

Transit Budget Status and Planning Update

Metropolitan Council
January 14, 2009



Overview

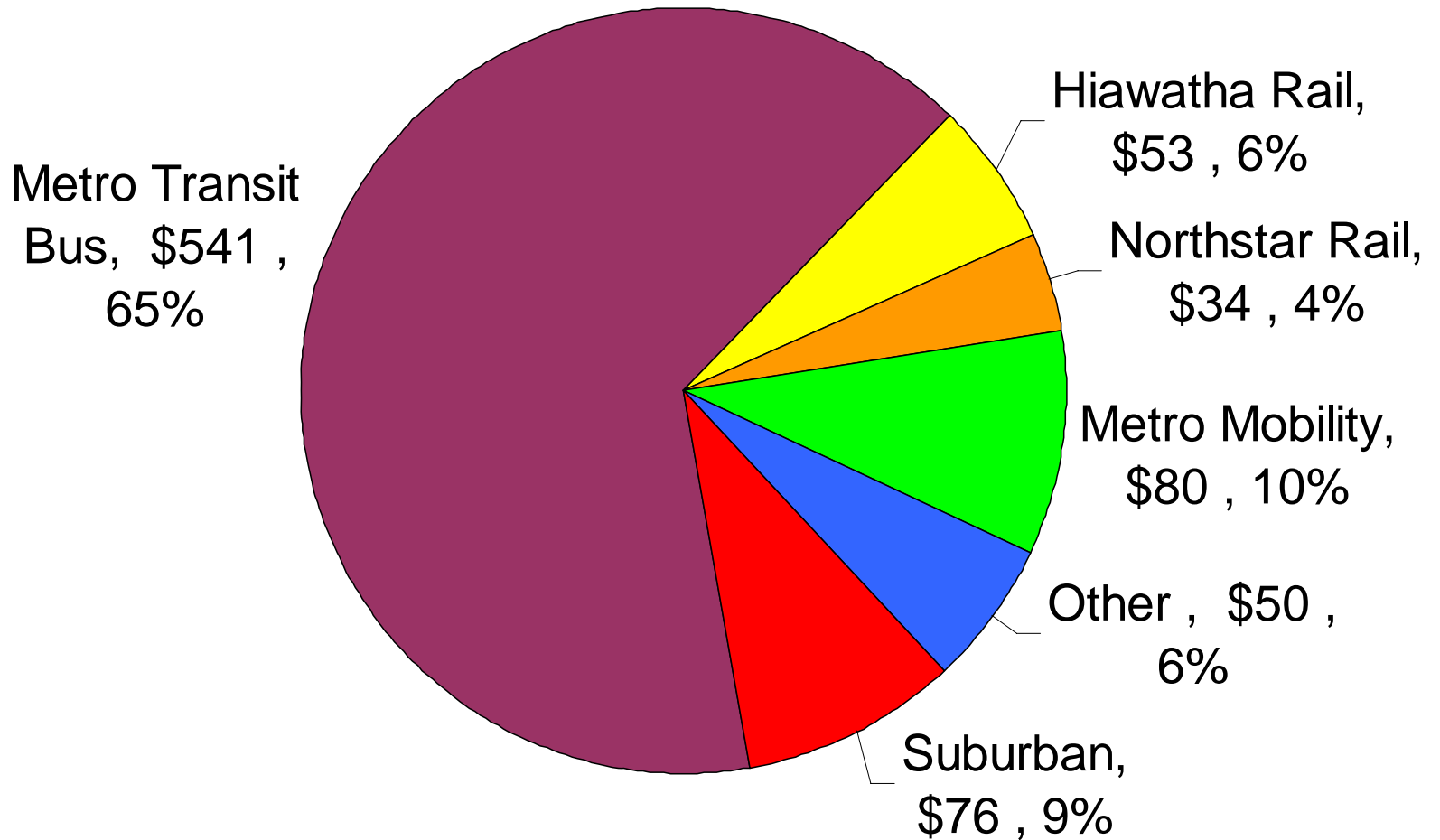
- ❖ Acknowledgement of State Budget Challenge
- ❖ State Fiscal Year (SFY) Perspective
- ❖ Focus on SFY 2010-11
- ❖ Consideration of All Possible Solutions

Transit Pressures

- ❖ Demand for Bus and Rail Transitway Expansion
- ❖ Increasing Ridership and Park and Ride Usage
- ❖ Fluctuation in Fuel Pricing
- ❖ Expiration of One-Time CTIB Grant of \$30.8 M
- ❖ Operations and Capital Funding Imbalances
- ❖ Unreliable Operations Funding

SFY 2010-11 Transportation Expenditures

Total \$834 Million



Pre-November Forecast Budget Status

- ❖ SFY 10-11 Transit Deficit = \$37.7 M
- ❖ Rail = \$19.3 M
 - ❖ \$5.2 M Hiawatha
 - ❖ \$14.1 M Northstar
 - ❖ Represents 50% State Share
- ❖ Bus = \$18.4 M
 - ❖ \$15.5 M to Maintain Current Service
 - ❖ \$2.9 M for Committed Expansion

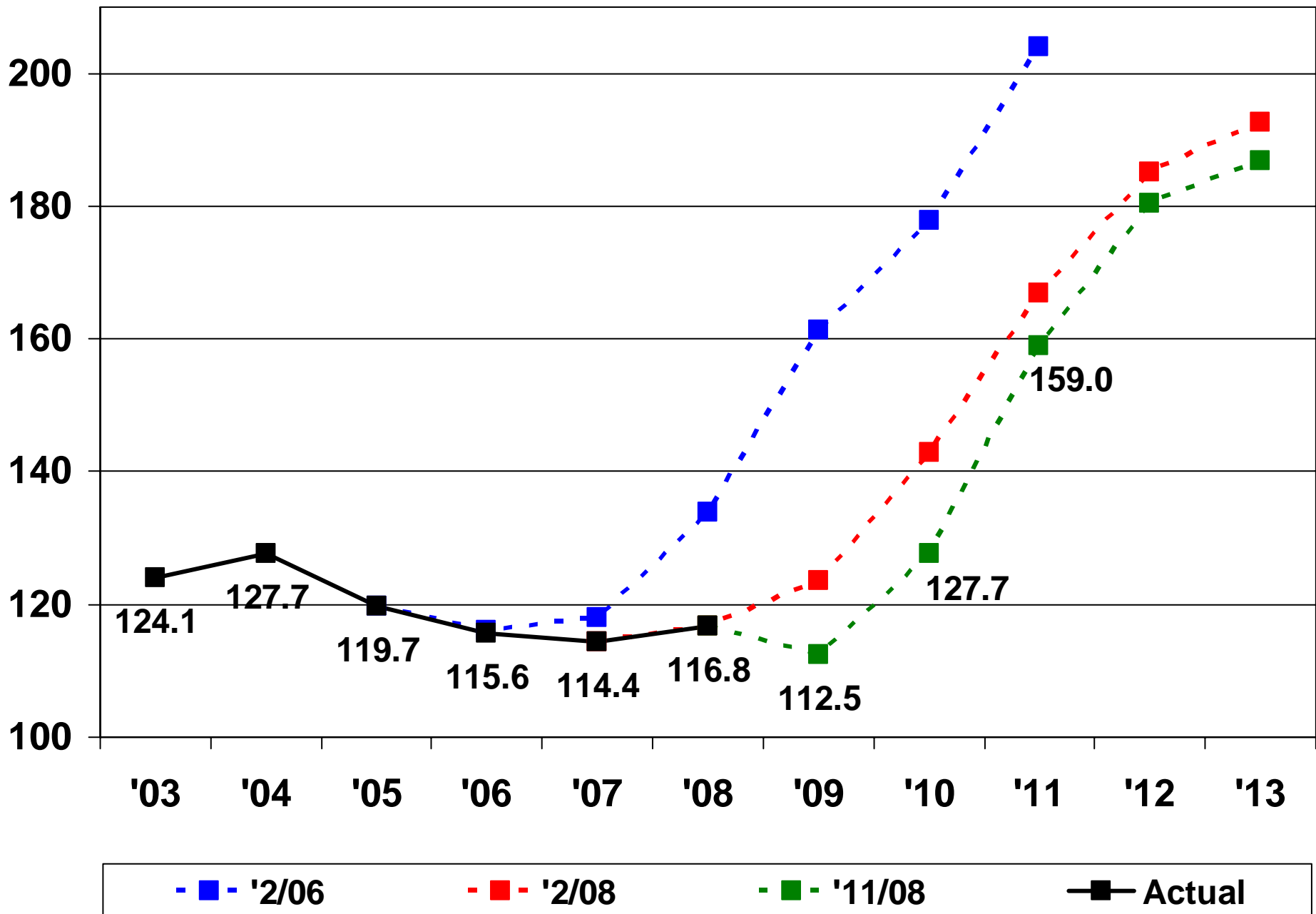
Bus Deficit Drivers

- ❖ Expiration of “One-Time” Funding
 - ❖ SFY 2008 \$20 M State Appropriation
 - ❖ SFY 2009 \$30.8 M CTIB Grant
 - ❖ \$7 M Reserves in 2009
- ❖ MVST Underperformance
- ❖ Rising Fuel Costs
- ❖ Operating Revenues Lag Behind Capital Investment

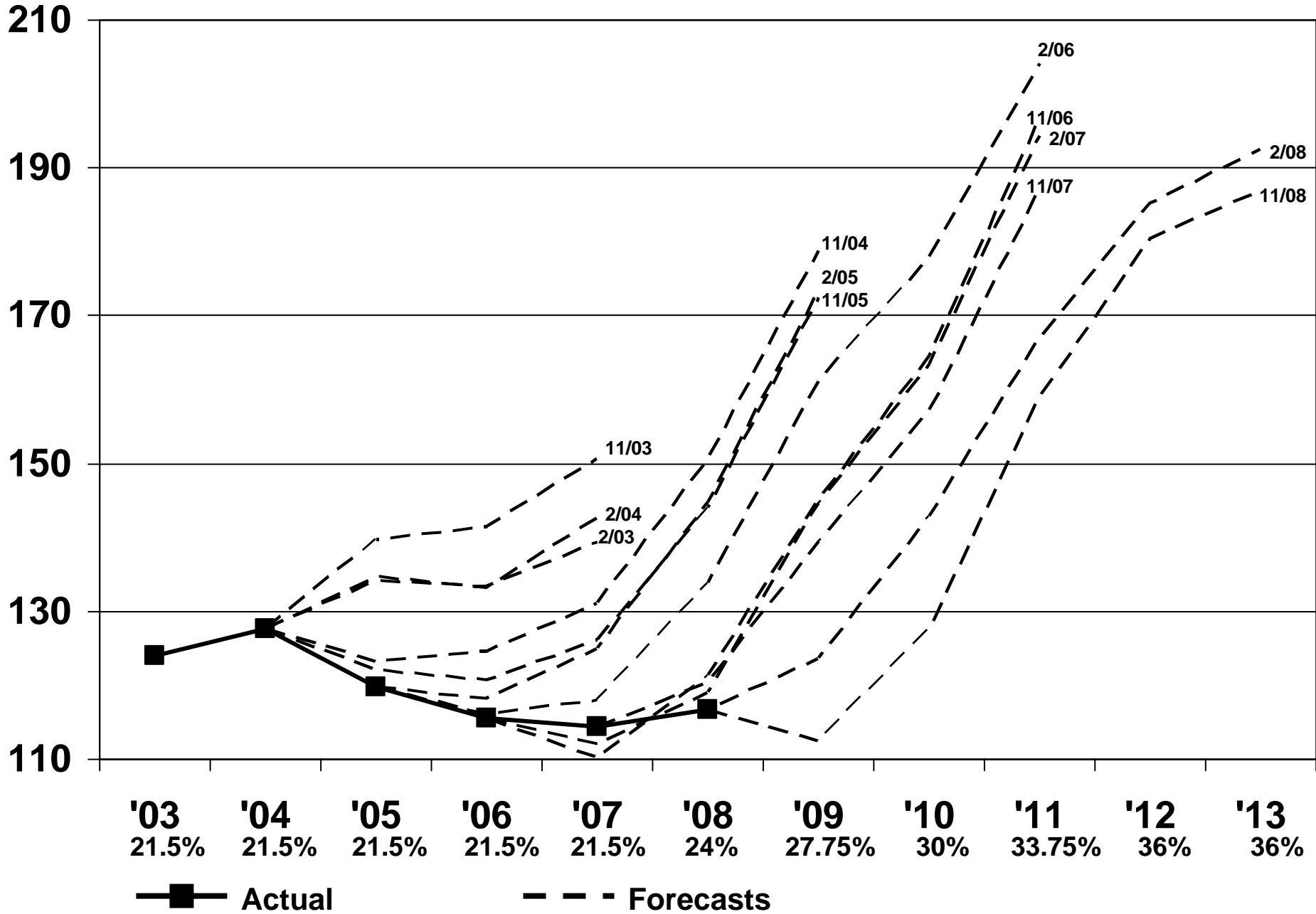
December 2008 MVST Forecast Reductions

- ❖ \$11 M Down for SFY 2009
- ❖ \$23 M Down for SFY 2010-11
- ❖ \$10 M Down for SFY 2012-13
- ❖ SFY 10-11 Deficit Grows to \$60 M +
- ❖ Position Adjustments for Fuel Pricing
- ❖ Possible Future Reductions

Forecasted Met Council MVST Revenues

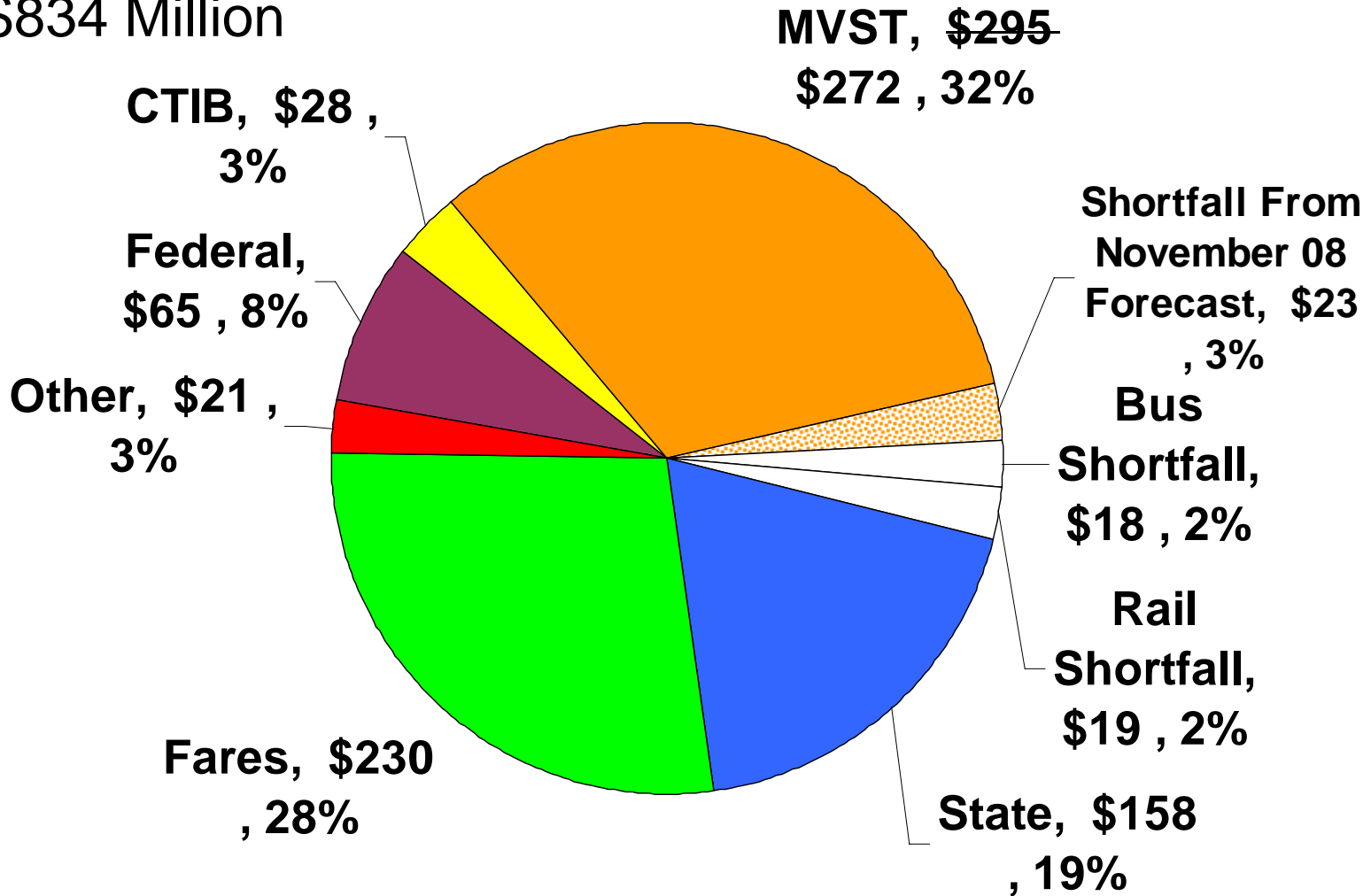


Forecasted Met Council MVST Revenues

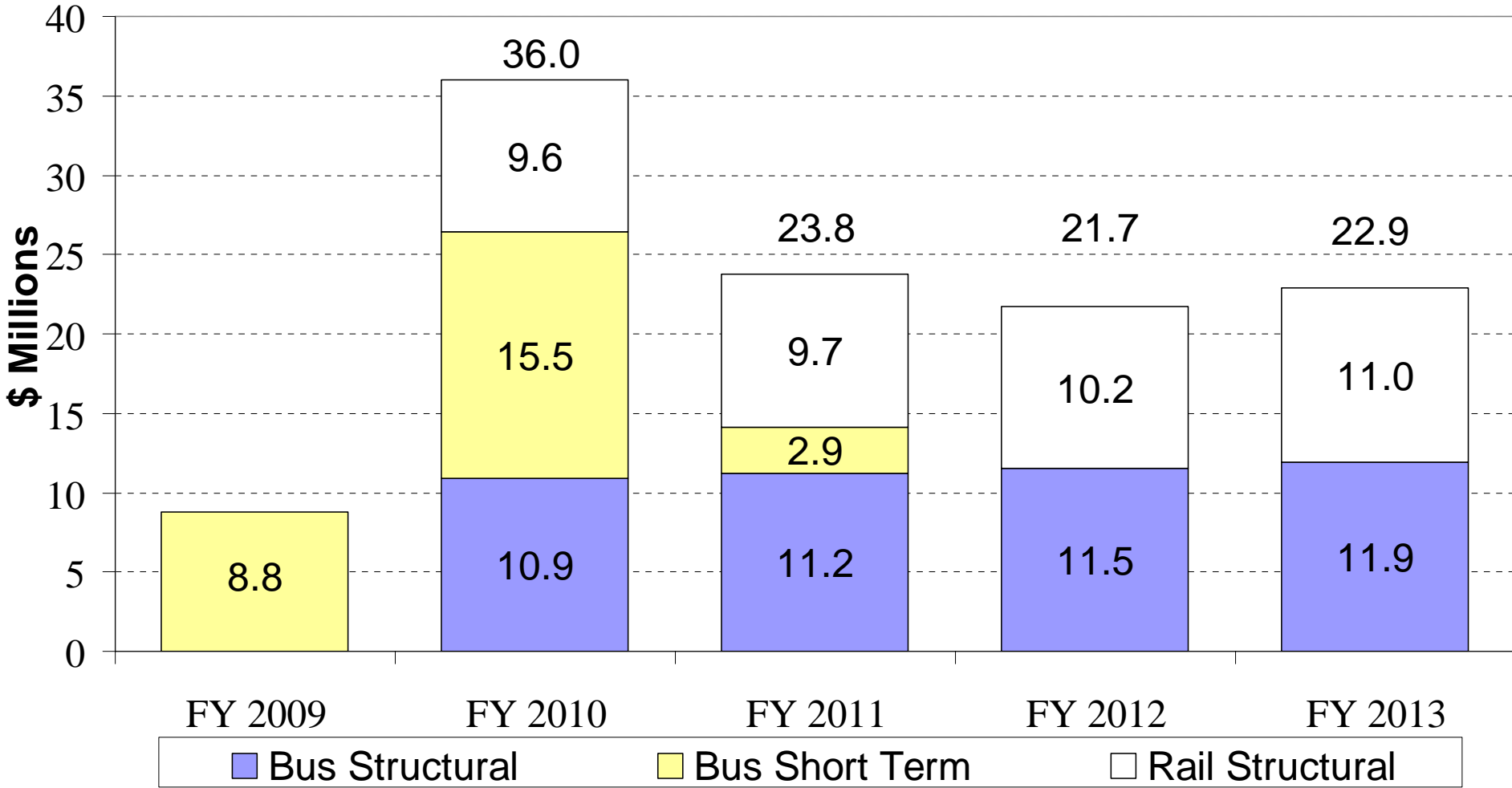


December 2008 2010-11 Transit Budget by Source

Total \$834 Million



December 2008 Regional Transit System Short Term and Long Term Structural Budget Imbalances



State General Fund Pressures

- ❖ State Agency SFY 10-11 Targets 5%-15%
- ❖ Transit SFY 10-11 GF Base Budget = \$157 M
- ❖ Community Development (Parks) = \$8 M
- ❖ GF Reductions Still Unknown

Internal Response

- ❖ Budget Work Group Meetings Since Early Fall
- ❖ Analysis of System-Wide Needs and Resources
- ❖ Continuing Development of Options List
- ❖ Consideration of ***All*** Possibilities

Possible *System-Wide* Remedies

Short Term

- ❖ Adjustments to Fuel Pricing Assumptions
- ❖ Administrative Cost Efficiencies / Reductions
- ❖ Transit and General Operating Reserves
- ❖ Service Efficiencies and Delays
- ❖ Other Met Council Levies / Balances
- ❖ Changes in Federal Formula Fund Uses
- ❖ Federal Stimulus Package

Possible *System-Wide* Remedies Long Term

- ❖ Continued Adjustments to Fuel Pricing (Risk)
- ❖ Fare Increases
- ❖ Service Reductions
- ❖ Administrative Cost Efficiencies / Reductions
- ❖ Apply Equity Principles to Discretionary Funding

Next Steps

- ❖ Governor's Budget Decisions
- ❖ Final Review of Intervention Options
- ❖ Governor's Budget Release (January 29)
- ❖ February 2009 Forecast
- ❖ Post-Forecast Update to Council