, as it is the budget item title that the Metropolitan Council (Met Council) uses to address the three programs it funds (Metro Mobility, Metro Move, and Mobility on Demand).

As required by [Minn. Stat. 2025 1<sup>st</sup> Special Session, Chapter 8, Article 2, Sec. 121](#), this report documents current methodologies, data, projections, and assumptions used by Met Council for Metro Mobility, Metro Move, and Premium on Demand. It evaluates alternative approaches and factors that could add precision to the Met Council's assumptions about demand, cost, and revenue for these specialized transportation services. It also describes a new Excel-based forecasting tool developed as part of this project, and presents recommendations.

Please let me know if you have questions. You can also contact Glenn Gadbois, Study Project Manager, MnDOT Office of Transit and Active Transportation, at [Glenn.Gadbois@state.MN.us](mailto:Glenn.Gadbois@state.MN.us) or 651.366.5629.

Sincerely,



Nancy Daubenberger, P.E. (MN)  
Commissioner

## Table of Contents

Cover Letter .....	3
Legislative Request .....	5
Introduction.....	6
Analysis of current forecasting practices for Special Transportation Services.....	7
A revised approach for Special Transportation Services budgeting .....	10
Forecasting trips.....	10
Forecasting revenue hours.....	15
Forecasting the revenue hour pay rates .....	15
Forecasting excess slack hours.....	15
Forecasting hourly pay.....	16
Forecasting penalty and bonus pay .....	16
Forecasting maintenance reimbursement .....	16
Forecasting other provider invoice pay adjustments.....	17
Forecasting new contract start-up pay .....	17
Forecasting service and platform miles .....	17
Forecasting Metro Mobility passenger fares and DHS revenue .....	17
Forecasting the number of vehicles.....	17
Recommendations.....	18

## Legislative Request

This report was completed to comply with [Minn. Stat. 2025 1st Special Session, Chapter 8, Article 2, Sec. 121](#).

Sec. 121. STUDY; METRO MOBILITY FORECASTING ANALYSIS.

(a) By February 1, 2026, the commissioner of transportation must conduct an analysis of Metropolitan Council forecast practices for special transportation service as provided under Minnesota Statutes, section 473.386, subdivision 10. The commissioner must enter into an agreement with a third-party entity to perform the forecasting analysis. The third-party entity must have experience and expertise in transit systems, budgeting, and cost projections or relevant fiscal modeling.

(b) At a minimum, the analysis must:

- (1) review data, projections, and assumptions used by the Metropolitan Council to forecast special transportation service costs and revenue;
- (2) evaluate the forecasting methodology used by the Metropolitan Council;
- (3) identify factors in the rate of anticipated cost growth;
- (4) identify and analyze methods to improve efficiency and reduce costs; and
- (5) develop findings and make recommendations related to the analysis.

(c) Following completion, the commissioner must submit a copy of the analysis to the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and policy.

(d) The Metropolitan Council must provide data and information as requested by the commissioner on behalf of the third-party entity that is necessary for the analysis under this section. In the amount identified by the commissioner, the Metropolitan Council must use sales tax revenue under Minnesota Statutes, section 473.4465, subdivision 2, paragraph (a), clause (2), for the costs of the forecasting analysis under this section.

## Introduction

Metropolitan Transportation Services (MTS) manages contract transportation services for the Metropolitan Council (Met Council). The services, outlined in Minnesota State Statute section 473.386 and cumulatively referred to as Special Transportation Services (STS), include the following:

- Metro Mobility - offering a shared-ride, scheduled at least a day in advance, first door-thru-first door service for ADA-certified riders. Metro Mobility accounts for over 80 percent of STS trips. Metro Mobility has three zone-based contracts with two companies to provide the actual service as well as trip reservations, scheduling, and dispatching.
- Metro Move - providing an additional transportation option for riders who have brain injuries, developmental disabilities, and those with conditions qualifying for CADI (Community Access for Disability Inclusion) waivers. Metro Move handles about ten percent of special transportation service trips and uses one contracted service provider.
- Premium On Demand (POD) - a non-shared ride service in taxis that ADA-certified riders can take directly from the rider's trip origin to trip destination (curb to curb) with an advance or *same-day* trip request. There are three contracted service providers. The number of POD trips has grown in recent years, particularly in response to a pilot program begun in 2023 that expanded the program hours to include nights and weekends.

The federal government establishes the criteria for ADA certification and for minimum service quality. It also defines the minimum geographic area for complementary demand response transportation services as a three-quarter-mile buffer around the general fixed-route public transit services. The service hours must also match those available to the regular fixed route riders. Minnesota expands the area for special transportation services to a broader extent of the Twin Cities area. The provision of Premium on Demand service and the level of per-ride subsidy for these trips are within the Met Council's discretion.

In June 2025, Minnesota enacted legislation ([Chapter 8, Article 2, Sec. 121](#)) that included a call for an analysis of the Met Council's approach to forecasting costs and revenues related to Special Transportation Services. The effort would examine the key factors determining these costs, how the factors are likely to change in the coming years, and whether there are feasible measures that could improve efficiency and reduce costs. A key project goal is a practical, easy-to-use, and accurate tool for forecasting the demand, revenue, and costs of STS.

This report and the accompanying model (the *Special Transportation Services Forecaster*) are the results of this legislative request.

## Analysis of current forecasting practices for Special Transportation Services

Each year, Met Council builds a detailed STS budget for the year to come. The effort is thoughtful, it takes advantage of actual data, and the budgeting staff at Met Council documents the basis for their assumptions.

These assumptions generally seem reasonable. A key assumption in recent years, however, although reasonable given available information at the time, has turned out to be incorrect. Metro Mobility ridership declined sharply in response to the COVID pandemic, and the Met Council has expected it to bounce back faster to pre-COVID levels. It has not. Metro Mobility ridership remains at about 85 percent of the 2019 level.

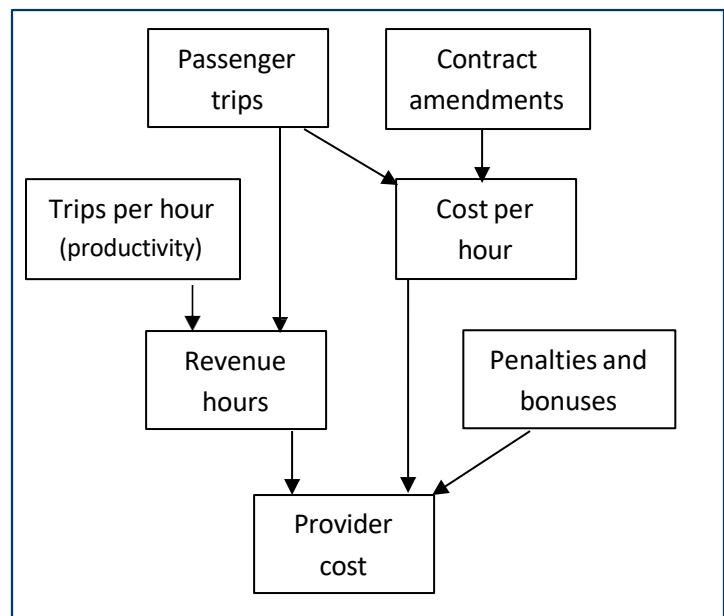
The consequence of this assumption is that the contract with providers has also assumed that Metro Mobility service hours would rise in each of the last several years by five percent. This service dimension—hours, not passenger trips- is the main determinant of Metro Mobility (and thus Special Transportation Services) costs. The amount paid to providers is almost entirely based on the hours of revenue service multiplied by contractually defined hourly rates.

Note that the contracts with the Metro Mobility (and Metro Move) providers are each for at least five years, and thus Met Council in recent years could see the table of hourly rates that would apply. Here, too, though, the assumption about the hours mattered: the contractual cost per hour rates differed depending on the number of hours. In other words, the contracts included an expected “base” number of hours in each year of the contract, and specified each year’s hourly pay rate *depending on the share of that base* that the contractor actually provided.

This contracting structure was reasonable, particularly given the post-COVID context. The providers had fixed costs for administration, and costs for dispatch services and vehicle maintenance that did not rise or fall at a constant ratio to the number of hours. Given the unknowns of post-COVID ridership, the hours-dependent set of rates could ensure a sustainable and fair financial return.

The graphic at right summarizes this relationship and shows how the assumption about each year’s passenger trips is fundamental to the estimate of what Met Council will pay the Metro Mobility and Metro Move providers. The graphic also shows a few other factors affecting these annual costs:

*Exhibit 1—Relationship of key factors to Metro Mobility provider costs*



- Trips per hour—This is a measure of the provider’s productivity, and the rate *can* change. In recent

budgets, the Met Council has assumed that each provider will meet the minimum productivity for which they are allowed to bill as specified in the contract. In fact, the contractor performance in terms of these productivity measures has been constant in recent years, but at annual average rates that are above this minimum level.

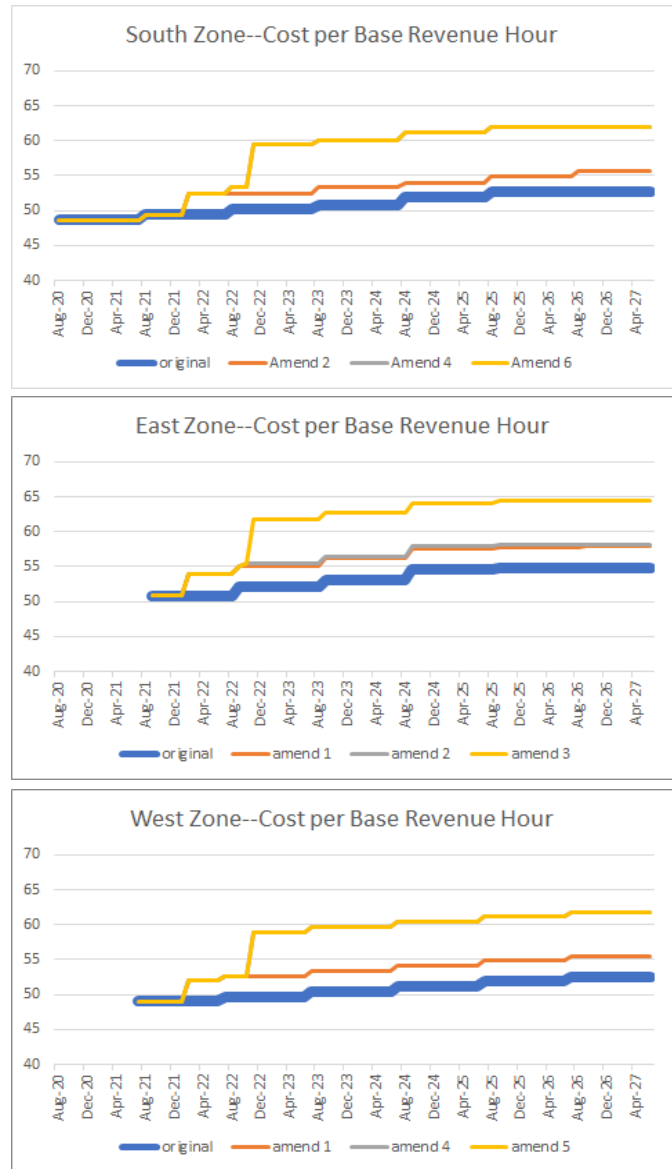
- Contract amendments—The Metro Mobility budgets for each coming year have applied the cost-per-hour rate tables in the extant contract *at the time of the budget*. The contract, however, has not been static. Each of the three contracts with the Metro Mobility providers has had several amendments over the years, which have changed the hourly rates, generally effective immediately.

The charts at right show these changes. The significant increase in the fall of 2022 reflected a joint awareness by the Met Council and the providers that local labor conditions required a significant increase in the pay for Metro Mobility drivers. Increasing the contract's hourly rate by more than \$6 per hour—all of which went to the drivers—was an unexpectedly critical need to attract and retain the needed operators.

While the Council could have opted not to adjust the contract mid-year, doing so would have undermined the Council's goals for Metro Mobility availability and service quality—particularly for those trips in the state-mandated service area. Given this, the decision to accept this unforeseen and substantial increase in the annual program costs was understandable.

- Maintenance, penalties, and bonuses—Met Council adjusts the revenue hour-dependent portions of Metro Mobility invoices for provider-incurred vehicle maintenance, “excess slack” (a portion of long breaks when the scheduled driver does not have a passenger), and for bonuses and penalties related to contractor performance. Met Council does not account for these costs (at least not explicitly) in its annual budgets. In any case, these adjustments are tiny, accounting collectively for about 2 percent of Metro Mobility provider costs.

Exhibit 2: Metro Mobility Zone contracts over time



In summary, we conclude that the Met Council budgeting has been thoughtful for all the Special Transportation Services, including Metro Mobility. Budgeting has also been challenging. While the degree of variance from the actuals differs by year, the budgeting accuracy on key cost drivers has generally been as follows:

*Exhibit 3: Budgeting accuracy of key Metro Mobility cost drives*

Item	Budget compared with actual
Number of trips	Higher
Productivity—Trips per hour	Lower
Number of revenue hours	Higher
Contract cost per revenue hour	Lower

The preceding parts of this section have examined the demand and costs related to Metro Mobility, which account for about 80 percent of total STS ridership and more than two-thirds (\$88 million) of total STS non-capital costs. Here are the other STS program components, and a summary of the approach and effectiveness of Met Council-related budgeting:

- Metro Move—This program for BI, DD, and CADI-waiver riders typically accounts for about 9 percent (\$12 million) of the Special Transportation Services operating costs. It has undergone a contractual change in the past year, and the phasing out and ramping up of different operating administrators has added some unpredictability to the budgeting for this program.
- Premium On Demand (POD)—This accounts for about 3 percent (\$4 million) of STS operating costs in 2025, which is actually a much larger share than it was before 2024. The increase reflects the expanded hours pilot program that has added to POD demand, and to the subsidy per trip paid by the Met Council for POD service. The budget did not incorporate the full cost implications of the expanded POD pilot, which resulted in higher-than-forecast expenditures.
- Fuel—Met Council pays directly for the fuel used by Metro Mobility and Metro Move vehicles, and the total fuel cost is about 10 percent (\$13 million) of the STS annual operating budget. The Met Council annual budget uses a cost per gallon of gas from a source that is reasonable (and defensible). The most recent fuel budget (for FY26) also assumes a rate of gasoline consumption based on service mileage. Before this year, however, the Met Council estimated gallons of gasoline consumed by Metro Mobility and Metro Move based on an assumed rate of gallons per *revenue hour*, rather than the more directly relevant gallons per *mile*. The two are close but not a perfect correlation. They do not account for differences in speed, fuel efficiency of different vehicle types, or the fact that the Met Council pays for the deadhead (non-revenue) hours for the vehicle to get back to its garage or layover facility. Met

Council’s recent change in its methodology for estimating fuel consumption is an improvement that adds to budgeting accuracy.

- Other operating costs—These are the annual operating costs not paid to the providers (including Premium on Demand) or for fuel. They account for about 11 percent (\$14 million) and cover the costs of the dispatching software and data plans, the consultants, and the direct administrative costs at the Met Council office, as well as the allocated costs for Met Council legal, human resources, and finance staff. These costs are not constant, but are fairly predictable, and the budgets seem to reflect this.

In addition to the *operating* costs for STS, the Met Council covers and must budget for the capital costs of the vehicles used by Metro Mobility and Metro Move providers. There are now about 640 vehicles assigned to these carriers. The providers conduct routine maintenance, and Met Council keeps track of the fleet, including each vehicle’s years of service, which seems to be the primary criterion considered in estimating the number of vehicles ready for replacement. Met Council uses this estimate in developing the MTS Capital Improvement Program (CIP) and Authorized Capital Program (ACP). The agency then applies for federal grants in response to the anticipated fleet replacement plan.

This study did not look at any recent capital grant applications for new Metro Mobility or Metro Move vehicles and has no basis for critiquing the cost per new vehicle, or the cost for radios, cameras, tablets for dispatch, or vehicle wraps. The *database* of the fleet age does suggest, however, that the vehicles replaced in the past year were beyond their useful life. Met Council staff explained that this was the result of manufacturing delays caused by COVID and the inability of manufacturers to obtain materials.

## A revised approach for Special Transportation Services budgeting

This project has developed a new forecasting model Met Council’s Special Transportation Services. It evaluates demand systematically and logically, and accounts for fares, key demographic characteristics, and other variables overlooked or estimated roughly in the Met Council’s current approach. The new model is also user-friendly for conducting tests of alternative assumptions and produces a budget not just for the coming year, but annually (and by month) to 2030. This section describes how the model works.

### Forecasting trips

Before seeking to forecast program costs, the new model seeks to forecast program ridership, particularly for Metro Mobility, which accounts for over 80 percent of STS operating costs. The model incorporates this relationship by evaluating each of the four elements:

- What is the natural growth of demand?
- What is the response to fare changes?
- How do changes in Premium on Demand affect Metro Mobility ridership?
- Are there other policies or operational changes that could affect Metro Mobility demand?

This list does not include any reference to COVID. Metro Mobility ridership has held steady for a few years at about 85 percent of the pre-COVID level. It no longer seems reasonable to expect that further changes in demand will reflect a resumption of pre-COVID travel habits. This is not to say that Metro Mobility will never again reach the demand it had in 2019, but that the growth in trips will be because of *new* riders or in response to *new* fares or policies.

### Natural growth of demand

Residents in 660 census tracts covering 1144 square miles of the Twin Cities area took Metro Mobility trips in 2024. Why, or—more precisely—why did one tract in Plymouth or one in West St. Paul generate more than 150 trips in the average week while one in Prior Lake generated 26 and one in Shakopee generated only 7? What characteristics about the population and the level of service in each of those 660 tracts account for this variance in demand? A regression analysis provides an answer.

It also provides a systematic means for determining the natural growth of Metro Mobility demand. The process works as follows:

- Use regression analysis to find the best fit relationship of trips as a function of known characteristics of the population and of Metro Mobility service
- Use standard age cohort, mortality, and migration information to estimate future years for those population characteristics
- Apply the regression analysis to the future year population characteristics while holding all else equal.
- Subtract the base year volumes from the predicted future year trip volumes to determine the *natural growth* of demand.

The regression analysis conducted as part of this study worked with the latest available census and American Community Survey data, data compiled by Met Council at the Transportation Analysis Zone (TAZ) level (and aggregated to the census tract level), and the records of close to 2 million Metro Mobility and Metro Move trips by day-of-week in 2024 and *matched* up to the home tract of the user. The analysis also considered the service zone, the hours of Metro Mobility service by community (e.g., continuous service availability in Golden Valley, but 14 hours on weekdays and only 8 hours on Saturdays and Sundays in Cottage Grove), and the extent of the tract within the ADA service zone.

Marc Warner, a statistical expert (and FTA-qualified statistician), conducted all the analysis as MnDOT's consultant for this report. The analysis tested different variables, and various functional *forms* and transformations. The best-fit equation for the dependent variable found that **Metro Mobility trips per week:**

*goes up* in relation to

- the number of low-income households,
- the number of household residents over age 65,
- the number of residents over age 65 in group quarters

- non-institutionalized population with any disability,
- non-institutional population with an ambulatory disability, and
- the percent of the census tract that is in the ADA-defined service zone.

and **goes down** in relation to

- the number of high-income households.

The direction of these relationships is as expected, and the regression analysis calculates the effect that each variable has *independent* of all the others. The technical statistical output of the best-fit equation is in Exhibit 4. It shows that the equation is very strong. The seven variables account for 75 percent of the total variation in the number of trips per week by residents in each census tract.

*Exhibit 4: Statistics from the regression analysis of Metro Mobility trips per week by census tract*

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.8699							
R Square	0.7567							
Adjusted R Square	0.7530							
Standard Error	31.6986							
Observations	660							
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	7	2041090	291584	290	1.4546E-195			
Residual	653	656135	1005					
Total	660	2697225						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
hh<\$25K	0.0405	0.0118	3.4466	0.0006	0.0174	0.0636	0.0174	0.0636
hh<\$100K	-0.0120	0.0034	-3.5839	0.0004	-0.0186	-0.0054	-0.0186	-0.0054
HH- AGE_65UP	0.0188	0.0048	3.9439	0.0001	0.0094	0.0281	0.0094	0.0281
GQ-AGE_65UP	0.1280	0.0255	5.0099	0.0000	0.0778	0.1781	0.0778	0.1781
Non-inst pop w dsblty	0.0324	0.0115	2.8168	0.0050	0.0098	0.0550	0.0098	0.0550
Non-inst pop w ambltry dsblty	0.0589	0.0217	2.7209	0.0067	0.0164	0.1014	0.0164	0.1014
Pct tract in ADA zn	18.9291	2.9005	6.5262	0.0000	13.2337	24.6244	13.2337	24.6244

The equation was applied to the Met Council forecasts of population characteristics in 2030 at the TAZ level and aggregated up to the census tract level. The result shown for each city and town appears on the map in Exhibit 5. The difference between the 2024 and 2030 trips is the *natural growth* in Metro Mobility demand, and we assume a straight-line growth over the period.

### Response to Metro Mobility fare changes

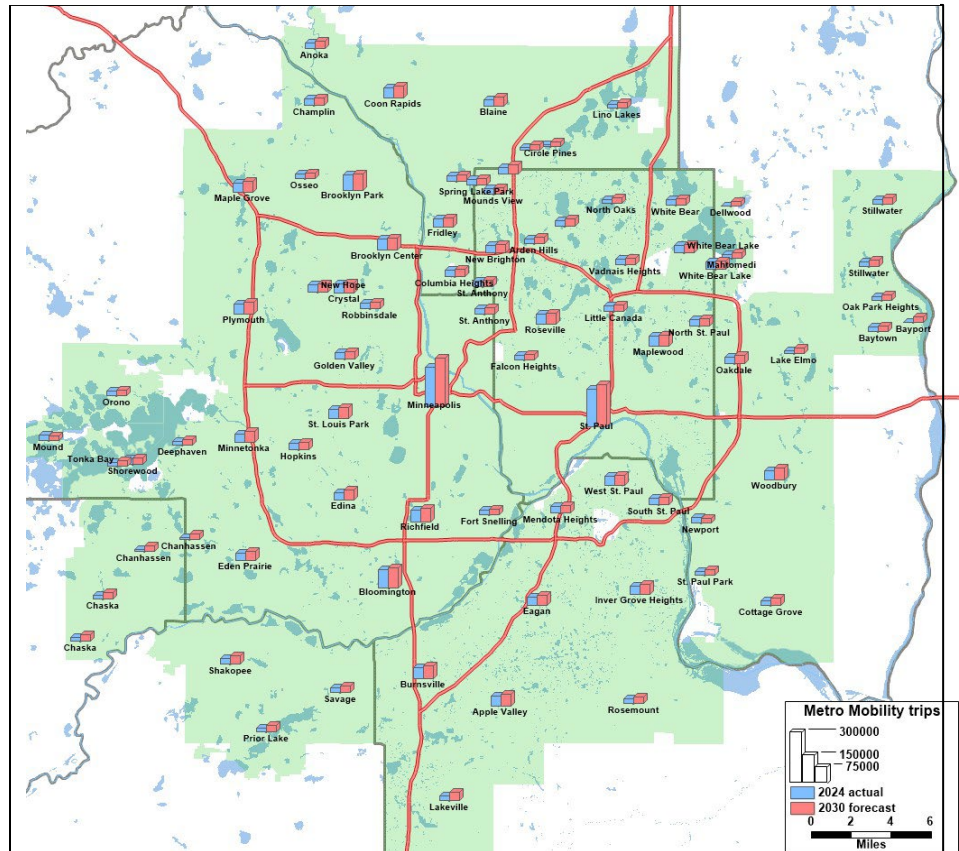
Extensive research and practice shows that as the fare for a transit trip goes up, demand for that transit service goes down. The same concept would apply to Metro Mobility and Premium on Demand. This would not

apply directly to Metro Move, since DHS is billed directly for the costs of service from individual waiver budgets at the negotiated rate of \$26.00 for ambulatory riders and \$35.00 for non-ambulatory riders. The Metro Move user pays no fares for rides upon boarding, and there is no issue of fare elasticity for this service.

Thus, in January 2025, as the fare for Metro Mobility went down from \$4.50 for a peak period ride to \$4.00<sup>1</sup> We would expect that demand for the service during the affected hours would go up. The Met Council is not expecting further fare changes to Metro Mobility in the coming years, but the model should be sensitive to a fare change if it does. The new model does this. For Metro Mobility, it calculates a before and after composite fare (accounting for peak, off-peak, holiday fares, etc.) and mathematically applies a mid-point arc elasticity (set at a transit industry standard rate of -0.4) to predict the consequent change in demand.

The technique also applies to Premium on Demand, which will likely have a change in fares when the POD pilot

Exhibit 5: Average weekly Metro Mobility by service area city and town 2024 and forecast for 2030.



<sup>1</sup> Other prices for Metro Mobility trips on off-peak hours, holidays, in the downtown fare zone, and the surcharge for non-ADA trips greater than 15 miles stayed the same.

program ends at the end of 2025. Met Council is considering an increase in the subsidy for a standard day POD trip by a Metro Mobility-eligible rider from \$20 to \$25 beginning in January 2026. Passengers would continue to pay the first \$5 for the POD ride, but those considering a longer trip by POD would now find their cost for that trip has dropped. As price drops, demand increases. The new model applies the fare elasticity to the affected travelers for these trips, too.

### ***Effect on Metro Mobility ridership of changes in Premium on Demand***

When and where both services are operating, Premium on Demand is at least a partial alternative to Metro Mobility. Not all users can make the shift: those who can't afford the higher POD fare, or those who have accessibility issues that need the capabilities and extra attention of a Metro Mobility driver. On the other hand, some POD users would not have enough advanced knowledge of a ride to schedule the same trip by Metro Mobility. Nonetheless, the POD is for many a substitute for Metro Mobility. As POD becomes more attractive, the demand for Metro Mobility will go down (again, all else equal).

The new model accounts for this. It uses Met Council data on the share of trips during the traditional program hours and those (under the pilot program) during the expanded hours. For both sets of trips, the model applies a factor for the growth in natural demand, applies the elasticity of fares to the POD trips, and then applies a factor to distinguish shifted trips from Metro Mobility from those new trips induced by POD. The model subsequently subtracts the change in shifted trips from Metro Mobility from the trips otherwise forecasted for Metro Mobility.

Note that this analysis does not consider the POD trips during the expanded hours to be potential trips on Metro Mobility. The fact that they are in *expanded hours* means that these are in a service area and a time that otherwise does not have Metro Mobility service (e.g., on Saturdays in Cottage Grove). The model does, however, track and account for the coming POD service change beginning in January 2026: Met Council will no longer subsidize POD rides by Metro Mobility-eligible travelers during nights and weekends (the expanded hours). The new model accounts systematically for this change too.

### ***Response to other policy or operational changes***

Scheduling and paying for a trip became a simpler process for Metro Mobility riders in 2025. It seems likely that this would also have a positive (though small) change on Metro Mobility demand. The model accounts for this, too, based on an assumed factor provided by the user.

### ***Change in trips for Metro Move***

The new model forecasts the number of trips on Metro Move based on the ratio of trips between the two services in 2024, applied to the change in natural demand. Thus, the model does not consider changes to Metro Mobility demand because of changes in fares, other service changes, or shifts to or from POD as factors that would affect demand for Metro Move.

## Forecasting revenue hours

The new model calculates Metro Mobility revenue hours for each month and zone based on the forecasted number of Metro Mobility trips (for the month and zone) divided by the appropriate productivity rate (trips per revenue hour). The trips per revenue hour rate is the rate in the zone for the same month one year earlier, adjusted for a user-defined factor to show a change in productivity, and adjusted again if needed to ensure that the zone operates at the minimum level specified by the relevant contract.

## Forecasting the revenue hour pay rates

There are two possible cases here:

- the contract is in effect
- it is not

For each Metro Mobility zone (or Metro Move) and for each month of the forecast (out to 2030), the new model determines which of these apply. If an existing contract is in effect, the model finds the right contract month and—where applicable—evaluates the revenue hours relative to a contractually defined number of base hours for the particular month. The new model then identifies the appropriate Part 1 and Part 2 hourly pay rates.

Where there is no defined contract table of pay rates, the new model will estimate the prevailing rates. It does this by calculating the average Part 1 and Part 2 rates applied in the zone in the last 12 months of the prior contract, adding a new contract Part 1 or Part 2 hourly pay rate boost, and then applying an inflation index for the region. This becomes the new anchor or base hours. Note that the new contract hourly pay rate boost is a factor to account for a provider taking the opportunity of a new contract to raise the hourly rates beyond what the previous contract allowed. The model is parameterized to assume that the new contract for each of the Metro Mobility zones or for Metro Move would go up \$4 per hour for Part 1, and the Part 2 rate (zones only) would go up by \$1. The inflation index would modify these increases depending on the date of the new contract. (The new model also accounts for new contract start-up pay as discussed in section 3.9).

## Forecasting excess slack hours

The new model calculates these costs based on a regression analysis of the excess slack for each of the three Metro Mobility zone contracts for each of the months in 2024 (3 zones x 12 months -1 for missing data = 35 observations). The best fit equation is very strong with the forecasted excess slack hours as a function of the productivity rate, the revenue hours, and a distinct constant for each of the three Metro Mobility zones. The standard statistical output from the regression analysis appears below.

**Exhibit 6: Statistics from the regression analysis of Metro Mobility excess slack hours**

SUMMARY OUTPUT									
<i>Regression Statistics</i>									
Multiple R	0.96011523								
R Square	0.92182125								
Adjusted R Square	0.87806408								
Standard Error	187.755188								
Observations	35								
<i>ANOVA</i>									
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>				
Regression	5	12469904.7	2493980.94	70.7471972	2.3823E-15				
Residual	30	1057560.32	35252.0105						
Total	35	13527465							
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>	
Intercept	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
west	-339.60823	134.943601	-2.5166679	0.01742607	-615.19983	-64.016628	-615.2	-64.0166	
south	308.092029	228.262263	1.34972827	0.18720063	-158.0817	774.265761	-158.082	774.2658	
east	118.631906	109.815693	1.0802819	0.28862516	-105.64166	342.905472	-105.642	342.9055	
prod rate	-483.18409	318.722365	-1.5160031	0.13998576	-1134.102	167.733819	-1134.1	167.7338	
rev hrs	0.03758489	0.01206643	3.11482971	0.00402922	0.01294194	0.06222783	0.012942	0.062228	

### Forecasting hourly pay

The new model calculates hourly pay for standard revenue hours and separately for excess slack hours by multiplying them by the applicable Part 1 and Part 2 rates.

### Forecasting penalty and bonus pay

The new model assumes that the average penalty and bonus pay in each zone is the average monthly amount paid in the zone over the prior 12 months. The model does not adjust this for the inflation rate.

### Forecasting maintenance reimbursement

For each month of the forecast and for each zone and for Metro Move, the new model calculates the average maintenance reimbursement paid over the past year, adjusts for inflation, and then makes a further adjustment for the change in platform miles. This is a standard method in transit budget models: maintenance costs are a function of total vehicle miles. The model uses the change in miles from 13 months to 1 month ago. The model’s forecast of new platform miles is in the section. Note that the new contract for Metro Move precluded our ability to review a record of past maintenance costs reimbursed for that service. Therefore, the new model applies a rate per mile of \$.01552 based on an assessment of the rate for Metro Mobility. The new model then applies the inflation index and the adjustment for the change in miles.

## Forecasting other provider invoice pay adjustments

As it does with the penalties and bonuses, the new model also forecasts the other invoice adjustments based on the record of the prior 12 months for the zone or Metro Move and then applies the index for inflation.

## Forecasting new contract start-up pay

At each contract renewal cycle, there is a risk that the new contract will include a start-up charge for staging as a separate cost from the hourly rate for service. The recent Metro Move contract, for example, included start-up pay equal to about 10,000 hours paid at the base hourly rate. Would the next contract for the Metro Mobility zone services also include a startup pay? It probably depends on whether the new contract goes to a *new contractor*. If the existing provider gets a new contract for the same service, then it is hard to see how this would justify an additional 10,000 hours (in the range of \$700,000 or so, depending on the zone). Without knowing who would win a new contract, we assume the next zone contract would include startup pay equal to 5,000 hours. The model also assumes that Met Council would pay out the start-up charge over the first six months of the new contract. As with all other assumptions, the user can easily set and test the effect of an alternative rate and pay length period.

## Forecasting service and platform miles

Platform miles are the total miles in revenue service plus the miles to get back and forth to the garage or layover facility. For each zone and each forecast month, the new model forecasts service miles by calculating miles per average revenue trip in the zone 12 months earlier (to account for seasonality) and then adjusting for the change in trips. The model then applies the prior year's ratio in the zone of platform miles to service miles.

## Forecasting Metro Mobility passenger fares and DHS revenue

The new model forecasts the passenger fares based on the composite fare paid per Metro Mobility trip, times the number of trips. As noted earlier, the model separately accounts for the change in ridership with respect to the change in fares. The model also estimates the number of *cash* fares by accounting for the past proportions of cash to non-cash fares and adjusting for the "ease of payment" factor (in the months applicable) that led to the observed drop in the proportion of cash fares in 2025.

The model also forecasts the revenue from DHS for trips taken on Metro Move. Under the current agreement Met Council bills DHS \$26 for every Metro Move trip by an ambulatory rider and \$36 for each trip by a non-ambulatory rider. Met Council reports as of 9/30/25, they have billed \$7.2M to DHS. \$2.2M from 2024 has been received. The remaining \$5M (mix of 2024 and 2025) is billed but not received.

## Forecasting the number of vehicles

The model forecasts the number of revenue vehicles assigned to each zone based on the number of vehicles assigned in a base month (currently set for January 2025) and then changes this in proportion to the number

of trips provided in the new month.

After determining the number of vehicles assigned to each zone and for Metro Move, the model then checks and updates the full fleet list to determine the number of vehicles available, the number of vehicles past their useful life, the number of vehicles that the Met Council can retire, and the number it needs to buy new. The model applies user-defined values for the purchase price and useful life of new vehicles, and the resale rate that the Met Council can expect to get for the sale of old vehicles. The model applies the inflation index to all vehicle costs.

## **Recommendations**

This report has identified key factors affecting the demand and cost for Special Transportation Services. The Met Council currently tracks these. Our recommendation is that it should continue to do so and should account for them systematically in estimating program costs, as outlined in this report. To aid this accounting, we have developed a Microsoft Office Excel-based tool which will be shared with the Met Council staff and the Minnesota Department of Management and Budget (MMB).