

# Business Item

Transportation Committee



**Committee Meeting Date:** September 25, 2023

**For the Metropolitan Council:** September 27, 2023

## Business Item: 2023-222 SW

Close Out of Master Operations Funding Agreement for Transitway Service

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Income/Grants Policy FM 15-1, and 2023 Minn. Laws ch. 68, art. 3, § 35
<b>Staff Prepared/Presented:</b>	Lesley Kandaras, General Manager, 612-349-7513 Edwin D. Petrie, Director Finance, 612-349-7624 Steve True, Senior Finance Manager 612-349-7701
<b>Division/Department:</b>	Metro Transit

### Proposed Action

That the Metropolitan Council authorize the Regional Administrator to:

Enter into Memoranda of Understanding with Hennepin, Ramsey and Anoka counties for the Termination and Close Out of the Master Operations and Funding Agreement for Transitway Service for the METRO Blue Line, METRO Green Line and Northstar Commuter Rail.

### Background

In March 2018 the Parties executed a Master Operations Funding Agreement for Transitway Service (Council Contract No. 181017) and subsequently executed one or more annual operating grant agreements under which the counties provide funding to support Council transitway services. The Master Operations Funding Agreement covers the METRO Blue Line, METRO Green Line, and Northstar commuter rail transitways (the "Transitway Services").

The 2023 session law<sup>1</sup> requires the Council to impose a regional transportation sales and use tax and to use the sales tax revenue for guideway and busway operating and capital maintenance costs specified in the legislation; and article 3, section 35, paragraphs (b) and (c) of the 2023 session law state:

(b) By September 30, 2023, a political subdivision must pay to the Metropolitan Council:

(1) all outstanding obligations through September 30, 2023, under the terms of an executed master operating funding agreement for each guideway or busway; and

(2) 50 percent of the net operating costs from December 1, 2021, through September 30, 2023, for each guideway or busway that: (i) began revenue service after December 1, 2021; and (ii) is not covered by an executed master operating funding agreement.

<sup>1</sup> 2023 Minn. Laws ch. 68, art. 3, §§ 29, 33-35 (codified at Minn. Stat. §§ 297A.9915, 473.4051, and 473.4465).

(c) As of October 1, 2023, all agreements between the Metropolitan Council and other political subdivisions under which the other political subdivisions provide funds to the Metropolitan Council for guideway or busway operating costs are terminated.

The actual net operating costs for guideway or busway operations will not be known until sometime after September 30, 2023, when the 2023 session law requires the counties to pay the Council all outstanding obligations under the terms of the Master Operations Funding Agreement.

The terms of the Master Operations Funding Agreement will continue in effect until October 1, 2023, when the Master Operations Funding Agreement and the associated annual operating grant agreement(s) will terminate by operation of law. The Parties wish to memorialize their understanding about how final payments and reconciliations under the Master Operations Funding Agreement will be made and the agreement will be closed out.

### **Rationale**

County grant funds contribute to the operating budgets for Light Rail and Commuter Rail Operations. These Memoranda of Understanding will memorialize how final payments and reconciliations under the Master Operations Funding Agreement will be made and the agreement will be closed out.

### **Thrive Lens Analysis**

Stewardship – Operating funding is within the parameters of the respective counties' funding agreements and demonstrates efficient and effective management of public financial resources of both the Council and counties.

### **Funding**

County funding is included as part of the 2023 Operating Budgets adopted by the Council on December 14, 2022.

### **Small Business Inclusion**

These are income subsidy agreements for Light Rail and Commuter Rail Operations.

