

Other Business

Meeting date: August 31, 2016

Subject: Discussion and Resolution on Council issuance of Certificates of Participation related to the Southwest Light Rail Transit Project

District(s), Member(s): All

Policy/Legal Reference: MS 473.405 to 473.449 the Metropolitan Council is authorized to own, construct and operate within the metropolitan area a regional transit system, including a light rail system

Staff Prepared/Presented: Mary Bogie, Chief Financial Officer 651-602-1359; Mark Fuhrmann, Metro Transit Deputy General Manager 612-373-3810

Division/Department: Transportation/Metro Transit; Regional Administration/Finance

Proposed Action

That the Metropolitan Council approve Resolution 2016-24 expressing the Council's intention to issue Certificates of Participation to provide local matching funds for the Southwest Light Rail Transit Project and authorizing the Regional Administrator to enter into a memorandum of agreement with the Counties Transit Improvement Board and the Hennepin County Regional Railroad Authority that establishes equitable and proportionate standards as related to project financing.

Background

On August 10, 2016 the Council approved the final scope and project budget of \$1.858 billion for the Southwest Light Rail Transit Project. The federal government's participation is anticipated to be \$929 million (50%) of project cost and local share is needed to fund the remainder.

There is currently a gap in the project's local funding commitment of \$144.5 million resulting from unmet state funding share (\$135M) and local share of costs related to project delay (\$9.5M). To fill that gap, it is proposed the Counties Transit Improvement Board (CTIB) and the Hennepin Regional Railroad Authority (HCRRA) each contribute an additional \$20.5 million and the Council issues Certificates of Participation (COP) financing for the remaining \$103.5 million. The COPs are proposed to be repaid as follows: up to \$91.75 million from transit operating revenues, and at least \$11.75 million from CTIB revenues.

CTIB and HCRRA brought funding resolutions for additional local share before their boards earlier this week.

Rationale

The Southwest Light Rail Transit (LRT) project (METRO Green Line Extension) will operate from downtown Minneapolis through the communities of St. Louis Park, Hopkins, Minnetonka, and Eden Prairie, passing in close proximity to Edina. It will be part of an integrated system of transitways, including connections to the METRO Blue Line, the Northstar Commuter Rail line, bus routes and proposed future transitways that create opportunities and connect riders to jobs, businesses, and opportunity.

Our local investment leverages \$929 million in federal funds that will otherwise go to a different city/region. Keeping those dollars in Minnesota creates jobs and economic benefit statewide.

Funding

The Federal Transit Administration will pay for 50 percent of the \$1.858 billion overall budget upon execution of a Full Funding Grant Agreement. Local capital funding will be provided by the CTIB; HCRRA, State of Minnesota, Metropolitan Council, and other local funding partners.

The proposed action does not serve to modify the Metropolitan Council's Capital Improvement Plan (CIP). Modifications to the CIP will be included in a future business item and routed through the Transportation and Management Committees.

Known Support / Opposition

The Counties Transit Improvement Board and the Hennepin County Regional Railroad Authority have funding resolutions in support of the project and the cities of Eden Prairie, Minnetonka, Hopkins, St. Louis Park, and Minneapolis have given municipal consent to the project.

Governor Dayton held a public discussion regarding project funding and supports moving forward with the local funding proposal presented in resolution 2016-24.