



Minnesota Regional Transit  
Board: Records.

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REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
612/229-2700

Meeting of The  
**COMMITTEE OF THE WHOLE**  
Monday, July 9, 1990  
Mears Park Centre Chambers  
3:00 p.m.

### Agenda

1. Call to Order and Roll Call
2. Approval of Agenda
3. Five-Year Transit Plan:
  - Capital Needs Blin
  - Financial Assumptions Blin/Ulrich
  - Funding Issues Blin

Jeff Spartz  
Chair

REGIONAL TRANSIT BOARD  
ROLL CALL AND ATTENDANCE SHEET

DATE: 7/9

BOARD OR COMMITTEE: C.W.

Member Name	Present	Vote							
Mike Ehrlichmann	✓								
Doris Caranicas (P)	✓								
John Finley (A&F)									
Ruth Franklin (A&F)	✓								
Ed Kranz (A&F)									
Sandra Hilary (P)	✓								
Terry O'Toole (P)	✓								
Jeff Spartz (Chair-P)	✓								
Norbert Theis (P)	✓								
El Tinklenberg (Chair-A)									
Richard Wedell (A&F)	✓								

Visitors

Enghel  
Navrochi  
Jails  
Tjorn  
A B Davidson, TSB

Staff

Blin, JH, CA, DU, GP

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

DATE: June 12, 1990  
TO: Committee of the Whole  
FROM: Howard Blin, Planning Manager *HB* *OH*  
SUBJECT: Five-Year Transit Plan -- Funding Issues

### SUMMARY

This memorandum presents issues relating to funding transit services.

### BACKGROUND

The RTB provides varying levels of operational funding for different transit services. These include:

- Regular Route. RTB funds 100 percent of the cost of regular route service not covered by fare revenue. Sources for this funding are the RTB property tax and state appropriations. In most cases, such as MTC service, the operating deficit is funded. Some private operators are funded through an hourly rate contract.
- New Service Demonstrations. The RTB's New Service program funds 100 percent of the cost of service demonstration projects through the first 18 months of operation. This program is funded through state appropriations.
- Community-Based Services. Demand-responsive programs operated by cities and counties are funded through a cost-sharing arrangement between the RTB and providers. The RTB funds 65 percent of the cost of rural programs and 60 percent of small urban program costs. The source of these funds is the state appropriation. Providers must fund the remaining costs and may apply fare revenue toward the local match.
- Metro Mobility. The RTB funds 100 percent of the cost of Metro Mobility service that is not covered by fares. Metro Mobility providers are funded on a cost-per-trip basis. The source of this funding is the state appropriation.
- Rideshare. RTB funds 100 percent of the Minnesota Rideshare budget. This program is currently funded through a combination of federal aid urban (FAU) and state funds. Beginning in 1991, FAU funding will no longer be available.

#### DISCUSSION

A key issue to be addressed is the appropriate level of RTB funding for different services. An example is suburban circulator services. These services operate on fixed routes and schedules and this could be considered regular route service. They do, however, serve many of the same types of trips as community dial-a-ride programs. Should the RTB fund the entire cost of these services, as with regular route, or should the communities served be required to share in the costs as with rural and small urban programs?

#### RECOMMENDATION

This item is for informational purposes only, leading to future policy decisions. No action is requested at this time.

## REGIONAL TRANSIT BOARD

Mears Park Centre  
230 East Fifth Street, St. Paul, Minnesota 55101  
292-8789

DATE: July 3, 1990  
TO: Committee of the Whole  
FROM: Howard Blin, Planning Manager *HB*  
SUBJECT: Five-Year Transit Plan - **Capital Needs**

### SUMMARY

This memorandum presents projections of transit capital needs and required funding for the period 1991-1995. Light rail transit capital costs are not included and will be presented separately. This item is for informational purposes only; no action is requested.

Estimated capital costs are shown in Table 1.

### MTC Capital Needs

MTC equipment and facility needs are based on previous MTC and RTB capital plans.

### Fleet

During the period 1986 to 1991 the MTC will have replaced more than one-half of its total bus fleet, representing an investment of over \$100 million. MTC bus replacement will continue to require the largest share of capital funding, an estimated \$81.3 million for the five years ending in 1995.

Estimates of MTC fleet needs are based on the following assumptions:

- Minimal growth of one percent annually, about 8 vehicles, in the number of buses necessary to operate service in the peak period. During the period 1991 to 1995, the peak bus requirement is expected to grow from 867 to 898 buses.
- Maintaining a spare bus ratio of less than 15 percent of the peak period bus requirement.

One area of uncertainty with bus purchase costs involves new emission standards for bus engines. Beginning in 1991, all new buses must meet more stringent emission standards. This could require use of particulate trap technology for diesel engines or alternative fuels. Depending upon the technology used, meeting the standards could add approximately \$15,000 to the cost of each bus, or \$5 to \$6 million over the five-year period. If alternative fuels are used, an additional \$3 to \$5 million may be necessary for fuel storage and dispensing facilities at MTC garages.

Another potential capital cost involves purchasing new fareboxes. Should a decision be made to retrofit the MTC fleet with electronic fareboxes, an additional \$4 million would be necessary.

#### Facilities

During the 1980's, \$56 million was invested in upgrading MTC operating facilities. With the opening of the new Nicollet Garage this year, all major MTC facilities will have been constructed or substantially renovated since 1980.

Through 1995, an average of approximately \$1.7 million annually will be required to maintain facilities and construct bus turnarounds, park-and-ride lots, and passenger shelters.

#### Other MTC Capital Needs

Included in this category are computer system upgrades, service vehicles and capital equipment needed for MTC operations. An average of approximately \$1.9 million annually will be required over the next five years for these items.

#### Transit Hub Facilities

The RTB's Transit Service Needs Assessment identified 16 sites throughout the region for development of transit hubs. These facilities are typically located at regional shopping centers and are to serve as the focus for transit service in suburban areas. Transit hub facilities have been constructed at Northtown Shopping Center and at Southdale. More extensive facilities are currently being planned for the Mall of America and Rosedale Center. In addition, two major transit centers are being constructed by Mn/DOT as part of the I-394 reconstruction.

The existing Five-Year Transit Plan proposes development of one to two hubs per year at a cost of \$300,000 annually. Funding for hub development is provided through a \$4.0 million in bonding authorized by the 1989 legislature. Since the RTB has no statutory authority to own or lease transit facilities, transit hubs are constructed and maintained through cooperative agreements between the RTB, local communities and shopping center owners.

#### Provider Capital Funding

Beginning in 1989, the RTB began direct funding of vehicle replacement costs of public and private non-profit paratransit providers. RTB funding is provided on a cost-sharing basis at the same level as operating costs are funded (65 percent for rural providers/60 percent for small urban providers).

In 1990, the RTB will fund the purchase of ten small buses at a total cost of \$189,000. Through 1995, provider capital needs are estimated at \$200,000 annually.

## Funding

Transit capital is funded through regional bonding and federal grants. Projections of funding from each source is shown on Table 2 and described below.

### Federal Funding

Federal capital funding available to the region has declined significantly over the past several years. A key factor in future levels of capital funding will be provisions contained in the 1991 Surface Transportation Act.

Projections of funding levels from the various federal programs are discussed below:

- UMTA Section 9 Grants. This is a formula grant program that provides an annual appropriation to urbanized areas for operating and routine capital needs. Local matching funds are required for 20 percent of capital project costs. The MTC is the designated recipient of Section 9 funds for the Twin Cities metropolitan area. The region's appropriation of Section 9 capital funding declined by 40 percent from 1984 through 1989, from \$10.9 million to \$6.3 million. 1990 funding was up slightly to \$6.6 million. This level of funding is projected through 1995.
- UMTA Discretionary Grants. The most common source of federal discretionary funding is the UMTA Section 3 grant program. Funding under this program is generally limited to major non-recurring capital investments such as bus garages and rail projects. The RTB's LRT Development and Financial Plan proposes that the region seek \$296 million in funding from this source for development of the Maximum Ten-Year LRT Plan. UMTA has traditionally funded only the highest capital priority from a metropolitan area. Given the high level of LRT funding being sought, future Section 3 funding for bus projects is not expected.
- Federal Aid Urban (FAU). Transit capital projects are eligible for funding from this federal highway program, which is administered locally by the Transportation Advisory Board. Between 1984 and 1989, approximately \$11 million in FAU funding was provided for MTC bus purchases and park-and-ride lots. FAU funds available to the region are currently overprogrammed to the extent that no new FAU applications have been accepted during the past few years. While FAU funding may again be available for transit capital within a few years, at this time no funding is assumed from this source through 1995.

### Local Funding

Local funding is obtained through the proceeds of bonds sold by the Metropolitan Council at the request of the RTB and MTC in an amount authorized by the legislature. As shown in Table 2, local funding needs will remain relatively low until 1993 when larger MTC bus purchases will require higher levels of local funding.

More detailed estimates of future bonding needs will be prepared for the draft Five-Year Transit Plan. These will form the basis for the RTB's request for biennial bonding authorization to be presented to the 1991 legislature.

Two issues should be addressed with regard to local capital funding.

- Standards for Capitalization. Currently, the RTB and MTC define capital equipment as that having a useful life of one year or more and a cost of \$300 or greater. This standard includes computer equipment, service vehicles as well as maintenance tools and equipment. The funding implications of maintaining this standard should be examined.
- Source of Local Funding. As described, all local capital funding is derived from bonding. Whether or not the region should continue to bond for all local capital needs should be discussed in the update of the plan.

#### RECOMMENDATION

This item is for informational purposes only; no action is requested at this time.

HB:jmo

Table 1  
CAPITAL NEEDS  
(\$ Millions)

		1991	1992	1993	1994	1995
MTC FLEET	(unit cost)					
Purchase 13 artics.	(\$318,000)					
Rehab. 10 artics.	(\$150,000)	\$5.6				
Purchase 23 40-foot	(\$197,000)		\$4.5			
Purchase 83 40-foot	(\$207,000)			\$17.2		
Purchase 80 40-foot	(\$217,000)				\$35.8	
Purchase 50 artics.	(\$368,000)					
Purchase 80 40-foot	(\$228,000)					\$18.2
MTC FACILITIES		\$1.7	\$1.7	\$1.7	\$1.7	\$1.7
MTC OTHER		\$1.9	\$1.9	\$1.9	\$1.9	\$1.9
RTB TRANSIT HUBS		\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
PROVIDER CAPITAL FUNDING		\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
		\$9.7	\$8.6	\$21.3	\$39.9	\$22.3

Table 2  
 ESTIMATED CAPITAL FUNDING  
 (\$ Millions)

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	
FEDERAL - Section 9	\$6.6	\$6.6	\$6.6	\$6.6	\$6.6	\$33.0
<u>LOCAL</u>	3.1	20	147	333	223	62.2
	\$9.7	\$8.6	\$21.3	\$39.9	\$15.7	\$95.2



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Chair

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