

# Business Item

Transportation Committee



Committee Meeting Date: November 25, 2024

For the Metropolitan Council: Dec. 11, 2024

## Business Item: 2024-340

Transit Funding Allocation Policy

<b>District(s), Member(s):</b>	All
<b>Policy/Legal Reference:</b>	Minnesota Statutes sections 473.123 Subd 4 (d), 473.388, 473.4051
<b>Staff Prepared/Presented:</b>	Charles Carlson, Executive Director Metropolitan Transportation Services Lesley Kandaras, General Manager Metro Transit
<b>Division/Department:</b>	Metropolitan Transportation Services, Metro Transit

### Proposed Action

That the Metropolitan Council (1) adopt the attached FM 12-3 transit funding allocation policy and (2) direct staff to develop procedures to implement this policy.

### Background

This proposed policy builds on the existing FM 12-3 state transit funding allocation policy that disburses funds received from the State of Minnesota for transit purposes. The policy incorporates state law changes, adds elements that reflect current practices for federal funding, and sets expectations for forecasting and allocating transit funding in the region. Specifically, this revision:

1. Sets principles and the region's approach to develop transit budget forecasts and allocations
2. Establishes an interim allocation basis of regional transportation sales and use tax funds to twelve replacement service municipalities (suburban transit providers) for calendar year 2025 based on actual collections and on these providers' proportionate share of regional transit rides
3. Expands the current policy to address current federal formula funding allocation practices and adds regional transportation sales/use tax funding uses
4. Disallows use of federal formula funding on the initial capital buildout of transit guideway projects (rail or primarily exclusive right-of-way), except on Council-initiated guideway projects
5. Incorporates policy direction to position Special Transportation Services (Metro Mobility and Metro Move) to state forecast programs in state fiscal year 2026 by restricting state and federal program revenues for program purposes only

The new policy adds clarity to funding allocations by documenting existing practices. It stewards Metro Mobility revenues, establishes a 2025 interim allocation of funding for suburban transit providers, and sets expectations for additional policy and technical work the Council will conduct regionally to allocate transit funding.

The revised policy does not change existing state funding allocations to other regional transit providers.

### Rationale

Minnesota Statutes section 473.123 subdivision 4(d), authorizes the Council to adopt policies and

procedures governing its operations. This proposed policy aligns with best practices and legal requirements.

### **Thrive Lens Analysis**

The proposed action supports the Thrive stewardship outcome by providing direction on allocation of funding to responsibly manage the region's financial resources. It advances the prosperity outcome by allocating funds for investment in transit infrastructure across the region. Improved transit infrastructure helps deliver transit services that advance the equity outcome.

### **Funding**

No funding is tied to the proposed action.

### **Small Business Inclusion**

This item does not involve contracting; small business inclusion is not applicable.

