



# Metropolitan Council Transportation Division 2009 Operating Budget

presented to the

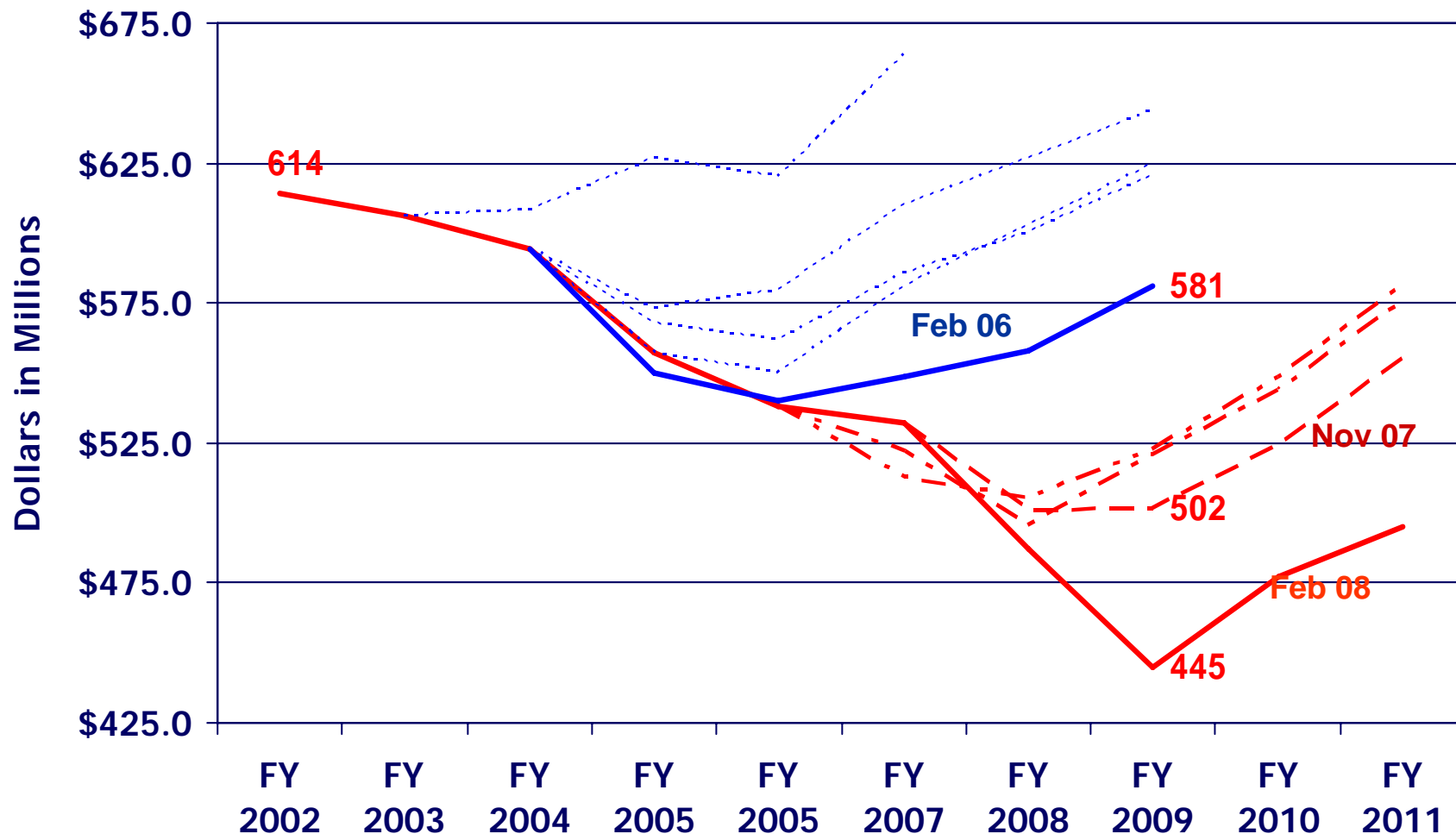
## Metropolitan Council

July 23, 2008

# MVST Revenue Outlook

- MVST continues to be a volatile revenue source
  - Current Feb. 08 MVST forecast significantly down from Feb. 07 forecast
  - -2% FY08, -15% FY09 and -12% FY10
- State forecast will reach a low of \$445M in SFY09, 28% decrease from 2002 high of \$614M
- Phase-in of constitutional dedication alleviates impact of decreasing revenues
- Metropolitan transit amount in SFY09 is \$124M, in SFY04 allocation was \$128M

# Changes in State MVST Forecasts



• Based on State of Minnesota Feb. 2008 forecast

# State Transit Funding Assistance

(\$ in millions)

|          | MVST % | Bus MVST | Bus SGF | Bus Sub-total | LRT SGF | Total All |
|----------|--------|----------|---------|---------------|---------|-----------|
| SFY 2004 | 21.50  | \$127.7  | \$53.1  | \$180.8       | \$2.8   | \$183.6   |
| SFY 2005 | 21.50  | \$119.9  | \$52.3  | \$172.2       | \$3.9   | \$176.1   |
| SFY 2006 | 21.50  | \$115.6  | \$73.5  | \$189.1       | \$4.1   | \$193.2   |
| SFY 2007 | 21.50  | \$114.0  | \$81.3  | \$195.3       | \$5.3   | \$200.6   |
| SFY 2008 | 24.00  | \$116.9  | \$93.5  | \$210.4       | \$5.3   | \$215.7   |
| SFY 2009 | 27.75  | \$123.5  | \$73.4  | \$196.9       | \$5.3   | \$202.2   |

**Note:** Does not include the CTIB grant of \$30.783M

# Metro County Transit Sales Tax

- 2008 Omnibus Transportation Funding Bill authorized county ¼ cent sales tax for transit
- Five counties implemented tax July 1, 2008
- Estimated annual revenue \$85M
- Allowable expenditures include:
  - Transitway capital and operating
  - Park and rides
  - Up to 1.25% for bike and pedestrian programs
- Funding may not supplant existing state funds



# CY 2009 Budget Assumptions

- CTIB grant of \$30.783M and grants for Lakeville UPA operating costs and 50% of rail operating cost.
- \$.25 fare increase effective Oct. 2008 (\$.50 Metro Mobility fare)
- Limited planned service expansion. Includes portion of I-35W bridge service and overload protection.
- Address shortfalls through:
  - Fare increase Oct. 1, 2008
  - Cost containment
  - Use of reserves
  - State budget request

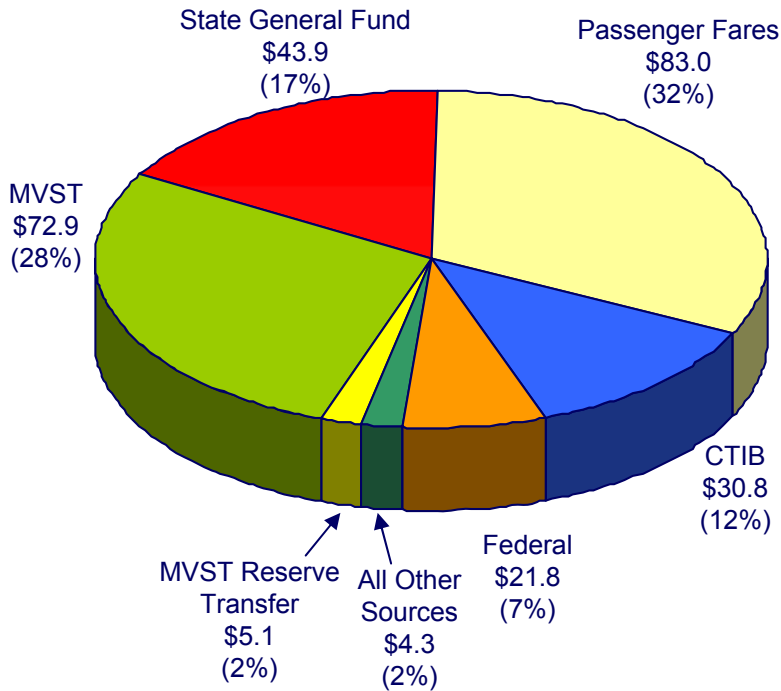
# Metro Transit Budget Assumptions

- Maintains 2008 service levels
- Continues 80% of I-35W service
- UPA implementation September 2009
- Forecasted ridership at 82 million
- Includes diesel fuel at \$3.68/gallon
- Bus budget unbalanced
- Assumes CTIB funding for Hiawatha Light Rail, NorthStar and Lakeville UPA
- Light rail vehicle overhaul program
- NorthStar revenue operations begin late 2009

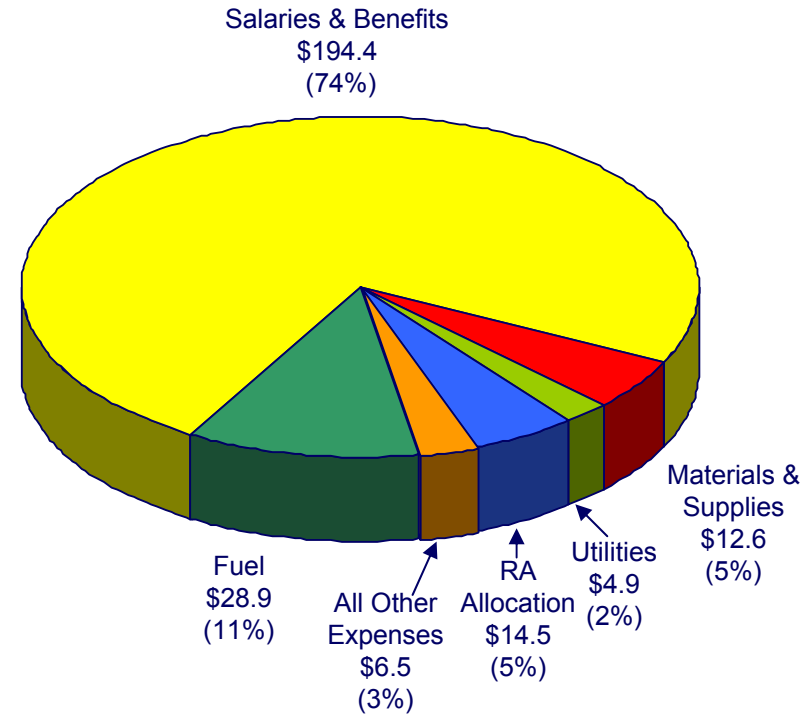


# Metro Transit Bus - 2009 Revenue & Expenses

## Revenue \$261.8M



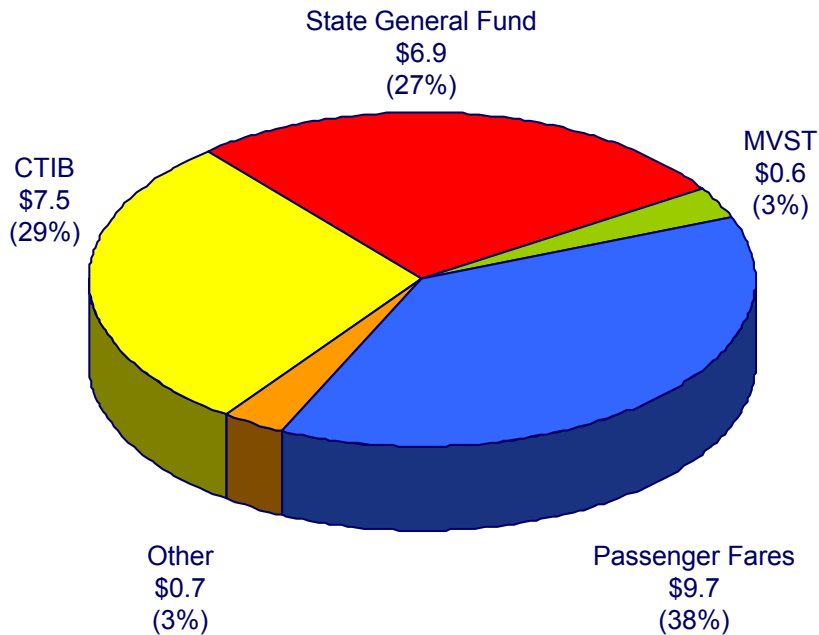
## Expenses \$261.8M



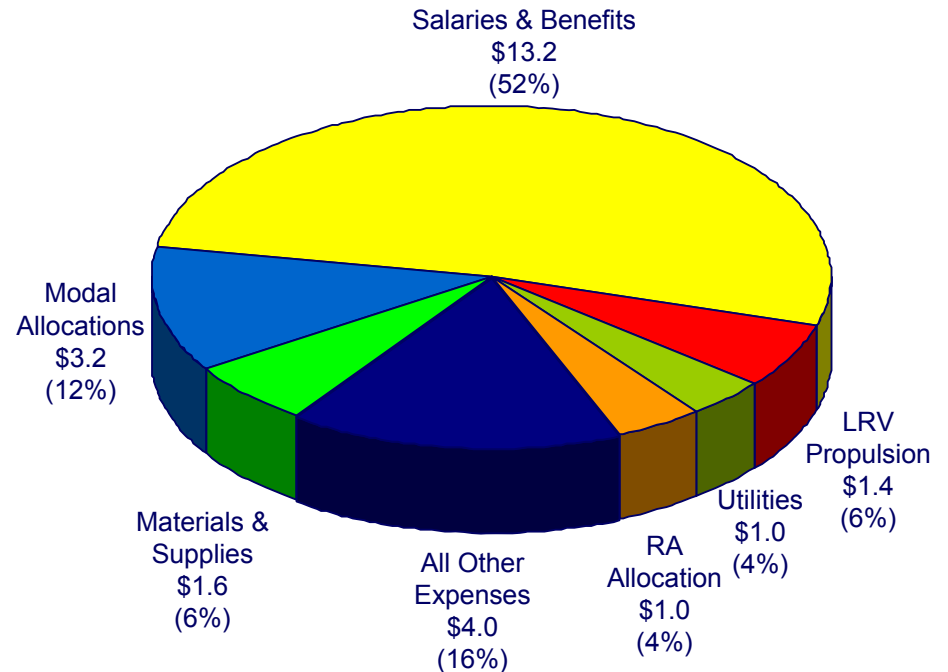


# Metro Transit Rail - 2009 Revenue & Expenses

## Revenue \$25.4M



## Expenses \$25.4M



# Metro Transit – Northstar

(in millions)

|                          | 2009 Proposed<br>Budget <sup>1</sup> |
|--------------------------|--------------------------------------|
| <b>Revenue:</b>          |                                      |
| MVST                     | \$2.1                                |
| State General Fund       | 3.3                                  |
| State Greater MN         | 0.9                                  |
| Passenger Fares          | 0.6                                  |
| CTIB                     | 5.4                                  |
| Sherburne County         | 0.9                                  |
| <b>Total Revenue</b>     | <b>\$13.2</b>                        |
| <b>Expenses:</b>         |                                      |
| Salaries & Benefits      | \$1.2                                |
| Propulsion               | 0.4                                  |
| Materials & Supplies     | 0.3                                  |
| Council Allocations      | 0.1                                  |
| Insurance                | 5.0                                  |
| Subcontract Service      | 5.5                                  |
| Other                    | 0.7                                  |
| <b>Total Expenses</b>    | <b>\$13.2</b>                        |
| <b>Net Income (Loss)</b> | <b>0</b>                             |

<sup>1</sup>Estimated revenue/expenses – contracts are still being negotiated.

# Metro Transit

## FTEs by Budget Year

|              | Bus    | HLRT  | Total  | % Change | Central | Northstar |
|--------------|--------|-------|--------|----------|---------|-----------|
| 2003         | 2727.2 | -     | 2727.2 |          |         |           |
| 2004         | 2526.4 | 149.0 | 2675.4 | (1.9%)   |         |           |
| 2005         | 2496.0 | 149.0 | 2645.0 | (1.1%)   |         |           |
| 2006         | 2423.9 | 153.0 | 2576.9 | (2.6%)   |         |           |
| 2007         | 2404.1 | 158.3 | 2562.4 | (0.6%)   | 0       | 0         |
| 2007 Amended | 2421.3 | 159.4 | 2580.7 | 0.7%     | 27.0    | 3.0       |
| 2008 Budget  | 2430.1 | 168.2 | 2598.3 | 0.7%     | 40.0    | 5.8       |
| 2008 Amended | 2479.1 | 168.2 | 2647.3 | 1.9%     | 40.0    | 5.8       |
| 2009 Budget  | 2457.0 | 180.7 | 2637.7 | (0.4%)   | 44.5    | 56.0      |

# MTS Budget Assumptions

## Shortfall

- Projected deficit of \$2.2 million

## Potential Solutions

- Fare increase
- State budget request
- Use of reserves

## Budget Constraints

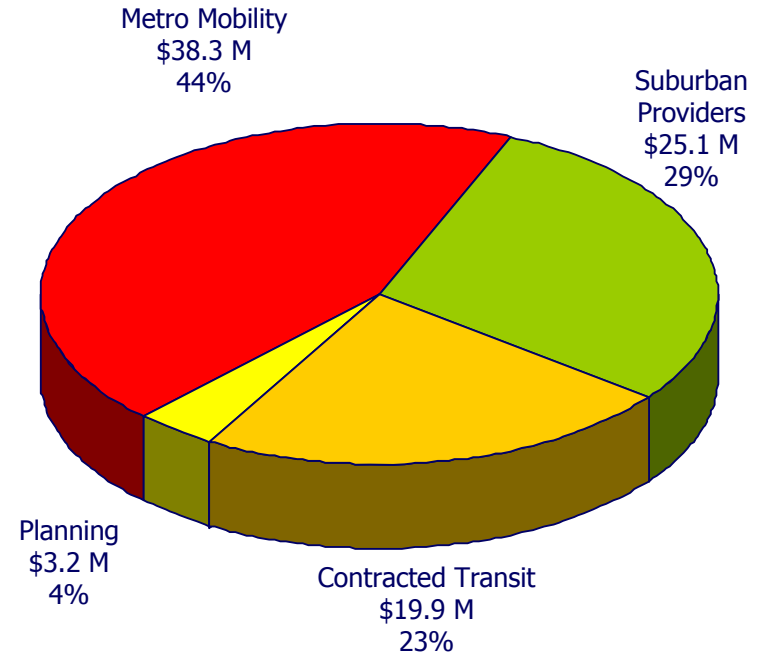
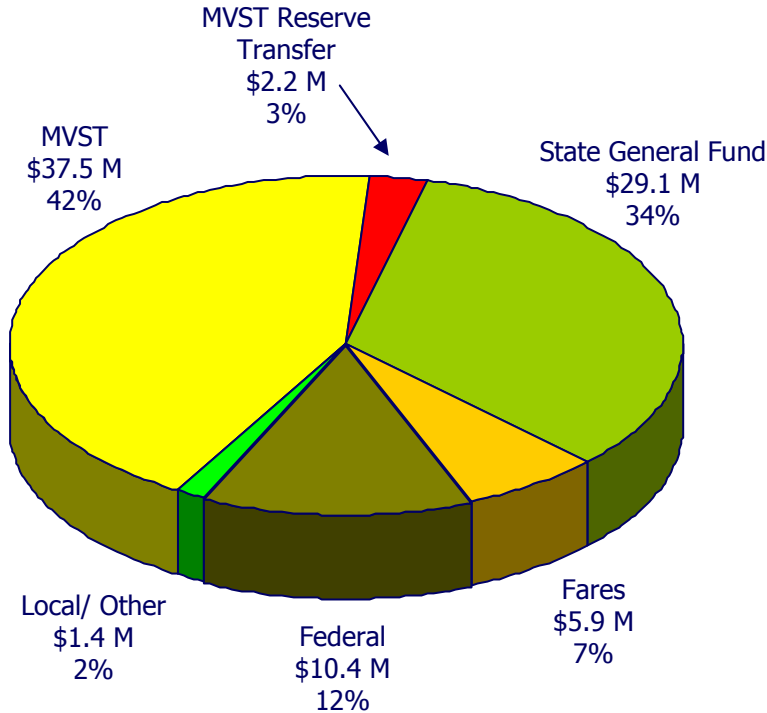
- Metro Mobility increasing demand combined with federally required denial rate leaves little flexibility



# Metropolitan Transportation Services 2009 Revenue & Expenses

## Revenue \$86.5 M

## Expenses \$86.5 M



- 2009 Budget assumes a \$2,200,000 shortfall
- STP figures exclude fares and other revenues

# Metro Mobility

|                          | 2008 Adopted<br>Budget | 2009 Proposed<br>Budget | \$<br>Change | %<br>Change |
|--------------------------|------------------------|-------------------------|--------------|-------------|
| <b>Revenue:</b>          |                        |                         |              |             |
| General Fund             | \$25.8                 | \$23.5                  | (\$2.3)      |             |
| MVST                     | 0.6                    | 3.9                     | 3.3          |             |
| CTIB                     | 0.0                    | 0.0                     | 0.0          |             |
| <b>Subtotal State</b>    | <b>\$26.4</b>          | <b>\$27.4</b>           | <b>\$1.0</b> | <b>3.8%</b> |
| Fares                    | 4.0                    | 4.8                     | 0.8          | 20.0%       |
| Federal                  | 4.3                    | 4.3                     | 0.0          | 0.0%        |
| MVST Reserve Transfer    | 0.0                    | 1.6                     | 1.6          | 100.0%      |
| Other                    | 0.3                    | 0.2                     | (0.1)        | (33.3%)     |
| <b>Total Revenue</b>     | <b>\$35.0</b>          | <b>\$38.3</b>           | <b>\$3.3</b> | <b>9.4%</b> |
| <b>Expenses:</b>         |                        |                         |              |             |
| Salaries & Benefits      | \$1.0                  | \$1.0                   | \$0.0        | 0.0%        |
| Provider Expense         | 30.1                   | 31.8                    | 1.7          | 5.6%        |
| Fuel <sup>1</sup>        | 3.7                    | 4.9                     | 1.2          | 32.4%       |
| Materials & Supplies     | 0.1                    | 0.1                     | 0.0          | 0.0%        |
| Council Allocations      | 0.0                    | 0.0                     | 0.0          | 0.0%        |
| Other                    | 0.5                    | 0.5                     | 0.0          | 0.0%        |
| <b>Total Expenses</b>    | <b>\$35.4</b>          | <b>\$38.3</b>           | <b>\$2.9</b> | <b>8.2%</b> |
| <b>Net Income (Loss)</b> | <b>(\$0.4)</b>         | <b>\$0.0</b>            |              |             |

# MTS Programs

## Metro Mobility

Budget increase of 8.2% includes:

- Fuel (diesel and gasoline) costs increased 32%
- Provider contract costs increased by over 4%

## Suburban Transit Providers (STP)

Funding provided remains level with last year:

- MVST increase of \$2.5M while State GF appropriations decreased \$2.5M from 2008 to 2009
- STP budget includes pass-through base MVST revenues and additional funding above the statutory base to maintain current service levels



# MTS Programs

## Transportation Planning

Budget decrease of 8.6% due to:

- Federal Unified Planning Work Program (UPWP) funds decrease 26% (\$700,000) from 2008 to 2009
- Future UPWP funding uncertain due to federal reauthorization

## Contracted Services

Budget increase of 9.3% includes:

- Fuel (diesel and gasoline) costs increased 82%
- Addition of Job Access Reverse Commute (JARC) routes
- Contingency to address overloads



# Historic FTEs

---

|              | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Adopted FTEs | 43          | 43          | 37          | 40          | 40          | 41          |

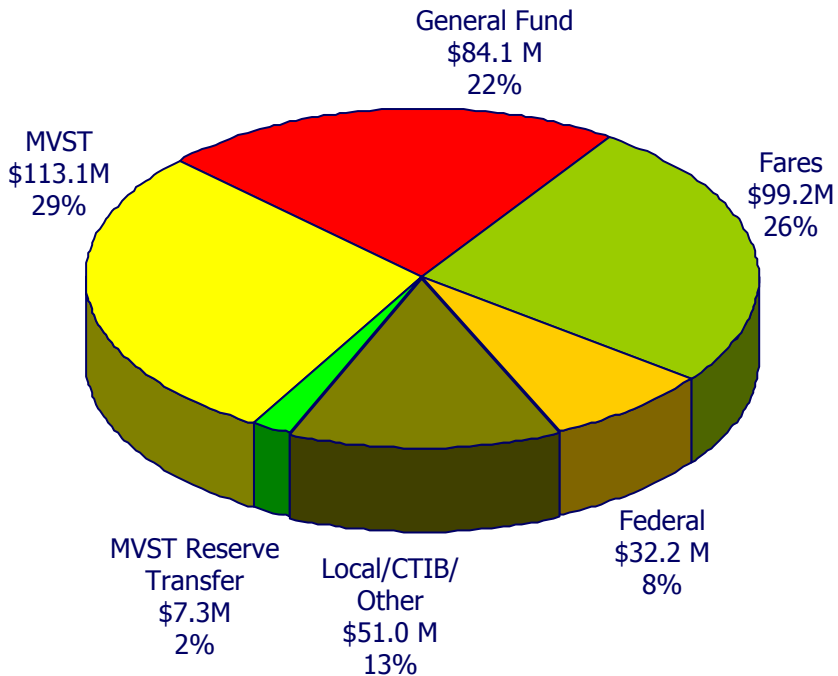
# Transportation Division Budget Summary

---

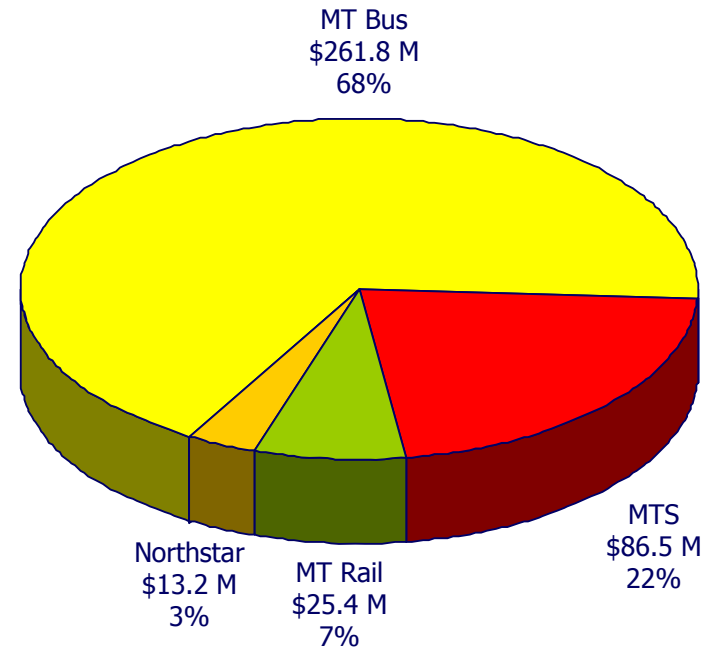
- Metro Transit \$5.1M shortfall for CY09
- MTS \$2.2M shortfall for CY09
- Prepare state budget request in 2009 session for shortfalls and 50% of rail operating subsidy
- Use of reserves and fare increase
- MVST reserve current balance of \$22M

# Transportation Division 2009 Revenue & Expenses

## Revenue \$386.9M



## Expenses \$386.9M



- 2009 Budget assumes a \$7.3M use of MVST Reserves

# MVST Reserve

---

- MVST reserve balance of \$22M as of 12/31/07
- Use of MVST reserves in 2009 Budget is \$7.3M
- Will recommend minimum reserve balance policy with the Management Committee



# Metropolitan Council

---