Metropolitan Council
Transportation Division
2020 Operating Budget

Transportation Committee
August 12, 2019

Ed Petrie
Director Finance, Metro Transit

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Director Finance, Metropolitan Transportation Services
Metropolitan Council
Transportation Division
2020 Operating Budget
Budget Objectives

• Support implementation of
  • Thrive MSP 2040
  • Regional Transportation Policy Plan
• Thrive Lens
  • Preserve service while growing ridership & meeting needs across region
  • Prioritize structural solutions with a multi-year focus
  • Minimize impact on Council levies
  • Maintain reserves at policy levels
Budget Framework

• Rollup budget major revenue & expense categories
• Not set at a line item basis
• Tight parameters on budget development
  − Anticipated revenue growth (MVST, state appropriations, fares)
  − Service on the street including labor and service contracts
• Metro Mobility expansion to Lakeville
• 2019 Customer Improvements (Annualized in 2020)
  − Improving customer communications
  − Safety
  − Improving condition of trains, stations and other facilities
  − Improving winter performance
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
  – Reserves partial solution for future biennium structural deficit
Proposed 2020 Transportation Budget

Revenue
- MVST $267.0 (43%)
- State $113.9 (19%)
- Federal $37.7 (6%)
- Fares $113.2 (18%)
- Other Funds Transfer $25.3 (4%)
- Other $6.9 (1%)
- Counties $37.9 (6%)
- Reserves $19.6 (3%)

Total Revenue $621.5M

Expenses
- Metro Transit Bus $358.8 (58%)
- Metro Mobility $94.3 (15%)
- Green Line $43.5 (7%)
- Blue Line $40.6 (7%)
- Northstar $20.8 (3%)
- Metro Transit Capital $23.3 (4%)
- Regular Route $23.1 (4%)
- Transit Link $8.3 (1%)
- Transp. Planning $8.8 (1%)

Total Expenses $621.5M
Metro Transit
Metro Transit Budget Assumptions

• Maintains 2019 service levels with the following adjustments:
  - Contingency for overloads & bus bridge support
  - Adjust operators, mechanics, fuel, parts to meet service plan
• 2019 Customer Improvements (Annualized in 2020)
  - Improving customer communications
  - Safety
  - Improving condition of trains, stations and other facilities
  - Improving winter performance
• Ridership at 79.7 million
• Diesel fuel at $2.30/gallon
• County funding for METRO Blue Line, METRO Green Line and Northstar
• Southwest Light Rail full-funding grant application Fall 2019 with FFGA early 2020
• Light Rail vehicle and Commuter Rail vehicle overhaul programs
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### Metro Transit Bus

#### 2020 Operating Revenue & Expenses

**Revenue**
- **MVST** $237.4M (66%)
- **Fares** $70.0M (20%)
- **Reserves** $13.0M (4%)
- **Fund Transfer** $25.3M (7%)
- **All Other** $5.2M (1%)
- **Federal** $7.9M (2%)

**Expenses**
- **Salary & Benefits** $278.5M (78%)
- **Fuel** $16.3M (4%)
- **RA Allocations** $40.1M (11%)
- **Utilities** $3.5M (1%)
- **Materials** $20.4M (6%)
METRO Blue Line
2020 Operating Revenue & Expenses

Revenue
$40.6M

- Passenger Fares
  - $13.2
  - 33%
- Counties
  - $13.3
  - 33%
- Other
  - $0.8
  - 2%
- State
  - $12.7
  - 31%
- Reserves
  - $0.6
  - 1%

Expenses
$40.6M

- Salaries & Benefits
  - $20.9
  - 51%
- Propulsion
  - $2.0
  - 5%
- RA
  - $1.6
  - 4%
- Utilities
  - $1.4
  - 3%
- All Other
  - $4.9
  - 12%
- Materials & Supplies
  - $4.3
  - 11%
- Modal
  - $5.5
  - 14%
**METRO Green Line**

**2020 Operating Revenue & Expenses**

### Revenue
- **$16.1**
  - **Passenger Fares**
  - **$16.1**
  - **37%**
- **$0.7**
  - **Other**
  - **1%**
- **$13.3**
  - **Counties**
  - **31%**
- **$12.9**
  - **State**
  - **30%**
- **$0.5**
  - **Reserves**
  - **1%**

### Expenses
- **$43.5M**
  - **Salaries & Benefits**
  - **$23.1**
  - **53%**
- **$1.7**
  - **LRV Propulsion**
  - **4%**
- **$1.5**
  - **Utilities**
  - **4%**
- **$2.0**
  - **RA Allocation**
  - **5%**
- **$1.8**
  - **Materials & Supplies**
  - **4%**
- **$6.7**
  - **All Other Expenses**
  - **15%**
- **$0.7**
  - **Other**
  - **1%**
- **$6.7**
  - **Modal Allocations**
  - **15%**
Metro Transit Northstar
2020 Operating Revenue & Expenses

Revenue
$20.8M

Greater MN
$1.45
7%

Sherburne
$1.45
7%

Fares
$2.8
14%

State
$7.1
34%

Counties
$7.6
36%

Reserves
$0.4
2%

Expenses
$20.8M

Salaries & Benefits
$5.0
24%

BNSF
$6.5
32%

All Other
$2.3
11%

Insurance
$2.5
12%

Modal Allocations
$1.6
7%

Supplies
$1.0
5%

Fuel
$1.4
7%

RA Allocation
$0.5
2%
## Metro Transit - Bus & Rail Consolidated

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<th>2019 Amended Operating Budget</th>
<th>2020 Proposed Operating Budget</th>
<th>$ Change</th>
<th>% Change</th>
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### Metro Transit - Bus & Rail Operating Consolidated

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Metropolitan Transportation Services
2020 Overview

Executive Summary

• $134.5M Division Budget
• Metro Mobility ADA will meet anticipated demand
• Metro Mobility Lakeville expansion
• Implement Metro Mobility Task Force recommendations
Contracted Services Ridership

Ridership in millions

- Metro Mobility
- Contracted Fixed Route
- Transit Link
- METRO Redline
- Vanpool

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Metropolitan Transportation Services
2020 Operating Revenue & Expenses

Revenues
$134.5M

- State General Fund $81.2M (60%)
- MVST $29.6M (22%)
- Passenger Fares $11.3M (8%)
- Other $0.8M (1%)
- Reserves $5.1M (4%)
- Federal $6.5M (5%)
- MVST $91.2M (69%)
- Passenger Fares $11.3M (8%)
- Other $0.8M (1%)
- Reserves $5.1M (4%)
- Federal $6.5M (5%)

Expenses
$134.5M

- Metro Mobility $94.3M (70%)
- Transportation Planning $8.8M (7%)
- Transit Link $8.3M (6%)
- Regular Route $23.1M (17%)
- Reserves $5.1M (4%)
- Federal $6.5M (5%)
- Reserves $5.1M (4%)

$ in millions
Metro Mobility by the numbers*

- 2.38 million annual rides
- 30% ridership growth from 2013 to 2018
- 62,000 certified riders in system
- 616 vehicles
- 93 communities
- $28.68 average subsidy per ride
- 10.48 mile average trip length

*2018 data
Metro Mobility 2020

• Initiatives
  – Lakeville expansion
  – On-demand service pilot
  – Data sharing with Department of Human Services

• Challenges
  – Rising demand
  – Expanded service area
  – Wage pressure
  – Federal requirements
  – Increasing trip length
  – Rising costs
Metro Mobility
2020 Operating Revenue & Expenses

Revenues
$94.3M

- Passenger Fares: $8.9M (9%)
- Other: $0.7M (1%)
- Reserves: $3.5M (4%)
- State Appropriations: $81.2M (86%)

Expenses
$94.3M

- Transit Provider Expense: $74.3M (79%)
- Fuel & Materials: $11.1M (12%)
- RA Allocation: $2.4M (2%)
- Contracted Services: $0.7M (1%)
- Other Expense: $3.5M (4%)
- Salaries & Benefits: $2.3M (2%)

$ in millions
Contracted Regular Route, Transit Link, Vanpool
2020 Operating Revenue & Expenses

Revenues
$31.4M

MVST $27.1 (86%)
Passenger Fares $2.5 (8%)
Reserves $1.1 (4%)

Expenses
$31.4M

Contracted Services $0.1 (0%)
RA Allocation $0.8 (3%)
Other Expense $3.7 (12%)
Salaries & Benefits $0.9 (3%)
Transit Provider Expense $25.9 (82%)

$ in millions
Transportation Planning & Administration
2020 Operating Revenue & Expenses

Revenues
$8.8M

- Federal $5.7 (65%)
- MVST $2.5 (29%)
- Reserves $0.5 (5%)
- Other $0.1 (1%)

Expenses
$8.8M

- Salaries & Benefits $3.4 (39%)
- Consultant $3.0 (34%)
- RA Allocation $2.0 (23%)
- Other Expense $0.4 (4%)

$ in millions
MTS Pass-through Program

- Revenues allocated based on State Transit Funding Policy
- Suburban Providers allocated more than directed in law.
## MTS Consolidated ($ in millions)

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<th>2020 Proposed</th>
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<th>% Change</th>
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<td>$0.82</td>
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<td>$11.36</td>
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<td><strong>Total Revenue</strong></td>
<td><strong>$112.54</strong></td>
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<td>$2.30</td>
<td>11%</td>
</tr>
<tr>
<td>Transit Link</td>
<td>$8.07</td>
<td>$8.32</td>
<td>$0.25</td>
<td>3%</td>
</tr>
<tr>
<td>Planning</td>
<td>$10.20</td>
<td>$8.81</td>
<td>($1.39)</td>
<td>-14%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>$121.4</strong></td>
<td><strong>$134.5</strong></td>
<td><strong>$13.1</strong></td>
<td><strong>11.0%</strong></td>
</tr>
<tr>
<td><strong>Net Income/ (Loss)</strong></td>
<td><strong>($8.8)</strong></td>
<td><strong>($5.1)</strong></td>
<td><strong>$3.8</strong></td>
<td></td>
</tr>
</tbody>
</table>
Metropolitan Council
Transportation Division
2020 Operating Budget

Transportation Committee
August 12, 2019