Minutes of the
REGULAR MEETING OF THE COMMITTEE OF THE WHOLE
Wednesday, May 5, 2021

Committee Members Present:
Atlas-Ingebretson, Barber, Chamblis, Cummings, Ferguson, Fredson, Gonzalez, Johnson, Lilligren, Muse, Sterner, Vento, Wulff, Zeran, Chair Zelle

Committee Members Absent:
Lee, Lindstrom

CALL TO ORDER
A quorum being present, Committee Chair Zelle called the regular meeting of the Council's Committee of the Whole to order at 4:03 p.m. on Wednesday, May 5, 2021 on the following roll call vote:

Aye: 15 Atlas-Ingebretson, Barber, Chamblis, Cummings, Ferguson, Fredson, Gonzalez, Johnson, Lilligren, Muse, Sterner, Vento, Wulff, Zeran, Chair Zelle

Nay: 0

Absent: 2 Lee, Lindstrom

Not Recorded: 0

APPROVAL OF AGENDA
Council Members did not have any comments or changes to the agenda.

APPROVAL OF MINUTES
It was moved by Vento, seconded by Chamblis to approve the minutes of the April 21, 2021 regular meeting of the Committee of the Whole. Motion carried on the following roll call:

Aye: 15 Atlas-Ingebretson, Barber, Chamblis, Cummings, Ferguson, Fredson, Gonzalez, Johnson, Lilligren, Muse, Sterner, Vento, Wulff, Zeran, Chair Zelle

Nay: 0

Absent: 2 Lee, Lindstrom

Not Recorded: 0

INFORMATION
1. Long Term Financial Outlook for Transit

Nick Thompson, Director, Metropolitan Transportation Services, introduced the presentation and gave an overview of the transit system 10-year vision, which includes new METRO transitways in construction or planning, new METRO Arterial BRT lines in construction or planning, and at least a 1% annual increase to bus service. Thompson shared funding sources for each transit mode as well as operating funding risks, including system operations growth, funding source risks, and significant annual deficits that will begin in 2026 and grow over time. Capital funding sources are federal funds or regional transit capital (RTC). Federal funds
can be federal formula funds used for capital maintenance and bus replacement, Regional Solicitation grants for capital expansion and modernization, Capital Investment Grants (New Starts/Small Starts), and other competitive grants such as Low-No Emissions Grants. RTC bonds are backed by Council property tax. RTC authority is set by legislature and is primarily used as a 20% match to federal formula funds. RTC bonds are predominately used for bus purchases for all regional transit providers. Most capital maintenance costs not eligible for state bonds or RTC bonds due to shorter expected life. Council Members had questions and comments about the capital funding plans as well as the long-term plans. Thompson clarified that the Capital Improvement Plan is only for the next six years and the capital funding plan only includes plans that can be funded now.

Charles Carlson, Director, BRT Projects, gave an overview of Transit Guideways. Guideways are state-defined transitways that operate primarily or substantially within separated rights-of-way or operations on rails. Current guideways in operation are: METRO Blue Line, METRO Green Line, and Northstar Commuter Rail. Guideways in construction or planning in the next 10 years are: Green Line LRT extension, Gold Line BRT, Rush Line BRT, Blue Line LRT extension, and Riverview Modern Streetcar. Guideways risks are capital development costs, capital maintenance costs, and reliance on state appropriations and county funding. Carlson shared the phases of project implementation as well as Council decisions by project phase and financial information developed by project phase. The four project phases are: local planning, environmental/project development, engineering, and implementation and operation. Council Members had questions and comments about CARES funds and other federal grants.

Ed Petrie, Director, Metro Transit Finance, gave an overview of guideways county operating agreements. The Master Operations Funding Agreement (MOFA) establishes uniform framework for counties’ rail operations funding contribution. The current MOFA is a five-year agreement, through December 31, 2022. Petrie also shared the status of current guideway operating grants. Anoka County discontinued payment under executed 2020 operating grant agreement beginning Q3 2020. No counties have approved/paid standard annual operating grant agreements for 2021. Total unpaid rail operations are nearly $18M as of May 15, 2021. If 2021 agreements are not adopted and counties do not pay their portion of rail operations, Metro Transit Light Rail Fund will have a negative rail operations cash position in May 2021, and Commuter Rail Operations cash position will have a negative balance in late fall 2021. Council Member Chamblis asked about the counties’ awareness of the payment and billing. Petrie shared the process for billing and alerting the counties of payment. As of 2021 there is not a signed agreement, so the Council has not been able to bill the counties. Though the five-year grant agreement is currently in place, the annual agreements are not in place. Council members asked for a clarification on this process and the lack of a long-term agreement. Council members and staff then discussed next steps.

The takeaways from this presentation are: transitway funding relies on multiple sources outside Council authority; system continues to grow in this context of unstable funding, guideways need a solution for unfunded life cycles. Council members had questions and comments about similar situations for other transit systems around the country, the impact of this funding issue on suburban transit providers, as well as the role of educating the public about transit funding.

Council Member Vento shared appreciation for the mobile vaccination clinic that visited Landfall recently to provide vaccinations for residents.

**ADJOURNMENT**

Business completed; the meeting adjourned at 5:57 p.m.

Bridget Toskey
Recording Secretary