Presentation Overview

1. Brief History: Pre-CTIB
2. A Shared Regional Vision for Transit
3. Governance and Organizational Structure
4. Roles and Responsibilities
5. Funding Our Regional Vision
6. Current Funding Challenges
BRIEF HISTORY: PRE-CTIB
Brief History: Pre-CTIB

1. County Regional Railroad Authorities
   • leadership role in advancing rail projects since mid-1980’s
   • collaborating since 1992 to advocate for transit funding at state and federal level

2. No dedicated funding source/no local match
3. No plan for system-wide transitway development
4. No clear governance structure
5. Success in securing earmarks, but difficult to compete for full funding
Brief History (cont’d)

- HCRRA started planning process
- Hiawatha LRT advances with initial state funding in 1998, opening in 2004
- MnDOT and Met Council responsible for construction
- Funding cobbled together, long development process
| Authorization of County Tax for Transit Expansion | ¼ of 1% sales tax  
|                                                | $20 motor vehicle excise tax |
| Imposed by 5 of 7 Metro Counties                | Anoka, Dakota, Hennepin, Ramsey, & Washington |
| Leased Motor Vehicle Tax                       | Anoka, Dakota, Ramsey, Washington & Scott      |
CTIB’s Authorizing Legislation (297A.992)

- Authorized metro counties to impose sales tax by resolution
- Required formation of Joint Powers Board
- Required the pooling of sales tax resources
- Required board to use revenue for grants
- Consistent with Met Council’s Transportation Policy Plan
A SHARED REGIONAL VISION FOR TRANSIT
CTIB’s Vision

A network of connected transitways that acts as a catalyst for economic development, increased ridership and further transit expansion

• Move users efficiently & safely
• Mitigate congestion
• Enhance development & competitiveness
• Improve sustainability & livability
CTIB’s Regional Vision for Transitways

- Catalytic economic development
- Increased system-wide ridership
- Further transit expansion
Planned Transitways

Slide source: Presentation to Citizens League Transit Study Committee by Dave Van Hattum, Transit for Livable Communities, 9/29/16
Transitways propelling growth

**Economic Development**
- Blue Line = $366 million
- Green Line = $4.2 billion
- SWLRT = $430 million
- Bottineau = $358 million

**Blue and Green Line Riders**
- 28% of Total 2015 ridership

Source: Metropolitan Council, 2016
Sept. 1, 2016
Metro Transit Record Ridership

370,000 system riders
117,000 light rail riders (32%)

Source: Metropolitan Council, 2016
Transitways Connect Workers to Jobs

Concentrations of Job Vacancies & Unemployment


Legend

Job Vacancies
- 0 - 0.5/acre
- 0.5 - 1/acre
- > 1/acre

Unemployed Workers
- 0 - 0.5/acre
- 0.5 - 1/acre
- > 1/acre
- ACP50's

Metro/Commuter Rail Lines
- Planned Metro Lines
- Planned Rapid Bus Lines
- Minneapolis & St. Paul

Rivers

Source: CTS, Linking the Unemployed to Jobs, Figure 3-4, 2016
Key Destinations

Source: Metropolitan Council, 2016
Higher Education, Public and Private

- Hennepin County Technical College
- Maranatha Christian Academy
- University of Minnesota
- Minneapolis College of Art & Design
- Dunwoody Institute
- North Central Bible College
- Minneapolis CC/TC
- St. Mary's University
- American Indian OIC
- Augsburg College
- St. Catherine/St. Mary's
- Summit Academy OIC
- Walden University
- Capella University
- U of M St. Paul
- McNally Smith College of Music
- St. Paul CC/TC
- College of Visual Arts
- School of Associated Arts
- Metropolitan State University
- Concordia College
- National College
- East Metro OIC
- St. Paul Seminary
- University of St. Thomas
- Macalester College
- St. Catherine University
- Hamline University

Source: Metropolitan Council, 2016
Governance and Organizational Structure

HOW CTIB MAKES DECISIONS
Governance Structure

• **Joint Powers Board** of 5 Member Counties
  – 2 commissioners from each county
  – Chair of Metropolitan Council
  – Commissioners from 2 ex officio counties

• **GEARS Committee** of Cities and Counties
  – Elected officials (8 city, 6 county)
  – Develops recommendations on grant applications
13 Colonies Population (1780)
Regional Differences

Sales Tax

Sales Tax Share
- Anoka: 17%
- Hennepin: 55%
- Ramsey: 13%
- Dakota: 6%

Population

Population Share
- Anoka: 19%
- Hennepin: 44%
- Ramsey: 15%
- Dakota: 9%
Weighted Voting Structure

- 100 total votes
- **Super Majority** – 63 votes, from at least 3 counties, required to pass anything
- **Super Super Majority** - 75 votes, from at least 3 counties, required to approve issuance of debt

Votes

- Anoka
- Dakota
- Hennepin
- Ramsey
- Washington
- Metropolitan Council

Number of Votes:

- Anoka: 10
- Dakota: 7
- Hennepin: 13
- Ramsey: 18
- Washington: 5
- Metropolitan Council: 10
A Lean Organization

¾ of 1% for administrative expenses (MN Statute Section 297A.992 subd. 4)

- No buildings, property or land
- No employees
- Use county legal, financial and communications staff
- Contract for services as needed
- Hennepin County acts as financial manager

Pie chart:
- Grants 99.25%
- Admin 0.75%
CTIB’S ROLES AND RESPONSIBILITIES
Focus: Transitway Expansion

**Invest in:**
- Engineering, construction and operations
- BRT, commuter rail and LRT
- “Supplement, not supplant”

**Do not invest in:**
- Studies*
- Passenger rail, regular route buses, or arterial BRT

*Exception: Washington County Guaranteed Grants
CTIB’s Role: Largest Non-Federal Funding Source

**Capital**
- 50% Federal
- 30% CTIB
- 10% County / County RRA
- 10% State / Met Council

**Net Operating**
- 50% CTIB
- 50% State

County organization provides 80% of non-federal funding
Capital Funding Overview

**Before CTIB**
- Federal: 50%
- State: 33%
- Counties/RR: 17%

**After CTIB**
- Federal: 50%
- State: 30%
- Counties/RRAs: 10%
- Counties/Sales Tax: 10%
CTIB’s Role as a Funding Partner

- **30%** or more of total transitway capital cost
- **60%** of funding for Project Development and Engineering
  - i.e., Significant upfront risk, cash flow needs
- **50%** of the net operating subsidy
- Provide funding commitments to maximize federal funding
- Do not own, operate or construct transitways
CTIB’s 2-Armed Approach

Funding for transitways

Grants
Advocacy

Leadership on transit policy & investment
$769.8M: CTIB Investments to Date
**Federal Funding Secured**

($1.5 B)

<table>
<thead>
<tr>
<th>Project</th>
<th>Federal Funding Through September 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottineau Corridor</td>
<td>$9,520,830</td>
</tr>
<tr>
<td>Cedar Avenue BRT</td>
<td>$45,004,899</td>
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<tr>
<td>Central Corridor LRT</td>
<td>$544,300,450</td>
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<tr>
<td>Hiawatha LRT</td>
<td>$412,500,000</td>
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<tr>
<td>Gateway Corridor</td>
<td>$250,000</td>
</tr>
<tr>
<td>The Interchange</td>
<td>$17,441,500</td>
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<tr>
<td>Northstar Corridor</td>
<td>$178,701,661</td>
</tr>
<tr>
<td>Northstar Corridor Phase 2</td>
<td>$3,000,000</td>
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<tr>
<td>Northstar Corridor Phase 2 Bus Demonstration</td>
<td>$97,400</td>
</tr>
<tr>
<td>Red Rock Corridor</td>
<td>$6,135,000</td>
</tr>
<tr>
<td>Robert Street Corridor</td>
<td>$1,180,000</td>
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<tr>
<td>Rush Line Corridor</td>
<td>$2,654,000</td>
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<tr>
<td>Southwest LRT</td>
<td>$534,275</td>
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<tr>
<td>Union Depot</td>
<td>$124,000,000</td>
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<tr>
<td>I-35W South BRT</td>
<td>$133,500,000</td>
</tr>
<tr>
<td>TIGER for Anoka County</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Gateway Corridor</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,489,820,015</strong></td>
</tr>
</tbody>
</table>
CTIB’s Policy Framework

- Authorizing legislation (*Minn. Stat. 297A.992*)
- Joint Powers Agreement
- Transit Investment Framework
- Program of Projects Investment Strategy
- Resolution Authorizing Annual Grant Solicitation
- Grant Agreements
CTIB Key Fiscal Policies

1. Achieve regional balance & connectivity
2. Maximize availability & use of federal funding
3. Fiscal discipline & stewardship of tax dollars
4. Responsible planning & execution of financial commitments
5. Reliable funding partner
Program of Projects Investment Strategy

- Financial planning tool to inform Board decisions
- Monitor sales tax resources, need for bonding, what the Board can afford
- When and how to meet funding commitments
- Specific projects eligible for funding and amount available for grants
Program of Projects: Phase 1

CTIB’s Program of Projects Phase 1

EXISTING TRANSITWAY

BLUE LINE LRT
GREEN LINE LRT
RED LINE LRT
NORTHSTAR COMMUTER RAIL

PHASE ONE PROJECTS

TRANSITWAY EXPANSION
IMPROVEMENT

FUTURE PHASES

FUTURE PROJECTS
Adopted 2016 PoP Phase 1

<table>
<thead>
<tr>
<th>CTIB Transitways</th>
<th>Transitway Improvements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Southwest LRT</td>
<td>• Blue Line vehicles</td>
</tr>
<tr>
<td>• Bottineau LRT</td>
<td>• Mall of America Station</td>
</tr>
<tr>
<td>• Orange Line BRT</td>
<td>• Northstar safety – Armstrong &amp; Hanson</td>
</tr>
<tr>
<td>• Gateway BRT</td>
<td>• Red Rock BRT</td>
</tr>
<tr>
<td>• Riverview as LRT</td>
<td></td>
</tr>
</tbody>
</table>

50% Net operating subsidy grants for designated transitways and transitway improvements
## Sales Tax Receipts

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>$ 7,432</td>
<td>$ 8,514</td>
<td>$ 9,377</td>
<td>$ 9,885</td>
<td>$ 9,866</td>
<td>$ (19) -0.2%</td>
</tr>
<tr>
<td>Feb</td>
<td>15,899</td>
<td>16,841</td>
<td>18,501</td>
<td>18,345</td>
<td>19,230</td>
<td>885 4.8%</td>
</tr>
<tr>
<td>Mar</td>
<td>26,099</td>
<td>25,583</td>
<td>28,019</td>
<td>29,600</td>
<td>31,138</td>
<td>1,538 5.2%</td>
</tr>
<tr>
<td>Apr</td>
<td>33,167</td>
<td>35,092</td>
<td>36,224</td>
<td>38,013</td>
<td>39,511</td>
<td>1,498 3.9%</td>
</tr>
<tr>
<td>May</td>
<td>40,225</td>
<td>42,443</td>
<td>45,711</td>
<td>45,603</td>
<td>47,760</td>
<td>2,156 4.7%</td>
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<tr>
<td>Jun</td>
<td>48,797</td>
<td>51,221</td>
<td>55,058</td>
<td>55,486</td>
<td>57,535</td>
<td>2,048 3.7%</td>
</tr>
<tr>
<td>Jul</td>
<td>56,982</td>
<td>59,439</td>
<td>64,072</td>
<td>65,034</td>
<td>67,344</td>
<td>2,310 3.6%</td>
</tr>
<tr>
<td>Aug</td>
<td>65,569</td>
<td>68,908</td>
<td>73,814</td>
<td>74,603</td>
<td>77,148</td>
<td>2,545 3.4%</td>
</tr>
<tr>
<td>Sep</td>
<td>73,908</td>
<td>77,686</td>
<td>83,177</td>
<td>84,820</td>
<td>86,813</td>
<td>1,993 2.3%</td>
</tr>
<tr>
<td>Oct</td>
<td>83,939</td>
<td>88,533</td>
<td>94,240</td>
<td>96,773</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Nov</td>
<td>92,670</td>
<td>98,174</td>
<td>104,096</td>
<td>106,132</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Dec</td>
<td>101,926</td>
<td>108,336</td>
<td>113,629</td>
<td>116,682</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

$ increase  $4,679  $6,410  $5,293  $3,053  $2,545 Annual
% increase  4.8%  6.3%  4.9%  2.7%  2.3% YTD
5-year avg. annual  5.6%  5.55%
## Sales Tax Assumptions

### 2016 PoP IS
- 2016 (2015 actual + 2%)  
  - \$119,000,000
- 2017 +2%  
  - \$121,380,000
- 2018 and beyond  
  - +3.50%
FUNDING PRIORITIES AND COMMITMENTS
Funding Priorities

1. Debt Service

2. Funding commitments: capital & operating

3. Completion of PoP Phase 1
   - CTIB Transitways
   - Transitway Improvement Projects
   - Operating Subsidies
Debt Service

- Senior Sales Tax Revenue Note, Series 2010A
- Original amount: $102,810,000
- Currently outstanding: $87,755,000
- Annual debt service: ~$8,300,000
- Final maturity: December 2030
## Capital Commitments
(in $millions)

<table>
<thead>
<tr>
<th>Corridor</th>
<th>PD</th>
<th>Eng.</th>
<th>Full</th>
<th>CTIB Funding Committed</th>
<th>Grants Awarded or Paid to Date</th>
<th>Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>METRO Green Line LRT</td>
<td>-</td>
<td>-</td>
<td>$300,000</td>
<td>$283,950</td>
<td>$283,950</td>
<td>-</td>
</tr>
<tr>
<td>METRO Red Line BRT</td>
<td>-</td>
<td>-</td>
<td>17,700</td>
<td>17,700</td>
<td>17,700</td>
<td>-</td>
</tr>
<tr>
<td>Southwest LRT</td>
<td>$88,600</td>
<td>TBD</td>
<td>516,500</td>
<td>516,500</td>
<td>97,700</td>
<td>$418,800</td>
</tr>
<tr>
<td>Bottineau LRT</td>
<td>27,500</td>
<td>TBD</td>
<td>463,760</td>
<td>463,760</td>
<td>18,300</td>
<td>445,460</td>
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<tr>
<td>METRO Orange Line BRT</td>
<td>6,000</td>
<td>n/a</td>
<td>30,000</td>
<td>30,000</td>
<td>3,000</td>
<td>27,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>$1,281,910</td>
<td>$420,650</td>
<td>$891,260</td>
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## Planned Funding Shares

<table>
<thead>
<tr>
<th>Transitway</th>
<th>2015 %</th>
<th>2015 $</th>
<th>2016 %</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southwest LRT</td>
<td>30%</td>
<td>$496 M</td>
<td>27.8%</td>
<td>$517 M</td>
</tr>
<tr>
<td>Bottineau LRT</td>
<td>31%</td>
<td>311 M</td>
<td>31.0%</td>
<td>464 M</td>
</tr>
<tr>
<td>Orange Line BRT</td>
<td>30%</td>
<td>45 M</td>
<td>19.9%</td>
<td>30 M</td>
</tr>
<tr>
<td>Gateway BRT</td>
<td>35%</td>
<td>170 M</td>
<td>35.0%</td>
<td>170 M</td>
</tr>
<tr>
<td>Riverview LRT</td>
<td>80%</td>
<td>836 M</td>
<td>31.0%</td>
<td>420 M</td>
</tr>
</tbody>
</table>
50% Net Operating Costs

- Hiawatha LRT (Blue Line)
- Northstar Commuter Rail
- Cedar Avenue BRT (Red Line)
- I-35W South BRT (Express Bus)
- Central Corridor LRT (Green Line)
- Southwest LRT (funding commitment)
- Bottineau LRT (funding commitment)
CURRENT FUNDING CHALLENGES
## Growth Rate of Sales Tax Slows

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>2010</td>
<td>2.9%</td>
</tr>
<tr>
<td>2011</td>
<td>6.4%</td>
</tr>
<tr>
<td>2012</td>
<td>4.8%</td>
</tr>
<tr>
<td>2013</td>
<td>6.3%</td>
</tr>
<tr>
<td>2014</td>
<td>4.9%</td>
</tr>
<tr>
<td>2015</td>
<td>2.7%</td>
</tr>
<tr>
<td>2016 YTD</td>
<td>2.3%</td>
</tr>
</tbody>
</table>
Dakota County Withdrawal

- Withdrawal notice provided June 2016
- CTIB receipt of Dakota County portion of sales tax stops March 2019
- Loss is ~13.21% or ~ $18M in 2020
Lack of State Share for Southwest

• Resulting delay increased project costs ($19M)
• Necessitated bridge financing for Southwest
  – $20.5M increase in HCRRA share
  – $20.5M increase in CTIB share
  – Met Council to issue $103.5M in COP’s
  – $11.75M CTIB annual appropriation for MC COP
2016 Cash Flow
Contributors to Structural Balance

- Reliable State share
- Increased revenue
- Cost containment
- Debt assumptions
- Metering grant payments

External factors

Internal factors
Questions?

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CTIB Administrator
mrichardson@rranow.com
651-222-7227