

# Business Item

Management Committee



Committee Meeting Date: December 11, 2024

For the Metropolitan Council: December 11, 2024

## Business Item: 2024-335 JT SW

METRO B Line – Resolution 2024-26 establishing obligation for project contingency

<b>District(s), Member(s):</b>	District 6 (Pacheco), District 7 (Lilligren), District 8 (Osman), District 13 (Lee), District 14 (Carter)
<b>Policy/Legal Reference:</b>	Minnesota Statutes section 16A.642
<b>Staff Prepared/Presented:</b>	Lesley Kandaras, General Manager, 612-349-7513 Nick Thompson, Deputy General Manager, 612-349-7507 Katie Roth, Director, Arterial BRT, 612-349-7772 Ed Petrie, Director, Finance, 612-349-7624 Ned Smith, Chief Financial Officer, 651-602-1162 Stewart McMullan, Director, Budget Operations, 651-602-1374
<b>Division/Department:</b>	Regional Administration / Finance Metro Transit / Arterial BRT

### Proposed Action

That the Metropolitan Council pass Resolution 2024-26 establishing obligation for METRO B Line project contingency through December 31, 2025.

### Background

In 2020 the Minnesota Legislature appropriated \$55 million in state bonds for the B Line, D Line, and, to the extent money remained after completion of those projects, to the E Line for design and engineering.

Minnesota Statutes section 16A.642 requires the Commissioner of Minnesota Management and Budget (MMB) to report to the Legislature by January 1 of each year regarding capital appropriations enacted more than four years prior to that date. The reported amounts that are unencumbered or otherwise not obligated automatically cancel unless re-authorized by the Legislature. All funding from the 2020 bonding bill that has not been obligated or expended by December 31, 2024 will be cancelled effective July 1, 2025 unless it is re-appropriated by the Legislature.

### Rationale

As part of the Minnesota Statutes section 16A.642 process, unencumbered funds may avoid becoming subject to cancellation if the Council establishes that contingency is otherwise obligated for potential changes as the project progresses toward 2025 completion.

### **Thrive Lens Analysis**

The B Line will upgrade and substantially replace Route 21, Metro Transit's highest ridership local bus route. Investment in high-quality transportation options in the Route 21 corridor will advance the Thrive outcome of Prosperity, by making the region more economically competitive through increased workers' access to employment, and support to employers by increasing available workforce with affordable, convenient transportation.

The B Line project and county-funded improvements along the corridor advance the Thrive outcome of Equity by investing in a transit corridor serving communities of color. More than half of Route 21 riders identify as Black, Indigenous, or people of color (BIPOC). Investment in the B Line will provide riders with faster service and a more comfortable waiting and riding experience

The proposed action advances the Thrive outcome of Stewardship by planning for efficient use of funds allocated for the METRO B Line project.

### **Funding**

The proposed action will establish that the remaining \$4,031,096 of unencumbered funds in the METRO B Line project budget are otherwise obligated for potential changes, in order for funds to remain available for use in project contingency through final completion on December 31, 2025.

### **Small Business Inclusion**

There is no contracting related to this action so no Disadvantaged Business Enterprise (DBE) goal was set.





## **METROPOLITAN COUNCIL RESOLUTION NO. 2024-26**

### **RESOLUTION ESTABLISHING OBLIGATION FOR METRO B LINE PROJECT CONTINGENCY THROUGH DECEMBER 31, 2025**

- WHEREAS,** in 2020, the Minnesota State Legislature appropriated \$55 million in bonding for the D Line, B Line, and to the extent funding remained after completion of those projects, the E Line;
- WHEREAS,** \$12,909,177 of the total bond appropriation is authorized in the D Line project effective as of the 2024 4th Quarter budget amendment, of which \$12,909,177 will be expended or encumbered in contracts before December 31, 2024, leaving an encumbered balance of \$0;
- WHEREAS,** \$42,090,823 of the total bond appropriation is authorized in the B Line project effective as of the 2024 4th Quarter budget amendment, of which \$38,059,727 will be expended or encumbered in contracts before December 31, 2024, and the balance of \$4,031,096 is budgeted contingency on the project;
- WHEREAS,** Minnesota Statutes section 16A.642 requires the Commissioner of Minnesota Management and Budget (MMB) to report to the Legislature by January 1 of each year regarding capital appropriations enacted more than four years prior to that date. The reported amounts that are unencumbered or otherwise not obligated automatically cancel unless re-authorized by the Legislature. All funding from the 2020 bonding bill that has not been obligated or expended by December 31, 2024 will be cancelled effective July 1, 2025 unless it is re-appropriated by the Legislature.
- WHEREAS,** the B Line is scheduled to enter revenue service on June 14, 2025 and the Council has entered into multiple contracts for the B Line that will continue to be active through the construction final completion date of December 31, 2025;
- WHEREAS,** industry best practice and Council procedure requires budgeted contingency to be held on active projects through completion;
- WHEREAS,** as part of the Minnesota Statutes section 16A.642 process, unencumbered funds may avoid becoming subject to cancellation if the Council establishes that contingency is otherwise obligated for potential changes as the project progresses toward 2025 completion.

### **NOW, THEREFORE, BE IT RESOLVED:**

1. THAT \$4,031,096 of unencumbered state bonds in the METRO B Line (Project 62802) budget be established as project contingency to be otherwise obligated for potential changes through the construction final completion date of December 31, 2025.

Adopted this 11th day of December, 2024.