



COUNTIES *Transit*
Improvement
BOARD

2016 POP Investment Strategy: Funding Options
Citizen's League Transit Study Committee
December 8, 2016

Presentation Overview

1. Regional Vision for Transitways
2. Funding Options
3. Potential Implementation Scenarios
4. Financial Information
5. Discussion

CTIB's Regional Vision for Transitways

Network of connected transitways

Catalyst for economic development





Increased system-wide ridership

Further transit expansion







COUNTIES *Transit Improvement* BOARD
Vision Map

OPERATIONAL TRANSITWAY

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

TRANSITWAYS WITH ADOPTED LPA's

- BOTTINEAU LRT 
- Blue Line Extension
- GATEWAY BRT 
- Gold Line
- SOUTHWEST LRT 
- Green Line Extension
- ORANGE LINE BRT 

ENVISIONED TRANSITWAYS

- ENVISIONED TRANSITWAY 

Program of Projects Goals

- Accelerate build-out of vision
- Develop multiple transitways at once
 - Minimize delays
 - Minimize cost increases
- Maximize federal funding through strategic use of sales tax revenues

CTIB Achievements to Date

\$769 Million Invested

\$570 million Capital

\$188 million Operating

\$11.77 million Washington County Guarantee



Green Line & Red Line Opened

Property tax relief \$142 million

Investment in all 5 Counties

Accelerated Development

**Southwest – PD
Bottineau – PD
Orange Line – PD
Gold Line – ready for PD**

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



Transitway Project Readiness & 2017 Funding Needs

| Project | Current Status | Next Steps | 2017 Needs |
|----------------------------------|----------------|-------------------------------|--|
| SWLRT | PD | Eng., FFGA app., Construction | FFGA |
| Bottineau | PD | Eng., FFGA app | Full state share* |
| Orange Line | PD | Construction, SSGA app | Full state share, other local funding* |
| Gold Line | Pre-PD | PD | State share for PD |
| Riverview | Pre-PD | Environ. review | State funding for environmental review |
| Rush Line (Phase 2, unfunded) | Pre-PD | Environ. review | State funding for environmental review |

*Full funding required to secure FFGA or SSGA

2017 Project Funding Obstacles

- Federal process requires identification of full non-federal share at key points in process
- State funding has either been missing or unreliable

Looking Ahead

How do we move forward
to meet counties'
evolving needs?

DISCUSSION OF FUNDING OPTIONS

Funding Option #1: Continue Existing Strategy

Support passage of comprehensive transportation and transit funding legislation, including funding for transitways, bus system expansion, and bonding for specific projects

Funding Option #2: New Specific Legislative Authority

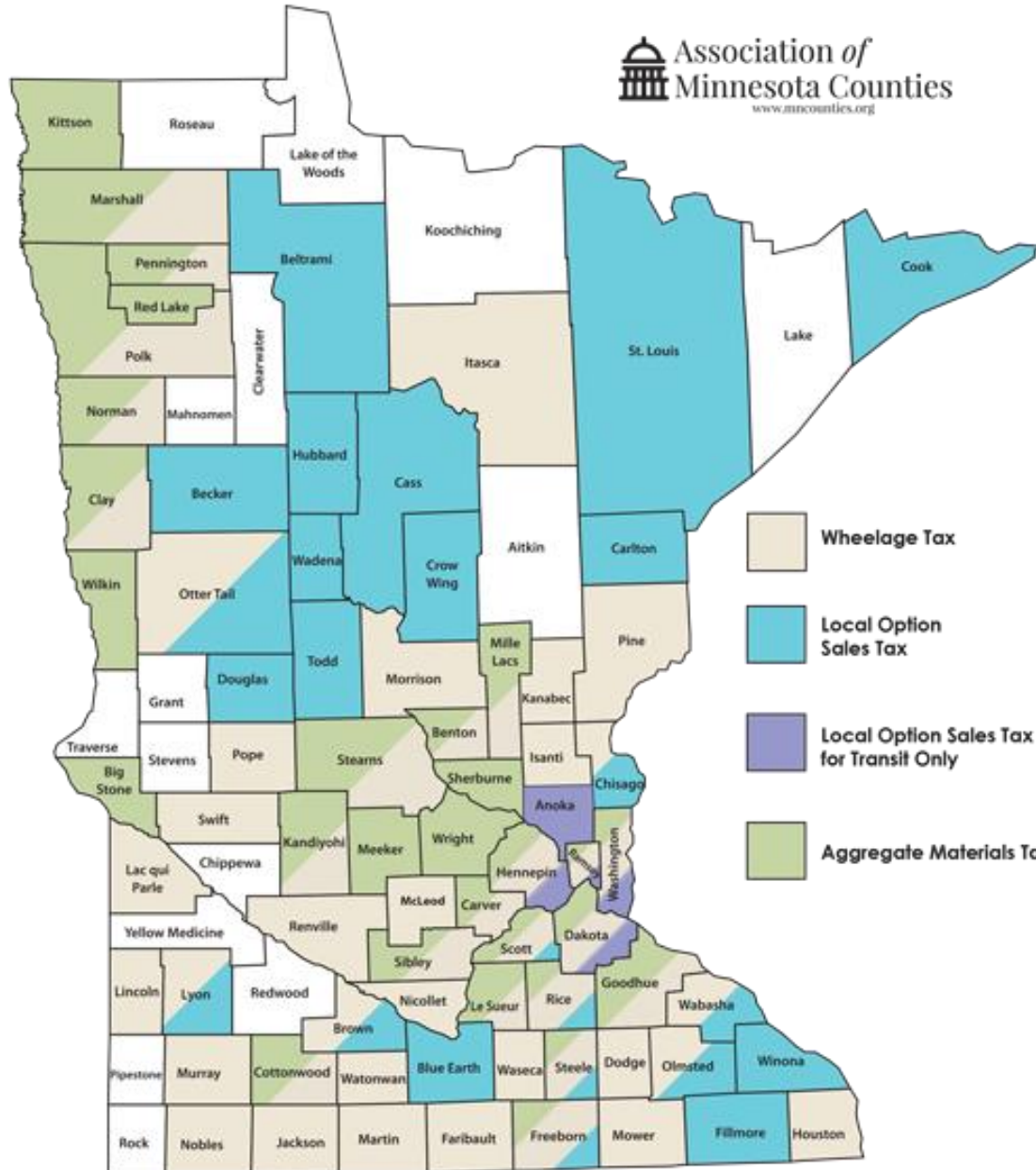
- Seek passage of legislation authorizing CTIB counties to impose up to additional ¼ cent for the build-out & operations of POP
- Support general legislative efforts for increased transit and transportation funding

Funding Option #3: Existing Local Option Authority

- Use existing statutory authority available to all counties not in CTIB to impose up to ½ cent for transit and transportation purposes; and
- Support general legislative efforts for increased transit and transportation funding

Local Option Taxes for Transportation

September 2016



Comparison of CTIB Transit Tax and General Transportation Tax

- CTIB Transit Tax (297A.992)
 - ¼ cent
 - Transit purposes only
 - Requires a joint powers board
- General Transportation Tax (297A.993)
 - Up to ½ cent
 - Transit & transportation purposes
 - Permits a joint powers board

Criteria for Evaluating Funding Options

1. Meets project funding needs
2. Avoid project delays caused by timing of funding
3. Opportunities for acceleration
4. Flexibility to meet counties' needs
5. Statutory authority exists
6. Likelihood of success
7. Other?

Comparison of Funding Options

| Goals | Option #1 Continue strategy | Option #2 New specific authority | Option #3 Use existing authority |
|------------------------------|---------------------------------------|--|--|
| Sufficient funding | ? | Y | Y |
| Avoid project delays | ? | Y | Y |
| Acceleration | ? | Y | Y |
| Flexibility | ? | ? | Y |
| Existing statutory authority | N | N | Y |
| Likelihood of success | N | N | Y |

POTENTIAL IMPLEMENTATION SCENARIOS FOR OPTION #3

Starting Point

To access up to ½ cent general transportation sales tax funding under 297A.993, a county may not be a member of CTIB

Key Assumptions

1. The purpose of reorganizing is to utilize available revenue sources
2. Implementation is consistent with existing statutory authority
3. Reorganization must work for all member Counties

Key Assumptions

4. Lack of state funding will cause costly project delays
5. Use current CTIB sales tax resources to pay debt and grants prior to reorganization

Key Assumptions

6. CTIB's remaining funding commitments and obligations need to be assumed by one or more counties and/or new joint powers board(s)
7. The shift in organizational structures needs to be seamless

Key Implementation Steps

1. All 5 counties must agree on path forward
2. Counties agree to a clear allocation of CTIB responsibilities to counties
3. CTIB assigns, and one or more counties assume, remaining funding commitments

Key Implementation Steps

4. Necessary agreements among affected counties are approved
5. CTIB uses current resources to pay off bonds, outstanding 2016 grants and a portion of 2017 grants

Implementation Scenario #3A

Terminate CTIB Joint Powers Agreement & Dissolve CTIB

1. Each County Board must vote to terminate the JPA
2. Each County Board could impose up to ½ cent sales tax for transit and transportation (under 297A.993)
3. Willing Counties could form a new joint powers board -- or pursue other options -- to fund transitway capital (state and CTIB share) and some share of the operating costs

Implementation Scenario #3B

Some Counties Withdraw from CTIB & Some Counties Remain

1. Each County Board must vote to waive 3 year notice requirement
2. Withdrawing Counties could impose up to ½ cent sales tax for transit and transportation
3. Withdrawing Counties could form a new JPB, or pursue other options, to fund transitway capital (state and CTIB share) and some share of operating costs
4. Remaining Counties amend CTIB JPA to reorganize Board and funding decision-making
5. Reorganized CTIB will continue to collect original ¼ cent for transit purposes

FINANCIAL INFORMATION

Basic Financial Information

Est. Share of Sales Tax

Share of Debt Service*

| | | | |
|-------------------|--------|-------------------|-------|
| Anoka County | 8.53% | Anoka County | 8.4% |
| Dakota County | 13.21% | Dakota County | 12.8% |
| Hennepin County | 55.46% | Hennepin County | 55.1% |
| Ramsey County | 16.84% | Ramsey County | 18.2% |
| Washington County | 5.94% | Washington County | 5.5% |

*Established by resolution in 2010

Estimated Sales Tax by County

(Based on CTIB estimated 2018 tax receipts*)

| | <u>Est. Share</u> | <u>CTIB</u> <u>0.25%</u> | <u>Addn'l</u> <u>0.25%</u> | <u>Est.</u> <u>0.50%</u> |
|-------------------|-------------------|-----------------------------|-------------------------------|-----------------------------|
| Anoka County | 8.53% | \$10.7M | \$10.1M | \$20.8M |
| Dakota County | 13.21% | 16.6M | 15.7M | 32.3M |
| Hennepin County | 55.46% | 69.7M | 65.8M | 135.5M |
| Ramsey County | 16.84% | 21.2M | 20.0M | 41.2M |
| Washington County | 5.94% | <u>7.5M</u> | <u>7.0M</u> | <u>14.5M</u> |
| | | \$125.7M | \$118.6M | \$244.3M |

* Estimates only

Shares of Bond Principal and Interest

(as of July 1, 2017)

| | <u>Share*</u> | <u>P & I</u> |
|-------------------|---------------|------------------|
| Anoka County | 8.4% | \$ 9.4M |
| Dakota County | 12.8% | 14.3M |
| Hennepin County | 55.1% | 61.7M |
| Ramsey County | 18.2% | 20.4M |
| Washington County | 5.5% | <u>6.1M</u> |
| | | \$111.9M |

*Established by resolution in 2010.

2017 Project Cost Indications

Remaining Costs from 2016 Grant Submittals or PoP IS submittals (dollars in millions)

| | | Federal | CTIB | State | Local/ Other | Met Council | Other Local/ Private | Total | Pre- 2017- CTIB | Pre- 2017- Others | Project Total |
|---------------------------------|--|----------------|----------------|--------------|-----------------|----------------|----------------------------|----------------|-----------------------|-------------------------|------------------|
| Transitways | Bottineau LRT | 752.7 | 427.7 | 148.6 | 126.6 | 0.0 | 20.5 | 1,476.1 | 36.1 | 24.0 | 1,536.2 |
| | Gateway - EBRT | 218.3 | 169.8 | 48.5 | 48.5 | | | 485.0 | 0.0 | 0.0 | 485.0 |
| | Orange Line (I35W S) | 82.0 | 27.1 | 14.3 | 14.9 | 7.5 | | 145.7 | 2.9 | 2.0 | 150.7 |
| | Riverview LRT (Standard cost est.) | 700.0 | 420.0 | 140.0 | 140.0 | | | 1,400.0 | | 0.0 | 1,400.0 |
| | Southwest LRT | 928.8 | 425.6 | 0.0 | 139.3 | 103.6 | 0.9 | 1,598.2 | 90.9 | 168.6 | 1,857.7 |
| | Southwest LRT Annual Contribution | | 18.9 | | | | | 18.9 | | | 18.9 |
| | Phase 1 Transitways | 2,681.8 | 1,489.0 | 351.4 | 469.2 | 111.1 | 21.4 | 5,123.9 | 129.9 | 194.7 | 5,448.4 |
| Transitway Improvement | Blue Line - 5 vehicles | | 2.5 | | | 11.2 | | 13.7 | 3.5 | 2.8 | 20.0 |
| | Northstar - Safety Imp. Hanson | | 7.6 | 12.6 | 2.5 | | | 22.7 | | | 22.7 |
| | Red Line BRT - Cedar Grove | | 0.0 | 0.0 | 0.0 | | | 0.0 | 10.4 | 2.6 | 13.0 |
| | MOA Station | 7.0 | 2.3 | 8.8 | | 1.4 | 5.0 | 24.4 | 0.0 | 0.6 | 25.0 |
| | Red Rock HBRT | | 13.4 | 4.4 | 4.4 | | 22.1 | 44.4 | | | 44.4 |
| | Transitway Improvement Projects | 7.0 | 25.7 | 25.8 | 7.0 | 12.6 | 27.1 | 105.2 | 13.9 | 6.0 | 125.1 |
| Total Capital Indication | | 2,688.8 | 1,514.7 | 377.2 | 476.2 | 123.7 | 48.5 | 5,229.1 | 143.8 | 200.6 | 5,573.5 |

See Handout #3 for details

2017 Operating Cost Indications

Operating Costs from 2016 Grant Submittals (dollars in thousands)

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Blue/Green LRT | \$23,194 | \$24,536 | \$25,175 | \$26,251 | \$27,363 | \$27,379 | \$28,556 |
| Bottineau LRT | 0 | 0 | 0 | 0 | 0 | 1,961 | 8,465 |
| Cedar Ave BRT | 1,570 | 1,553 | 1,427 | 0 | 0 | 0 | 0 |
| Cedar Ave Express Bus | 171 | 170 | 173 | 0 | 0 | 0 | 0 |
| Gateway EBRT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| I35 W S Express Bus | 286 | 353 | 364 | 0 | 0 | 0 | 0 |
| Northstar Commuter | 6,755 | 6,972 | 7,123 | 7,371 | 7,627 | 7,790 | 8,062 |
| Orange Line (I35W S) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Red Rock BRT | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Riverview LRT (Standard cost est.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Southwest LRT | 0 | 0 | 0 | 0 | 0 | 9,394 | 9,688 |
| Total | \$31,977 | \$33,585 | \$34,263 | \$33,622 | \$34,990 | \$46,524 | \$54,772 |

See Handout #3 for details

Key Issues

1. Debt repayment
2. Existing and new operating costs
3. No disruptions to federal grant processes
4. Fulfilling funding commitments / county shares
5. SW COP financing

SUMMARY COMMENTS & DISCUSSION

Next Steps

| Date | Action |
|-----------------------|--|
| Dec. 21 | Continued discussion of options Development of consensus |
| Jan. 15 | CTIB approval of proposed approach |
| Jan. - March | Agreements & assignments for CTIB funding commitments and other financial responsibilities |
| April | DOR notice of intent to impose new tax |
| August / September | Last receipts/ First receipts |

See Handout #4