

METROPOLITAN COUNCIL REPORT ON THE SPECIAL TRANSPORTATION SERVICE FEBRUARY 2026 FINANCIAL FORECAST

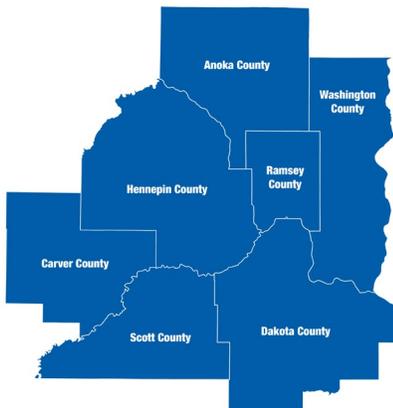
March 2026



The Met 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 Met 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 February 2026 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, and the Commissioner of Management and Budget, as required by Minnesota Statutes, section 473.386, subdivision 10(3)(d).

Introduction

The Metropolitan Council is providing the forecasted financial information for each year of the forecast period, State Fiscal Years (SFY) 2026 through 2029, for the Special Transportation Service (Metro Mobility).

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. Overall, the February forecast represents an increase to the State’s General Fund of \$3.5 million over the four years of the forecast horizon compared to the November forecast. The Metro Move program has not grown as fast as was estimated in November, resulting in less federal and state revenue (\$6m) in Calendar Year (CY) 25 from the Department of Human Services than had been forecast in November. Fare revenue in CY25 is also slightly less (\$3m) than had been forecast. Partially offsetting the reduced revenues are reduced operating expenses of \$5.5m in CY25.

The total increase to the forecast in each year of the State’s forecast horizon is:

SFY26	SFY27	SFY28	SFY29
\$3.5m	\$0	\$0	\$0

	Q3 Forecast CY25	Budget CY26	Forecast CY27	Forecast CY28	Forecast CY29
Special Transportation Services					
State General Fund	27.990	-	-	-	-
Non-Base/Forecasted SFY26	57.580	127.100	130.790	135.010	139.360
Total State General Fund	85.570	127.100	130.790	135.010	139.360
Fares, Contracts & Special Events	4.590	6.500	6.630	6.760	6.890
Federal	-	-	-	-	-
Federal Relief Funds	22.500	-	-	-	-
Other / (Transfer-in)	6.770	5.840	6.020	6.210	6.400
Total Revenues	119.430	139.440	143.440	147.980	152.650
Salaries & Benefits	3.440	4.740	4.890	5.040	5.200
Expenses @ Standard Inflation	0.770	3.600	3.720	3.830	3.950
Interdivisional Cost Allocation	3.680	3.780	3.900	4.020	4.150
Transit Programs & Fuel	119.450	127.210	131.220	135.350	139.620
Total Expenses	127.340	139.330	143.730	148.240	152.920
Structural Position	(7.910)	0.110	(0.290)	(0.260)	(0.270)
(To) From Operations	7.910	(0.100)	0.280	0.270	0.270
Financial Position	-	-	-	-	-
Beginning Operating Reserve	13.490	6.350	6.950	7.170	7.400
Investment Income	0.770	0.500	0.500	0.500	0.500
(To) From Operations	(7.910)	0.100	(0.280)	(0.270)	(0.270)
Forecast Ending Operating Reserve	6.350	6.950	7.170	7.400	7.630
Minimum Reserve Target	6.370	6.970	7.190	7.410	7.650

SFY24	SFY25	SFY26	SFY27	SFY28	SFY29
55.980	55.980	-	-	-	-
-	-	121.430	128.760	132.900	137.190
55.980	55.980	121.430	128.760	132.900	137.190
6.280	5.180	5.550	6.560	6.690	6.830
-	-	-	-	-	-
34.500	38.500	-	-	-	-
1.400	4.780	6.300	5.930	6.110	6.310
98.160	104.440	133.280	141.250	145.700	150.330
2.930	3.240	4.090	4.820	4.970	5.120
2.690	2.250	2.180	3.660	3.770	3.890
2.980	3.450	3.730	3.840	3.960	4.080
100.440	112.400	123.330	129.220	133.290	137.490
109.040	121.340	133.330	141.540	145.990	150.580
(10.880)	(16.900)	(0.050)	(0.290)	(0.290)	(0.250)
10.890	16.900	0.060	0.280	0.270	0.270
-	-	-	-	-	-
29.820	20.640	5.000	5.580	5.800	6.030
1.710	1.260	0.640	0.500	0.500	0.500
(10.890)	(16.900)	(0.060)	(0.280)	(0.270)	(0.270)
20.640	5.000	5.580	5.800	6.030	6.260
5.450	6.070	6.670	7.080	7.300	7.530

Assumptions:

Minimum reserve of 5% of annual operating expenditures is maintained

CY25 is based on the Q3 financial forecast in the Feb 2026 forecast , and CY26 on the Adopted Budget, and is consistent with the November 2025 Economic forecast

The historical actual data for **calendar** year revenues and expenses 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.

Adjustment of \$1.4m added to carry forward amount for prior year adjustment compared to earlier forecasts

Last of federal pandemic funds were committed in CY25 budget

2025 budget assumed higher ridership while 2026 budget assumed slightly lower ridership, impacting the fares revenue line.

Other revenue shows a decrease from February 2025 forecast to October 2025 forecast due to lower than anticipated ridership in the Metro Move program. Other revenue is based on revenue received from DHS for Metro Move rides being reimbursed. 2025 Metro Move ridership was budgeted at 40K ridership/month and actuals are coming in at 20K ridership/month. 2026 Ridership was reduced to half of 2025 budget so new revenue for 2026 is \$5.9M, nearly half of revenue as well. 2025 was \$12.7M.

Per most recent audit, Metro Move funds from DHS and federal are not split between "Federal" and "Other" but are now entirely in "Other"

Metro Mobility Capital Forecast for State Fiscal Years 2026-29

	Jul-Dec 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
Federal - 5307 Funds*	-	-	-	-	-	-	-	-	-	-	-	17,100,466	17,100,466	-	17,100,466
State General Fund - Non-Base/Forecast	-	-	-	500,000	500,000	-	500,000	-	-	-	-	4,275,117	4,275,117	-	4,275,117
TOTAL REVENUES & SOURCES	-	-	-	500,000	500,000	-	500,000	-	-	-	-	21,375,583	21,375,583	-	21,375,583
Metro Mobility Bus Purchases	-	-	-	-	-	-	-	-	-	-	-	19,485,583	19,485,583	-	19,485,583
Metro Mobility Van Purchases	-	-	-	-	-	-	-	-	-	-	-	1,890,000	1,890,000	-	1,890,000
Technology for New Vehicles	-	-	-	500,000	500,000	-	500,000	-	-	-	-	-	-	-	-
TOTAL EXPENSES & USES	-	-	-	500,000	500,000	-	500,000	-	-	-	-	21,375,583	21,375,583	-	21,375,583
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: 640 - Buses (491 in-service, 100 being in-process), Vans (49)
- * 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 were 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.
- * 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



390 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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