

TO: MVTA Board

DATE: February 10, 2009

FROM: Beverley Miller

RE: City of Rosemount Request

### **Requested Action**

Provide direction to staff considering a request by the City of Rosemount that MVTA purchase land to construct a transit station and provide express service within the city limits.

### **Background**

The City of Rosemount is considering their future participation as a member of our JPA and whether to exercise their option to “opt-out” of MVTA and instead establish a Rosemount transit service. For some time, Rosemount has expressed dissatisfaction with the level of service MVTA provides inside the city limits coupled with the fact that the other JPA cities have facilities and another ex-officio city has recently secured facilities as well.

To respond in 2008, MVTA added new service despite challenges from the Met Council that overturned our adopted budget. Stating that MVTA’s use of fund balance to operate expanded service was not sustainable; MVTA did not receive buses heretofore earmarked for MVTA, based on a regional CMAC award. Later the Met Council agreed to provide used (10 year old) buses to operate the service. The service originates at the Rosemount Community Center and then stops at the 157<sup>th</sup> Street Station in Apple Valley to provide additional service to an underutilized lot. Since the September startup, approximately 6 riders board the buses (2 peak hour trips each direction) in Rosemount and 28 rider’s board in Apple Valley. While the buses are not full, they are showing growth and promise given the short period of time they have been operating (4 months).

MVTA has submitted grant applications for a station in downtown Rosemount in the 2007, 2005 and 2003 regional grant solicitations. Despite our efforts we have not received an award like we have with the other MVTA cities. The next solicitation for federal funding is in April and we plan to submit another application for a transit station in Rosemount.

### **Impact**

The capital and operating funding process charts give the background to how funding is calculated and distributed based on the source and governance authority. I reviewed this information with the Rosemount City Council at their meeting of February 3<sup>rd</sup>. Suffice it to say that MVTA has no tax or levy authority, and relies on grants for capital projects. By State Statute, the MVTA receives 1.6% of the base MVST funds to operate service. We are eligible to receive discretionary funds from the Met Council.

With the change from property-tax based funding, which was reliable and stable, to MVST there is a large swing in receipts which makes estimating revenues difficult. We are waiting for the February forecast which will undoubtedly change our revenue estimations downward. We have

been told by Met Council that the suburban providers will share in the regional deficit. Based on these factors, today we do not have a complete financial picture for 2009 and beyond. Staff has budgeted conservatively because of the volatility and uncertainty with MVST funding. Since 2004, MVST funding has steadily declined.

MVTA has by policy a fund balance and reserve contingency budget which has been growing. The Board can authorize additional spending drawing down on these reserves. For 2009/2010, budget scenarios have been prepared for discussion purposes.

Should Rosemount decide to give notice and withdraw from MVTA, the financial impact would be approximately \$622,810 and whatever discretionary funds are available and distributed.

**Recommendation**

Review information and provide staff direction.

**Minnesota Valley Transit Authority  
2009/2010 Budget Scenarios**

Description	2009 Adopted Budget Based on Feb. 08 Fcst	100% MVST		25% Discr. MVTS Cut	Worst Case		
		2009 EST Based on Nov. 08 Fcst	2010 EST Based on Nov. 08 Fcst		2009 EST Based on Nov. 08 Fcst	2010 EST Based on Nov. 08 Fcst	
Fare Box Revenue	5,769,884	5,476,270	5,640,558	5,476,270	5,640,558	5,476,270	5,640,558
Total System Revenue	5,769,884	5,476,270	5,640,558	5,476,270	5,640,558	5,476,270	5,640,558
Contract	164,349	110,000	113,300	110,000	113,300	110,000	113,300
Facility Leasing	52,000	52,000	53,560	52,000	53,560	52,000	53,560
Interest Income	200,000	50,000	51,500	50,000	51,500	50,000	51,500
Other	11,200	13,200	13,390	13,200	13,390	13,200	13,390
Total	427,549	225,200	231,750	225,200	231,750	225,200	231,750
MVST	7,088,196	6,587,537	7,108,356	6,587,537	7,108,356	6,587,537	7,108,356
MVST over 21.5%	2,587,783	2,466,181	2,487,677	1,849,635	1,865,758	0	0
Total MVST	9,675,980	9,053,717	9,596,033	8,437,172	8,974,114	6,587,537	7,108,356
Other Revenues		100% of Fcst	100% of Fcst				
MC Grant - COP Principal	400,000	400,000	330,000	400,000	330,000	400,000	330,000
State Base Appropriation	795,217	675,934	675,934	596,413	596,413	0	0
CTIB/MC Local Match	70,632	7,610	188,123	7,610	188,123	7,610	188,123
Total	1,265,849	1,083,545	1,194,058	1,004,023	1,114,536	407,610	518,123
Total Revenue	17,139,262	15,838,732	16,662,399	15,142,665	15,960,958	12,696,617	13,498,788
Expenses	18,824,553	16,600,000	17,286,000	16,600,000	17,286,000	16,600,000	17,286,000
Addition to/(Use of) Fund Balance	(1,685,291)	(761,268)	(623,601)	(1,457,335)	(1,325,042)	(3,903,383)	(3,787,212)
Beginning Fund Balance	8,784,855	8,784,855	8,023,587	8,784,855	7,327,520	8,784,855	4,881,472
Ending Fund Balance	7,099,564	8,023,587	7,399,986	7,327,520	6,002,478	4,881,472	1,094,260
Months of Operating Expenditures	4.5	5.8	5.1	5.3	4.2	3.5	0.8

Fund Balance Minimum - MVTA Policy = 4 months  
Farebox Revenue does not include a 2009 fare increase

**Metropolitan Council  
2001 – 2008 Regional Bonding Authorization for Transit  
(Regional Transit Capital – RTC)**

<b>2001</b>	<b>\$45 million</b>
<b>2002</b>	<b>\$54 million</b>
<b>2003</b>	<b>\$45 million</b>
<b>2004</b>	<b>Nothing</b>
<b>2005</b>	<b>\$64 million</b>
<b>2006</b>	<b>\$32.8 million</b>
<b>2007</b>	<b>Nothing</b>
<b>2008</b>	<b>\$66.6 million</b>

**Beverley Miller**

**From:** Kooistra, Wes [Wes.Kooistra@metc.state.mn.us]  
**Sent:** Friday, January 30, 2009 4:22 PM  
**To:** 'lsmich@swtransit.org'; Beverley Miller; 'mopatz@ci.maple-grove.mn.us'; 'shellekson@ci.plymouth.mn.us'; 'jkansier@cityofpriorlake.com'; 'mleek@ci.shakopee.mn.us'; 'jclark@messerlikramer.com'; 'jclark@mandklaw.com'  
**Cc:** Bell, Peter; Weaver, Tom; McCarthy, Arlene; Lamb, Brian; Schetnan, Judd; Vennewitz, Amy; Pfeiffer, Sean; Dornfeld, Steven  
**Subject:** RE: Retional Transit Deficit Advisory Follow Up  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

All,  
 We had previously committed to keep you up to date on events and changes that influence the regional transit budget.

On Tuesday, January 27, Governor Pawlenty released his budget to the legislature. This budget does not recommend any reductions to the transit general fund appropriations for the SFY 2010-11biennium. This is good news; however, we did receive notice from the Minnesota Management and Budget Agency (formally the State Department of Finance) that \$600,000 would be unallotted from the transit SFY 2009 state general fund appropriation for the metropolitan region.

The metropolitan region's transit deficit is approximately \$10.7 million for SFY 2009 and \$45 million for the SFY 2010-11biennium. We will again revise our deficit projections after the February forecast of Motor Vehicle Sales Tax collections. In addition, the Governor may need to revise his state general fund recommendations once the February Forecast is released. The final state budget is not expected to be settled until May or June.

We will continue these efforts to keep you informed.

Wes

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**From:** Kooistra, Wes  
**Sent:** Wednesday, January 21, 2009 5:21 PM  
**To:** 'lsmich@swtransit.org'; 'bmiller@mvta.com'; 'mopatz@ci.maple-grove.mn.us'; 'shellekson@ci.plymouth.mn.us'; 'jkansier@cityofpriorlake.com'; 'mleek@ci.shakopee.mn.us'; 'jclark@messerlikramer.com'; 'jclark@mandklaw.com'  
**Cc:** Bell, Peter; Weaver, Tom; McCarthy, Arlene; Lamb, Brian; Schetnan, Judd; Vennewitz, Amy; Pfeiffer, Sean; Dornfeld, Steven  
**Subject:** Retional Transit Deficit Advisory

All,  
 We have received a request from MVTA regarding the Council's state budget deficit calculation and the specific amount of deficit for each entity (i.e. Metro Transit bus, Metro Transit Rail, Metro Mobility, Suburban Transit Providers, etc.). In response to this request, the attached memo provides the context and basis for our deficit projections, a reiteration of the previously shared principles for addressing the deficit challenge, and suggestions for scenario planning.

Please understand that we are not yet able to identify a specific share of the total projected deficit that will be allocated to individual transit entities. The current deficit projections will likely change over the coming months. The Governor will release his budget on January 27. Then, adjustments to the deficit projections will be necessary after the February Forecast, and once again when the global budget solution is agreed to and finalized by the Governor and 2009 Legislature. When the final deficit figures are known, we will consider the allocation

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of the deficit based upon the provisions of the legislature and with consideration to the principles we have discussed. The current regional transit deficit is serious, and unless it is significantly mitigated in the coming months, solutions will require a whole cloth evaluation of regional resources and services.

Our commitment is to continue to communicate changes and possibilities as these become known. Thank you for your patience.

Wes Kooistra  
Chief Financial Officer  
Metropolitan Council