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Regional

Report

**2004 Performance
Evaluation Report**

A Report to the Minnesota Legislature

April 2005



Metropolitan Council

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About this Report

The Metropolitan Council recognizes performance evaluation as a crucial tool in ensuring that its functions are meeting their objectives in a timely and cost-effective manner. The Council has implemented a number of methods to strengthen its performance evaluation process.

This report is required by Minnesota Statutes, section 473.13, subdivision 1a, which calls for the Council to submit annually to the Legislature a "...substantive assessment and evaluation of the effectiveness of each significant program of the Council, with, to the extent possible, quantitative information on the status, progress, costs, benefits and effects of each program."

The report provides a record of the services provided and service levels achieved by the Council in the context of historical trends, performance measures and budget compliance. The report includes multi-year performance measures for all major operations and summarizes significant accomplishments by division.

The report is organized into four major sections. The introduction provides an overview of the Council and highlights of 2004 achievements. The next three sections discuss division and subunit results. The last includes appendices and maps showing Council districts, the sewer service network, the transit service area and the Metro HRA service area.

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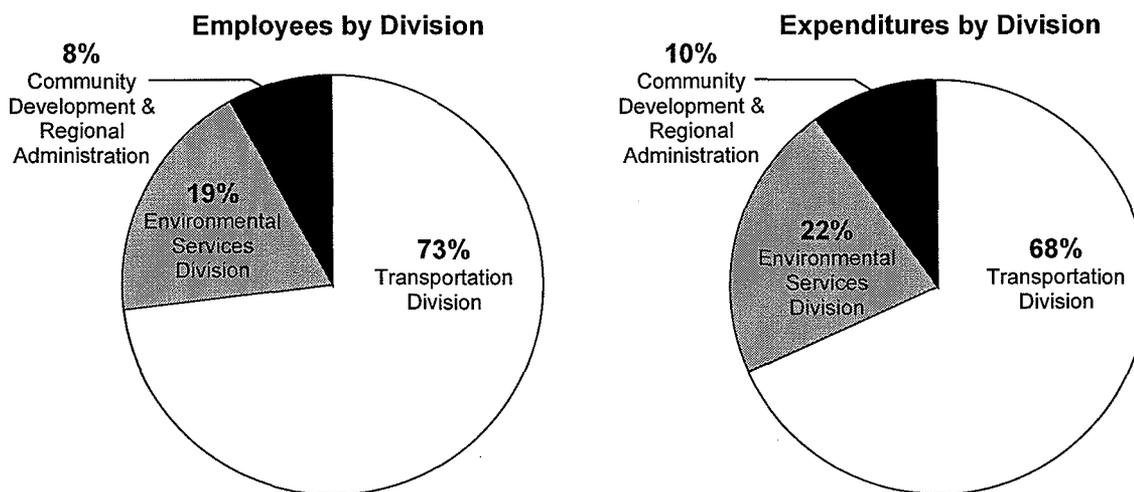
Introduction

The Twin Cities Region and the Metropolitan Council

The seven-county metropolitan area is a growing and economically vibrant region with a population approaching 2.8 million. The regional economy is supported by diverse industries and has an unemployment rate below the national average. The region's population is projected to grow by 930,000 people between 2000 and 2030.

The Metropolitan Council was created by the Legislature more than three decades ago to plan and coordinate the orderly growth and development of the seven-county area. It has authority to plan for regional systems including transportation, aviation, water resources, and regional parks and open space. The Council's core mission also includes the efficient operation of transit, wastewater collection and treatment, and housing assistance programs for households with low incomes.

The governor appoints a chair, who serves at large, and 16 Council members representing districts, who together govern the Council. To carry out its responsibilities, the Council established divisions for transportation, environment, and community development, along with standing committees to deal with each of these areas. The Council has approximately 3,700 employees and annual operating expenditures of approximately \$400 million, nearly 90 percent of which covers operating costs for regional transit service and wastewater treatment.



Major Functions

Community Development comprises two departments:

- Planning and Growth Management, which includes functions such as regional growth planning and technical assistance to local communities, research, geographic information systems, and parks and open space.
- Housing and Livable Communities, which includes the Metropolitan Housing and Redevelopment Authority (Metro HRA), the Family Affordable Housing Program and Livable Communities programs.

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The **Environmental Services Division** (MCES) operates and maintains approximately 600 miles of regional sewers and treats up to 300 million gallons of wastewater daily at eight regional treatment plants. Serving nearly 90% of the seven-county area population, MCES provides cost-effective wastewater service to 103 communities. MCES' mission is to "provide wastewater services that protect the public health and environment while supporting regional growth."

The **Transportation Division** includes Metropolitan Transportation Services and Metro Transit. The division is responsible for developing regional transportation policy; allocating federal transportation funds to projects in the seven-county area; encouraging alternatives to driving alone; and provide, contract for, and coordinate bus and light rail transit in the Twin Cities. The division also coordinates regional aviation planning.

Council Focus on Core Missions

The Metropolitan Council has made a firm commitment to:

- Focus on its core missions.
- Perform its responsibilities in a cost-effective manner.
- Work cooperatively with regional partners.
- Be accountable to the public for results.

This commitment was demonstrated throughout the year, a year of great progress made possible through strong partnerships with local governments, state agencies, nonprofit organizations and other groups.

Completed Hiawatha Light-Rail Line with Partners. The most dramatic example was the opening of the region's first light rail transit line. The 12-mile, \$715 million Hiawatha line was completed after years of hard work by the Council, Hennepin County, the City of Minneapolis, the Minnesota Department of Transportation, the Metropolitan Airports Commission and other partners. It promises to generate not only new transit riders, but also a new commitment to building a true multi-modal transportation system for our growing seven-county area.

Involved Local Government in Framework Completion. During 2004, the Council worked closely with local governments as it completed the *2030 Regional Development Framework* and began updating the Council's system plans for transportation, water resources and regional parks. These plans will help our region accommodate the nearly 1 million new residents projected by 2030 and ensure the most efficient use of our highways, sewers and other costly infrastructure.

Maintained competitive rates. The Council continued its record of maintaining competitive wastewater treatment rates. In 2004, the rates were lower than 77 percent of other U.S. cities with similarly sized systems. In February 2004, MCES received the Association of Metropolitan Sewerage Agency's "Excellence in Management" recognition.

Protected water quality. The Council collected and treated approximately 94 billion gallons of wastewater from 103 communities in the region and maintained an excellent record of

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99.8 percent compliance with clean-water discharge permits. All eight wastewater treatment plants earned awards for permit compliance in 2004.

Awarded grants to Cities. Through the Livable Communities program, the Council awarded \$15.5 million in grants to more than 20 cities to help them clean up polluted lands, revitalize communities and expand the supply of affordable housing.

Collaborated with Park Agencies. Working with 10 city and county park agencies, the Council continued to improve and expand a regional park system that serves more than 30 million visitors annually. Last year saw the designation of a new 882-acre regional park in Scott County, made possible by a partnership with that county and the Doyle family.

Consulted with Local Officials. During the year, Chair Peter Bell met with each of the seven metro county boards, convened three meetings of our 14-member mayors' forum and brought together representatives of the adjacent counties to discuss issues of common concern.

In addition to working collaboratively with partners, the Council is committed to maximizing the efficiency of regional systems and being accountable for results.

Held Property Taxes Stable. The Council kept the impact of its property taxes flat for 2004 and again for 2005.

Refinanced Bonds for Savings. Taking advantage of low interest rates, the Council refinanced more than \$120 million in bonds in the last two years and saved \$7 million in interest.

Negotiated Health Care Savings. In tough bargaining with the transit union, the Council achieved significant savings in Metro Transit health care costs.

Achieved Quality at Moderate Price. The Council continued to operate a wastewater collection and treatment system that regularly wins national environmental awards, while maintaining rates 23 percent below those of peer agencies.

Set Performance Benchmarks. The Council developed two sets of benchmarks – one to measure the progress of the region in achieving the goals of the *Framework* and another to measure the operational performance of our agency. The Council plans to share the results with the public on an annual basis.

In the coming years, members of our Council remain committed to working collaboratively with our partners, ensuring the effectiveness and efficiency of our regional systems, and building greater accountability.

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Community Development

Community Development

Overview

The mission of Community Development is to:

- Provide high-quality, coordinated planning, policy and program development to support regional growth and reinvestment.
- Identify and analyze regional issues.
- Facilitate community collaboration.
- Provide Livable Communities grants from three Livable Communities Act programs to eligible communities to assist them with cleaning up polluted sites, expanding housing choices, and developing projects that use land and infrastructure more efficiently and connect housing, jobs and services
- Deliver rent assistance and provide affordable housing to low-income households in the region through existing programs.

Community Development includes two departments: (1) Planning and Growth Management and (2) Housing and Redevelopment Authority and Livable Communities Programs.

The 2004 Planning and Growth Management Department included five units:

UNIT	CORE ACTIVITY
Local Planning Assistance	Implementation of regional growth policy and metropolitan systems through local planning assistance and review of local comprehensive plans, plan amendments and environmental studies.
Research	Collection, analysis, forecasting, and provision of data for the region and analysis of regional trends.
Geographic Information Systems	Provision of geographic information and services to support Council policy and operational concerns. Facilitation of activities to share GIS data among government agencies within the region.
Regional Systems Planning and Growth Strategy	Integrate <i>2030 Regional Development Framework</i> into the systems and policy plans. Coordinate policy outreach efforts, such as the Natural Resources Task Force and the Land Use Advisory Committee.
Parks and Open Space	Planning coordination and capital improvement grant administration for regional parks.

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The Housing and Redevelopment Authority and Livable Communities Programs Department included two units in 2004:

UNIT	CORE ACTIVITY
Livable Communities	Implementation of the Livable Communities Act housing provisions and its three funding accounts. Assistance with the creation of affordable and lifecycle housing in the region.
Metropolitan Council Housing and Redevelopment Authority (Metro HRA)	Delivery of rent assistance programs for low-income seniors, families and households with disabled members, including 150 public housing units through the Family Affordable Housing Program.

During 2004, Community Development worked with the Metropolitan Transportation Services unit and Metro Transit to foster the integration of land use and transportation concepts into the Council's updated *Transportation Policy Plan*. Particular attention was paid to the Hiawatha Corridor, Northwest Busway and Central Corridor. During 2004, work continued seeking private investment for these sites. Cooperative planning with Hennepin and Ramsey Counties begun in 2003 was continued to integrate transit and potential development opportunities for the Northwest Busway and the Central Corridor.

Regional Systems Planning and Growth Strategy

In 2004, the Regional Systems Planning and Growth Strategy team helped the Council integrate policy from the *2030 Regional Development Framework* into the systems and policy plans for transportation, water resources, and parks and open space. The team coordinated outreach efforts for the Council, including the Natural Resources Task Force, which proposed recommendations for natural resource protection efforts. Other outreach efforts included a review of all draft system plans by the Land Use Advisory Committee.

Local Planning Assistance

In 2004, the Planning and Technical Assistance unit:

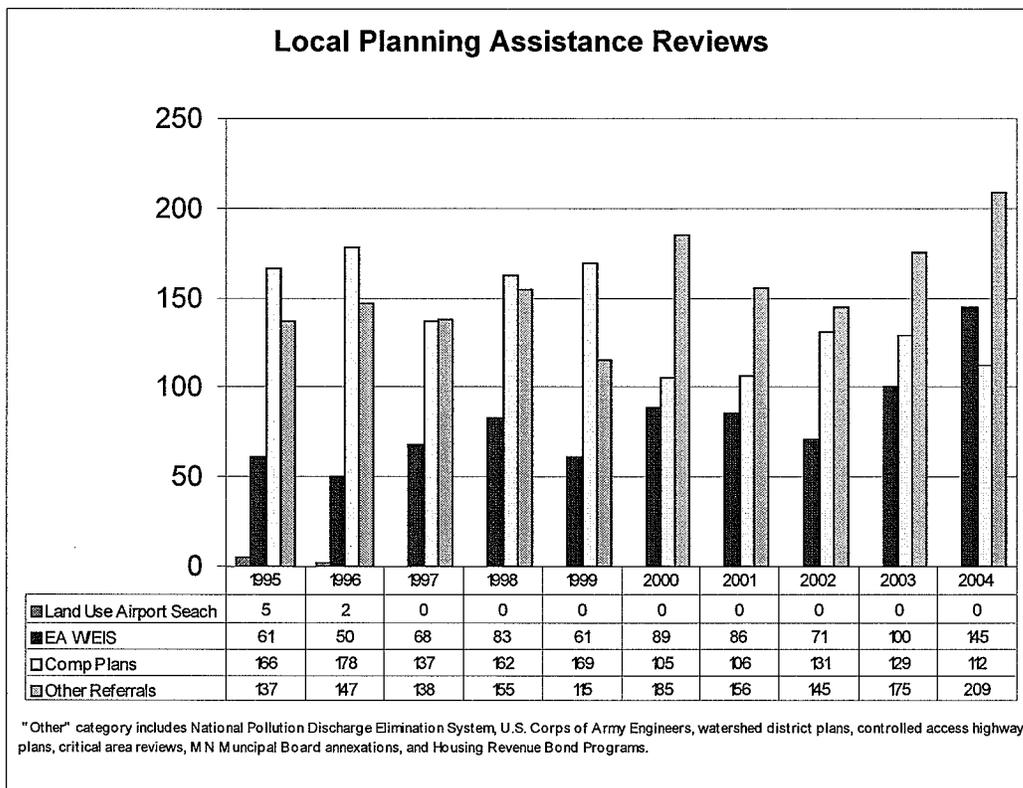
- Coordinated 466 reviews to determine their conformity with the regional systems, their consistency with Council policy and their compatibility with adjacent community plans:
 - 112 comprehensive plan and plan amendments;
 - 145 environmental reviews (Environmental Assessment Worksheets, Environmental Assessments and Environmental Impact Statements); and
 - 209 miscellaneous reviews (watershed plans, groundwater well-head protection plans, park master plans, housing bond programs, PCA permits).
- Provided technical assistance to communities for grant programs, including the three Livable Communities funding accounts, TEA-21, Right-of-Way Acquisition Loan Fund and Planning Assistance Fund grant and loan program.

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- Provided technical assistance to transportation/transit corridor studies, such as Highway 81 Busway, I-35W Coalition, Southwest Corridor, Hiawatha LRT, Cedar Avenue Phase II Bus Rapid Transit, I-35 Inter-Regional Corridors, CSAH 21, I-35E Corridor and Fort Snelling LRT land-use group.
- Prepared the annual *Fiscal Disparities Report*, *Metropolitan Agricultural Preserves Program Status Report* and the *Regional Plat Monitoring Report*.
- Monitored annexations and municipal boundary adjustments in the region.
- Discussed metropolitan significance process and procedures with two interested parties.

The following chart and table show the number and type of planning assistance reviews and referrals administered by the Council from 1995 through 2004.



Research

In 2004, the Research unit:

- Published *Development Framework* forecasts – city-level forecasts to 2030 for population, households and employment for all communities in the metropolitan area.
- Worked with the Association of Metropolitan Municipalities and the Builders Association of the Twin Cities to study land supply and short-term land availability. Initial findings were presented to the Committee of the Whole, June 2004.

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- Supported the Chair's Office, McKnight Foundation and University of Minnesota in convening a Regional Policy Initiative Conference in May 2004.
- Completed an annual survey of residential building permits and nonresidential construction in the metropolitan area, providing detailed data on development trends.
- Produced the 2003 city-level estimates of population and households. Responded to questions and challenges from cities and negotiated changes where necessary. The Departments of Revenue and Transportation use these annual estimates in the allocation of state aids.
- Responded to 300 external fact-finding and analysis requests in 2004 from local governments and other public agencies, developers and consultants, industry associations and other organizations, academic researchers and news media.
- Prepared for the legislature the *Annual Livable Communities Act Report Card* (2003 data) on progress made by regional communities toward providing affordable and lifecycle housing to metropolitan area residents.

Geographic Information Systems

In 2004, Geographic Information Systems unit:

- Implemented a Community Portable Map Application on computers of four Council sector representatives and at the city of Corcoran. It is expected this is the first of many easy-to-use GIS maps that operate using free GIS software.
- Developed a preliminary set of six coordinated natural resource map-viewing applications for use by Council staff, local communities, DNR and the public. The applications are valuable in helping people understand the natural resource in their community and provide base information for the planning process.
- Developed and tested an application for viewing Council-originated maps that is now ready for implementation on the Internet. MUSA maps have been developed for use in this application.
- Distributed GIS data via the Internet at an average rate of 634 downloads per month. Counties, cities and other users throughout the region are able to access valuable planning data for the region without the need for Council staff to intervene in the download process.
- Developed a mobile GIS application to help Environmental Services staff inventory interceptor maintenance holes. The application runs on a portable Global Positioning System (GPS) unit that records GIS data that can be downloaded to the Council's GIS. The application will save ES staff time and help them improve the accuracy of the interceptor data they maintain.
- Provided GIS data products and services needed for the Council's internal programs.
- Provided staff support for the MetroGIS data-sharing program. This program coordinates GIS data and expertise sharing among government agencies within the region. This effort has made information available to local, regional and other agencies for planning and

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decision-making processes and reduced duplication of data collection efforts. At the same time, the Council has greatly increased the amount and quality of information available for its own planning and decision-making responsibilities.

Metropolitan Parks System

The total area of the metropolitan regional parks system in 2004 encompassed 51,785 acres of parkland and 170 miles of regional trails. The system included 35 regional parks, 6 special recreation features, 11 park reserves and 22 regional trails. Total park visits in 2003 were approximately 30.5 million. The estimated visitation for 2004 based on sample counts will be published in April 2005.

In 2004 the Metropolitan Parks System unit provided analysis and support for the Council in the following areas:

- Amendment of the *Regional Parks Policy Plan* regarding reimbursement of some park agency land acquisition costs for land that the Council designates as part of the regional park system.
- Designation of 880 acres in southeastern Scott County as the Doyle-Kennefick Regional Park.
- Review of public and stakeholder input on existing park policies and used that to prepare an update to the *Regional Parks Policy Plan*. The recommended hearing version of the plan was presented to the Council in January 2005. Public outreach meetings on the plan are scheduled for March 2005, with a formal public hearing in April and plan adoption in June.
- Recommendations developed on policy issues for the 2006-2011 regional parks capital improvement program (CIP). Work on this matter will carry over into 2005. A draft for hearing version of the CIP will be developed with the Council expected to conduct a public hearing and adopt the CIP by September 2005.
- Review of master plans for Lake Minnewashta Regional Park, Spring Lake Park Reserve, East Anoka County Regional Trail and Victory Memorial Parkway Regional Trail.
- Review of five future CIP reimbursement authorizations totaling \$718,741 for regional parks implementing agencies. Reimbursements would occur when funds became available through the Metropolitan Regional Parks CIP. The action reduces costs of the project by encouraging park agencies to use their own funds to finance capital improvements in a package instead of delaying the work to wait for funding from the regional parks CIP. Park agencies are reimbursed from CIP funds when they become available at a later date:
 - Authorization of amendments to capital improvement grants for development at North Hennepin Regional Trail, Scott County Regional Trail and Lebanon Hills Regional Park.
 - Authorization of six land acquisition grants that totaled \$1,146,416 to partially finance the acquisition of 217 acres.
 - Authorization of four exchanges of regional park land.

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- Distribution of \$7,353,000 in grants authorized by the Council from the state general fund and lottery proceeds in lieu of sales tax revenue to 10 regional park implementing agencies. The grants help finance the operations and maintenance of the Metropolitan Regional Parks System. State funding helps spread the cost of operating and maintaining the regional park system to those who use it. On average, 40 percent of the visitation to the system is by persons who live outside the park agency's jurisdiction.

Livable Communities Programs

In 2004, 106 metropolitan area communities participated in the Livable Communities program to help expand and preserve affordable housing opportunities, recycle polluted sites, revitalize older cities and suburbs, and create new neighborhoods in growing communities.

Communities voluntarily participating in the program negotiate housing goals with the Council. They are then eligible to compete for funding from the three accounts in the Livable Communities Fund as well as pollution cleanup funds available from the Minnesota Department of Employment and Economic Development (DEED). This funding includes grants from the following sources:

1. **Tax-Base Revitalization Account (TBRA)** helps cities pay to clean up polluted land and buildings to facilitate redevelopment activities, thus restoring tax base, jobs and housing in urban areas as provided by state law.
2. **Livable Communities Demonstration Account (LCDA)** funds development and redevelopment projects that achieve connected development patterns that link housing, jobs and services and maximize the development potential of existing or planned infrastructure and regional facilities.
3. **Local Housing Incentives Account (LHIA)** expands housing opportunities through grants to eligible communities to meet negotiated affordable and lifecycle housing goals.

During 2004, the Livable Communities Program unit:

- Awarded 22 Tax-Base Revitalization Account grants totaling \$5.6 million to help clean up 140 acres of polluted land in nine communities. These projects are expected to generate more than \$8.4 million in increased annual net tax capacity and 4,392 new and retained jobs, paying an average hourly wage of \$12.72.
- Provided eight Livable Communities Demonstration Account Development grants totaling \$7.5 million (2004 funding allocation awarded in February 2005) to help projects in seven communities move to construction. Funded projects include a mix of housing types and costs, projects linked to transit, where available, and projects that include commercial, civic or other uses that support daily needs and community activities.
- Awarded Livable Communities Demonstration Account Opportunity Grants to five projects in the predevelopment stages that show promise of developing into demonstration projects. The grants, totaling \$200,000, will help shape projects affecting five cities in the region.
- Provided 13 grants from the Local Housing Incentives Account totaling \$2,267,600 to help develop 163 new rental units and 123 new ownership units, and rehabilitate or improve as

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many as six ownership homes. These grants will support affordable housing activities in 13 cities. Most of the rental units are affordable to low- and moderate-income households. These LHIA awards are in addition to over \$54 million in total development and rehabilitation investments.

- Awarded two Inclusionary Housing Account grants totaling \$378,700 to two communities to support affordable housing developments in which the reduction of local controls and regulations resulted in reduced development costs. The two awards, which distribute all money remaining in the account, will help develop 103 new rental units and 22 new ownership units. The two funded projects anticipate an additional \$19.7 million in other development investment.
- Reviewed 24 local housing revenue bond programs proposed to support affordable, market-rate and senior housing.
- Determined the 2004 housing performance scores for cities and counties pursuant to the *Council's Guidelines for Priority Funding for Housing Performance*.
- Held the sixth in a series of practicums designed to bring local government representatives and their development partners together to share information and ideas about successful development in metropolitan communities. "From Plans on Paper to Bricks and Mortar," held in June, told the story of how the mixed use development "Excelsior and Grand" in St. Louis Park came together as the city and developer had envisioned. The session concluded with a walking tour of Excelsior and Grand.
- Updated LCA program information – such as application materials, program contacts, frequently asked questions and program-specific details –has been posted on the Council's Web site to make it available to local governments and others at their convenience. Changes made during 2004 included developing and posting a payment request form for each of the three LCA grant accounts to help grantees organize the documentation required for reimbursement of eligible expenditures.
- Continued to improve the Council's tracking database for LCA grants to expedite reports and financial summaries and improve response time for questions from legislators, local governments and others about LCA programs and funding.
- As a result of winning the 2004 EPA award for Overall Excellence in Smart Growth Achievement, the Council was offered research assistance to work on the redevelopment of brownfield sites for open space. Council staff have provided guidance for the report, which focuses on available funding, technical assistance needs and profiles three brownfield to open space projects.

Metropolitan Council Housing and Redevelopment Authority

The primary assistance provided by the Metro HRA is the federally funded Section 8 Housing Choice Voucher Program, which allows the user to locate private market housing in communities throughout the Metro HRA's service area. In addition to the staff based at Metropolitan Council offices, contract staff in five localities within the region serve as community representatives and assist in administering the Section 8 program. Inspections staff in six additional localities assist in performing housing-quality inspections.

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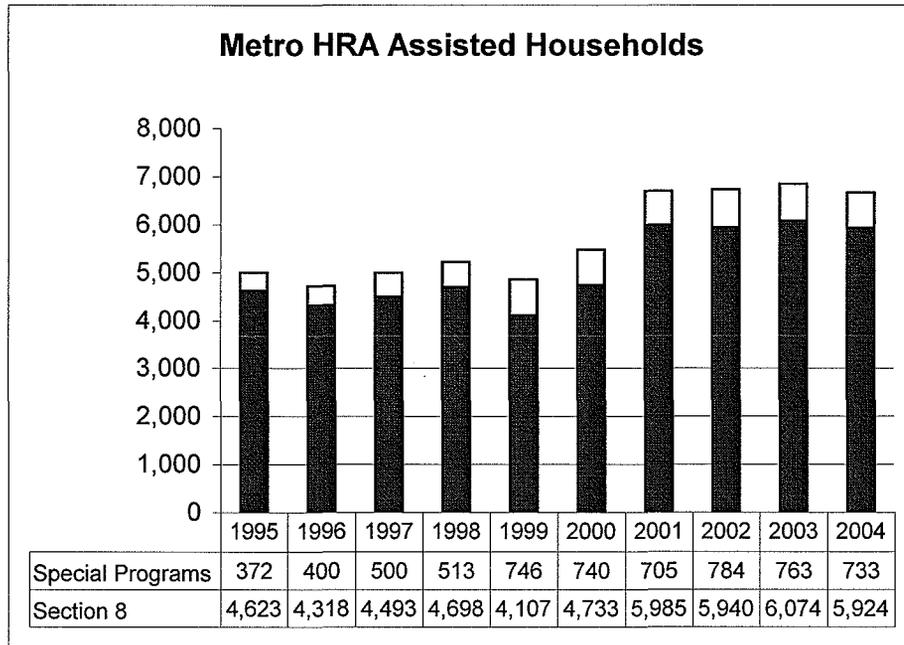
Major 2004 accomplishments of the HRA unit:

- Administered the federal Section 8 Housing Choice Voucher Program on behalf of seniors, households with disabled members and families throughout the region. Council staff and contracted community employees provided direct client services to more than 5,900 program participants in nearly 100 communities.
- Administered seven other specialized housing-assistance programs through federal, state and local funding. Assistance includes housing subsidies and support services for people who are homeless and have disabilities, families working toward self-sufficiency and persons with HIV/AIDS. These programs served more than 725 individuals and families during 2004, with case management services provided through partnering agencies.
- Maintained 100 percent use of all federal, state and local funding for the tenant-based rent assistance programs, ensuring that all available subsidies were being used to provide affordable rents for program participants.
- Continued implementation of the Family Unification Program and the Family Self-sufficiency (FSS) Program. The Family Unification Program provides rent subsidies to enable families to reunite in cases where the lack of adequate housing is the primary obstacle preventing the family as a whole from thriving. The FSS Program assists families in working toward economic self-sufficiency and utilizes the resources and expertise of community-based social service agencies.
- Provided ongoing support for the HousingLink, a nonprofit clearinghouse created as a result of the Hollman consent decree. With its mission to provide a “one-stop shop” approach for affordable housing information, the HousingLink has developed a comprehensive database of vacancies, affordable housing directories and a waiting list status report.
- Continued administration of the Section 8 Mainstream program. The Mainstream Program is designed to assist applicants on the Section 8 waiting list where the household head or spouse is disabled. The HRA refers the applicant to known service providers.
- Continued development of a pilot homeownership program called Home Steps through a unique funding partnership among the Family Housing Fund, the Minnesota Housing Finance Agency and Metro HRA. The program helped an additional nine households to close on home purchases in 2004, for a grand total of 23. The Home Steps Program provides no-interest down payment, closing cost, affordability gap and/or rehabilitation assistance up to \$30,000 per household.

The chart below shows the number of households assisted by the Metro HRA between 1995 and 2004 through the Section 8 programs and through other special housing programs.

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Family Affordable Housing Program (FAHP)

In January 2000, the Metropolitan Council established its Family Affordable Housing Program to promote affordable housing opportunities for low-income households and help the Minneapolis Public Housing Authority implement the housing replacement provisions of the 1995 Hollman consent decree.

The Hollman consent decree provided for the demolition of certain public housing units within the city of Minneapolis and made federal funding available for the development of 770 replacement housing units within the city of Minneapolis and suburban locations of the metropolitan area.

The Family Affordable Housing Program unit's work in 2004 included:

- Developing units in collaboration with suburban jurisdictions to further implement the terms of the Hollman consent decree, which calls for the development and operation of federally assisted low-rent housing in the suburban metropolitan area.
- Completing rehabilitation of 150 units in 11 suburban cities within Anoka, Hennepin and Ramsey Counties.
- Obtaining initial occupancy of all 150 FAHP units.

Transportation Division

Overview

The Metropolitan Council adopts transportation policies and plans and coordinates all transportation planning in the Twin Cities area. This responsibility encompasses highways, transit, airports, waterways and rail as well as travel-demand forecasting and air quality planning. The Council also administers and operates transit services in the Twin Cities area both through directly provided services and through contracted transit providers. The Council also promotes travel by means other than single-occupant vehicles through carpool matching, vanpools and promotional programs and through work with employers.

These programs are carried out through two major units—Metropolitan Transportation Services (MTS) and Metro Transit.

Transportation Policy Plan Focus and Implementation

MTS and Metro Transit are guided by the Council's *Transportation Policy Plan*, which plays a key role in implementing the *2030 Regional Development Framework*. The focus of the *Transportation Policy Plan* is to:

- Plan and invest in multi-modal transportation choices based on the full range of costs and benefits.
- Make more efficient use of the regional transportation system.
- Encourage travel demand management strategies, including flexible work hours and telecommuting.
- Focus highway investments first on maintaining and managing the existing system, and second on slowing the growth of congestion.
- Encourage local communities to implement a system of fully interconnected arterial and local streets, pathways and bikeways.
- Promote the development and preservation of various freight modes.
- Support airport facilities investments.
- Serve the region's economic needs.

To carry out these overall policies, the Metropolitan Council:

- Develops transportation policy for the metropolitan region and develops the overarching transportation planning document, the *Transportation Policy Plan*.
- Develops and updates the federal Transportation Improvement Program (TIP) for the metropolitan area, which is the short-range capital improvement program for all projects using federal transportation funds.
- Implements transportation policy through the allocation of federal funds, its own programs and through coordination with the federal, state, and local governments.
- Acts as the federally designated Metropolitan Planning Organization.

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- Operates Metro Transit, the region's largest provider of regular-route transit service.
- Operates Metro Mobility, the region's primary ADA service that complements the area's regular-route service.
- Operates contracted regular-route transit services, a network of routes run by private providers under contract to the Council.
- Partners with community-based transportation initiatives.
- Coordinates regional support, fares and capital programs with Opt-Out authorities.
- Promotes alternative modes of transportation through Metro Commuter Services programs and with travel-demand management organizations.

Transit Programs in the Region

The Twin Cities region has eight transit programs that, together, provide wide geographic and market coverage.

- **Metro Transit:** The largest provider of transit service in the region. It provides primarily large-bus, regular-route service throughout much of the Twin Cities region.
- **Opt-Out Communities:** Twelve communities have chosen to provide their own transit service. Opt-outs provide service through contracts with private companies, some through contracts with Metro Transit, and others through directly operated services.
- **Contracted Regular-Route Transit Service:** Approximately five percent of regular-route transit services are contracted with nonprofit organizations and private companies. This group of contracted routes is known as the Twin Cities Lines.
- **Community-Based Programs:** Dial-a-ride service is provided in rural parts of the seven-county region as well as in certain smaller cities that have chosen to provide their own transit service. These 18 local initiatives, in many cases, offer public service coordinated with Metro Mobility, medical and social transport, and regular routes. The Metropolitan Council partners with the sponsoring cities, counties, and nonprofits to provide these transit services. The Council provides performance grants for a portion of the cost of operations, capital grants and technical support.
- **Metro Mobility/ADA:** This program provides demand-response and arranged/group transit services as a legally mandated complement to the regular-route system for persons with disabilities who are unable to use regular-route transit service.
- **VanGo! Vanpool Program:** VanGo! started in 2001, providing vans for vanpool programs. These vanpools are primarily serving areas that have a density too low for regular-route or dial-a-ride transit service or are meeting reverse-commute needs to areas that would otherwise not have a high enough employment density.
- **Mn/DOT Northstar Commuter Coach:** Mn/DOT operates a commuter transit route from Elk River through Coon Rapids to downtown Minneapolis in anticipation of the startup of the Northstar Commuter Rail line.

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- **University of Minnesota:** The U of M operates daily, all-day intercampus transit service that provides rides for students, faculty, employees and the general public. Service is maintained through contracts with private companies utilizing U of M-owned vehicles.

Overall Ridership Trends

Overall ridership increased 20.4 percent from 1996 to 2001 due to increases in service hours, improvements in transit service, addition of transit advantages, and growth in employment. From 2001 to 2004, ridership declined 19 percent. The largest factor in this decline was the 42-day transit worker strike that occurred in 2004.

Other factors in the decline in transit ridership include:

- Lower employment levels, especially in downtown Minneapolis. Approximately 80 percent of transit riders are riding to get to work.
- Reductions in state transit funding.
- Fare increases.

Future ridership growth will be dependent upon funding levels, the economy, employment levels, development patterns, service improvements and highway congestion levels.

Metropolitan Transportation Services

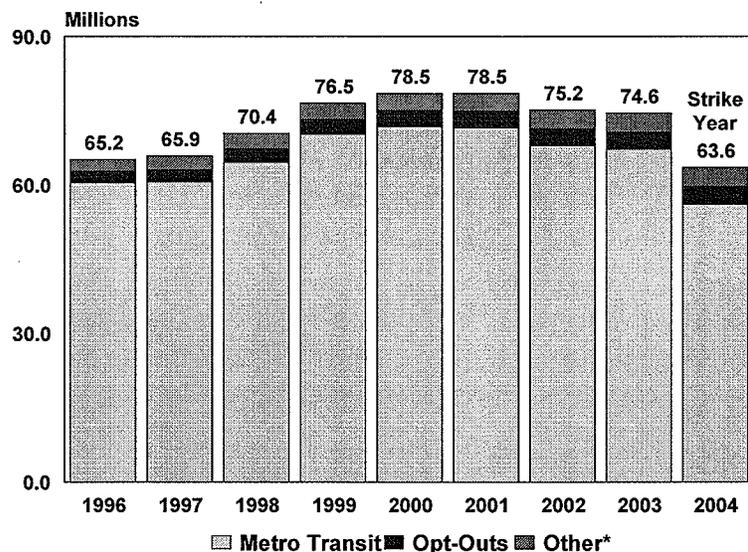
Metropolitan Transportation Services has three main functions:

- Conducting transportation planning for the metropolitan area.
- Providing for transit service through direct contracts and/or partnering with approximately 40 private, public, and nonprofit transit service providers through five major programs: Metro Mobility/ADA, community-based programs, contracted regular-route, VanGo! and the Opt-Out transit systems.
- Promoting alternatives to driving in single-occupant vehicles through travel-demand management programs.

Transportation Planning Activities

The Metropolitan Council is the designated Metropolitan Planning Organization (MPO) for the Twin Cities metropolitan area. The Council is required by the federal government to provide a continuing, coordinated, comprehensive transportation planning process that also includes state and local government. In return, the metropolitan region is eligible for federal transportation grant funds.

Overall Transit Ridership in Region, 1996-2004



*Metro Mobility, Contracted Regular Rt, Community Programs, VanGo!, Norths

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Federal regulations require the Council to prepare a long-range transportation plan, which must be updated every three years. In 2004, the Council adopted the *2030 Transportation Policy Plan*, an update of its 2001 plan.

The Council is also responsible for the selection of projects for federal funding and the preparation of a three-year Transportation Improvement Program (TIP). This is done through the Transportation Advisory Board and its Technical Advisory Committee.

The TIP includes all federally funded transportation projects, as required by the 1997 Transportation Efficiency Act for the 21st Century (TEA-21). The process includes broad citizen and interested-group input. In 2004, the 2005-2008 TIP was prepared and adopted.

Other major planning activities undertaken in 2004 are discussed below.

Transit Planning

The Council performs long-range transit planning activities for implementation of the policy direction established in its *Regional Development Framework* and the *Transportation Policy Plan*.

- A program of reviewing the routes and frequency of bus service, called Sector Studies, began in 1998. This process develops the optimum placement of bus routes based on current land use and demographics. In 2004 Metropolitan Transportation Services worked with Metro Transit on Sector 5 (South Central) and Sector 8 (Northwest Suburbs). The Sector 5 changes were implemented in 2004, concurrently with the opening of the Hiawatha LRT, while the Sector 8 changes will be implemented later to complement the Northwest busway. (See additional discussion on page 26.)
- The Council participated with Mn/DOT and the county regional rail authorities in conducting feasibility studies for several transitway corridors, including the Northstar, Central, Cedar Avenue, Southwest, Northwest and Rush Line.

Highway Planning

The Council participates with Mn/DOT, cities and counties in highway planning activities to ensure implementation of the policy direction established by the Council in the its *Regional Development Framework* and *Transportation Policy Plan*.

- In 2004, the Council worked with Mn/DOT's Metro District to update the district's long-range Transportation System Plan so it is consistent with the *2030 Transportation Policy Plan*.
- During 2004, numerous comprehensive plans and amendments and environmental documents (EISs and EAWs) were reviewed to determine consistency with regional transportation plans.
- The Council administers the Right-of-Way Acquisition Loan Fund (RALF), which gives communities no-interest loans to purchase right-of-way for principal arterials and other trunk highways in advance of the time that Mn/DOT would be in a position to make the purchase.

During 2004, loan agreements were signed with Bloomington to acquire land to reconstruct the I-35W/I-494 interchange and with Ramsey for TH 10 in Anoka County.

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- The Council participated in several ongoing interagency corridor studies, including I-35W, I-35E, TH 52, I-494/TH 61 Wakota Bridge, TH 41 and Scott CSAH 21, as well as studies of a potential new Northwest River Crossing in the Dayton/Ramsey area.

Air Quality Planning

The Council conducts long-term planning required by federal law to integrate congestion management, transportation, land use and air quality planning with the requirements of the 1990 Clean Air Act Amendment.

In 2004, a conformity analysis of the 2005-2008 Transportation Improvement Plan and the *2030 Transportation Policy Plan* was completed to ensure that the construction of the projects in these plans would not violate air quality standards. The Council also worked with the Minnesota Pollution Control Agency to update the regional Motor Vehicle Emissions Budget contained in the State Implementation Plan for air quality.

CMAQ/STP Allocation Process

The federal government has designated the Metropolitan Council as the Metropolitan Planning Organization (MPO). In this role, the Council approves the selection of projects recommended by the Transportation Advisory Board for federal TEA-21 funding. This includes three programs: Surface Transportation Program (STP), Transportation Enhancements Program (TEP) and Congestion Mitigation/Air Quality (CMAQ) programs.

During the summer of 2003, project applications were solicited for funding in 2007-2008 from Mn/DOT, cities, counties and transit providers. More than a hundred applications were received requesting a total of \$261 million in federal funds. The Transportation Advisory Board and its Technical Advisory Committee began evaluating these projects in the fall. This evaluation was completed in the spring of 2004 and a list of projects totaling about \$90 million was approved as part of the 2005-2008 Transportation Improvement Program in summer 2004.

Travel Forecasting

As the regional planning agency, the Council is charged with maintaining and applying travel-forecast models to support planning for the orderly development and operation of transportation facilities. The Council maintains socioeconomic data and obtains travel and traffic-count data from Mn/DOT to monitor, revise and update travel forecasts. Federal regulations require the Council to provide projections of traffic demand and related air quality emissions. These projections are used to evaluate regional transportation investments proposed in the short-range TIP and the long-range *Transportation Policy Plan*.

- In 2004, the regional travel demand model was used to prepare travel forecasts for the *2030 Transportation Policy Plan*. Work continued on responding to requests for forecast travel demand data and providing assistance and model review to consultants and agencies.
- Council staff also worked with consultants on several regional-scale transportation and transit projects that required forecasts, including many of the transitway studies.

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Transportation Administration

- In 2004, the federal DOT conducted a certification review (done every three years) to ensure that the Council's planning process was consistent with federal laws and regulations.
- The Council administered federal planning grants, consistent with the 2004-2005 Unified Planning Work Program, including quarterly progress reports.

Aviation Planning

High-quality air transportation is essential to the region's ability to compete in the global marketplace. The Council prepares and maintains a plan for the regional aviation system that provides the Twin Cities with access to domestic and international markets. The Council works closely with the Metropolitan Airports Commission (MAC) and other airport owners to ensure that the region's airports provide state-of-the-art, secure and affordable services for business and leisure travelers, freight transport and general aviation activities. The Council coordinates aviation planning and community development with local, state and federal governmental units, airport users and citizens. Year 2004 highlights include:

System Planning and Coordination

- Produced the aviation element of the *Transportation Policy Plan* update.
- Continued effort with the MAC to update the Part 150 noise-mitigation program for MSP International Airport to include areas within the DNL 60 noise area.
- Worked with Mn/DOT and MAC on the initiative to develop a land-use compatibility manual.
- Worked with Mn/DOT in updating the State Airports System Plan for 2024 and in land-use compatibility initiatives.
- Continued monitoring of the airline industry trends and system effects.

System Implementation

- Reviewed the MAC's airport long-term comprehensive plans for conformance with the *Metropolitan Development Guide*.
- Reviewed community comprehensive plans for consistency and compatibility with the aviation system plan.
- Reviewed MAC annual capital improvement program.

Transit Programs

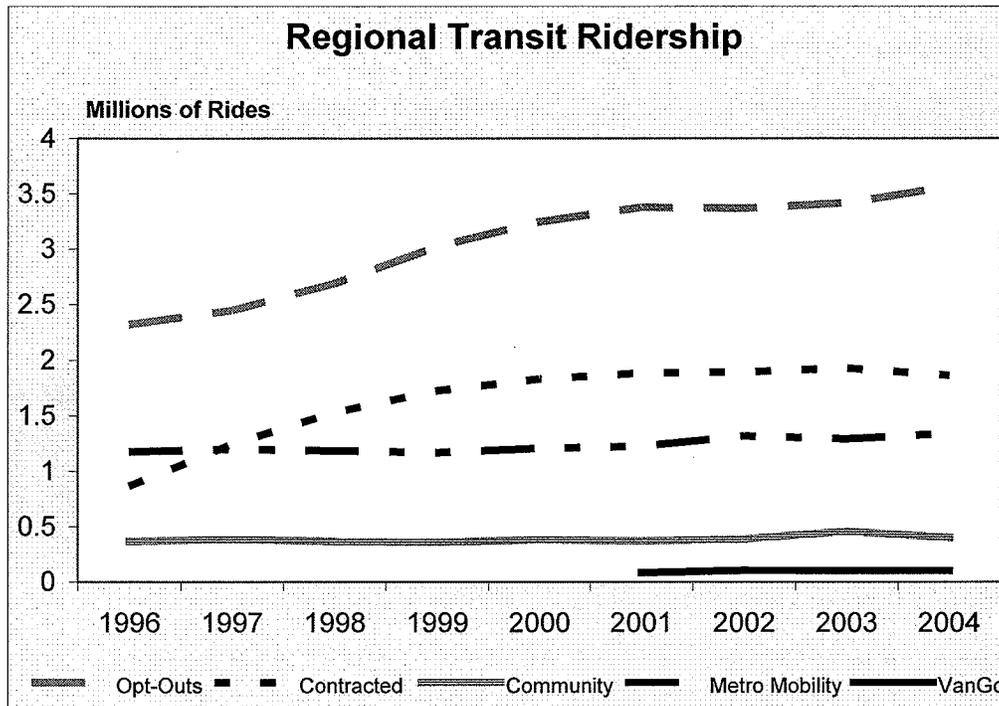
The Transportation Systems Implementation unit provides transit service through approximately 40 transit service contracts covering contracted regular-route transit, VanGo! and community-based programs, as well as program coordination with Opt-Out systems.

Ridership

Opt-Out and regular-route systems have experienced substantial increases in ridership from 1996 to 2004 (53.7 percent for Opt-Outs and 117 percent for the contracted regular routes). Between 2003 and 2004, the Opt-Outs had a 4 percent ridership. Contracted regular routes had a 4 percent decline from 2003 to 2004 due to budget reductions.

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Ridership for community-based programs has remained relatively steady, with an 8.5 percent growth from 1996 to 2004. These programs are dial-a-ride programs and ridership is directly linked to available resources.

Metro Mobility/ADA ridership grew 14 percent from 1996 to 2004 with over 4 percent of this growth occurring from 2003 to 2004. Funding was increased for Metro Mobility during this time, reducing the number of trips denied due to a lack of capacity.

Opt-Out Providers

In 1982, communities were given the option of “opting out” of having transit provided by the then Metropolitan Transit Commission. Twelve communities selected this option, choosing to manage their own transit services. Four of these communities – Plymouth, Maple Grove, Prior Lake, and Shakopee – operate their own municipal programs.

Apple Valley, Burnsville, Eagan, Savage, and Rosemount created an intergovernmental entity called Minnesota Valley Transit to provide transit in their communities. Chaska, Chanhassen, and Eden Prairie created another intergovernmental entity, Southwest Metro Transit. These communities contract with a variety of providers, including private providers and Metro Transit, to provide service. Some operate their own buses. They also select their own routes and levels of services.

Minnetonka has also opted out but has elected to have the Metropolitan Council provide service and manage the levels of service and routes.

From 1996 to 2004, ridership in the opt-out system increased 53.7 percent.

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Contracted Regular Routes

The Metropolitan Council contracts for approximately 5 percent of the metro area's regular-route bus service. Contracting a portion of services:

- Provides a competitive benchmark for operating costs, work rules, overhead and other factors.
- Can be less expensive due to synergies with private providers using the buses for charter service when they are not needed for public transit.
- Allows for innovation (new types of routes, experimental service, etc.) without commitment of permanent resources.
- Can provide small-bus, low-cost alternatives to mainline service where policies and local needs call for coverage with a "safety net" level of service.

Notable changes to this system in 2004 included:

- Operating new Cottage Grove and St. Croix Valley area dial-up, same-day service to replace the limited regular-route service offered up to 2003. This service costs less while improving accessibility for more residents, resulting in ridership gains in these areas.
- Supplementing the Lorenz Bus Lines suburban fleet with additional regional vehicles to improve operating reliability.
- Redesigning Minnetonka area suburb-to-suburb and reverse-commute services.
- Implementing Sector 5/Central-South redesigned routes and beginning Sector 8 redesign efforts.

Ridership for these routes increased 117 percent from 1996 to 2004.

Community-Based Service

Community-based services are, for the most part, demand-responsive operations that include medium-sized buses, small buses and volunteer-driver services in a community or county. The 18 systems covered in this category are all locally initiated and managed programs, offering general-public transit sponsored by local governments or nonprofits.

Notable changes to this system in 2004 included:

- Upgrading reimbursement procedures, computer systems and support to improve efficiency and better coordinate public and ADA services provided by the three largest county systems – Anoka Traveler, DARTS and H.S.I.
- Providing all necessary coordination, reporting and technical support for these 18 providers' mandated Drug and Alcohol programs in its fourth full year of operation.
- Administering the region's permanent state-mandated Performance Based Funding (PBF) grant program, providing partial operational funding through a formula-driven and incentive-based performance evaluation program

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- Supporting local control of service by providing resources directly to communities.

Ridership for these services increased 8.5 percent from 1996 to 2004.

Metro Mobility/County ADA

The Americans with Disabilities Act (ADA) requires that transit services be provided to persons who are not able to use the fixed-route system. Federal law requires this paratransit service to be delivered at levels comparable to the fixed-route system.

The 2004 Metro Mobility/County ADA ridership was 1,336,167, an increase of 1.6 percent over 2003 ridership. Despite the increase in ridership, ADA capacity trip denials have again remained under one percent for 2004.

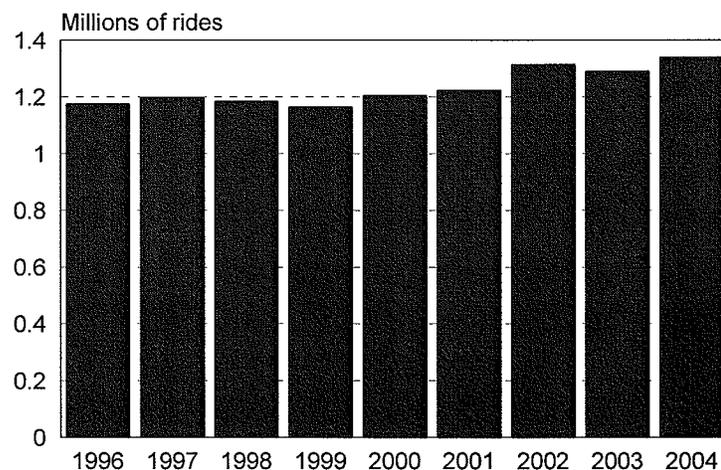
The new ridership growth area under the ADA paratransit umbrella is the county programs. These programs showed a 5.7 percent increase from 2003 to 2004, followed by Metro Mobility's demand service, which showed an increase of 1.9 percent from 2003 to 2004.

In an effort to contain the ADA paratransit budget, make service readily available as required by law and maintain service quality, Metro Mobility and the Metropolitan Council during 2004:

- Began the ADA recertification process of its riders that is mandated by the Federal Transit Administration (FTA) at least every five years.

- With the recertification process in place and in coordination with the Department of Vehicle Services (DVS), Metro Mobility began the "A" identifier on State of Minnesota driver licenses and state identification cards. Synchronizing the ADA recertification every four years with state photo identifications reduces cost to the Metro Mobility program, and makes it easier for the rider to get an ADA photo identification.

Metro Mobility Ridership, 1996-2004



- Began a pilot project for Metro Mobility riders using taxis for premium same day (PSD) service. This program allows Metro Mobility riders another same-day option, if they choose.
- Began the process of competitive procurement for its demand service, which makes up approximately 65 percent of Metro Mobility service. All of Metro Mobility's service is competitively procured and contracted with private contractors.

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- Continued transition of vehicle life span from four to five years using the State of Minnesota's vehicle procurement contract. The procurement in 2004 was the second of a five-year cycle.
- Continued its Assured Ride and Taxi Ticket programs, allowing Metro Mobility riders additional options, especially when Metro Mobility is unable to provide the ride.
- Continued its grant for the provision of travel-instruction training enabling Metro Mobility riders the opportunity to learn how to use the fixed-route service for some or all of their transportation needs.
- Continued discounted "limited mobility" fares of \$.50 on Metro Transit buses to encourage riders to use fixed-route instead of Metro Mobility service.

Metro Commuter Services

Metro Commuter Services (MCS) works with individuals and businesses to encourage alternatives to driving alone. Metro Commuter Services is funded through a CMAQ (Congestion Mitigation and Air Quality) grant, with a match provided by Metropolitan Council and revenue brought in by MCS.

Major program activities are to:

- Provide regional programs/incentives to encourage commuters to use alternatives to driving alone. MCS also provides regional programs/incentives to encourage employers to provide information on transportation alternatives to their employees. These programs include Regional Guaranteed Ride Home Program, ridematching, preferred and discounted pool parking, and bus pass-programs.
- Serve as a resource to all of the Transportation Management Organizations (TMOs) in the Twin Cities metro area. These include Downtown Minneapolis TMO, Saint Paul TMO, Anoka TMO, Midway TMO, and the I-494 Corridor Commission.
- Administer and promote Van-Go! – the Council's vanpool program. In 2004, this program grew to 55 vans, providing 130,000 commute trips.

In 2004 Metro Commuter Services:

- Processed over 22,000 match requests from individuals looking for car/van pool partners, park-and-ride lots and bike buddies.
- Added more than 5,000 commuters using alternative transportation to the Guaranteed Ride Home program.
- Accepted over 15,000 registrations for programs via the Metro Commuter Services website.
- Strengthened partnerships with TMOs by connecting all of them up to RidePro. RidePro is a custom software program that allows MCS to run car/van pool matches, register commuters for various programs, track employer activity, and track employer program involvement. RidePro allows the TMA/TMOs that provide regular reports to the Council to

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obtain their monthly statistics faster and easier and allows them to spend more time on their outreach instead of researching numbers.

- Maintained a web-based ride matching system for the metro area.
- Increased use of electronic communication via e-mail and Web to commuters.

Metro Transit – A Service of the Metropolitan Council

Based on ridership, Metro Transit, an operating agency of the Metropolitan Council, is the largest transit agency in Minnesota and the 11th largest in North America. Its 2,650 employees serve more than 225,000 customers each business day with service on 127 routes. Metro Transit's fleet of 851 buses and 24 rail cars operate about 30 million miles and about 2 million hours of service each year. Metro Transit provides more than 90 percent of all fixed-route service in the Minneapolis/St. Paul region.

Metro Transit plans and delivers its service in keeping with the Council's *2030 Regional Development Framework*. A principal policy of the *Framework* is:

Plan and invest in multi-modal transportation choices, based on the full range of costs and benefits, to slow the growth of congestion and serve the region's economic needs.

The *Framework* suggests that – for transit – strategic investments in these areas are vital:

- Expand the transit system.
- Add bus-only lanes on highway shoulders.
- Provide more park-and-ride lots.
- Develop a network of exclusive transitways.

The Council's *2030 Transportation Policy Plan*, which supports the *Framework*, charts a course to double transit ridership by 2030 and achieve a 50 percent increase by 2020. Strategies to increase ridership include expanding a network of transitways, providing fare incentives, funding infrastructure enhancements such as bus-only shoulders and traffic signal priority, adding new routes and improving customer waiting amenities. Metro Transit currently is re-aligning its business plans to coincide with the growth objectives of the *Transportation Policy Plan*.

Mission

To implement the *Framework* and the *Transportation Policy Plan*, Metro Transit is committed to the following mission:

- Enhance regional mobility by effectively operating the state's largest transit system.
- Contribute to the economic vitality of the region by focusing on taking citizens to work; assist the Twin Cities area in managing the growth of congestion with frequent and affordable rush-hour express and local service.
- Plan, build and implement new transportation options, including light-rail transit and bus rapid transit.
- Operate the state's first light-rail line.

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As Metro Transit fulfills this mission, it faces both challenges and opportunities:

- Ridership has declined annually beginning in 2002 because of service cuts and fare increases made necessary by a funding shortfall.
- Ridership grew 18.2 percent between 1997 and 2001, while the amount of service increased 15 percent. This indicates Twin Cities residents will choose transit over automobiles for both work and recreational trips when the supply and quality of transit are adequate.
- Customers heading to and from work and school take 82 percent of all transit trips.
- More than 40 percent of all workers in downtown Minneapolis use transit, indicating a clear preference for public transportation.
- Key partners include 100 employers who pay transit costs for their workers and the University of Minnesota, which sponsors U-Passes for students.
- Two-thirds of Metro Transit customers own cars, yet they choose transit.

Ridership

Metro Transit's 2004 ridership was adversely impacted by the effects of the transit strike. Buses did not operate between March 4 and April 18, while the agency worked on contract issues with its largest union – Amalgamated Transit Union Local 1005, representing bus drivers, mechanics and clerical staff.

The resulting ridership loss – both during the six-week strike and reduced ridership following the strike – compounded the impact felt in 2004 of reduced funding in 2003 that forced service cuts and fare increases of the following magnitude.

- Cutting service by 5 percent.
- Raising rush-hour express fares 25 cents.
- Implementing cost-cutting measures.

As a result, 2004 ridership was 56.9 million, down 3.3 percent from 2003.

This followed a 2 percent service reduction in 2002, which, coupled with a mid-2001 fare increase and a significantly weakened regional economy, produced a 5 percent ridership loss in 2002.

Despite an overall ridership decline in 2004, there were bright spots.

- A strong partnership with the University of Minnesota resulted in a .7 percent increase in rides taken by students holding U-Passes, despite the fact that Metro Transit did not operate service for nearly six weeks during the transit workers strike.
- At year-end, Metro Transit enrolled its 100th employer in the Metropass program, an annual increase of 21 employers. Under the Metropass program, employers pay for transit passes for their employees.
- Metro Transit recorded nearly 875,000 rides during its 2004 Minnesota State Fair service, providing rides to 27 percent of all fairgoers. During the Fair, Metro Transit operates 18

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new routes and presses 75 more buses into peak-hour service with State Fair buses on the street 16 hours a day. The State Fair operation is the second largest transit “system” in the state during its 12 days of service – behind only Metro Transit’s year-round service to the region.

Rail Service

The Hiawatha light-rail line opened for service on June 26, 2004, with operations on eight miles of the 12-mile alignment. That opening came 50 years to the month after the last streetcar served the Minneapolis/St. Paul area. Then on December 4, the full alignment opened 27 days ahead of schedule and within its \$715.3 million construction budget. Minnesota’s first light-rail line serves 17 stations between downtown Minneapolis and Bloomington’s Mall of America, with two stops at Minneapolis/St. Paul International Airport.

From its June opening through the end of 2004, the Hiawatha Line carried 2.9 million customers, 106 percent higher than expectations.

The LRT system includes three park-and-ride facilities and a fleet of 24 light-rail vehicles (LRVs). These vehicles, which are expected to carry more than 19,000 daily riders by mid-2005, are powered by an overhead catenary system served by 14 electrical substations.

The light-rail line includes 35 at-grade intersections, LRV signal preemption, traffic-signal priority and LRV signaling. The majority of the alignment is at grade except at Minneapolis/St. Paul International Airport, where underground tunnels dip to more than 70 feet below the surface and serve the subterranean Lindbergh Terminal station. The 1.8-mile twin-bore tunnels, including their portal sections, are the longest tunnels in Minnesota. Nearly 900,000 square feet of concrete line the tunnels.

The Hiawatha Line is the product of more than two million hours of construction labor that began on January 17, 2001, with a groundbreaking ceremony at the site of what is now the line’s 26½ acre rail operations and maintenance center. The project used the design/build construction approach for the first time on a major Minnesota infrastructure initiative.

Construction was managed by the Minnesota Department of Transportation with the Metropolitan Council as owner and Metro Transit as operator. Major funding partners were the Federal Transit Administration (\$334.4 million funding agreement), State of Minnesota (\$100 million), Metropolitan Airports Commissions (\$87 million) and Hennepin County (\$84.2 million).

The Hiawatha Line offers service every 7½ minutes during rush hours, every 10 minutes midday and every 15 minutes in the evening. Light-rail fares mirror those for the region’s bus service, and the payment of a fare entitles the customer to unlimited bus and train riding for 2½ hours.

The Hiawatha Line employs the barrier free, self-service form of fare collection common among U.S. and European light-rail operators. Prior to boarding, customers buy tickets from vending machines located on station platforms. Transit Police randomly inspect about 20 percent of daily riders to ensure customers have tickets. Those who don’t may receive a \$180 citation. During the first six months of operation, Transit Police asked 700,000 customers for

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proof of payment and issued 600 citations and 1,200 warnings, resulting in a 99.7 percent rate of fare compliance.

Two major civic celebrations – on June 26 and December 4 – marked the grand openings of the Hiawatha Line. Two days of free rides were offered during each event to acquaint citizens with this new mode of public transportation. In total, citizens took 183,500 rides during the grand opening celebrations as completely full trains gave evidence of community interest in light rail.

In early 2005, Metro Transit exercised options for three more light-rail cars in order to address high ridership demands and to provide necessary spare cars to replace those needed for routine maintenance. One car was purchased from funds remaining in the project's construction budget. The other two were funded by Hennepin County. Hiawatha Line rail cars are built by Bombardier Transportation Systems.

Each car is 94 feet long and weighs 100,000 pounds. Cars have low floors to ensure level, no-step boarding for customers, using four doors on each side of the cars. Cars have 66 seats and room for 120 standing customers. Cars are equipped with four bicycle hangers and four luggage racks.

Light-rail trains travel at speeds up to 55 miles per hour, with an end-to-end trip time of 36 minutes.

Bus Service

Concurrent with the twin openings of the Hiawatha light-rail line, Metro Transit also comprehensively reorganized bus service in the Central-South portion of the region, including operations in south Minneapolis, Bloomington, Edina, Richfield and a small portion of western St. Paul.

This Central-South project is part of a multi-year effort to modernize and streamline operations to improve the efficiency and effectiveness of service.

In 1998, Metro Transit launched a new initiative to improve transit service in the region. The metro area was divided into nine geographic sectors for the purpose of comprehensively evaluating transit service and needs, determining market demand and opportunities, and restructuring service and facilities to better address those needs and opportunities.

Key service improvements include simpler route structures, faster and more frequent service in major corridors, improved cross-town service in cities and suburbs, improved transfer connections and elimination of unproductive route segments.

These improvements collectively optimize effectiveness and efficiency, yielding a more productive transit system. The process also includes a significant level of public outreach and input.

Prior to 2004, transit service restructuring projects were implemented with successful results in the Northeast Metro (Sectors 1 and 2) and Hopkins-St. Louis Park-Minnetonka (Sector 7). For example, ridership following the restructuring in Sector 2 (northeast quadrant of St. Paul) grew by 6 percent, comparing statistics from 2001 to 2002.

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The Central-South restructuring was implemented in two main phases during 2004. A concept service plan was presented for public reaction in January and February 2003. More than 4,200 comments were received from more than 3,000 individuals. Based on citizen comment, the plan was modified and approved by the Metropolitan Council for implementation.

This service restructuring had major impacts. It involved:

- 36.4 million customers, or 55 percent of total ridership.
- 55 routes, or 38 percent of the region's transit network.
- 288 rush-hour buses, or 37 percent of system.
- 142 midday buses, or 46 percent of the system.

The Central-South service restructuring supported these objectives:

- Optimize effectiveness and efficiency to improve productivity.
- Provide faster, more frequent service to major destinations and along major corridors, such as Lake Street, I-35W, West Seventh Street and Hiawatha Avenue.
- Reallocate transit resources to better fit local development and transit markets.
- Improve connections between routes and neighborhoods.
- Integrate plans for new facilities and services, such as Hiawatha LRT, I-494 and I-35W stations.

More than \$75 million of bus service was re-deployed in the Central-South area, approximately equal to the cost of service in that area prior to the restructuring initiative. The budget was supplemented by a \$14 million federal grant.

The plan was implemented in June and December to support the opening of light rail and the operation of all-day, high-speed bus service on I-35W south of Minneapolis, the most heavily used transportation corridor in the metro area. Significant enhancements to commuter express services also were made in both the Highway 100 and I-494 corridors.

Concurrent with implementation of Central-South restructuring, Metro Transit has begun planning the next series of service modifications.

The Northwest Metro Transit Restructuring Plan is under way—a project to improve service in the area west of the Mississippi River and north of Highway 55. Cities in the study area include:

Brooklyn Center	Maple Grove
Brooklyn Park	New Hope
Champlin	North Minneapolis
Crystal	Osseo
Golden Valley	Robbinsdale

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Service to these cities include:

- 31 bus routes;
- 10.3 million annual rides (14 percent of Metro Transit's ridership);
- 15 percent of Metro Transit's service;
- 13 percent of the region's residents; and
- 20 percent of the region's jobs.

Stakeholder meetings and citizen-input sessions involving elected officials, city staff, transit advocates and citizens have been completed. Metro Transit also has completed a thorough examination of current transit ridership in the Northwest Metro and married that analysis with population, employment and other census data to create an "existing conditions" report.

During 2004, Metro Transit began assembling a draft service plan using existing ridership patterns, community development plans and feedback from stakeholders. The concept service plan will be the basis for community outreach, public involvement and public hearings in 2005.

Metro Transit: Key 2004 Achievements

Bus operations

In an effort to provide faster service to customers by improving bus speed, Metro Transit completed a bus-stop spacing initiative in 2004. Regional standards require eight bus stops every mile. Over the years, Metro Transit – in some locations – had opened many more bus stops than the standards recommended.

When the bus-stop spacing project began in April 2003, Metro Transit buses served 15,748 bus stops. At the end of 2004, that number had been reduced by more than 1,500 to 14,237.

By rationalizing its bus stops, Metro Transit has assured that every customer who lives on a route is still within 330 feet of his or her bus stop and, at the same time, buses stop less frequently, offering faster travel times to customers. The net result is a more streamlined and faster transit system that still offers acceptable walking distances.

The maintenance division completed in 2004 the installation of bike racks on the front bumper of every bus, offering customers an opportunity on every trip to combine pedal power and diesel power.

Customer Information

- In 2004, customers planned 1.9 million itineraries using Metro Transit's web-based trip planner. That's 52 percent higher than 2002 and 10 percent higher than 2003 despite a six-week transit strike in 2004.
- Thanks to a late-2004 redesign of Metro Transit's website – which put the trip planner on the front page – 223,000 trips were planned on the Web in December alone. That's the highest total in a single month.

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- Trip planning technology is improving the productivity of representatives in the Transit Information Center (TIC). In 2004, newly hired agents were handling 19 calls per hour after one month on the job. In the days before the trip planner, it took agents, on average, 15 months to reach 19 calls per hour. The technology also has an impact on experienced transit information representatives. Each representative, regardless of tenure, is handling 35 percent more calls, on average, than reps handled in 1999.
- Combining Web-based trip planning, TIC customer calls and calls handled by Transit Line (a phone-based, automated system of departure times), Metro Transit served phone and Internet customers 4.8 million times in 2004.

Customer Service

- Metro Transit responded to 85 percent of customer inquiries within three business days, 10 percentage points better than goal.
- The Customer Relations unit resolved 74 percent of all customer interactions on their first contact with the department.
- The Customer Relations unit used global positioning data 3,032 times to resolve customer inquiries regarding buses that operated early or late or didn't show up.

Technology Enhancements

- Metro Transit broadened its fleet plan to include the future purchase of 20 more hybrid electric buses to join the three hybrid electrics already in the fleet. Those buses are achieving 20 percent better fuel economy while producing half the tailpipe emissions.
- Two years ahead of a federal mandate, Metro Transit is powering half its fleet with the cleanest diesel available – ultra low sulfur. Buses at the Heywood and Nicollet garages are using this fuel.
- Metro Transit efforts in the hybrid and clean-fuel areas in 2004 earned recognition from the Minnesota Pollution Control Agency and from Governor Pawlenty.

Customer Facilities

- Metro Transit's Facilities and Engineering unit opened a number of key customer facilities in 2004 with the most significant being the Brooklyn Center Transit Center. The \$2.1 million customer amenity opened Dec. 4 at the second busiest single bus stop in the region.

It replaces a cluster of unsheltered bus stops near Brookdale Shopping Center that required customers to wait outdoors for buses and make transfers on street corners. The new facility includes indoor heated/air conditioned waiting areas with restrooms and space for 10 buses from 10 routes. About 4,000 customer trips per week are made at this new location.

- In addition, Facilities and Engineering built and opened the Best Buy park-and-ride lot as the centerpiece of December 2004 implementation of new bus service in the Central-South portion of the region. The park-and-ride anchors all-day express service on I-35W.

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The new lot and others in the Central-South area increase park-and-ride capacity from about 1,000 spaces to about 3,000. This pattern will be followed throughout the region. Big lots support high volume, frequent express operations.

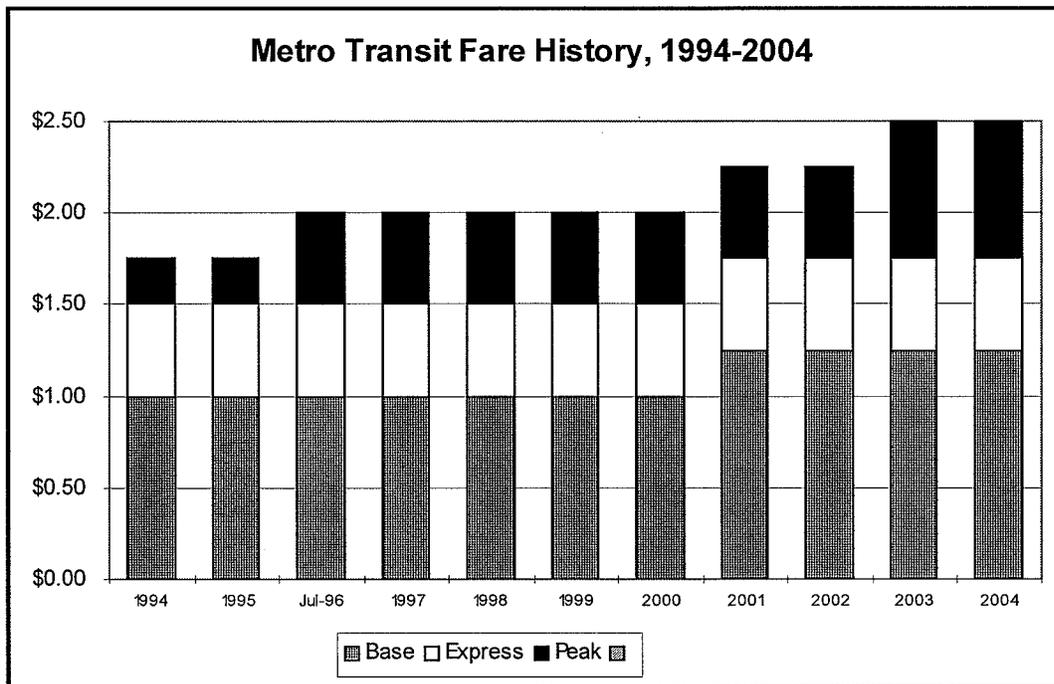
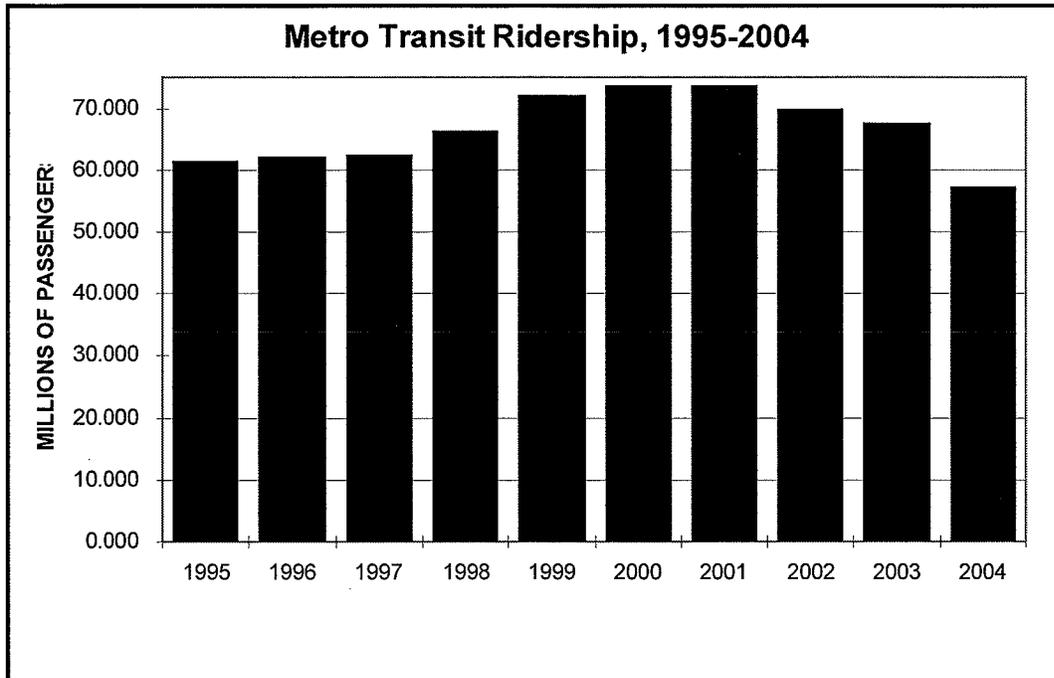
Accident Reduction

- In 2004, Metro Transit logged an accident rate of 10 percent below its goal. The agency's accident rate is five times lower than the national transit average and 20 percent lower than its own accident rate in 2001.
- In 2004, Metro Transit honored 24 bus drivers who each had 25 years of service without causing an accident.

Business Partnerships – Metropass/U-Pass

- Some 16,300 employees at 100 companies hold Metropasses in a program under which employers underwrite annual transit passes for their employees. In 2004, Metropass customers took 3.8 million rides.
- In 2004, Metro Transit extended for four more years its U-Pass partnership with the University of Minnesota. Students holding U-Passes took 2.7 million rides last year.

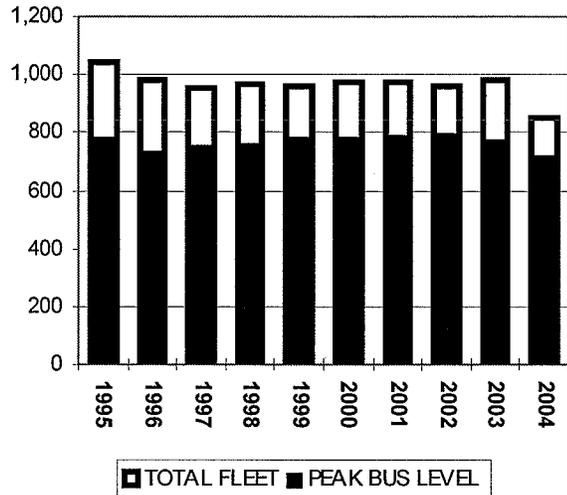
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 Transportation



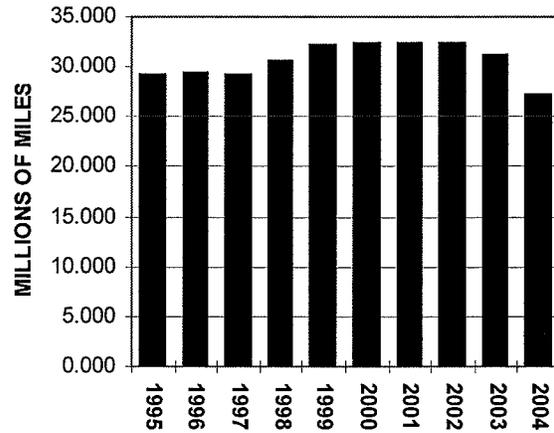
Metropolitan Council 2004 Performance Evaluation Report

Transportation

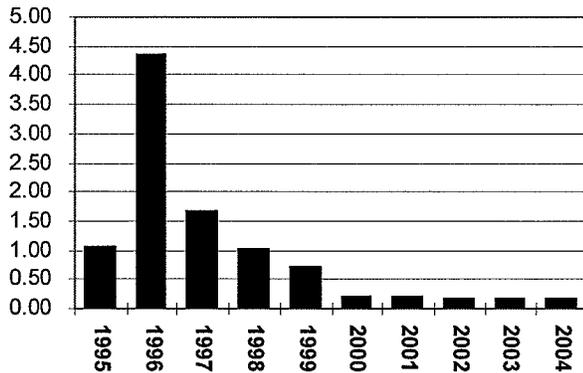
Metro Transit Fleet Size and Peak Bus Level, 1995-2004



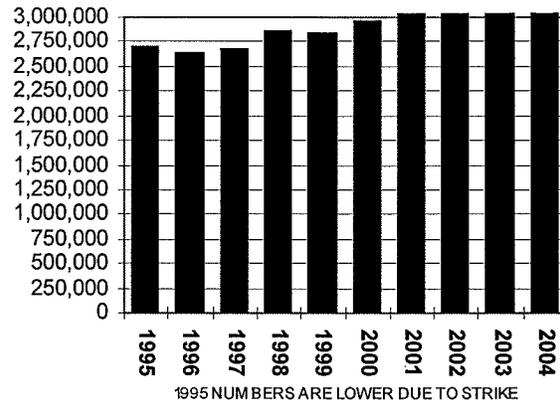
Metro Transit Total Miles Operated, 1995-2004



Metro Transit Average Daily Trips Missed, 1995-2004



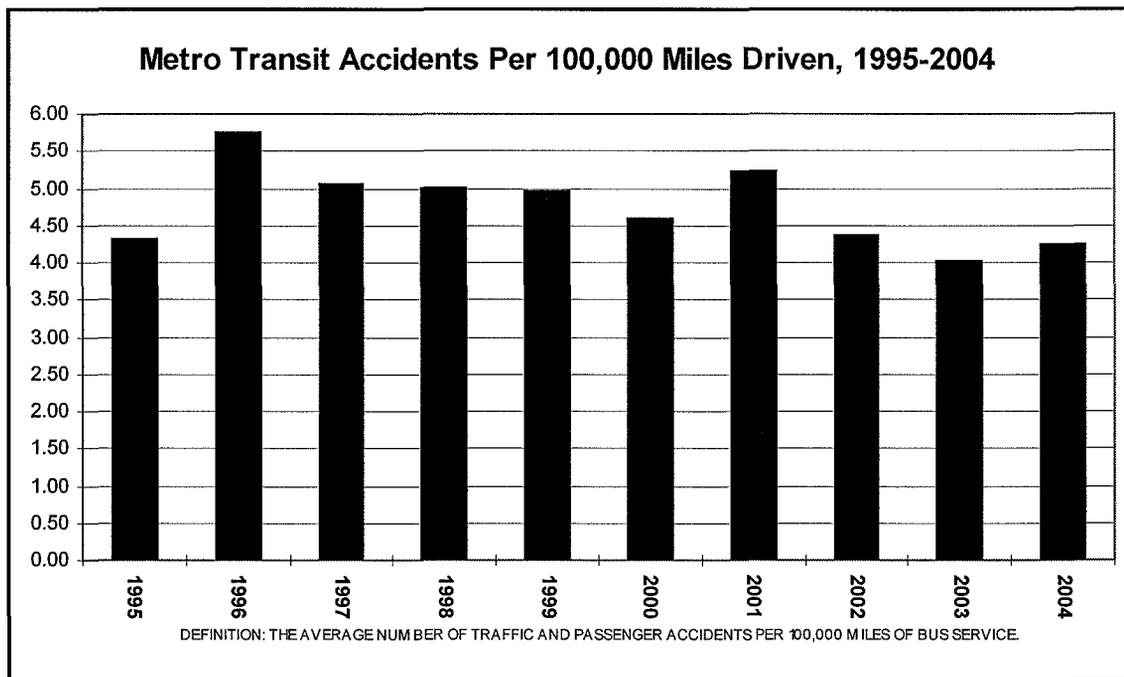
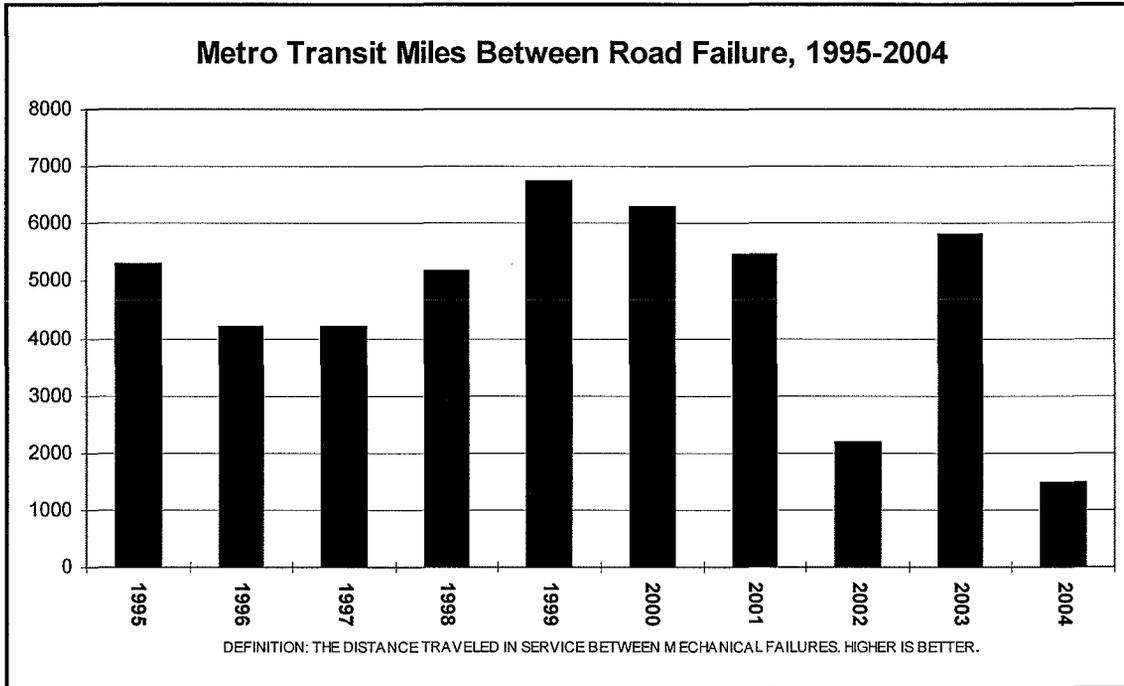
Metro Transit Information Calls Handled, 1995-2004



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total Fleet	1,045	978	953	968	963	974	974	959	982	852
Peak Bus Level	781	735	751	764	784	785	786	793	774	722
Miles Operated	28,979	29,140	29,000	30,340	32,000	32,238	32,207	32,291	30,969	27,113
Missed Trips	103	433	163	099	067	018	017	015	015	014
Information Calls Handled	2,685,114	2,616,539	2,663,621	2,830,641	2,814,000	2,934,272	3,610,931	4,101,612	4,871,748	4,837,703

Metropolitan Council 2004 Performance Evaluation Report

Transportation



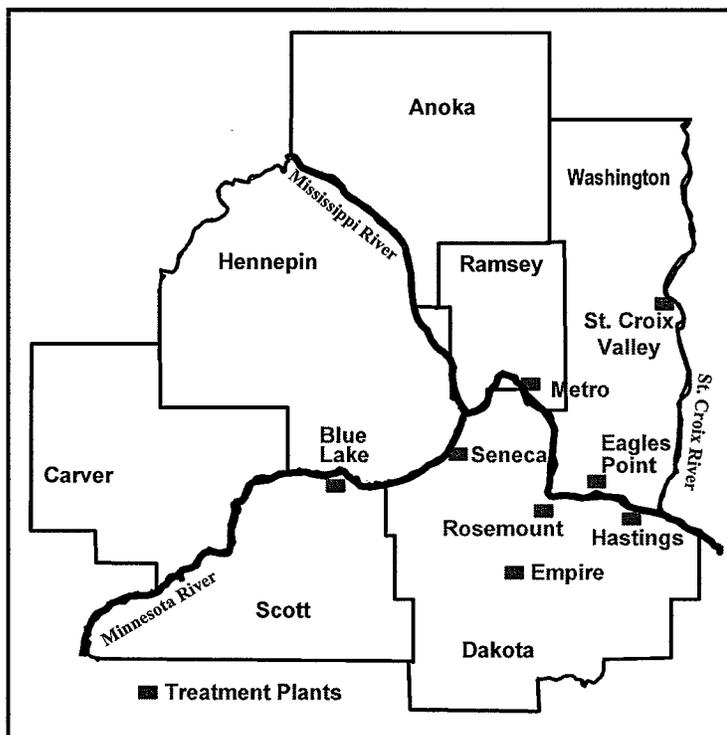
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Mechanical Failures	5,256	4,169	4,176	5,130	6,700	6,269	5,438	2,149	5,778	1,459
Accidents	4.29	5.74	5.03	4.99	4.93	4.57	5.21	4.34	3.99	4.23

Environmental Services Division

Overview

Metropolitan Council Environmental Services (MCES) collects and treats wastewater at its eight regional treatment plants. Its mission is to provide wastewater services that protect the public health and environment while supporting regional growth. In providing this service to the metropolitan area, MCES:

- Operates and maintains approximately 600 miles of regional sewers that connect wastewater flows from 5,000 miles of sewers owned by 103 communities;
- Treats up to 300 million gallons of wastewater daily at eight regional treatment plants;
- Continues to achieve near-perfect compliance with federal and state clean water standards;
- Maintains wastewater service rates consistently below the national average;
- Works with approximately 800 industrial clients to substantially reduce the amount of pollution entering the wastewater collection system;
- Provides water resources monitoring and analysis for the region; and
- Partners with numerous public, private and nonprofit groups committed to a clean environment.



This section is divided into six categories that capture the activity of the division:
1) Operations Performance, 2) Capital Projects, 3) Water Resources Management,
4) Finance, 5) Customer Service, and 6) Employees in the Workplace.

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Operations Performance

In 2004, MCES's plants continued to perform at a high level in complying with clean water discharge permits. In addition, all eight plants received awards in 2004 from the Association of Metropolitan Sewerage Agencies (AMSA) for 2003 results. The Blue Lake, Eagles Point, Empire, Hastings, Rosemount, St. Croix Valley and Seneca Plants earned Gold Awards for full compliance; the Metro Plant earned a Silver Award for having fewer than five permit exceedances



99.8 Percent Compliance with NPDES Permit Limits

Wastewater was treated to greater than 99.8 percent compliance with NPDES permit limits in 2004. All plants except Rosemount satisfied all permit conditions. The Rosemount Plant struggled to achieve total phosphorus removal in January and February, resulting in three effluent exceedances.

Thousands of Water Quality Analyses Completed in 2004

On average, over 111,500 analyses must be completed annually, and 88 monthly reports must be submitted to the Minnesota Pollution Control Agency (MPCA) all together from the eight treatment plants. In 2004, high-quality analysis was performed consistently by MCES's laboratory, which is considered one of the top water-quality labs in the country. Lab quality is confirmed through peer review.

Successful Stack Tests and Compliance with Air Emissions Permits

All stack tests conducted for particulate matter (PM and PM10) at Metro and Seneca complied with air emission permit limits.

At Metro: The Metro Plant had a higher number of damper openings in the first six months of the year, primarily due to power distribution problems (both internal and external). However, performance improved in the third quarter and the goal of six damper openings per month was met. In the fourth quarter, operation was being transitioned to the new fluidized bed incinerators.

At Seneca: The Seneca Plant had a goal of six damper openings for 2004. There was one internally caused damper opening in the first quarter and five subsequent openings caused by a loss of power from external sources.

Seneca Plant Received "Excellence in Operation and Maintenance Award"

The Seneca Plant received a prestigious "Excellence in Operation and Maintenance Award" from the U.S. Environmental Protection Agency for being chosen the runner-up in the large advanced facility category for the six-state Great Lakes Region. The award was based on Seneca's overall efficiency of treatment and other achievements, including:

- Optimization of the plant process for biological phosphorus removal;

Metropolitan Council 2004 Performance Evaluation Report

Environmental Services

- Increased efficiency of aeration tanks through operation of four tanks for what it previously cost to operate six;
- Work on variable-speed drives of the incinerators that reduced the natural gas usage in the incinerator afterburns at a projected savings of \$200,000 per year; and
- An exemplary compliance record, with only three exceedances of its clean water discharge permit in the past 10 years.

Six Plants Received MPCA “Certificates of Commendation”

The Blue Lake, Empire, Hastings, Rosemount, St. Croix Valley and Seneca Plants earned “Certificates of Commendation” from the MPCA for full compliance from October 2002 through September 2003. This award program for wastewater treatment operations commends facilities that met all of their clean-water compliance measures for the stated period.

Continued Phosphorus and Mercury Reduction Projects

Phosphorus-reduction modifications were completed at the Metro Plant, and the plant is on target to meet stricter phosphorus limits in 2005. Positive results in phosphorus reduction will occur at the Metro Plant with continued process-optimization improvements throughout 2005. There was a 29 percent reduction systemwide in effluent phosphorus in 2004.

Systemwide, the amount of effluent mercury was also greatly reduced, with a 50 percent reduction from 2003 levels. Also noted for the year was a 15 percent decrease in influent mercury to the system.

This decrease is a result, in part, of the partnership between MCES and the Minnesota Dental Association to reduce releases of mercury into the sanitary sewer system. The program will continue to have a positive impact throughout 2005 as more dental offices begin to participate. Refer to the “Customer Service” section for more information on the success of this joint venture.

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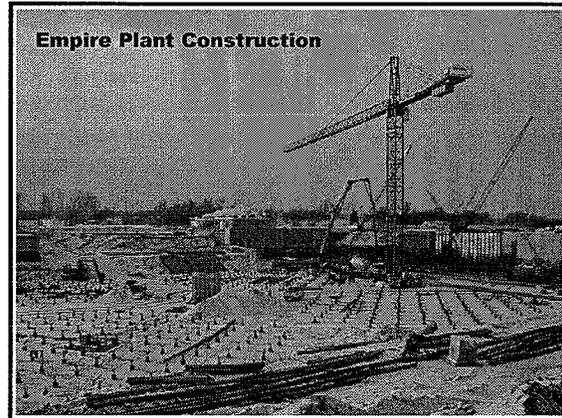
Environmental Services

Capital Projects

Capital projects and improvements for 2004 that support regional growth and regulatory compliance were completed on time and within budget.

Metro Plant Solids Management Building

The successful startup of the Metro Plant Solids Management Building leads MCES's list of capital project accomplishments. Two of the three new incinerators are up and running. The new incinerators, along with new processes and equipment for dewatering the solids removed from the wastewater, are reducing fuel costs, air emissions and odors. The building also includes dewatering equipment, energy-recovery and pollution-control systems, and a process for preparing up to 10 percent of the solids to be safely applied to agricultural land. The building will process about 220 dry tons of solids per day.



Metro Plant Liquids and Disinfection Projects

Construction continues on schedule for the Metro Plant liquids project, which will complete the retrofit of the remaining three-fourths of the secondary treatment system. This will provide phosphorus removal, reduce odor emissions from the preliminary and primary treatment process areas, and rehabilitate the liquid treatment facilities to ensure another 20 years of efficient, effective service.

The project will also replace the existing disinfection system. The construction contract was awarded in January 2005, with completion scheduled for 2006.

Activity and Completion for East Area Plant Projects and Improvements

Construction was completed on the **Eagles Point Plant** and it is operating well. The plant's new capacity of 10 million gallons of wastewater per day will be sufficient to serve the growing area until approximately 2025, when it could be expanded to 20 million gallons per day (mgd). Ten miles of interceptors to the plant are being built and will begin service in 2005, which will increase the flow to be treated from 2.2 mgd to 5.3 mgd.

The \$150 million expansion of the **Empire Plant** is nearly 70 percent complete and some of the new facilities will start up in 2005, with full completion set for 2006. When completed, the plant's capacity of 12 mgd will be expanded to 24 mgd to provide service to the area through 2030. To avoid harm to the environmentally sensitive Vermillion River, a new outfall pipe will be constructed and plant effluent will be discharged directly to the Mississippi River via a route through Rosemount.

Key decisions for the future of this service area include phasing out the Rosemount Plant and conveying the flow through a new interceptor to the Empire Plant (to be built with the new Empire Plant outfall to the Mississippi River) and expanding service to the Elko-New Market area via an interceptor to be built by 2010. The construction contract for the first section of the Empire Plant outfall has been awarded and other sections will be bid in the spring of 2005.

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Environmental Services

Site selection for the new **Hastings Plant** will be completed in 2005. Negotiations have begun with property owners.

Updates on Other Capital Projects

- **West Area Plant Plans:** Facility plans for the Blue Lake and Seneca Plants were initiated early in 2004. The existing effluent-disinfection systems will be replaced and aeration tanks and solids handling facilities will be modified to remove phosphorus. The scheduled completion date is August 2005.
- **Victoria Area Facility Plan:** Evaluation of the Blue Lake Area Interceptor System indicates that the existing interceptors and pumping stations located at the southwest end of Lake Minnetonka are or will be overloaded during extreme wet-weather events. In addition, these facilities need to be upgraded to meet current MCES design standards for reliability, redundancy, and odor and corrosion control. Interim repairs will be completed in the spring of 2005 and final adoption of the facility plan is scheduled for the spring of 2006.
- **Septage Management Final Report Adopted:** Upon completion of the final report, a public meeting was held on October 19, 2004. The Council adopted the report and implementation schedule on January 12, 2005. The proposed plan involves upgrading the current hauled liquid-waste disposal sites in Chanhassen and at the Empire and Blue Lake treatment plants. The design for the Empire site is complete, with construction to occur during 2005. The Third and Commercial site in St. Paul will be moved to the Metro Plant, with site completion expected during late 2006. When completed, each new or upgraded disposal site will have secured access and the full cost of collection and treatment will be recovered. All other interceptor disposal sites will be eliminated before or during the year 2009.

Interceptor Projects on Schedule in 2004

Highlights of the interceptor projects include the following.

- **South Washington County Interceptor:** This project provides for an interceptor to convey wastewater from Cottage Grove and eastern Woodbury to the Eagles Point Plant located in Cottage Grove. The interceptor will be in operation by the end of 2005. The project is divided into four separate construction contracts: two for the gravity interceptor pipe (construction contracts are complete), one for a deep tunnel (scheduled for completion in June 2005), and one for a lift station (scheduled for completion in early 2005). This nearly 10-mile-long pipe will serve existing and developing areas of the county.
- **Elm Creek Interceptor:** The four-mile Medina leg is complete and design is under way for extensions to Corcoran, Dayton and Hassan Township, with construction projected for 2005-2007.
- **Supervisory Control and Telemetry:** In-house installation is proceeding on new controls and telemetry. Eleven of 58 lift stations are scheduled for upgrade and 26 of 179 flow-meter sites are active on the new system. When complete (2006), the new system will provide the latest technology with the added advantages of availability of spare parts, ease of maintenance, reduced operating costs and increased efficiency.

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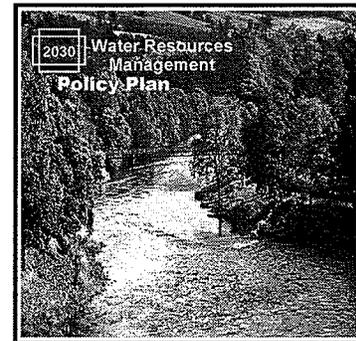
- **St. Paul Riverview Siphon:** The facility plan was adopted in January 2005 by the Council. Completion of this project will renovate the siphon piping and inlet structure, increase the system capacity and provide for adequate odor control.
- **Northeast Interceptor System:** The White Bear Lake lift station/forcemain relief sewer has been selected for implementation by the end of 2007. The system plan update has been completed.
- **Northwest Interceptor System:** The system plan update to address long-term capacity needs has been completed. Improvements to the interceptor will serve planned growth in the northwest portion of the metropolitan area.
- **South St. Paul Lift Station and Forcemain:** Construction for the lift station improvements is scheduled for completion by June 2006. Planning and design have been initiated to replace the forcemain, which was found to be more severely deteriorated than had been revealed by previous inspections.

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Water Resources Management

The draft *Water Resources Management Policy Plan* was approved by the Council for public input and public hearing. Four public meetings were held in January 2005 and a public hearing was held February 8, 2005, at the Council offices. Highlights of the plan follow.



Ensuring a Plentiful Water Supply

The Council proposes working with its regional partners to develop a comprehensive water-supply planning framework to evaluate water resources and plan for their efficient use. The Council will take an active role in developing this framework and continue to review local water supply plans, facilitate inter-community task forces, promote conservation and investigate reusing wastewater effluent.

Preserving Wastewater Capacity for Regional Growth

The updated plan details how the Council will work closely with communities to reduce inflow/infiltration (I/I) to reasonable amounts so that the system continues to have adequate capacity to serve future growth. The Council will:

1. Establish I/I goals for all communities discharging wastewater into the metropolitan disposal system;
2. Require communities served by the system to include an I/I reduction program in their comprehensive plan;
3. Potentially limit increases in service to communities with ongoing excessive I/I;
4. Starting in 2007, institute a surcharge program to provide funding for I/I reduction efforts; and
5. Starting in 2013, institute a demand charge for communities that do not meet their I/I goals.

In addition, the Council will consider acquiring and operating local wastewater treatment plants in rural growth centers where the community requests it and enough growth is projected to make Council involvement economically feasible.

Protecting the Quality of Water

With increased emphasis on control of nonpoint-source pollution, the Council will continue to work in partnership with local governments, watershed organizations, and other public and private entities to reduce nonpoint-source pollution. This includes:

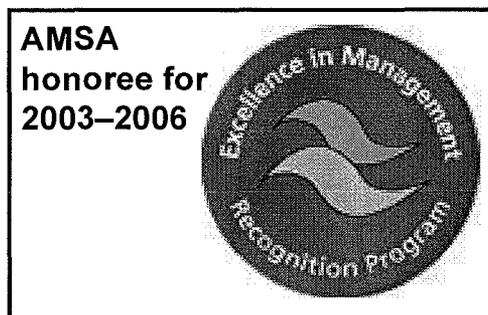
1. Ongoing monitoring of water quality in the region's lakes, rivers and streams;
2. Technical assistance to help partners institute best management practices that reduce stormwater runoff, prevent erosion and flooding, and maintain or improve water quality; and
3. Review plans, permits and other documents to ensure that communities are fulfilling their nonpoint-source pollution reduction requirements and therefore reducing impacts on the region's wastewater system.

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Finance

MCES has an ongoing goal of providing financial management that maintains the division as a competitive utility in the marketplace. In February 2004, MCES received the Association of Metropolitan Sewerage Agency's (AMSA) "Excellence in Management" recognition and was honored during a ceremony at AMSA's 2004 winter conference. This program recognizes public wastewater utilities that have successfully implemented progressive management initiatives that address the wide range of management challenges facing the clean-water community in today's competitive environment.



Energy Savings in 2004 Operating Budget

Most MCES facilities continue to participate in Xcel's Peak Control savings program, netting more than \$200,000 savings annually. With continued efforts in this area, an additional 10 to 20 percent savings is anticipated. In addition, MCES is working closely with Xcel to obtain maximum benefit from Xcel's rebate program for the installation of energy-efficient equipment. In fact, MCES received approximately \$125,000 in rebates in 2004. New energy-recovery equipment will go on line this year at the Metro and Empire Plants, producing power derived from treatment system byproducts.

Cost-Allocation System Redesigned and Implemented for 2005 Billing

Flows for the 2004 billing period were down considerably from the estimated flow, which resulted in reduced revenues. Because of this, and previous occurrences, the cost-allocation system was modified to reduce uncertainty in customer charges and MCES revenues resulting from variability in wastewater flows.

Information was mailed to the communities and four meetings were held with community representatives to receive comments and include customers in the proposed change from an estimated flow cost-allocation method to a firm (actual) flow method. The Council approved the 2005 operating budget in August, which included changing to a firm-flow cost-allocation method.

Beginning in 2005, budgeted wastewater charges will be assessed to member communities based on actual, not estimated flows. Specifically, 2005 charges for 2005 service will be based on the flow experience for the year ended June 30, 2004. Next year, 2006 charges will be based on the flow for the year ended June 30, 2005, and continuing forward.

2005 Operating Budget Adopted

The 2005 budget was adopted Dec. 15, 2004. This budget, based on the recently adopted firm-flow cost-allocation method, includes an anticipated million dollar surplus, the first installment in a five-year plan to restore MCES's reserves to pre-2004 levels.

With a focus on meeting the objectives and expected outcomes that align with the Council and MCES's strategic goals, the following considerations were top priorities during the budget planning process.

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- Meeting regulatory requirements;
- Meeting customer expectations for quality and level of service;
- Addressing watershed capacity and pollutant-load issues;
- Remaining competitive in the marketplace; and
- Fully funding the current cost of all programs and adding to operating reserves.

Service Availability Charge (SAC) and Industrial Revenue Systems Reviewed

The biennial reviews of both systems were completed, published and posted on the Council's Web site.

In August 2004, the Council approved a revision to the load-charge methodology to recover the full cost of treatment service for hauled waste, including septage, from on-site sewage systems and waste from holding tanks and portable toilets. This change becomes effective on January 1, 2005, for all in-region load charges. Out-of-region load charges already recover full costs.

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Customer Service

MCES provides service to its customers in a number of ways. The following examples illustrate MCES's focus on customer service.

Voluntary Amalgam Recovery Program Implementation Continued

Implementation continues for the joint MCES/Minnesota Dental Association "Voluntary Dental Office Amalgam Separator Program." The purpose of this program is to reduce environmental-mercury releases by reducing mercury discharges into the sanitary sewer system. The goal is for separator installations to be complete by February 2005. As of December 2004, 81 percent of affected dental offices had committed to participation, and 44 percent of dental offices had completed their installations.



Amalgam Recovery Receives Second Award

In 2003, the Voluntary Amalgam Recovery Program received an award from the Minnesota Chapter of the American Public Works Association for technical innovation. In 2004, the program received a MnGREAT! Award (Governor's Awards for Excellence in Waste and Pollution Prevention) for its partnership with the Minnesota Dental Association in this mercury-recovery effort that will significantly improve water quality in the state.

MnGREAT! Award to Eagles Point Plant

MCES received a second MnGREAT! Award for sustainable design in the expansion of the Eagles Point Plant in Cottage Grove. The plant was tripled in capacity while in continuous operation on a limited-area site in a sensitive environmental location on the bluffs above the Mississippi River. Sustainable-design features include building orientation, insulation, lighting and daylighting, office furnishings, recycling of demolition debris, stormwater control and landscaping. Remarkable features include the elimination of specific toxic chemicals and the heating and cooling of the plant administration building, which is supplemented by a thermal heat-pump exchange with the relatively year-round consistent temperature of the plant's 3-million-gallon daily flow of effluent.

Customers Involved in 2005 Budget and Rate Planning

Two meetings were held in March 2004 to discuss low flow and the changes to the cost-allocation method, and a May Environment Committee meeting included public discussion on changing to the firm-flow method. Three MCES Budget Planning meetings and one Industrial Customer Forum on budget and cost allocation were held in June. In August 2004, customers were told what their charges would be for 2005.

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Infiltration/Inflow (I/I) Task Force Recommendations Included in *Water Resources Management Policy Plan*

The task force was established and approved by the Council in April 2003 and produced its final report in May 2004. This 16-member task force, chaired by Metropolitan Council member Russ Susag, included representatives from 15 communities in the region and the director of the Association of Metropolitan Municipalities. Recommendations and conclusions were arrived at by consensus of task force members.

The policy statements presented and adopted by the Council were as follows.

The Metropolitan Council will establish I/I goals for all communities discharging wastewater to the Metropolitan Disposal System. Communities that have excessive I/I in their sanitary sewer systems will be required to eliminate the excessive I/I within a reasonable time period.

The Metropolitan Council will not provide additional capacity within its interceptor system to serve excessive I/I.

Strategies to implement these policies are included in the *Water Resources Management Policy Plan* and are listed in this document in the "Water Resources Management" section.

Odor Management Activity Continued

Many operational and capital-related process improvements have been implemented that have resulted in fewer off-site odor complaints and, in some cases, reduced operational costs.

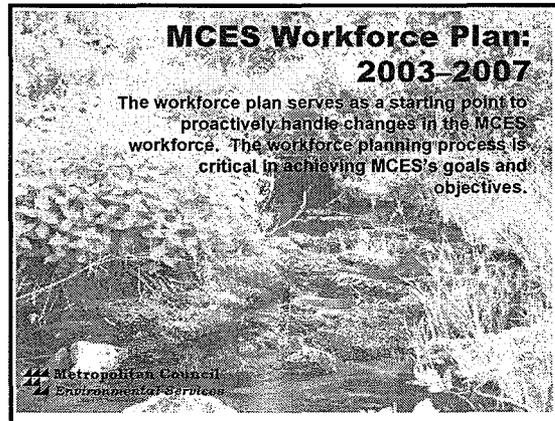
Metro Plant staff are partnering with the Dayton's Bluff Neighborhood group, keeping them informed of plant improvements that are addressing their odor concerns. In addition, staff worked with a large industrial user in South St. Paul to substantially reduce its sulfide input into the sewer system.

Metropolitan Council 2004 Performance Evaluation Report

Environmental Services

Employees in the Workplace

The MCES workplace environment continues to improve with the implementation of new programs, the leadership and support of management, and the commitment from employees and stakeholders. The *MCES Workforce Plan* serves as a starting point to proactively handle change in the workforce. The workforce planning process is critical in achieving MCES's goals and objectives.



Implementation of Phase I of the *MCES Workforce Plan: 2003-2007*

Most Phase I components of the plan are either being developed or implemented and include the following.

- A plant operator internship program was developed, and participants were hired as interns in October 2004.
- Recruitment strategies are being developed to increase the number and diversity of participants for the 2005-2006 Plant Operator Internship program.
- Leadership and Career Development programs have been implemented for first line supervisors, lead employees and MCES managers.
- Recruitment strategies have been more targeted, and the recruitment budget is reviewed on a regular basis.

Labor Agreement Settled

Work continued on the negotiation of the Machinists and Mechanics Unit agreement (International Association of Machinists and Aerospace Workers), and a tentative agreement was reached in 2004. In addition, Local 35 (International Union of Operating Engineers) settled in 2004.

Safety Enhancements Implemented

The following safety enhancements are under way or completed.

- **Medical Surveillance:** Approximately 230 annual respiratory medical evaluations were completed for those employees who may wear respiratory protection. Baseline hearing tests were completed for all MCES trades and operations staff.
- **Claritynet Interactive PC-based Safety Training:** Claritynet completion rates have been incorporated into operations' employees performance criteria. Completion rates improved dramatically.
- **OSHA Injury/Illness Summary:** Both the lost time and recordable case rates are lower than the previous two years. A computerized accident injury reporting system is being implemented.

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- **MCES Hot Work Permit Update:** The MCES Hot Work Permit has been updated. A training video was developed for the Maintenance and Operations Business Units and the incorporation of Contractor Hot Work requirements into the program is complete.

Diversity Forums Held

Four Disability Management Forums were held for MCES managers in May and June 2004. All of the MCES managers attended the forums, which focused on several topics, including the federal Family Medical Leave Act, workers' compensation, the Americans with Disabilities Act and leave management.

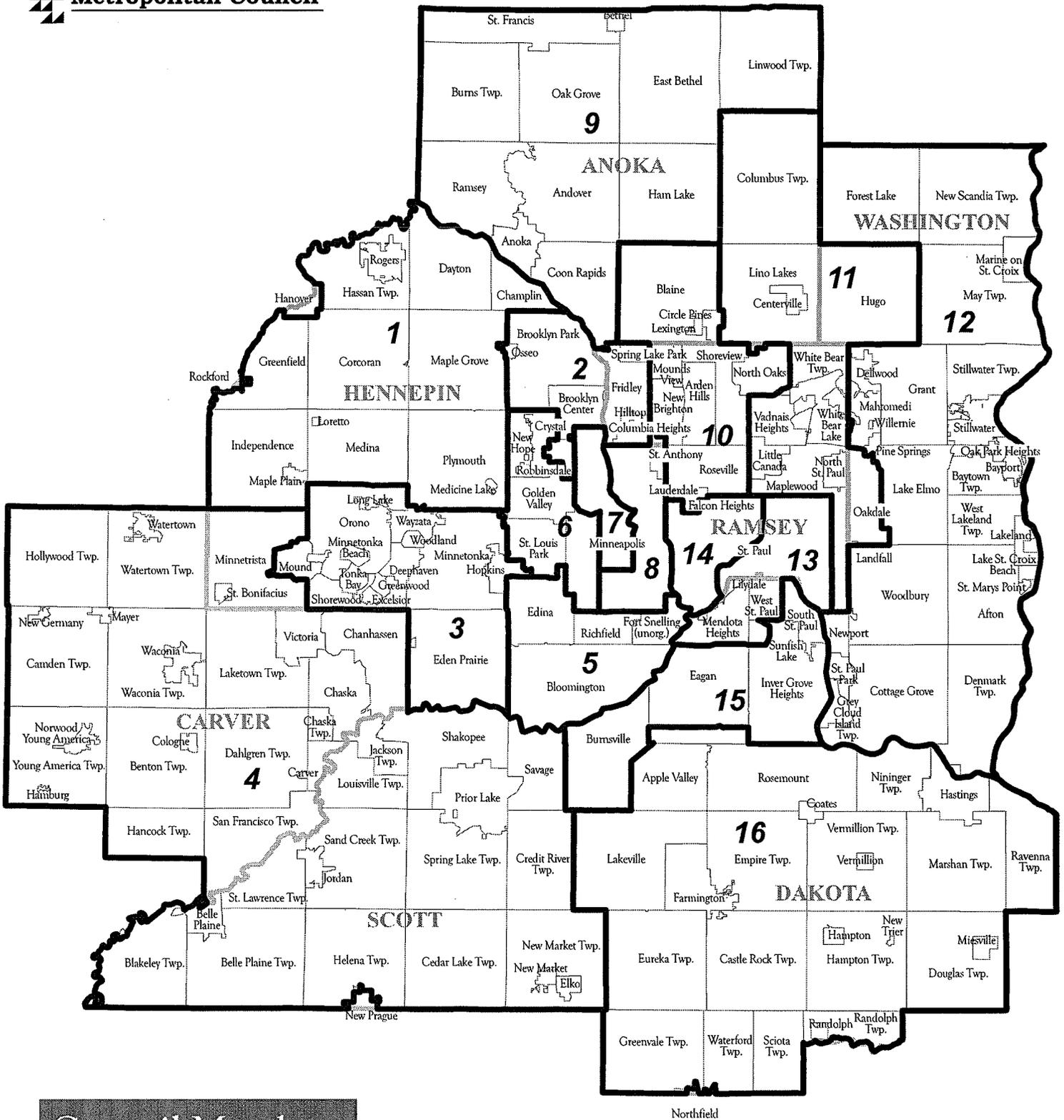
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Appendix

Appendix Maps and Budget Summary

Metropolitan Council Districts

March 2005



Council Members

Chair - Peter Bell

- | | | | |
|-------------------|--------------------|----------------------|--------------------|
| 1 Roger Scherer | 5 Russ Susag | 9 Natalie Steffen | 13 Rick Aguilar |
| 2 Tony Pistilli | 6 Peggy Leppik | 10 Mary Krinkie | 14 Song Lo Fawcett |
| 3 Mary Hill Smith | 7 Annette Meeks | 11 Georgeanne Hilker | 15 Daniel Wolter |
| 4 Julius C. Smith | 8 Lynette Wittsack | 12 Chris Georgacas | 16 Brian McDaniel |

METRO HRA

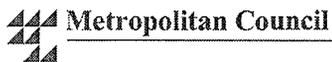
Participating Communities

(Revised April 2004)

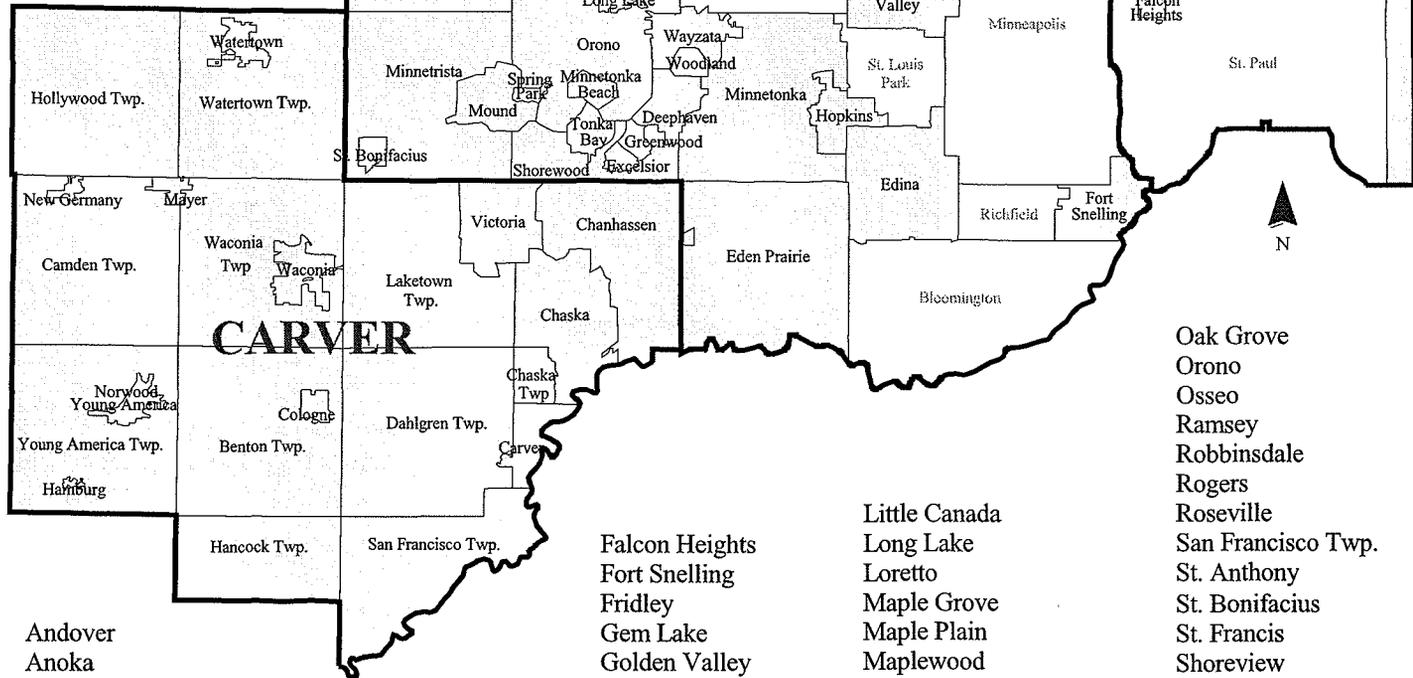
You may use your Metro HRA
Section 8 Housing Choice Voucher
in any one of the following
shaded communities:



EQUAL HOUSING
OPPORTUNITY



Metropolitan Council



Andover
Anoka
Arden Hills
Benton Twp.
Bethel
Blaine
Brooklyn Center
Brooklyn Park
Burns Twp.
Camden Twp.
Carver
Centerville
Champlin
Chanhassen
Chaska
Chaska Twp.
Circle Pines

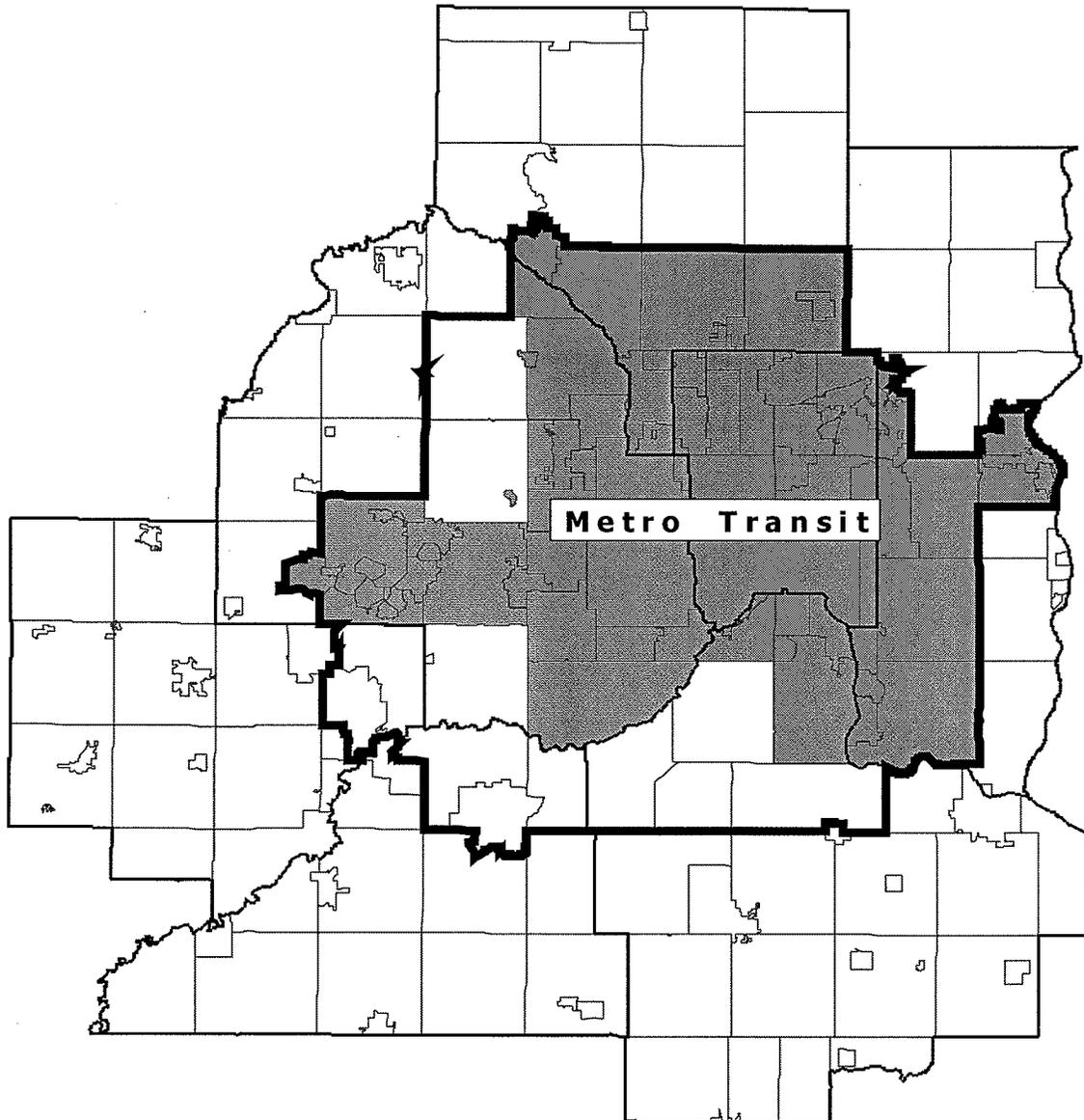
Cologne
Columbia Heights
Columbus Twp.
Coon Rapids
Corcoran
Crystal
Dahlgren Twp.
Dayton
Deephaven
East Bethel
Eden Prairie
Edina
Excelsior

Falcon Heights
Fort Snelling
Fridley
Gem Lake
Golden Valley
Greenfield
Greenwood
Hamburg
Ham Lake
Hancock Twp.
Hassan Twp.
Hilltop
Hollywood Twp.
Hopkins
Independence
Laketown Twp.
Lauderdale
Lexington
Lino Lakes
Linwood Twp.

Little Canada
Long Lake
Loretto
Maple Grove
Maple Plain
Maplewood
Mayer
Medicine Lake
Medina
Minnetonka
Minnetonka Beach
Minnetrissa
Mound
Mounds View
New Brighton
New Germany
New Hope
North Oaks
North St. Paul
Norwood -
Young America

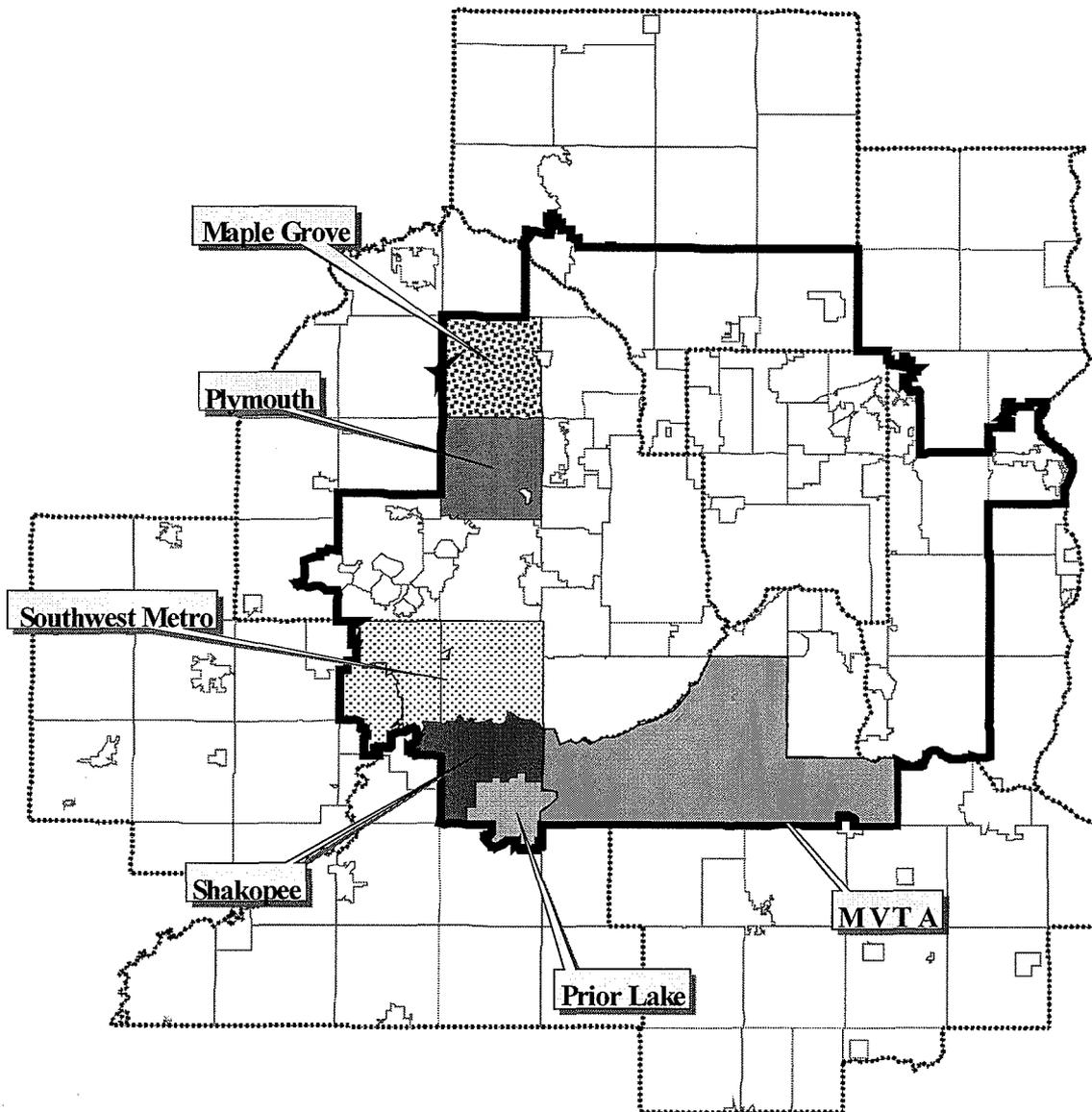
Oak Grove
Orono
Osseo
Ramsey
Robbinsdale
Rogers
Roseville
San Francisco Twp.
St. Anthony
St. Bonifacius
St. Francis
Shoreview
Shorewood
Spring Lake Park
Spring Park
Tonka Bay
Vadnais Heights
Victoria
Waconia
Waconia Twp.
Watertown
Watertown Twp.
Wayzata
White Bear Lake
White Bear Twp.
Woodland
Young America Twp.

Metro Transit Service Area

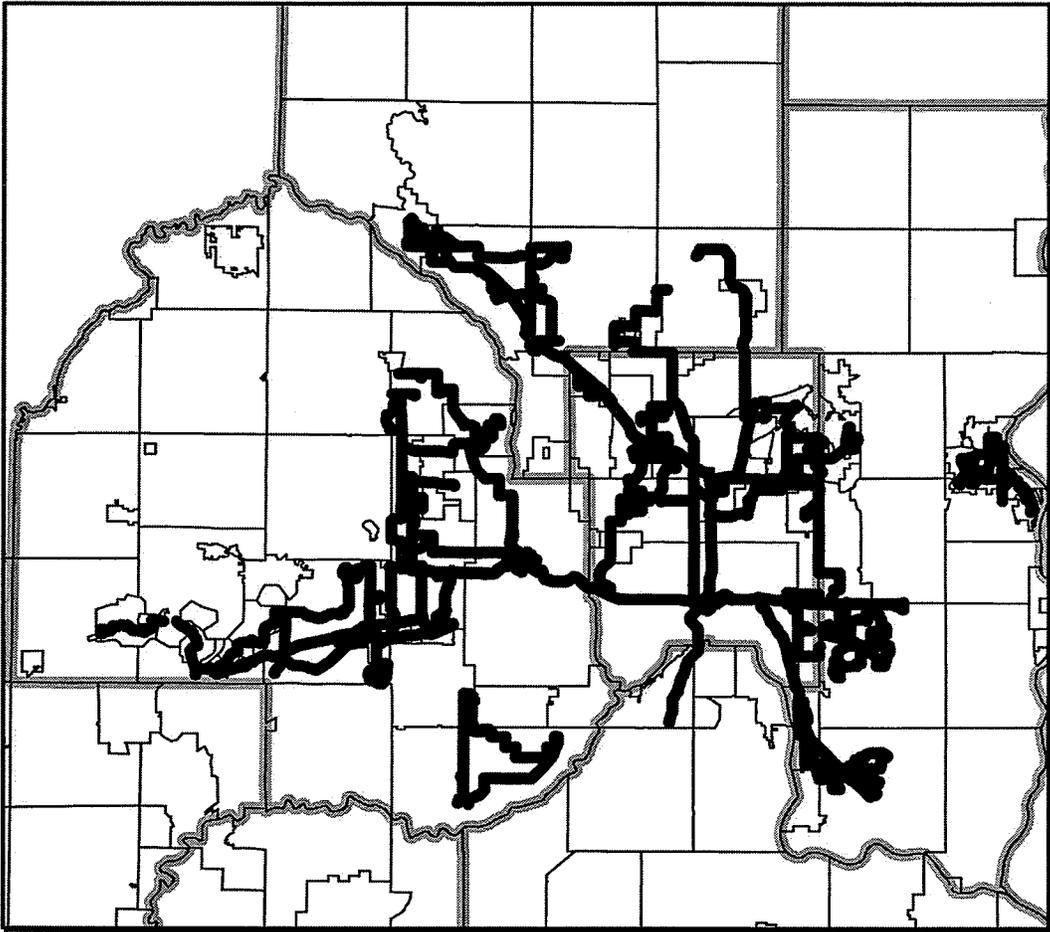


The heavy boundary inside the seven-county area is the boundary of the Transit Taxing District. Before 2002, this boundary defined the area that the Metropolitan Council and Opt-Out communities levied property taxes for regular-route transit service. Since 2002, operating costs have not been funded from property taxes. This boundary currently represents boundaries of regular-route service provided in the region.

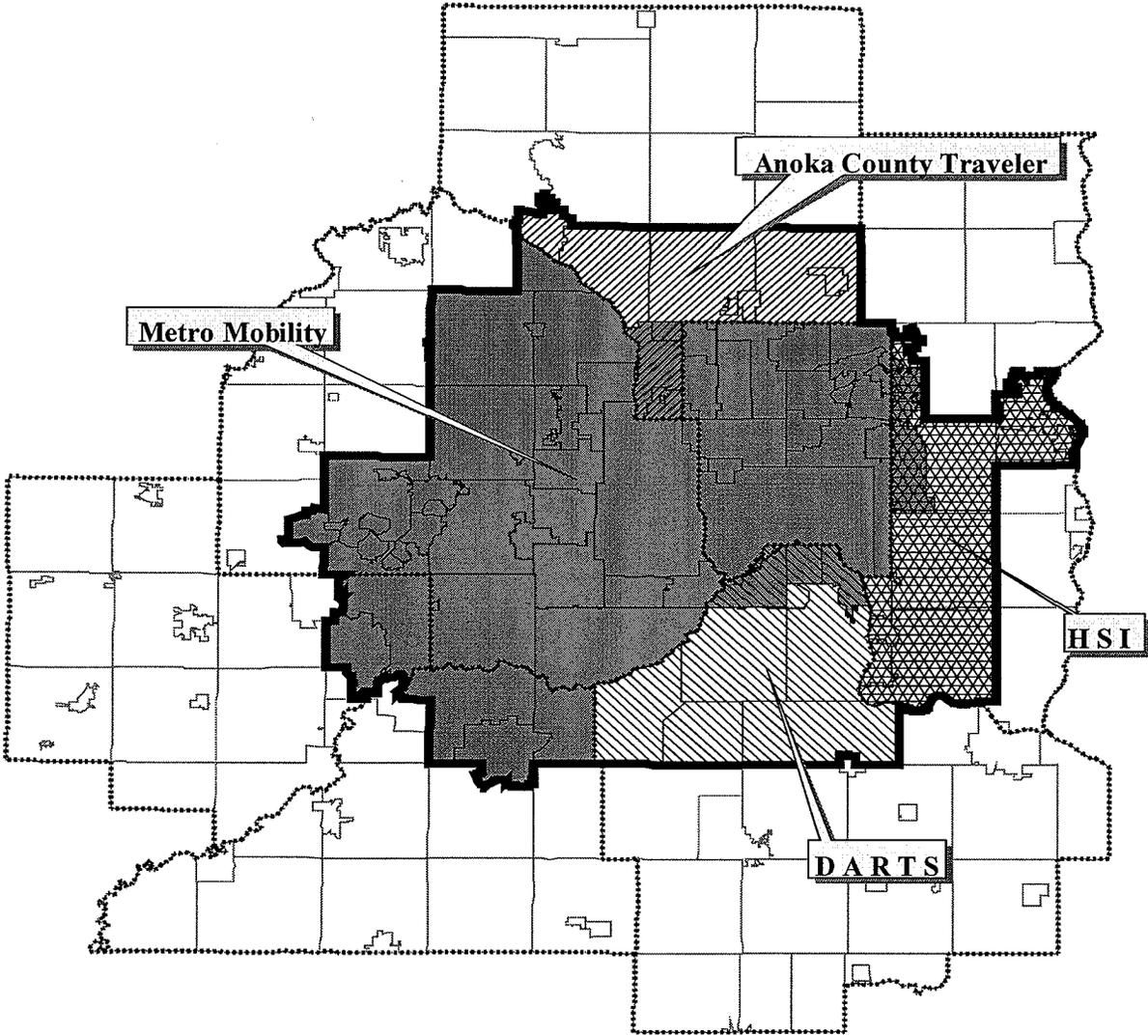
Opt-Out Transit Communities



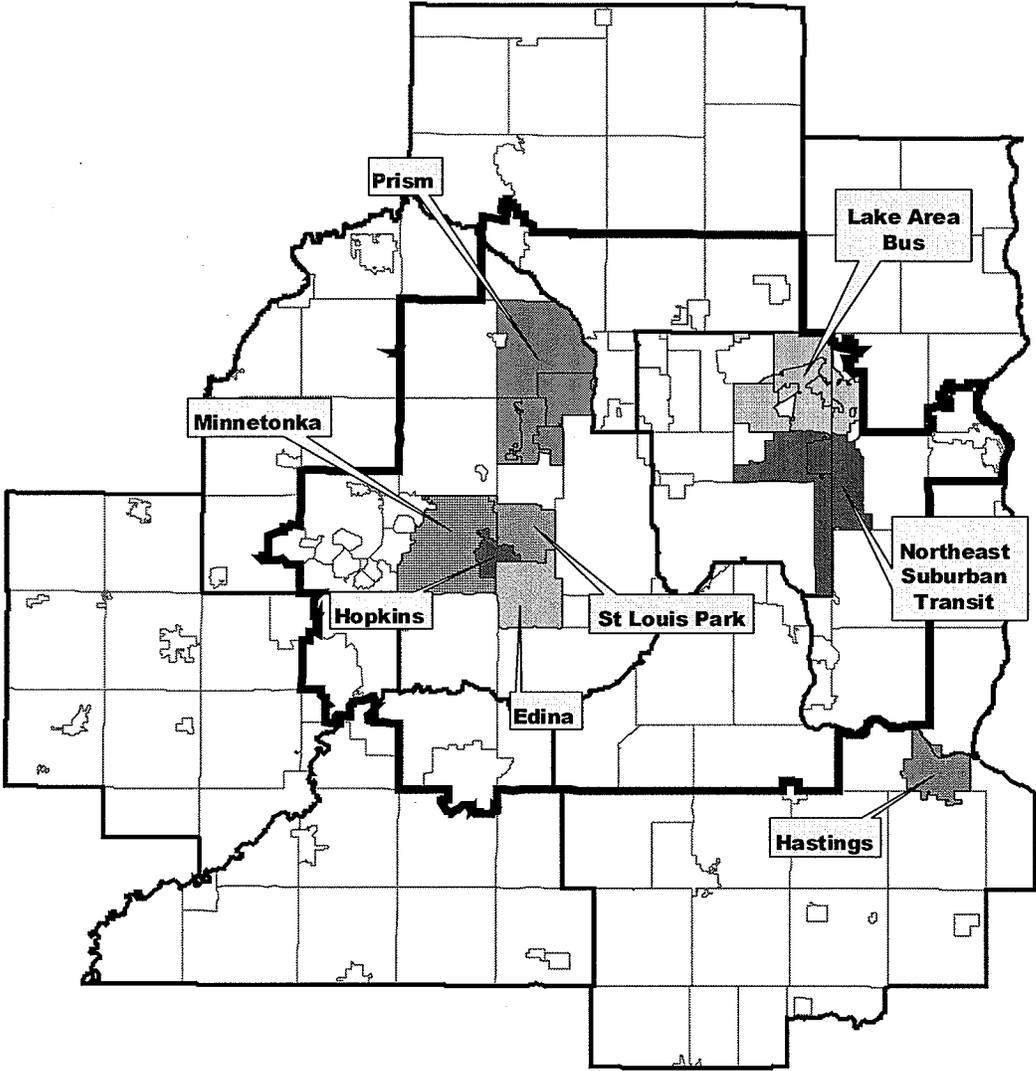
Privately Contracted Regular Transit Routes



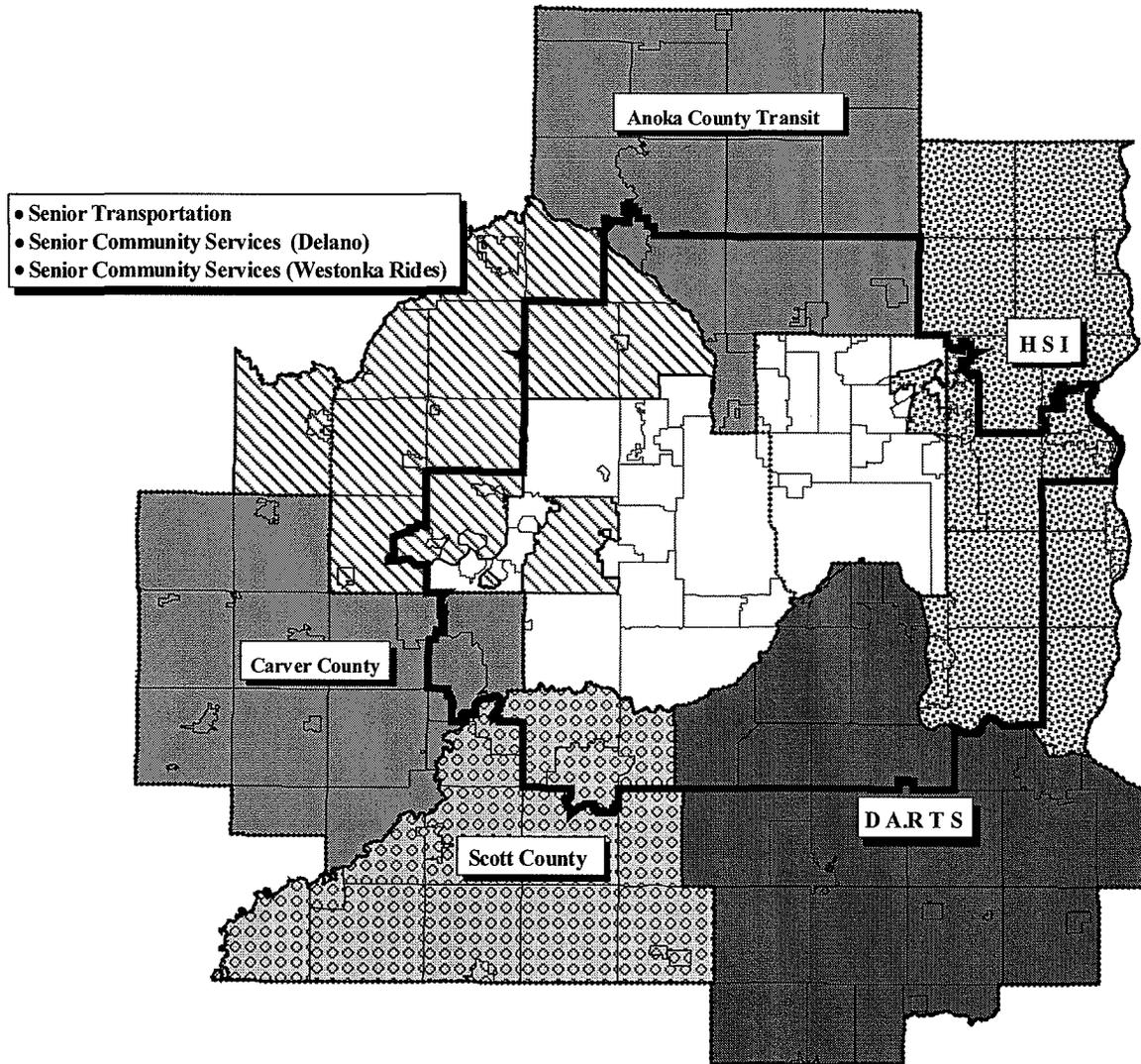
Metro Mobility and Other ADA Services



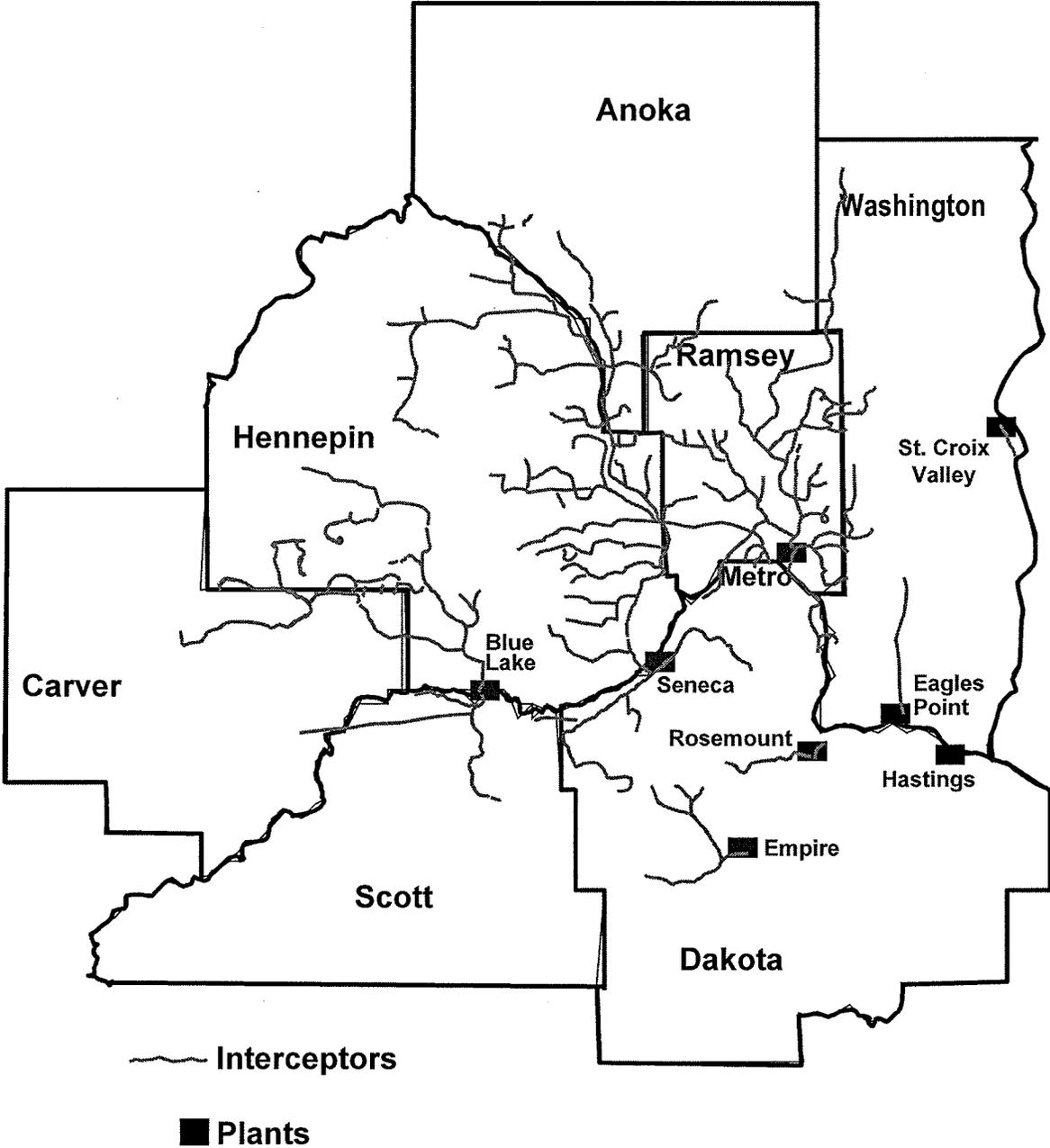
Community-Based Urban Transit Programs



Community-Based Rural Transit Programs



Environmental Services Wastewater Treatment Plants and Interceptors



2004 Year-End Financial Summary: Budget-to-Actual Comparisons Based on Unaudited Data

	Regional Administration & Community Development, Including Metro HRA and Parks			Environmental Services Division, Including Debt Service			Transportation Division – Operating Fund Only		
	BUDGET	Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE
EXTERNAL REVENUE									
Property Taxes	\$9,957,100	\$9,709,368	(\$247,732)				(\$527,000)	(\$667,399)	(\$140,399)
Federal Revenue	\$51,983,157	\$56,539,862	\$4,556,705				\$19,115,915	\$20,687,522	\$1,571,607
State Revenue	\$9,830,997	\$8,891,721	(\$939,276)	\$250,044	\$275,339	\$25,295	\$181,930,675	\$180,272,348	(\$1,658,327)
Local Revenue/Other Govt. Revenue	\$2,127,627	\$1,720,859	(\$406,768)				\$570,500	\$232,302	(\$338,198)
ES Fees				\$135,503,819	\$134,401,252	(\$1,102,567)			
Fares & Related Revenue							\$67,746,801	\$58,941,649	(\$8,805,152)
Interest	\$450,000	\$421,425	(\$28,575)	\$600,000	\$1,263,495	\$663,495	\$900,000	\$1,232,430	\$332,430
Other Revenue	\$2,780,077	\$2,724,786	(\$55,291)	\$393,740	\$245,454	(\$148,286)	\$961,807	\$938,256	(\$23,551)
Total Revenue	\$77,128,958	\$80,008,021	\$2,879,063	\$136,747,603	\$136,185,540	(\$562,063)	\$270,698,698	\$261,637,108	(\$9,061,590)
EXPENDITURES									
Salaries, Wages, & Fringes	\$23,669,104	\$22,166,766	\$1,502,338	\$56,643,049	\$55,091,388	\$1,551,661	\$164,145,545	\$152,580,419	\$11,565,126
Consulting & Contractual	\$9,543,786	\$9,606,658	(\$62,872)	\$8,147,653	\$7,839,132	\$308,521	\$73,631,246	\$51,085,533	\$22,545,713
Materials, Chemicals & Supplies	\$348,565	\$272,905	\$75,660	\$9,167,689	\$8,359,723	\$807,966	\$19,535,714	\$17,249,084	\$2,286,630
Rent & Utilities	\$2,630,603	\$2,186,415	\$444,188	\$15,049,312	\$17,038,798	(\$1,989,486)	\$3,934,673	\$3,629,464	\$305,209
Other Expenses	\$1,400,449	\$923,275	\$477,174	\$1,244,076	\$1,134,321	\$109,755	(\$1,517,866)	\$2,850,848	(\$4,368,714)
General Allocation Expense	\$777,000	\$772,989	\$4,011	\$10,054,996	\$9,248,588	\$806,408	\$12,307,479	\$8,936,978	\$3,370,501
Capital Outlay/User Charges/Etc.	\$689,373	\$673,184	\$16,189	\$2,090,525	\$1,293,450	\$797,075	\$189,798	\$144,828	\$44,970
Pass Thru & Other Grants	\$60,220,551	\$60,287,987	(\$67,436)	\$128,004	\$112,788	\$15,216		\$21,983,184	(\$21,983,184)
Debt Service Expense				\$66,001,339	\$66,001,339				
Total Expenditures	\$99,279,431	\$96,890,179	\$2,389,252	\$168,526,643	\$166,119,527	\$2,407,116	\$272,226,589	\$258,460,338	\$13,766,251
Operating Income/(Loss)	(\$22,150,473)	(\$16,882,158)	\$5,268,315	(\$31,779,040)	(\$29,933,987)	\$1,845,053	(\$1,527,891)	\$3,176,770	\$4,704,661
Transfers From	\$21,983,989	\$20,808,156	(\$1,175,833)	\$27,185,040	\$26,091,000	(\$1,094,040)	\$225,500	\$231,821	\$6,321
Transfers To	\$2,379,842	\$999,537	\$1,380,305		(\$466,598)	\$466,598	\$610,403	\$762,026	(\$151,623)
Surplus (Deficit)	(\$2,546,326)	\$2,926,461	\$5,472,787	(\$4,594,000)	(\$3,376,389)	\$1,217,611	(\$1,912,794)	\$2,646,565	\$4,559,359