

Regional Transit Operating Revenue Allocation Model

October 12, 2015

Transportation Committee



Transit Operating Revenue Sources

- Fares
- Motor Vehicle Sales Tax (MVST)
- Counties Transit Improvement Board (CTIB)
- Federal
- Greater Minnesota
- Sherburne County
- State Appropriations
- Other

Motor Vehicle Sales Tax (MVST)

- Statutory MVST (known as Base MVST)
 - 2001: Legislature established when transit operating funding changed from property tax to MVST
 - 21.5% state MVST receipts dedicated to metro area transit
 - Legislature fixed Suburban Transit Providers share
- Regionally Allocated MVST (RA-MVST)
 - 2006: Constitutional amendment passed dedicating 100% MVST to transportation
 - 2007: Legislature dedicated 36% state MVST receipts to metro area transit with incremental 14.5% to Council for distribution

Operating Revenue Allocation Model

- Method for allocating RA-MVST among region's transit providers
- Adopted in 2010 to provide
 - Transparency in funds allocation
 - Consistency in approach for all providers
 - Efficiency in administering
 - Established priorities and principles
- Applies to all Providers
 - Council: Metro Transit and Metropolitan Transportation Services
 - STPs: Maple Grove, MVTA, Plymouth and SouthWest Transit

Operating Revenue Allocation Model

- Established minimum and maximum operating reserves
- Based on
 - State MVST forecast
 - Audited financial statements
 - Consistent inflation factors with justified exceptions
- Funding priorities
 - Bring reserves to minimum levels
 - Fill any deficits to maintain existing and mandated service levels
 - Honor State and Federal obligations
 - Bring reserves toward maximum
 - Service expansion and/or capital investment

Operating Revenue Allocation Model

- Principles
 - Provider abides by regional policies
 - Service meets regional performance standards
 - 1% other income assumed for each provider (e.g. advertising)
 - Federally mandated ADA service not allocated any deficit
 - All providers treated equally in sharing any deficit

Model Updates

- Annually
 - Coordinated with Council's budget process
 - Each provider submits revenue and expense information
 - Review and communication process established
- When new information is available
 - State MVST forecasts
 - Legislative actions

2016 CY – Preliminary Budget

	Met Council	Maple Grove	MVTA	Plymouth	Southwest Transit	Regional Total
Non-State Revenues	171.6	2.2	10.7	1.2	2.7	188.4
Operating Expenses	(512.6)	(5.1)	(27.7)	(4.5)	(11.5)	(561.4)
Deficit w/o State Revenues	(341.0)	(2.9)	(17.0)	(3.3)	(8.8)	(373.0)
Available Reserves	22.2	2.0	3.4	3.2	1.1	31.9
State Appropriations	90.3					90.3
Statutory MVST (21.5%)	129.3	2.8	13.4	4.1	6.5	156.1
Remaining (Deficit)\Surplus	(99.2)	1.9	(0.2)	4.0	(1.2)	(94.7)
RA-MVST (14.5%)						
Fund Operations	99.2		0.2		1.2	100.6
Reserves Towards Max	3.9		0.6		0.3	4.8