



# Blue Line Extension Capital Grant Agreement and Green Line Extension funding

Metropolitan Council Committee of the Whole

September 9, 2023

# Today's Topics

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- New Revenue Sources and Requirements
- Green Line Extension
  - Settlement Agreement Process with Contractors
  - Funding Agreement with Hennepin County
- Blue Line Extension
  - Timeline and Milestones for Project
  - Mode Selection History
  - Current Concept Development
- Transitway Advancement Policy
  - Advancement Milestones
  - Enterprise Risks
- Timeline for Project and Budget Decisions

# Transportation Finance



## New, sustainable revenue for regional transportation

- **¾ cent sales tax for metropolitan transportation, starting Oct 1, 2023**
  - 17% to counties
  - 83% to Met Council
    - 5% to active transportation (to be determined by TAB)
    - 95% to transit operations, maintenance, capital projects
- Expected revenue to the Council :
  - About \$400 million forecast in CY24
  - 3% growth rate will be assumed in budget forecast
- The Council is prohibited from using sales tax revenue to pay for the Southwest Light Rail project until Metro Governance Task Force concludes in June 2024

# **New Fiscal Commitments: Transitways**

- 100% of operating costs (increase from 50%+)
- All Capital Maintenance costs (previously partially funded)
  - 30 Year forecasted needs in development
  - Expecting forecast to show this is fully funded

# Required Investment Areas for Regional Sales Tax



## Legislative requirements:

1. Improvements to regular route bus service levels
2. Safety improvements, including additional TRIP personnel
3. Maintenance & improvements to accessibility at transit stops and transit centers
4. Transit shelter replacement and improvements
5. Planning & project development for expansion of ABRT
6. Operations and capital maintenance of ABRT
7. Planning & project development for expansion of highway BRT and bus guideway lines
8. Operations and capital maintenance of highway BRT and bus guideways
9. Zero-emission bus procurement and associated costs in conformance with the Council's zero-emission and electric transit vehicle transition plan
10. Demand response micro-transit service provided by the Council
11. Financial assistance to replacement service providers to provide for service, vehicle purchases, and capital investments related to demand response micro-transit service
12. Financial assistance to political subdivisions and tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code for active transportation
13. Wage adjustments for Metro Transit hourly operations employees

**2024 Budget will include investment in all 13 areas**

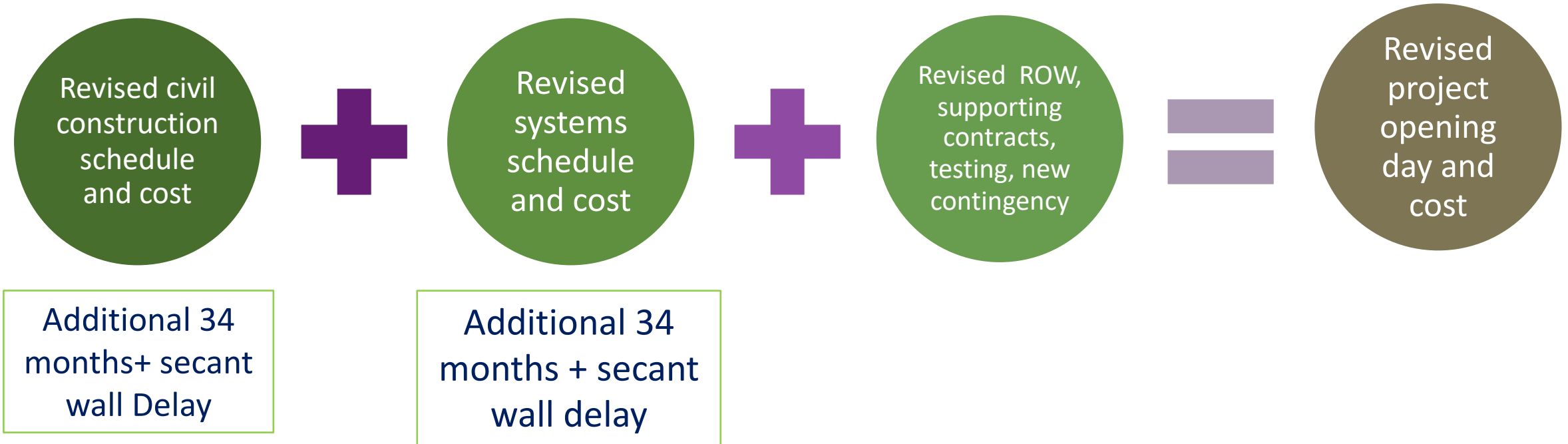
# Allocation of new regional sales tax: Council Share

- New Transitway Operating Costs: Begins October 2023
- Transitway Capital Maintenance: Managed through CIP budget process
- Legislatively defined 13 investment areas:
  - Allocation amounts based on a variety of processes
    - Operating and Capital budgets
    - Network Now
    - Network Next
    - Asset Conditions
    - Regional Transit Performance Standards
    - Zero Emission Bus Plan
    - Regional Planning
    - Regional Transit Provider Engagement
    - Engagement Processes and Public Comments
- New investments beyond current Transportation Policy Plan
  - Local and Regional planning processes utilized to develop investment priorities

# Allocation of new regional sales tax: County Shares

- Relief from existing & future Transitway Operating Costs: Begins October 2023
  - Each County will define how it will invest in transportation with new funding
- 17% regional portion of sales tax (Legislatively defined):
  - 41.5% for active transportation & transportation corridor safety studies
  - 41.5% for repair, preservation, & rehabilitation of transportation systems without adding capacity
  - 17% for transit purposes; complete streets; projects, programs, and operations activities that meet the requirements of a mitigation action (GHG/VMT)
  - Funds must supplement and not supplant existing sources of revenue
- New transitway investments beyond current Transportation Policy Plan
  - Local planning processes utilized to develop investment priorities

# Green Line Extension: Project costs, schedule, and opening



- Council approved settlement framework with Civil and Systems contractors contract caps fiscal risk
- Revised project costs expected by January 2024 for Council adoption
- Estimate revenue operations in 2027



# Green Line Extension: Remaining Funding Need

- Spring 2023 estimated funding gap was \$272M
  - Did not include start-up costs
- New budget will be set after comprehensive risk process completed
- New budget will include contingency for remaining risks
- Kenilworth tunnel remains highest risk area. Tunnel approximately 50% complete
- By end of 2023 significant areas of project will be complete, including several higher risk bridges and retaining walls

# Green Line Extension Funding Agreement Framework

- Remaining capital needs split 55% to Hennepin County, 45% to Metropolitan Council
  - Hennepin County source is local transportation sales tax
  - Metropolitan Council source is Metro Transit share of Federal 5307 funding
  - Metropolitan Council responsible for start-up operating costs
- Agreement voted on by Hennepin County Board and Council this Fall
- Funding added over three-year period aligned with cash flow needs

# Benefits of Agreement

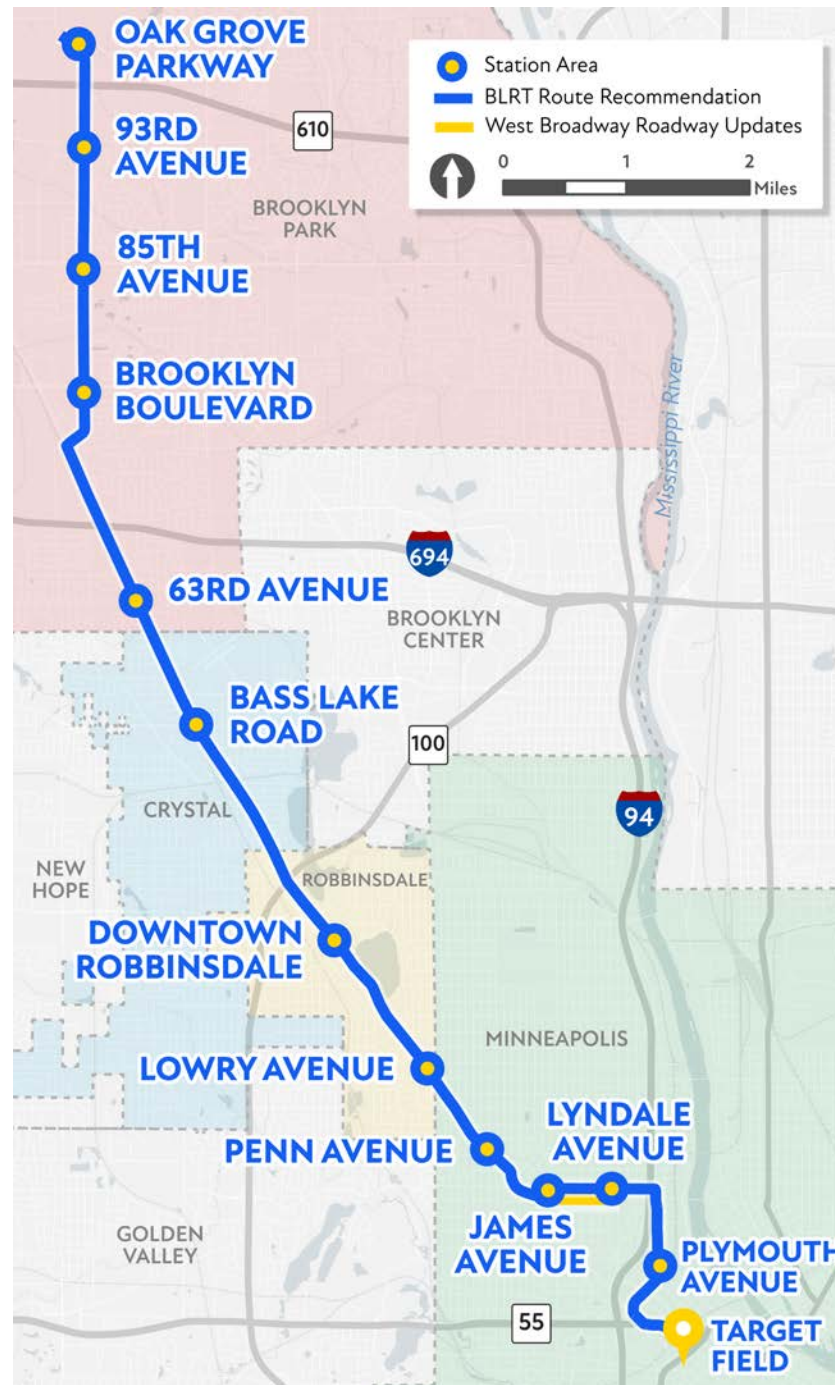
- Provides structure for fully funding remaining costs
  - Doesn't require an adopted budget
  - Provides clear way to deal with funding risks if they develop
- Increases local (County) contribution to capital project
- Allows certainty
  - Completes the project and guarantees regional benefits from this major investment
  - Provides FTA with necessary confidence to continue to invest in our region
- Satisfies enterprise risk allowing Blue Line Extension to continue forward



## Blue Line

### EXTENSION

- 13.4 miles & 12 new stations
- Connects Minneapolis, Robbinsdale, Crystal, Brooklyn Park and surrounding communities to fast, frequent, all-day service across the METRO system
- Single seat ride to existing Blue Line stops downtown, MSP Airport and Mall of America
- Building community prosperity through anti-displacement strategies before, during, and after construction



## Next steps

- Updated post-COVID ridership: early 2024
- Supplemental Draft Environmental Impact Statement: Spring 2024
- Municipal Consent process to confirm final route: Summer 2024
- Updated Cost Estimate: 2024
- Final Design: 2024-2025
- Construction starts: 2026-2027
- Anticipated opening: 2030

# Three varieties of BRT plus LRT, one METRO system



- Lettered lines (A Line, C Line)
- Mix of state/federal funds, potential FTA Small Starts
- Primarily in mixed traffic, some bus-only lanes

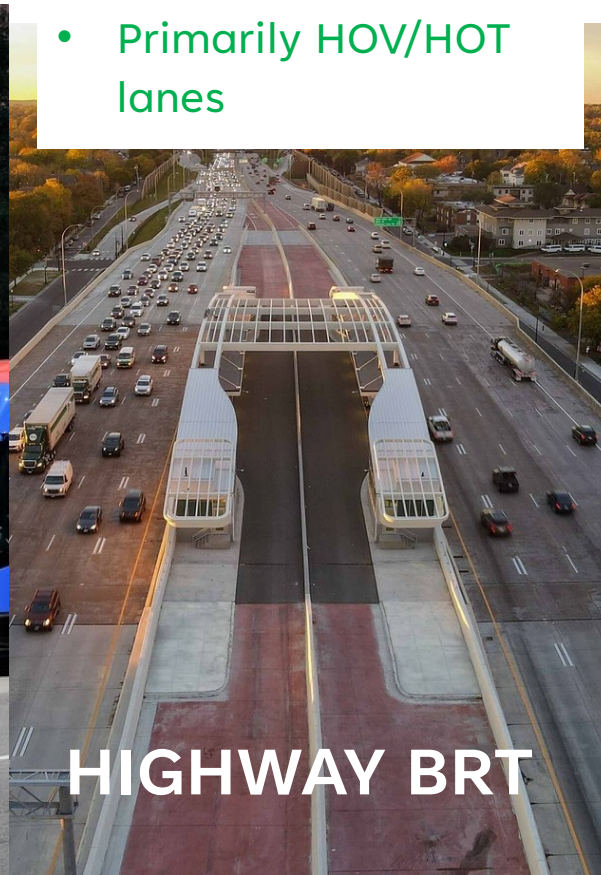
- Orange Line & Red Line
- FTA Small Starts
- Local County sponsor/funding
- Primarily HOV/HOT lanes

- Gold Line & Purple Line
- FTA New Starts
- Local County sponsor/funding
- Exclusive BRT guideway

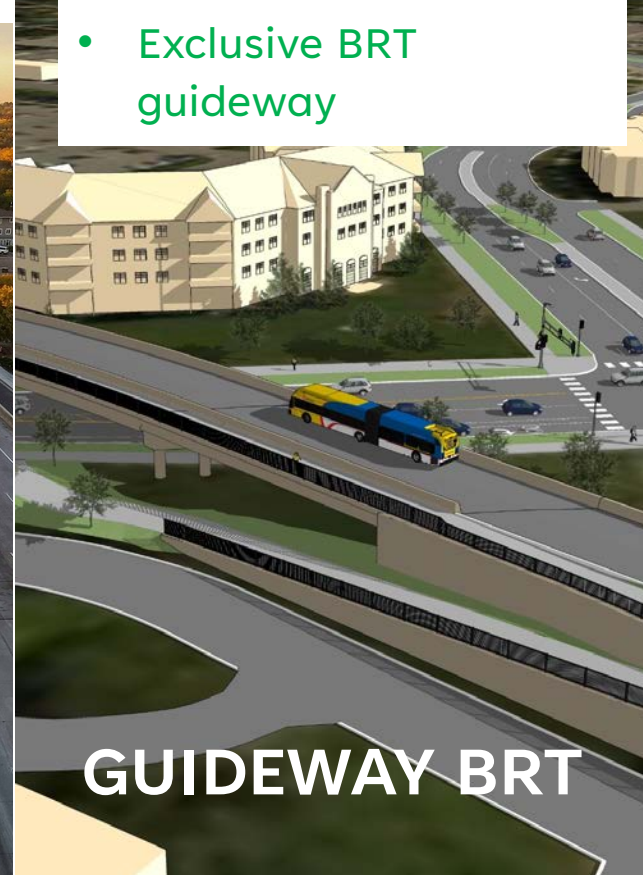
- Green Line & Blue Line
- FTA New Starts
- Local County sponsor/funding
- Exclusive LRT guideway



ARTERIAL BRT



HIGHWAY BRT



GUIDEWAY BRT



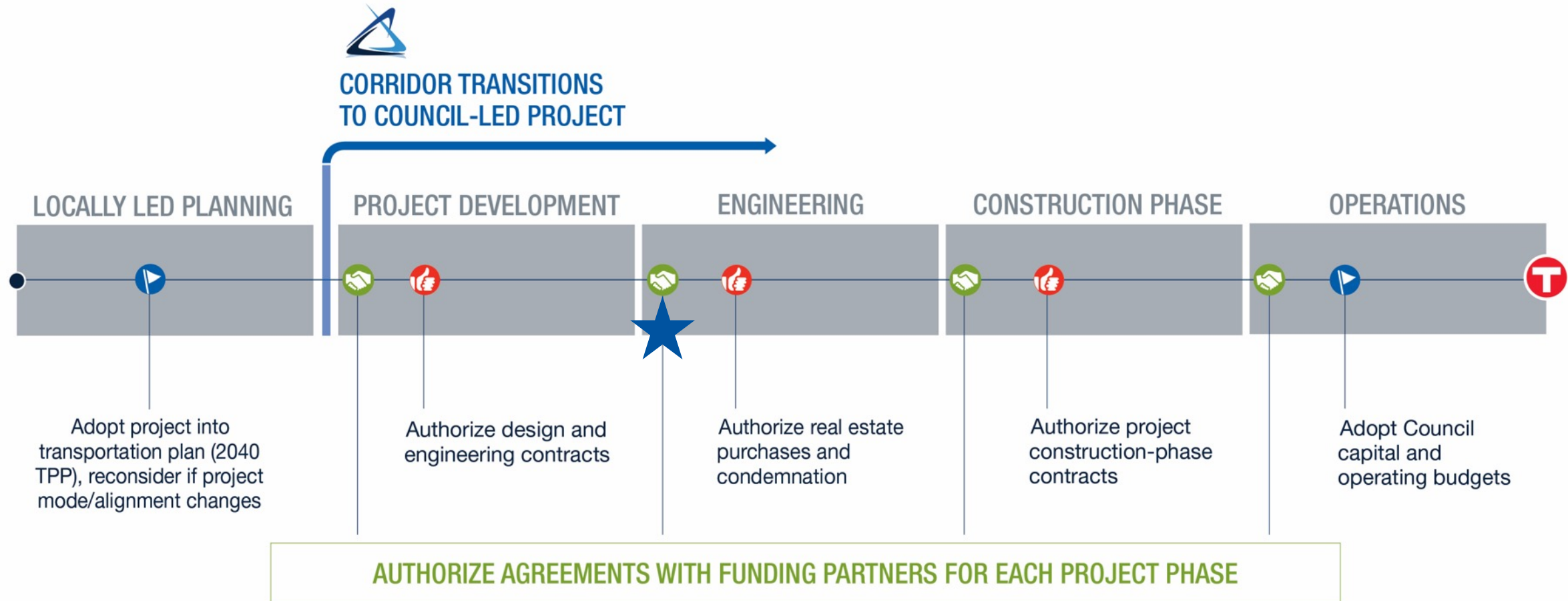
GUIDEWAY LRT

# How and when was LRT decided over BRT?

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- Mode and alignment alternatives analyzed from 2008 – 2013
  - Started with 21 alternatives (9 LRT and 12 BRT)
  - Narrowed to 5 alternatives by 2011 (4 LRT and 1 BRT)
- Recommendation in 2014 for LRT between Brooklyn Park and Minneapolis via the BNSF railroad corridor and Olson Memorial Highway
  - BRT alignment considered that followed the same alignment as the LRT option
  - BRT had lower ridership, limited vehicle capacity, fewer passengers per revenue hours, and greater impact to general roadway traffic compared to LRT
- In 2020, a route modification process began for the Blue Line Extension that did not use the BNSF railroad corridor
  - LRT Extension was confirmed as the mode
  - Federal funding eligibility, operating capacity, opportunities for transit-oriented development, reduction of carbon emissions were additional considerations that confirmed mode

# Transitway Advancement Policy



# Top Enterprise Risks (Summer 2023)

Current	Category	Risk Description	Mitigation Needed
1	Operational	Metro Transit is unable to hire sufficient staffing to operate service and perform maintenance for regional transit system	2028-2030
2	Operational	Metro Transit is unable to meet needs for effective safety & security strategies	2029-2031
3	Operational	Transitway ridership does not meet regional performance thresholds for ridership due to post-pandemic changes in travel patterns	2029-2034
4	Operational	Delays or inability to deliver the Blue Line Extension means regional equity and climate change goals and needs are not met	2023-2025
5	Financial	Unresolved capital funding needs for existing/planned transitways impact regional funding and Metro Transit capital and operating investment priorities	2023
6	Financial	Insufficient non-federal capital funding available for the Council to maintain the existing and planned transitways in a state of good repair	After 2050
<input checked="" type="checkbox"/>	Financial	Insufficient new funding provided by funding partners to cover state and local share of operating costs	Resolved

Very Low

Low

Moderate

High

Very High



# METRO Transitways and Enterprise Risk

## Financial

- Budget
- Funding availability
- Price Risk

## Workforce

- Institutional knowledge
- Labor relations
- Org Structure
- Recruiting and Retention
- Skills

## Strategic

- Demand Shifts
- Economy
- Innovation
- Agency performance
- Environmental

## Socio-Political

- Metro Transit Brand
- Change in Government
- Socio-economic trends
- Sustainability
- Project Governance

## Operational

- Contractor/Vendor
- Supply Chain
- Public safety
- Disruptive Technology

## Legal/Regulatory

- Regulation
- Litigation

# Timeline of Council Decisions

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- Blue Line Capital Grant Agreement/Budget: September 13
- 2024 Capital and Operating Budget Timeline
  - Committee of the Whole: October 4
  - Transportation Committee: October 9
  - Capital Program Presentation to Council: October 11
  - Council adopt Public comment Draft Budget: October 25
  - Adopt final 2024 Operating and Capital Budget: December 13
- Approve Green Line Extension funding terms with Hennepin County: Fall 2024
- Adopt Revised Green Line Extension Budget and Opening Date: January 2024

**Questions?**