

2025 Preliminary Transportation Operating Budget

Transportation Committee

August 12, 2024





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Council Budget Development



Schedule

May – July	Budget Development Activities
August	Preliminary Budget Transportation Committee
August	Council Preliminary Budget Presentation Council Adopt Preliminary Budget / Levies
October	Council Capital Program Presentation Adjust Operating Budget for Public Comment 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.”



Council Budget Development



Annual Budget Development

- The Met Council is committed to being a good steward of public resources as we carry out our mission.
- Each year we develop operating and capital budgets:
 - **Operating Budget:** Shows expenditures to support the Council's operations, such as employee payroll, rent, debt service, and funds that the Council "passes through" to others in the form of grants and loans.
 - **Capital Budget:** Shows expenditures that involve major capital assets, such as building light-rail transitways or improvements to facilities.
- Both budgets indicate the funding sources to pay for the expenses and together make up the Met Council's and Metro Transit's budgets
- Bases for Budget Development: MN Statute 473.125

Transportation Division

Transportation Division operates, administers, and coordinates public services for the Twin Cities metropolitan area

- **Metro Transit**

- Bus
- METRO Blue and Green Lines
- Northstar Commuter Rail
- METRO Orange and Red Lines
- BRT Lines
- Capital Project Development

- **Metropolitan Transit Services**

- Contracted Bus
- Metro Mobility
- Planning
- Transit Link
- Vanpool



Transportation Division



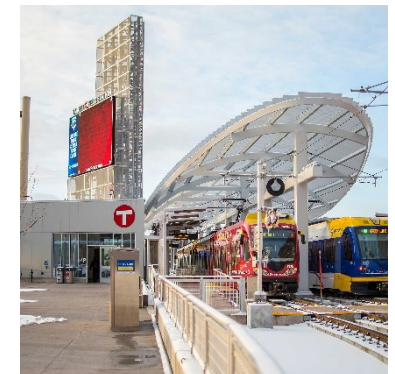
Thrive MSP 2040 Implementation

- Growing service while responding to Ridership and Market Development across the region
- Prioritize Budget with a multi-year focus
- Minimize impact on Council levies
- Maintain reserves at policy levels
- Support Implementation of the Regional Transportation Policy Plan

Transportation Division

Budget Development Basis - Drivers

- **Council Policy & Actions**
 - Labor agreements
 - Fare policy
 - Target fund balance
- **State Forecasts/Legislation**
 - Motor Vehicle Sales Tax (MVST)
 - State General Fund Appropriation
 - Federal Relief Funds
 - Metropolitan Transportation Sales Tax



Transportation Division

Budget Framework Considerations

- **Rollup major revenue & expense categories**
 - Department budgets
 - Fares, Federal and State revenues
- **Levels of service – base and expansion**
 - Service Development - service plans
 - Operators, mechanics, fuel, parts
- **Ridership and Revenue**
 - Strategic Initiatives ridership forecast
 - Average fare develops fare revenue



Transportation Division

Operating Revenues

- **Charges for Service**
 - Passenger revenue and ridership
- **State Revenues**
 - State General Fund and Motor Vehicle Sales Tax (MVST) per legislation and state forecast
 - Metropolitan Transportation Sales Tax
 - *Removes County contributions*
- **Federal Revenues**
 - Federal relief funds to offset revenue loss
- **Other Revenues**



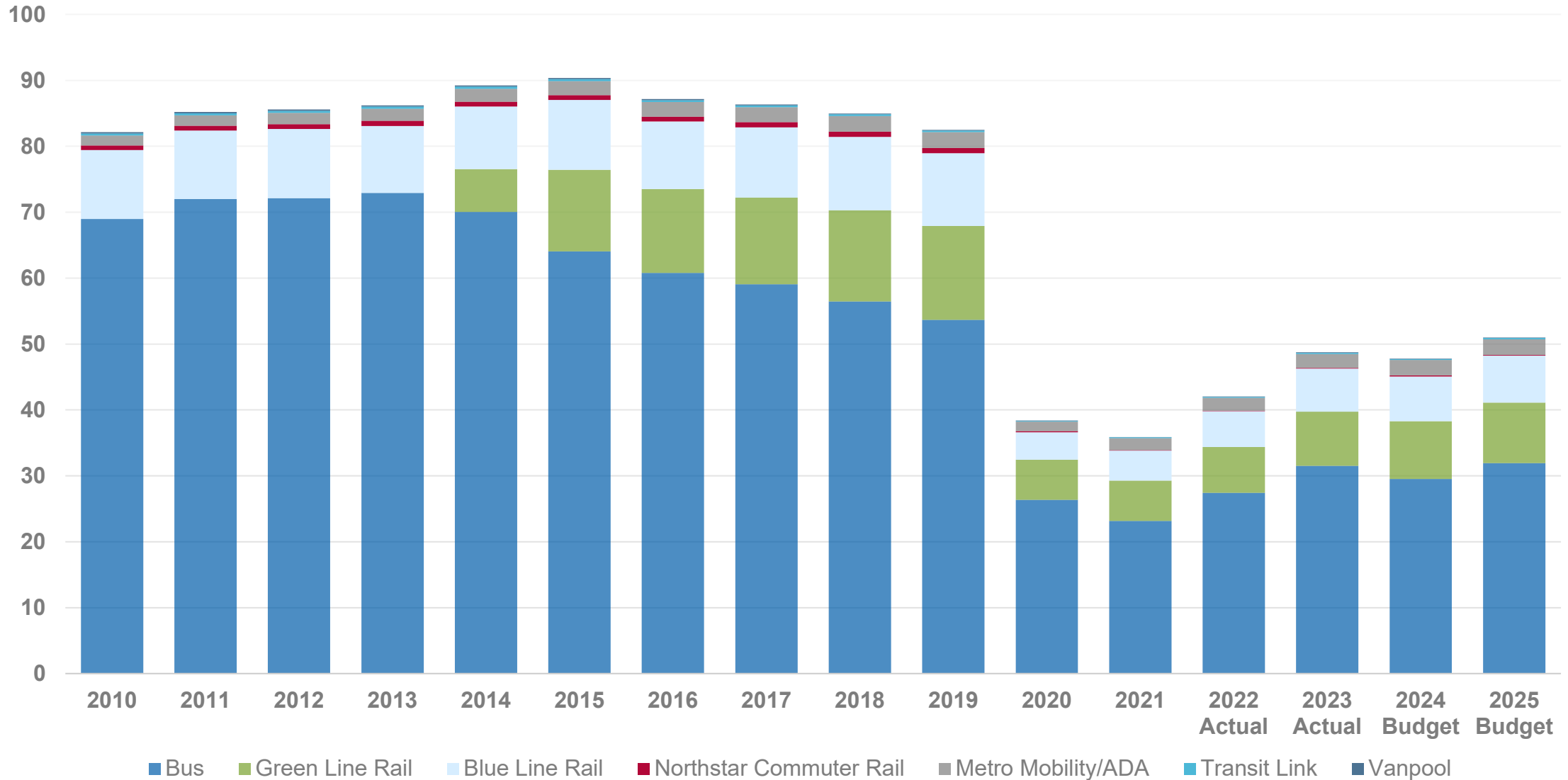
Transportation Division

Mitigate Volatility & Track Ongoing Risk

- Budget 95% of Motor Vehicle Sales Tax per Council Policy
- Fuel price hedging
- Progaming federal funds
- Operating fund reserve targets
- Metropolitan Transportation Sales Tax Investment and Reserve Policies



Council Ridership (in millions)



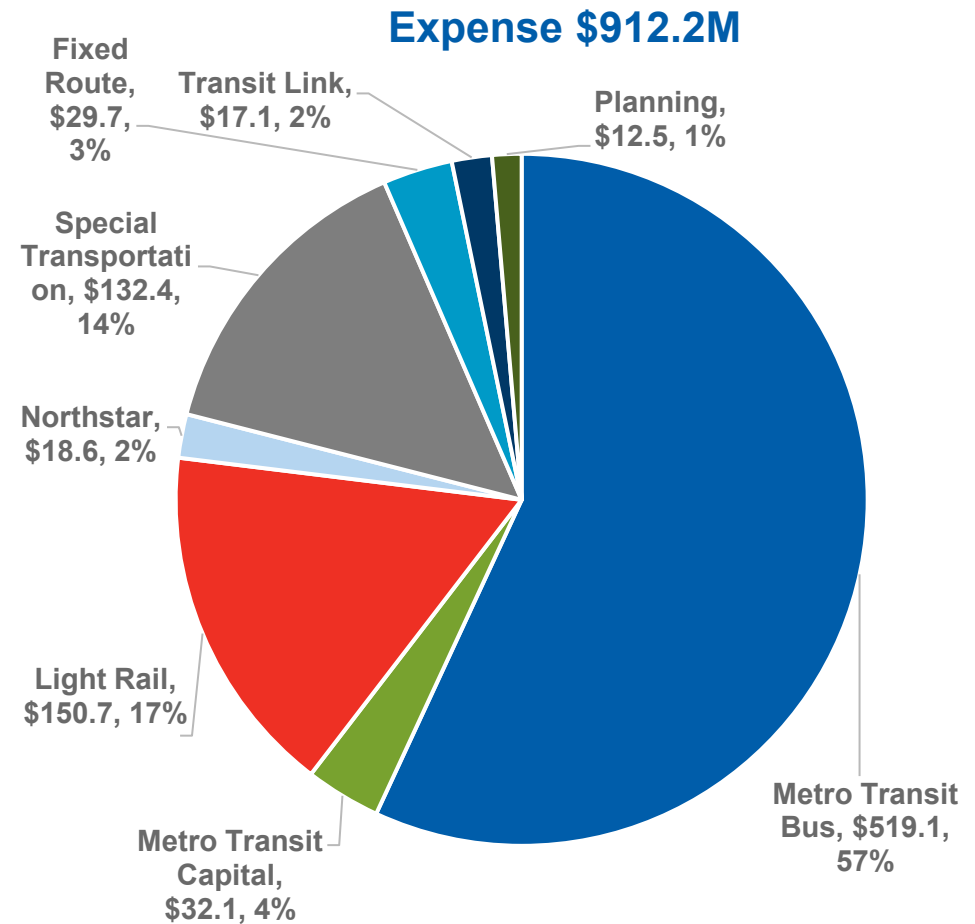
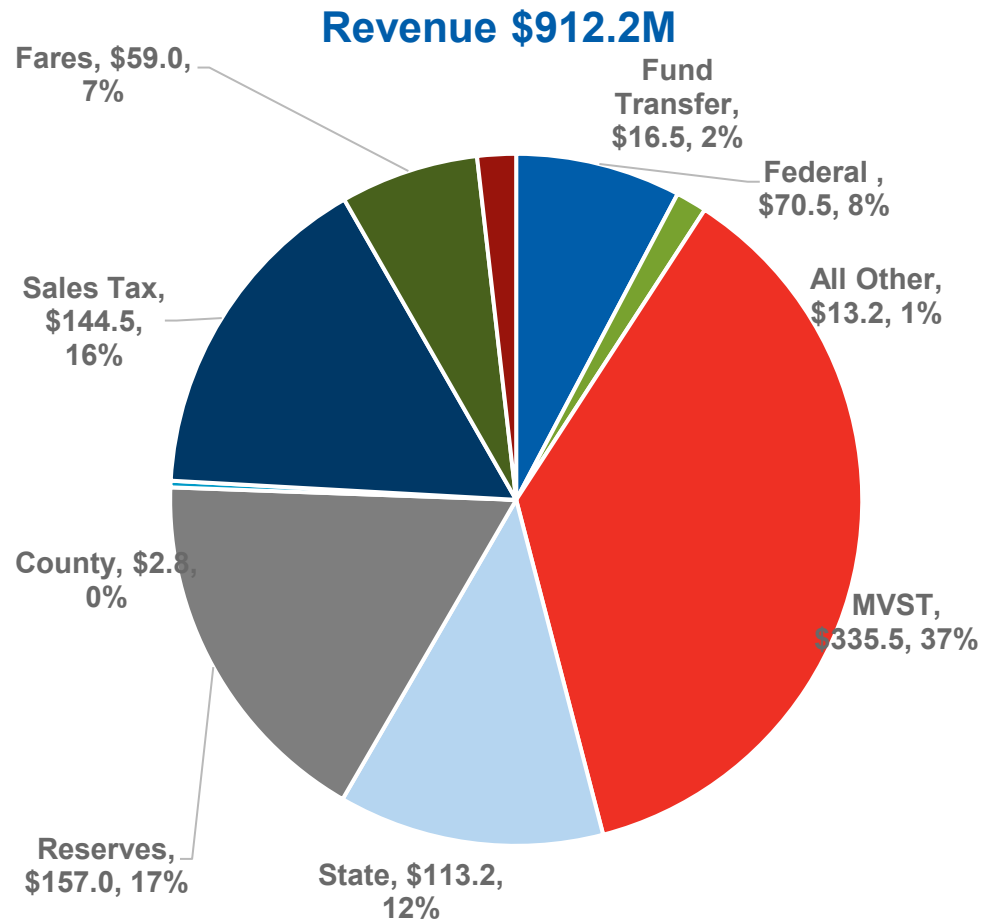
Metropolitan Area Sales Tax



Work To Integrate The New Sales Tax Is Underway

- Extensive Long-Term analysis being prepared now:
 - Forecasting Base Operations
 - Forecasting New LRT, BRT and ABRT Operations
 - Forecasting Capital Needs and Capital Maintenance Needs
 - Analyzing Investments in the Sales Tax Uses
 - Quantifying the Investments vs. the Forecasted Sales Tax Receipts
- Working on proposed Council Allocation Policy

Proposed 2025 Transportation Budget





2025 Budget Overview | Metro Transit



Connecting People • Strengthening Communities • Improving Lives

VISION AND MISSION

We connect people, strengthen communities, and improve lives by delivering high-quality public transportation.



Our work is guided by three strategic priorities:

STRATEGIC PRIORITIES

Employees

We value employees and continuously improve how we attract, retain, develop, and support our workforce.

SIGNS OF SUCCESS

- ↑ Overall employee satisfaction
- ↑ Employees who report feeling safe while working
- ↑ Employee retention rate
- ☑ Achieve hiring targets
- ☑ Achieve Affirmative Action Plan goals

Experience

We provide a consistently safe, clean, and welcoming experience on our system.

SIGNS OF SUCCESS

- ↑ Riders who report feeling safe while riding and waiting
- ↑ Riders who report experiencing clean vehicles and stations
- ↑ Rides taken through pass programs
- ↑ Use and availability of transit information data & tools
- ↓ Crime rate
- ↓ Rates of safety events and passenger injuries

Service

We offer service that is convenient, reliable, and environmentally sustainable.

SIGNS OF SUCCESS

- ↑ Share of population with access to frequent service
- ↑ Jobs accessible via transit
- ↑ Trips that are on time
- ↑ Percent of service delivered
- ☑ Report greenhouse gas emissions and vehicle miles traveled reductions attributable to transit ridership

Aligning Operating Budget with our Strategic Priorities

Employees

- 7 FTEs and funding to support **additional training** across departments in Operations
- Additional investments in **de-escalation training** to expand the program to additional front-line workers and supervisors
- New FTE to support the **Great Workplace Program** including employee outreach, development training and on-going integration into Council-wide culture work.

Experience

- Continued expansion of **TRIP program** to 100 FTEs by end of 2025 to support increased onboard presence
- Includes 6 FTEs in **MTPD** to support a range of administrative and compliance needs
- Additional funding and 14 FTEs across maintenance divisions to continue our commitment to **well-maintained and clean vehicles and public facilities**
- Includes 2 FTEs for **Website Improvements and Social Media Specialist**, also includes **Customer Information Software upgrades**

Service

- 137 FTEs for start-up and future operation of **Green line Extension** service
- Additional 7 FTEs for **TCC supervisory staff** to support TRIP and public safety needs
- Includes 39 FTEs for maintenance, and future utility costs associated with the **Gold, B and E Lines**
- 12 additional FTEs and funding to support on-going maturity of the **ABRT and asset management programs**

Public Safety Spotlight - Expanding Layers of Presence



Metro Transit Police Officers



Community Service Officers



Transit Rider Investment Program (TRIP) Agents

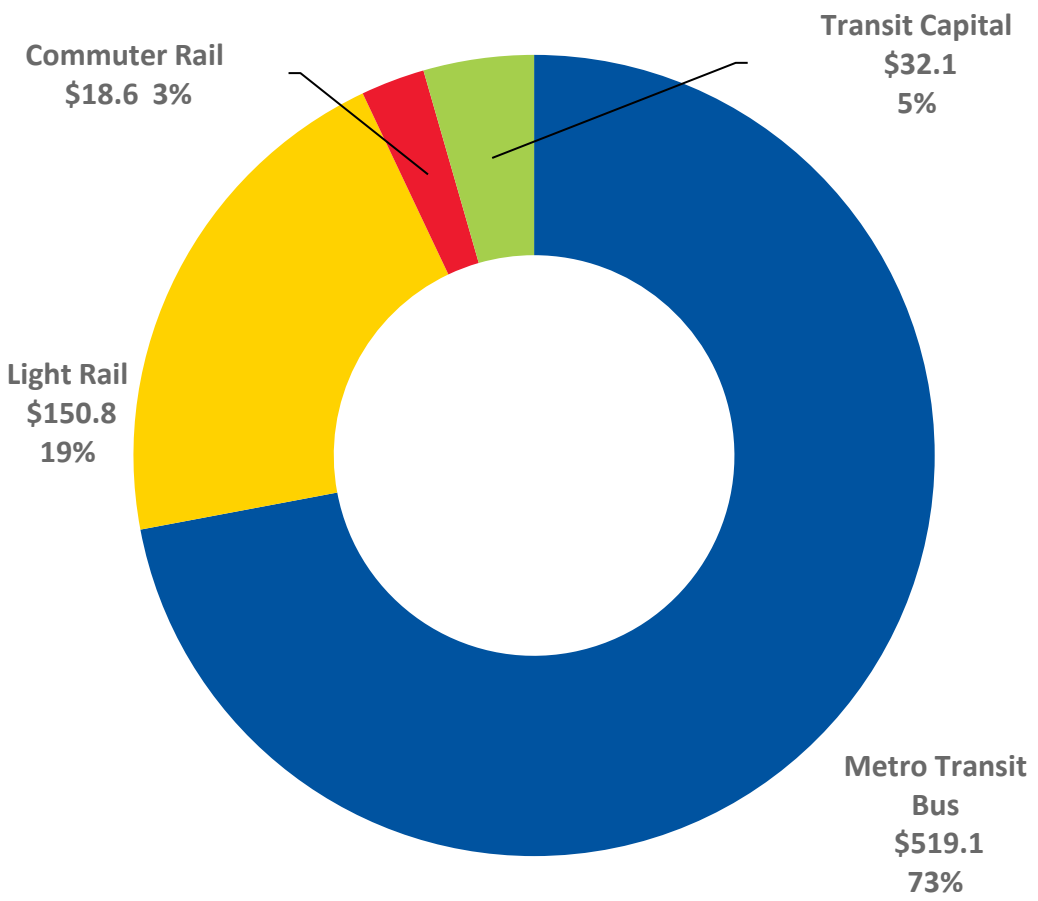


Supplemental Security

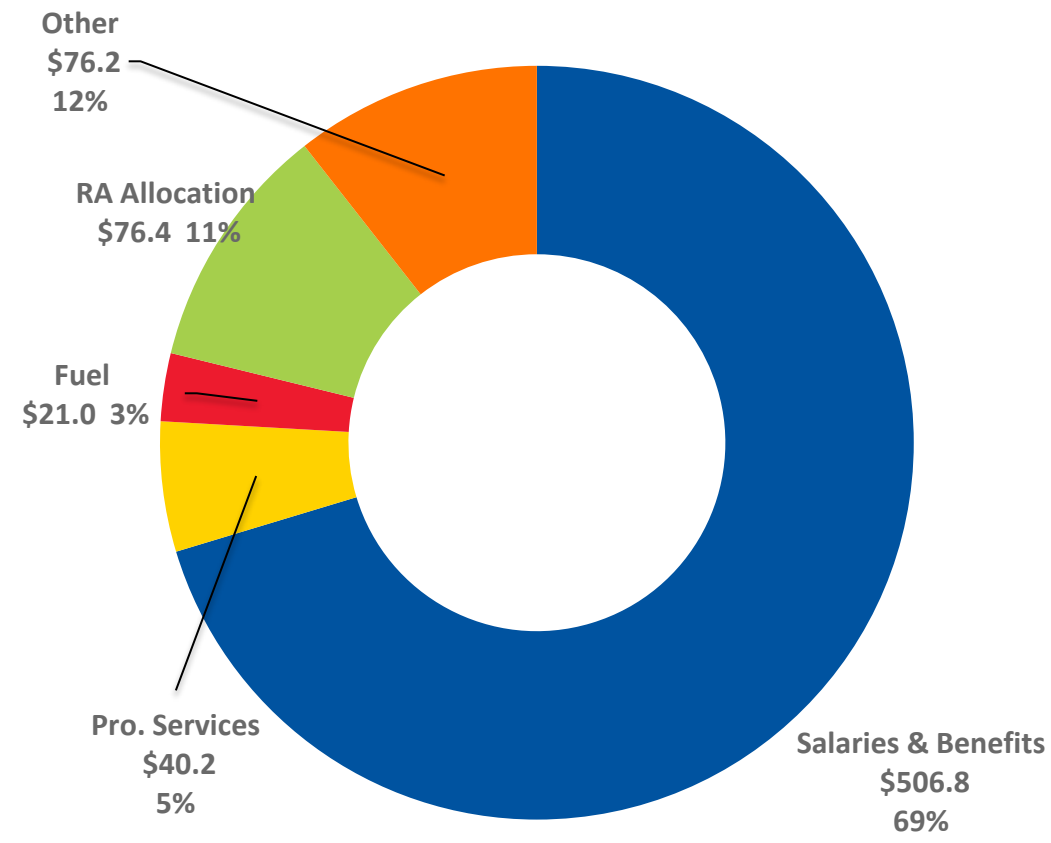
- **Police Officers & Community Service Officers:** Continued focus on increasing Police Officers and Community Service Officers staffing levels through targeted outreach and the Community Service Officer Pathway Program.
- **Transit Rider Investment Program (TRIP) Program:** Budget more than doubles the size of the current program to expand TRIP agent presence to 100 FTEs by the end of 2025 (77 TRIP Agents, 23 Leads/Supervisors) across off-board payment routes (LRT and BRT) and to support BRT service expansion in 2025.
 - The Transit Service Intervention Project (TSIP) will be fully incorporated into TRIP in 2025.
- **Supplemental Security:** Doubles the investment in supplemental security enabling the expansion of coverage to additional high-need locations.

Metro Transit: 2025 Operations Uses \$720.6M

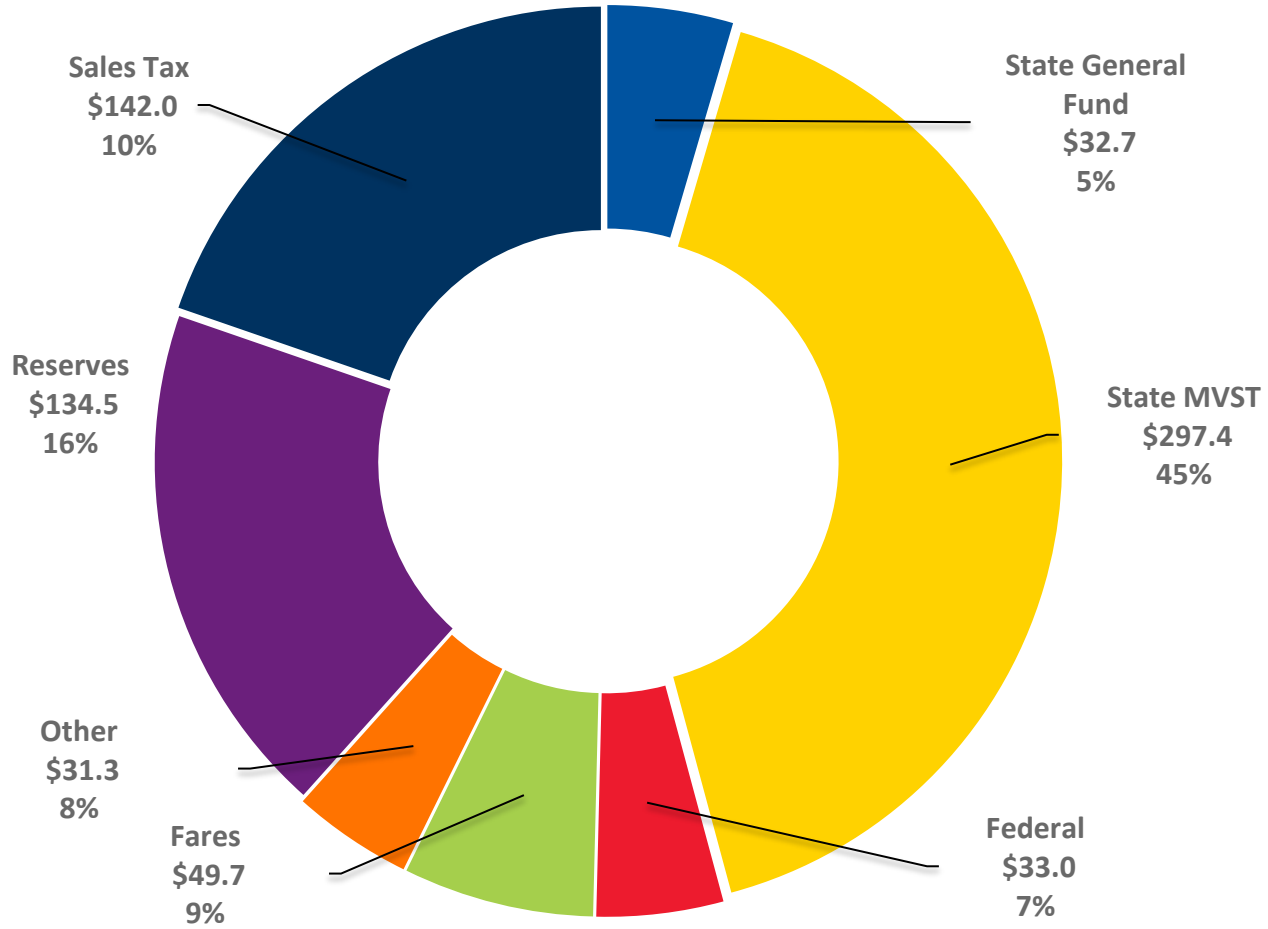
Uses by Transit Mode



Uses by Category



Metro Transit: 2025 Operations Sources \$720.6M



Metro Transit: Proposed Budget by Division

Division	Total Budget	Salaries & Benefits	FTEs	FTE Increase (Rev. 24 vs. 25)
Bus Transportation	\$ 211,859,959	\$ 170,808,879	1,608.93	110.31
Bus Maintenance	118,233,869	63,504,607	520.34	21.00
Engineering & Facilities	62,491,670	34,452,181	324.51	53.48
Police	51,038,903	40,024,849	231.01	6.00
Finance	15,954,314	34,625,111	170.33	(1.40)
Rail Operations	140,644,216	85,312,530	653.98	139.77
Transit Systems Development	23,999,470	18,972,545	125.00	0.00
Other	96,323,746	59,095,139	238.11	30.00
Total	\$ 720,546,147	\$ 506,795,840	3,872.21	359.16

NOTE: FTE's include Full Time, Part Time and Overtime

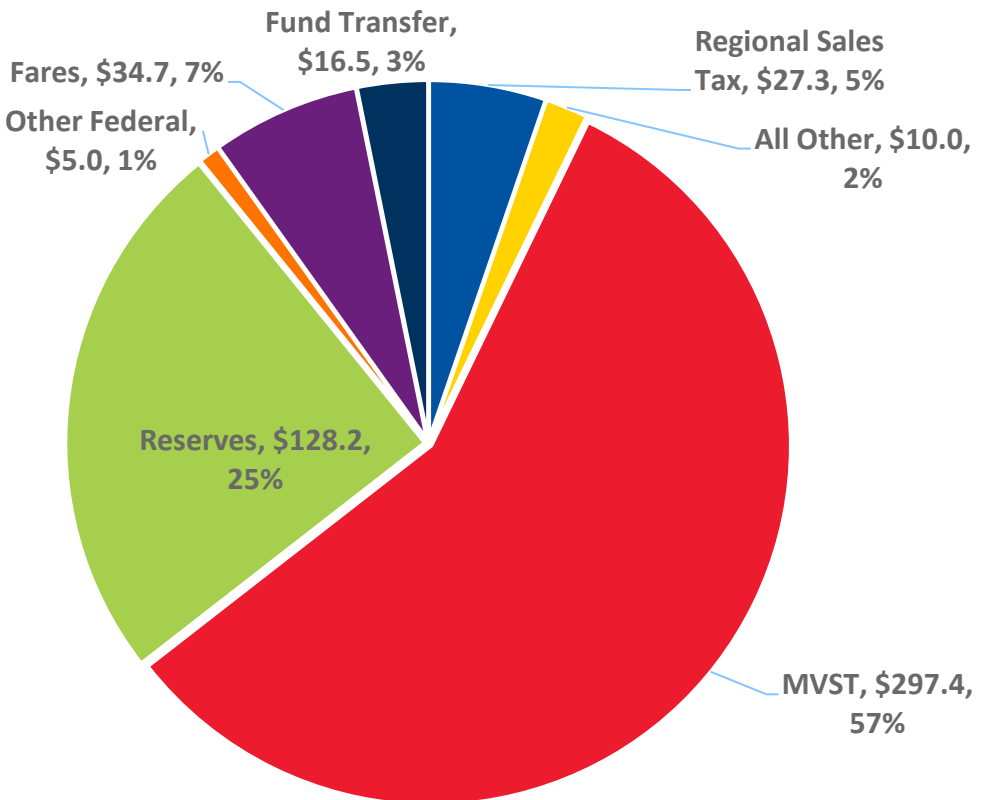
Bus Highlights – 2025 Preliminary Operating Budget

- Bus base service level target up to 91% of pre-covid levels in preliminary 2025 (dependent on hiring)
- Robust efforts to hire and retain operators and other frontline workers to continue ability to increase service levels; will be shaped by Network Now project
- Continuous evaluation and review of budget assumptions and ridership/travel demand, including annual Service Equity Evaluation
- Investments in safety and customer experience

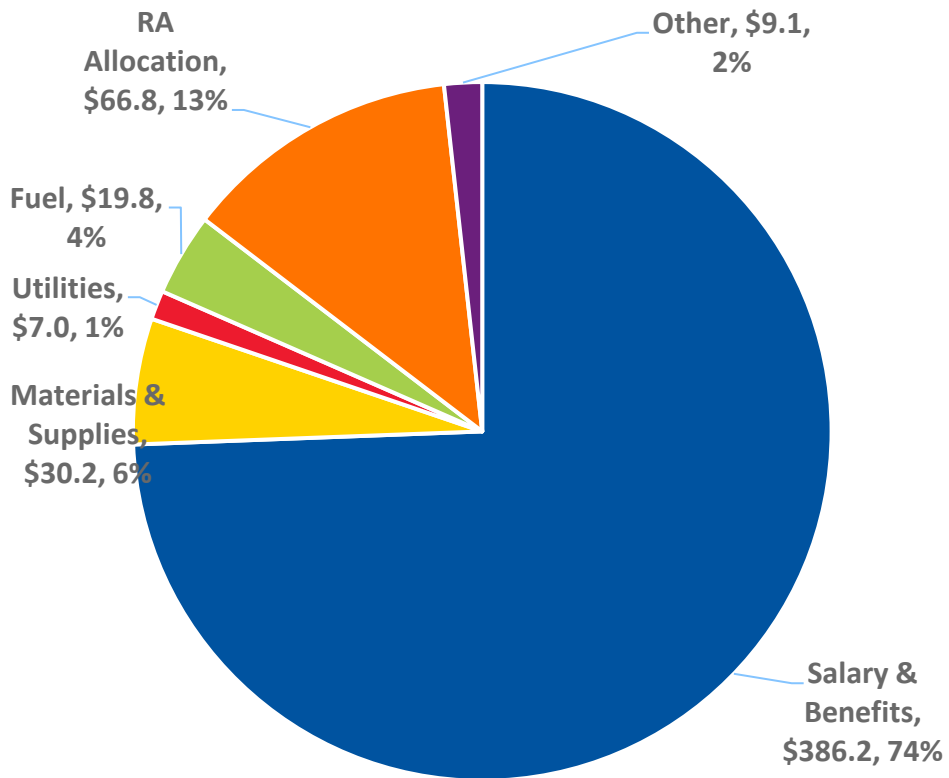


Metro Transit Bus 2025 Operating Revenue & Expense

Revenue \$519.1M



Expense \$519.1M



Metro Transit – Bus

	2024 Amended Operating Budget	2025 Proposed Operating Budget	\$ Change	% Change
Revenue:				
MVST	\$280.3	\$297.4	\$17.1	6%
State General Fund	0.0	0.0	0	0%
Regional Sales Tax	10.0	27.3	17.3	173%
Counties/Greater MN	0.0	0.0	0	0%
Subtotal	\$290.3	\$324.7	\$34.4	12%
Passenger Fares	\$37.8	\$34.7	-\$3.1	-8%
Federal	24.5	5.0	-19.5	-80%
Other Funds Transfer	15.7	16.5	0.8	5%
Use of Reserves	100.8	128.2	27.4	27%
Other	5.7	10.0	4.3	75%
Total Revenue	\$474.8	\$519.1	\$44.3	9%
Expenses:				
Salaries & Benefits	\$357.3	\$386.2	\$28.9	8%
Council Allocated Expenses	61.6	66.8	5.2	8%
Professional Services	20.5	26.6	6.1	30%
Fuel/Propulsion	18.5	19.8	1.3	7%
Materials & Supplies	27.0	30.3	3.3	12%
Other	-10.1	-10.6	-0.5	5%
Total Expenses	\$474.8	\$519.1	\$44.3	9%
Net Income (Loss)	0.0	0.0	0.0	0%

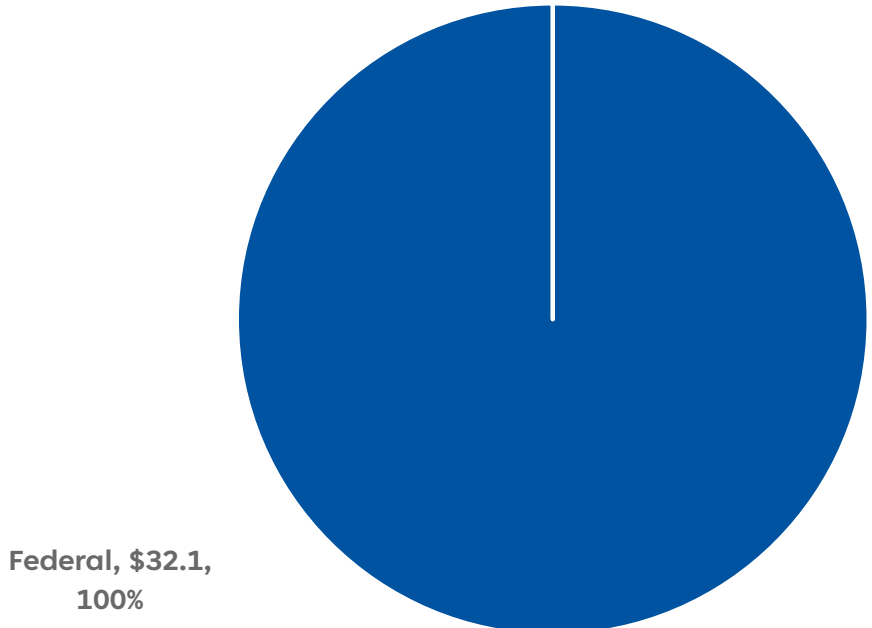
Metro Transit Bus Preliminary Budget increasing 9.3% over 2024

- \$519.1M compared to \$474.8M in 2024, increase 44.3M or 9.3%
- Above 3.15% Base Inflation Adjustments = \$29.3M
 - \$7.8M Wage Increases per Contracts and Agreements
 - \$4.7M Gold Line, B Line and E Line
 - \$1.4M fuel increase due to service(\$/gal)
 - \$1.4M Parts rate per mile increase based on service plan
 - (\$5.5M) A-87 Federal Rate Adjustment
 - \$3.3M RA Allocation increase of 10%
 - \$15.2M Supplemental Requests including TRIP
 - \$28.3M Total Explained

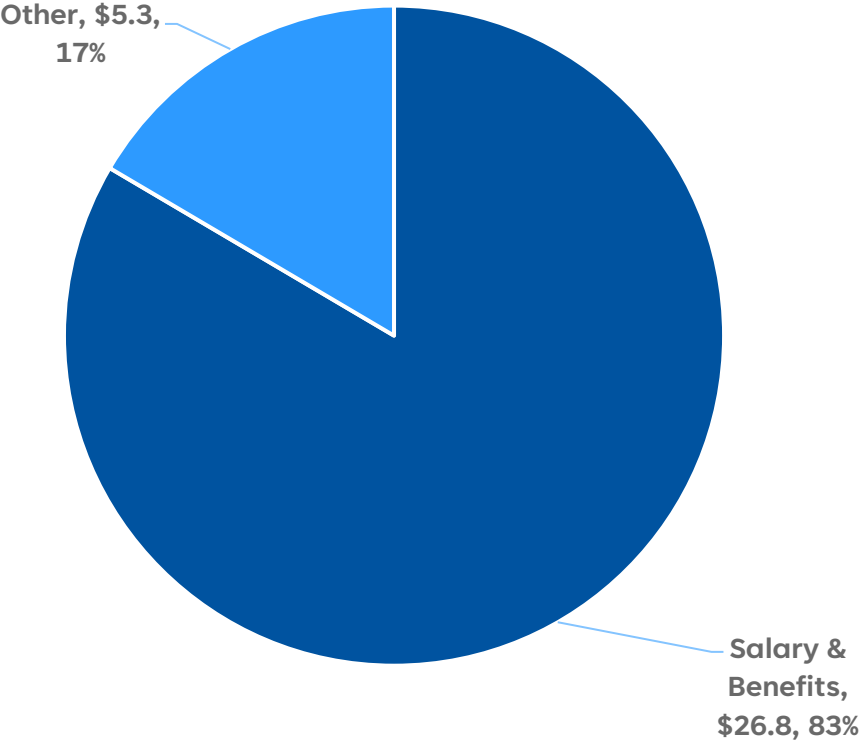


Metro Transit 2025 Capital Operating Revenue & Expense

Revenue \$32.1M



Expense \$32.1M



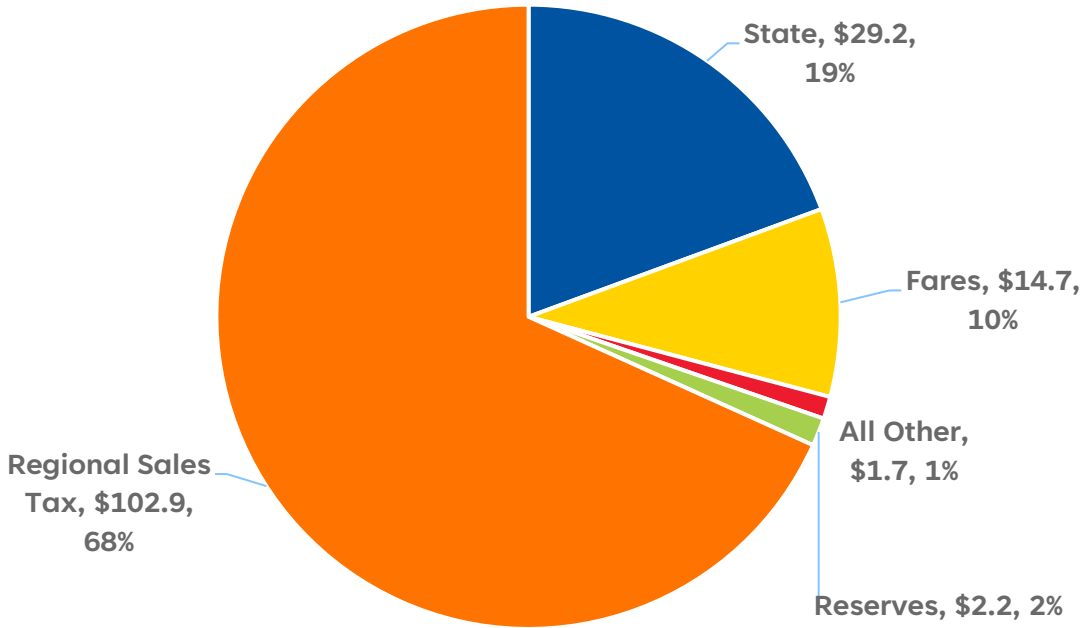
Light Rail Highlights – 2025 Preliminary Operating Budget



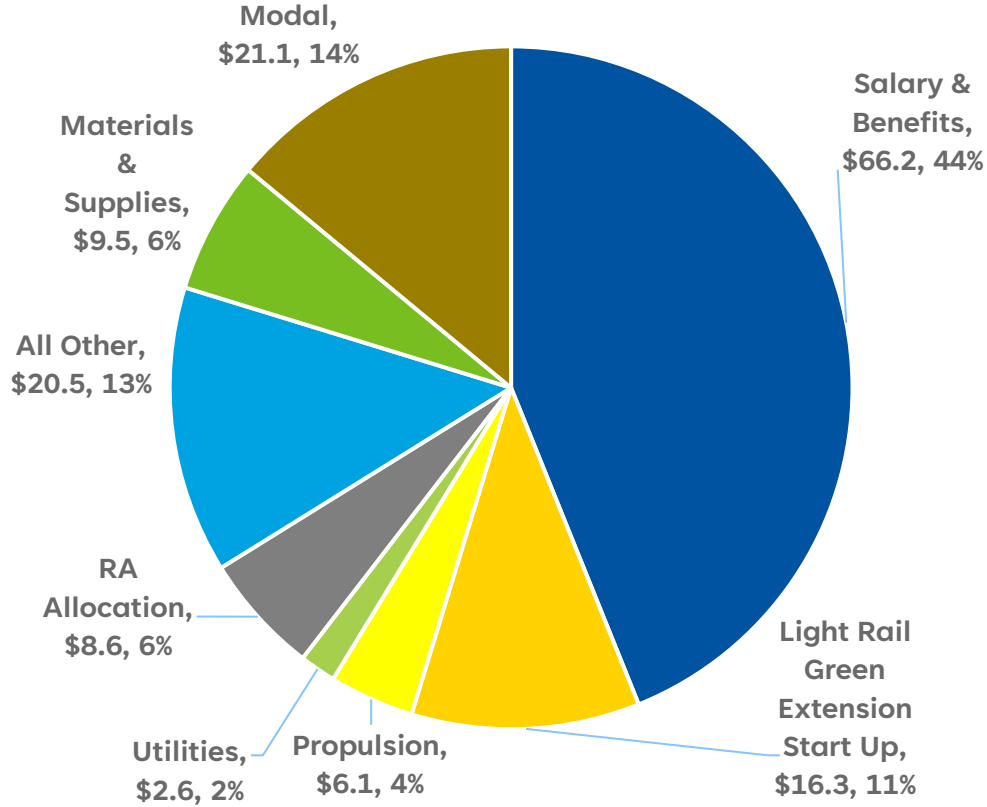
- Service 10-minute frequency from current 12-minute frequency (dependent on hiring)
- Increase in Repair Parts and Utilities due to increased inflation
- Increased costs for LRT Structure Maintenance to maintain the assets into a State of Good Repair
- Removed County funding for METRO Blue and Green Lines; replaced by Metropolitan Transportation Sales Tax

Metro Transit Light Rail 2025 Operating Revenue & Expense

Revenue \$150.8M



Expense \$150.8M



Metro Transit – Light Rail

	2024 Amended Operating Budget	2025 Proposed Operating Budget	\$ Change	% Change
Revenue:				
MVST	\$0.0	\$0.0	\$0.0	0%
State General Fund	29.2	29.2	0	0%
Regional Sales Tax	45.2	86.7	41.5	92%
Counties/Greater MN	0.0	0.0	0	0%
Subtotal	\$74.4	\$115.9	\$41.5	56%
Passenger Fares	\$14.2	\$14.7	\$0.5	4%
Federal	13.7	0.0	-13.7	-100%
Other Funds Transfer	0.0	0.0	0	0%
Use of Reserves	11.9	2.2	-9.7	-82%
Other	1.3	1.7	0.4	31%
Total Revenue	\$115.5	\$134.5	\$19.0	16%
Expenses:				
Salaries & Benefits	\$61.1	\$66.2	\$5.1	8%
Council Allocated Expenses	5.8	8.6	2.8	48%
Professional Services	5.0	6.1	1.1	22%
Fuel/Propulsion	0.1	0.1	0	0%
Materials & Supplies	8.9	9.4	0.5	6%
Other	34.6	44.1	9.5	27%
Total Expenses	\$115.5	\$134.5	\$19.0	16%
Net Income (Loss)	0.0	0.0	0.0	0%

*Excludes \$16.3M Green Line Ext. Pre-Revenue Startup Costs.

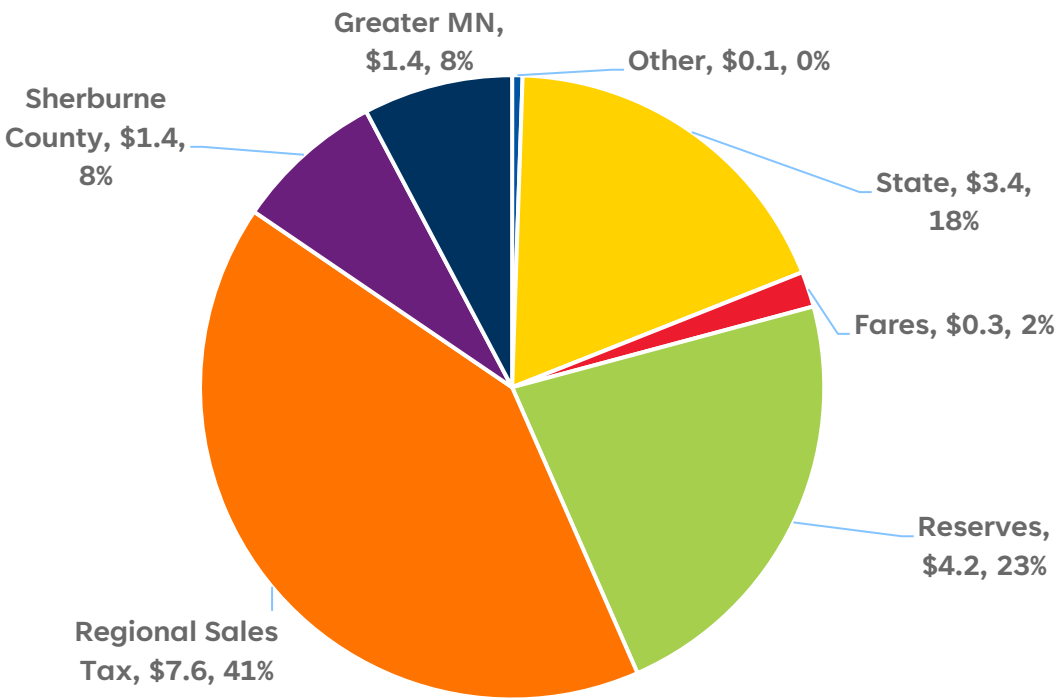
Commuter Rail Highlights – 2025 Preliminary Operating Budget



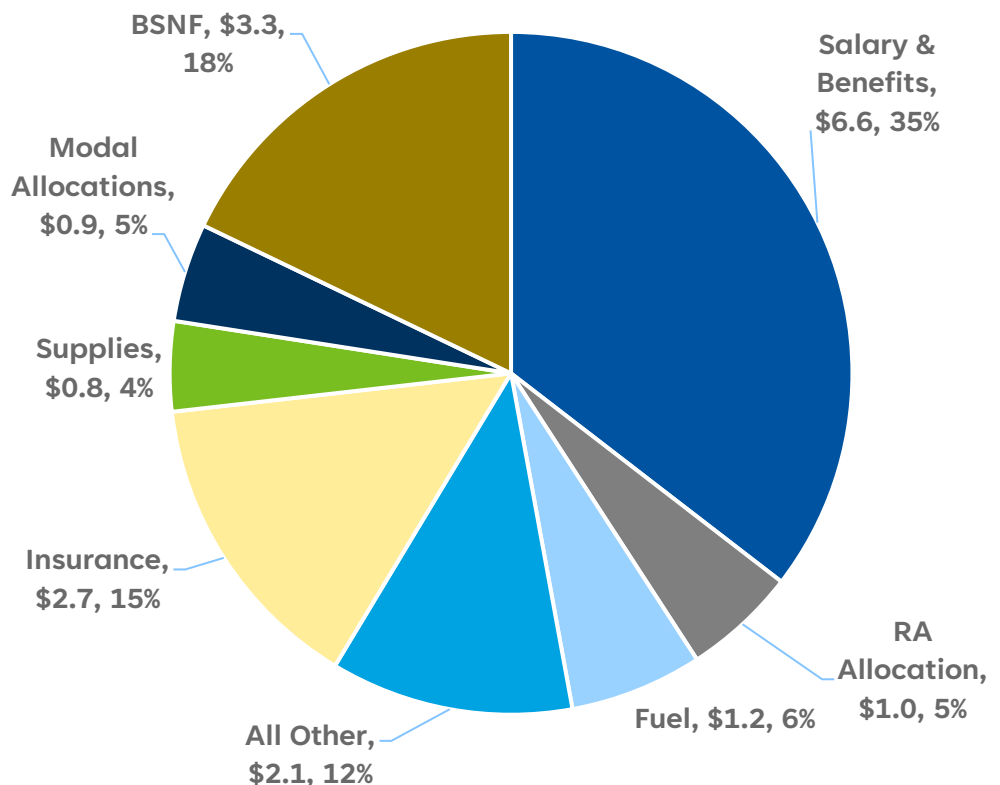
- Planned levels of 8 trips per weekday and special event service
- Continuous evaluation of service needs and ridership demand
- Increase in Repair Parts and Utilities due to increased inflation
- Increased Costs for Northstar Structure Maintenance to maintain the assets into a State of Good Repair
- Removed Hennepin and Anoka County funding; replaced by Metropolitan Transportation Sales Tax

Metro Transit Northstar Commuter Rail 2025 Operating Revenue & Expense

Revenue \$18.6M



Expense \$18.6M



Metro Transit – Commuter Rail

	2024 Amended Operating Budget	2025 Proposed Operating Budget	\$ Change	% Change
Revenue:				
MVST	\$0.0	\$0.0	\$0.0	0%
State General Fund	3.4	3.4	0	0%
Regional Sales Tax	6.4	7.6	1.2	19%
Counties/Greater MN	2.5	2.9	0.4	16%
Subtotal	\$12.3	\$13.9	\$1.6	13%
Passenger Fares	\$0.5	\$0.3	-\$0.2	-40%
Federal	2.9	0.0	-2.9	-100%
Other Funds Transfer	0.0	0.0	0	0%
Use of Reserves	3.0	4.2	1.2	40%
Other	0.0	0.2	0.2	0%
Total Revenue	\$18.7	\$18.6	-\$0.1	-1%
Expenses:				
Salaries & Benefits	\$6.2	\$6.6	\$0.4	6%
Council Allocated Expenses	0.8	1	0.2	25%
Professional Services	3.9	4.4	0.5	13%
Fuel/Propulsion	1.2	1.2	0	0%
Materials & Supplies	0.7	0.8	0.1	14%
Other	5.9	4.6	-1.3	-22%
Total Expenses	\$18.7	\$18.6	-\$0.1	-1%
Net Income (Loss)	0.0	0.0	0.0	0%

Metro Transit Light Rail & Northstar Commuter Rail Preliminary 2025 Budget \$166.9M

Light Rail

- 16.0% Base Budget increase
- \$134.5M compared to \$115.1M in 2024
- \$15.8M or 12.8% above 3.15% base inflation
 - \$3.9M Wage Increase and Overtime
 - \$6.4M Modal and Federal Allocations Increase
 - \$2.2M Utility Increase
 - \$2.9M RA Allocation Increase
 - \$15.4M Total Explained
- Includes \$16.3M Green Line Extension Pre Revenue Service Start Up Costs

Northstar Commuter Rail

- (0.3%) Base Budget Decrease
- \$18.57M compared to \$18.63M in 2024
- Base Budget Adjustments in 2025:
 - \$0.5M Wage Increases
 - \$0.3M Fuel and Utilities
 - (\$1.0M) Modal and Federal Allocations
 - (\$0.2M) Total Explained

Metropolitan Transportation Services



Metropolitan Transportation Services



Contracted Services Highlights



Operating Budget Highlights

- Bus service levels 100%
- Special Transportation Services (including Metro Mobility) service levels 100%
- Continued evaluation of post-pandemic impacts to operations
- Cost increases driven by higher salaries and additional FTEs, service contracts and cost allocations
- Continuous evaluation and review of assumptions and ridership / travel demand.
- Special Transportation Services transition to state forecasted program
- Zero Emission Fleet Plan

Metropolitan Transportation Services Preliminary Budget \$192.3M

Special Transportation Services

- 13% increase
- \$132.4M compared to \$117.6M in 2024
- Assumes gas at \$3.58/gallon

Bus / Vanpool

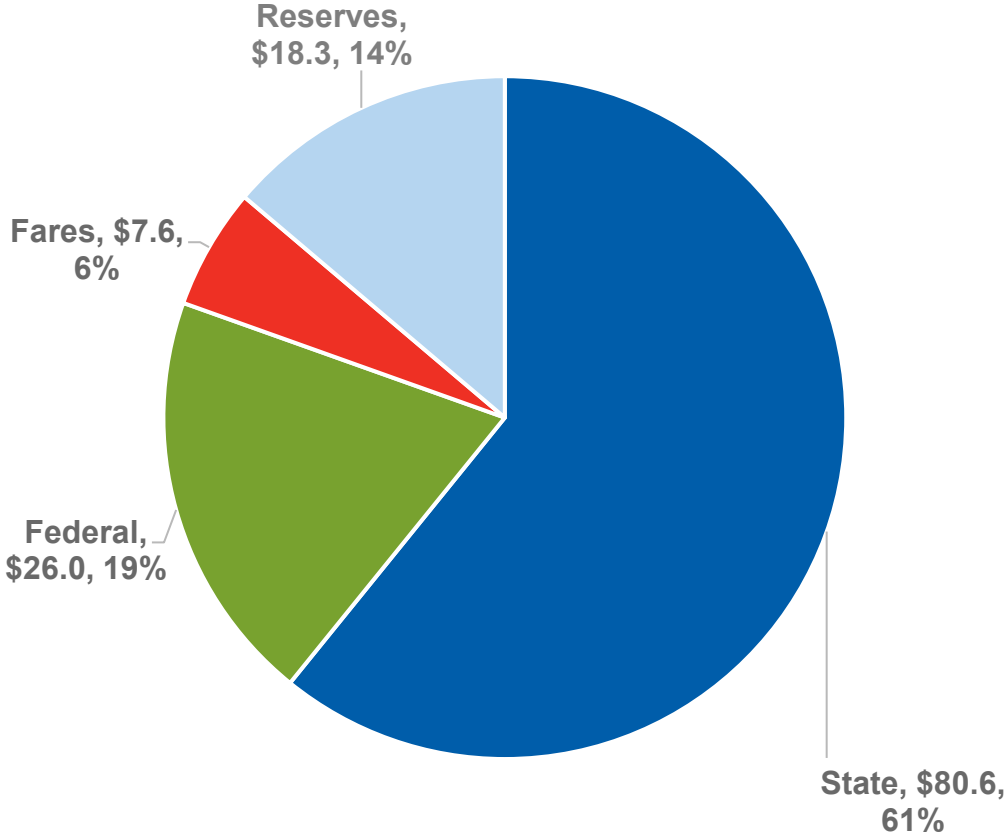
- 13% increase
- \$29.6M compared to \$26.1M in 2024
- Assumes diesel at \$3.51/gallon
- Assumes gas at \$3.58/gallon

Microtransit/ Transit Link

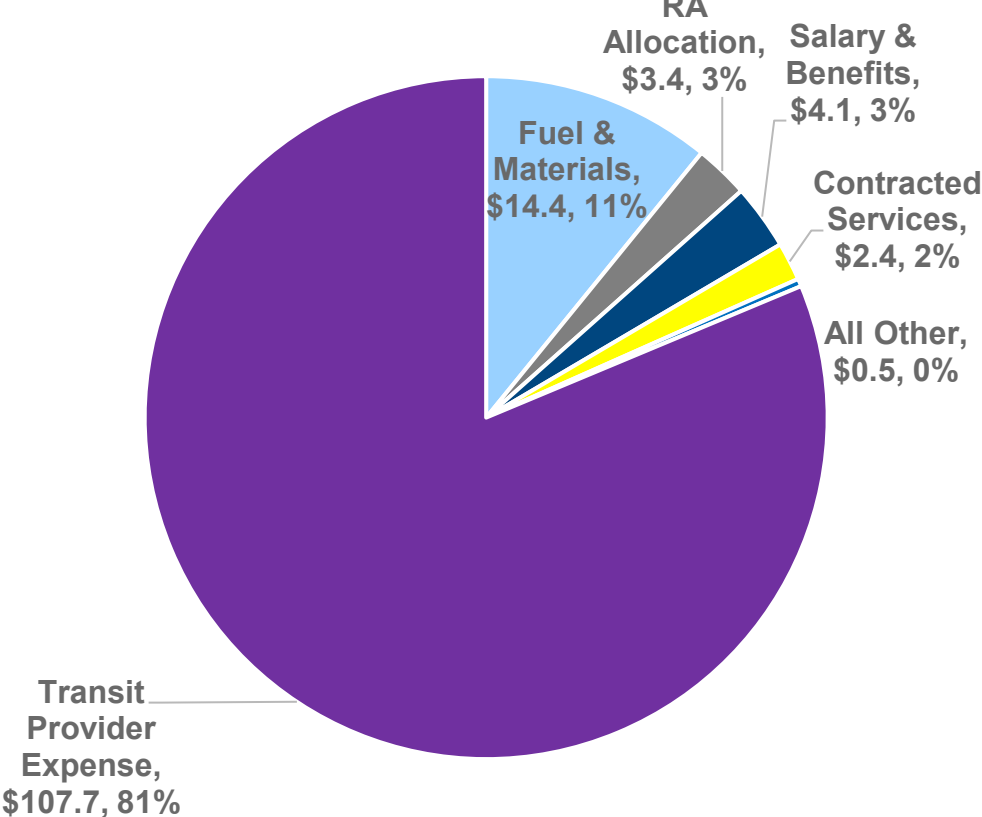
- 45% increase
- \$17.1M compared to \$11.9M in 2024
- Assumes gas at \$3.58/gallon

Special Transportation Services 2025 Operating Revenue & Expense

Revenue \$132.4M

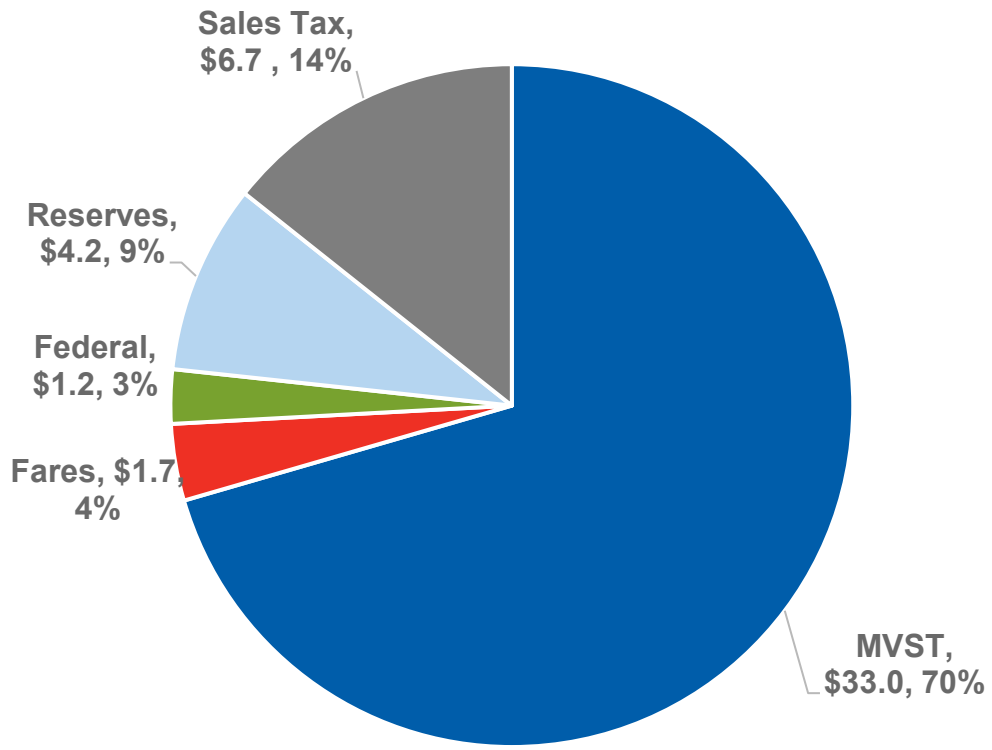


Expense \$132.4M

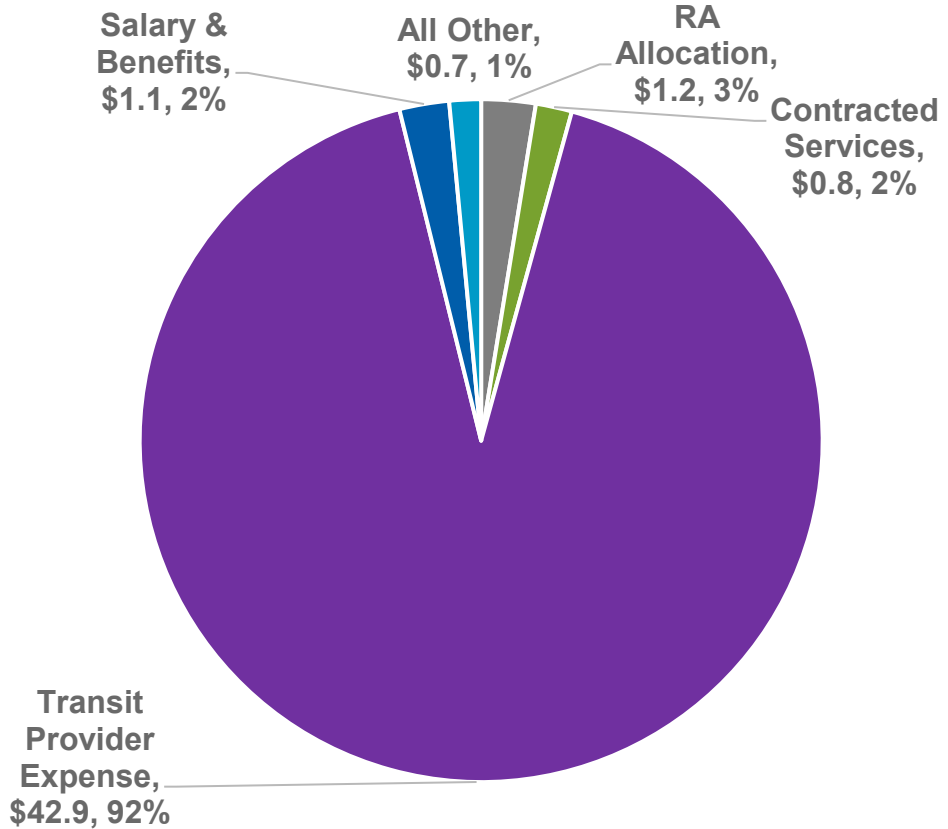


Contracted Bus / Transit Link / Vanpool 2025 Operating Revenue & Expense

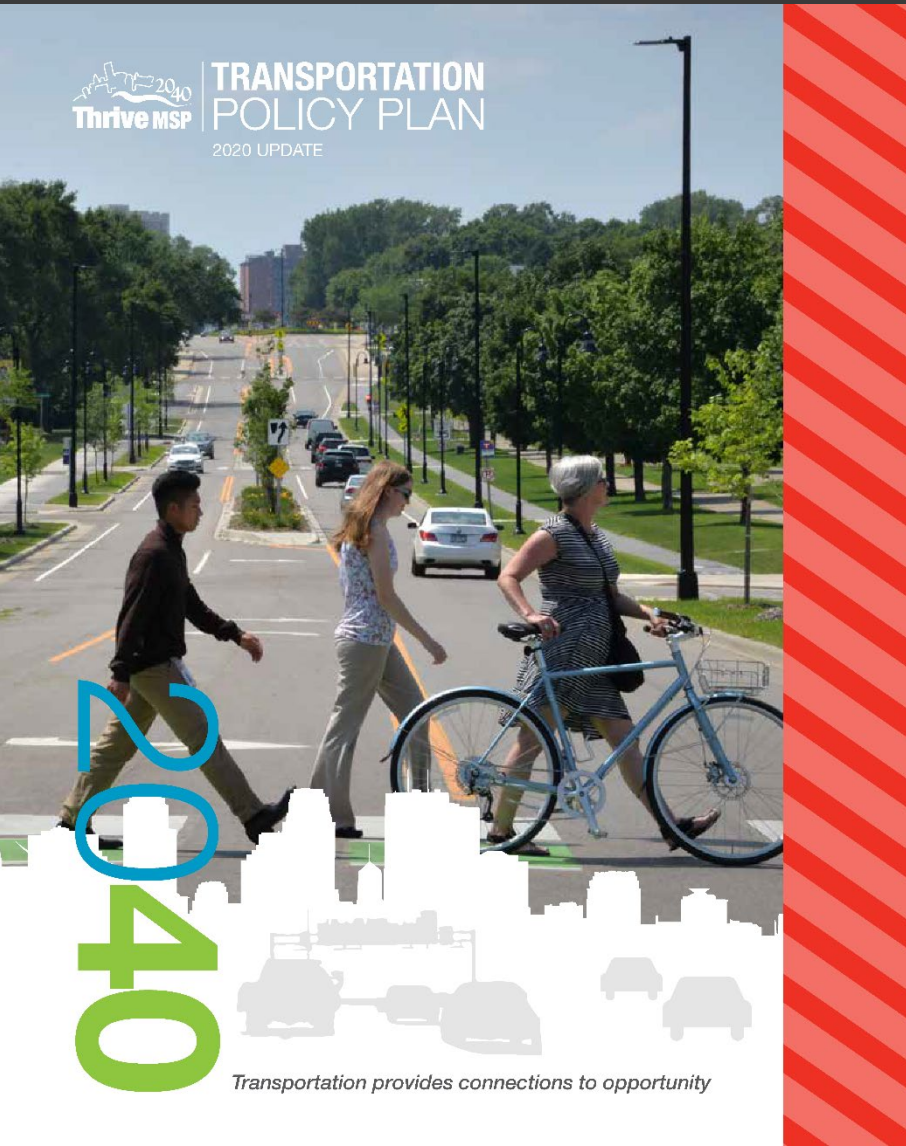
Revenue \$46.8M



Expense \$46.8M



Planning Highlights



Operating Budget Highlights

- 2050 Development Guide and 2050 Transportation Policy Plan updates are focus of planning work
- Beginning Regional Solicitation Evaluation to prepare for 2026 Solicitation
- New & Continued planning studies:
 - Regional Safety Action Plan
 - Equity Evaluation of Transportation Investment
 - EV Public Charging Needs Analysis
 - Metropolitan Highway System Harms, Impacts, and Mitigation Priorities Study
 - Microtransit Policy Framework
 - Other ongoing studies

Planning and Passthrough Preliminary Budget \$79.5M

Planning

- 11% increase
- \$13.1M compared to \$11.8M in 2024
- \$5.7M in federal Consolidated Planning Grant (CPG) funding

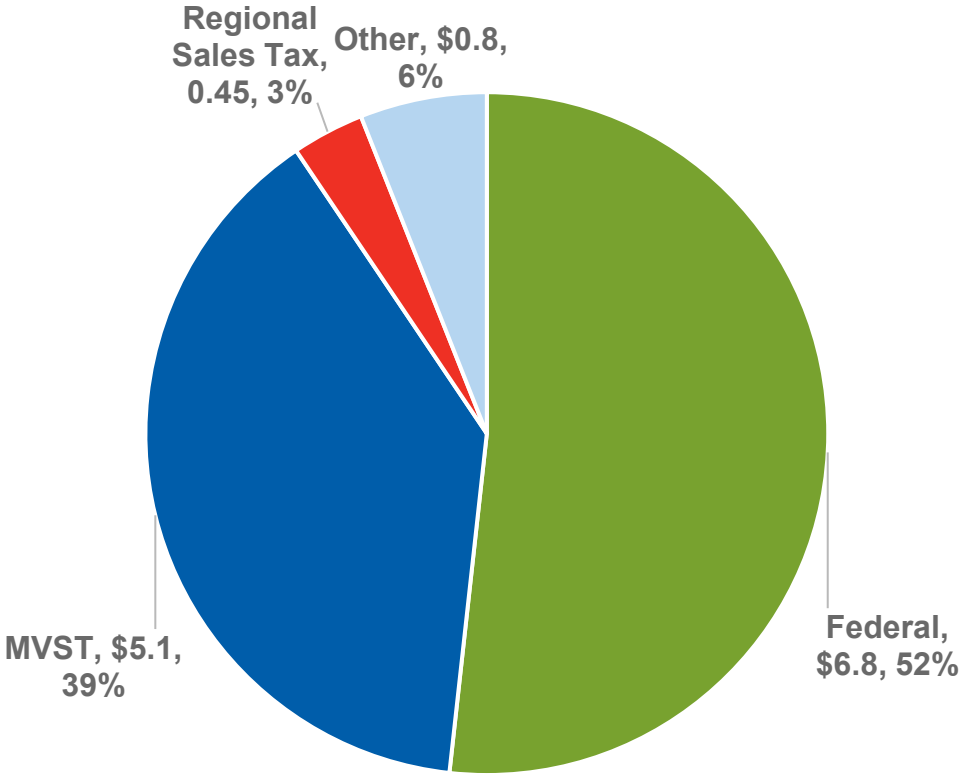
Passthrough

- 19% increase
- \$66.4M compared to \$55.9M in 2024
- \$49.1M state operating dollars allocated to STPs through State Transit Funding Allocation Policy
- \$17.1M in transportation sales tax to Suburban Transit Providers (STPs)*
- \$3.1M in federal operating grants
 - 2025 budget includes federally supported projects expected to begin in 2025

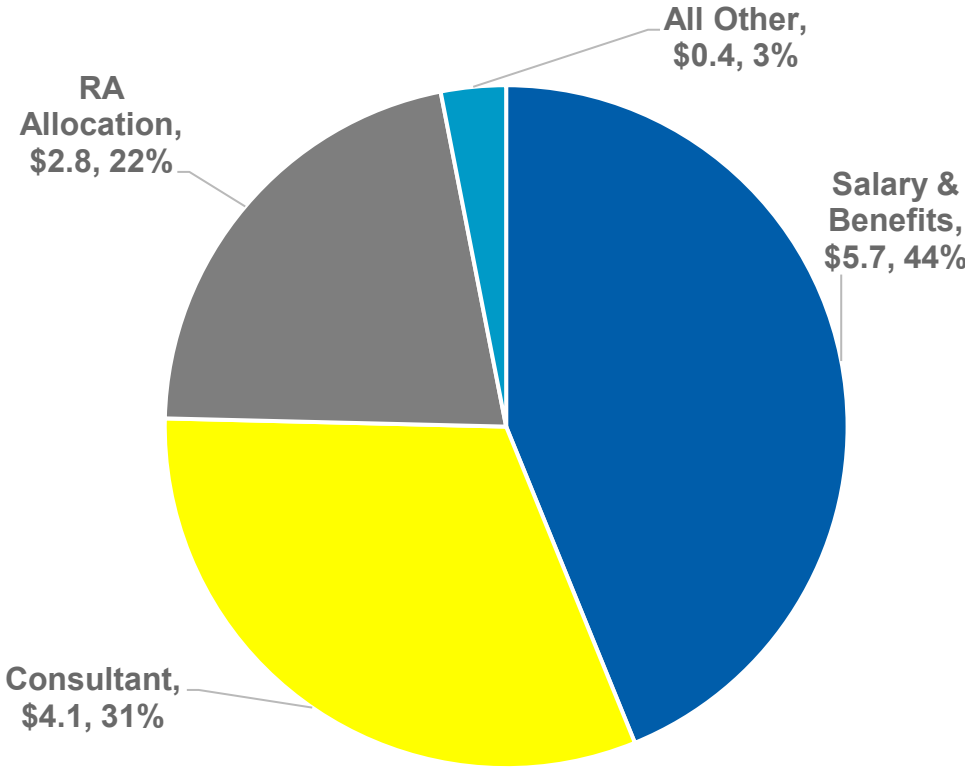
*Placeholder based on 2023-2024 allocation as formal policy develops

Planning 2025 Operating Revenue & Expense

Revenue \$13.1M



Expense \$13.1M



2025 Preliminary Operating Budget

Thank You

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