

METRO Blue Line Extension (Bottineau LRT)

Minneapolis, Minnesota

New Starts Engineering

(Rating Assigned November 2016)

Summary Description	
Proposed Project:	Light Rail Transit 13.5 Miles, 11 Stations
Total Capital Cost (\$YOE):	\$1,536.18 Million (includes \$30.0 million in finance charges)
Section 5309 New Starts Share (\$YOE):	\$752.73 Million (49.0%)
Annual Operating Cost (opening year 2021):	\$26.66 Million
Current Year Ridership Forecast (2014):	16,600 Daily Linked Trips 5,486,300 Annual Linked Trips
Horizon Year Ridership Forecast (2035):	25,500 Daily Linked Trips 8,439,500 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	High

Project Description: The Metropolitan Council (MC) is planning a light rail transit (LRT) extension of the METRO Blue Line from the existing Target Field LRT station in downtown Minneapolis to Brooklyn Park in suburban Hennepin County serving the suburban municipalities of Golden Valley, Robbinsdale and Crystal. The proposed alignment is mostly at grade and generally parallels freight rail and roadway rights-of-way. The Project also includes 28 light rail vehicles, a new operations and maintenance facility in Brooklyn Park, four new park-and-ride facilities with approximately 1,700 total spaces, seven LRT bridges, and pedestrian and bicycle access to stations. Service is planned to operate every ten minutes during the day and every ten to 30 minutes during the evening on weekdays, and every ten to 15 minutes on weekends.

Project Purpose: The Project is intended to improve access to employment and activity centers. Outside of downtown Minneapolis, which has nearly 140,000 jobs and a growing population, key destinations in the Project corridor include North Hennepin Community College and a large, growing Target corporate campus near the northern end of the line in Brooklyn Park. Additionally, the Project is expected to improve transit service for a corridor population that on the whole is more transit-dependent and lower-income than the Twin Cities region as a whole. Finally, the Project provides through service along the existing METRO Blue Line to the international airport and Mall of America, with connections in downtown Minneapolis to the University of Minnesota campus and downtown St. Paul via the METRO Green Line.

Project Development History, Status and Next Steps: Following completion of an alternatives analysis study for the corridor, MC and its project partners selected LRT as the locally preferred alternative and added it to the region's fiscally constrained long-range transportation plan in May 2013. A Draft Environmental Impact Statement (EIS) was released in May 2014. FTA admitted the Project into New Starts Project Development in August 2014. The Final EIS was released in July 2016, followed by FTA's issuance of a Record of Decision in September 2016. The project entered Engineering in January 2017. MC anticipates receipt of a Full Funding Grant Agreement in April 2018 and the start of revenue service in October 2021.

Locally Proposed Financial Plan

<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal: Section 5309 New Starts	\$752.73	49.0%
State: Minnesota Legislature General Obligation Bonds	\$149.60	9.7%
Cash Contribution from the Minnesota Department of Transportation	\$8.20	0.5%
Local: Counties Transit Improvement Board Sales Tax and Motor Vehicle Excise Tax Revenues	\$463.76	30.2%
Hennepin County Regional Railroad Authority Property Tax Revenues	\$149.60	9.7%
Cash Contribution from the City of Brooklyn Park	\$8.18	0.5%
Cash Contribution from Hennepin County	\$4.12	0.3%
Total:	\$1,536.18	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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LAND USE RATING: Medium-High

The land use rating reflects population density within one half mile of proposed station areas, 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.

- An estimated 209,000 jobs would be served by the project, which corresponds to a Medium-High rating according to FTA benchmarks. Average population density across all station areas is 3,800 persons per square mile, corresponding to a Medium-Low rating. In the downtown Minneapolis core, daily parking fees averaged \$13 in 2012, which rates Medium-High on FTA benchmarks. The proportion of legally binding affordability restricted housing in the project corridor compared to the proportion in the counties through which the project travels is 3.14, which rates High on FTA benchmarks.
- Station areas are suburban in character, with two Minneapolis stations in dense, inner suburban neighborhoods, one (Robbinsdale) in a suburban downtown area, and the remainder in lower-density residential and commercial settings. The extension's terminus in Brooklyn Park is near a newly-opened corporate campus and is surrounded by open land slated for mixed-use development.
- Pedestrian facilities exist in most station areas, but some streets, especially residential streets in the outer station areas, lack sidewalks.

ECONOMIC DEVELOPMENT RATING: Medium

Transit-Supportive Plans and Policies: Medium

- *Growth Management:* The Metropolitan Council's regional development framework provides policy guidance for the region that municipalities will implement through updated comprehensive plans. The latest framework sets more aggressive expectations for development in transit corridors than prior frameworks.
- *Transit-Supportive Corridor Policies:* Conceptual station-area plans identify potential short-term and long-term development opportunities, identify needed pedestrian connections, and recommend plan and zoning changes. Municipal comprehensive plans reference transit-supportive policies to varying degrees, but must be updated by 2018 in accordance with the regional development framework.
- *Supportive Zoning Regulations Near Transit Stations:* Zoned densities are low to moderate in most station areas, with modest commercial height limits and standard parking requirements. Three station areas, including a redevelopment area in Minneapolis, downtown Robbinsdale, and a greenfields area at the terminus station, have higher density zoning in place. Communities are considering transit-oriented development (TOD) overlay zoning for some areas.
- *Tools to Implement Land Use Policies:* The Metropolitan Council has worked with a range of stakeholders to identify and pursue redevelopment opportunities. Regional and county agencies have funding programs for TOD implementation projects.

Performance and Impacts of Policies: Medium

- *Performance of Land Use Policies:* Recent and proposed developments in station areas have demonstrated varying degrees of transit-supportiveness. Good performance of TOD tools and policies has been demonstrated along existing LRT corridors.
- *Potential Impact of Transit Investment on Regional Land Use:* A few station areas have considerable land for development, but redevelopment at most station areas is likely to be smaller-scale in nature or will require longer-term redevelopment of low-density but viable uses. Although the Twin Cities region is experiencing a healthy economy and development trends are shifting to favor the central cities and developed (inner-ring) suburbs, most of the project corridor is not a strong growth area.

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

- There have been strong regional and local efforts to evaluate affordable housing needs and develop policies to link affordable housing and transit. The region has an especially extensive set of affordable housing incentives, and there have been a few recent affordable housing projects in station areas.

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Factor	Rating	Comments
Local Financial Commitment Rating	High	
Non-Section 5309 New Starts Share	+1 level	The New Starts share of the project is 49.0 percent.
Project Financial Plan	Medium-High	
Current Capital and Operating Condition (25 % of local financial commitment rating)	Medium-High	<ul style="list-style-type: none"> • The average age of the Metropolitan Council (MC) bus fleet is 5.5 years, which is younger than the industry average. • The most recent bond ratings for the MC, issued in May 2016, are as follows: Aaa by Moody's Investors Service, and AAA by Standard & Poor's Corporation. • Metropolitan Council's current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 1.66 (FY 2015). • There have been no service cutbacks or cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25 % of local financial commitment rating)	High	<ul style="list-style-type: none"> • Approximately 80.0 percent of the non-Section 5309 New Starts funds are committed or budgeted, and the rest are considered planned. Sources of funds include State of Minnesota general obligation bond revenues, a cash contribution from the Minnesota Department of Transportation, sales tax and motor vehicle excise tax revenues from the Counties Transit Improvement Board (CTIB), property tax revenues from the Hennepin County Regional Railroad Authority, and cash contributions from Hennepin County and the City of Brooklyn Park. • Approximately 90.5 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 rest are planned. Sources of funds include State Motor Vehicle Sales Tax (MVST) receipts, State general fund revenues, CTIB sales tax revenues, and fare revenues.
Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50 % of local financial commitment rating)	Medium	<ul style="list-style-type: none"> • Growth in capital revenue assumptions are reasonable compared to recent historical experience. • The capital cost estimate is reasonable. • Regarding growth in operating revenue assumptions, farebox collections are optimistic and MVST forecasts are reasonable compared to historical experience. • Operating cost estimates are conservative compared to historical experience. • Metropolitan Council has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to 3.0 percent of estimated project cost and 18.8 percent of annual system-wide operating expenses.

