Southwest Light Rail Transit
Minneapolis, Minnesota
New Starts Engineering
(Rating Assigned November 2016)

Summary Description	
Proposed Project:	Light Rail Transit 14.5 Miles, 15 Stations
Total Capital Cost ($YOE):	$1,857.68 Million (includes $55.0 million in finance charges)
Section 5309 New Starts Share ($YOE):	$928.84 Million (50.0%)
Annual Operating Cost (opening year 2021):	$29.43 Million
Current Year Ridership Forecast (2014):	19,000 Daily Linked Trips 6,286,000 Annual Linked Trips
Horizon Year Ridership Forecast (2035):	28,800 Daily Linked Trips 9,546,700 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium-High

Project Description: The Metropolitan Council (MC) is planning a light rail transit (LRT) extension of the METRO Green Line from the existing Target Field LRT station in downtown Minneapolis to Eden Prairie in suburban Hennepin County. The line would also serve the suburban municipalities of Minnetonka, Hopkins and St. Louis Park. The proposed alignment generally parallels freight rail and roadway rights-of-way, with several grade-separated crossings and a short tunnel segment. The project includes construction of nine park-and-ride facilities with approximately 2,500 total spaces and a new railcar light maintenance facility as well as the purchase of 27 light rail vehicles. Service is planned to operate from 4:00 a.m. to 2:00 a.m. daily with trains every ten minutes during the day on weekdays, every ten to 30 minutes during the evening on weekdays, and every ten to 15 minutes on weekends.

Project Purpose: Population, employment and congestion are growing rapidly in the project corridor. Downtown Minneapolis has the region's largest concentration of employment and a growing population, while several large corporate campuses and business parks are located in the western end of the corridor. Although the corridor has extensive bus service, particularly express service oriented toward commuters to downtown Minneapolis, growing congestion on the roadway network slows travel speeds. The project would provide more efficient access to and from major employment centers and especially improve transit access to suburban employment sites. As an extension of the METRO Green Line, the project would provide through service to and from the University of Minnesota campus, the State Capitol complex, and downtown St. Paul. The Project would connect to the existing METRO Blue Line LRT and Northstar commuter rail lines at Target Field.

Project Development History, Status and Next Steps: Following completion of an alternatives analysis for the corridor in May 2010, MC selected LRT as the locally preferred alternative and adopted it into the region's fiscally constrained long-range transportation plan. Under SAFETEA-LU, FTA approved the project into Preliminary Engineering in September 2011. When MAP-21 took effect, the project was considered to be in the Project Development phase since the environmental review process was not yet complete. A Draft Environmental Impact Statement (EIS) was released in October 2012, followed by a Supplemental Draft EIS in May 2015 that accounted for changes to the western end of the project alignment, the relocation of the operation and maintenance facility, and a revised configuration for the Kenilworth Corridor segment of the line in Minneapolis. The Final EIS was released in May 2016, followed by FTA's issuance of a Record of Decision in July 2016. FTA approved the project into Engineering in December 2016. MC anticipates receipt of a Full Funding Grant Agreement in mid-2017, and the start of revenue service in April 2021.

Significant Changes Since Last Evaluation (November 2015): The capital cost increased from $1,774.38 million to $1,857.68 million because of higher-than-anticipated appraisals for in-kind land contributions, a roughly one-year delay to the project construction schedule, and the addition of bicycle trail improvements to improve access to some project stations. The anticipated Section 5309 funding amount increased from $887.19 million to $928.84 million, with the share remaining at 50 percent.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal:		
Section 5309 New Starts	$928.84	50.0%
State:		
Motor Vehicle Sales Tax Certificates of Participation and Revenues	$107.84	5.8%
Minnesota Legislature General Obligation Bonds and General Fund Revenues	$14.30	0.8%
Local:		
Counties Transit Improvement Board Sales Tax and Motor Vehicle Excise Tax Revenues and Certificates of Participation	$528.25	28.4%
Hennepin County Regional Railroad Authority Property Tax Revenues	$185.77	10.0%
Hennepin County Land Contribution	$66.25	3.6%
Cash Contributions from Hennepin County	$14.77	0.8%
Cash Contribution from the City of St. Louis Park	$3.89	0.2%
Cash Contribution from the City of Eden Prairie	$2.50	0.1%
City of Eden Prairie Land Contribution	$2.45	0.1%
Cash Contribution from the City of Minnetonka	$2.00	0.1%
Cash Contribution from the City of Hopkins	$0.50	0.0%
City of Hopkins Land Contribution	$0.16	0.0%
City of Minnetonka Land Contribution	$0.10	0.0%
City of St. Louis Park Land Contribution	$0.06	0.0%
Total:	**$1,857.68**	**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 New Starts Share	**n/a**	The New Starts share of the project is 50.0 percent.
Project Financial Plan	**Medium-High**	
Current Capital and Operating Condition (25% of local financial commitment rating)	Medium-High	• The average age of the Metropolitan Council bus fleet is 5.5 years, which is younger than the industry average. • The most recent bond ratings for Metropolitan Council, 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	• Approximately 92.0 percent of the non-Section 5309 New Starts funds are committed or budgeted, and the rest are considered planned. Sources of funds include State general obligation bond revenues, State motor vehicle sales tax (MVST) revenues, certificates of participation which will be repaid with MVST receipts, 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, a Hennepin County land contribution, funds from Hennepin County and the cities of Saint Louis Park, Eden Prairie, Minnetonka and Hopkins, and in-kind land contributions from the cities of Eden Prairie, Hopkins, Minnetonka and Saint Louis 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 considered planned. Sources of funds include State 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	• 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 recent historical experience.

		• Operating cost estimates are conservative compared to recent 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 2.5 percent of estimated project cost and 18.8 percent of annual system-wide operating expenses.

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LAND USE RATING: Medium
The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county. • An estimated 310,000 jobs would be served by the project, which corresponds to a High rating according to FTA benchmarks. Average population density across all station areas is 3,300 persons per square mile, corresponding to a Medium-Low rating. In the downtown Minneapolis core, daily parking fees averaged $13 in 2012, which corresponds with a Medium-High rating. 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 1.54, which corresponds to a Medium rating. • Downtown Minneapolis features dense development. Other station areas in Minneapolis and inner suburbs feature moderate-density development and industrial and warehousing uses that could be redeveloped in the future. Outer-suburban station areas generally include large office park developments. • Most station areas have full pedestrian system coverage.
ECONOMIC DEVELOPMENT RATING: Medium-High
Transit-Supportive Plans and Policies: Medium-High
• *Growth Management:* The Metropolitan Council's regional development framework provides policy guidance for the region that municipalities will implement through updated local comprehensive plans. The latest framework sets more aggressive expectations for development in transit corridors than prior frameworks. • *Transit-Supportive Corridor Policies:* Comprehensive and station-area plans call for higher development densities and mixed uses. An investment framework for public investments is in place for the corridor, while preparation of a transit-oriented development (TOD) implementation strategy is underway. • *Supportive Zoning Regulations Near Transit Stations:* Minneapolis and Hopkins have adopted strong TOD-supportive zoning. Eden Prairie and Saint Louis Park have TOD-supportive regulations but are working to further improve their ordinances in order to better catalyze implementation of TOD. Many of these zoning regulations set both minimum and maximum densities. • *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 a number of funding programs for TOD projects.
Performance and Impacts of Policies: Medium-High
• *Performance of Land Use Policies:* Several major residential and mixed-use projects that are underway in the eastern portion of the project corridor demonstrate TOD characteristics, while recent and planned projects in the western segment of the corridor tend to exhibit campus-like suburban design principles. A number of TOD projects, many supported by regional and local TOD initiatives, have been implemented along the two existing LRT corridors in the region. • *Potential Impact of Transit Investment on Regional Land Use:* The corridor, particularly the middle segment, has strong redevelopment potential. Current zoning is likely to result in redevelopment at higher densities. The Twin Cities region's economy is healthy and the project corridor is one of the strongest growth areas in the region.
Tools to Maintain or Increase Share of Affordable Housing: High
• The communities in the project corridor have extensive policies, plans, programs and partnerships to increase the affordable housing supply that are integrated throughout planning processes and many levels of government. The region has an especially extensive set of affordable housing incentives, and there is good evidence of affordable housing development and preservation in the project corridor.