

**Rochester Rapid Transit
Rochester, Minnesota
Small Starts Project Development
(Rating Assigned November 2020)**

| Summary Description | |
|---|--|
| Proposed Project: | Bus Rapid Transit 2.6 Miles, 7 Stations |
| Total Capital Cost (\$YOE): | \$114.54 Million |
| Section 5309 CIG Share (\$YOE): | \$56.09 Million (49.0%) |
| Annual Operating Cost (opening year 2025): | \$2.76 Million |
| Current Year Ridership Forecast (2019): | 5,900 Daily Linked Trips 1,800,400 Annual Linked Trips |
| Horizon Year Ridership Forecast (2040): | 12,700 Daily Linked Trips 3,861,000 Annual Linked Trips |
| Overall Project Rating: | Medium-High |
| Project Justification Rating: | Medium |
| Local Financial Commitment Rating: | Medium-High |

Project Description: The City of Rochester (the City) proposes to implement bus rapid transit (BRT) along 2nd Street SW in downtown Rochester. The Project connects Saint Mary’s Hospital, the Mayo Clinic Downtown Campus, the Mayo Civic Center, the University of Minnesota- Rochester, and the Rochester-Olmsted Government Center to established urban neighborhoods and a new 13-acre transit-oriented development referred to as the West Transit Village. The BRT line is planned to operate in business access and transit lanes along half of the alignment (1.3 miles). The project includes transit signal priority, off-board fare collection, and the purchase of 11 buses. Service is planned to operate between 5:00 a.m. and 11:00 p.m. on weekdays and between 8:00 a.m. and 11:00 p.m. on weekends. Buses are planned to run every five minutes during weekday peak hours and every 10 minutes at all other times.

Project Purpose: The Project is the area’s first planned BRT line that is intended to provide high-quality public transportation for residents, commuters, students, and the large number of visitors to the Mayo Clinic. The Project corridor is one of the most heavily-used transportation corridors in the City, with more than 40 buses operating in the corridor during peak hours. The Project converts existing traffic lanes into dedicated BRT lanes, thereby substantially improving transit service in the corridor.

Project Development History, Status and Next Steps: The project entered Small Starts Project Development in February 2020. The City selected the locally preferred alternative and got it adopted into the region’s fiscally constrained long range transportation plan in May 2020. The City expects to complete the environmental review process with receipt of a Categorical Exclusion from FTA in July 2021, receipt of a Small Starts Grant Agreement in May 2022, and the start of revenue service in March 2025.

Locally Proposed Financial Plan

| <u>Source of Funds</u> | <u>Total Funds (\$million)</u> | <u>Percent of Total</u> |
|--|---------------------------------------|--------------------------------|
| Federal: | | |
| Section 5309 CIG | \$56.09 | 49.0% |
| Section 5339 Bus and Bus Facilities | \$0.15 | 0.1% |
| State: | | |
| State of Minnesota Transit Aid Destination Medical Center Funds | \$30.68 | 26.8% |
| State of Minnesota DMC funds | \$5.77 | 5.0% |
| Local: | | |
| Olmstead County Transit Aid | \$20.67 | 18.0% |
| City of Rochester Assessment Fees | \$0.75 | 0.7% |
| City of Rochester Sanitary Sewer Fund | \$0.23 | 0.2% |
| City of Rochester Water Utility Fees | \$0.15 | 0.1% |
| City of Rochester Transit Fund | \$0.05 | 0.1% |
| Total: | \$114.54 | 100.0% |

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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| Factor | Rating | Comments |
|---|--------------------|--|
| Local Financial Commitment Rating | Medium-High | |
| Non-Section 5309 CIG Share | +1 level | <ul style="list-style-type: none"> • The CIG share of the project is 49.0 percent. |
| Summary Financial Plan Rating | Medium | |
| Current Capital and Operating Condition (25% of local financial commitment rating) | Medium-High | <ul style="list-style-type: none"> • The average age of the bus fleet is 7.9 years • The most recent bond ratings for City of Rochester, issued in February 2020, are as follows: Moody’s Investors Service Aaa, and Standard & Poor’s Corporation AAA. • City of Rochester’s current ratio of assets to liabilities as reported in its most recent audited financial statement is 2.04 (FY2019). • There have been no service cutbacks or cash flow shortfalls from 2017 to 2019. |
| Commitment of Capital and Operating Funds (25% of local financial commitment rating) | Low | <ul style="list-style-type: none"> • Approximately 1.0 percent of the non-Section 5309 CIG capital funds are committed or budgeted and the rest are considered planned. Sources of funds include FTA Section 5339 Urbanized Area Formula fund, Transit Aid State DMC, State DMC Funds, sales and tax revenue (wheelage) from Olmsted County, and City of Rochester funds. • Approximately 55.4 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, and the remaining are considered planned. Sources of funds include FTA Section 5307 Urbanized Area Formula funds, MnDOT revenues, City of Rochester funds, and fare revenues. |
| Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of local financial commitment rating) | Medium-High | <ul style="list-style-type: none"> • Assumed growth in capital revenues is reasonable compared to recent historical experience. • The capital cost estimate is consistent with the City’s Fleet Management Plan and Capital Improvement Plan and inflation assumptions are reasonable. • Operating funding assumptions are reasonable based on recent historical experience and comparison to similar transit systems. |

| | | |
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| | | <ul style="list-style-type: none">• Operating cost estimates are reasonable compared to recent historical experience.• The City of Rochester has access to funds via additional debt capacity to cover unexpected cost increases or funding shortfalls equal to more than 50 percent of the estimated CIG capital cost and 50 percent of the annual system wide operating expenses. |
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LAND USE RATING: Medium

The land use rating reflects population density within one-half mile of proposed stations, employment served by the line, and the share of legally binding affordability restricted (LBAR) housing in the station areas compared to the share in the surrounding county.

- The population density in station areas is about 5,300 persons per square mile, corresponding to a Medium-Low rating by FTA benchmarks. Total employment served is about 48,700 jobs, corresponding to a Medium-Low rating. The daily parking cost in the central business district (CBD) ranges from \$5 to \$12, corresponding to Medium-Low to Medium-High ratings. The ratio of station area to county LBAR housing is 2.74, corresponding to a High rating.
- The western end of the project area is generally characterized by lower-density residential and commercial uses, while urban form becomes denser and more mixed-use as the corridor moves into and through Rochester's CBD. There are several major destinations and employment centers in the project corridor, including the Mayo Clinic Downtown Campus, Saint Marys Hospital, University of Minnesota Rochester, and the Mayo Civic Center.
- Sidewalks exist throughout most of the corridor and additional pedestrian amenities are provided along much of the project alignment.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Transit-Supportive Corridor Policies:* The City of Rochester (the City) and institutional stakeholders adopted transit-supportive plans and policies that direct growth downtown and create dense, mixed-use, nodes and corridors. They also established transit-oriented development (TOD) design guidelines for a high-quality pedestrian and bicycle network. The City has proposed demand-based on-street parking pricing and redeveloping surface lots to reduce parking supply downtown.
- *Supportive Zoning Regulations Near Transit Stations:* The City of Rochester adopted zoning code includes transit-supportive densities and design guidelines. TOD zoning districts that cover the 2nd St. SW corridor outside of downtown and the medical district have maximum densities ranging from Medium-High to High. Density bonuses are given to developments providing pedestrian amenities and transit access. Parking minimums rate Medium in most non-residential zones, but TOD districts reduce parking minimums and establish parking maximums that rate Medium-High.
- *Tools to Implement Land Use Policies:* Destination Medical Center is a public-private partnership supported by local sales taxes to plan for and fund development in specified districts, one of which covers much of the project corridor. Rochester offers tax increment financing (TIF) for redevelopment, housing, and economic development districts. Minnesota programs provide financial assistance to communities redeveloping blighted industrial, residential, or commercial sites. The City conducted substantial community and stakeholder engagement during planning activities.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* There are five new developments in the corridor that are mixed-use, four are residential complexes featuring ground floor retail, and nine projects are proposed or are under construction and incorporate TOD design elements.
- *Potential Impact of Transit Investment on Regional Land Use:* Approximately 240 acres of land has high redevelopment potential and could accommodate over 1,400 residential units and over one million square feet of institutional, office, retail, and hotel development under existing zoning. Strong growth is forecast, with corridor population and employment projected to grow by 59 and 64 percent, respectively, between 2020 and 2040.

Tools to Maintain or Increase Share of Affordable Housing: Medium-High

- A market analysis completed as part of the *New Rapid Transit for a Growing, Equitable Rochester: Transit-Oriented Development Planning Study* (2020) estimated demand for 2,400 affordable housing units in the corridor between 2020 and 2040. The *Comprehensive Housing Needs Assessment for Olmsted County, Minnesota* (2014) estimated 58 percent of rental households would be cost burdened by 2030.
- Housing TIF districts help create affordable workforce housing by requiring certain percentages of affordable housing in funded projects. Density bonuses are given to developments that provide affordable housing. Several state financing programs are also available.
- There are six residential projects completed or planned in the project corridor that include affordable units.

Rochester Rapid Transit Project

Rochester, Minnesota



○ Proposed Station

— Proposed Route

