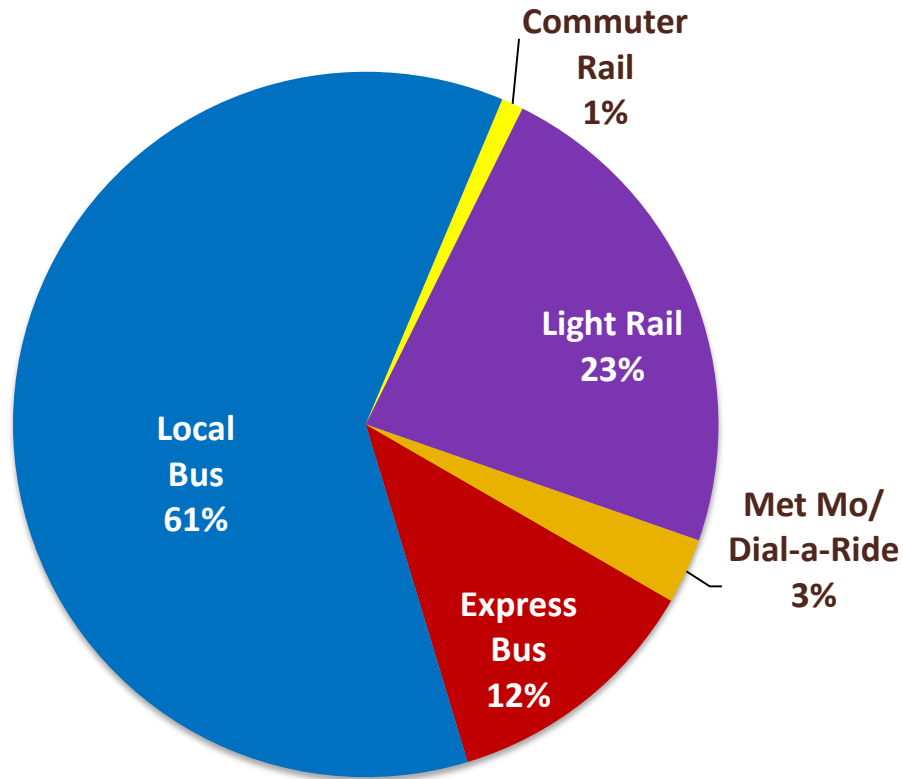


Metropolitan Council Transportation Background Issues & Adjustments to Address Budget Shortfall State Fiscal Years 2018-2019



2015 Regional Transit Ridership



**324,000
rides per
day**

98.8 million rides per year

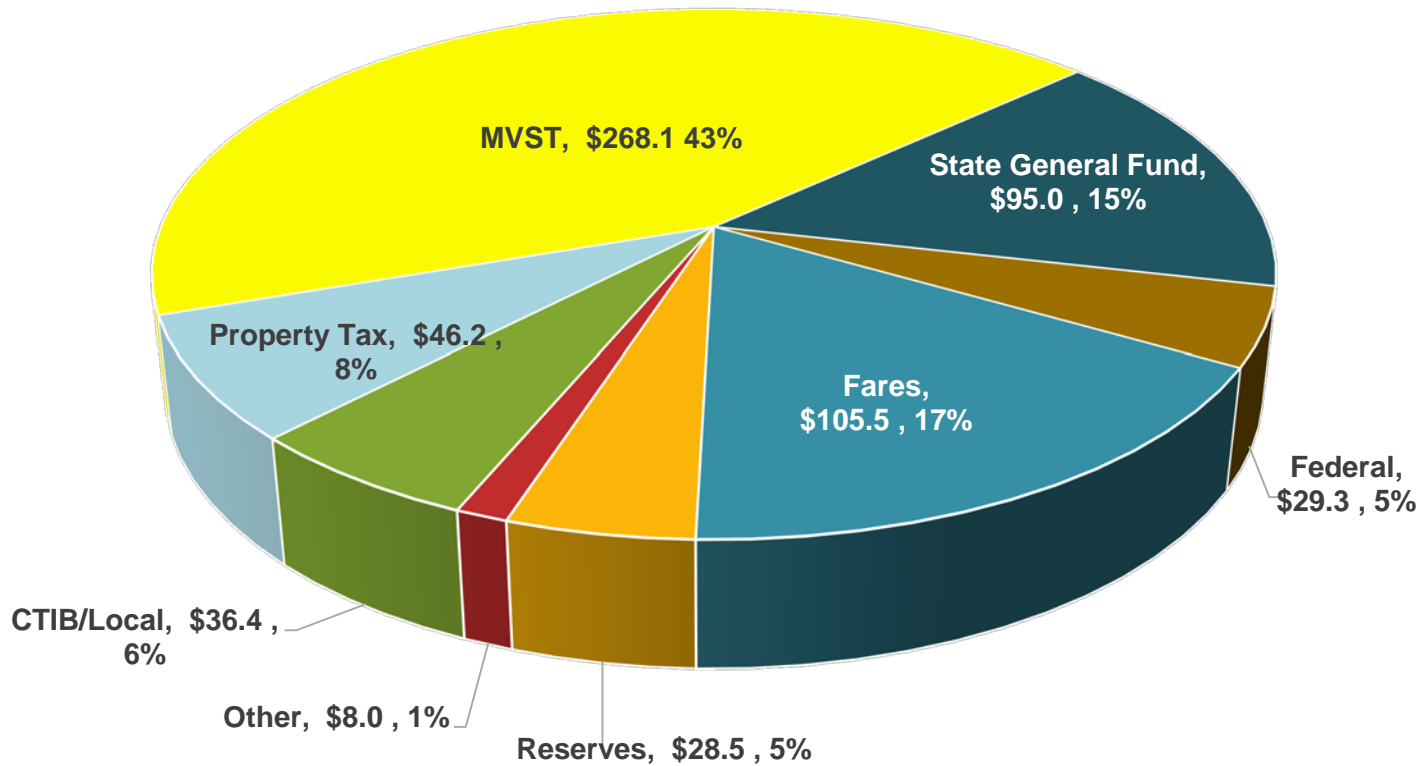
Bus system accounts for
76%
of regional ridership

Metro Transit – APTA 2016 Transit System of the Year

Our customers:

- **73%** of trips for work and school
- **40%** of downtown core Minneapolis workers use transit
- **69%** of customers have access to cars but choose transit
- **44%** of LRT riders, **27%** of bus riders have household incomes above \$50,000
- **89%** of customers are satisfied with their transit experience
- **24%** of METRO Green Line customers are new to Transit
- **30%** of customers say they don't have enough service to meet their needs

CY 2017 Transportation Revenue Budget \$617M



MVST Forecast Revised Downward Again

Dollars in millions

	SFY 2016	SFY 2017	SFY 2018	SFY 2019
Nov 2015	\$262	\$282	\$302	\$315
Feb 2016	\$257	\$278	\$297	\$310
Nov 2016	\$258	\$268	\$288	\$304
Forecast Loss	(\$4)	(\$14)	(\$14)	(\$11)

Regional Transit Budget Impact

	SFY 2016		SFY 2017		SFY 2018		SFY 2019	
	Jul-Dec 2015	Jan-Jun 2016	Jul-Dec 2016	Jan-Jun 2017	Jul-Dec 2017	Jan-Jun 2018	Jul-Dec 2018	Jan-Jun 2019
		CY 2016	CY 2017	CY 2018				
Revenue Loss		(\$11)	(\$14)	(\$13)				

- Next forecast February 2017

Total Projected Transportation Deficit State Fiscal Years 2018-19

Dollars in millions

	SFY 18-19
MVST Downturn (SFY 2016 – 2019)	\$43
Metro Mobility Growth (inflation & ridership demand)	\$24
Certificates of Participation	\$9
Other (Inflationary pressures)	\$13
Total Projected Deficit	\$89

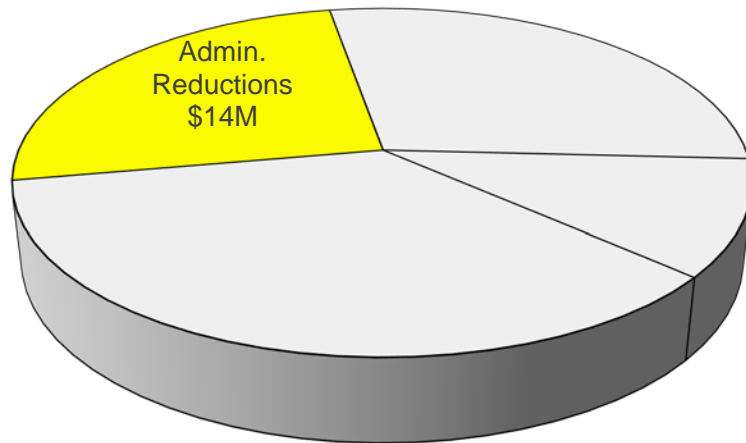
SFY 2018-2019 Budget Options

	Low	Medium	High
Total Projected Deficit	\$89M	\$89M	\$89M
Certificates of Participation	(\$9M)	(\$9M)	(\$0M)
Metro Mobility Growth	(\$24M)	(\$0M)	(\$0M)
Revised Projected Deficit	\$56M	\$80M	\$89M

- Certificates of Participation: CTIB/Assumed by Counties
- Metro Mobility Growth: Mandated service, State of MN request

SFY 2018-2019 Budget Options

	Low	Medium	High
Revised Projected Deficit	\$56M	\$80M	\$89M
Administrative Reductions	(\$14M)	(\$14M)	(\$14M)



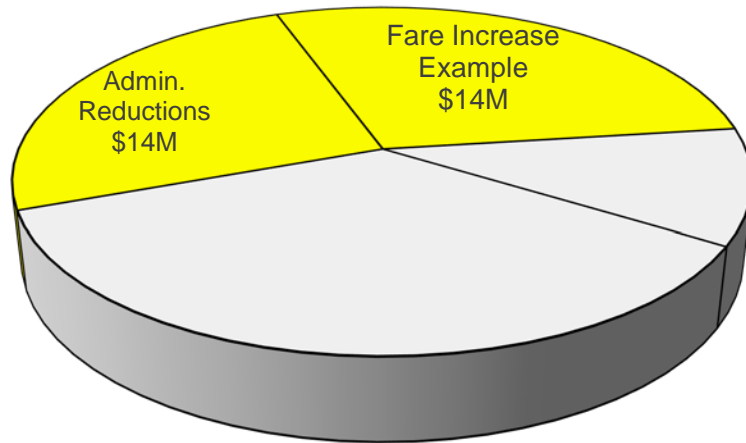
- Targeted temporary hiring freeze
- Review planned 2017 projects
- 6% administrative reductions saves \$7M/yr

Administrative Reductions Guiding Principles & Outcomes

- Minimize ridership and revenue loss
- Retain service, facilities and fare programs for those most reliant on transit
- Maintain integrity and structure of our service operations and assets
- Maintain regulatory compliance, core system and employee safety
- Reductions reduce ability to improve service quality and enhance safety

SFY 2018-2019 Budget Options

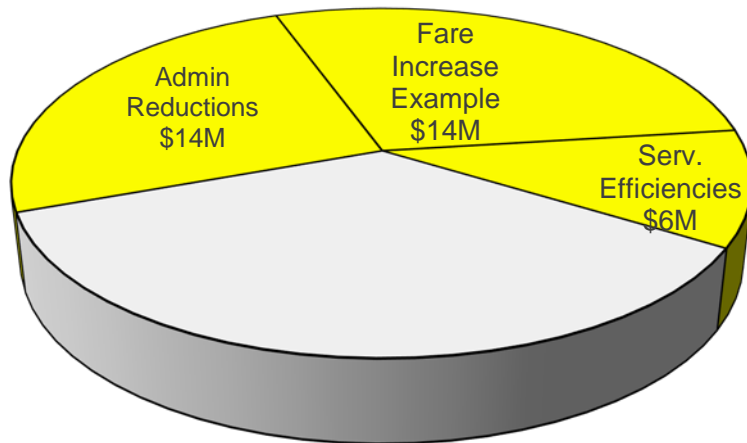
	Low	Medium	High
Revised Projected Deficit	\$56M	\$80M	\$89M
Administrative Reductions	(\$14M)	(\$14M)	(\$14M)
Fare Increase Example	(\$14M)	(\$14M)	(\$14M)



- Regional bus, LRT, commuter, Metro Mobility
- Public engagement process
- Revenue service implementation Sept. 1, 2017

SFY 2018-2019 Budget Options

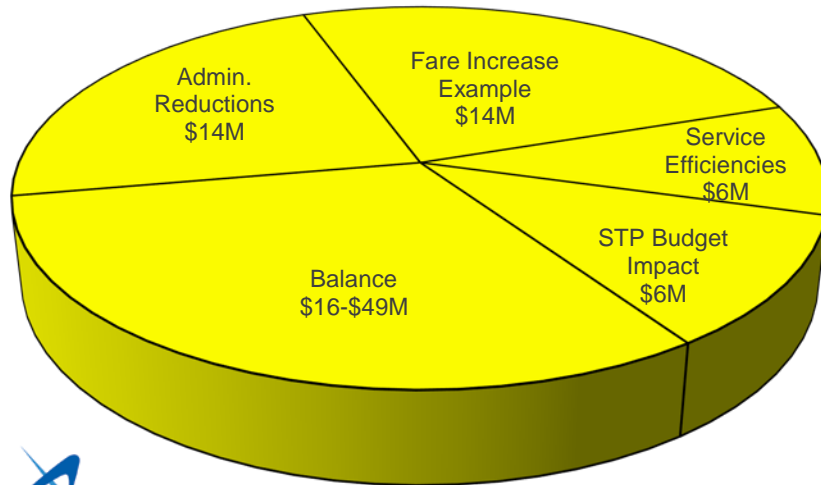
	Low	Medium	High
Revised Projected Deficit	\$56M	\$80M	\$80M
Administrative Reductions	(\$14M)	(\$14M)	(\$14M)
Fare Increase Example	(\$14M)	(\$14M)	(\$14M)
Service Efficiencies	(\$6M)	(\$6M)	(\$6M)



- Review service performance regional standards
- Focus efficiencies on low ridership, high subsidy service
- Harvest and NOT Re-invest
- Does not require public engagement

SFY 2018-2019 Budget Options

	Low	Medium	High
Revised Projected Deficit	\$56M	\$80M	\$89M
Administrative Reductions	(\$14M)	(\$14M)	(\$14M)
Fare Increase Example	(\$14M)	(\$14M)	(\$14M)
Service Efficiencies	(\$6M)	(\$6M)	(\$6M)
STP Budget Impact	(\$6M)	(\$6M)	(\$6M)
Remaining Balance	\$16M	\$40M	\$49M



- Other options flexible funding being analyzed by staff
- Service reductions would require public hearing process

Fare Increase Example

Guiding Principles

- **Generate Additional Fare Revenues:** *Increase revenues across all modes and service (Metro Transit, regional and contract service, Metro Mobility and Transit Link) while minimizing ridership impacts where possible*
- **Promote Equity:** *Price fares so that they account for an equitable portion of operating costs and reflect the ability of customers to pay*
- **Simplify:** *Make the fare structure easier to use and understand*

Proposed Increase Impact Example

- Proposed base fare increase: \$0.25
- Estimated ridership loss: 4.8%, 4.5 million rides
- Ridership recovery period: 24 months
- Net revenue increase for SFY 2018/2019: \$14 million total
- Would include Metro Mobility and Transit Link

Current Fares	Off-Peak	Peak
Local	\$1.75	\$2.25
Express	\$2.25	\$3.00
Metro Mobility	\$3.00	\$4.00

Example Fare Increase	Off-Peak	Peak
Local	\$2.00	\$2.50
Express	\$2.50	\$3.25
Metro Mobility	\$3.50	\$4.50

Proposed Fare Increase Example Schedule

Task	Date
Suburban Transit Provider Meetings	January
Regional Fare Committee Update	February
Public Engagement Approval	March
Public Engagement Process	March - May
Council Approval of Fare Increase	June
Programming and Communication	June - August
Revenue Service Implementation	September 1, 2017

Other Options – Future Council Consideration

- Post legislative session
- Detailed service reduction plan
 - Unprecedented service reductions
 - Review all services
 - Public engagement process
 - Implement Dec. 2017/March 2018
 - Significant impacts on all routes and spans of service
- Other flexible funding
 - Impedes future growth
 - Impacts system reliability

Major Service Adjustment Guiding Principles

- Minimize ridership loss
- Minimize impacts on those reliant on transit
- Preserve the integrity and connectivity of the transit system
- Minimize duplicated service
- Minimize high subsidy/low ridership routes and route segments
- Include public comment and outreach to test draft concept prior to finalization



Presented to

Metropolitan Council
Committee of the
Whole

February 1, 2017

