

2023 Preliminary Transportation Operating Budget

Transportation Committee

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Council Budget Development



Schedule

May – July	Budget Development Activities
July	Preliminary Budget Transportation Committee
August	Council Preliminary Budget Presentation Council Adopt Preliminary Budget / Levies
October	Council Capital Program Presentation Adopt Public Comment Draft Budget
December	Council Adopt Finance Budget / Levies

Basis for Budget Development

Minnesota Statute 473.125

“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.”



Transportation Division

Services

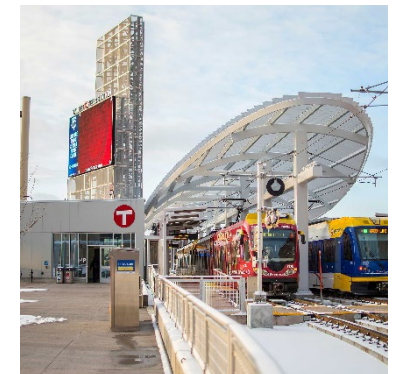
- Metro Transit
 - Bus
 - METRO Blue and Green Lines
 - Northstar Commuter Rail
 - METRO Orange and Red Lines
 - A Line, C Line and D Line BRT
 - Capital Project Development
- Metropolitan Transit Services
 - Contracted Bus
 - Metro Mobility
 - Planning
 - Transit Link
 - Vanpool



Transportation Division

Budget Development Basis

- Council Policy & Actions
 - Thrive MSP 2040
 - Transportation Policy Plan
 - Labor Agreements
 - Fare Policy
 - Federal Relief Funds
 - Target Fund Balance
- Forecasts and Legislation
 - Preliminary Budget reviewed with Forecasts/Toolbox – Current year plus 4 years
 - Motor Vehicle Sales Tax (MVST)
 - State General Fund Appropriation
 - Federal Relief Funds
 - Metro Mobility becomes state forecasted program in SFY 2026



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Thrive MSP 2040 Implementation

- Preserve service while growing ridership & meeting needs across the region
- Prioritize structural solutions with a multi-year focus
- Minimize impact on Council levies
- Maintain reserves at policy levels
- Support Implementation of the Regional Transportation Policy Plan

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Budget Framework Considerations

- Rollup major revenue & expense categories
- Anticipated revenue growth
- Levels of service – base and expansion
- COVID impact on operations
- Transit Equity Review
- Increasing investment in customer experience, security, facility upkeep and technology



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Mitigate Volatility

- Budget 95% of Motor Vehicle Sales Tax
- Fuel price hedging
- Programing federal funds
- Operating fund reserve targets



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Tracking on-going risk

- Ridership / Travel demand
- Passenger Fare Revenue
- Motor Vehicle Sales Tax volatility
- Operator hiring
- Fuel prices
- COVID impacts on operations
- Continuous evaluation and review of budget assumptions

Transportation Division



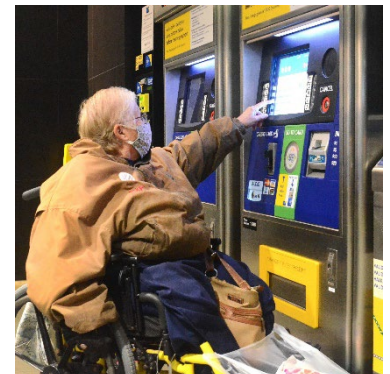
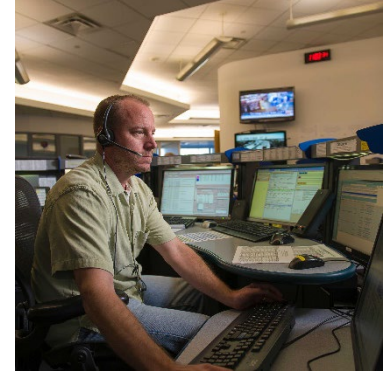
Revenue Assumptions

- State General Fund and MVST per legislation and state forecast
- Reset County contribution base at 50% net subsidy
- Program federal relief funds to offset revenue loss
- Passenger Ridership Recovery (% pre-covid)
 - Bus 65%
 - Light Rail 75%
 - Metro Mobility 100%
 - Northstar 30%

Transportation Division

Primary Expense Assumptions

- Service levels
 - Bus (MT & Contracted)
 - Light Rail
 - Commuter Rail
 - Metro Mobility
 - Transit Link
 - Vanpool
- Existing contracts
 - salaries and benefits
 - contracted transit services
 - fuel forwarding (for MT)
- Parts and supplies based on service plan
- Transit Safety Initiatives
- Regional Allocations



Federal COVID Relief

Appropriations

\$313.4M ARP

\$185.9M CRRSAA

\$226.5M CARES

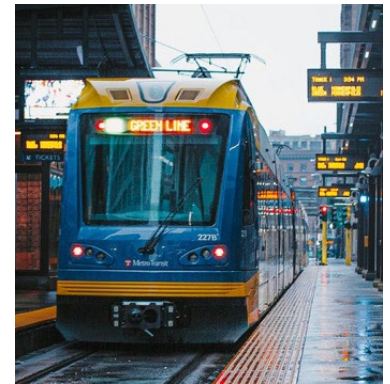
\$725.8M Total

Council Total \$686.9M

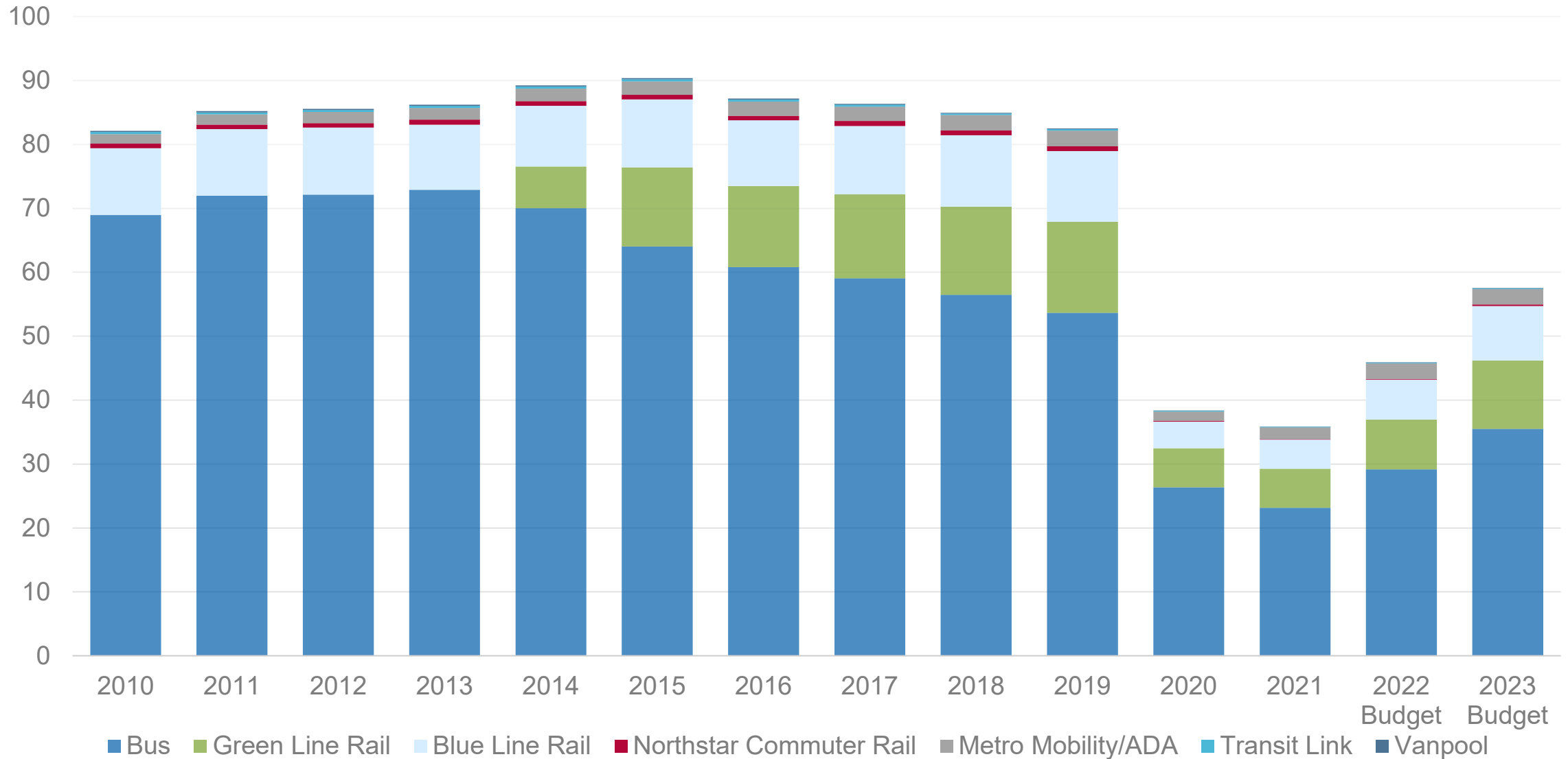
2023 Preliminary Budget includes ~\$48M in federal relief funds.

Summary

- Awarded to Council based upon federal formulas
- Eligible activities defined by federal 5307 program rules
- Federal emphasis on payroll and transit operations expenses
- Grantees must follow federal grant rules and guidelines
- Balance Fiscal Cliff through approximately CY 2026

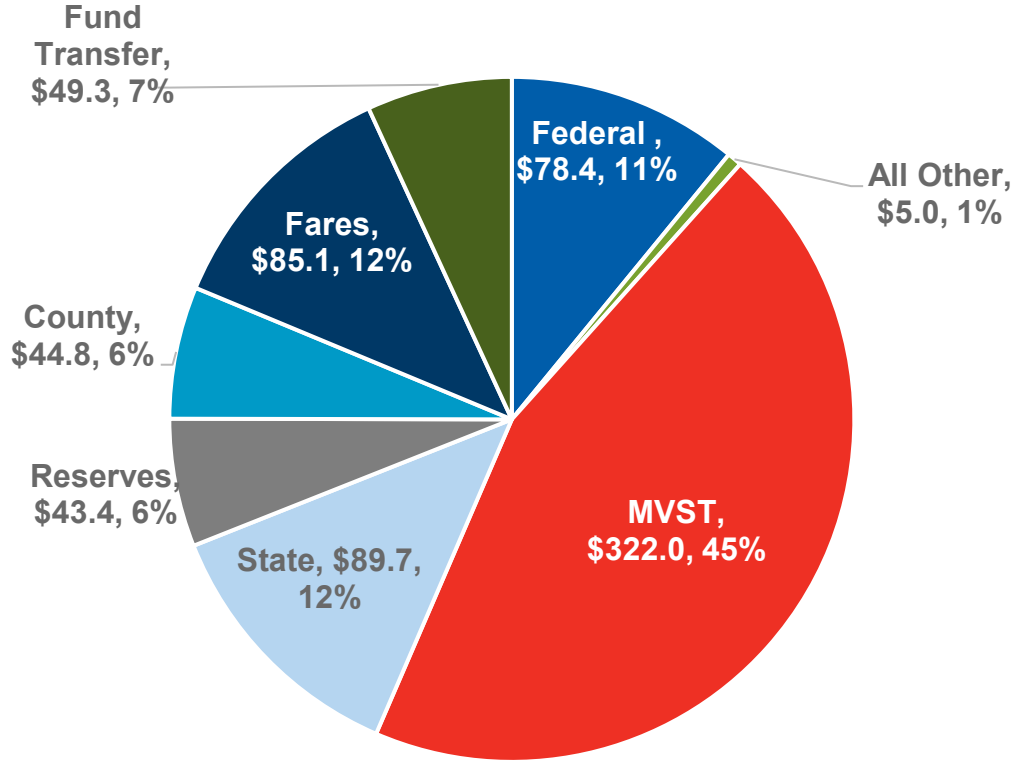


Council Ridership (in millions)

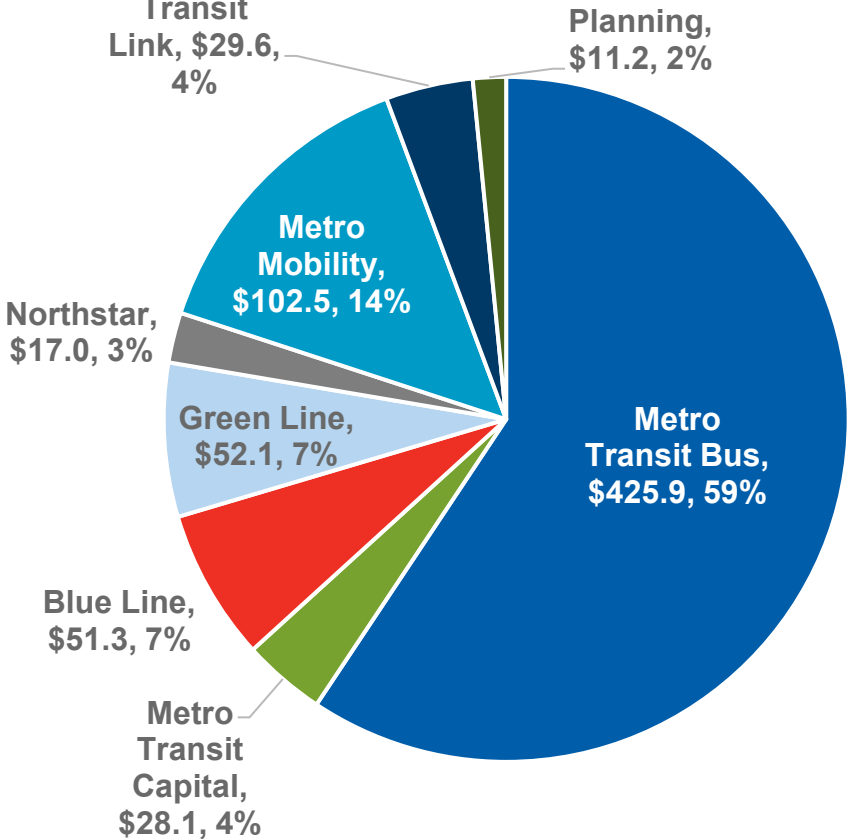


Proposed 2023 Transportation Budget

Revenue \$717.7M



Expense \$717.7M





Our mission is to deliver environmentally sustainable transportation choices that link people, jobs, and community conveniently, consistently, and safely.

Strategic Operations Plan

- Goals

- We will transition from the pandemic to a more resilient transit system
- We provide service that is safe, welcoming and comfortable
- We provide service that is reliable and easy to use
- We make our region more environmentally sustainable
- We are a great place to work and build a career

- Core Elements

- We meaningfully advance equity inside our organization and in the region
- We effectively communicate and engage with customers, stakeholders, and employees
- We evaluate our performance and foster innovation for continuous improvement
- We are responsible stewards of a transformative and financial sustainable transit system

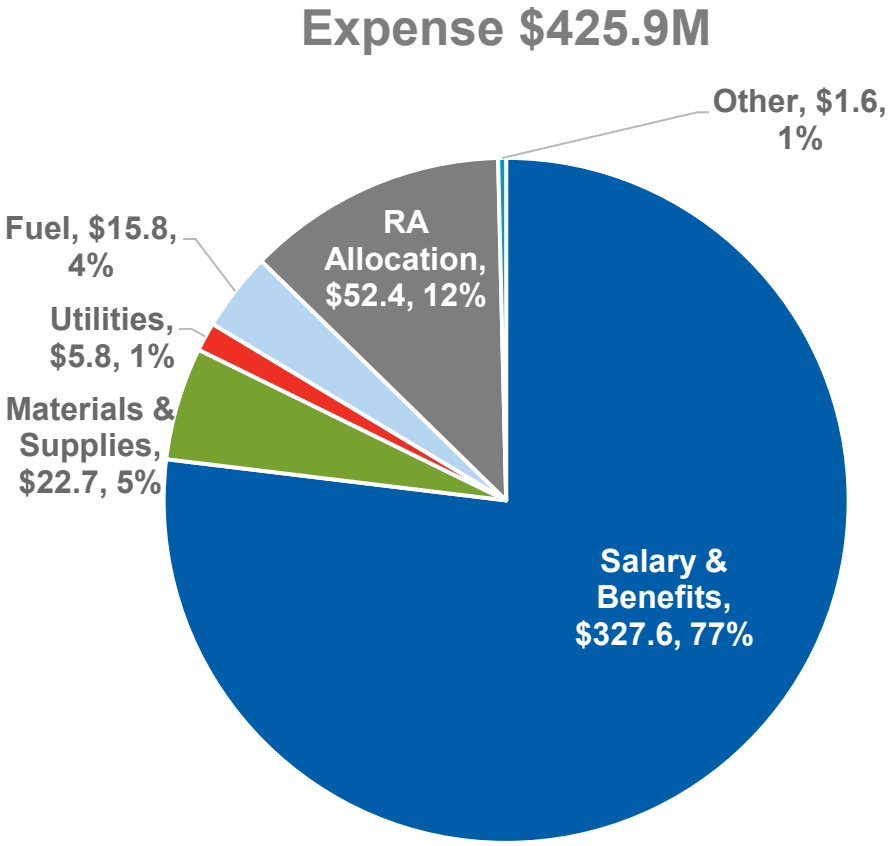
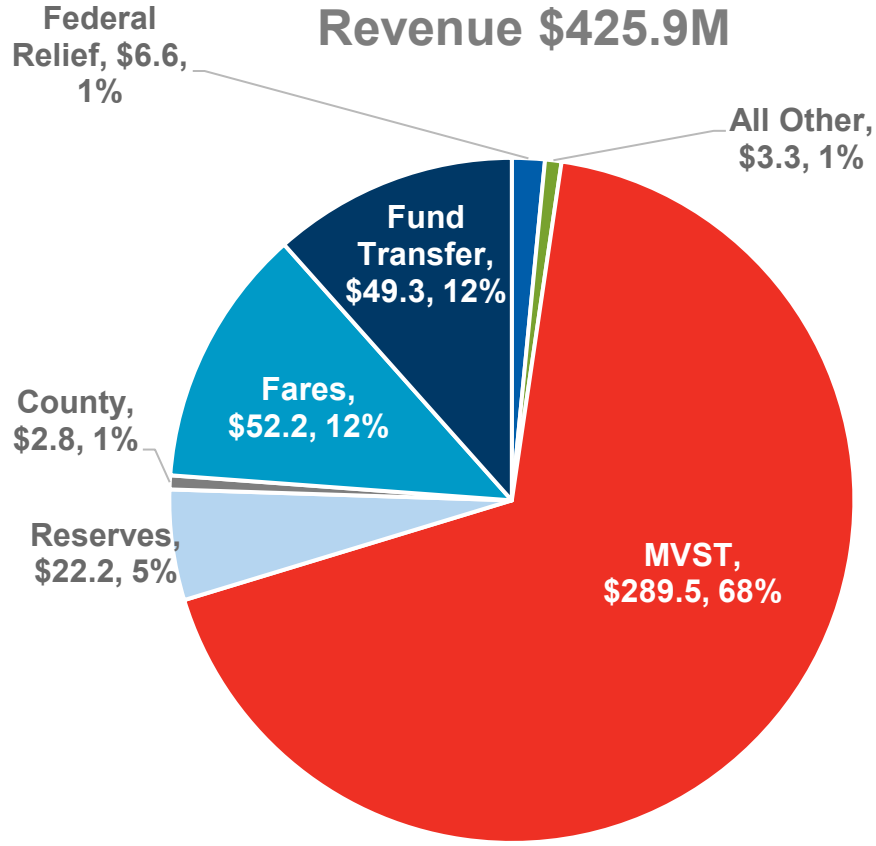
Bus Highlights



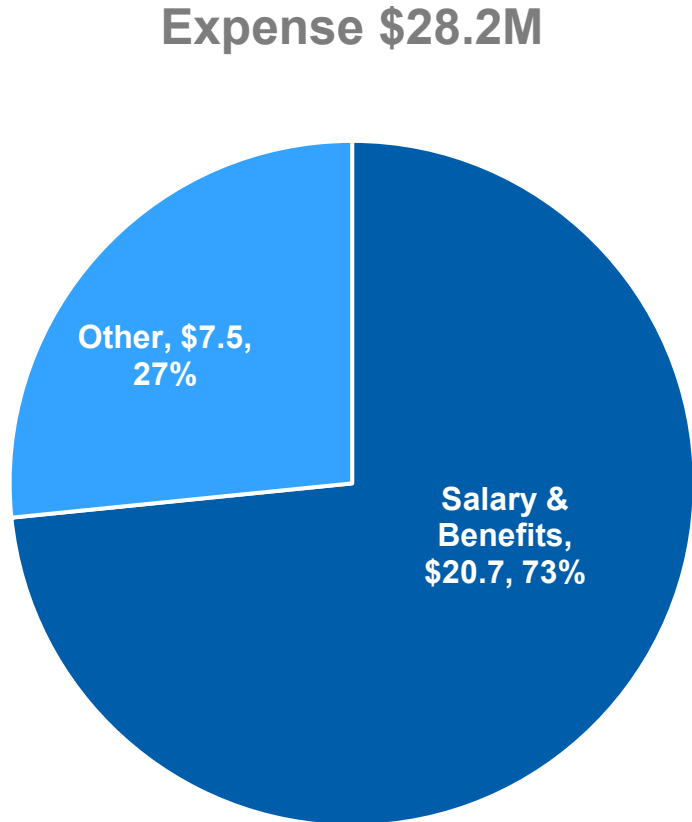
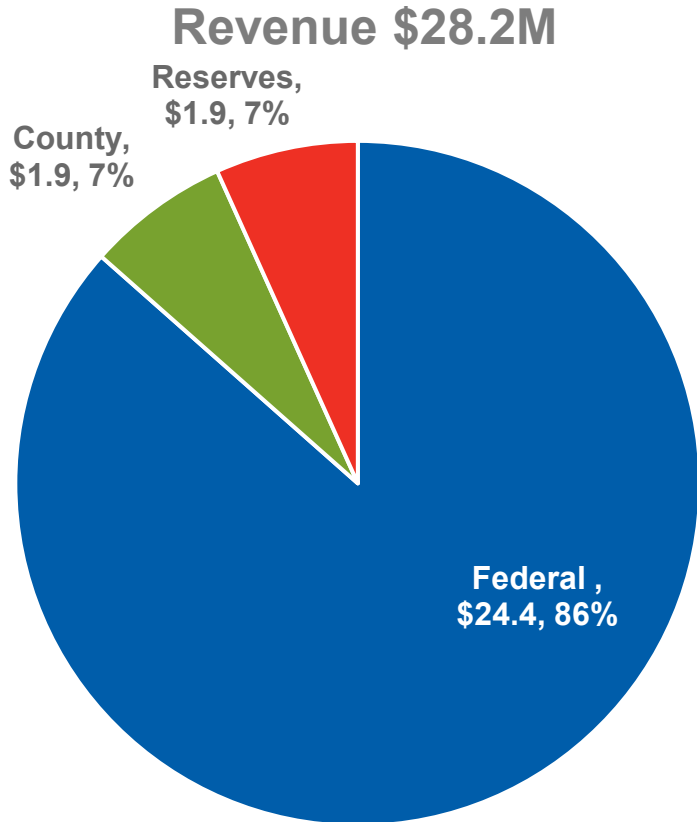
Operating Budget Highlights

- D Line opening December 2022
- Bus Service Levels 95% + D Line
- North Loop Bus Garage
- Zero Emission Fleet Plan
- Continued Operator Hiring Plan Focus to return to full levels of service
- Continued COVID impacts on operations
- Continuous Evaluation and Review of Budget Assumptions and Ridership/Travel Demand
- FTE Additions to support D Line, North Loop Bus Garage and Orange Line
- County Funding Orange Line

Metro Transit Bus 2023 Operating Revenue & Expense



Metro Transit Bus and Rail 2023 Capital Operating Revenue & Expense



Metro Transit Bus Preliminary Budget increasing 10% over 2022

- \$425.9M compared to \$386.6 in 2022
- Above Base Inflation Adjustments
 - \$9.7M Federal Indirect Rate (28% to 34%)
 - \$4.2M base commitments (utilities, North Loop bus garage, electric bus program, 8 FTEs)
 - \$3.3M fuel increase (+41%, \$1.73 to \$2.44/gal)
 - \$3.3M Transit Safety Initiative (federal funds)
 - \$4.9M Service Annualization (D Line, North Loop Bus Garage, Orange Line)
 - \$2.5M RA Allocation
 - Adjusted for Above Base Inflation 2.80%



Light Rail Highlights

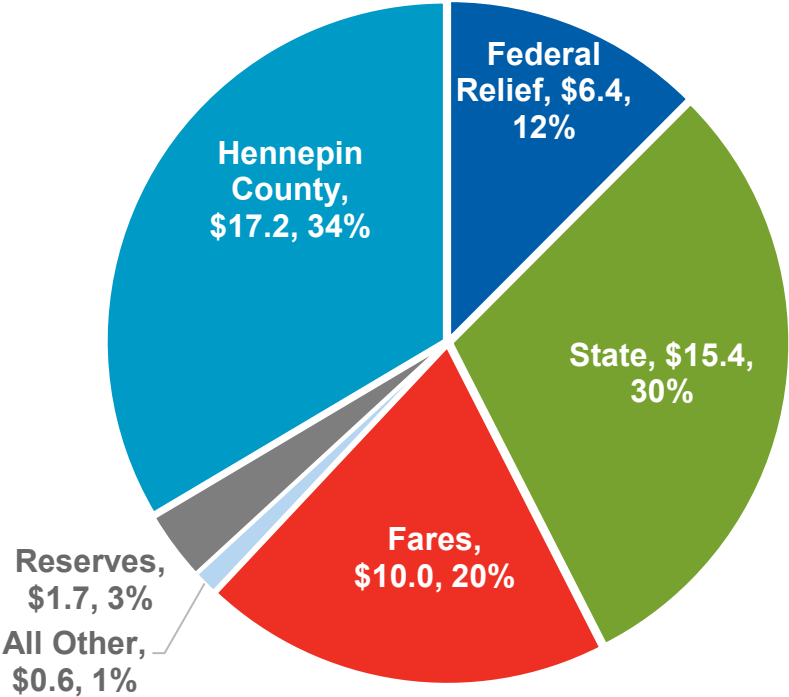


Operating Budget Highlights

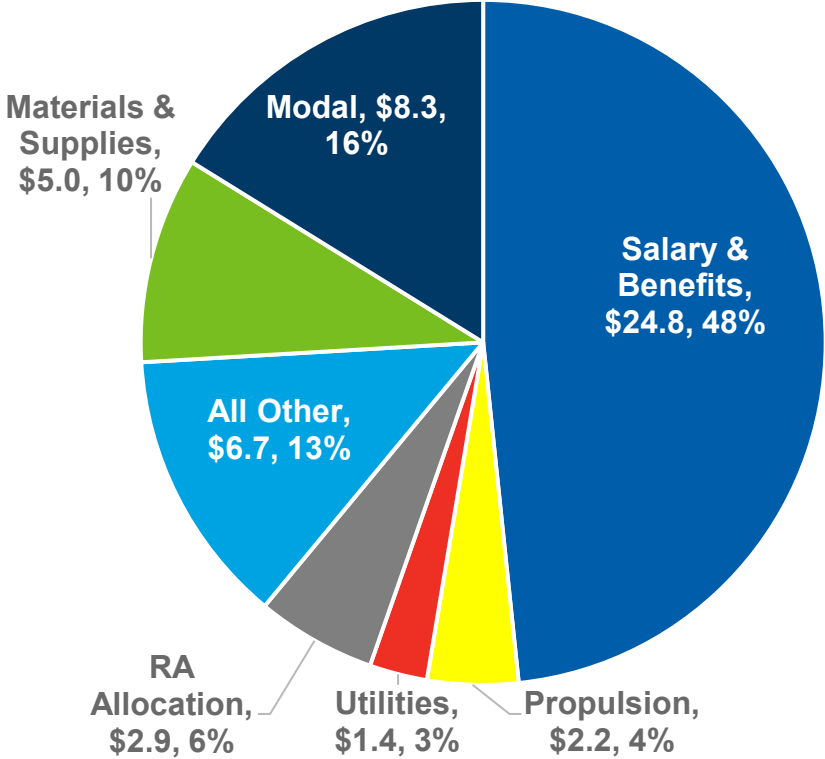
- Planned return to 10 Minute Frequency from current 15 Minute Frequency dependent on operating hiring
- Increase in Repair Parts and Utilities due to increased inflation
- Hiring 8 additional cleaners for Station and Vehicle Maintenance
- Increased Costs for LRT Structure Maintenance to maintain the assets into a State of Good Repair
- County Funding METRO Blue and Green Lines

METRO Blue Line Light Rail 2023 Operating Revenue & Expense

Revenue \$51.3M

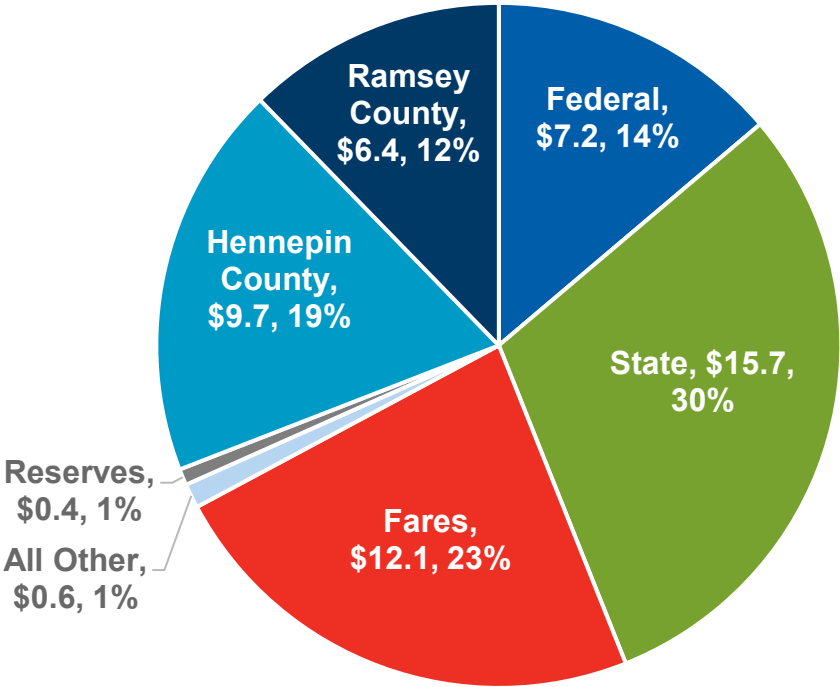


Expense \$51.3M

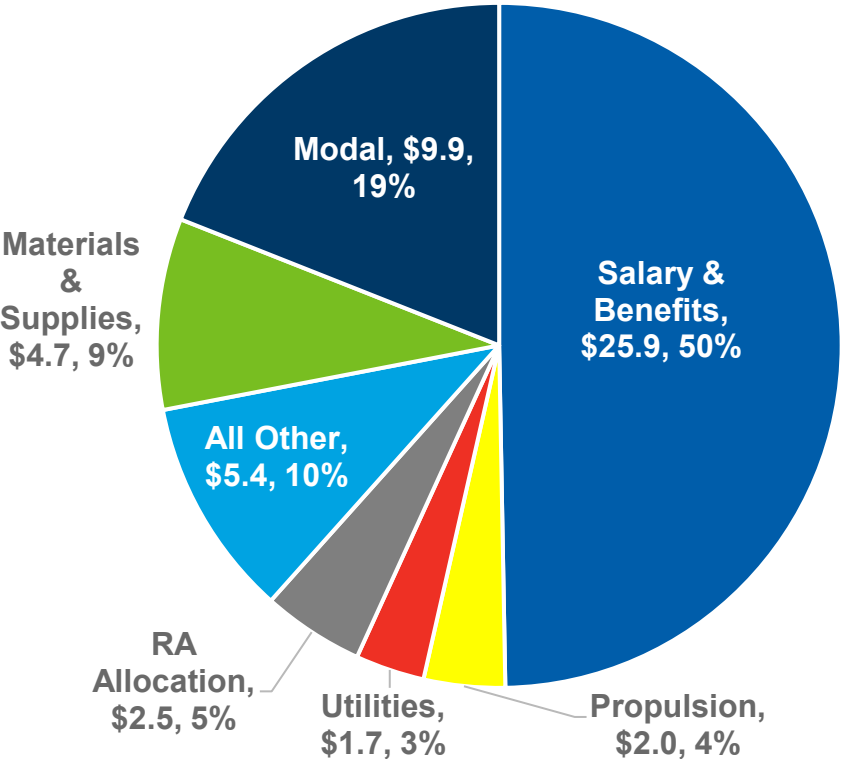


METRO Green Line Light Rail 2023 Operating Revenue & Expense

Revenue \$52.1M



Expense \$52.1M



Commuter Rail Highlights

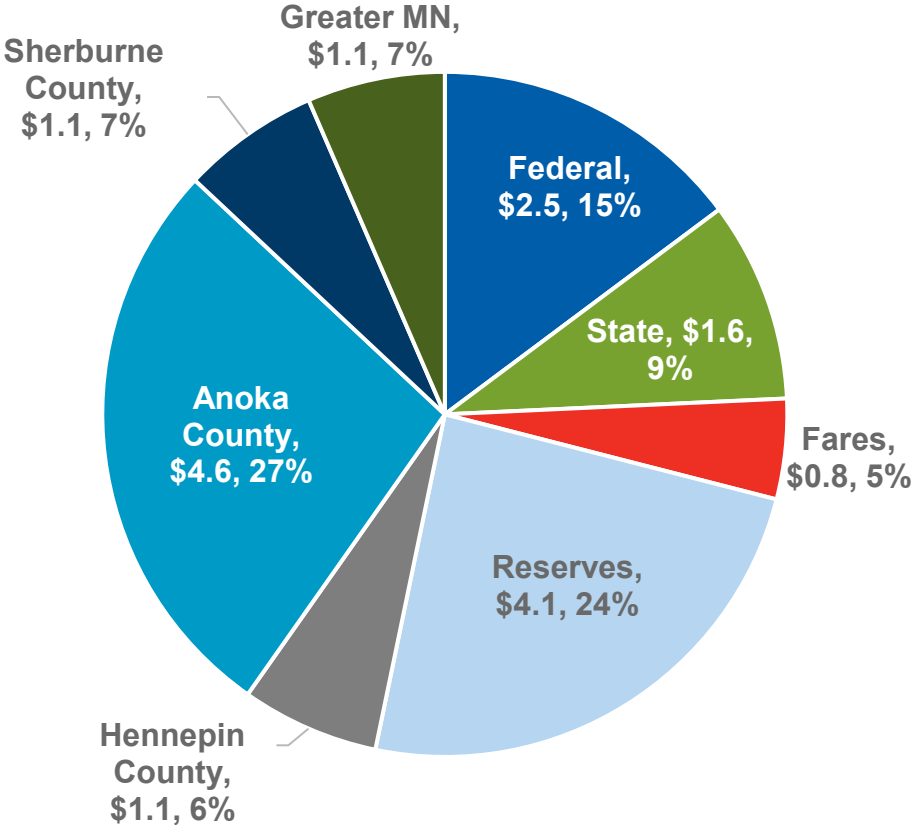


Operating Budget Highlights

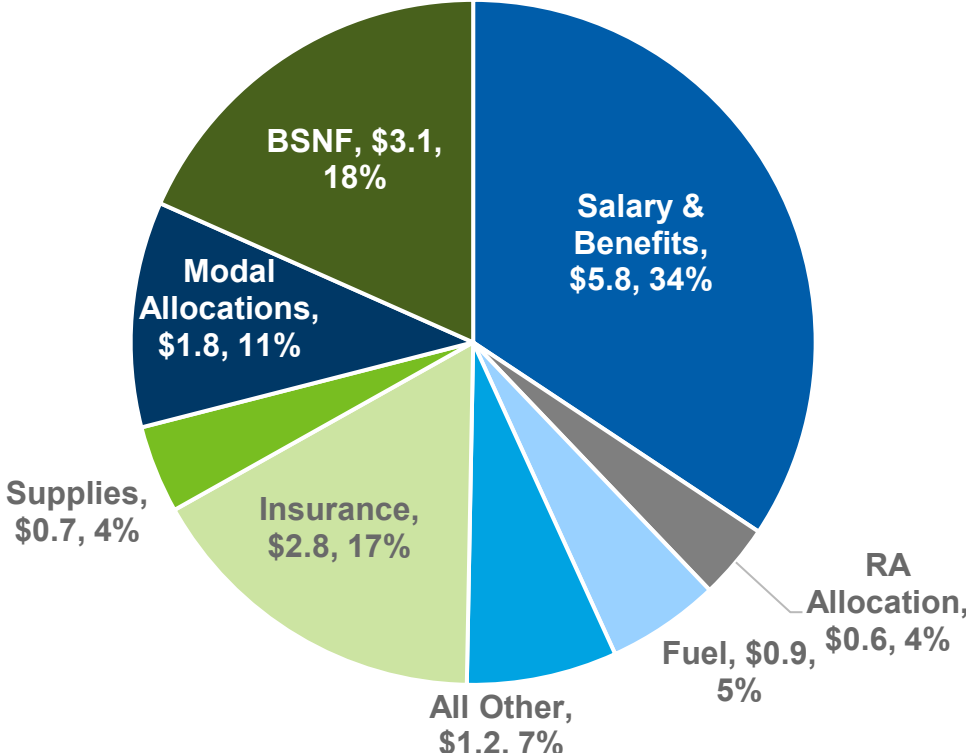
- Planned Service Levels of 4 Daily Trips In and Out with Special Event Service
- Continuous evaluation of service needs and ridership demand
- Increase in Repair Parts and Utilities due to increased inflation
- Increased Costs for Northstar Structure Maintenance to maintain the assets into a State of Good Repair
- County Funding Northstar Commuter Rail

Northstar Commuter Rail 2023 Operating Revenue & Expense

Revenue \$16.9M



Expense \$16.9M



Metro Transit Rail Preliminary Budget \$120.3M

Blue Line

- 12.1% increase
- \$51.3M compared to \$45.8M in 2022
- \$2.8M above base inflation
 - \$2.1M Repair Parts
 - \$0.6M Utilities
 - \$0.3M 4 LRT Cleaners
 - \$1.4M Structure Maintenance
 - Adjusted After Above Base 2.39%

Green Line

- 8.9% increase
- \$52.1M compared to \$47.8M in 2022
- \$3.3M above base inflation
 - \$1.9M repair parts
 - \$0.6M Utilities
 - \$0.3M 4 LRT Cleaners
 - \$0.5M Structure Maintenance
 - Adjusted After Above Base 2.02%

Northstar

- 4.7% increase
- \$16.9M compared to \$16.1M in 2022
- Assumes continued 4 Trip Service with addition of Special Events
- Increases in repair parts and utilities

Metropolitan Transportation Services



Contracted Services Highlights



Operating Budget Highlights

- Bus service levels 95%
- Metro Mobility service levels 100%
- Continued COVID impacts on operations
- Higher fuel costs and transit provider contract rates in preliminary 2023 budget offset by lower budgeted general expenses, premium on-demand service costs, and vehicle revenue hours.
- Continuous evaluation and review of assumptions and ridership / travel demand.
- Metro Mobility transition to state forecasted program
- Zero Emission Fleet Plan

Contracted Services Preliminary Budget \$132.1M

Metro Mobility

- 5.0% increase
- \$102.5M compared to \$97.6M in 2022
- Assumes gas at \$3.98/gallon

Bus / Vanpool

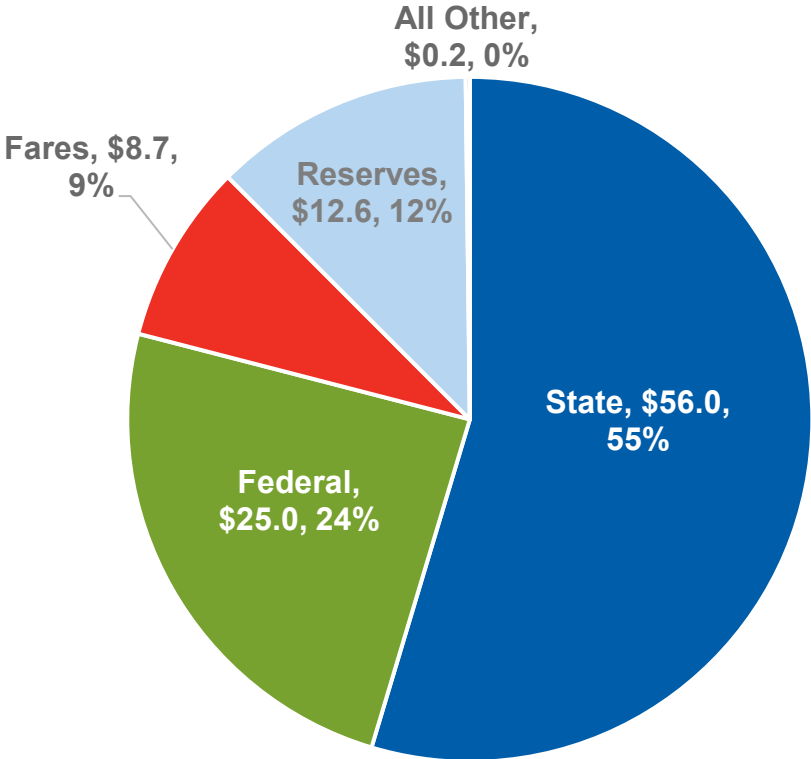
- 3.1% increase
- \$19.4M compared to \$18.8M in 2022
- Assumes diesel at \$3.87/gallon
- Assumes gas at \$3.98/gallon

Transit Link

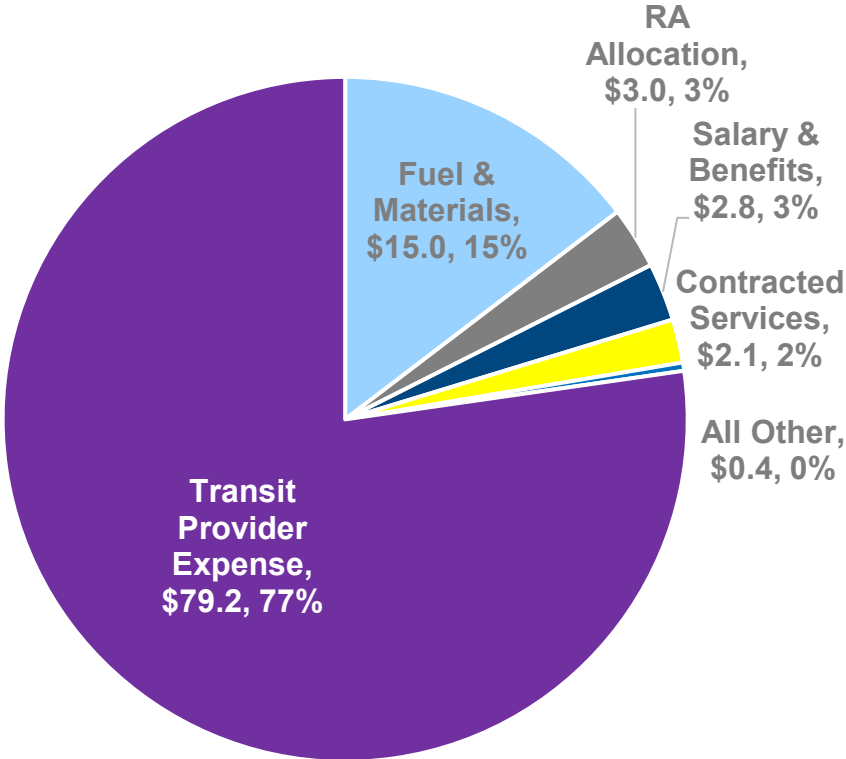
- 3.2% increase
- \$10.2M compared to \$9.8M in 2022
- Assumes gas at \$3.98/gallon

Metro Mobility 2023 Operating Revenue & Expense

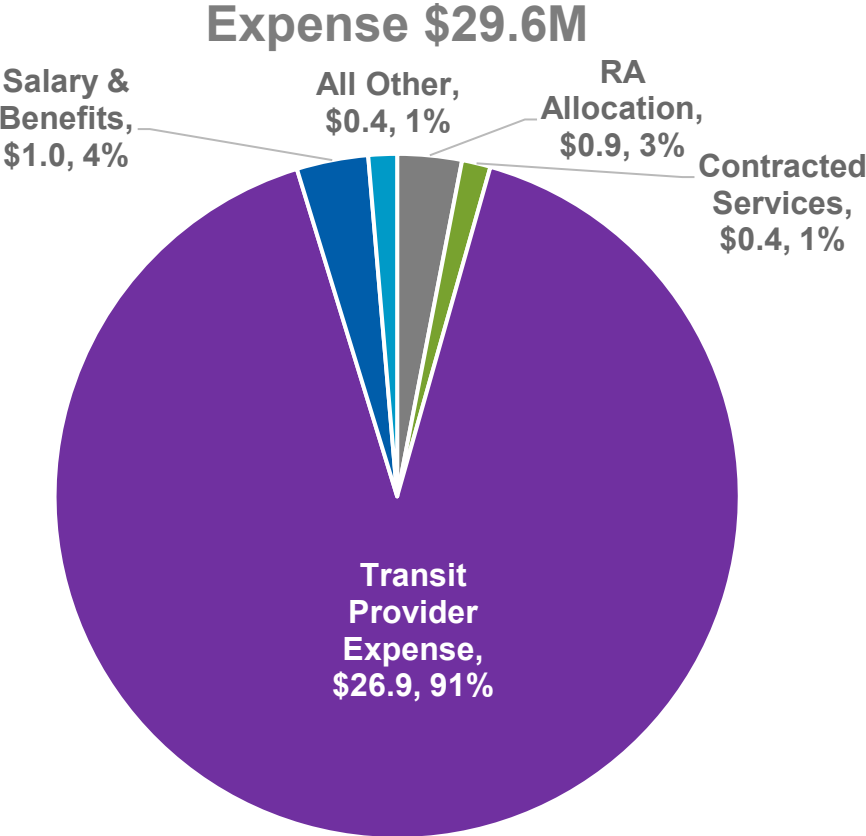
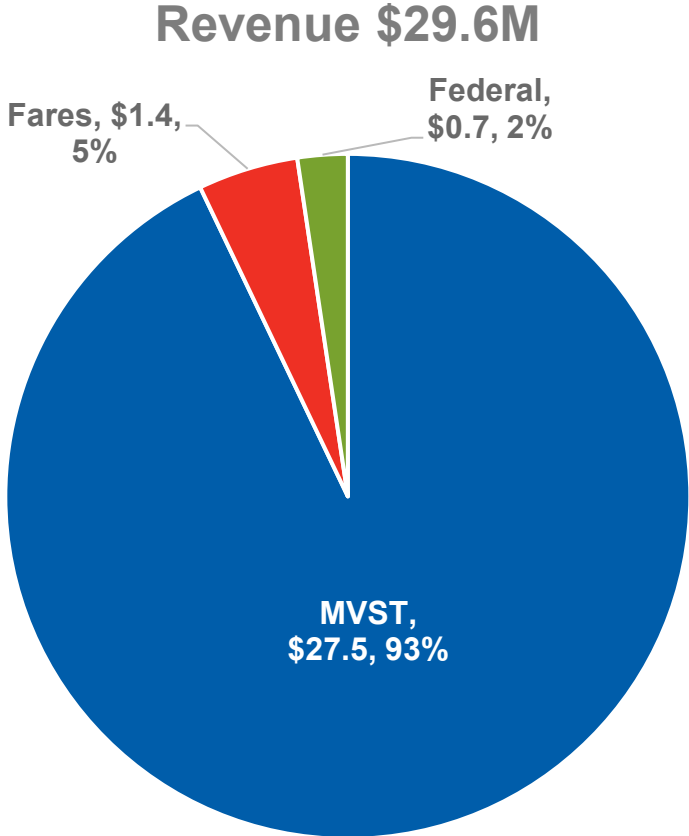
Revenue \$102.5M



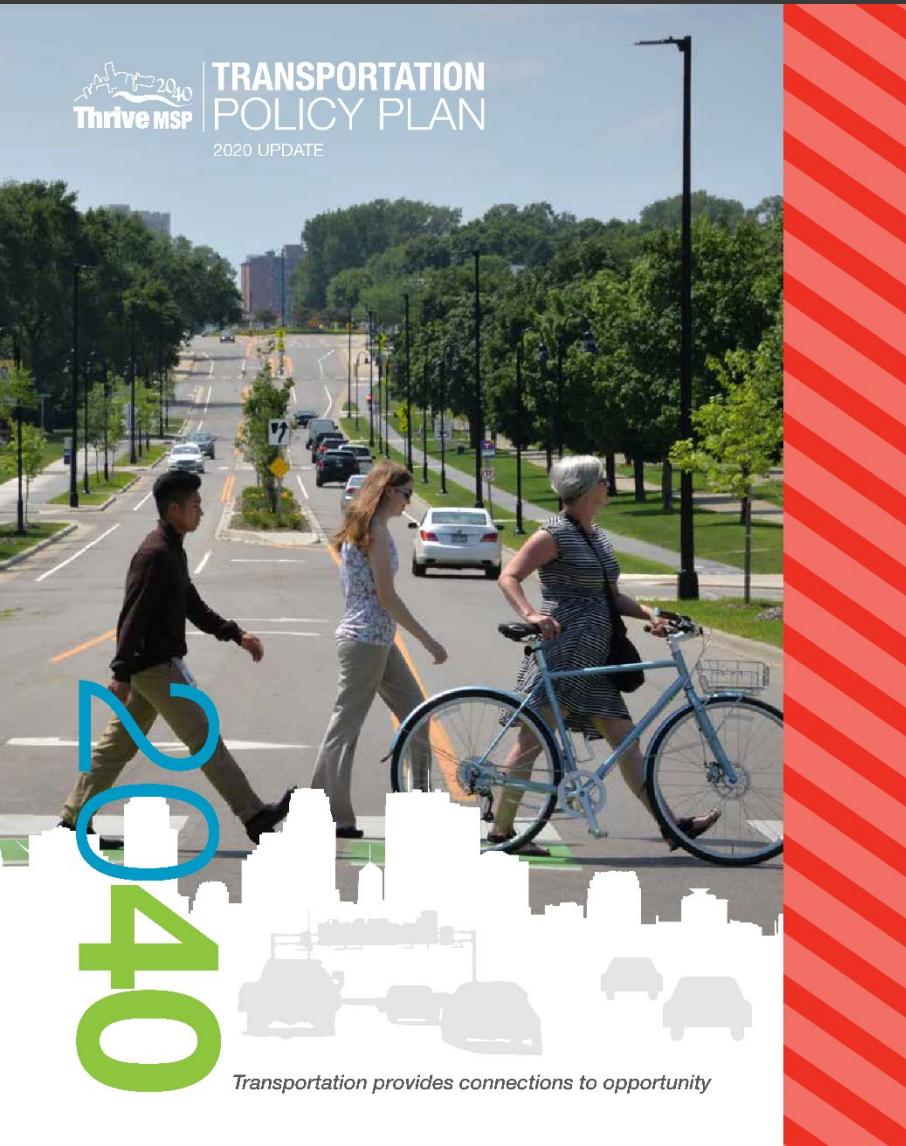
Expense \$102.5M



Contracted Bus / Transit Link / Vanpool 2023 Operating Revenue & Expense



Planning Highlights



Operating Budget Highlights

- 2050 Development Guide
- Transportation Policy Plan
- Increased federal support for Metropolitan Planning Organization activities funded by the Infrastructure Investment and Jobs Act
- Regional studies and engagement efforts

Planning and Passthrough Preliminary Budget \$60.2M

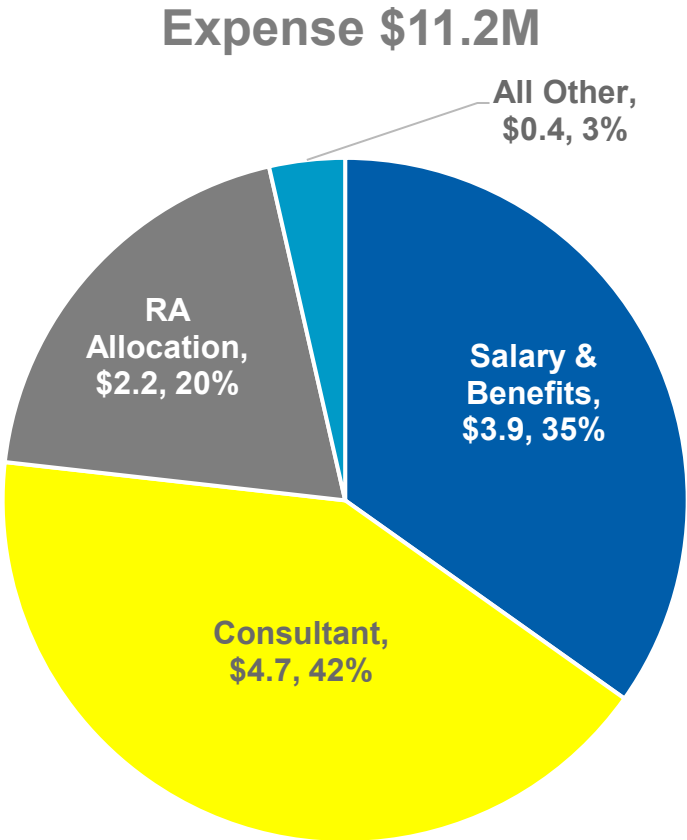
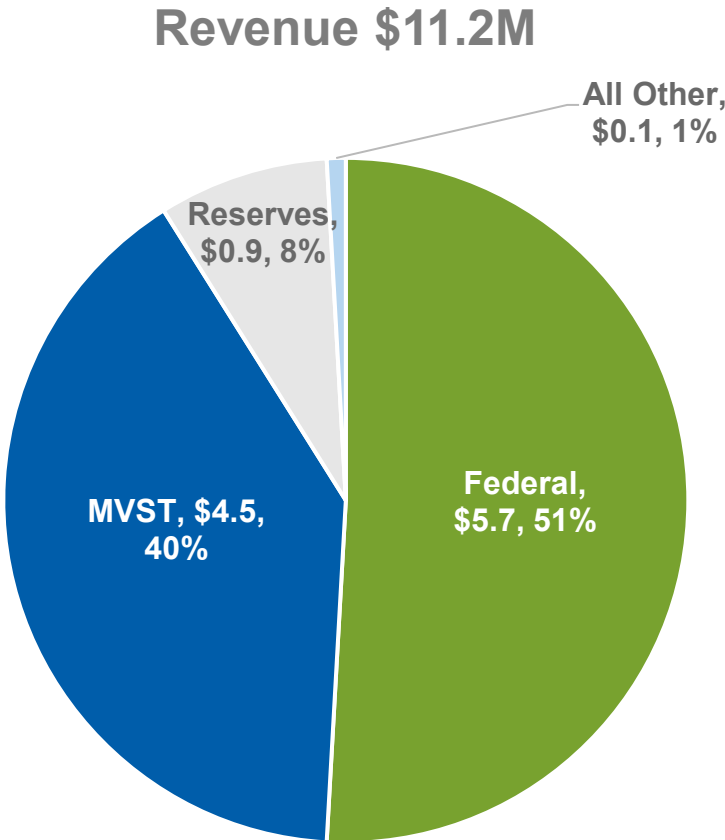
Planning

- 3.1% increase
- \$11.2M compared to \$10.9M in 2022
- Anticipated \$1.1M increase in Federal Consolidated Planning Grant revenue offset by routine cyclical revenue decline for Transit Behavior Inventory

Passthrough

- 2.3% increase
- \$48.9M compared to \$47.8M in 2022
- \$2.7M in federal operating grants
- \$46.2M state operating dollars allocated to Suburban Opt Out Providers through State Transit Funding Allocation Policy

Planning 2023 Operating Revenue & Expense



2023 Preliminary Transportation Operating Budget

Thank You

