

Metropolitan Transit Finance



Symposium on
Transportation Long-Range
Funding Solutions

June 24, 2009



Today's topics

- Metropolitan Transit Revenues & Expenses
- Revenues Issues/Outlook
- Policy Plan Funding
- Funding Challenges





Metropolitan Transit System

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



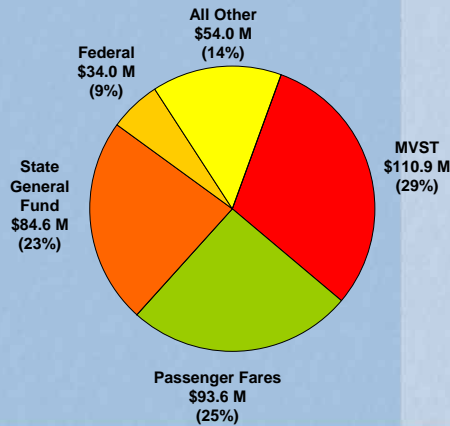
Metropolitan Transit System Overview

- 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

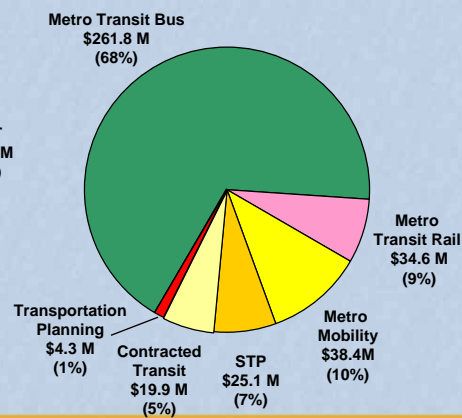


Metropolitan Transit CY 2009 Operating Budget

Revenues: \$377.1 M*



Expenses: \$384.3*



*Adopted budget includes \$7.2 M use of reserves



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Transit Operating Funding Sources

- **MVST:** 29% of CY09 budget
- **State General Fund:** 23% of CY09 budget
- **Fares:** 25% of CY09 budget
- **Federal:** 9% of CY09 budget, allowable only for preventive maintenance
- **Other:** 14% of CY09 budget, which 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



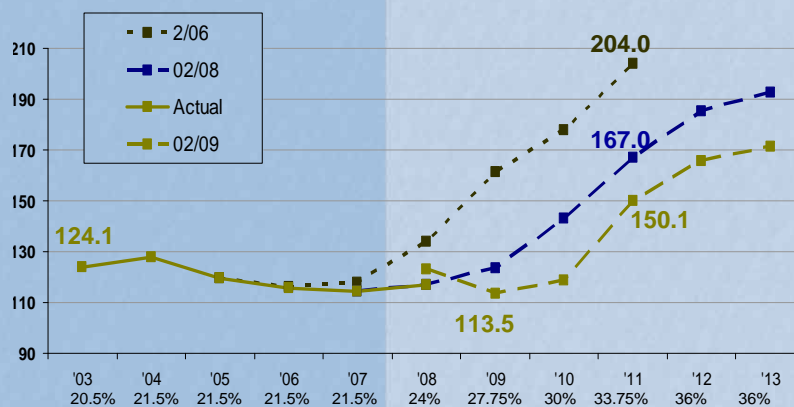
Revenue Issues

MVST:

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



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
- Assumed source of 50% of net operating funds for new rail projects



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
- Raises relatively small amount of revenue, i.e. \$.25 increase raises \$6 M



Revenue Issues Cont.

Federal:

- Formula funds have been stable, little growth
- Reauthorization may or may not change traditional funding levels
- Primarily for capital purposes, not operating
- New Starts and other discretionary are competitive and limited



Revenue Issues Cont.

CTIB Sales Tax:

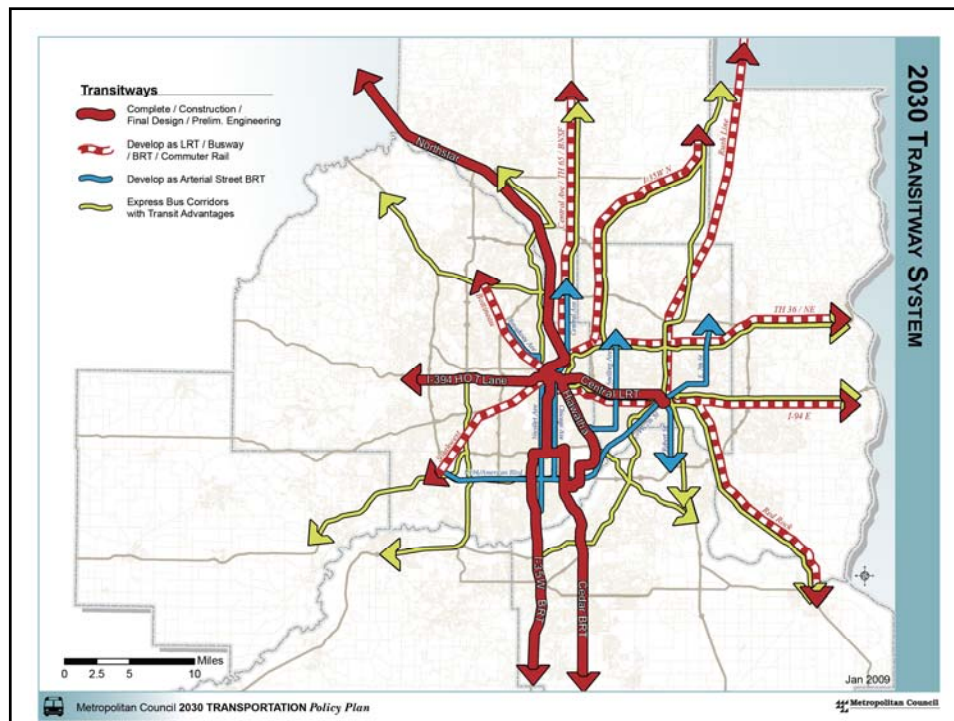
- Designated for transitway capital and operating
- Not available to fund base bus system maintenance or expansion
- Transitway capital expansion has operating tails



2030 Transportation *Policy Plan*

Goals:

- Double ridership by 2030 (50% ridership growth by 2020)
- Grow and improve base bus system
- Build and operate a system of regional transitways





Transitway Funding

- Policy plan assumes sequential implementation of major rail transitways (i.e. one New Starts project every four years)
- Capital costs shared 50% federal, 30% CTIB, 10% state, 10% Co. Rail Authorities
- BRT projects may vary from this formula
- Operating subsidy shared 50% CTIB, 50% state



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



Policy Plan Capital Funding

- Capital costs to maintain the existing bus and rail system to 2030 estimated at \$1.5 B is funded
- Capital costs for system expansion estimated at \$4.7-\$5.5 B can be funded IF federal and state assumed commitments materialize



Policy Plan Operating Funding

- Net operating costs to maintain the system, estimated at \$275 M annually, are funded - IF MVST performs as forecast in 2008 and general fund remains stable
- Additional operating costs to expand the system, estimated at \$195 - \$240 M annually by 2030, are unfunded (estimated \$90 M annually in revenue available)



Funding Challenges

- Structural imbalance in existing and forecast operating revenues and expenses
- Limited revenue for planned operating growth/service expansion
- Capital revenue will allow for system growth

Questions?

