



# Metropolitan Council Transportation Division 2020 Operating Budget

Transportation Committee  
July 22, 2019

Ed Petrie  
Director Finance, Metro Transit

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## Budget/Levy Adoption Schedule

July to August 14	Council Preliminary Budget Review/Information Items
August 28	Adopt Preliminary Operating Budgets and Maximum Tax Levies
Sept/Oct	Council Capital Budget Review
October 23	Adopt Public Comment Versions of Operating Budget, Levies and Capital Program
December 11	Council Adopts Final Budget & Levies

# Basis For Budget Development

- Minnesota Statutes Regional Administrator
- Metropolitan Council Policy and Actions
- Legislation and Financial Outlook

# Basis For Budget Development

- Minnesota Statute 473.125 Regional Administrator

“The regional administrator shall recommend to the council for adoption measures deemed necessary for efficient administration of the council, keep the council fully apprised of the financial condition of the council, and prepare and submit an annual budget to the council for approval.”

# Basis For Budget Development

## Metropolitan Council Policy and Actions:

- Council adopted the Transit Performance Standards in the Transportation Policy Plan (TPP)
  - Regional Transit Service annually evaluated and compared to TPP performance standards
  - Includes service operated by the Metropolitan Council and Suburban Transit Providers
  - Routes not meeting TPP standards are reviewed for potential change
  - Regional route analysis performed annually
- Labor agreements (ATU, TMSA, LELS, AFSME, Non-rep)
- Fare policy review
- Target Fund Balance

# Basis for Budget Development

## Forecasts and Legislation:

- Preliminary Budget has been reviewed with all forecasts and financial plans
- Legislature provided separate State Appropriation line for Metro Mobility
- Legislature did not address structural deficit in the future biennia.
- Financial considerations:
  - State General Fund Appropriation
  - Motor Vehicle Sales Tax (MVST)
  - Financial Outlook

# State General Fund Appropriation

- Appropriated by Legislature on a biennial basis
- Per legislation must cover 50% net operating assistance light rail (excluding METRO Green Line Extension)
- State General Fund consumed by Metro Mobility, Light Rail, Commuter Rail, none for base bus operations
- To maintain current levels of Rail Operations and forecasted growth in Metro Mobility will need increase in State General Fund appropriations
- Metro Mobility on path to consume entire General Fund by SFY 2022

# State General Fund Appropriation

- 2019 Legislature Separated General Fund into two separate appropriations
  - Transit Operations and Metro Mobility
  - Legislature recognition of federally mandated service
  - Establishes basis for future legislative requests
- Metro Mobility / Transit Operations
  - Metro Mobility base of \$57.166M
  - Metro Mobility increase \$23.17M SFY 2020 and \$13.0M SYF 2021 contingent upon State of MN SFY 2019 closing positive balance
  - Metro Mobility returns to base SFY 2022
  - Transit Operations (Light Rail/Commuter Rail) remain at base of \$32.66M per SFY



# State General Fund Appropriation

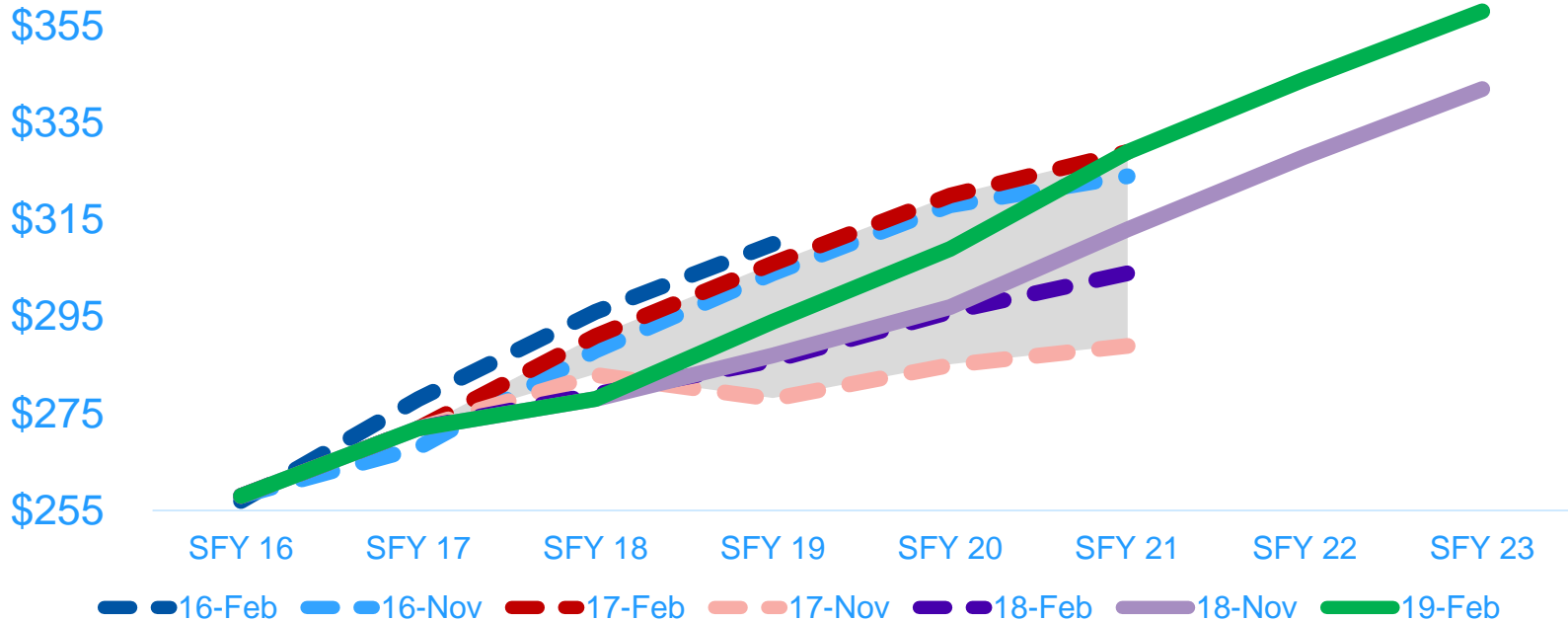
SFY	2020	2021	2022	2023
<b>Metro Mobility</b>				
Base	\$ 57.17	\$ 57.17	\$ 56.42	\$ 55.98
One Time	\$ 23.17	\$ 13.00	\$ -	\$ -
Subtotal	\$ 80.34	\$ 70.17	\$ 56.42	\$ 55.98
<b>Light Rail</b>				
Base	\$ 25.51	\$ 25.51	\$ 25.51	\$ 25.51
One Time	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 25.51	\$ 25.51	\$ 25.51	\$ 25.51
<b>Commuter Rail</b>				
Base	\$ 7.15	\$ 7.15	\$ 7.15	\$ 7.15
One Time	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 7.15	\$ 7.15	\$ 7.15	\$ 7.15
<b>Bus</b>				
Base	\$ -	\$ -	\$ -	\$ -
One Time	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ -	\$ -	\$ -
Pass Through (MVTA)	\$ 0.20	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 113.19</b>	<b>\$ 102.82</b>	<b>\$ 89.07</b>	<b>\$ 88.63</b>

# Motor Vehicle Sales Tax (MVST)

- State of MN forecast February and November each year
- Use MnDOT forecast growth for future years
- Council budgets 95% of MVST
- Actual MVST receipts above 95% used in following year budget
- Volatile revenue source – can change February & November
- Future sales tax necessary to fund future transit service
- Without a future dedicated and stable source of tax revenues, budgets will be volatile with insufficient revenues

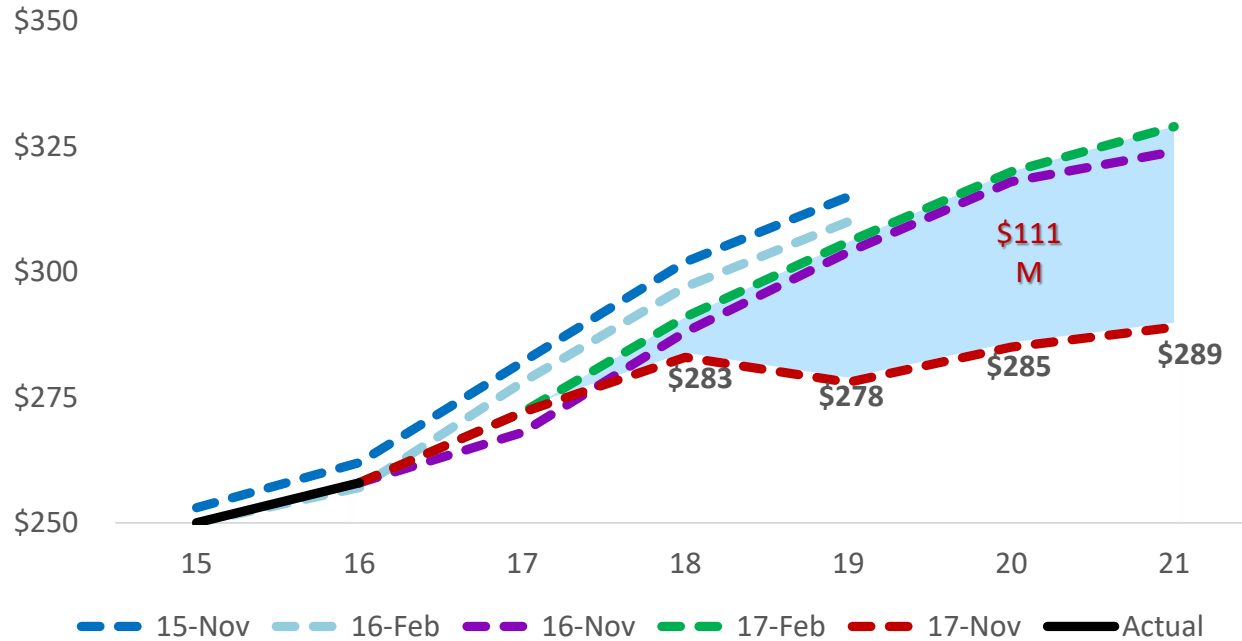
# Motor Vehicle Sales Tax – SFY 16-23

## Forecast Trend



Dollars in millions

# MVST Forecast Trend



# Tracking Financial Outlook

- Council Finance forecasts Transportation Financial Operations current year plus 4 years forward (2 biennia) (5 years)
- Uses current Law State Funding
- Uses most recent MVST forecast
- Forecasts structural financial position
- Update every bi-annual MVST forecast and end of Legislative Session
- Details funding expense assumptions, use of reserves
- Reserves increase was purposeful savings for financial cliff
  - Bus operator shortage
  - Harvest and non-reinvest service
  - Administrative savings/short-term open positions

# Structural & Financial Position

State Fiscal Years

<b>2020 Proposed Budget &amp; Feb-19 State MVST Forecast</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Base Revenues for Operations	547	576	598	609	626
Operating Expenses	588	619	647	668	691
<b>Structural Position</b>	<b>(41)</b>	<b>(43)</b>	<b>(49)</b>	<b>(59)</b>	<b>(65)</b>
Non-Base State Appropriation	40	23	13	-	-
Available Reserves	2	20	35	12	-
<b>Financial Position</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(47)</b>	<b>(65)</b>

# Financial Position by Fund

State Fiscal Years

	2019	2020	2021	2022	2023
Financial Position	-	-	(1)	(47)	(65)
Metro Mobility	-	-	(1)	(35)	(42)
Rail Operations	-	-	-	-	(5)
Bus Operations & Planning	-	-	-	(12)	(18)

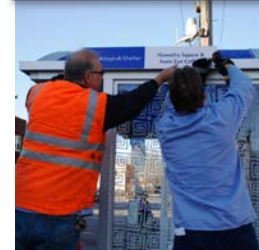
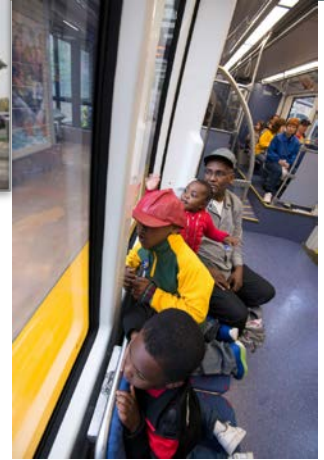
# Operating Reserves by Fund

	Reserve YE 2018	Minimum Target %	2019 Budget	2020 Budget	Projected YE 2020	2020 Target
Metro Mobility	\$18,002	10%	\$ 2,753	\$ (3,535)	\$17,220	\$ 9,430
Rail Operations	19,020	8.3%	(233)	(1,515)	17,272	8,708
Bus Operations & Planning:						
Metro Transit Bus	82,738	8.3%	(13,701)	(13,070)	55,967	26,188
Contracted Services	7,708	10%	-	(1,070)	6,638	3,140
Planning	4,957	30%	-	(480)	4,477	2,774

- All funds at minimum reserve targets in 2022



# 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

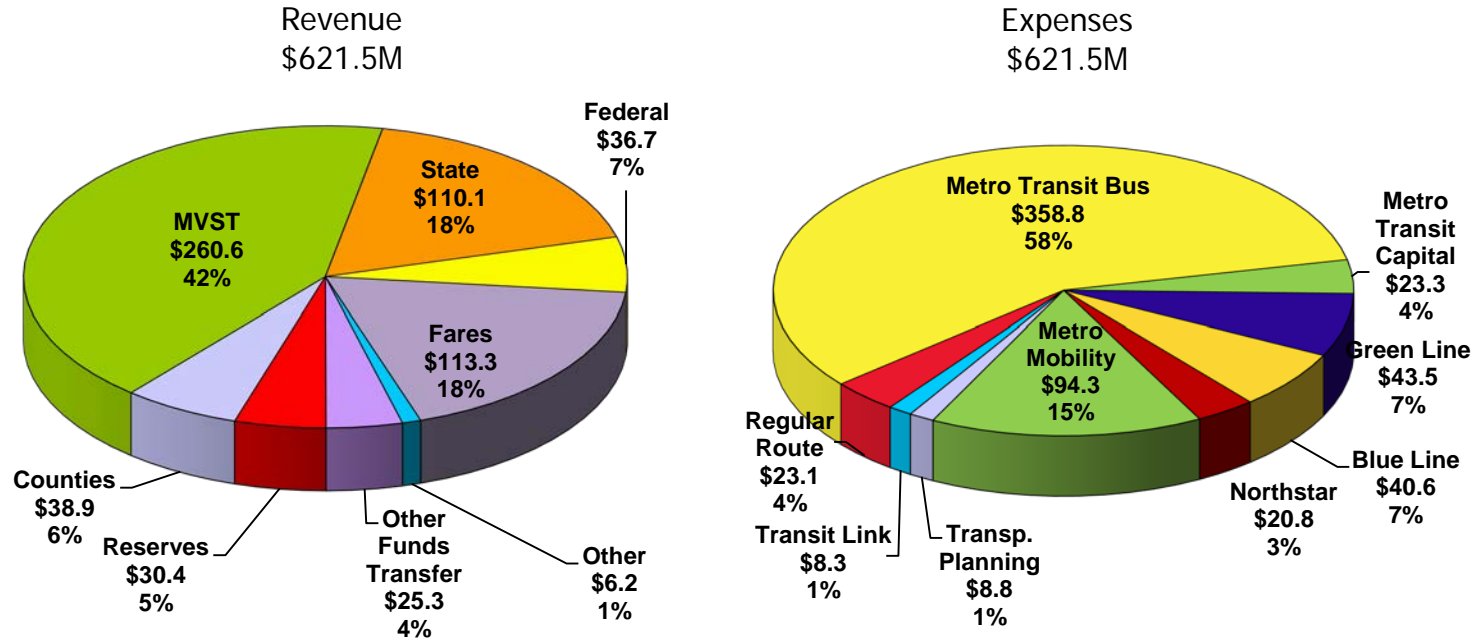
# Budget Framework

- 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





# Metro Transit

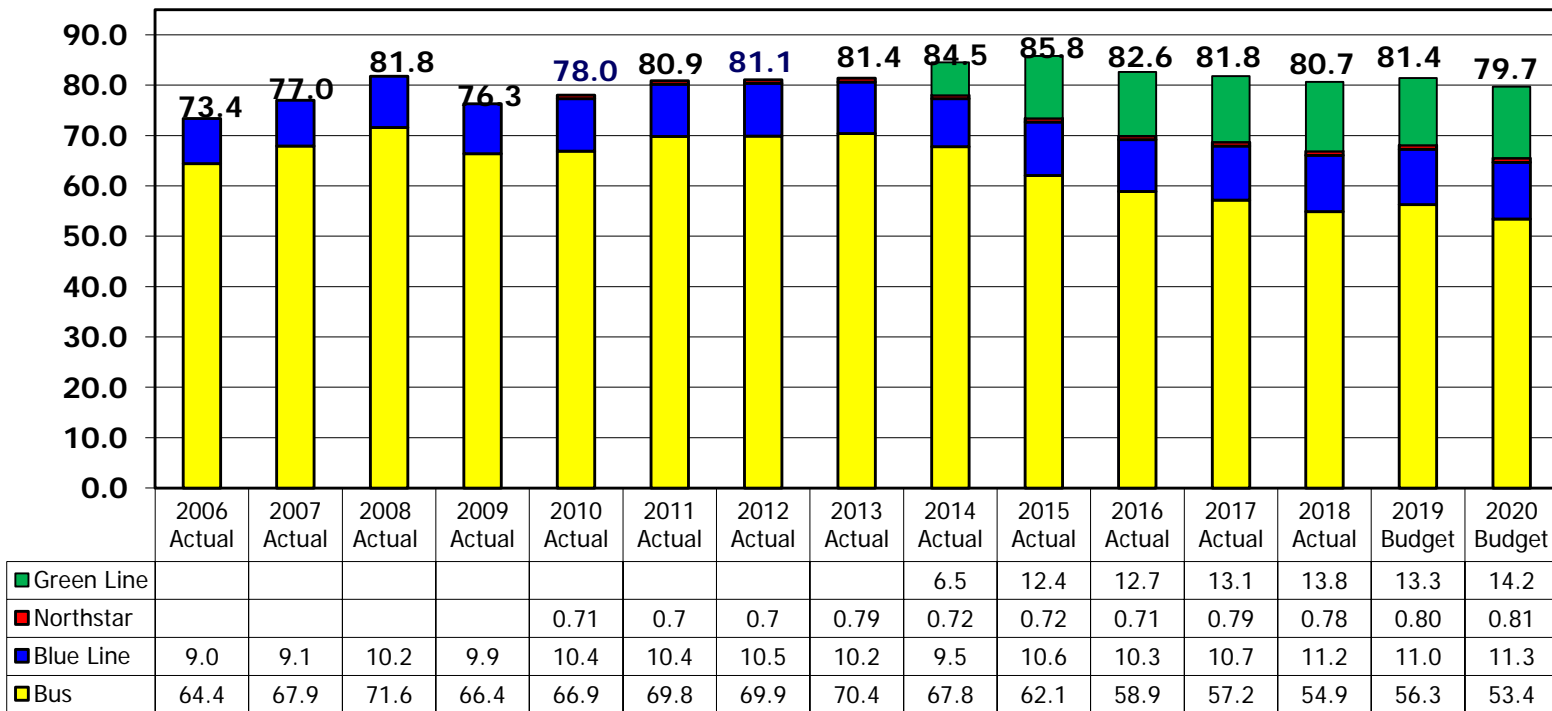


# Metro Transit Budget Assumptions

- 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

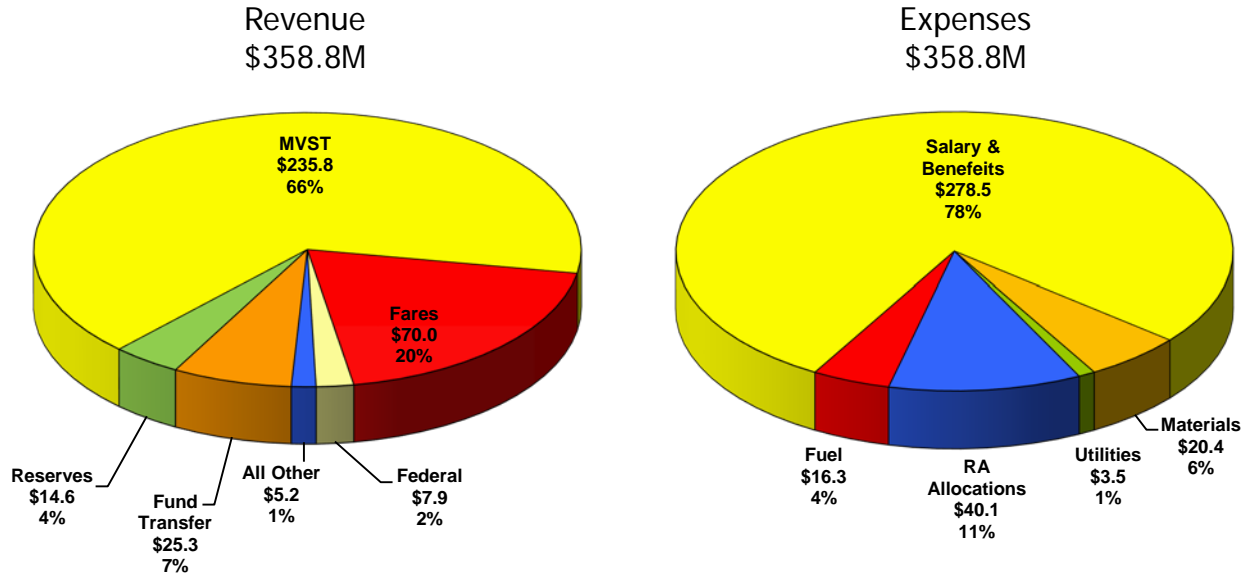
# Metro Transit Ridership

(in millions)



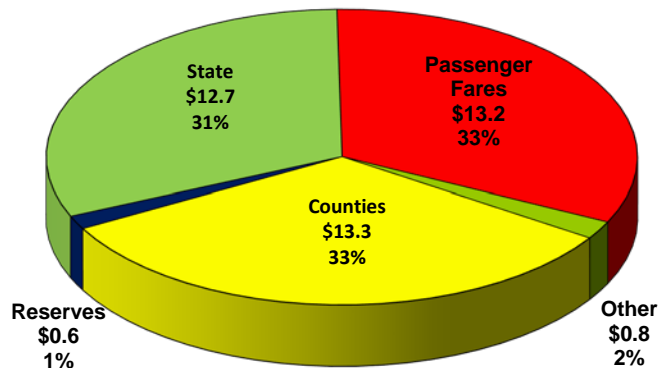


# Metro Transit Bus 2020 Operating Revenue & Expenses

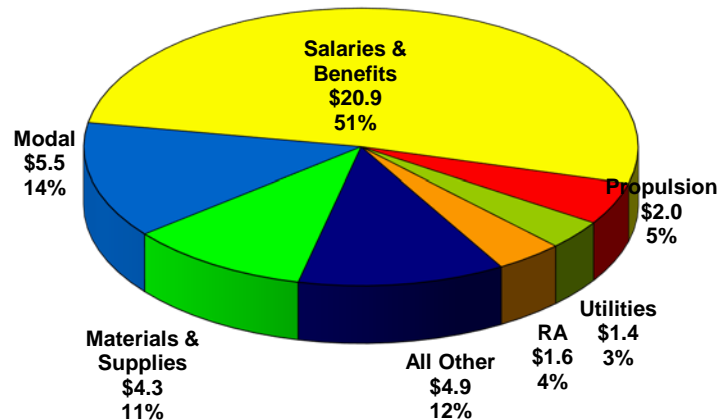


# METRO Blue Line 2020 Operating Revenue & Expenses

Revenue  
\$40.6M

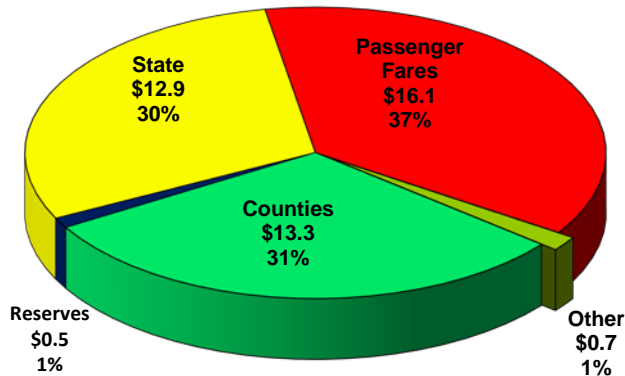


Expenses  
\$40.6M

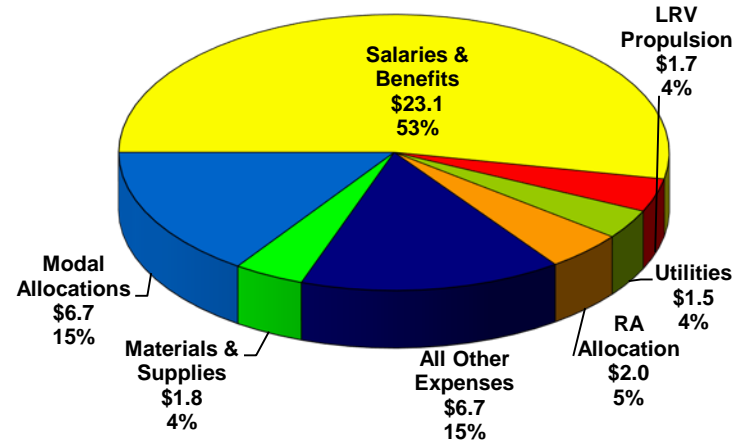


# METRO Green Line 2020 Operating Revenue & Expenses

Revenue  
\$43.5M

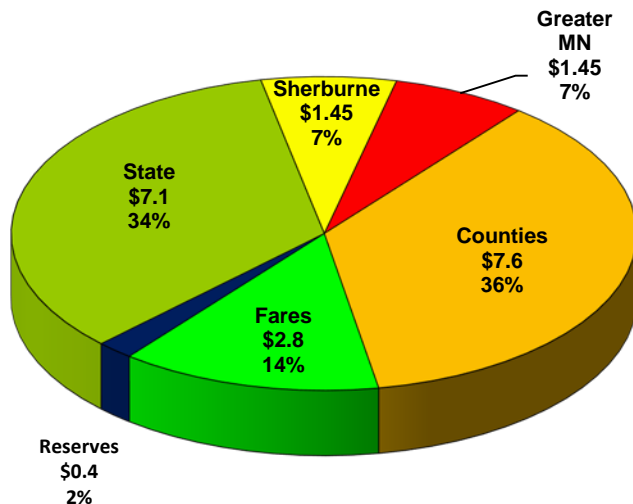


Expenses  
\$43.5M

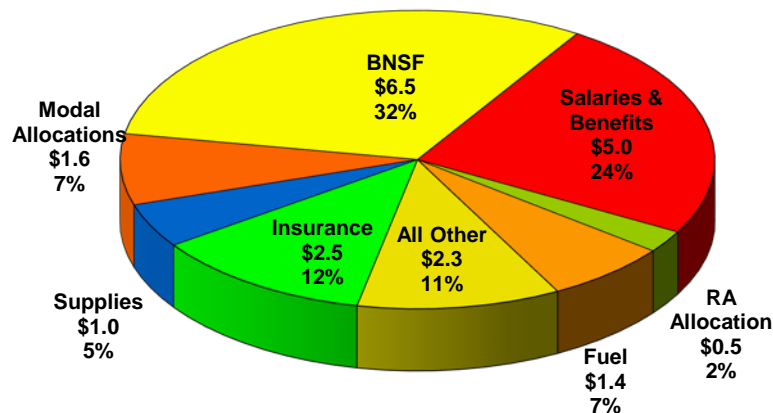


# Metro Transit Northstar 2020 Operating Revenue & Expenses

Revenue  
\$20.8M



Expenses  
\$20.8M



# Metro Transit - Bus & Rail Consolidated

	2019 Amended Operating Budget	2020 Proposed Operating Budget	\$ Change	% Change
<b>Revenue:</b>				
MVST	\$215.5	\$235.8	\$20.3	
State General Fund	44.6	32.7	(11.9)	
Counties/Greater MN	36.0	37.9	1.9	
Subtotal	\$296.1	306.4	\$10.3	3.4%
Passenger Fares	\$104.1	\$101.9	(2.2)	
Federal	7.9	7.9	0	
Other Funds Transfer	21.2	25.3	4.1	
Other	8.2	6.1	(2.1)	
<b>Total Revenue</b>	<b>437.5</b>	<b>\$447.6</b>	<b>\$10.1</b>	<b>2.3%</b>
<b>Expenses:</b>				
Salaries & Benefits	\$315.3	\$327.5	\$12.2	3.8%
Contract BNSF	6.4	6.5	0.1	1.5
Fuel/Propulsion	19.3	21.4	2.1	10.8
Materials & Supplies	29.0	27.5	(1.5)	(5.1)
RA Allocations	40.1	44.2	4.1	10.2
Other	35.5	36.6	1.1	3.1
<b>Total Expenses</b>	<b>\$445.6</b>	<b>\$463.7</b>	<b>\$18.1</b>	<b>4.1%</b>
<b>Net Income (Loss)</b>	<b>(\$8.1)</b>	<b>(\$16.1)</b>	<b>(\$8.0)</b>	

# Metro Transit - Bus & Rail Operating Consolidated

	2020 Proposed Operating Budget	2020 Proposed Capital Operating Budget	Total 2020 Proposed Budget
<b>Revenue:</b>			
MVST	\$235.8	0	\$235.8
State General Fund	32.7	0	32.7
Counties/Greater MN	37.9	1.0	38.9
Subtotal	\$306.4	\$1.0	\$307.4
Passenger Fares	\$101.9	\$0	\$101.9
Federal	7.9	22.3	30.2
Other Funds Transfer	25.3	0	25.3
Other	6.1	0	6.1
<b>Total Revenue</b>	<b>\$447.6</b>	<b>\$23.3</b>	<b>\$470.9</b>
<b>Expenses:</b>			
Salaries & Benefits	\$327.5	\$19.5	\$347.0
Contract BNSF	6.5	0	6.5
Fuel/Propulsion	21.4	0	21.4
Materials & Supplies	27.5	0	27.5
RA Allocations	44.2	0	44.2
Other	36.6	3.8	40.4
<b>Total Expenses</b>	<b>\$463.7</b>	<b>\$23.3</b>	<b>\$487.0</b>
<b>Net Income (Loss)</b>	<b>(\$16.1)</b>	<b>0</b>	<b>(\$16.1)</b>



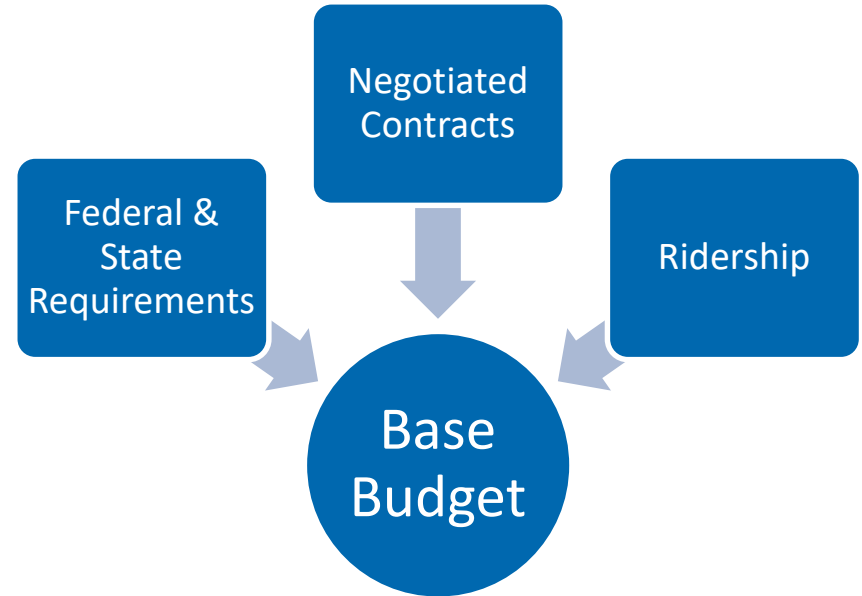
## Metropolitan Transportation Services



# 2020 Overview

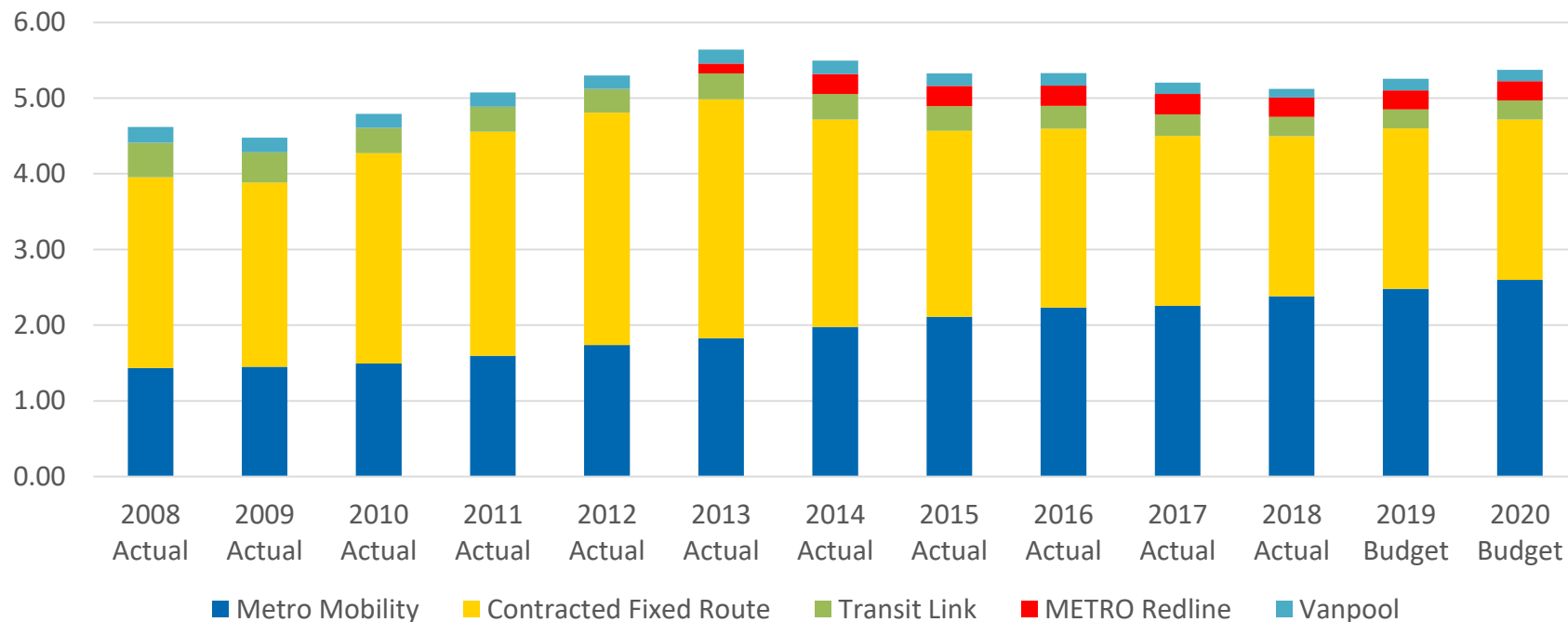
## Executive Summary

- \$134.5M Division Budget
- Metro Mobility ADA will meet anticipated demand
- Metro Mobility Lakeville expansion
- Implement Metro Mobility Task Force recommendations



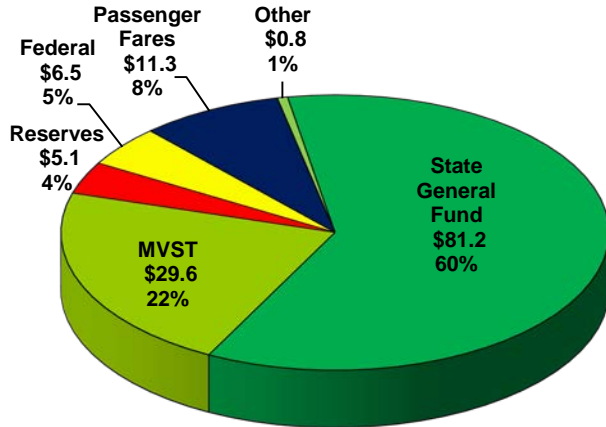


# Contracted Services Ridership

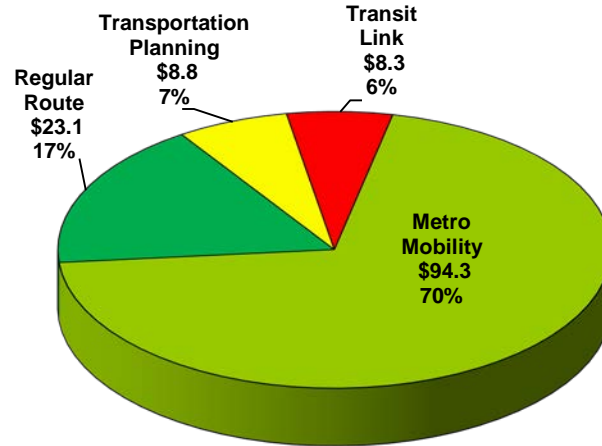


# Metropolitan Transportation Services 2020 Operating Revenue & Expenses

Revenues  
\$134.5M



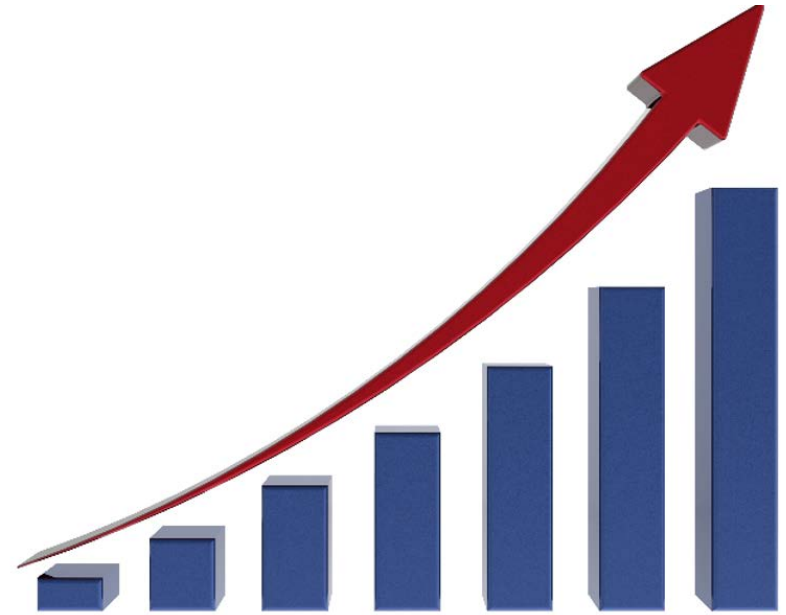
Expenses  
\$134.5M



\$ 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

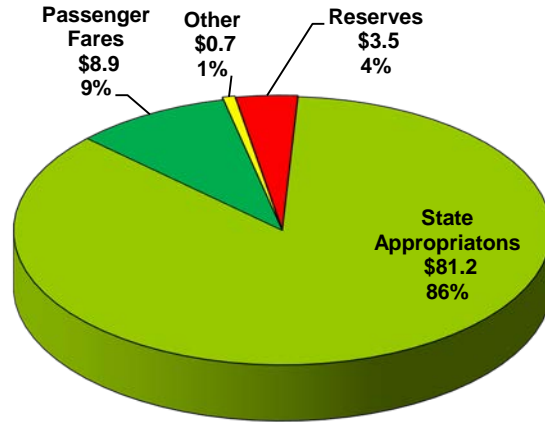
- Lakeville expansion
- On-demand service pilot
- Data sharing with  
Department of Human  
Services

- Challenges

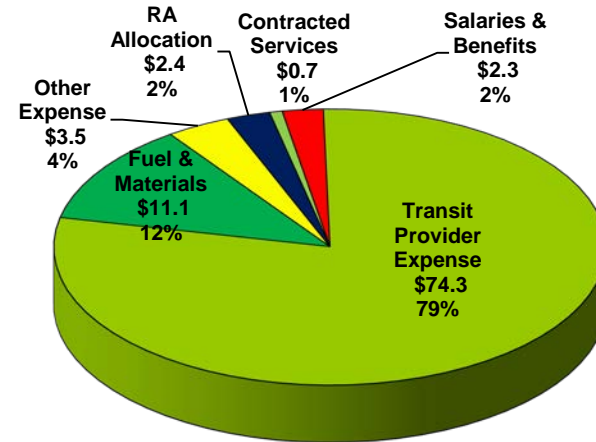
- Rising demand
- Expanded service area
- Wage pressure
- Federal requirements
- Increasing trip length
- Rising costs

# Metro Mobility 2020 Operating Revenue & Expenses

Revenues  
\$94.3M

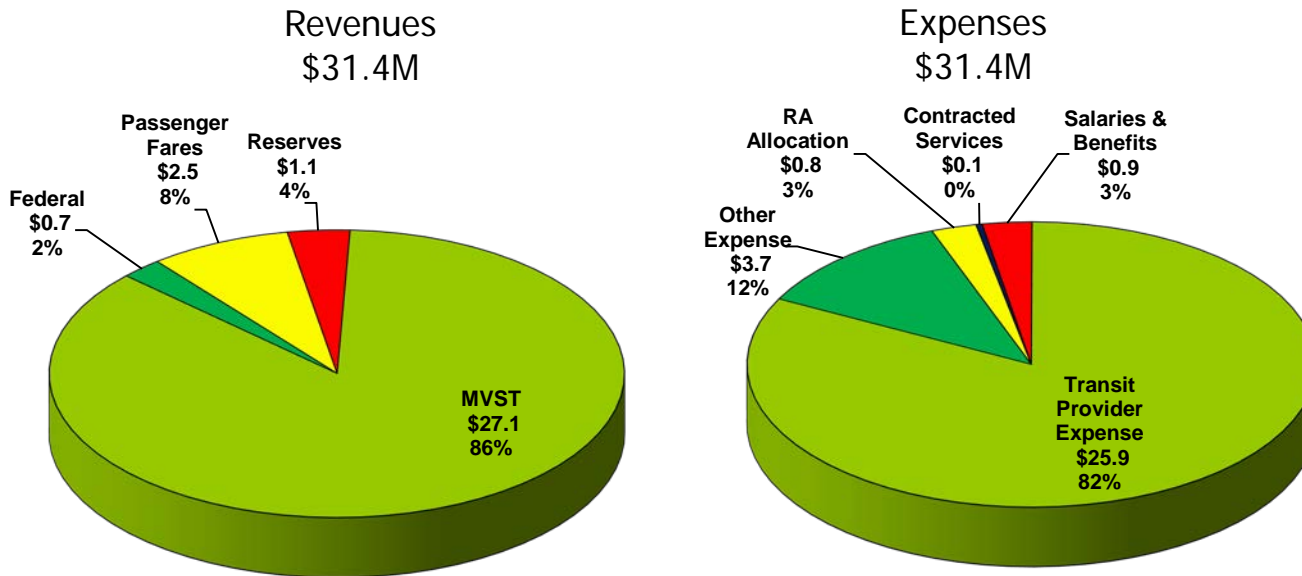


Expenses  
\$94.3M



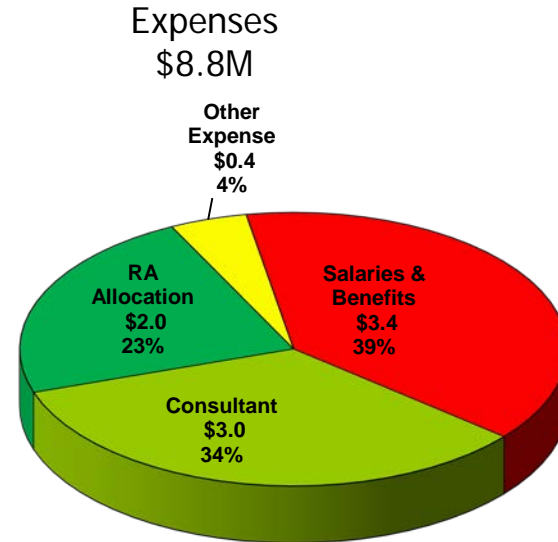
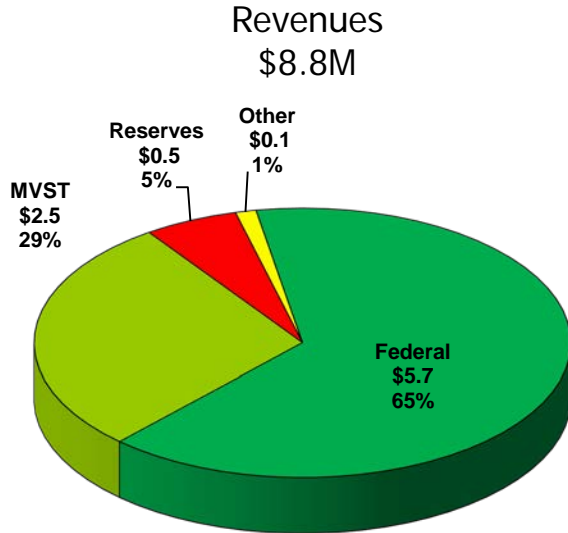
\$ in millions

# Contracted Regular Route, Transit Link, Vanpool 2020 Operating Revenue & Expenses



\$ in millions

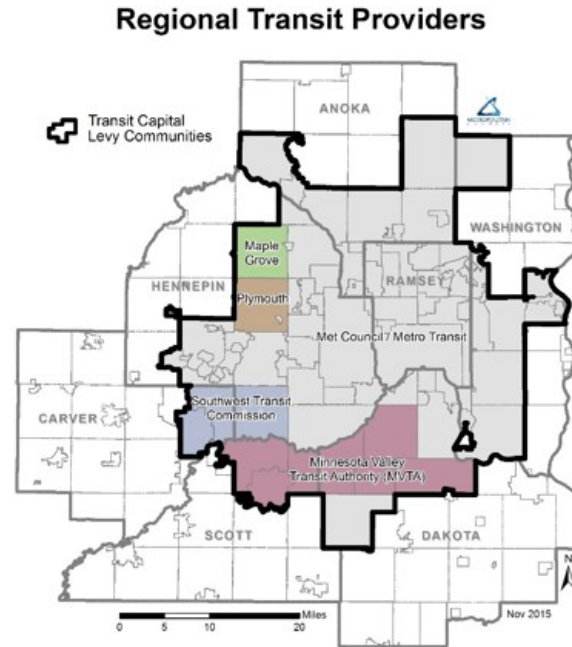
# Transportation Planning & Administration 2020 Operating Revenue & Expenses



\$ 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)

	2019 Amended	2020 Proposed	\$ Change	% Change
MVST	\$27.56	\$29.57	\$2.01	7%
General Fund	\$64.72	\$81.21	\$16.49	25%
<b>Subtotal State</b>	<b>\$92.28</b>	<b>\$110.8</b>	<b>\$18.52</b>	<b>20%</b>
Federal	\$8.90	\$6.46	(\$2.44)	-27%
Local/Other	\$0.11	\$0.82	\$0.71	645%
Fares	\$11.25	\$11.36	\$0.11	1%
<b>Total Revenue</b>	<b>\$112.54</b>	<b>\$129.4</b>	<b>\$16.85</b>	<b>15%</b>
Metro Mobility	\$82.32	\$94.30	\$11.98	15%
Regular Route	\$20.78	\$23.08	\$2.30	11%
Transit Link	\$8.07	\$8.32	\$0.25	3%
Planning	\$10.20	\$8.81	(\$1.39)	-14%
<b>Total Expenditures</b>	<b>\$121.4</b>	<b>\$134.5</b>	<b>\$13.1</b>	<b>11.0%</b>
<b>Net Income/(Loss)</b>	<b>(\$8.8)</b>	<b>(\$5.1)</b>	<b>\$3.8</b>	



# Metropolitan Council Transportation Division 2020 Operating Budget

Transportation Committee  
July 22, 2019

