



# Metropolitan Council Transportation Division 2018 Operating Budget

Ed Petrie

Director Finance, Metro Transit

Heather Agesen-Huebner

Director Finance, Metropolitan Transportation Services

## Transportation Committee

### July 24, 2017



## Budget Considerations & Pressures

- One-time State funding reduced deficit in the next biennium to \$109.9M, but the legislature did not address structural deficit.
- Preliminary Budget does not allocate all anticipated 2018 revenue to allow for:
  - Fare increase decision
  - New regional allocation policy
  - Ability to reduce impact of structural deficit

# Budget Considerations & Pressures

- Metro Mobility
  - Ridership Growth
  - Taskforce
  - Driver Wage
- Inflationary Growth
- MVST Performance
- Maintenance / Overhaul
- Initiatives
  - Transit Asset Management
  - Travel Behavior Inventory
- Regional Fare Policy Review/Regional Fare Increase

## Budget Objectives:

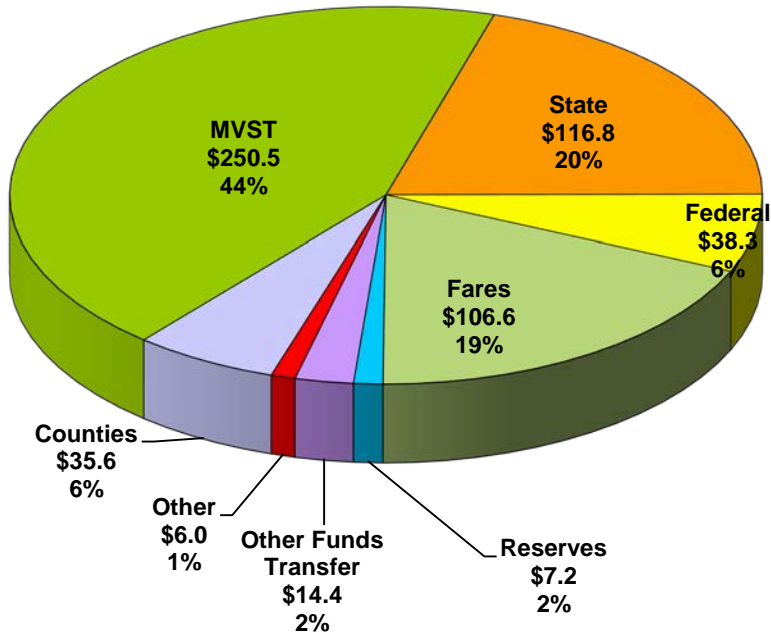
- Support implementation of
  - Thrive MSP 2040
  - Regional Transportation Policy Plan
- Thrive Lens
  - Grow ridership & meet needs across region
  - Construct a balanced transit budget over 4 years
  - Prioritize structural solutions – mitigate structural gaps over time
  - Minimize impact on Council levies
  - Maintain reserves at policy levels

# Mitigating Revenue and Expense Volatility

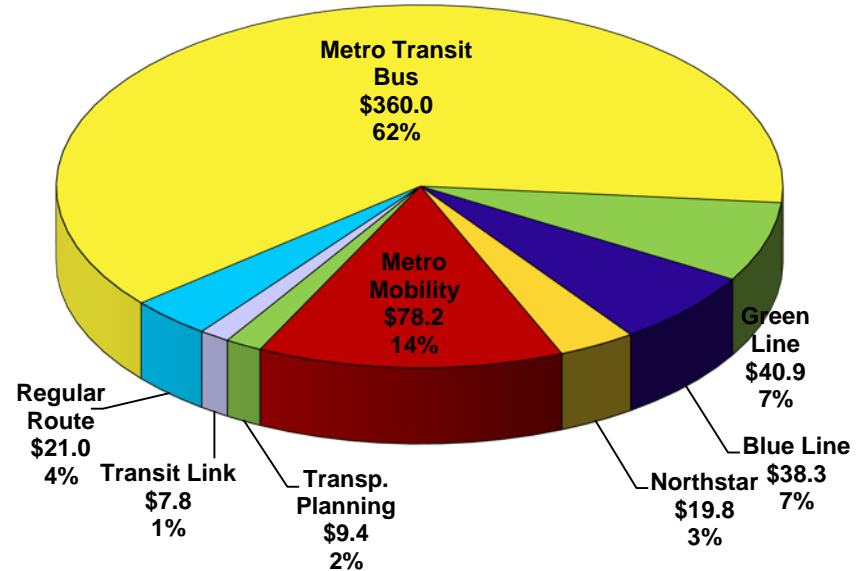
- Motor Vehicle Sales Tax
  - Budget 95% Motor Vehicle Sales Tax
  - Actual MVST receipts above 95% from prior year
- Fuel Price Hedging
- Operating Fund Reserve Targets
  - Address volatility in other revenues and expenses
  - Regional revenue allocation procedure

# Proposed 2018 Transportation Budget

Revenue  
\$575.4M



Expenses  
\$575.4M



Note: Does not include Regional Fare Increase

# Thrive in Motion

- Orange Line



- 17-mile Highway BRT project
- \$150 million capital project, opening in 2020
- 14,000 existing daily transit riders in the corridor
- 12 transit stations with enhanced amenities
- All day, reliable, frequent service, seven days a week
- 10-minute peak service, 15-minute off peak service
- 198,000 jobs and 121,000 residents within a half-mile of Orange Line stations
  - 56,000 jobs and 81,000 residents outside of downtown Minneapolis
- Major Orange Line destinations:
  - Best Buy Headquarters
  - Penn American District
  - Southtown Shopping Center
  - Burnsville’s Heart of the City
  - Downtown Minneapolis

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

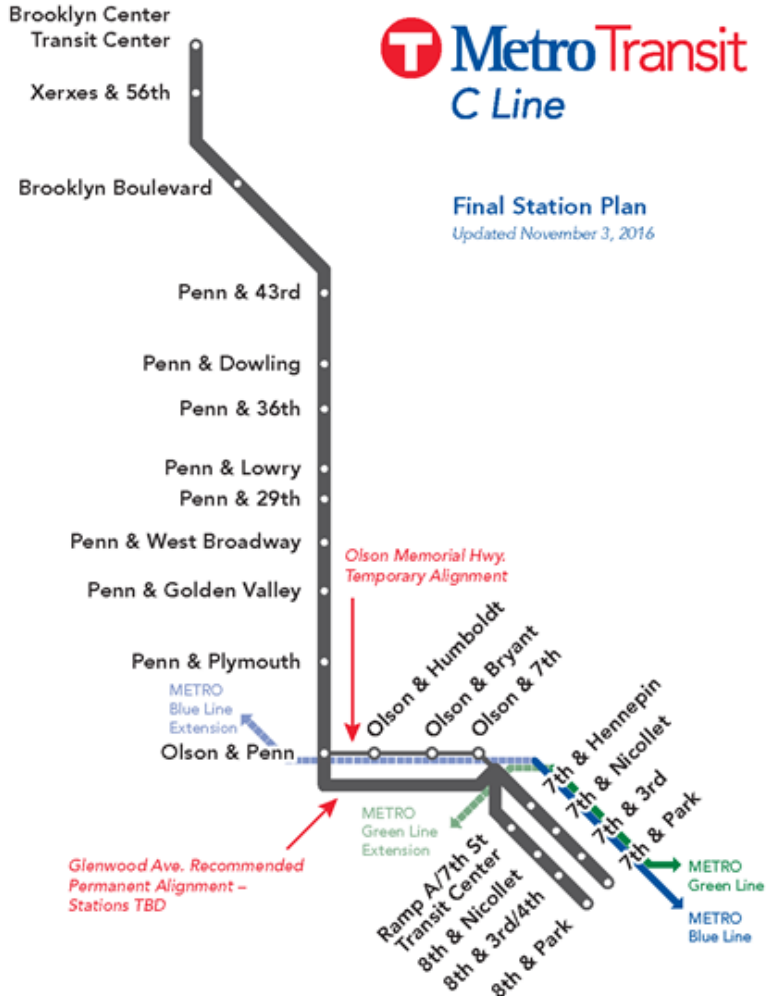
Collaboration

Accountability



# Thrive in Motion

## • C Line Rapid Bus



Final Station Plan  
Updated November 3, 2016

- 8.5 miles from downtown Minneapolis to Brooklyn Center
- 23 stations
- Faster trip
  - Pre-boarding fare payment
  - All-door boarding on 60-foot buses
  - In-lane stop (curb extensions)
  - Transit signal priority
- Opens on Olson Highway in 2019, moves to Glenwood Avenue when LRT opens (~2022)
- 7,600 daily rides today, 9,300 by 2030
- Coordination with 8th Street Reconstruction, Penn Avenue improvements
- \$20 million non-fleet project cost

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability





# Thrive in Motion

- Bus Shelters



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



# Thrive in Motion

- Asset Management



**MAP-21**  
*Moving Ahead for Progress in the 21st Century*

  
FHWA MAP-21 Site

  
FTA MAP-21 Site

Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

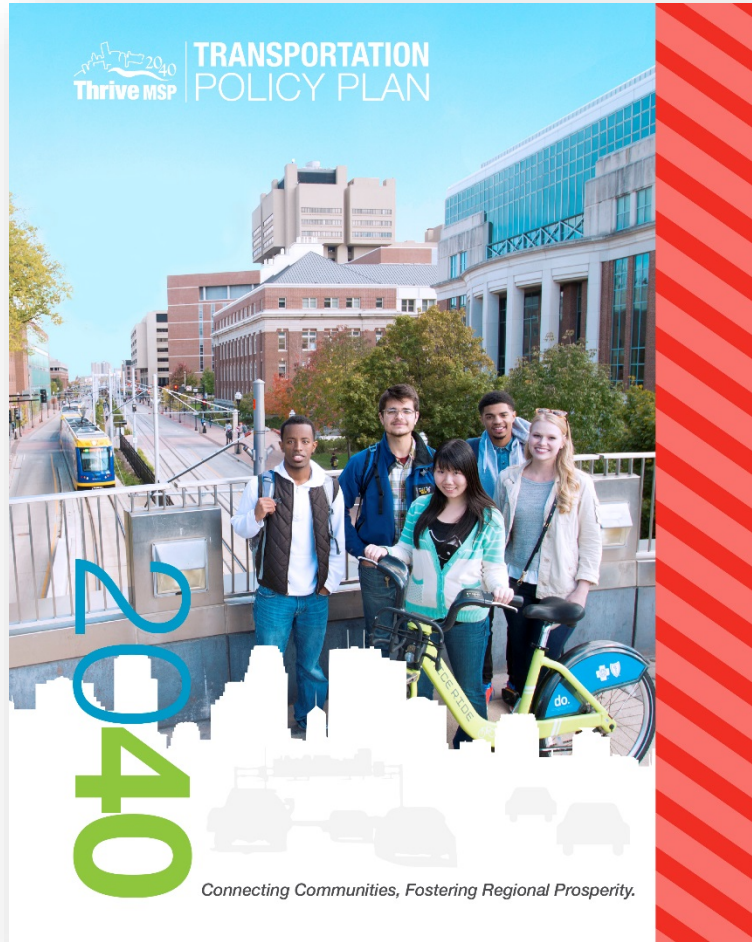
Collaboration

Accountability



# Thrive in Motion

- Transportation Policy Plan



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

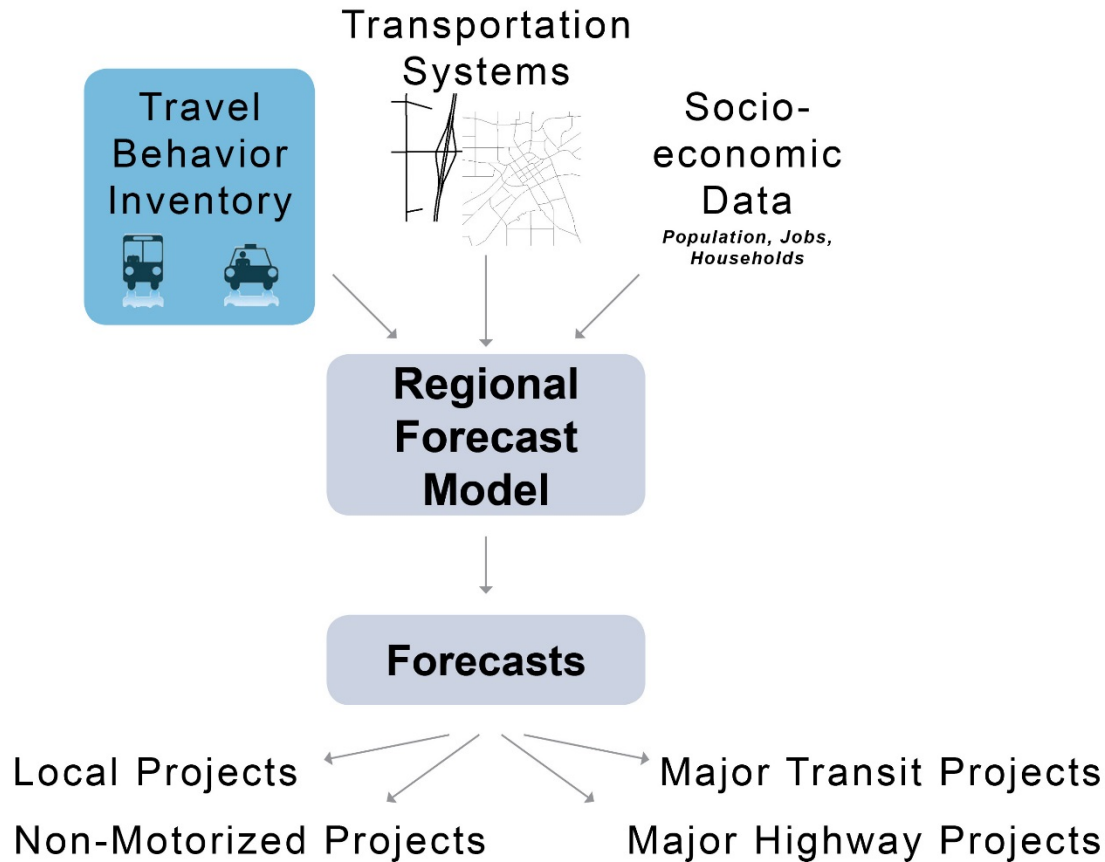
Collaboration

Accountability



# Thrive in Motion

- Travel Behavior Inventory



Stewardship

Prosperity

Equity

Livability

Sustainability

Integration

Collaboration

Accountability



# Fund Balances

(\$ in millions)

	2014 Actual	2015 Actual	2016 Actual	2017 Budget	2018 Budget	Council Target	
						\$	%
Metro Transit Bus	\$46.4	\$48.3	\$41.3	\$27.1	\$27.8	\$27.8	8.3%
Metro Transit LRT	\$7.3	\$13.5	\$18.8	\$8.9	\$6.5	\$6.5	8.3%
Metro Transit Northstar	\$6.2	\$4.4	\$5.9	\$2.5	\$1.6	\$1.6	8.3%
Metro Mobility	\$14.8	\$11.4	\$11.6	\$7.1	\$7.8	\$7.8	10.0%
Transportation Planning & Contracted Services	\$9.3	\$7.4	\$6.5	\$5.5	\$5.7	\$5.7	15.0%
<b>TOTAL</b>	<b>\$84.0</b>	<b>\$85.0</b>	<b>\$84.1</b>	<b>\$51.1</b>	<b>\$49.4</b>	<b>\$49.4</b>	



# Metro Transit



# Metro Transit Budget Assumptions

- Maintains 2017 service levels with the following adjustments:
  - Contingency for overloads & bus bridge support
  - Adjust operators, mechanics, fuel, parts to meet service plan
- Ridership at 83.4 million
- Diesel fuel at \$1.79/gallon
- CTIB dissolution and County funding for METRO Blue Line, METRO Green Line and Northstar
- Southwest light rail full-funding grant application

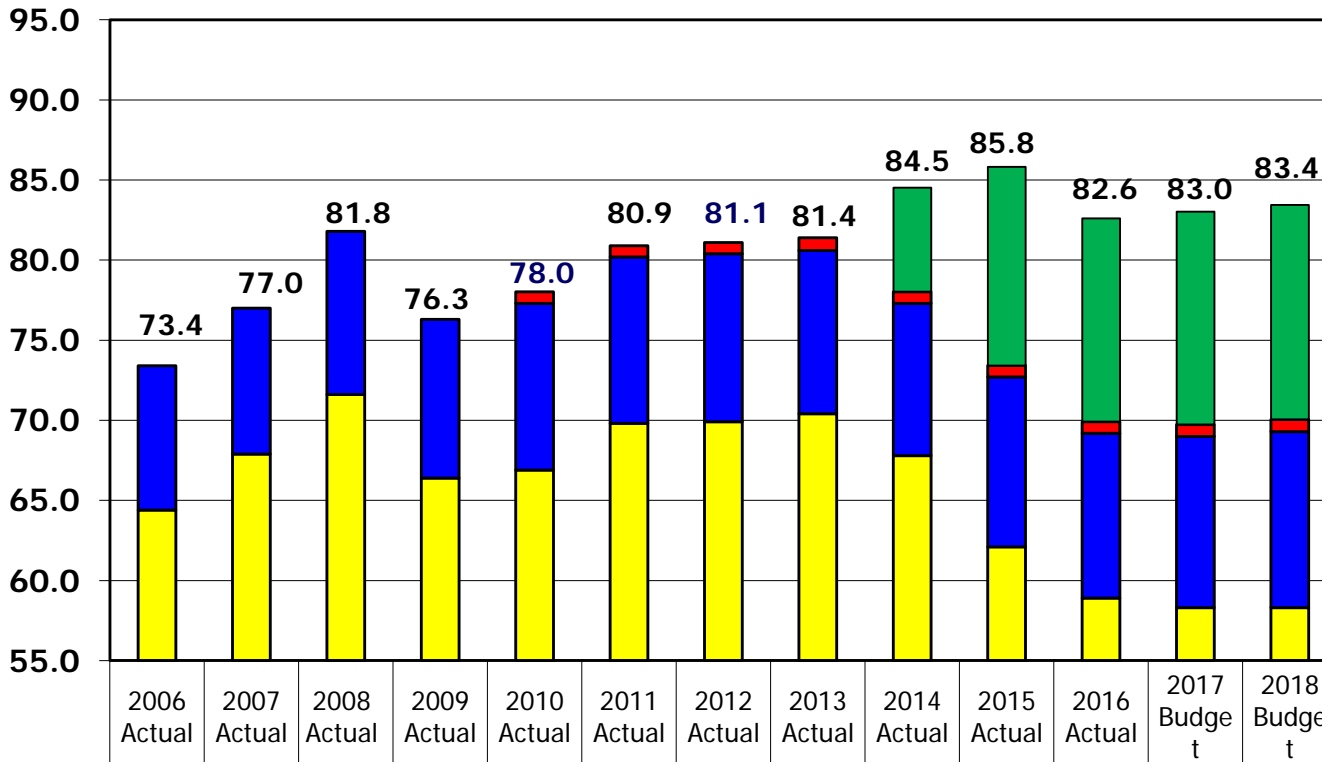
## Metro Transit Budget Assumptions, cont.

- Regional fare increase being considered by the Council
- Regional fare policy review to continue
- Revenues allocated based on the Regional Revenue Allocation Model
- Light Rail vehicle and Commuter Rail vehicle overhaul programs
- Development Transit Asset Management plan



# Metro Transit Ridership

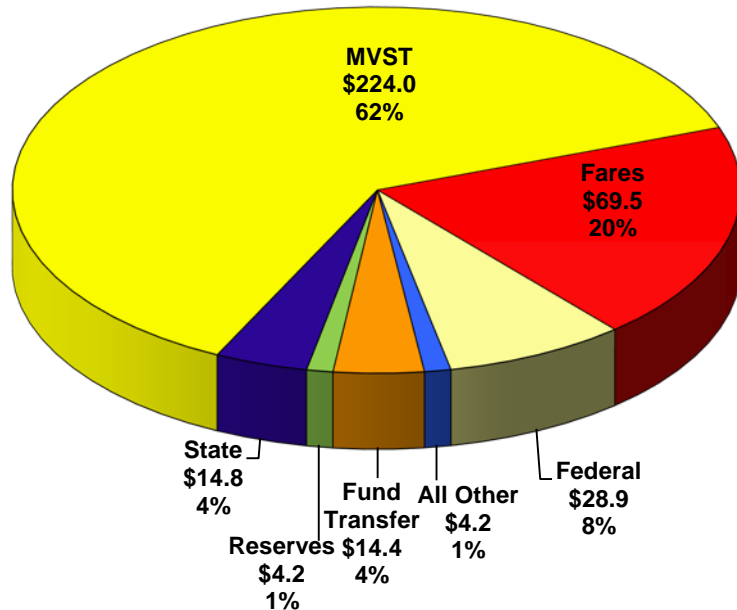
(in millions)



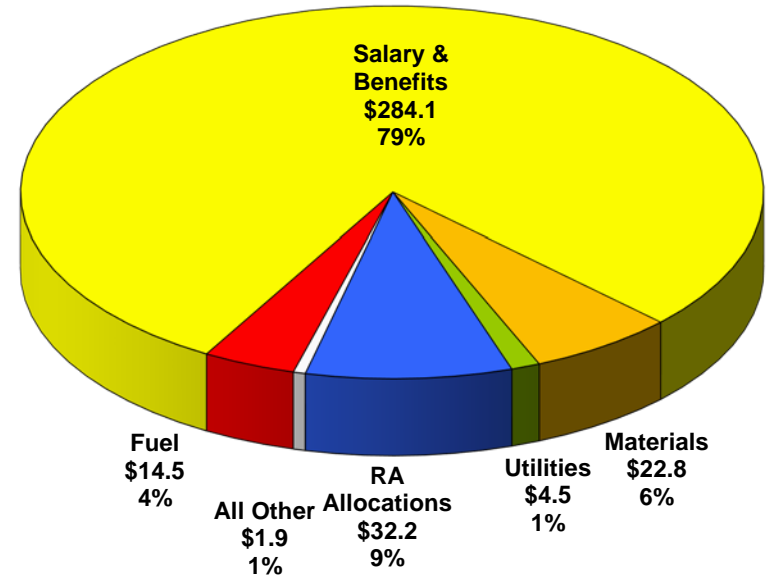
Green Line									6.5	12.4	12.7	13.3	13.4
Northstar					0.71	0.7	0.7	0.79	0.72	0.72	0.71	0.73	0.75
Blue Line	9.0	9.1	10.2	9.9	10.4	10.4	10.5	10.2	9.5	10.6	10.3	10.7	11.0
Bus	64.4	67.9	71.6	66.4	66.9	69.8	69.9	70.4	67.8	62.1	58.9	58.3	58.3

# Metro Transit Bus 2018 Revenue & Expenses

Revenue  
\$360.0M

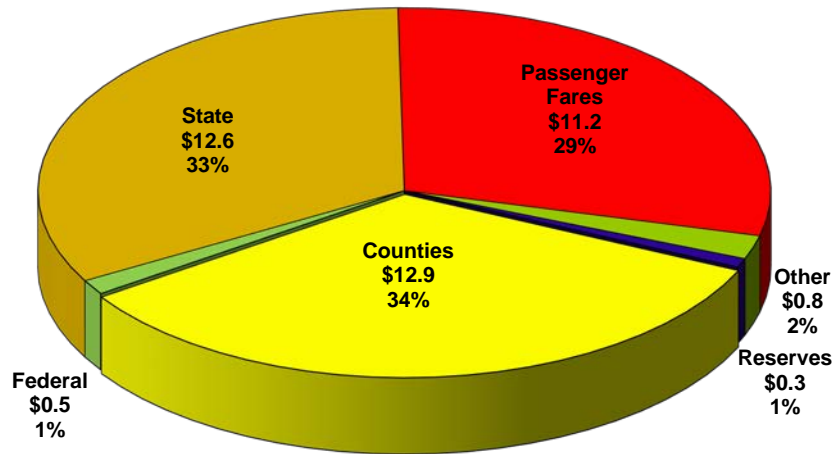


Expenses  
\$360.0M

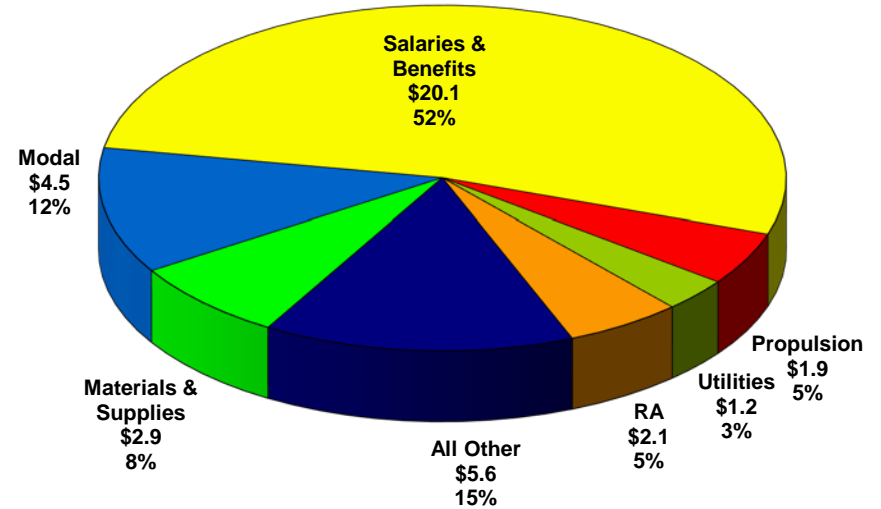


# METRO Blue Line 2018 Revenue & Expenses

Revenue  
\$38.3M

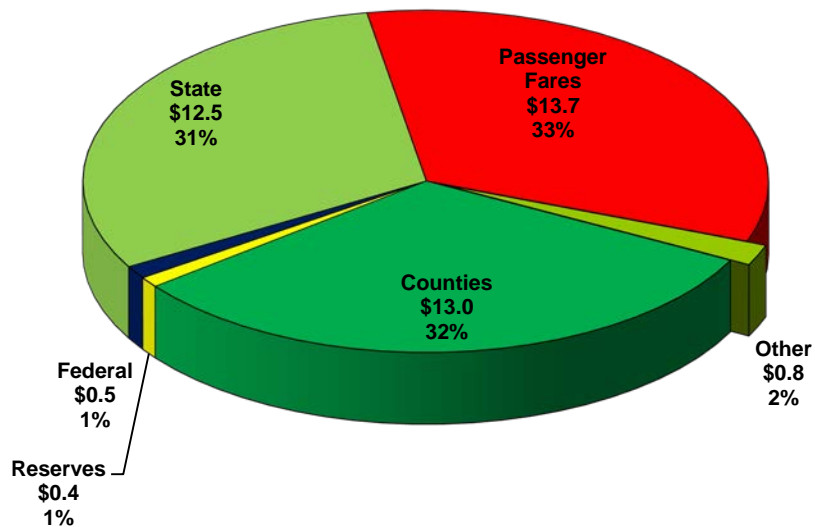


Expenses  
\$38.3M

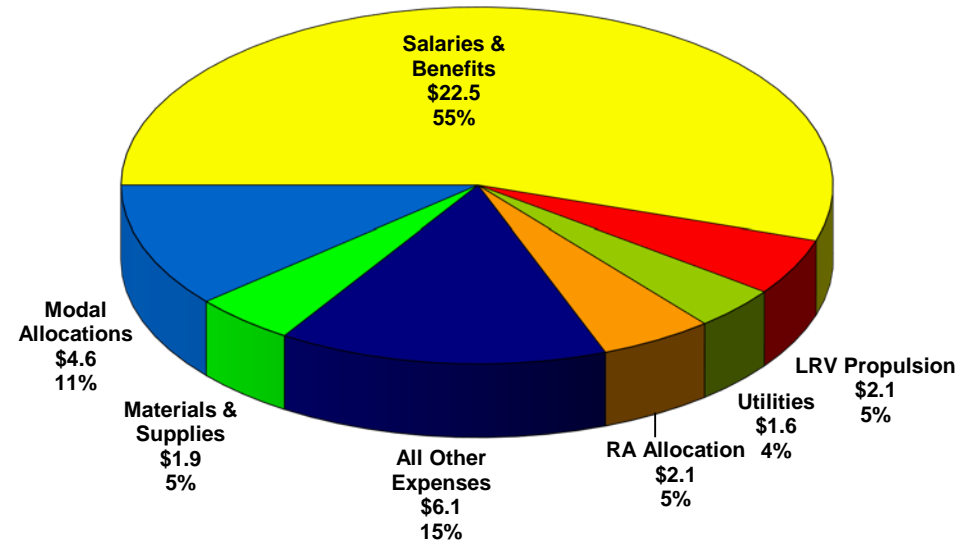


# METRO Green Line 2018 Revenue & Expenses

Revenue  
\$40.9M

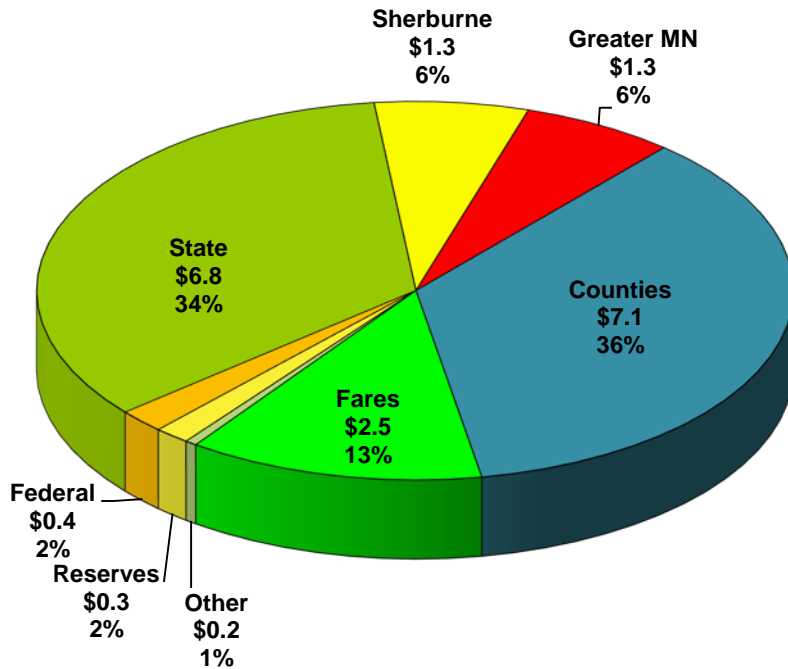


Expenses  
\$40.9M

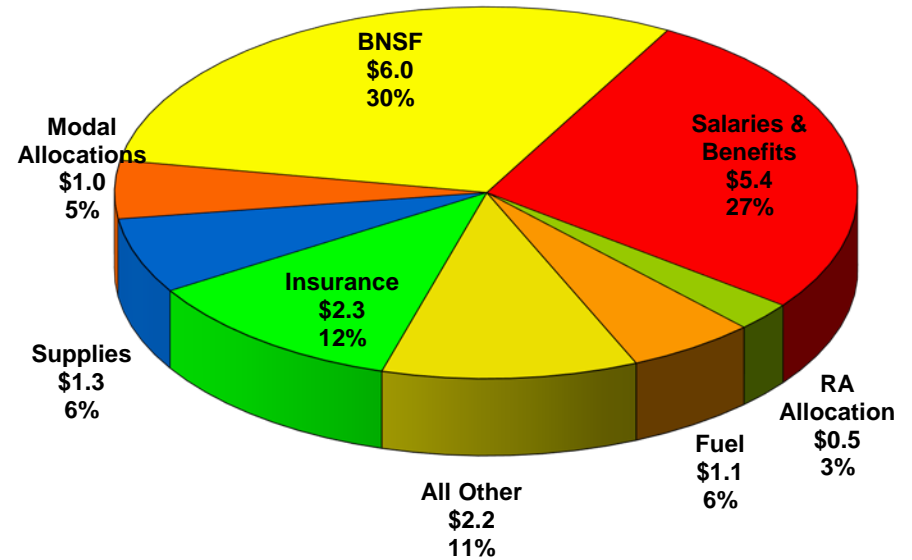


# Metro Transit Northstar 2018 Revenue & Expenses

Revenue  
\$19.8M



Expenses  
\$19.8M



# Metro Transit - Bus & Rail Consolidated

	2017 Adopted Budget	2018 Proposed Budget	\$ Change	% Change
<b>Revenue:</b>				
MVST	\$212.5	\$224.0	\$11.5	
State General Fund	32.8	46.7	13.9	
CTIB/Counties/Greater MN	34.6	35.6	1.0	
Subtotal	\$279.9	\$306.3	\$26.4	9.4%
Passenger Fares	\$98.1	\$96.9	(\$1.2)	(1.2%)
Federal	22.9	30.3	7.4	32.3
Other Funds Transfer	4.1	14.4	10.3	251.2
Other	6.0	5.9	(0.1)	(1.6)
<b>Total Revenue</b>	<b>\$411.0</b>	<b>\$453.8</b>	<b>\$42.8</b>	<b>10.4%</b>
<b>Expenses:</b>				
Salaries & Benefits	\$313.3	\$332.4	\$19.1	6.1%
Contract BNSF	5.7	6.0	0.3	5.3
Fuel/Propulsion	22.6	19.6	(3.0)	(13.3)
Materials & Supplies	28.3	28.9	0.6	2.1
Council Allocations	33.8	36.9	3.1	9.2
Other	34.9	35.2	0.3	0.8
<b>Total Expenses</b>	<b>\$438.6</b>	<b>\$459.0</b>	<b>\$20.4</b>	<b>4.6%</b>
<b>Net Income (Loss)</b>	<b>(\$27.6)</b>	<b>(\$5.2)</b>	<b>\$22.4</b>	

# Metro Transit

## FTEs by Budget Year

	Bus	Blue/Green Line	Northstar	Total	% Change	CCPO	SWPO	BPO
2004	2526.4	149.0		2675.4	(1.9%)			
2005	2496.0	149.0		2645.0	(1.1%)			
2006	2423.9	153.0		2576.9	(2.6%)			
2007	2421.3	159.4	3.0	2583.7	0.7%	27.0		
2008	2479.1	168.2	5.8	2653.1	2.7%	40.0		
2009	2457.0	180.7	56.0	2693.7	1.5%	44.5		
2010 Budget	2424.6	181.0	52.5	2658.1	(1.3%)	48.0		
2010 Amended	2424.6	181.0	52.5	2658.1	0	59.0	7.0	
2011 Budget	2442.2	183.2	52.5	2677.9	0.7%	59.0	7.0	
2012 Budget	2427.3	183.2	52.5	2663.0	(0.6%)	87.3	7.0	
2013 Budget	2475.0	275.0	49.0	2799.0	5.1%	59.0	38.0	
2014 Budget	2553.7	374.2	49.2	2977.1	6.3%	59.0	45.0	
2015 Budget	2648.1	402.4	49.2	3099.7	4.1%	0	45.0	
2016 Budget	2732.0	442.0	49.0	3223.0	3.9%	0	45.0	
2017 Budget	2782.3	424.6	50.2	3257.1	1.1%	0	51.8	31.0
2018 Budget	2788.0	418.95	50.2	3257.1	0%	0	98.5	41.0



# Metropolitan Transportation Services





# MTS Budget Assumptions

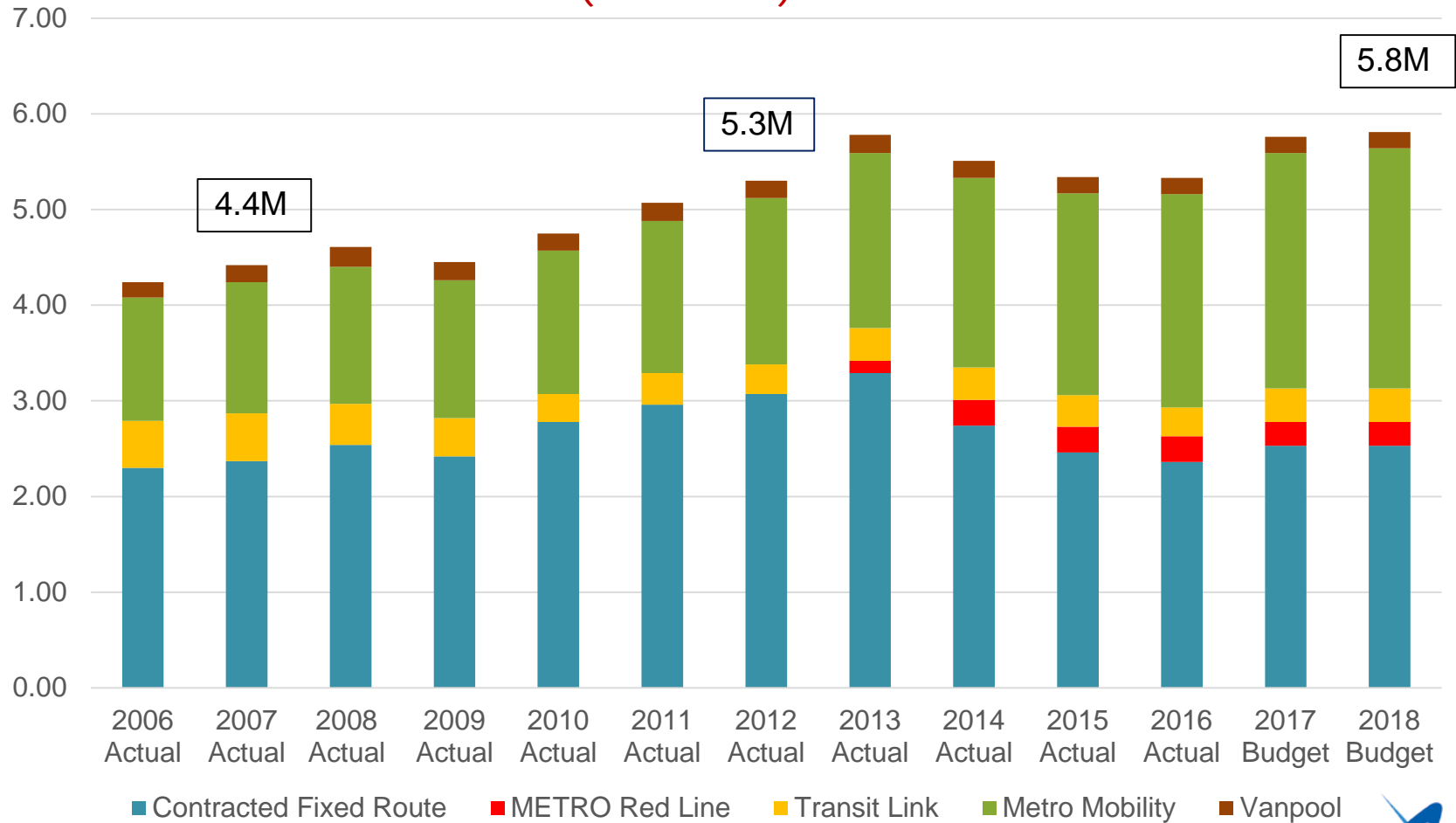
- Maintain 2017 service levels with the following adjustments
  - Metro Mobility ADA will meet anticipated demand
  - METRO Red Line moving from 15 to 20 minute weekday frequency
- CTIB dissolution Council funds 100% of METRO Red Line & Cedar Express Services
- Metro Mobility driver wage increase
- Gasoline at \$2.75/gallon and diesel at \$2.75/gallon

# MTS Budget Assumptions

- Fund Travel Behavior Inventory Study & Develop Transit Asset Management Plan
- Revenues allocated based on the Regional Revenue Allocation Model
  - Pass-Through to Suburban Transit Providers
- Regional fare increase being considered by the Council
- Regional fare policy review to continue

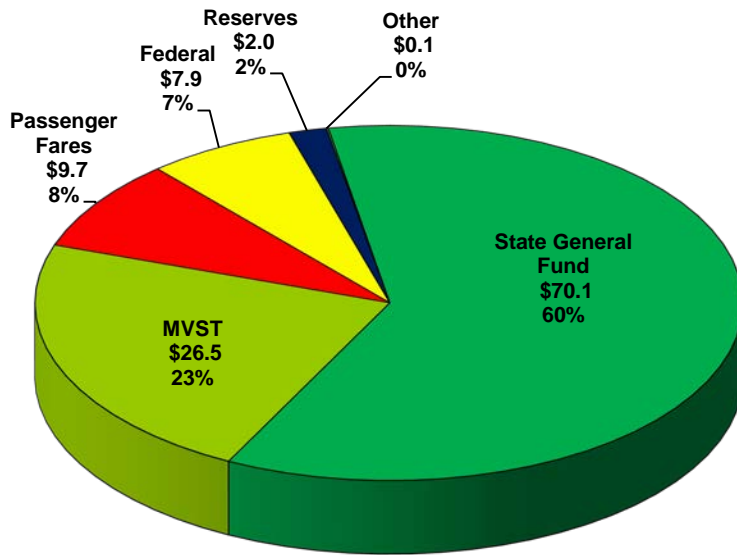
# Contracted Services Ridership

(in millions)

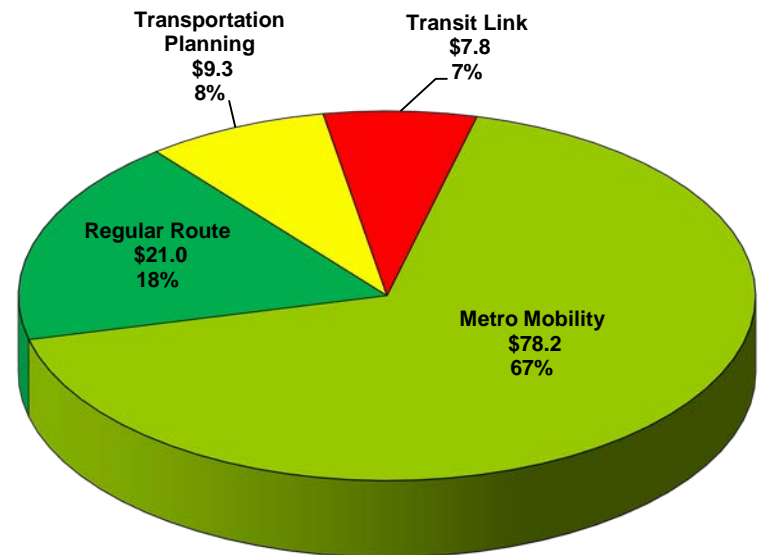


# Metropolitan Transportation Services 2018 Proposed Revenue & Expenses

Revenues  
\$116.3M



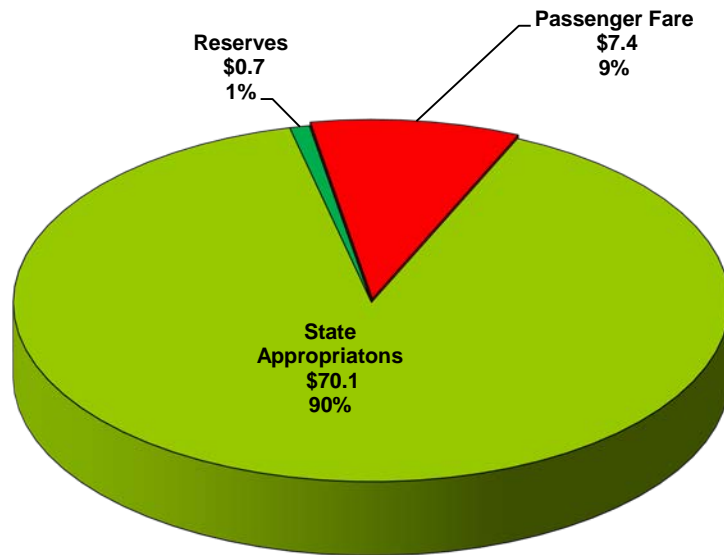
Expenses  
\$116.3M



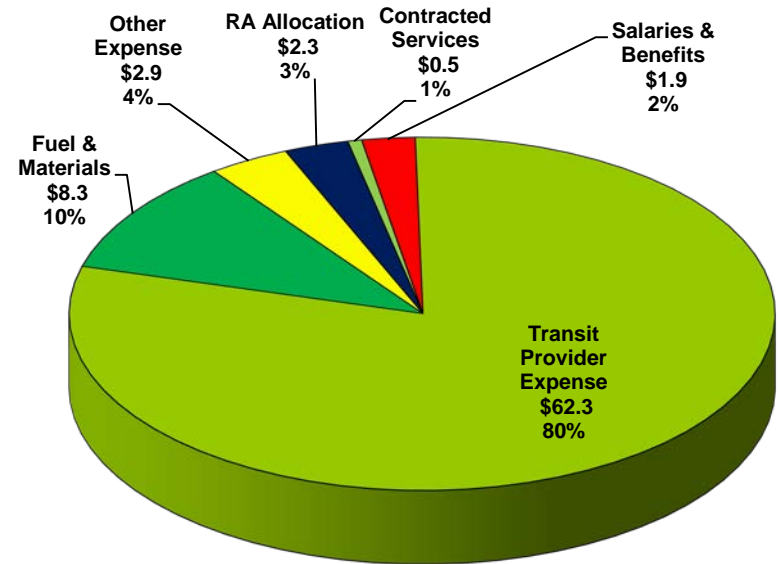
\$ in millions

# Metro Mobility 2018 Proposed Revenue & Expenses

Revenues  
\$78.2M



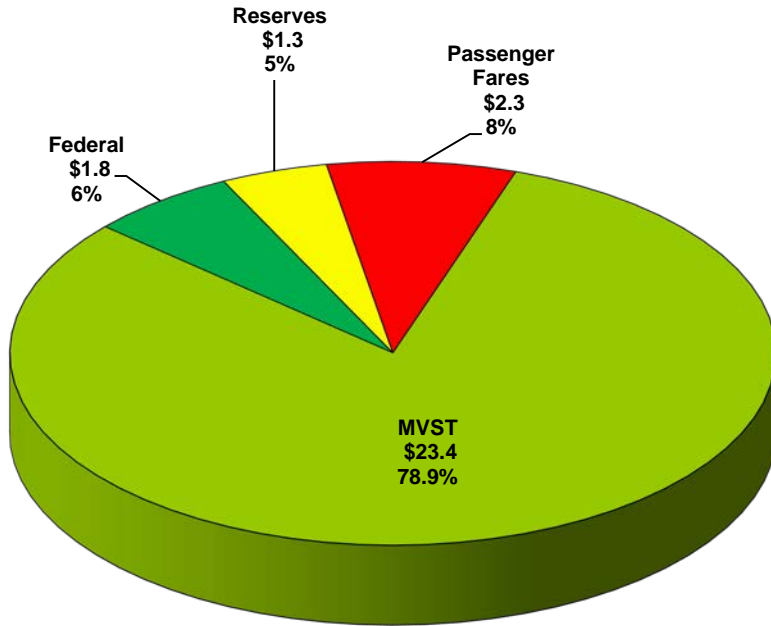
Expenses  
\$78.2M



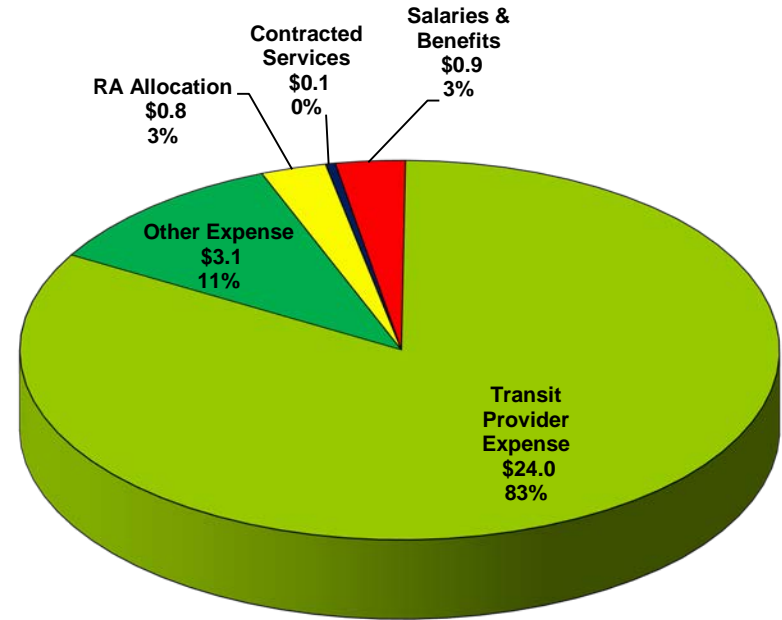
\$ in millions

# Contracted Regular Route, Transit Link, Vanpool 2018 Preliminary Revenue & Expenses

Revenues  
\$28.8M



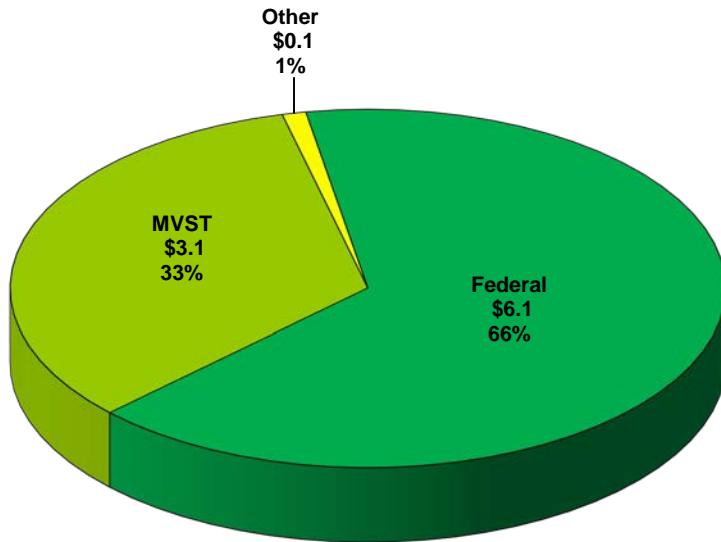
Expenses  
\$28.8M



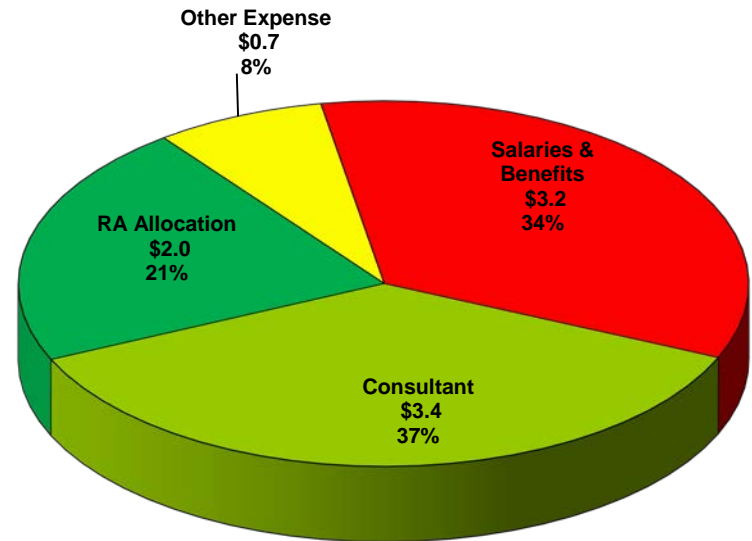
\$ in millions

# Transportation Planning & Administration 2018 Preliminary Revenue & Expenses

Revenues  
\$9.3M



Expenses  
\$9.3M



\$ in millions

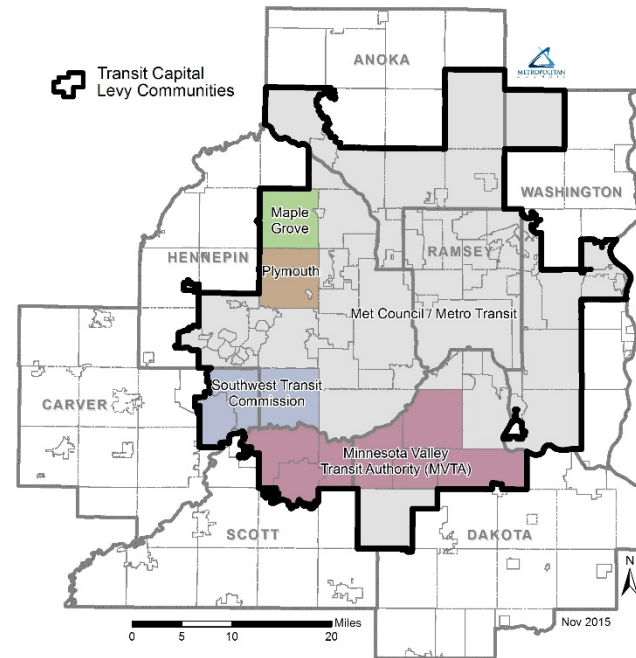
# MTS Pass-through Program

Revenues allocated based on the Regional Revenue Allocation Model

Revenue Allocation Policy under review

Maple Grove, Minnesota Valley Transit Authority, Plymouth, SouthWest Transit

**Regional Transit Providers**



\$ in millions



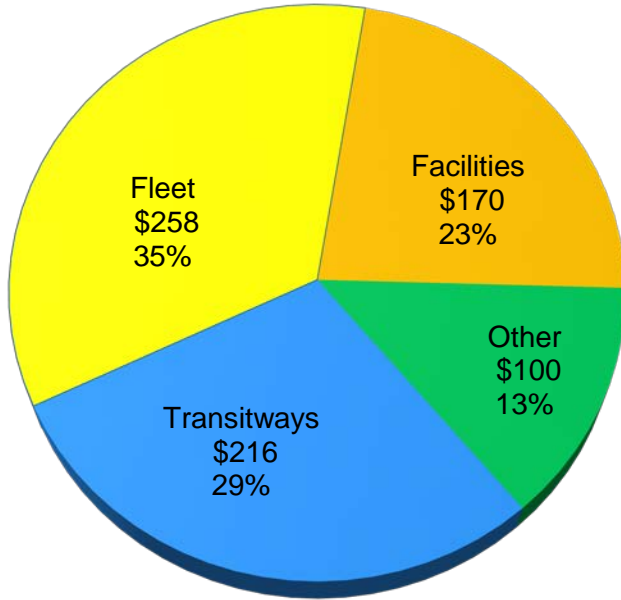
# MTS Revenue and Expenditures (\$ in millions)

	2017 Adopted	2018 Proposed	\$ Change	% Change
MVST	\$23.43	\$26.46	\$3.04	13%
General Fund	\$62.11	\$70.07	\$7.96	13%
<b>Subtotal State</b>	<b>\$85.5</b>	<b>\$96.5</b>	<b>\$11.0</b>	<b>12.9%</b>
Federal	\$6.55	\$7.95	\$1.40	21%
CTIB	\$1.75	\$0.00	(\$1.75)	-100%
Local/Other	\$0.16	\$0.15	(\$0.01)	-4%
Fares	\$9.12	\$9.69	\$0.57	6%
<b>Total Revenue</b>	<b>\$103.1</b>	<b>\$114.3</b>	<b>\$11.2</b>	<b>10.9%</b>
Metro Mobility	\$70.83	\$78.21	\$7.37	10%
Regular Route	\$20.93	\$20.99	\$0.06	0%
Transit Link	\$7.47	\$7.79	\$0.32	4%
Planning	\$7.98	\$9.35	\$1.37	17%
<b>Total Expenditures</b>	<b>\$107.2</b>	<b>\$116.3</b>	<b>\$9.1</b>	<b>8.5%</b>
<b>Net Income/(Loss)</b>	<b>(\$4.1)</b>	<b>(\$2.0)</b>	<b>\$2.1</b>	

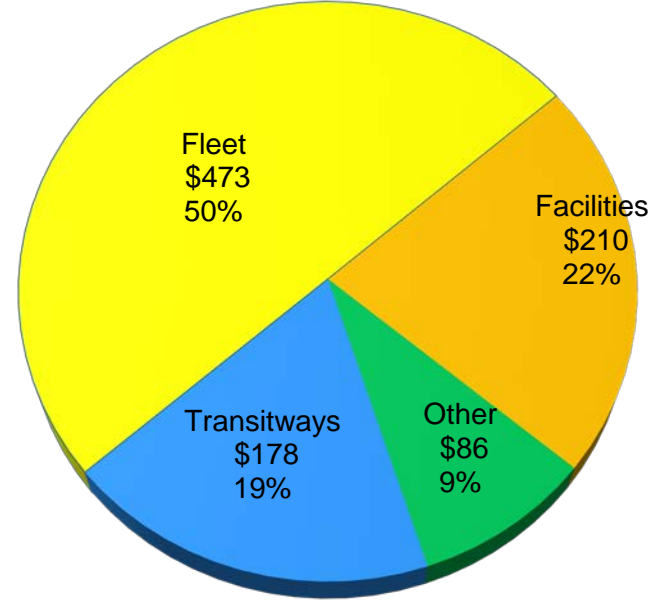
# Historic FTEs

	FTE
2011 Budget	39
2012 Budget	39
2013 Budget	40
2014 Budget	44
2015 Budget	43
2016 Budget	50
2017 Budget	50
2018 Proposed	50

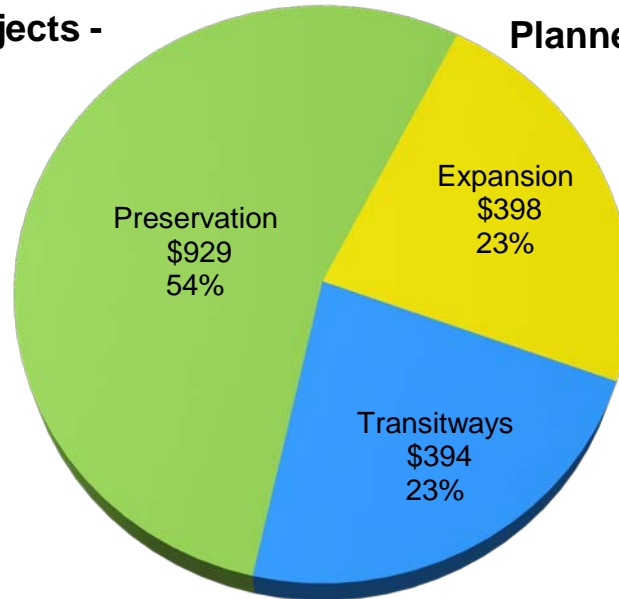
# Transportation 2017 Amended Capital Program - \$1.72B without new starts rail projects



**Authorized Projects -  
\$0.74B**



**Planned Projects - \$0.98B**

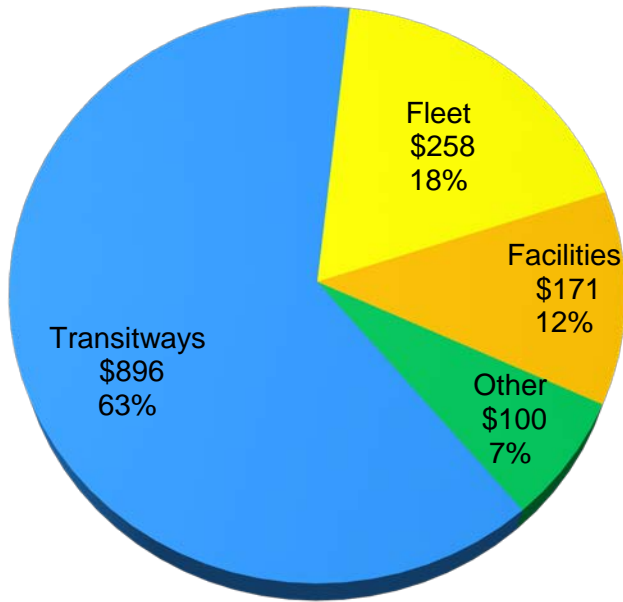


**Projects By Category –  
\$1.72B**

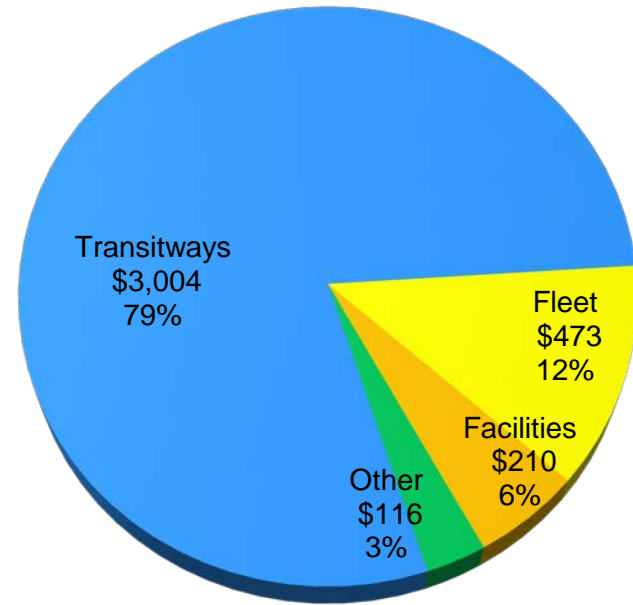


**METROPOLITAN  
COUNCIL**

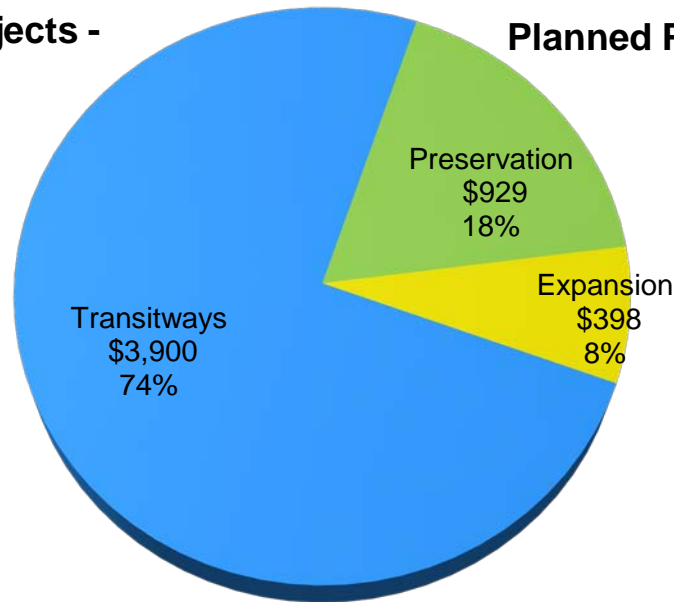
# Transportation 2017 Amended Capital Program - \$5.23B



**Authorized Projects - \$1.42B**



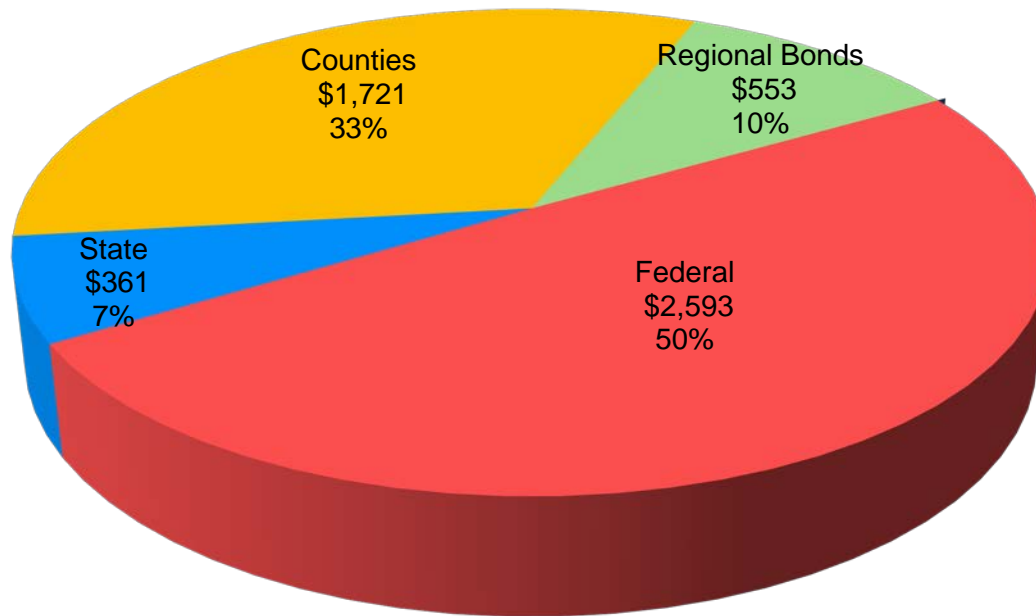
**Planned Projects - \$3.80B**



**Projects By Category - \$5.23B**



# Financing the Transportation CIP: Sources of Funds Authorized and Planned Projects



\$ in Millions

# Budget/Levy Adoption Schedule

August 23	Adopt Preliminary Operating Budgets and Tax Levies
September	Present Preliminary Capital Program (TC)
October 25	Adopt Public Comment Versions of Operating Budget, Levies and Capital Program
December 13	Public Comments Adopt Final Operating Budget, Levies and Capital Program



# Metropolitan Council Transportation Division 2018 Operating Budget

Transportation Committee  
July 24, 2017

