

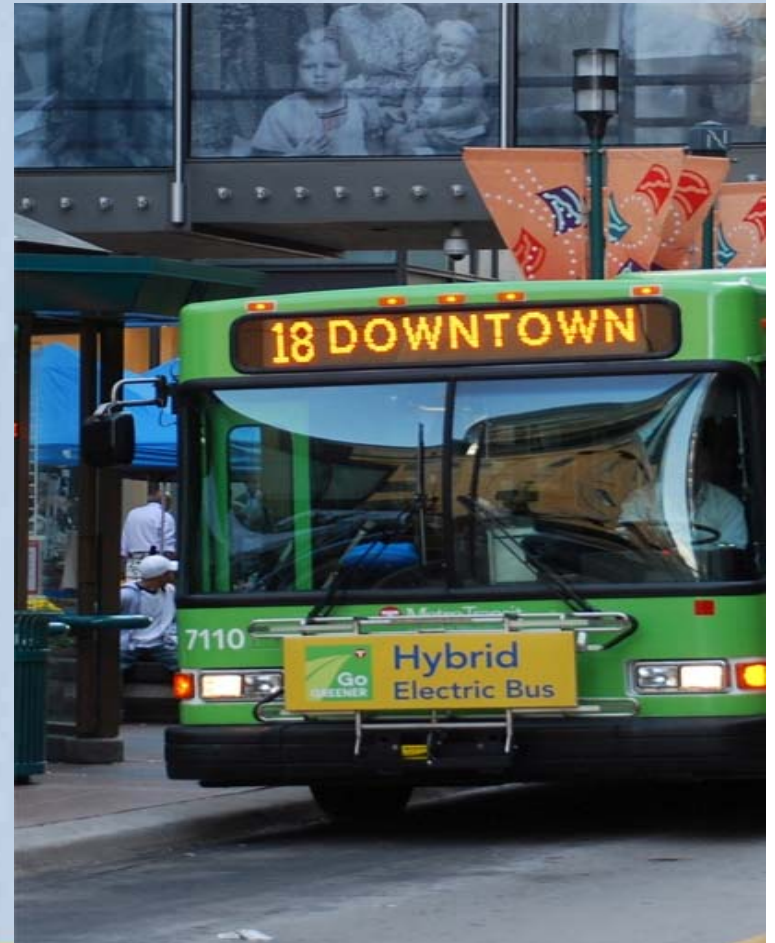
Metropolitan Transit Finance





Today's topics

- Metropolitan Transit revenues & expenses
- Revenues issues/outlook
- Funding Challenges





Metropolitan Transit System

- Metro Transit Bus
- Metro Transit Rail
- Suburban Transit Providers (STP)
- Metro Mobility
- Contracted Transit
- Transportation Planning



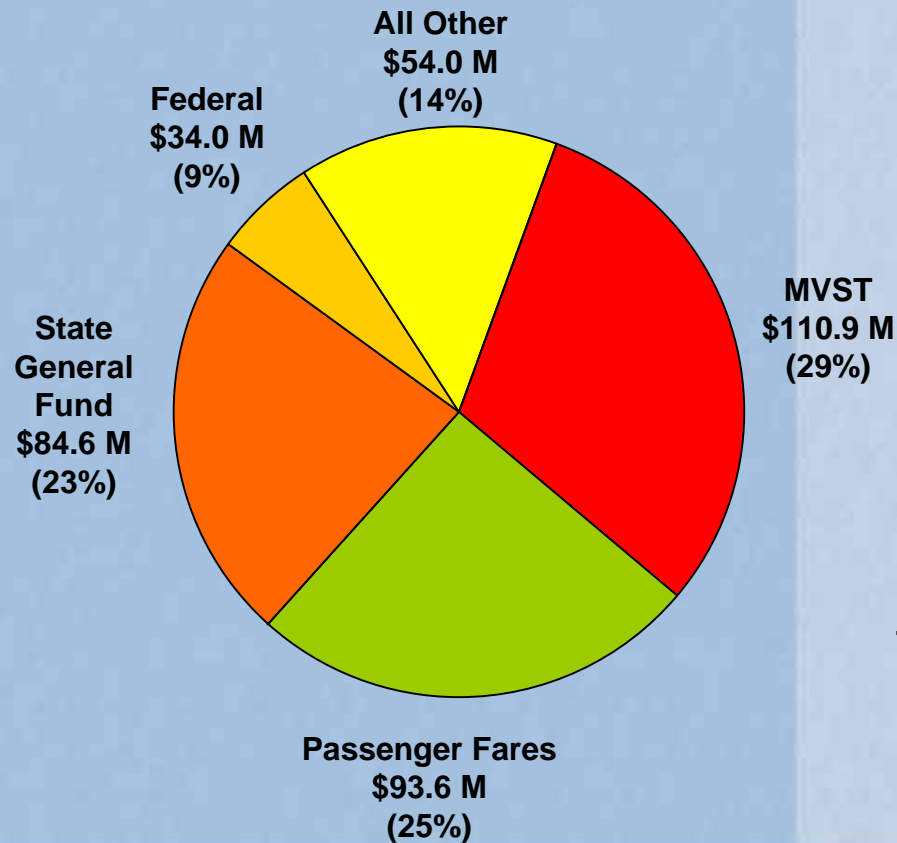
Metropolitan Transit System Overview

- 2008 system ridership: 95 million rides
- 200+ bus routes, almost 1600 buses
- One light rail line (Hiawatha), 10 M rides, 24 LRT vehicles
- Northstar commuter rail to open late fall 09
- 25% of system privately contracted

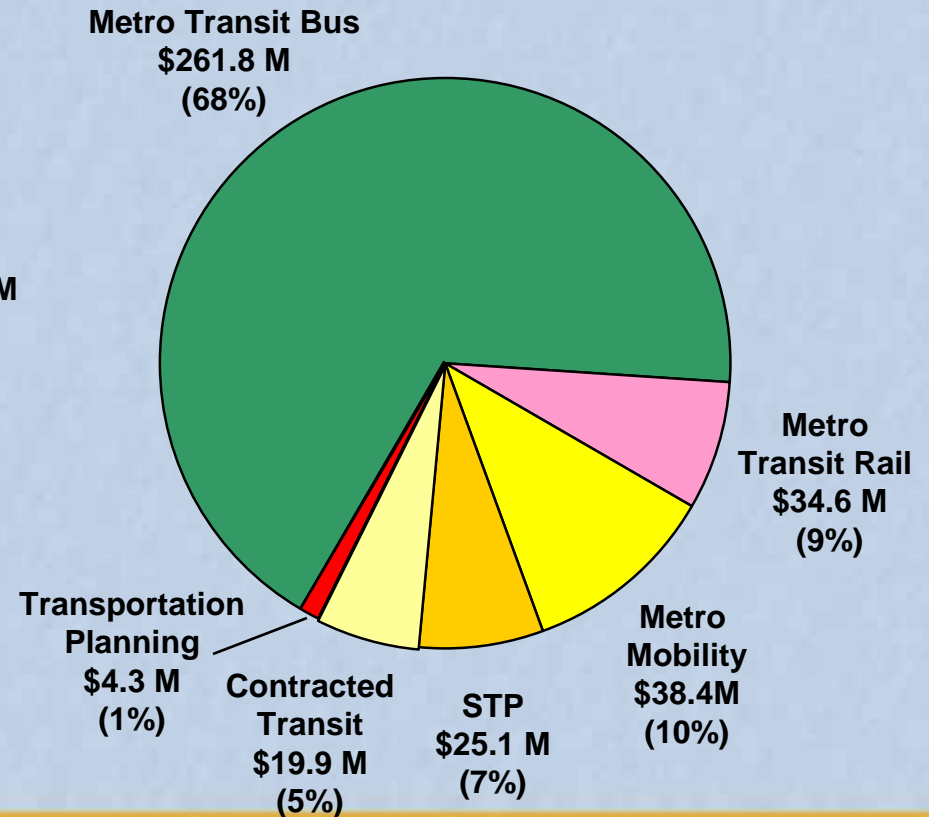


Metropolitan Transit CY 2009 Operating Budget

Revenues: \$377.1 M*



Expenses: \$384.3*



*Adopted budget includes \$7.2 M use of reserves



Transit Operating Funding Sources

- **MVST:** 29% of CY08 budget
- **State General Fund:** 23% of CY08 budget
- **Fares:** 25% of CY08 budget
- **Federal:** 9% of CY08 budget, allowable only for preventive maintenance
- **Other:** 14% of CY08 budget, during CY09 includes \$30.8 M of one-time CTIB sales tax, also includes advertising and interest income



Transit Capital Funding Sources

- **Federal funds:** Formula funds and other project specific grants, i.e. New Starts, discretionary
- **Regional Transit Capital Bonds:** About \$35 M annually in property-tax supported bonds levied within transit taxing district
- **State bonds:** Primarily for transitways and major bus facilities
- **CTIB Sales Tax:** \$85 M per year for Transitway capital and operating



Transit Capital Spending

- Capital spending, excluding major transitways, is about \$160 M annually
- Spending primarily for fleet replacement & expansion, park and rides, garages & other facilities, technology improvements
- Major transitway construction can more than double annual capital spending, i.e. Central Corridor will average 200+ M per year



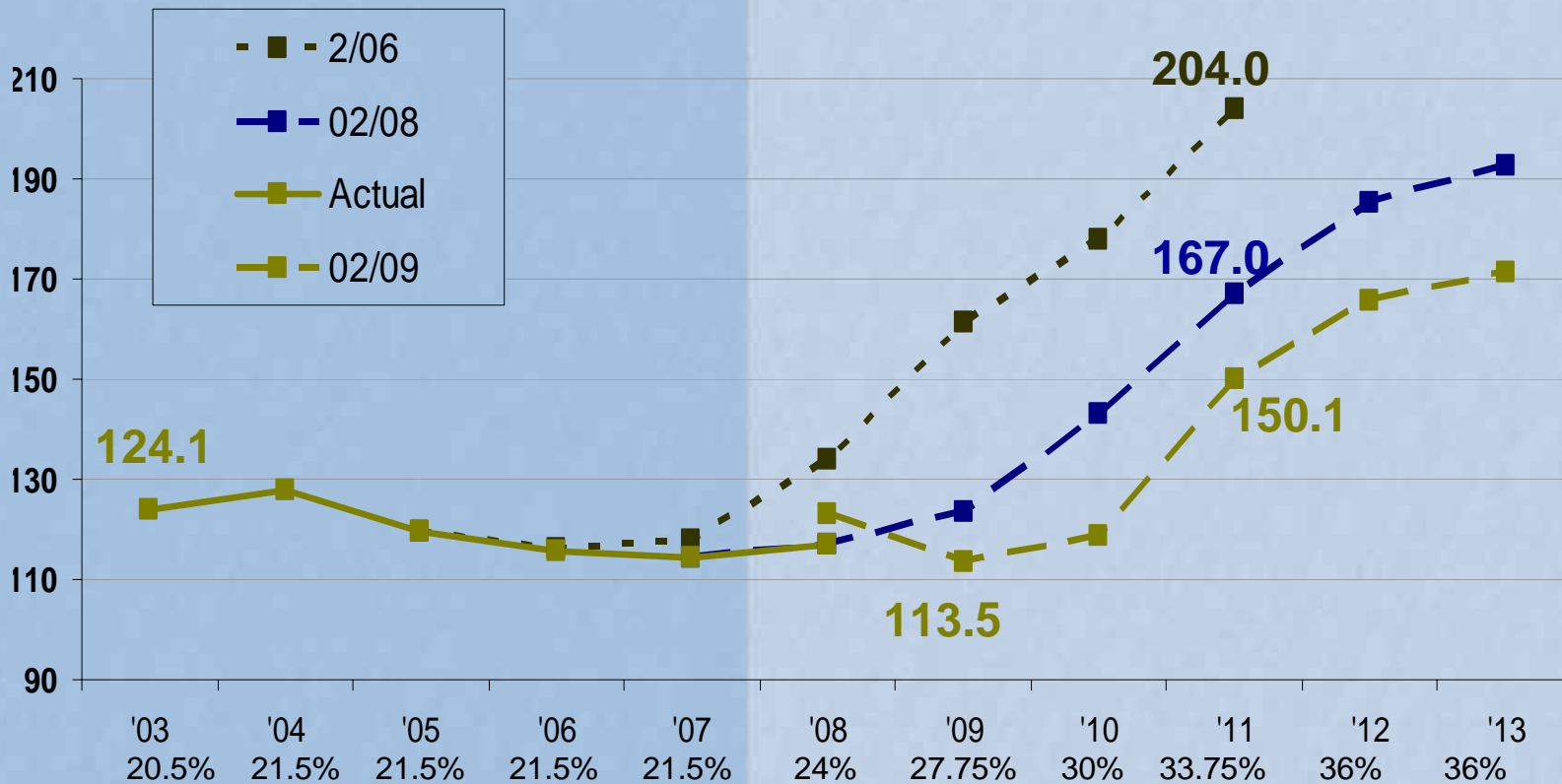
Revenue Issues

MVST:

- Largest source of operating funding
- Recent sharp decreases, volatile, difficult to forecast
- Transit growth/service expansion is dependent on MVST recovery



Forecasted regional transit MVST revenues



FY and % of MVST to Metropolitan Area Transit



Revenue Issues Cont.

State General Fund:

- Recent appropriations have been flat year-to-year
- Susceptible to cuts in times of state deficits
- Cannot be relied upon to grow



Revenue Issues Cont.

Fares:

- Metro area already has one of the highest fare-box recovery ratios in the nation
- Increases have negative impacts on ridership, transit dependent populations
- Relatively small revenue increase, i.e. \$.25 increase raises \$6 M



Revenue Issues Cont.

Federal:

- Formula funds have been stable, little growth, primarily for capital purposes
- New Starts and other discretionary are competitive and limited

CTIB Sales Tax:

- Designated for transitway capital and operating not base bus system



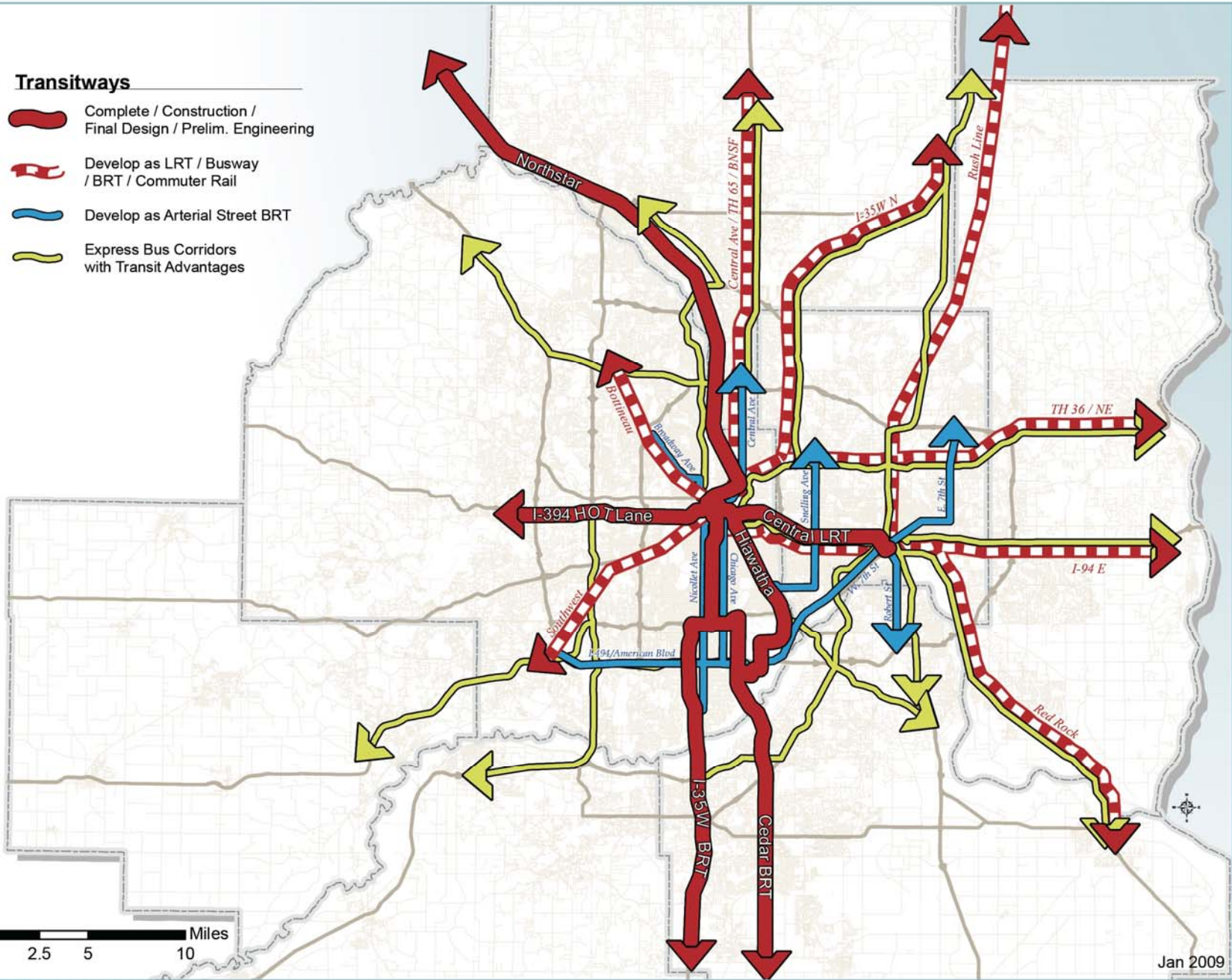
Policy Plan

- Transportation Policy Plan Goals
 - Double ridership by 2030 (50% ridership growth by 2020);
 - Build and operate a system of regional transitways;
 - Grow and improve base bus system
- Significant transitway growth can be achieved, bus and transitway operating costs are unfunded

2030 TRANSITWAY SYSTEM

Transitways

-  Complete / Construction / Final Design / Prelim. Engineering
-  Develop as LRT / Busway / BRT / Commuter Rail
-  Develop as Arterial Street BRT
-  Express Bus Corridors with Transit Advantages



0 2.5 5 10 Miles

Jan 2009





2030 Transitways

- Capital funding assumptions result in completing:
 - Central Corridor by 2014, three additional LRTs by 2030, one completed by 2020, second started before 2020 and completed soon after, third completed by 2030
 - One commuter rail (completed 2020 – 2030)
 - Four highway BRT (two by 2020, two post 2020)
 - Nine arterial BRT



Funding Challenges

- Structural imbalance in existing operating revenues and expenses (FY10-11 deficit \$62 M)
- No revenue for planned operating growth/service expansion
- Capital revenue will allow for system growth (though not as aggressive as some would like)



Options

- Innovative Finance more applicable to:
 - Capital rather than operating funding
 - Specific project level funding, not system-wide funding solutions
- Federal Small Starts/Very Small Starts may provide funding for BRT development
- Greater use of debt financing may accelerate capital projects
- Joint development potential along transitways

Questions?

