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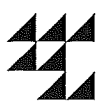
Performance Evaluation Report

Report to the Minnesota Legislature

April 2009



Metropolitan Council



Metropolitan Council

390 North Robert Street, St. Paul, Minnesota 55101

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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. An assessment of progress towards meeting transit goals for people with disabilities must be included, with required elements including, but not limited to:

- (1) a description of proposed program enhancements;
- (2) an assessment of progress;
- (3) identification of the estimated total number of potential and actual riders who are disabled;
- (4) an assessment of the level and type of service required to meet unmet ridership needs; and
- (5) an analysis of costs and revenue options, including a calculation of the amounts of surplus or insufficient funds available for achieving paratransit needs.

This 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 achievements from 2008. The next three sections discuss division results and the accomplishments of the individual units within each division. The last section is the appendix, which includes maps showing Council districts, the Metro HRA service area, transit routes and service areas, the sewer service network and a 2008 Council budget summary.

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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 of more than 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 nearly a million people between 2000 and 2030.

The Metropolitan Council was created by the Minnesota Legislature 40 years 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 3,800 employees and annual operating expenditures of approximately \$520 million, nearly 92% of which covers operating costs for regional transit service and wastewater treatment.

	Employees	Expenditures
Environmental Services Division	18%	22%
Transportation Division	74%	70%
Community Development & Regional Administration	8%	8%
Total	100%	100%

Major Functions

The Community Development Division comprises two departments:

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

The **Environmental Services Division** (MCES) operates and maintains approximately 600 miles of regional sewers and treats about 260 million gallons of wastewater daily at seven regional treatment plants. Serving nearly 90% of the seven-county area population, MCES provides cost-effective wastewater service to 104 communities. The 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; coordinating regional aviation planning; encouraging alternatives to driving alone; and provide, contract for and coordinate bus and light-rail transit in the Twin Cities.

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.

Regional Transit Ridership Highest in 27 Years

Fueled by high gasoline prices and traffic congestion, Metro Transit ridership for 2008 topped 81 million, the highest level in 27 years. That means that every minute of every day last year, 156 people boarded a Metro Transit bus or train.

Ridership on suburban transit authority buses and the Council’s contracted regular-route buses experienced similar increases. Total ridership on those services grew from 7.2 million rides in 2007 to an estimated 7.8 million rides in 2008, a jump of more than 8%.

Central Corridor LRT Project Advances

The Central Corridor LRT project moved forward in 2008 when the Council submitted its application for federal approval to enter final design on the 11-mile light-rail line, which will run along University and Washington Avenues between Minneapolis and St. Paul.

As currently proposed, the Central Corridor light-rail line includes 15 new stations, a transit mall on Washington Avenue within the University of Minnesota campus and the substructure for three additional stations at Western, Victoria and Hamline avenues in St. Paul that could be added later. Plans call for construction of a rail maintenance base in St. Paul’s Lowertown area.

The line will share five stations with the existing Hiawatha line in Minneapolis and terminate at a new intermodal station now under construction adjacent to the new Twins ballpark. That station also will serve the new 40-mile Northstar commuter rail line, which is scheduled begin service by the end of 2009. The current timeline for Central calls for construction to begin in 2010, with passenger service starting in 2014. The line will carry a projected 38,000 riders each weekday by 2020 and 42,000 riders by 2030.

Northstar on Track to Open in 2009

A \$156.8 million federal grant for Northstar will help build the region's first commuter-rail line between downtown Minneapolis and Big Lake, and purchase the rolling stock needed to begin service in late 2009.

In 2007, the Council and project partners broke ground for the line's maintenance facility in Big Lake, began a four-block extension of the Hiawatha LRT line, and ordered four remanufactured locomotives and 18 passenger cars. They will feature colors reminiscent of the Hiawatha LRT vehicles, while retaining the North Star icon that has long been associated with the project.

The \$320 million line will feature stations in Big Lake, Elk River, Anoka, Coon Rapids and a new intermodal station in downtown Minneapolis. The line will serve a projected 5,900 riders per weekday by 2030 and provide a predictable, 41-minute commute downtown in one of the region's fastest-growing corridors.

Hybrid Buses to Save Fuel, Cut Emissions

Metro Transit took delivery of 45 more hybrid electric buses, bringing the current total to 67 of these vehicles. An addition 105 hybrid electric buses will be acquired over the next several years for the Metro Transit fleet. These buses get 26% better mileage and produce 90% fewer emissions than the vehicles they replace.

Wastewater Plants Cited for Strong Performance

All eight plants received Peak Performance Awards from the National Association of Clean Water Agencies (NACWA). The Hastings and St. Croix Valley Plants were among the top plants in the country for consecutive years of full compliance with their clean water discharge permits. Both plants earned the Platinum Award—Hastings had 17 consecutive years while St. Croix Valley had 16. The Seneca Plant also earned Platinum for seven consecutive years. Blue Lake and Eagles Point had three consecutive years; Metro and Rosemount (closed in late 2008) had two.

Inflow/Infiltration (I/I) Surcharge Program Implemented

There were 46 communities on the 2008 I/I Surcharge list and every one of the communities is committed to an I/I reduction program. Approximately \$20 million was committed for I/I reduction and approximately 45 million gallons a day of I/I during heavy rainfalls has been eliminated from the sanitary sewers. Two additional communities were added to the program for 2009.

Council Continues Pursuit of Energy Reduction

The Council's Environmental Services Division continued its initiative to reduce its non-renewable energy usage 15% through 2010 by increasing the efficiency and/or use of renewable energy. Accomplishments this year, as outlined in the 2008 Report of the MCES Energy Team, include:

- Conducting facility energy improvement studies, identifying energy conservation opportunities, and implementing conservation projects.
- Developing an energy section on MCES's internal Website that serves as a resource to staff.

- Pursuing utility rebates by working collaboratively with utility representatives and educating MCES staff on all available programs.
- Working with the University of Minnesota to develop partnerships for renewable energy projects.

Wastewater Treatment Plant Improvements

Both Blue Lake and Seneca Plants have been retrofitted to remove phosphorus through biological treatment. Removing phosphorus improves the water quality in the Minnesota and Mississippi rivers. These projects also replace the gaseous chemical effluent disinfection system with liquid chemical disinfection. These improvements will help meet the regulatory requirements of the National Pollutant Discharge Elimination System (NPDES) permits and provide additional capacity for long-term service needs. MCES's six largest treatment plants provide phosphorus removal.

Water Supply Plan Nears Completion

The Metropolitan Area Master Water Supply Plan will be completed in spring 2009. The draft plan developed by the Council and planning partners:

- Identifies issues that will need to be addressed as part of water supply development.
- Provides guidance on water supply on how to address issues and develop supplies sustainably/
- Is based on up-to-date regional data that is now available for use in a number of applications/
- Includes analysis tools that can be used to evaluate a variety of future scenarios.
- Describes the collaborative process for ongoing planning and analysis to ensure decisions are based on the best available information with input from stakeholders.

Investments Help Keep Communities Vital

Through the Livable Communities program, the Council awarded \$15.6 million in grants to cities to help them clean up polluted lands, support mixed-used development and expand the supply of affordable housing. Through a new program, the Council also provided loans to four projects to help buy land for new developments with a minimum of 20% affordable housing.

Comprehensive Plan Updates Arrive for Review

At least once a decade, communities throughout the seven-county metropolitan area are required to update their local comprehensive plans and submit them to the Council for review. For this cycle of submissions, Dec. 31, 2008, was the deadline. Of the 182 communities under the requirement, 105 had submitted their plans, and another 66 had requested extensions – a much better achievement than 10 years ago.

Newest Park Reserve Opened

Three decades in the making, Big Marine Park Reserve in Washington County opened at the start of the 2008 summer season. Facilities at the region's newest park reserve include a boat launch, swimming beach, picnic and play areas, and paved hiking trails. Washington County has acquired about one-third of what eventually will be a 1,920-acre park reserve. The lion's

share of the park – 80% – will remain undeveloped. The Metropolitan Council works with partnering cities and counties. to acquire and develop parks and trails to protect natural resources and to provide outdoor recreation for public enjoyment.

Nonprofit Parks Foundation Approved

By a unanimous vote, the Metropolitan Council agreed to form a nonprofit foundation that will raise private funds to help acquire land for regional parks. Preserving significant natural areas and providing recreational opportunities for the public are among the Council's priorities for the regional park system.

A new foundation will help raise private funds to help acquire land for new parks needed for the region's growing population. The foundation is to be modeled on similar, successful efforts in other large U.S. metro areas. A McKnight Foundation-funded feasibility study conducted by the Council and the Trust for Public Land showed that a foundation to raise money for parks can succeed in this region.

The Council's *2030 Regional Parks Plan* proposes that the region acquire 17,000 acres of land for seven new regional parks and 700 miles of regional trails, at an estimated cost of \$193 million in 2005 dollars. While regional and state bonds will continue to fund park land acquisition, those funds would not be enough to acquire sufficient parkland by 2030.

The foundation will have a 16-member board, chaired by the Metropolitan Council chair. Other board members include two Metropolitan Council members, the chair of the Metropolitan Parks and Open Space Commission, one representative each from the Parks and Trails Council, Trust for Public Land and Nature Conservancy, and nine citizen members.

Community Development

Overview

The mission of Community Development is to:

- Understand the development patterns of today and tomorrow in order to inform local and regional policy development.
- 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 Act grants from three funding accounts to eligible communities to assist them with cleaning up polluted sites, expanding housing choices, and undertaking developments that use land and infrastructure more efficiently and connect housing, jobs and services.
- Deliver state and federally funded rent assistance through existing programs to create and provide affordable housing for low-income households in the region.

The Community Development Division includes two departments: (1) Planning and Growth Management and (2) Housing and Livable Communities.

The 2008 Planning and Growth Management Department included three units in 2008:

UNIT	CORE ACTIVITY
Regional Systems Planning and Growth Strategy	Implement <i>2030 Regional Development Framework strategies and policies</i> . Coordinate policy outreach efforts, such as the Land Use Advisory Committee and the Metropolitan Parks and Open Space Commission. Provide planning coordination and capital improvement grant administration for regional parks.
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	Focusing on the demographics and development of the Twin Cities area, Metropolitan Council Research analyzes, interprets and disseminates regional intelligence to inform planning and decision-making.

The Housing and Livable Communities Department included two units in 2008:

UNIT	CORE ACTIVITY
Livable Communities	Implementation of the Livable Communities Act housing provisions and its three funding accounts. Support for planning and development 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.

Regional Systems Planning and Growth Strategy

In 2008, the Regional Systems Planning and Growth Strategy team focused on continuing to implement policy and strategies set out in the *2030 Regional Development Framework*.

Collaboration with stakeholders included a review of fiscal impacts of growth study by the Land Use Advisory Committee, and discussions with officials from counties adjacent to the seven-county metropolitan area regarding ideas for voluntary, mutually beneficial collaboration.

The Regional Systems Planning and Growth Strategy unit is also responsible for planning and coordinating the regional park system, with the advice of the Metropolitan Parks and Open Space Commission. The park commission reviews park master plans, develops a Capital Improvement Program for the park system, and coordinates the distribution of park grants.

In 2008, the unit provided analysis and support for the Council in the following areas:

- Review of three master plans and plan amendments for Central Anoka County Regional Trail–East Alignment (Anoka County), Rush Creek Regional Trail (Three Rivers Park District), Bruce Vento Nature Sanctuary and other additions to Bruce Vento Regional Trail (City of St. Paul).
- Authorization of 29 capital project grants totaling \$17.5 million from the 2008-2009 capital improvement program for the Metropolitan Regional Park System. The projects were financed with \$10.5 million of state bonds and \$7 million of bonds issued by the Metropolitan Council.
- Authorization of five capital project grants totaling \$7,245,000 financed with \$7,045,000 of 2008 state bonds and \$200,000 of Natural Resources Funds.
- Review of seven future authorizations totaling up to \$19,184,657 to reimburse regional park implementing agencies for acquiring parkland when it became available for sale. The reimbursement requests were for acquisition of 2.94 acres for Lake Waconia Regional Park,

acquisition of 48 acres for Spring Lake Park Reserve, Phase 1 development at Silver wood Special Recreation Feature, construction of the Dakota Rail Regional Trail in suburban Hennepin County, land acquisition at the 456 acre Empire Wetlands Regional Park property, and development of the Carver County portion of the Dakota Rail Regional Trail.

- Authorization of 11 land acquisition grants totaling \$6,288,445 to partially finance the acquisition of 546 acres from the Park Acquisition Opportunity Fund. The fund is financed with state appropriations and Metropolitan Council bonds.
- Authorization of a \$654,298 development grant for North Mississippi Regional Park in Minneapolis.
- Distribution of \$8,620,000 in grants financed with state general funds and lottery proceeds in lieu of sales tax revenue to 10 regional park implementing agencies. The grants help partially 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.
- Management of regional parks and trails survey conducted by Information Specialists Group, Inc. The survey provides baseline data to calculate the annual regional park use estimates, to determine the nonlocal visits for the funding formula under the Capital Improvement Program, and to determine the racial/ethnic makeup of park visitors.

Local Planning Assistance

In 2008, the Local Planning Assistance unit:

- Coordinated 383 reviews to determine their conformity with the regional systems, consistency with Council policy and compatibility with adjacent community plans, including:
 - 180 reviews of comprehensive plans, plan amendments, EAWs, AUARs and other environmental reviews (63 environmental, 117 comprehensive plan updates and amendments and critical area plans), and
 - 203 reviews of NPDES permits, U.S. Army Corps of Engineer permits, wastewater and surface water discharge permits, and other types of reviews.
- Carried out communications with local community elected and appointed officials through the Council's sector representative program.
- Prepared briefing materials and helped coordinate a series of 13 "District Dialogue" meetings, which were held throughout the region with local elected officials and key community staff.
- Updated the *Local Planning Handbook* with implementation guidelines and revisions consistent with changes in the Minnesota Land Planning Act as passed by the Legislature in 2007. Key changes included definition of a minor amendments for adjacent review requirements and residential density guidelines as required for local governments in the preparation of their 2008 comprehensive plans. The web-based *Local Planning Handbook* is available on line at: www.metrocouncil.org/planning/LPH/handbook.htm

- Prepared the annual *Metropolitan Agricultural Preserves Program Status Report* and the *Regional Plat Monitoring Report*.

Research

In 2008, the Research team:

- Launched the *Metro Stats* publication brand, a new Internet-based approach to disseminating research data and analysis that incorporates enhanced graphics and focused analysis.
- Developed a detailed vision for a website redesign, to be implemented in 2009, that will expand the availability of Research data on the web and focus more specifically on the needs of key audiences, thus minimizing staff effort.
- Converted the Building Permits Survey from a paper-based survey to an Internet survey to minimize reporting burden and data entry required.
- Conducted three workshops on the Council's Population Estimates Methodology for over 60 local staff and elected officials and enhanced the information provided to local officials with the distribution of the population estimates.
- Evaluated external software for the new forecasting model and selected one vendor for a more detailed product evaluation.
- Conducted annual surveys on building permits (99% response rate), affordable housing production (66% response rate), group quarters (84% response rate), and manufactured home parks (87% response rate).
- Changed the Natural Resources Digital Atlas to a web-based GIS application.

Livable Communities

In 2008, 105 metropolitan area communities participated in the Livable Communities program (Minnesota Statutes 473.25) 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 participate in the program and 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. The Livable Communities Fund includes grants from the following three accounts:

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.
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) preserves and expands housing opportunities through grants to eligible communities to meet negotiated affordable and lifecycle housing goals.

In 2008, the Livable Communities Program unit:

- Awarded almost \$6.96 million through 22 grants from the Tax-Base Revitalization Account to help clean up 153 acres of polluted land in nine communities. These projects are expected to generate \$5.31 million in increased annual net tax capacity and 2,648 new and retained jobs.
- Provided 12 development grants under the Livable Communities Demonstration Account totaling over \$6.99 million. The grants will help projects in eight communities to progress to the construction stage. Funded projects helped acquire and prepare sites for redevelopment that will include a mix of housing types and costs, linked to transit, where available, and incorporating commercial, civic or other uses that support daily needs and community activities; and assisted with construction of innovative storm water management solutions.
- Provided eight grants from the Local Housing Incentives Account totaling \$1,620,000 to help develop 80 new rental units and 20 new ownership units, and rehabilitate or improve 53 ownership and 57 rental homes. These grants will support affordable housing activities in six cities and one multi-city land trust. Most of the rental units are affordable to low- and moderate-income households. These LHIA awards are in addition to over \$36 million in other public and private development and rehabilitation investments.
- Provided four loans for land acquisition for affordable housing through a new program called Land Acquisition for Affordable New Development (LAAND). The loans will be repaid when the land is sold and reused for the new affordable housing projects. The 2008 awarded loans will assist projects in Minneapolis, St. Paul, and Dakota and Washington counties, and will result in projects with a minimum of 20% affordable housing.
- Made modifications or clarifications to criteria or guidelines to the LCDA and TBRA programs based on Council direction; more thoroughly integrated policies of state agencies into LCDA criteria, including Minnesota Sustainable Building Guidelines; and increased recognition for LCDA projects located within one-half mile of transit service.
- 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.
- Developed information packets for new grantees and other print and web-based materials to improve service to grantees and other constituents.

Metropolitan Council Housing and Redevelopment Authority

In 2008, over 6,600 low-income households in the metropolitan area benefited from more-affordable housing opportunities through rent assistance benefits provided under six programs administered by the Metro HRA unit. The rental assistance programs, funded through federal and state and local funds include the Section 8 Housing Choice Voucher, Scattered Site Public Housing (Family Affordable Housing Program), Bridges, Shelter Plus Care, Housing Opportunities for People with AIDS and Rental Assistance for Anoka County.

In 2008, the HRA unit:

- Provided Section 8 vouchers to 5,904 very low income seniors, families and households with disabled members. These grants enabled the households to rent private rental units at rents affordable to each household's income.
- Provided rent assistance to approximately 580 additional households through programs designed specifically to assist households where the head or other member has a disability.
- Issued over \$50 million in direct rent payments to private landlords.
- Maximized use of Section 8 funds by ensuring 100% of the available baseline allocation was utilized.
- Maintained the HUD ranking of High Performer in the Section Eight Management Assessment Program (SEMAP).
- Owned and managed 150 scattered site public housing units (Family Affordable Housing Program) comprising single-family houses, duplexes and town homes located in 11 suburban communities.
- Achieved a 95% occupancy rate in the Family Affordable Housing Program scattered site public housing units.
- Continued support to Housing Link for information and referral services to housing seekers and landlords about affordable housing programs and housing vacancies.
- Continued participation in the Homeownership Made Easy (HOME) program offering free home ownership education, credit and loan counseling to Section 8 participants no longer in need of rent assistance and preparing for the purchase of their first home. Six loan closings occurred in 2008 through the program.
- Continued participation in the Family Self Sufficiency Program (FSS) offering program participants financial rewards for moving towards self sufficiency. Twenty-one participants successfully graduated from the FSS program in 2008, paying out over \$210,000 in escrow balances.

Transportation Division

Overview

The Metropolitan Council adopts transportation policies and plans, and coordinates all transportation planning in the Twin Cities area. This includes 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 both through directly provided services and through contracted transit providers.

These programs are carried out through two divisions – Metropolitan Transportation Services (MTS) and Metro Transit – based on the Council’s *Transportation Policy Plan*.

Transportation Policy Plan Focus and Implementation

The philosophy and focus of the Council’s *Transportation Policy Plan* is to implement the *Regional Development Framework*. Specifically:

- Focus highway investments first on maintaining and managing the existing system, and, second, on slowing the growth of congestion.
- Make more efficient use of the regional transportation system.
- Plan and invest in multi-modal transportation choices based on the full range of costs and benefits.
- Encourage travel-demand management strategies
- 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 area, which is documented in the long-range *Transportation Policy Plan* (TPP).
- 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.
- Carries out the region’s transportation planning program, the Unified Planning Work Program (UPWP)
- Implements transportation policy through the allocation of federal funds, through implementation of its own programs and through coordination with the federal, state, and local governments.

- Acts as the federally designated Metropolitan Planning Organization.
- Provides or coordinates with transit programs throughout the region:
 - Operates *Metro Transit*, the region's largest provider of large-bus, regular-route transit service and light rail transit service
 - Operates *Metro Mobility*, the region's primary ADA transit service provider. 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. Service is provided through contracts with two private companies and four counties.
 - Operates *contracted regular-route transit* services, a network of routes operated by contractors. These routes comprise approximately 5% of regular-route transit in the Twin Cities.
 - Partners with *community-based transportation* programs. These are dial-a-ride transit programs provided in rural parts of the seven-county region as well as in cities that have chosen to provide their own transit service. The Metropolitan Council partners with the sponsoring cities, counties, and nonprofits to provide these transit services by providing performance grants for a portion of the cost of operations. The Council also provides capital grants and technical support.
 - Partners with *suburban transit authorities*. Twelve communities, also known as "opt outs," have chosen to provide their own transit service. They provide service through contracts primarily with private companies, although they do contract with nonprofit and other governmental entities. Operating funding flows from the state to the suburban transit authorities through the Council. The Council coordinates regional support: fares, capital programs and other activities with opt out authorities.
 - Provides *vanpools*. Van-Go started in 2001, providing vans for vanpool programs. These vanpools are primarily serving areas that have a density too low for regular-route transit service or are meeting reverse-commute needs.

The region also has three other transit programs not affiliated with the Metro Council:

- Northstar Commuter Coach: The Northstar Corridor Development Authority 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.
- Ramsey Star: The City of Ramsey began a demonstration express bus route from the City of Ramsey to downtown Minneapolis in 2007.
- University of Minnesota: The U of M operates all day intercampus transit service for students, faculty, employees, and the general public. The system is integrated with the regional regular route network and interchanges passengers with at least four other transit programs.

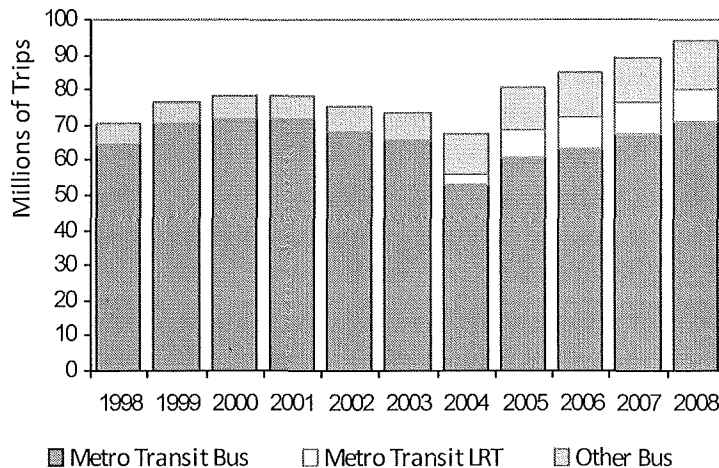
Regional Transit Ridership

Transit ridership in the region increased by 6.4% from 2007 to 2008. This year saw the highest transit ridership in over 25 years.

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

Overall, ridership growth was strong due in large part to high gas prices for the first three quarters of the year, and it appears that many of the riders gained during the period of high gas prices are being retained. Ridership on LRT remains strong and additional programs outside of Metro Transit have also seen substantial ridership gains.

Regional Transit Ridership, 1998 - 2008



Metropolitan Transportation Services

Metropolitan Transportation Services has two major functions:

- Conducting transportation planning for the metropolitan area as the region's federally designated Metropolitan Planning Organization (MPO).
- Providing for transit service through direct contracts and/or partnering with approximately 30 private, public, and nonprofit transit service providers through five major programs: Metro Mobility/ADA, community-base programs, contracted regular-route, Van-Go and the opt-out transit systems.

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.

2030 Transportation Policy Plan (TPP)

Federal regulations require the Council to prepare a long-range transportation plan, which must be updated every four years. In December 2004, the Council adopted the *2030 Transportation Policy Plan (TPP)*. A major work effort in 2008 was to update this plan.

Prior to beginning this plan update, two major studies begun in 2007 were completed to bring clarity to the issues facing the transportation system. The Principal Arterial Study examined the impacts of different approaches to highway improvements on congestion. This work then informed the highway chapter of the TPP.

The *2030 Transit Master Study* was undertaken to help define what transit alternatives should be pursued. This update reviewed 29 corridors for their potential for intensive transit investments, created a plan for improving the bus system and laid out steps to make land use more conducive to transit.

Both studies were undertaken with a wide range of partners, including Mn/DOT, all of the region's transit providers, county staff, city staff and other partners.

The *2030 Transportation Policy Plan* was developed using the results of these studies. Staff worked with other organizations to develop the various chapters. A draft of the plan was released for public comment in September. Comments were taken through public meetings, a public hearing, phone, US mail and electronic means. The document was then revised and adopted in January 2009.

Transportation Improvement Program

The Council is responsible for the selection of projects for federal funding and the preparation of a short range Transportation Improvement Program (TIP). This is done through the Transportation Advisory Board (TAB) and its Technical Advisory Committee. The TIP includes all federally funded transportation projects, as required by federal law. The process includes broad citizen and interested-group input. In 2008, the 2009-2012 TIP was prepared and adopted.

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 its *Regional Development Framework* and the *2030 Transportation Policy Plan*.

- 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 2008 ten RALF loans totaling over \$4.6 million were made: These included
 - City of Maple Grove \$801,321 (2 loans)
 - City of Bloomington \$774,800 (4 loans)
 - City of Ramsey \$1,581,552 (2 loans)
 - City of Belle Plaine \$225,231 (1 loan)
 - Anoka County \$1,272,439 (1 loan)
- The Council participated in several ongoing interagency corridor studies, including those for the following: I-35E, TH 10, I-694, TH 212 and TH 41.

Transit Planning Activities

The Council performs long-range transit planning activities for implementation of the policy direction established in its *Regional Development Framework* and the *2030 Transportation Policy Plan*.

- In 2008, the Council completed an update of its *2020 Transit Master Plan* called the *2030 Transit Master Study*. This work then became the basis of the transit chapter of the *2030 Transportation Policy Plan*.

- The Council participated with Mn/DOT, Metro Transit and the county regional rail authorities during 2008 to conduct feasibility, alternatives analysis, environmental and engineering studies for several transitway corridors, including the Central, Cedar Avenue, Southwest, Bottineau, Red Rock, Robert and Rush Line Corridors.
- In fall 2008, the Council staff worked with Metro Transit to complete and analyze a survey of park-and-ride facility usage. The results will be used to in 2009 to update the plan that guides regional park-and-ride facility expansion and new construction.

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 2008, conformity analyses of the *2030 Transportation Policy Plan* and the *2009-2011 Transportation Improvement Program (TIP)* was completed to ensure the construction of these projects would not violate air quality standards.

CMAQ/STP/TEP Allocation Process

In its role as the federally designated Metropolitan Planning Organization (MPO) for the region, the Council approves the selection of projects recommended by its Transportation Advisory Board for federal transportation funding. This includes three programs: Surface Transportation Program (STP), Transportation Enhancements Program (TEP) and Congestion Mitigation/Air Quality (CMAQ) programs.

In 2008, the Council's TAB revised its application and processes to solicit projects. The next solicitation will be in 2009 for federal funding expected to be available in 2012-2014. Application packets will be sent out in early 2009 and projects evaluated in the spring and summer of 2009 by the Transportation Advisory Board and its Technical Advisory Committee.

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 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 *2030 Transportation Policy Plan*.

In 2008:

- Validation of factors for modeling LRT mode choice was undertaken.
- 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 highway and transit projects that required forecasts, including several of the transit way projects.
- Planning for the 2010 Travel Behavior Inventory (TBI) began in earnest, including drafting a new proposed system of Travel Analysis Zones (TAZs) for use in both the 2010 TBI, as well as the 2010 Census.

Aviation Planning Activities

The Council prepares and maintains a plan for the regional aviation system. The Council works closely with Mn/DOT Aeronautics, 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 2008 highlights include the following:

- Incorporated a revised Aviation section into the updated *2030 Transportation Policy Plan* (TPP).
- Acquired a FAA planning grant to conduct technical studies in preparation for the update of the Twin Cities regional aviation system plan to a 2030 planning horizon.
- Reviewed and approved the 2025 long-term comprehensive plans (LTCPs) prepared by the MAC for development at the Air Lake, Lake Elmo and Crystal Airports.
- Continued coordination with the MAC on aviation issues, including initiation of updates to long-term comprehensive plans for Anoka County-Blaine, Flying Cloud and St. Paul Downtown Airports.

Transit Programs

The Contracted Services unit provides transit service through service contracts covering contracted regular-route transit, Van-Go and dial-a-ride programs, as well as program coordination with suburban transit systems.

Ridership

Suburban transit provider and regular-route systems have experienced substantial increases in ridership from 1998 to 2008 (94% for suburban providers and 67% for the contracted regular routes). Ridership for dial-a-ride programs and Metro Mobility/ADA has grown more modestly in this same period (21% for dial-a-ride and 14% for Metro Mobility). Ridership for dial-a-ride programs is largely dependent on funding resources. Metro Mobility/ADA ride growth was tempered by conversion from self-certification to professional certification in 2006.

Suburban Transit 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 Authority (MVTA) to provide transit in their communities. (Prior Lake was initially part of MVTA, choosing in 2002 to operate independently.) Chaska, Chanhassen and Eden Prairie created another intergovernmental entity, Southwest Metro Transit.

These communities contract with a variety of providers to provide service. They also select their own routes and levels of services. A significant share of the service provided by suburban providers meets the needs of commuters traveling to and from downtown St. Paul and Minneapolis. From 2007 to 2008, ridership in the opt-out system increased 9%. In 2002, Minnetonka also opted out, but elected to have the Metropolitan Council provide service and manage the levels of service and routes.

Contracted Regular Routes

The Metropolitan Council contracts for approximately 5% 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 two 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 accomplishments of this system in 2008 included:

- Implementation of Route 288 bus service between St. Paul and Forest Lake/Columbus in response to I 35W bridge collapse.
- Public hearings held to receive input on proposed fare increase. Implementation of new fare structure on October 1, 2008.
- Increase in ridership on contracted fixed routes by 7% from 2007 to 2008.

Dial-a-Ride Service

Dial-a-Ride services are, for the most part, demand-responsive operations that include small buses and volunteer driver services in a community or county. In 2008 the Council funded 14 programs for \$3.4 million.

Notable changes to this system in 2008 included:

- Staff conducted a study of the current dial-a-ride system and will propose a service restructuring plan for Council approval in the first quarter of 2009.
- The proposed service plan streamlines administrative efforts, requires coordination of dial-a-ride and fixed route service to maximize the Council's investment, more equitably distribute resources, impose consistent dial-a-ride operating policies and procedures throughout the region, and assure eligibility for federal funding and allow for future flexibility to adjust service as fixed route services evolve.

Van-Go

The Metropolitan Council provides vanpools in areas and at times that are not served by traditional transit. In 2008, this program consisted of 70 vans, providing 210,000 commute trips.

Metro Mobility Program Evaluation

This section responds to Minnesota Statutes 473.13, which requires the Council's program evaluation report include "an assessment of progress towards meeting transit goals for people with disabilities must be included, with required elements including, but not limited to:

Metro Mobility/County ADA

The Americans with Disabilities Act (ADA) requires that transit services be provided to persons who, at least under certain circumstances, are not able to use the fixed-route system. Federal law requires this paratransit service be delivered at comparable levels as the fixed-route system. In the Twin Cities metropolitan area, this is a service of the Metropolitan Council, managed by the Metro Mobility Service Center and delivered by several different providers.

The 2008 Metro Mobility/County ADA ridership was 1,435,951, an increase of 5.2% over 2007 ridership. Despite the increase in system ridership, efforts to contain the ADA budget are ongoing to make service readily available as required by both state and federal law, maintain service quality and do it all efficiently and cost-effectively.

Proposed Program Enhancements

In order to maintain high-quality service efficiently and effectively, Metro Mobility, an operating division of the Metropolitan Council, will implement the following program enhancements in 2009:

- **Peak Demand Overflow (PDO)**

This program is designed to help Metro Mobility manage denials in the federally mandated ADA transit area (3/4 mile on either side of a local fixed route). According to the Federal Transit Administration (FTA), ADA paratransit programs must keep denials to a statistical zero within the ADA mandated transit service area. In the event that a Metro Mobility service provider is unable to schedule a ride reservation for a Special Transportation Services passenger trip (that is, outside of the ADA mandated area), Metro Mobility will offer the customer a PDO ride option whereby he or she can receive a taxi ride for the same fare as a Metro Mobility ride. The ride arrangements with the taxi company are arranged by Metro Mobility reservationists. Metro Mobility has budgeted \$50,000 to pay for this program.

- **Installation of Digital Video/Audio Recording System**

Metro Mobility will begin installing event-recording equipment on all buses. This will allow Metro Mobility to better manage customer complaints and monitor driver/passenger behaviors. This investment will facilitate ongoing efforts to improve the quality of transit service provided to each customer. Equipment will eventually be installed on approximately 275 buses.

- **Feeder-to-Fixed Route Pilot Project**

This pilot project will offer customers who live within several miles of a transit center the opportunity to schedule a ride on Metro Mobility and be offered the option of taking the Metro Mobility bus to the nearby transit center and transfer to a fixed-route bus that is travelling near their final destination. For example, a customer in Brooklyn Park who is

traveling to Downtown Minneapolis may be able to use this option. Metro Mobility would offer the customer a reduced fare and provide them with a transfer to the fixed-route bus. This is one of the ways in which a Metro Mobility is exploring in order to become more efficient. Metro Mobility is in the final stages of the software development process before implementation can occur.

Assessment of Progress

- **Certification of Customers**

In 2002, the Council implemented a new certification process that expanded the self-certification process to include a professional verification component. This change was driven by new FTA guidance that prohibited trip denials and advised of the need to strictly limit ADA certifications according to the criteria established by the FTA.

Between 2002 and 2005, Metro Mobility recertified all existing 20,000 customers using this new process and simultaneously joined forces with the Department of Public Safety to match Metro Mobility recertification dates with the expiration of state identification cards. This provided Metro Mobility customers the option of using their state identification card as evidence of ADA certification status.

In 2003 the Council implemented an in-person assessment program to more closely evaluate a relatively small number of applicants whose eligibility status could not be determined based on the paper application process alone. The intent of this program too was to assure that the Council was in compliance with the federal ADA eligibility requirements for ADA paratransit service. Results of the 2007 and 2008 certification process and in-person assessment program are shown in the table below.

Results of Certification Process and Assessment Program, 2007 & 2008

Year	New Applications			Recertifications		
	Approved	Denied	Other	Approved	Denied	Other
2007	3,116	214	388	2,466	169	189
2008	2,355	156	39	1,605	147	236

- **Premium Same-Day Service**

In 2004 Metro Mobility began offering Premium Same Day (PSD) service to customers who want a same-day ride but were not able or chose not to place a ride with Metro Mobility on a same-day basis. (ADA regulations do not require same-day service availability.)

The customer is allowed to utilize a taxi company, and the Council reimburses the taxi company up to \$13 per one-way trip. The passenger must pay the first \$7.00 in costs.

The PSD program allows Metro Mobility customers greater flexibility with unanticipated travel needs. In 2008, 5,763 PSD rides were taken at a cost of \$52,133. This represents less than half of one percent (0.4%) of all Metro Mobility trips. The Council PSD per passenger subsidy is \$9.05.

▪ **Travel Training Program**

In 2006 a Travel Training program was established to educate those Metro Mobility customers who might be able to use fixed-route service for some trips and show them how to use such service. Metro Mobility's contracted travel training instructor works one-on-one with individuals and small groups. Each trip shifted from Metro Mobility to fixed-route service saves the region an average of \$22.00 per trip.

Estimated Total Number of Potential and Actual Riders Who Are Disabled

Under the rules guiding ADA paratransit service, Metro Mobility's customer base is a subset of all persons having a disability within the transit taxing district. Some individuals may have such a severe disability that the Metro Mobility service may not be able to meet their transportation needs. At the other extreme, some persons with disabilities do not qualify under the criteria established by the ADA for public paratransit purposes.

With the aging of the baby-boomer population, Metro Mobility recognizes that there will be an increase in the number of people who qualify to ride Metro Mobility as personal mobility becomes impaired with age. After the 2010 Census is completed, Metro Mobility will conduct a thorough analysis of the data to determine developing trends and the potential impact on Metro Mobility. Part of this analysis will include comparisons to the 2000 census data and the ratio of eligible customers versus the disability population as a whole.

Summary ridership estimates were published in the November 2005 Metropolitan Council Report: *An Update to Options, Alternatives and Strategies for Future Metro Mobility/ADA Para transit Service*. In this report, the estimate for persons with disabilities for 2010 was estimated to be between 426,639 and 453,796. As of December 31, 2008, there are 20,171 eligible individuals for Metro Mobility.

These estimates are the result of calculations made by the Council using the methodology from the Americans with Disabilities Act (ADA)/Special Transportation Services (STS) Needs Assessment in 1999,

- The low-end projection assumed that the disabled population would remain at a constant percentage of the total population over time.
- The high-end projection assumed an increased proportion of people requiring services because of a larger numbers of elderly within the baby boom generation and increased life expectancy.

The low end projection uses 14.2% of the disability population for the seven-county metropolitan area.

Low-End Forecast of the Population of People with Disabilities

Year	Population Size	Percent Increase
2000	375,076	
2010	426,639	+ 14%
2020	473,330	+ 26%
2030	512,157	+ 36%

Source: Metropolitan Council, 2030 Transportation Policy Plan

High-End Forecast of the Population of People with Disabilities

Year	Population Size	Percent Variance
2000	375,076	
2010	453,796	+ 21%
2020	583,478	+ 55%
2030	721,532	+ 92%

Source: Metropolitan Council, *2030 Transportation Policy Plan*

Level and Type of Service Required to Meet Unmet Ridership Needs

Currently, Metro Mobility is able to meet the trip needs of its customer base as demonstrated by a trip denial rate that is currently a statistical 0% for 2008 while maintaining high operational performance standards (ride times less than 90 minutes and passenger pick-ups within 30 minutes of the scheduled pick-up time).

However, if passenger trips continue to grow at a rate of about 5% per year, as occurred over the last two years, additional revenue hours of service will be required to meet ridership demands and to maintain a high quality of service.

Metro Mobility is currently working on a scope of work and will release a request for proposals for ADA paratransit operations in late summer of 2009, with a service start-up in mid 2010. With these new contracts Metro Mobility will budget for up to a 5% increase in revenue hours for 2010 and up to a 3% increase annually in 2011, 2012, 2013 and 2014 in order to meet the growing projected demand.

Shown in the table below is a historical analysis comparing actual Metro Mobility ridership by year with estimated Metro Mobility ridership that was estimated in 2004.

Metro Mobility Ridership Analysis and Projections

Year	Metro Mobility Actual Ridership	Actual Ridership Percent Change	2004 Analysis Projected LOW Ridership Growth	Percent Difference LOW vs. Actual	2004 Analysis Projected HIGH Ridership Growth	Percent Difference HIGH vs. Actual
2004	1,336,167	--	1,326,246	-0.75%	1,326,246	-0.75%
2005	1,275,267	- 4.78%	1,352,771	5.73%	1,352,771	5.73%
2006	1,293,894	1.44%	1,384,585	6.55%	1,393,273	7.13%
2007	1,366,002	5.28%	1,414,253	3.41%	1,440,800	5.19%
2008	1,435,951	4.87%	1,444,557	0.60%	1,489,948	3.62%
2009			1,475,510		1,540,773	
2010			1,507,127		1,593,331	
2011			1,531,053		1,640,670	
2012			1,547,036		1,682,432	
2013			1,563,186		1,725,258	
2014			1,579,505		1,769,173	
2015			1,595,994		1,814,207	

A factor that could push ridership higher in the future is an expected increase in the population in the ADA service area that will become eligible for ADA transportation services as that population grows and ages. While ADA paratransit eligibility is not based on age, there is a high correlation between age and functional disability. Without considering the effects of growth in fixed-route transit, the impending impact on ridership for 2010, 2020 and 2030 are shown in the high-end forecast table on page 22.

Ridership was estimated based on several factors, including (1) the percentage of active users (percent of individuals who used the service at least once in the last 13 months), (2) demand per capita, and (3) the percentage of trips denied.

To meet the low-end future ADA-related demand using 2000 as the base year, the region will need to expand service to accommodate about a 14% increase in ridership by 2010; about 26% by 2020; and about a 46% increase in ridership by 2030.

Costs, Revenue Options and Sufficiency of Paratransit Funds

Based on the increased number of projected revenue hours and increased costs due to inflation, Metro Mobility transit service will need to expand revenues or find ways to decrease costs to fund transit operations beginning in 2010 that will ensure no ADA denials, while meeting ADA required operational performance standards.

Currently Metro Mobility's budgeted 2009 revenue comes from a variety of sources, but the majority of revenue consists of legislative appropriations from the state General Fund. Listed below are Metro Mobility's revenue sources.

Metro Mobility Budgeted Sources of Revenue, 2009

State General Fund Appropriation	61.5%
Passenger Fares	12.5%
Federal Grant (NTD)	11.1%
Motor Vehicle Sales Tax	10.1%
Metropolitan Transit Reserves	4.2%
Investment earnings	0.6%
TOTAL	100.0%

The table on page 24, "Metro Mobility Cost Estimates, 2009-2014," outlines anticipated costs to operate the service over the next five years. To address ridership growth, additional revenue will be necessary to maintain the high level of service that is currently provided. However, the implementation of different service delivery strategies and new technology could increase service productivity, thus reducing or slowing the rate of operational costs.

Metro Mobility Cost Estimates, 2009 - 2014

	Baseline Current Year 2009	5% Increase* Proposed 2010	3% Increase* Proposed 2011	3% Increase* Proposed 2012	3% Increase* Proposed 2013	3% Increase* Proposed 2014
Hours of Service	700,000	735,000	757,000	780,000	803,000	827,500
Hourly Rate **	\$51.44	\$52.73	\$54.04	\$55.39	\$56.78	\$58.20
Est. Total Cost	\$36.0M	\$ 38.8M	\$ 40.9M	\$43.2M	\$45.6M	\$48.2

* The percent of proposed revenue hours to be increased each year based on historical trends and future estimates of ridership growth.

**The estimated per revenue hourly rate increase for each year (2.5%) starting in 2010.

Cost-reduction strategies, such as customer transfers from paratransit to fixed-route transit, could help lower costs to a modest degree.

One other initiative may include the deployment of more fuel-efficient vehicles to reduce fuel and maintenance costs. Metro Mobility is anticipating replacing 43 high-mileage, small diesel buses with 18 hybrid gas/electric cars and up to 25 small hybrid gas/electric buses utilizing federal stimulus funds.

On the revenue side, it is difficult to find new sources of revenue. Metro Mobility relies on public sources and passenger fares to support the system. Funding increases will need to come from these two sources, which account for 95% of all revenues.

Metro Transit – A Service of the Metropolitan Council

Based on ridership, Metro Transit, an operating division of the Metropolitan Council, is the largest transit agency in Minnesota and provides about 90% of regular-route service in Minneapolis/St. Paul area – the 16th largest transit market in the nation.

Its 2,660 employees transport customers each day with service on 118 routes, including the Hiawatha light-rail line.

Metro Transit's fleet of 879 buses and 27 rail cars operates about 30 million miles and about 2 million hours of service each year.

The Council's *2030 Transportation Policy Plan* charts a course to double transit ridership by 2030, by tailoring cost-effective service to diverse markets with an integrated system of core routes focusing on transit centers and an array of express bus services using park-and-ride facilities and accessing transit advantages on freeways and highways. Significant ridership growth is expected through the thoughtful planning and implementation of an expanded network of transitways. Metro Transit has aligned its business plans to coincide with the growth objectives of the *Transportation Policy Plan*.

Mission

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

Metro Transit seeks to be the principal transportation resource for the Minneapolis/St. Paul metropolitan area through its bus and train service and through its efforts to inspire carpooling, biking and telecommuting. Metro Transit is focused on convincing commuters to share rides in an effort to help the region deal with the unacceptable rate at which congestion is growing. Further, Metro Transit is committed to delivering its services in an environmentally friendly manner, seeking energy independence through the use of sustainable, renewable resources. To that end, its "Go Greener" initiative envisions expanding use of biofuels and hybrid technology.

Ridership

Metro Transit closed 2008 with 81.8 million rides, the highest annual ridership in 27 years. That means that every minute of every day last year, 156 people boarded a Metro Transit bus or train.

The 2008 ridership total was 4.7 million rides, or 6.1%, higher than 2007. The ridership growth in 2008 was not a one-year phenomenon. It continues a positive trend. Ridership is up 17.4 % over the past four years.

These are ridership bright spots in 2008:

- The agency recorded increases in all major service categories: express rides up 7.8%; urban local rides, up 7.0%; and rail rides up 12.3%.
- Metro Transit saw a 19.6% increase in rides taken with Metropass, a transit pass that employers provide to interested workers. There were 8.0 million Metropass rides last year.

- U-Pass rides by students at the University of Minnesota were up 28.8% to 3.8 million. A relatively new student program – the Go-To College Pass for schools other than the University of Minnesota – saw an 145.2% increase to 912,000 rides.

Rail Service

The Hiawatha Line

Customers rode the Hiawatha light-rail line 10.2 million times in 2008, up 12.3% and the first time annual ridership has exceeded the 10 million mark. Trains ran on schedule 95.4% of the time last year, 0.1% better than 2007.

The LRT system includes a fleet of 27 light-rail vehicles (LRVs). These vehicles are powered by an overhead catenary system served by 14 electrical substations.

The light-rail line features three park-and-ride facilities, 35 at-grade intersections, LRV signal preemption, traffic-signal priority and LRV signaling.

Light-rail park-and-ride capacity increased in 2008 with the opening of a 1,450-space, five-level parking ramp at 28th Avenue Station, just east of Mall of America.

In 2008, Metro Transit began a planning initiative that will in 2009 lead to the extension of 10 light-rail station platforms to accommodate the operation of three-car trains. The project also includes improvements to Hiawatha's signal, safety and communications systems that will allow more efficient operation of reverse-running trains through installation of train detection equipment that will activate grade crossing arms when a train is operating opposite its normal direction on a track. Plans were finalized in 2008 for the expected construction in 2009 of American Boulevard Station in Bloomington, which will serve as an anchor for a major transit-oriented development in that city's Airport South district.

Northstar Commuter Rail Line

Federal, state and local officials gathered on Dec. 11, 2007, at the Anoka County Government Center for a signing ceremony for a Full Funding Grant Agreement (FFGA) for the Northstar project, the final financial hurdle for the 40-mile commuter rail line. The FFGA committed \$156.8 million in federal matching funds and released another \$97.5 million in state bonding money for Northstar construction and train equipment.

The funding committed through the FFGA added to the significant financial contributions of the State of Minnesota, the regional rail authorities for Anoka, Hennepin and Sherburne counties, the Metropolitan Council and the Minnesota Twins.

The \$320 million Northstar Line will use existing BNSF tracks between Big Lake and downtown Minneapolis. A \$107.5 million agreement with BNSF signed in March 2007 secures the right for Northstar to use the tracks in perpetuity and specifies that BNSF will provide crews for Northstar trains.

The line is expected to open in late 2009. Service will consist of five round trips each week day during rush hours, along with a reverse-commute trip each weekday and three round trips each weekend day. Trains will travel at speeds of up to 79 mph. Ridership is expected to start at 4,100 per weekday and grow to 5,900 by 2030.

The first of five Northstar locomotives was delivered in October, and construction of four suburban stations – Big Lake, Elk River, Anoka and Coon Rapids – was mostly complete at the end of 2008.

Construction continued on a four-block northward extension of the Hiawatha light-rail line to provide a link to Northstar trains at an intermodal terminal adjacent to the site selected for the new Minnesota Twins ballpark. The extension, funded by Northstar, costs \$24.2 million.

Site preparation also began for Fridley Station. The station will be built outside of federal funding thanks to a grant from the Counties Transit Improvement Board, the entity that collects and distributes the quarter-cent sale tax revenue for transit that began being collected in five of the seven metro-area counties in 2008.

Construction also has begun on 18 bi-level passenger rail cars under a contract with Bombardier Transportations Systems. Initial construction began at the company's plant in Thunder Bay, Ontario, Canada, with final assembly in Plattsburgh in upstate New York. First deliveries are expected in May 2009.

Central Corridor Light-Rail Line

Plans for the region's second light-rail line took a major step forward in September when the Metro Council submitted its application for federal approval to enter final design on the 11-mile Central Corridor light-rail line, which will run along University and Washington Avenues between downtown St. Paul and downtown Minneapolis. It will serve a projected weekday ridership of more than 42,000 by 2030.

The application – the product of 19 months of preliminary engineering – includes information on project plans, technical drawings, ridership projections, operating and maintenance costs, and a project budget of \$914.9 million.

The 4,000-page application will be reviewed by the Federal Transit Administration (FTA), which is expected to make a decision in early 2009. Meanwhile, the project staff continues to advance preliminary engineering on the line.

Faced with soaring costs for steel, asphalt concrete and other components, the Council was forced to make considerable modifications in project plans to reduce costs and meet federal cost-effectiveness requirements.

The FTA requires that projects have a cost-effectiveness index (CEI) of \$24.49 or less to enter final design. The CEI is a measure based on the project's annualized capital and operating costs, divided by the travel time saved by riders. With its revised budget, the Central Corridor project now has a CEI of \$24.41.

If the project wins final FTA approval, the federal government will provide half of the funding needed for construction, with the other half provided from state and local sources. The local funding partners – including the state Legislature, the Ramsey and Hennepin County rail authorities and the newly formed Counties Transit Improvement Board – all have committed funding to the project.

As currently proposed, the Central Corridor light-rail line includes 15 new stations, a transit mall on Washington Avenue within the University of Minnesota campus and the substructure for three additional stations at Western, Victoria and Hamline avenues in St. Paul that could

be added later. Plans call for construction of a rail maintenance base east of St. Paul's Union Depot.

The line will share five stations with the existing Hiawatha line in Minneapolis and terminate at a new intermodal station now under construction adjacent to the new Twins ballpark. That station also will serve the new 40-mile Northstar commuter rail line, which is scheduled begin service by the end of 2009.

Bus Service

Metro Transit bus ridership grew by 5.2% in 2008 to 71.6 million. On-time performance for Metro Transit buses was 87.3% in 2008, a fraction of a percentage point below 2007 due to extensive and prolonged road construction of two principal downtown Minneapolis streets and due to significant detouring required to support security measures for the Republican National Convention.

The agency recorded a 10.3% improvement in the on-street reliability of its bus service, increasing the miles between road calls from 4,536 in 2007 to 5,003 last year.

For the first time in five years, Metro Transit's annual bus accident rate dipped below four accidents per 100,000 miles. Figures from Risk Management for 2008 show 3.8 accidents per 100,000 miles, down from 4.22 in 2007 and lower than the 3.99 accidents per 100,000 miles logged in 2003. The 1,151 accidents in 2008 included not only collisions but also customer injuries from falls and other mishaps.

Go-To Card Fare Payment System

The year 2008 marked full implementation of the Go-To Card system, which uses durable, rechargeable smartcards for fare payment. In December, 35% of all Metro Transit rides were taken by customers holding Go-To cards, capping a string of four consecutive months above the 30% mark. For the year nearly 23 million, or 28.1% of all rides, were logged on Go-To cards.

At year-end, more than 146,000 Go-To cards had been issued. The figure included more than 35,800 Metropass Go-To cards sold to employees at 215 participating companies. Another 22,200 Go-To cards were used by University of Minnesota students as part of the U-Pass program. The largest set of Go-To cards – nearly 78,000 – were held by customers using them as stored value cards or 31-day passes.

On-line replenishment of Go-To cards continues to be a popular method to add cash value or 31-day passes. For example, in December 2008, customers placed 4,900 Go-To card orders on the Metro Transit website totaling nearly \$240,000.

Customer Information Technology

Metro Transit made several important advances in customer information in 2008 in an effort to make the regional transit system easier to understand and easier to use with confidence.

In July, NexTrip was launched, providing customers with real-time departure information by phone, computer, and handheld devices, such as Blackberries, and on variable message signs at key transit locations.

Customers access NexTrip on computers by visiting Metro Transit's home page. To get real-time departure information, customers select their route, the direction they are traveling and their closest transit stop. If a trip is leaving that stop in the next 20 minutes, Next rip shows the actual departure times. It also shows schedules for trips leaving beyond the 20-minute window.

Identical results are spoken to callers who access NexTrip information by phone at 612-373-3333. NexTrip signs are available at Uptown Transit Center and at the park-and-ride ramp at I-394 and County Road 73. More signs are planned as part of the Urban Partnership Agreement project that will help relieve congestion in downtown Minneapolis and along the I-35 and Cedar Avenue corridors.

Real-time information is generated from an automatic vehicle location (AVL) bus-tracking system. AVL systems use global positioning satellites to monitor the location of buses as they travel Twin Cities' streets, sending location updates every 60 seconds by wireless technology to a central database. NexTrip accesses this database and compares schedule information with the vehicle's predicted travel time to determine real-time information.

In August, Metro Transit announced a partnership with Google in which the Minneapolis/St. Paul transit agency's schedule information was integrated into Google Maps™. The agreement provides Twin Cities' trip-planning service to users of the popular search engine.

Google's trip planner is similar to the one on Metro Transit's own website in which customers enter a starting point, destination and time of travel. The trip planner returns a transit itinerary, which features step-by-step instructions, including detailed walking directions when necessary. Google, however, offers robust mapping, satellite imaging and street view photography via Google Maps.

Google is especially useful for visitors traveling to the Twin Cities who may not know Metro Transit by name but may be using Google to gather information about Minnesota.

Earlier in 2008, Metro Transit added mapping capability to its on-line trip planner with detailed walking maps as well as scalable, interactive maps for the entire transit itinerary. The ability to map trips was the most requested web enhancement by Metro Transit customers.

“Go Greener” Initiative

Metro Transit added 45 more hybrid electric buses to its fleet in 2008, increasing to 67 the number of these clean, fuel-efficient vehicles.

The new buses, along with 105 more hybrids to follow over the next several years, are the cornerstone of the agency's Go Greener initiative. The hybrid buses deliver 26% better fuel mileage and produce 90% fewer emissions than the buses they replace. When all the hybrids are in service, Metro Transit will use a third of million fewer gallons of fuel and save a million dollars in annual operating cost.

The hybrid buses also demonstrate Metro Transit's support of the Access Minneapolis transportation plan, which calls for only clean, alternatively fueled vehicles to be used on Nicollet Mall.

The hybrid models, coupled with Metro Transit's commitment to soy-based biodiesel, reduce the agency's dependence on fossil fuel and improve air quality.

Metro Transit was the first in Minnesota to use ultra-low sulfur diesel fuel. In fact, it created the market here for the fuel well in advance of a federal rule that now mandates its use.

In 2005 Minnesota required that all diesel sold in the state be mixed with a 2% bio blend. Since Metro Transit already had been testing B5 – a 5% mixture – in a sub-fleet of buses, the agency converted to B5 fleet wide just 10 months after the state's B2 mandate.

In August 2007 Metro Transit went to B10 fleet-wide and in March 2008 it doubled the content to B20, or 10 times higher than the state requires. Metro Transit typically will use B20 in the summer and B10 as a winter blend.

When all elements of Metro Transit's Go Greener plan are implemented, the agency will reduce its consumption of fossil fuel by 1.6 million gallons annually and will remove 168 tons of emissions from the air every year.

The Go Greener initiative also highlights the Hiawatha light-rail line as the cleanest mode of public transport. The train is powered by electricity so it generates no emissions itself. And, given the mix of energy sources Metro Transit buys from Xcel Energy, about 17% of light-rail operations use electricity from renewable sources.

To remind people of that fact, Metro Transit bought enough wind credits from Xcel's Wind source program to power the train fully by wind on Earth Day 2008 and on the two days of the 2008 Living Green Expo.

To further demonstrate its commitment to the environment, Metro Transit, as part of the Metro Council, is among the 54 founding partners of the Climate Registry. The Climate Registry is collaboration among states, provinces and businesses to develop and manage a common greenhouse gas emissions reporting system that is accurate, consistent, transparent and verifiable across industries and across borders.

In addition to a focus on its buses and trains, Metro Transit is attentive to the efficient use of resources in its facilities.

In 2007, the agency completed – with the help of Xcel Energy – a comprehensive audit of all its facilities. Implementing the action plan from the audit, Metro Transit expects to reduce its annual gas and electric utility costs by 30% by the end of 2011. Initiatives for 2009 include installation of state-of-the-art building maintenance systems at the Ruter garage and at the Heywood garage and officer tower.

Republican National Convention

Planning and flexibility were key words as Metro Transit worked to keep its regular-route bus service on time despite extensive security-required detours and civil unrest during the Republican National Convention in the Twin Cities in early September.

To accommodate a traffic-free security perimeter around the Xcel Energy Center – the prime convention venue – Metro Transit established lengthy detours for more than two dozen bus routes between Aug. 29 and Sept. 5.

To preserve its regular service during the convention, Metro Transit planned to field 25 extra buses to handle additional demand and to keep its service as punctual as possible. The transit agency deployed extra staff to direct customers and placed supervisors at the convention's transportation command center to monitor activities and adjust its service if necessary.

Metro Transit made use of its satellite bus-tracking system to monitor system performance on a real-time basis and deploy the extra buses to fill service gaps as they developed. It posted detour information at all affected bus stops and created a special section of its website with maps and information to keep customers informed of plans and last-minute changes.

Despite extensive planning, the convention did not unfold as expected. On Monday, bus service was suspended between 2:30 and 5:30 p.m. in downtown St. Paul after police shut down all of downtown when protesters disrupted traffic and started damaging property.

Transit staff members directed customers to the edges of downtown St. Paul where boarding locations were quickly established so that service could continue even as downtown bus stops were bypassed. No customers or employees were injured, and buses were not damaged.

Then on Monday night, about 2,000 protesters took part in a march downtown, but some members of the group broke off and had several scuffles with police. Four Metro Transit buses were used to transport protesters who were arrested on Monday.

A significant portion of the Transit Police force also was deployed to downtown St. Paul on Monday where officers were involved in three felony arrests. On Tuesday, buses were detoured away from a protest at Mears Park and away from a separate march of protesters between the capitol and Xcel Energy Center.

To accommodate the changing conditions, Metro Transit added a second set of 25 buses, called more staff of work and met twice daily to coordinate service plans in the face of a constantly changing environment.

For its role in preparing for the Republican National Convention and participating with the Transportation Security Administration to keep transportation systems safe during the event, Metro Transit Police received a certificate of merit from the federal Department of Homeland Security.

Urban Partnership Agreement

In August 2007, the U.S. Department of Transportation awarded the Minnesota Department of Transportation and Metropolitan Council a \$133 million federal grant under the Urban Partnership Agreement (UPA) to reduce congestion and improve travel times in the Twin Cities.

The region was one of five in the nation selected for UPA funding that will smooth traffic flows and improve transit on I-35 and Cedar Avenue and in downtown Minneapolis.

In its 2008 session, the Minnesota State Legislature approved the UPA initiative, enacted enabling legislation and provided \$55 million in matching funding.

Here's what is planned, with most projects slated for completion by the end of 2009:

- Priced dynamic shoulder lanes, similar to the I-394 MnPASS, on I-35W from 46th Street to downtown Minneapolis.
- Addition of a High Occupancy Toll (HOT) lane in the Hwy. 62 reconstruction project from 66th Street to 46th Street.
- Conversion of the High Occupancy Vehicle (HOV) lane to HOT lane on I-35W from 66th Street to Burnsville Parkway.
- Cedar Avenue Bus Rapid Transit (BRT) between downtown Minneapolis and Lakeville built ahead of the current schedule.
- Construction of additional park-and-ride lots along the I-35W corridor north and south of Minneapolis.
- Construction of additional dedicated bus lanes in downtown Minneapolis.
- Partnerships with major employers along the I-35W corridor to promote flex-time and telecommuting programs.
- Use of additional Intelligent Transportation Systems technology.

Considerable progress was made in 2008 on the transit components of the Urban Partnership Agreement. Metro Transit completed the design of three park-and-ride ramps that will be built in 2009. They are:

Blaine

Currently, the 95th Avenue Park-and-Ride in Blaine is thriving and near capacity, with 94% of spaces occupied in 2008. Using UPA funding, Metro Transit purchased adjacent land north of the existing 95th Avenue site and designed a 470-space ramp for the new parcel. Construction will begin in the spring of 2009 and completion is expected by the end of the year. The 95th Avenue Park-and-Ride provides express service to downtown Minneapolis with rush-hour buses departing every 7 to 10 minutes.

Roseville

In May 2008, the Metropolitan Council purchased a 1.27-acre parcel at 2750 Cleveland Avenue North in Roseville on which a 460-space, four-level parking ramp will be built for commuters. Construction will begin in the spring of 2009. The ramp will be completed by the end of 2009 and will offer express bus service to downtown Minneapolis.

Lakeville

The third UPA-funded park-and-ride lot planned along I-35 is in the City of Lakeville. The 750-space, three-level facility will be located on an inactive Mn/DOT weigh station site on the east side of I-35 at Kenrick Avenue. Construction of the facility is expected to begin in the spring of 2009 with substantial completion by the end of September 2009. Express buses from the Kenrick Avenue park-and-ride ramp will serve commuters destined for downtown Minneapolis.

Downtown Minneapolis Bus Lanes

Development of double-width bus lanes on Second and Marquette Avenues in downtown Minneapolis will triple express bus capacity on both streets and will reduce transit travel time through downtown by more than five minutes per trip. The Minneapolis Public Works Department began reconstruction of Marquette Avenue South and Second Avenue South in downtown in June 2008. Street reconstruction has been completed north of Fifth Street on Marquette and north of Washington on Second Avenue.

Most private utility work will be completed on both streets by spring 2009. The remaining street reconstruction and all sidewalk reconstruction will be completed by December 2009. Part of the project includes installation of customer-waiting shelters and real-time transit information for bus riders.

Buses

A combination of federal funds and local matching dollars will be used to buy 26 buses as part of the Minneapolis/St. Paul Urban Partnership Agreement. Thirteen of the buses will be used for expanded express service related to UPA facilities and the rest will replace 40-foot transit buses slated for retirement in 2009. In January 2009, the Metropolitan Council awarded a contract to Motor Coach Industries to build the over-the-road coach-style buses for the price of \$505,000 per vehicle. The order also includes options for up to an additional 86 coach buses. Delivery of the 26 buses is expected by mid-August 2009.

Transit Technology

In 2008 Metro Transit developed specifications for several UPA-sponsored technology projects to make transit more efficient and to improve customer information. One element includes installation of traffic signal priority for buses on a portion of Central Avenue in Minneapolis. Also planned are freeway signs that will compare estimated travel times to downtown by bus versus car. Signs also will point out nearby park-and-ride lots and display the number of available spaces. Upon entering the lot, customers will see the departure times of the next buses. This information also will be available by phone and by computer.

Other UPA Transit Elements

Minnesota Valley Transit, Dakota County, Metro Transit and others are using UPA funds to advance elements of the planned Cedar Avenue bus rapid transit project, including station and park-and-ride lot development. MVTA also is working with the University of Minnesota on lane-guidance technology that will permit buses to make better use of bus-only shoulders by using satellite technology to ensure proper positioning of buses on narrow shoulders.

Ridesharing and Employer Outreach Services

This important regional service transferred to Metro Transit in 2005 from the Council's Metropolitan Transportation Services division. The addition of ridesharing services permits Metro Transit to offer the full range of transportation choices aimed at converting solo drivers into shared riders.

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

Major objectives are to:

- Provide regional programs and incentives to encourage commuters to use alternatives to driving alone. Metro Transit also provides regional programs/incentives to encourage employers to provide information on transportation alternatives to their employees. These programs include Regional Guaranteed Ride Home, ride-matching, preferred and discounted pool parking, and transit pass programs.
- Serve as a resource to Transportation Management Organizations (TMOs) in the Twin Cities metro area. These include Downtown Minneapolis TMO, Saint Paul TMO, Anoka TMO, and the I-494 Corridor Commission. These TMOs promote Metro Transit's regional programs as well as other programs and incentives with a more local focus.

One of the major initiatives in 2008 was the Bike2Benefits program, which launched in May. The Bike2Benefits program asks participants to commit to bicycling once a week for any eight-week period. The program offers an online tool for tracking bicycle trips and mileage.

By the end of 2008, more than 2,100 people had joined the program and logged more than 388,000 miles. Members recorded more than 50,000 bicycle commutes. In addition, they logged 6,200 commutes that combined bicycle riding with transit. By bicycling instead of driving alone, these members saved 185 tons of CO₂ and more than 19,000 gallons of fuel. The Bike2Benefits program is partially funded by a Congestion Mitigation Air Quality grant from the U.S. Department of Transportation.

Also in 2008, Metro Transit:

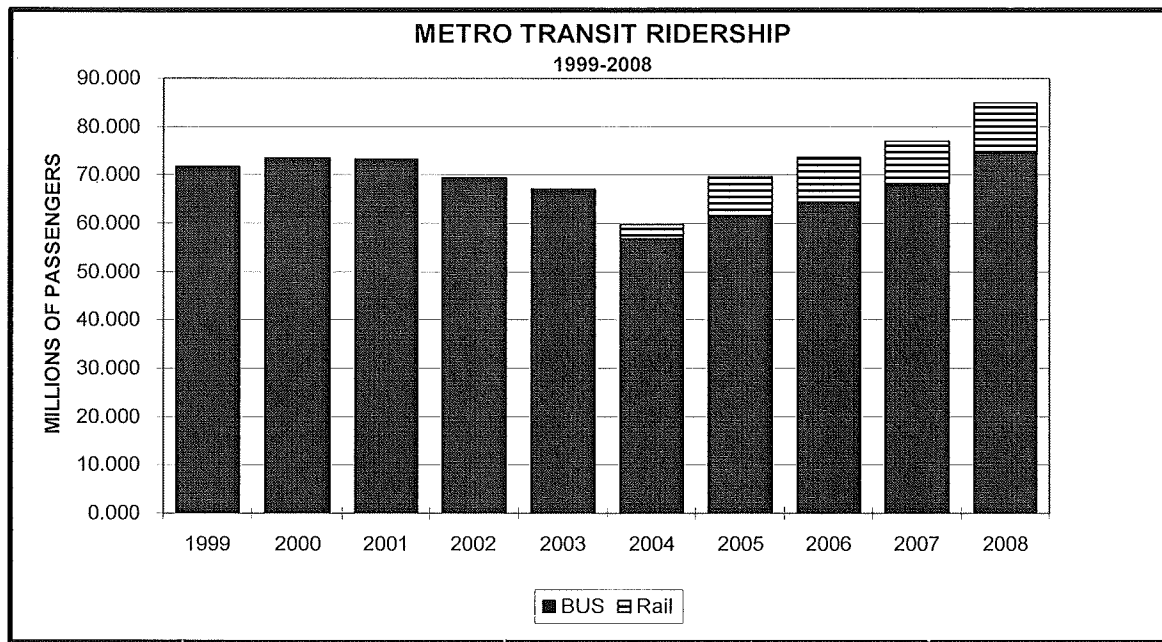
- Operated an online ride-matching system that provides 24/7 availability of the region's ridesharing database at www.metrotransit.org.
- Provided specialists who are available during regular business hours for commuters and others who want to request a ride-match or who need personalized help using the ride-matching database or other programs or services.
- Processed 18,400 match requests from individuals looking for car- or van-pool partners, park-and-ride lots and bike buddies. They also processed validated and renewed registrations for 3,806 car and vanpools at 85 facilities throughout the region.
- Promoted the Commuter Challenge, a program that asks people to pledge to try an alternative to driving alone. This resulted in 14,970 pledges, an 18% increase over 2007. The program was actively promoted at 300 employer locations throughout the region. Nearly 93% of the people who drove alone before their Commuter Challenge pledge now use alternatives to driving alone more frequently.

Other Metro Transit 2008 Achievements

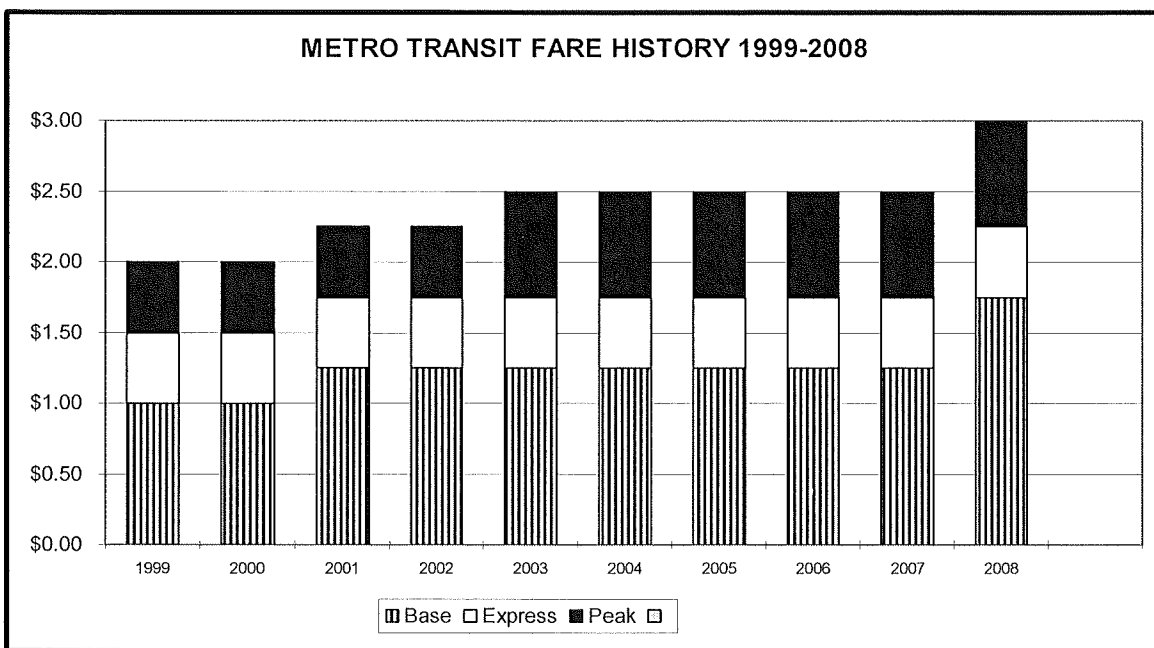
- Recorded 990,392 rides during the 2008 Minnesota State Fair, serving 29% of all fairgoers. During the 2008 Fair, Metro Transit operated nearly 250,000 miles of service and pressed 70 more buses into peak-hour service with State Fair buses on the street 16 hours a day. The State Fair operation is the second largest transit system in the state during its 12 days of service – behind only Metro Transit's year-round service to the region.
- With the financial support of Miller Brewing Company, provided more than 44,000 free rides to bus and train customers on St. Patrick's Day. The celebration was on a Monday with free rides from 6 p.m. until the last scheduled trip of each route. It marked the 11th

year of this partnership, which is endorsed by police departments and public safety officials.

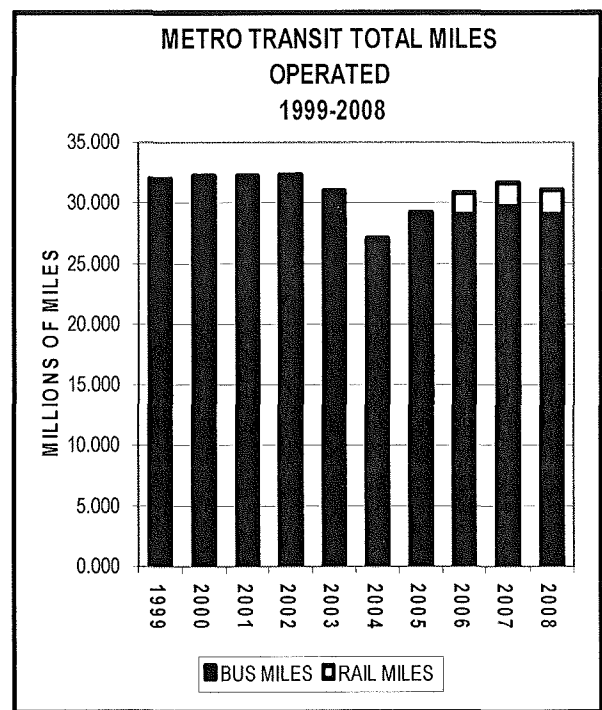
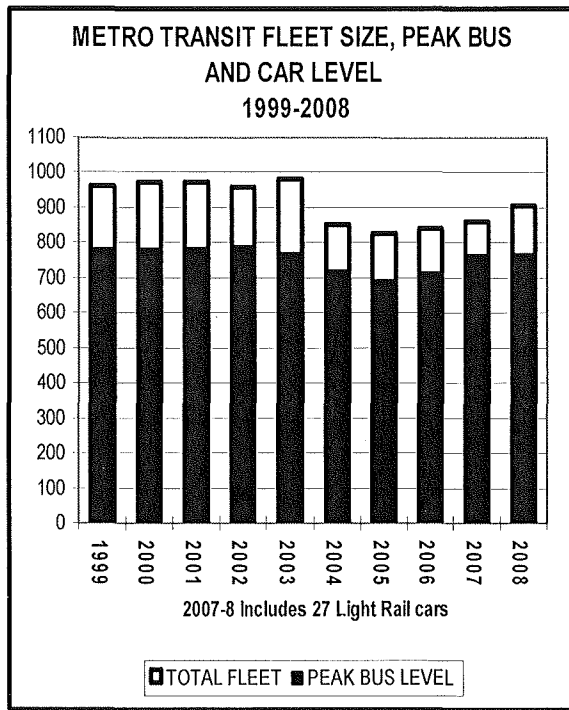
- Logged a 27.3% increase in rides on service under contract to the City of Maple Grove. Annual Maple Grove ridership was more than 758,000, up more than 162,400 over 2007.
- Learned in a 2008 survey that 90% of bus customers and 95% of rail customers are fully satisfied with Metro Transit service.
- Handled 1 million calls for trip planning service in the Transit Information Center, the fourth consecutive year that the call center exceeded one million calls. In addition, customers used the web-based, self-service trip planner to produce 5.6 million itineraries, up 40% over 2007. NexTrip, an automated phone service that gives departure times for those who know their routes, handled 3.5 million calls, 27% higher than 2007.
- Responded to 89% of customer concerns and inquiries within three business days, 94% within five days and 99% within 10 days.
- Presented two bus operators with Elite Operator awards for 20 years of safe, customer-focused service. Another 19 bus operators were honored for 25 years of accident-free driving.
- Completed a \$1.3 million renovation and expansion of the maintenance and transportation areas of South Garage.
- Completed a study that showed nearly a 7% increase in the use of regional park-and-ride lots, with some 1,150 additional commuters taking advantage of free parking to access express bus service and light-rail trains. The report showed more than 18,000 commuters using the regional park-and-ride network, which expanded to a capacity of about 26,000 spaces, 2,200 more than the previous year.
- Demonstrated community partnerships by offering free rides to the Uptown, Loring Park and Powderhorn Park art fairs, the annual Minnesota AIDS walk, Holidazzle parade and other events.



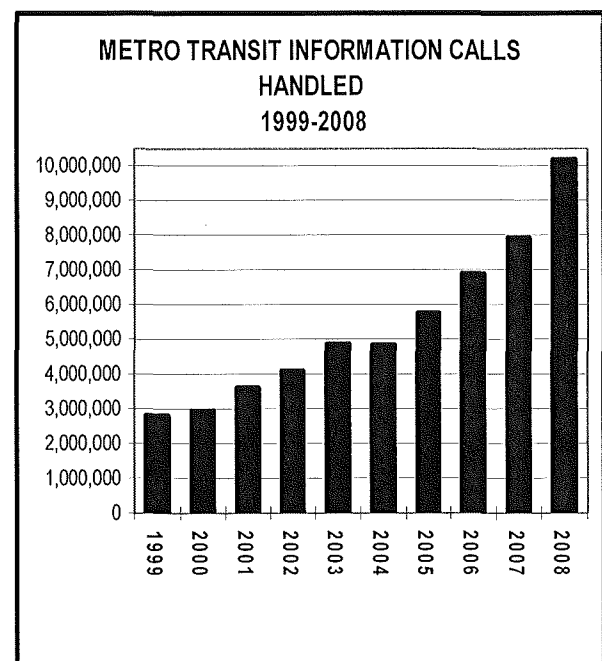
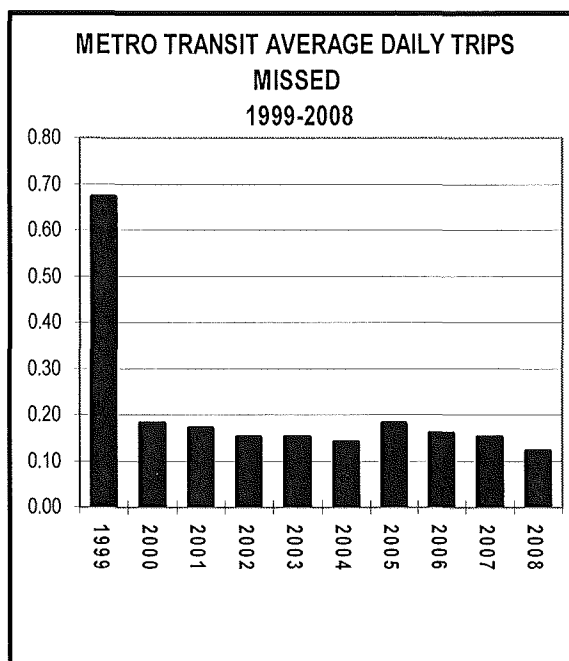
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
BUS	71.874	73.478	73.348	69.579	67.236	56.902	61.797	64.399	67.866	74.656
Rail						2.939	7.902	9.357	9.101	10.222

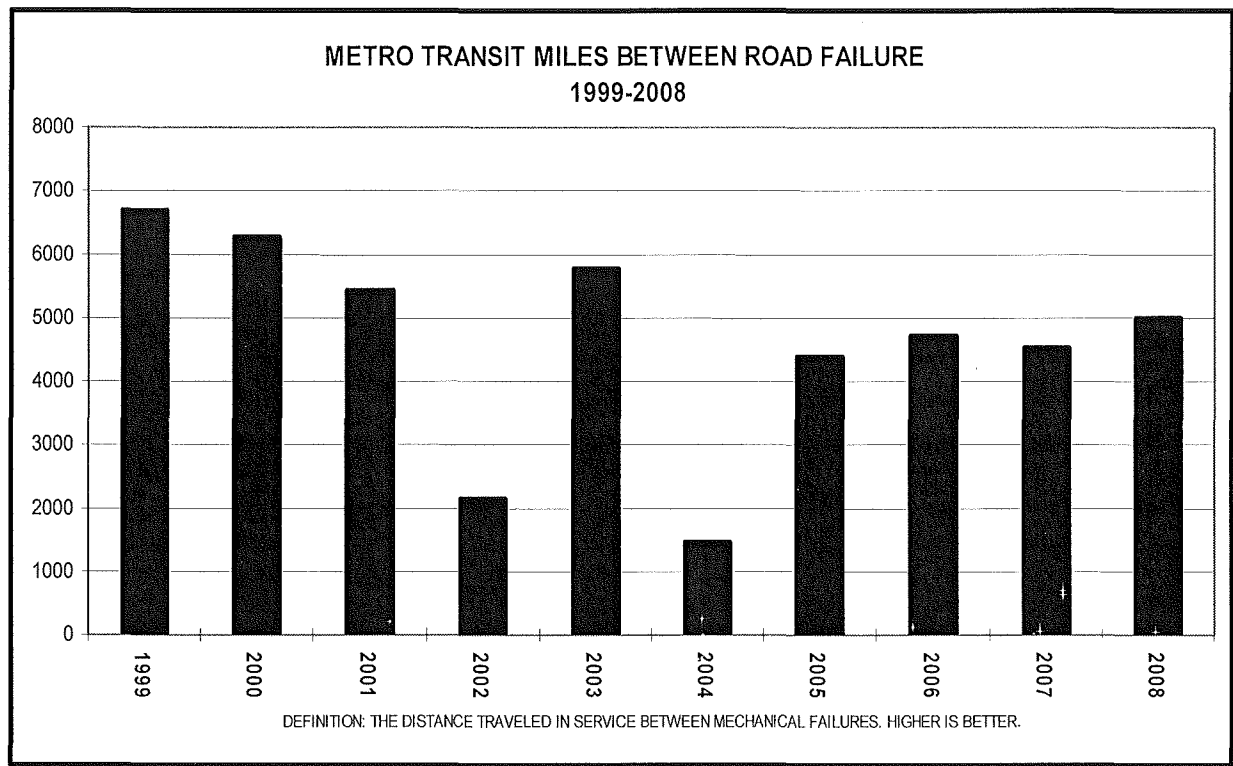


CHARGES	YEAR OF CHANGE									
Regular fare	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Base	\$1.00	\$1.00	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.75
Express	\$0.50	\$0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Peak	\$0.50	\$0.50	\$ 0.50	\$ 0.50	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75



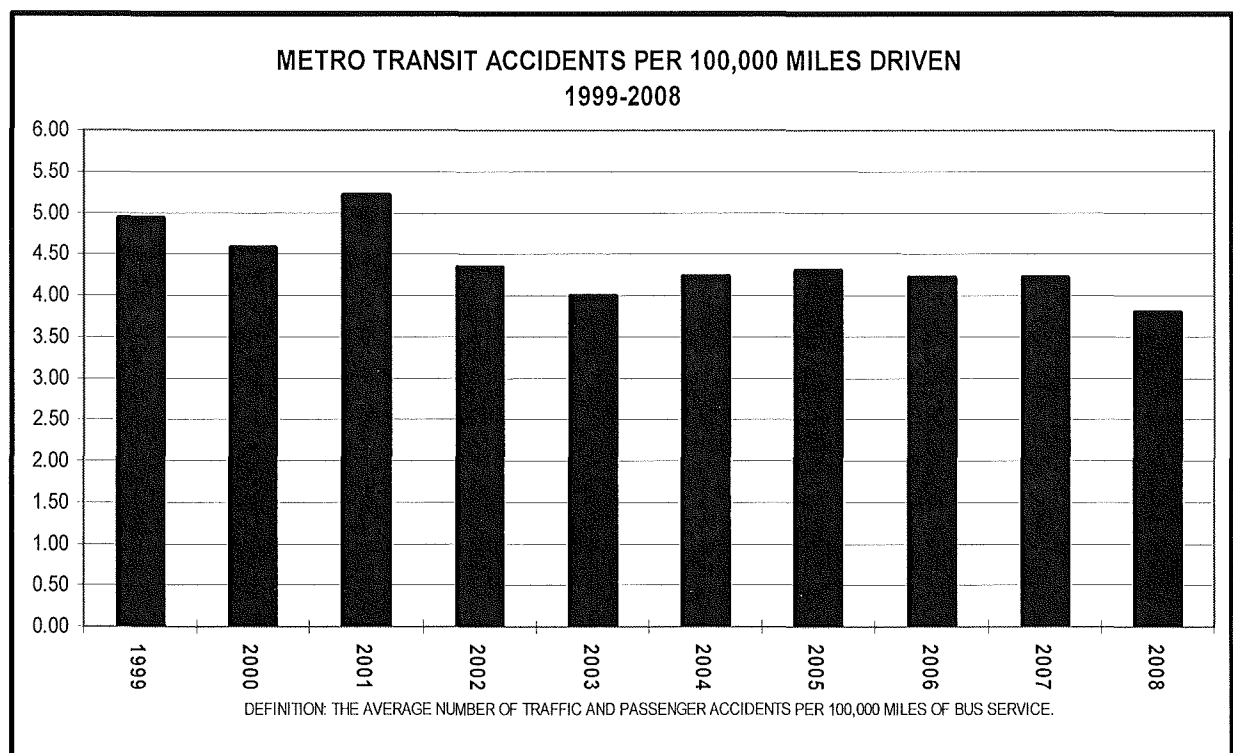
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
TOTAL FLEET	963	974	974	959	982	852	827	841	860	905
PEAK BUS LEVEL	784	785	786	793	774	722	694	716	766	771
RAIL MILES								1.818	1.932	2.025
BUS MILES	32.000	32.238	32.207	32.291	30.969	27.113	29.207	29.045	29.712	29.081
MISSED TRIPS	0.67	0.18	0.17	0.15	0.15	0.14	0.18	0.16	0.15	0.12
INFORMATION CALLS HANDLED	2,814,000	2,934,272	3,610,931	4,101,612	4,871,748	4,837,703	5,763,458	6,904,624	7,937,793	10,193,789





MECHANICAL FAILURES
ACCIDENTS

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
6700	6269	5438	2149	5778	1459	4392	4720	4536	5003
4.93	4.57	5.21	4.34	3.99	4.23	4.30	4.21	4.22	3.80

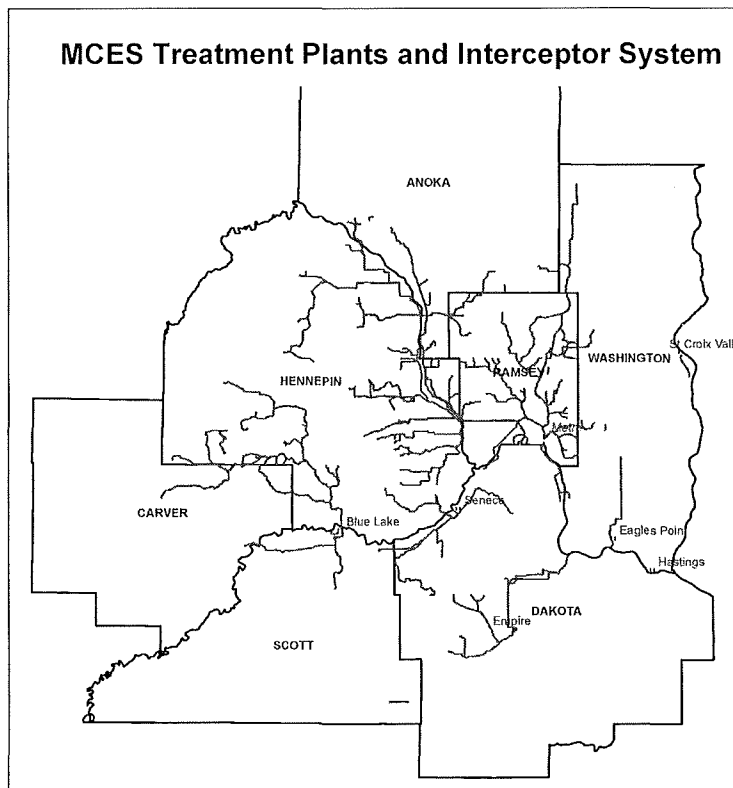


Environmental Services Division

Overview

Metropolitan Council Environmental Services (MCES) collects and treats wastewater at its seven 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:

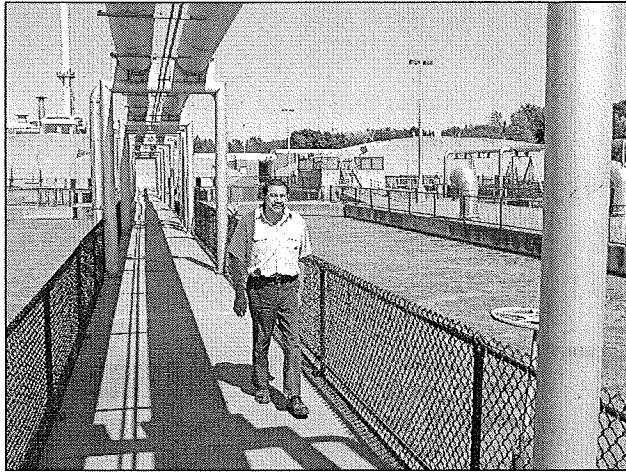
- Maintains about 600 miles of regional sewers that collect flow from over 5,000 miles of sewers owned by 105 communities,
- Treats approximately 260 million gallons of wastewater daily at seven regional treatment plants,
- Continues to achieve near-perfect compliance with federal and state clean water standards,
- Establishes user fees that pay 100% of wastewater operations and debt service costs that are consistently below national averages,
- Works with approximately 800 industrial clients to substantially reduce the amount of pollution entering our wastewater collection system,
- Monitors and analyzes the region's water resources,
- Provides water supply analysis and planning for the region,
- Ensures sufficient sewer capacity to serve planned development, and
- Makes capital investments to preserve the region's water quality.



This section is divided into six categories:

1. Operations Performance
2. Capital Projects
3. Customer Service
4. Finance
5. Employees in the Workplace
6. Water Resources Management

Operations Performance



MCES plants continued to perform at a high level in complying with clean water discharge permits. All plants received Peak Performance Awards from the National Association of Clean Water Agencies (NACWA).

The Hastings and St. Croix Valley Plants were among the top plants in the country for consecutive years of full compliance with their clean water discharge permits, both plants earning the Platinum Award. Hastings had 17 consecutive years, while St. Croix Valley had 16. The Seneca Plant

also earned Platinum for seven consecutive years. Blue Lake and Eagles Point had three consecutive years; Metro and Rosemount (closed in late 2008) had two.

100% Compliance with NPDES Permits

Wastewater was treated to perfect compliance with NPDES permit limits in 2008.

Air Emissions Permit Compliance

The Seneca Plant passed all stack tests in 2008. The Metro Plant had a stack test exceedance in October and the re-test in December showed full compliance.

Wastewater Spills and Combined Sewer Overflows on a Downward Trend

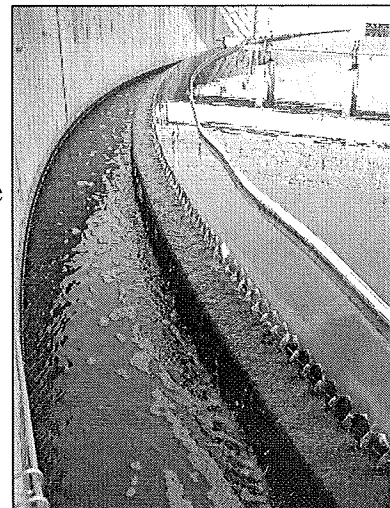
There has been a downward trend in interceptor spills. In 2007, there were eight spills; in 2008, there were five. In addition, there have been no combined sewer overflows since August 2006.

Capital Projects

Capital improvement projects for 2008 that support quality improvement, regional growth and infrastructure reliability are summarized in this section.

Quality Improvement

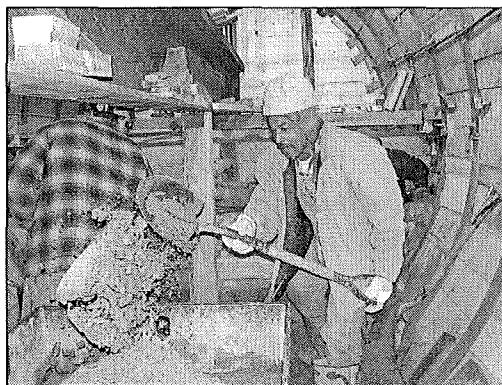
- Blue Lake and Seneca Plants have been retrofitted to remove phosphorus through biological treatment. The Council's six largest treatment plants provide phosphorus removal.
- System-wide security improvements have been completed.
- The disinfection systems at the Blue Lake and Seneca Plants are being converted from gaseous chemicals to liquid chemicals. The Council's other treatment plants have already been converted to liquid chemicals or ultraviolet (UV) disinfection.



- Empire Plant's new pump station and treated wastewater discharge pipeline through Empire Township and Rosemount to the Mississippi River began operation in April 2008. Treated wastewater from the Empire Plant no longer discharges to the Vermillion River.

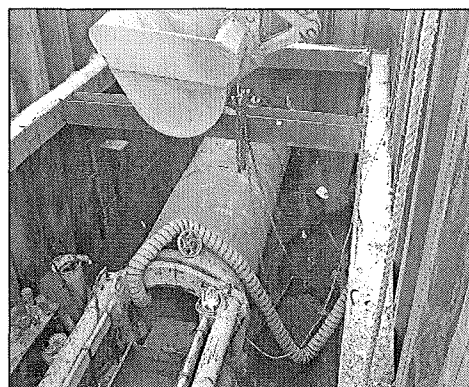
Regional Growth

- A pump station and forcemain sewer, serving northeast area communities, have been completed through White Bear Township and White Bear Lake. Operation began in September 2008.
- The first phase of construction of a new gravity interceptor sewer serving the Victoria area was completed along Smithtown Road in September 2008. The next phase, a 6-foot-diameter, 7,400-foot-long tunnel, will be constructed during 2009-2011.
- Planning continues for additional interceptor sewer capacity to serve the northeast and northwest areas, as well as Golden Valley and St. Louis Park.
- Construction has begun on a gravity interceptor sewer across Richfield to provide additional capacity to serve redevelopment along the Interstate 494 corridor. Construction of another project also is planned in Bloomington.
- Construction is under way on an interceptor sewer to serve Elko-New Market.
- Design is under way on an interceptor sewer to serve the city of Carver.
- Planning is under way on a wastewater treatment and water reuse system to serve East Bethel.



Infrastructure Reliability

- Rehabilitation of Seneca Plant facilities will be completed in 2009.
- Rehabilitation of Blue Lake Plant facilities is scheduled for 2009-2011. In addition, new anaerobic sludge digesters will recover methane to fuel the existing sludge dryer.
- A Metropolitan Plant facility plan identifying its rehabilitation needs has been completed.
- Improvements are under way on the Oak Street Interceptor near the University of Minnesota football stadium and on the Brooklyn Park Interceptor.
- Construction is scheduled for 2009-2012 on several interceptor sewers in South St. Paul, Hopkins/St. Louis Park, Plymouth, St. Paul and the Lake Minnetonka area.



Customer Service

MCES provides service to customers in a number of ways, including:

Relationships with New Customers

In cities where service is expected, MCES will initiate new customer relationships at a minimum of one year prior to expansion. In 2008, relationships were established with Corcoran and New Germany (if plant is acquired).

Involving Customers in 2009 Budget Planning

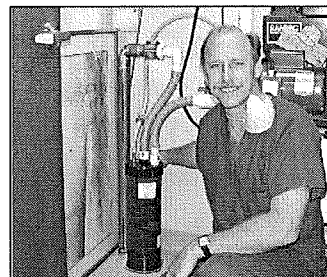
Budget meetings for MCES customer communities were held in June 2008, and an Industrial Waste Customer Forum was held the same month. At each meeting, MCES staff provided information, and customers offered input to help plan for the 2009 budget and rates.

Improved Web-Based Information

In conjunction with Regional Administration, MCES reviewed and monitored Web site use, and implemented improvements as necessary. An initiative to ensure that the MCES Web pages and related files are ADA compliant began in 2008.

Voluntary Dental Office Amalgam Separator Program ►

The Council initiated a voluntary mercury reduction program with the Minnesota Dental Association. Currently, 737 dental offices have installed amalgam separators, representing almost 100% of the program-eligible dental clinics in the metro area. Special monitoring for mercury in the Metro Plant showed a 50% decrease in influent mercury loading since 2003.



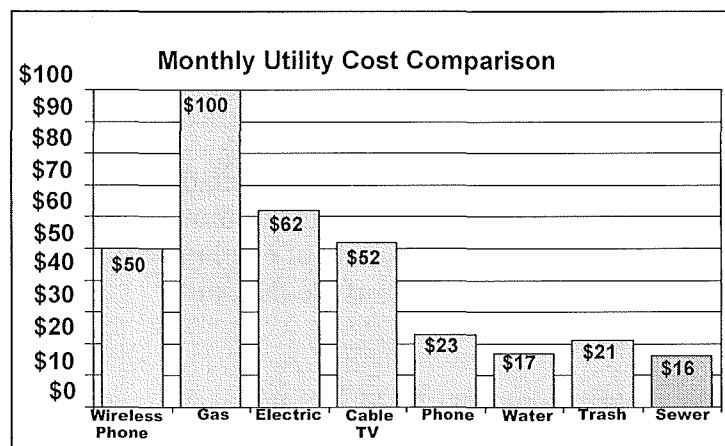
Plant Tours ►

More than 55 tours were offered at four of MCES facilities to approximately 1,550 citizens. Tour participants learned how wastewater is cleaned and safely returned to the environment, as well as how heat and other byproducts from wastewater solids processing are converted into energy to help power the plants.



Finance

MCES has an ongoing goal of providing financial management that maintains MCES as a competitive utility compared to other wastewater operations in other metropolitan areas. MCES staff successfully completed 2008 operations and routine maintenance activities within the annual operating budget limits.



When compared to other household service costs, the Twin Cities' average retail cost for wastewater service is a bargain.

The graph (on left) compares average monthly utility costs, with wastewater service being the lowest.

Performance and Accountability for the 2009 Annual Operating Budget

Preliminary results indicate that expenses will be about \$4 million below the revenue received in 2008. The surplus is primarily due to labor savings from vacant positions. This is \$4.7 million lower than the total budgeted, as the budget anticipated \$1 million use of reserves.

Performance and accountability savings accomplished during 2008 include:

- **Asset Management:** The effort to improve asset management continued throughout 2008, with work focused in five strategic areas: Reliability Centered Maintenance; Facility Ownership Optimization; Capacity, Management, Operations & Maintenance (CMOM); and Business Case Evaluations. The goals are to improve delivery of capital improvements and optimize the useful life of capital assets.
- **Energy Work Plan:** The Energy Team made progress on an energy work plan to reduce non-renewable energy usage 15% from 2006 levels by 2010. At the end of 2008, MCES had achieved 66% of its goal. Legislative changes were sought and adopted to include wastewater byproducts as renewable biomass. Other energy-related efforts include a partnership with the University of Minnesota in exploring algae as a possible renewable energy source.
- **City SAC Audits:** Staff completed 37 reviews of Service Availability Charge reporting by municipalities in 2008.
- **Incident Management System:** A work instruction, procedures and reporting forms were drafted in 2007. Training and implementation was completed in 2008 for Treatment Services; the effort for the remainder of Environmental Services will proceed in 2009.

Rates and Revenue Changes

Changes that will have an impact on rates and revenue include:

- **Direct Connection Fee:** This fee is billed when a city or township, on its own behalf or for a property owner, requests to make a direct connection to an MCES interceptor that had not been previously planned. Details were developed in 2007. Adopted by the Council, it became effective in 2008.
- **Encroachment Application Fee:** This was changed in 2008, for implementation in 2009, to apply to each easement impacted.

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 workplace is diverse, offering a variety of employment opportunities and a challenge to the planning and safety/security of the facilities.

Safety and Security Enhancements

The safety program was reorganized with the development of a MCES safety improvement plan that establishes short- and long-term goals for continuous safety improvement. Areas of immediate attention focused on safety program improvement, management commitment, identification of problem source areas, and integrated problem-solving with involvement of management and safety committees.

- **Pandemic Response Plan/Business Continuity Plan:** Work continued on the MCES portion of the *Pandemic Response Plan* and *Business Continuity Plan*. The Council-wide pandemic planning committee continues to consolidate plans and disseminate information.

MCES has completed most operational plans; however, more work is needed on overall business continuity planning. MCES and the Information Services Department conducted an Emergency Preparedness Exercise Sept. 2-4, 2008, involving the relocation of 53 staff from the third floor at the Council's Robert Street offices.

The exercise tested the space and technology needs for a temporary relocation of staff, without sacrificing business continuity. The exercise was a success, and the experience will be used for future emergency and business continuity planning.

- **Departmental/Area Safety Audits:** Safety audits were completed on a monthly basis at all MCES facilities by safety committees, and results were discussed and corrective actions developed for areas of concern found during the safety audits. The Safety unit also completed an annual or bi-annual safety audit at all MCES facilities.
- **Capital Project Safety:** A major effort to address ongoing contractor safety issues has been developed that includes a contractor safety program, which addresses safety expectations for all contractors doing work within MCES. This includes safety-related information requirements from contractors submitting bids for all capital projects, safety pre-work meetings with contractors and frequent construction site safety audits to verify that sustainable safety compliance is continuous throughout the length of the project.

Workforce Planning Efforts

The MCES Workforce Plan serves as a tool to proactively handle change in the workforce. The planning process is critical in achieving MCES' goals and objectives.

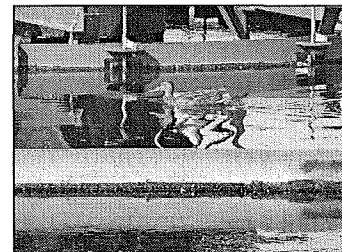
- **Development of the 2008-2012 Workforce Plan:** MCES' staff levels have decreased over the last decade as a result of an extensive reengineering effort. In the coming years, MCES will face the challenge of effective and efficient workforce planning in an environment of changing demographics, shortage of skilled candidates and changes in technology.

Partnering with Human Resources, MCES completed new workforce plan goals and objectives for 2008-2012, which are part of a larger effort of workforce planning for the Metropolitan Council. The *MCES 2008-2012 Workforce Plan* includes the new goals and objectives, and focuses on many areas: recruitment tactics, knowledge management and retention, development of employee training, internship and apprenticeship programs, and diversification of the workforce.

Implementation of the recommended strategies has begun. Successful workforce planning requires management leadership and support, as well as commitment from stakeholders.

Water Resources Management

The Council's *Water Resources Management Policy Plan* integrates water resources management and protection with planning for the region's growth. The policy plan contains guidelines for developing and maintaining service systems that support development and for which the Council has statutory responsibility, including wastewater service, surface water management and regional water supply.



Implementing the *Water Resources Management Policy Plan* included the following initiatives:

Inflow/Infiltration (I/I) Reduction Program

There were 46 communities on the potential 2008 I/I surcharge list and these communities made significant progress in 2008, resulting in the elimination of approximately 45 million gallons per day (mgd) of excess I/I. The program drew attention to the national and regional I/I problem, enabled communities to address private property sources of I/I, and identified and removed significant, long-existing I/I sources. The I/I reduction program is scheduled to continue through 2011.

Rural Growth Center Policy

The Council recognizes that some of the Rural Growth Centers located within the metropolitan area are under extreme pressure to add housing and employment to their communities, while others will not, and do not want, to take on a significant amount of additional growth. If a rural center is willing to expand to accommodate the increased growth as forecasted by the Council, it may need the Council's Environmental Services Division to become involved in the possible acquisition, operation and betterment of the wastewater treatment plant located in that community.

MCES is working with East Bethel to develop a wastewater treatment and groundwater recharge plan and with other Rural Growth Centers based on city requests for assistance. The process to acquire a New Germany plant was initiated with the goal of completing acquisition in 2009 and new plant construction in 2010 (or later, depending on the economy).

Other goals include completing a delineation of long-term service areas, developing a plan to preserve interceptor corridors and acquiring a Crow River plant site and a Scott County plant site. Talks with land owners are under way for the Crow River site. Two Scott County sites are being considered, but the selection process has been extended into 2009.

Memorandum of Agreement with the Minnesota Pollution Control Agency (MPCA)

Past legislation required the Council to develop “Target Pollution Loads” to protect and restore impaired waters in the metro area. Meanwhile, the U.S. EPA began requiring states to develop “Total Maximum Daily Loads” (TMDLs), which are very similar.

Under a memorandum of agreement with the MPCA, the Council has redirected its efforts from target pollution loads to development of the federally required total maximum daily loads in order to assist metro area localities and MPCA meet their deadlines.

Completion of TMDLs will help the Council maintain schedules for plant expansions to serve metro area growth in a timely manner. MCES is now working with watershed districts and other organizations to develop specific elements of TMDLs for metro area waters in keeping with the objectives and timetable that was agreed upon with the MPCA.

Agreements have been signed by Carver County and the Council for Bevens Creek and Carver Creek. Scott County has signed for Sand Creek, and Shingle Creek Watershed Management Organization for Shingle Creek. Specific work plans with tasks and deadlines have been developed and are underway.

Water Supply Planning Services provided for the Region

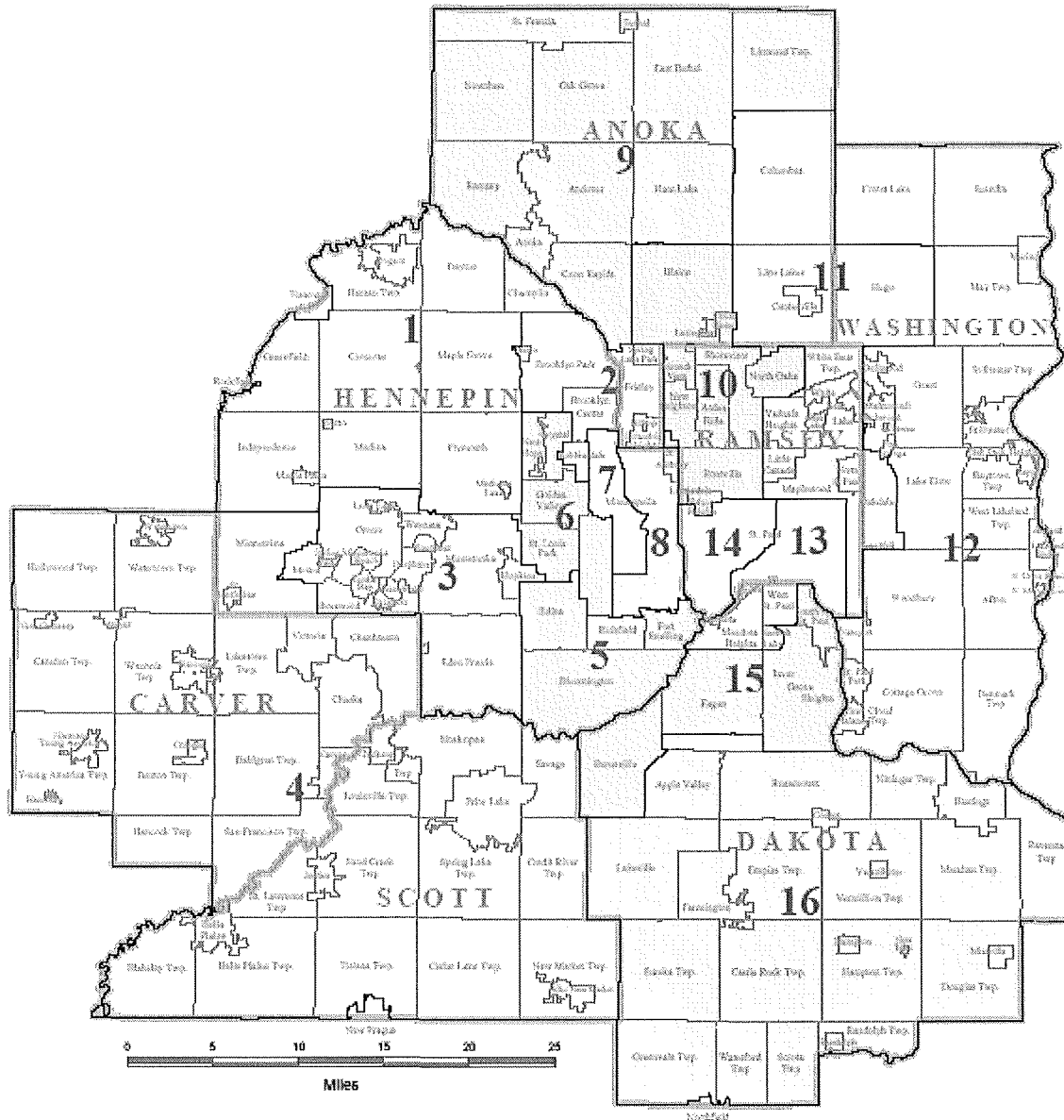
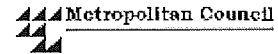
MCES has played an active role in water supply planning, working with the Water Supply Advisory Committee, established by the 2005 Legislature. Accomplishments of the committee in 2008 included the development of a draft Water Supply Master Plan. It is anticipated the plan will be finalized in 2009.

Appendix

Maps and Budget Summary

Twin Cities Metropolitan Area

Metropolitan Council Districts

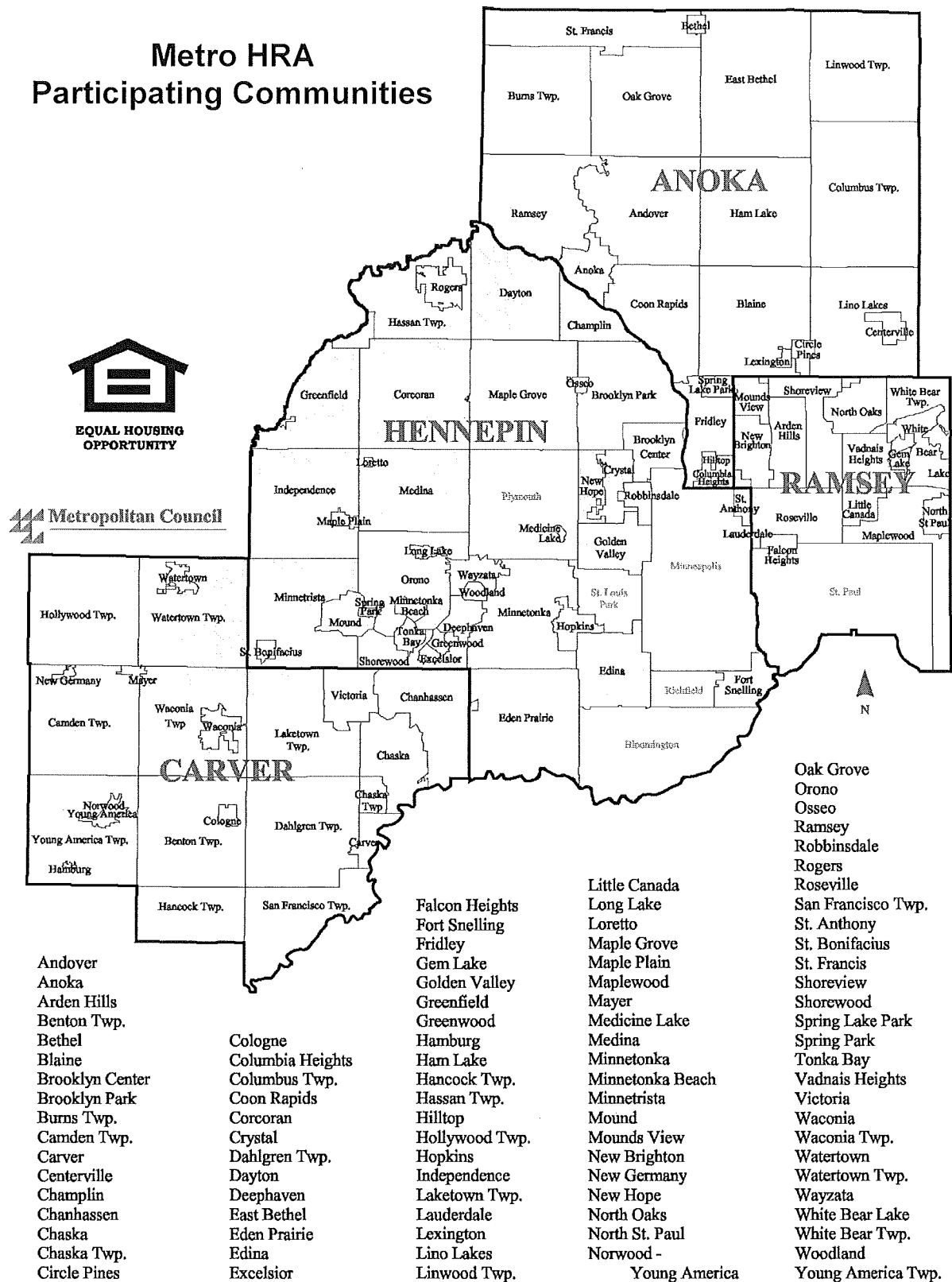


Council District Numbers and Members

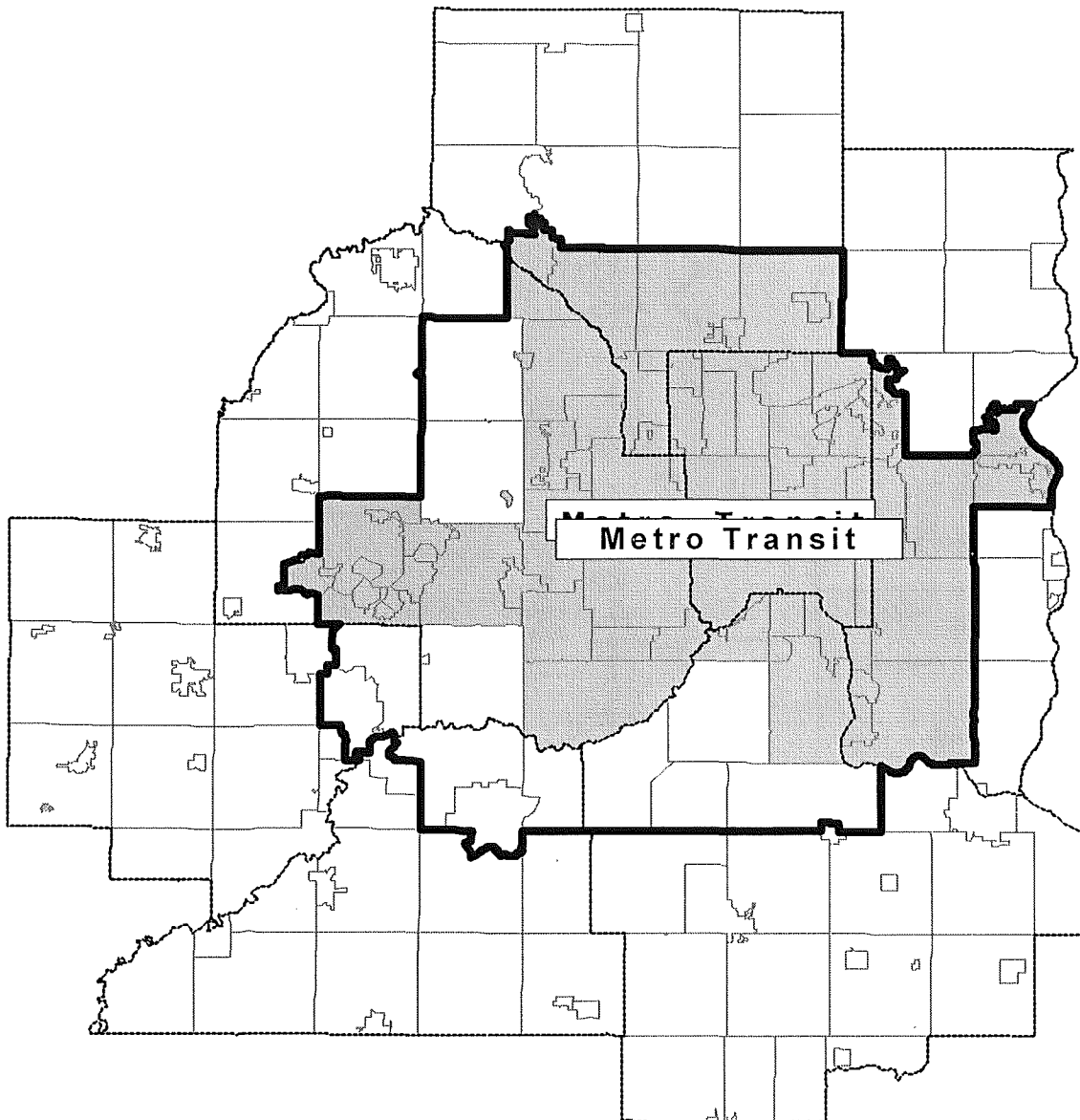
1. Roger Scherer	5. Polly Bowles	9. Natalie Haas Steffen	13. Rick Aguilar
2. Tony Pistilli	6. Peggy Leppik	10. Kris Sanda	14. Kirstin Sersland Beach
3. Robert McFarlin	7. Annette Meeks	11. Georgeanne Hülker	15. Daniel Wolter
4. Craig Peterson	8. Lynette Wittsack	12. Sherry Broecker	16. (vacant)

January 2009

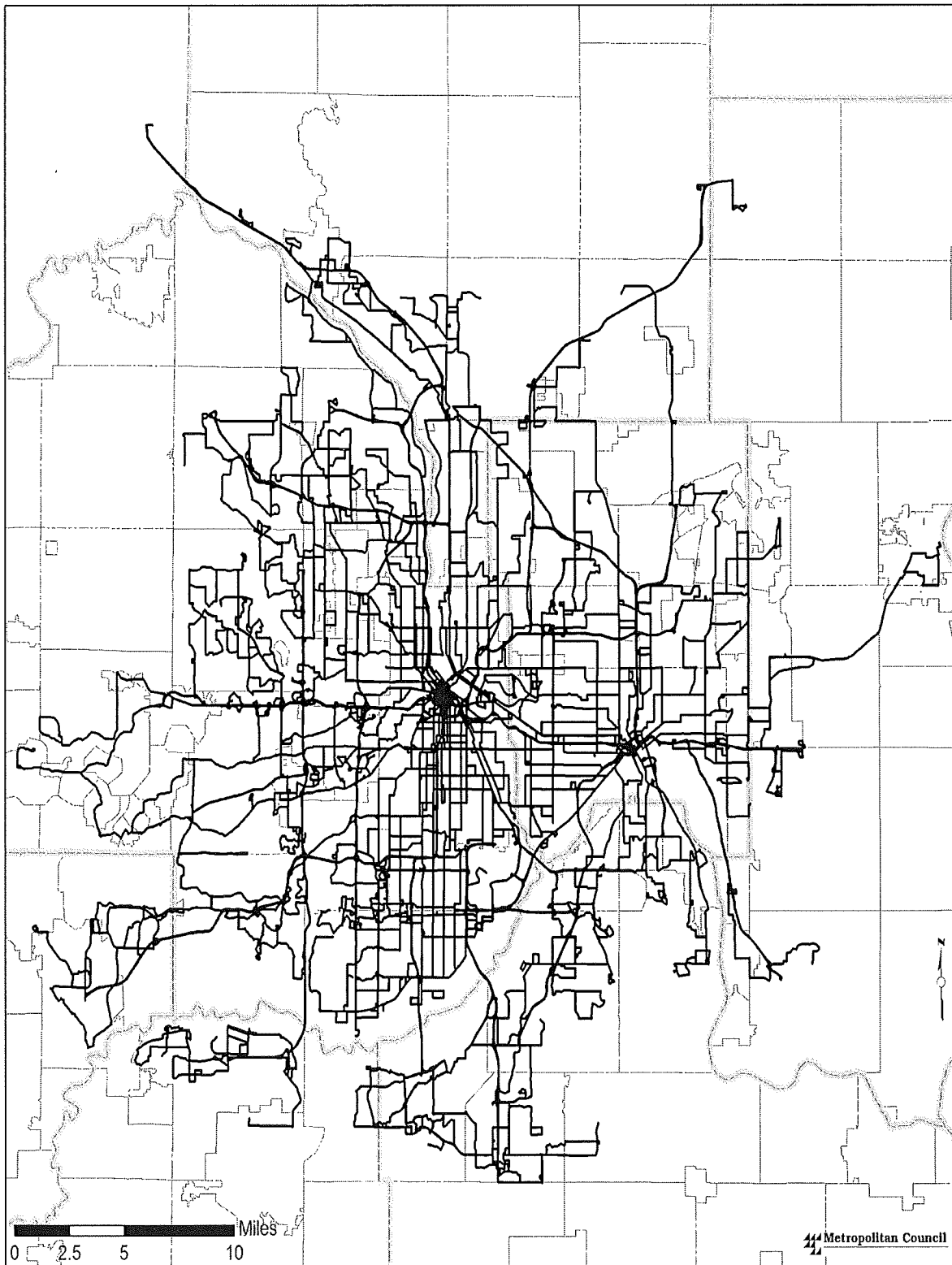
Metro HRA Participating Communities



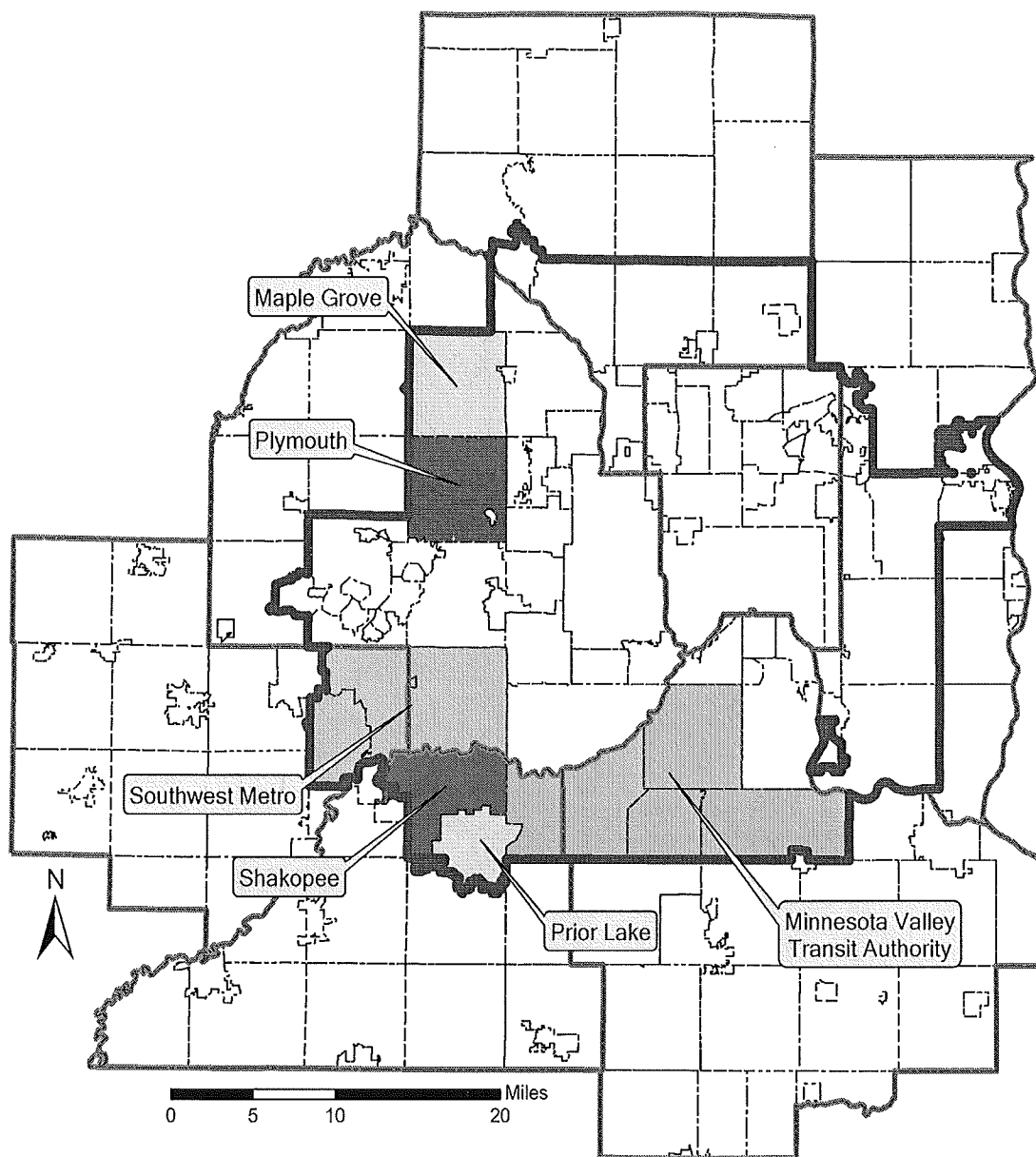
Metro Transit Service Area



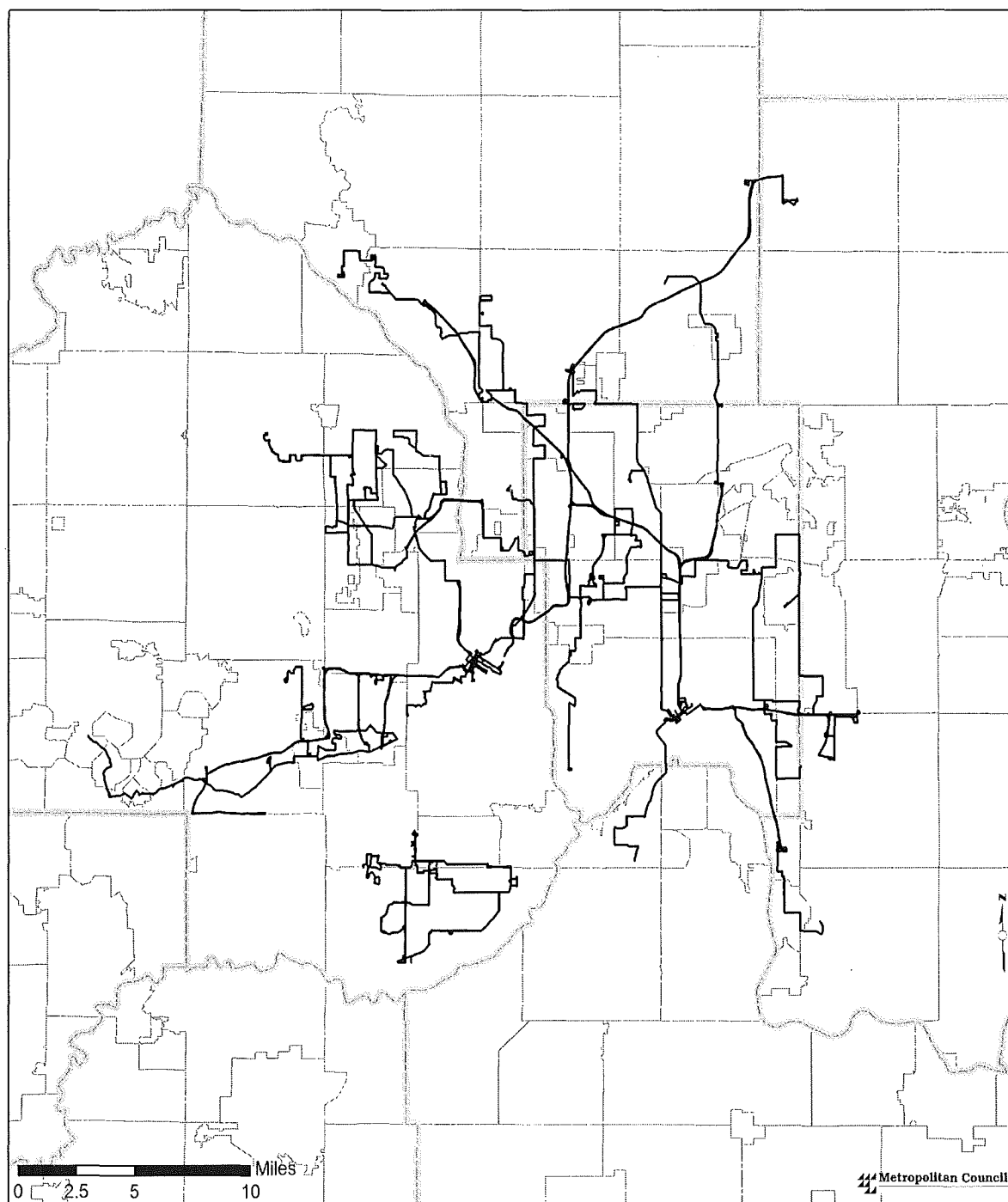
Metropolitan Area Regular-Route Transit Service



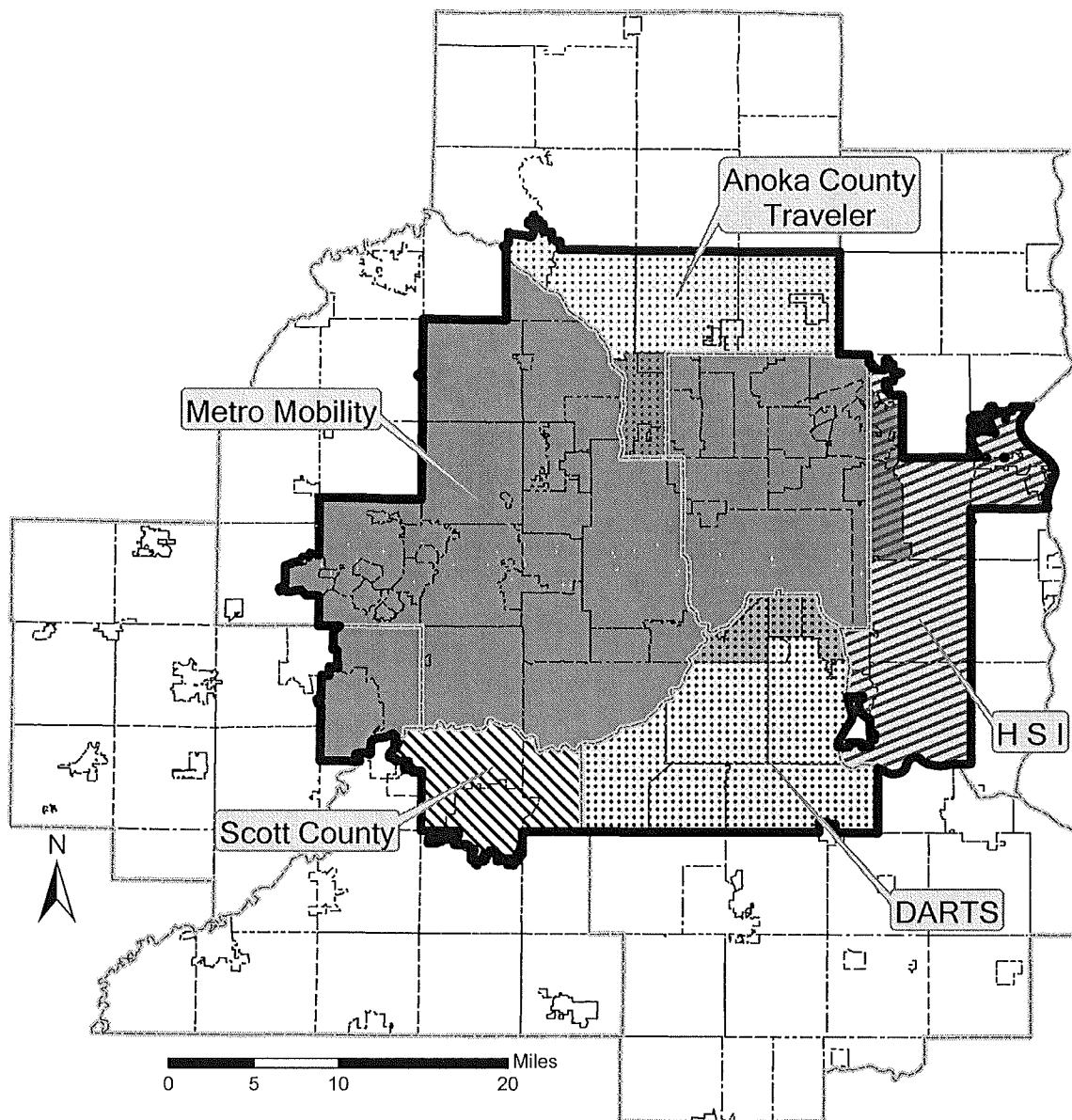
Suburban Transit Providers



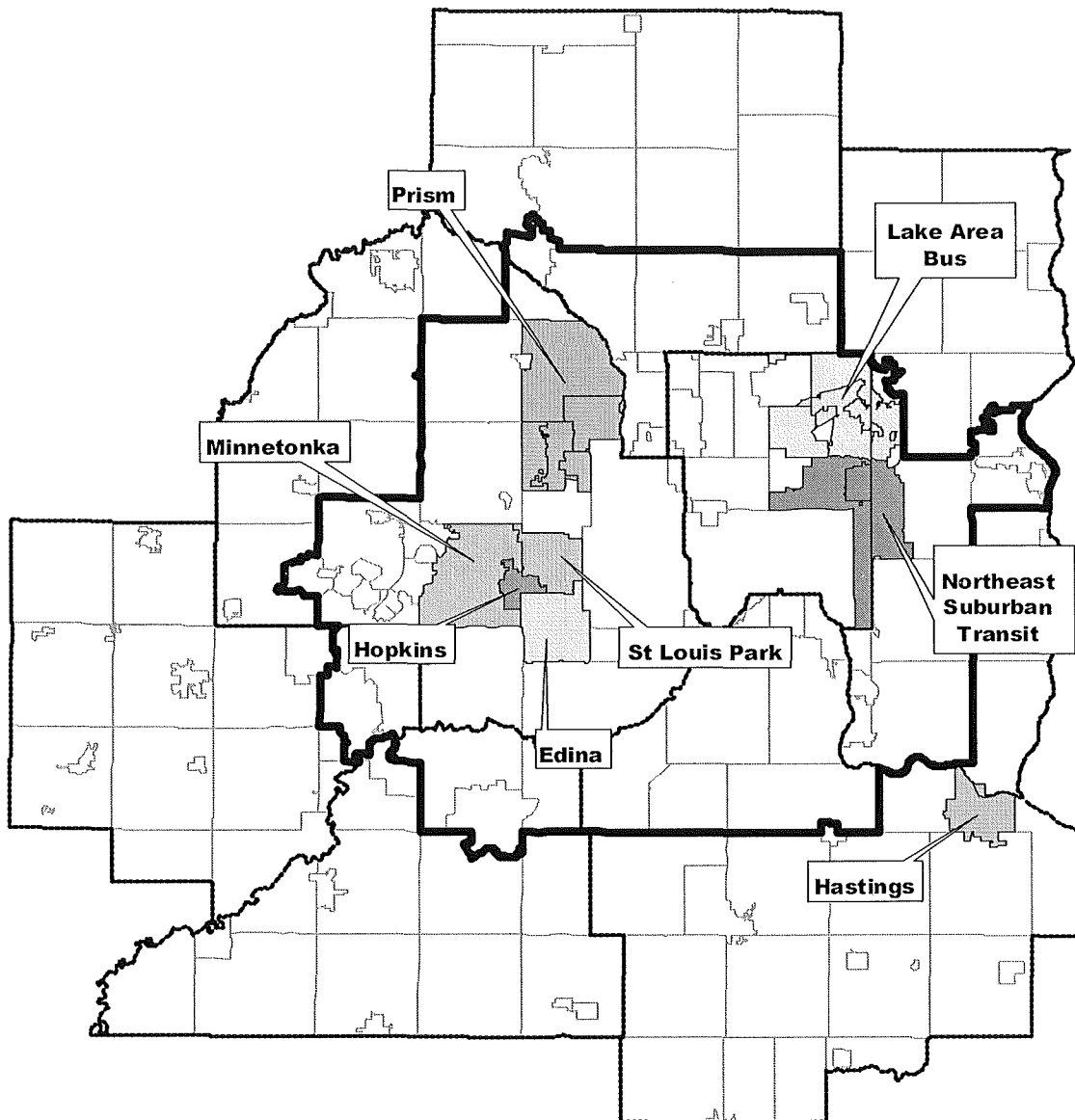
Privately Contracted Regular-Route Transit



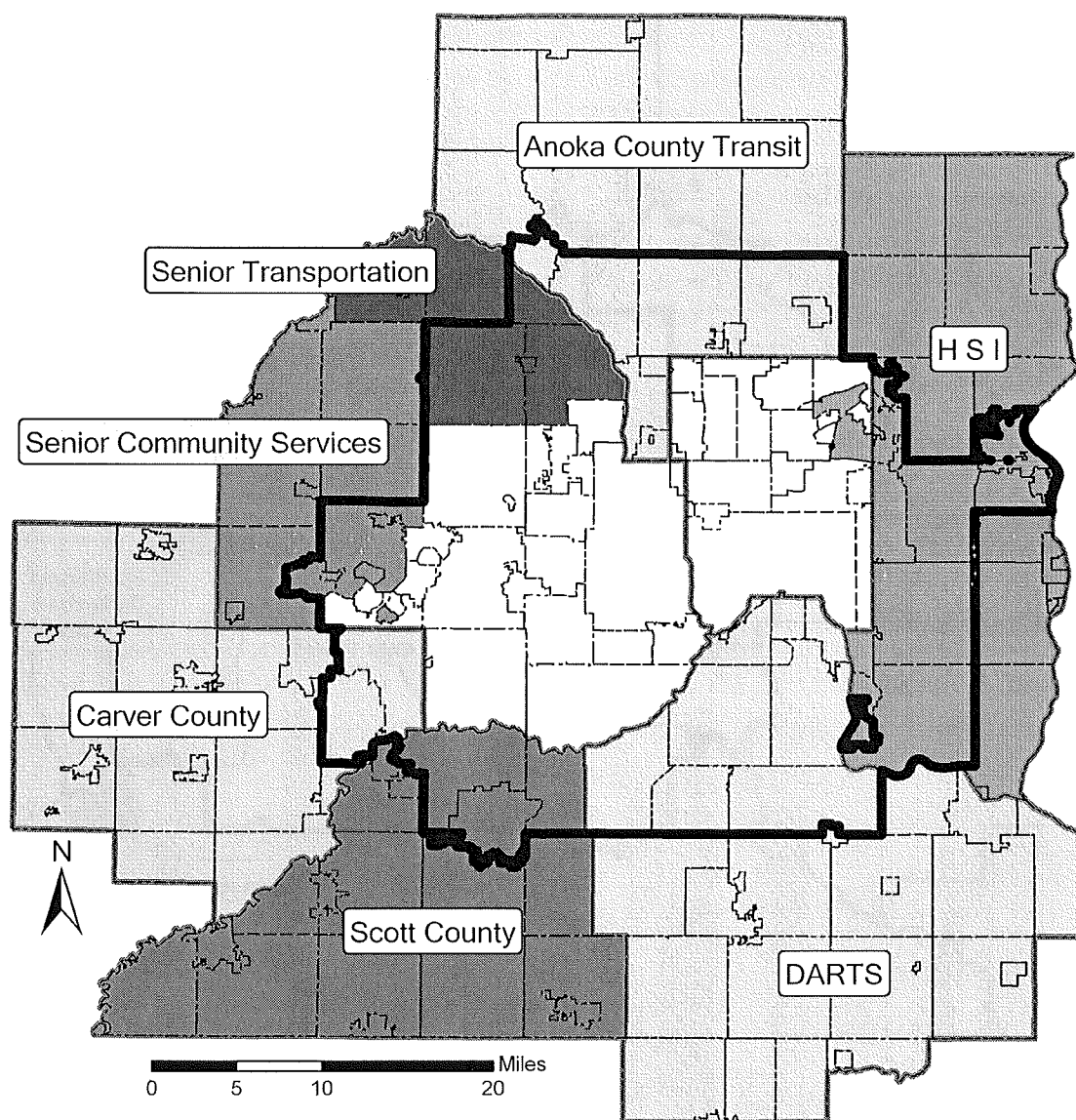
Metro Mobility and Other ADA Services



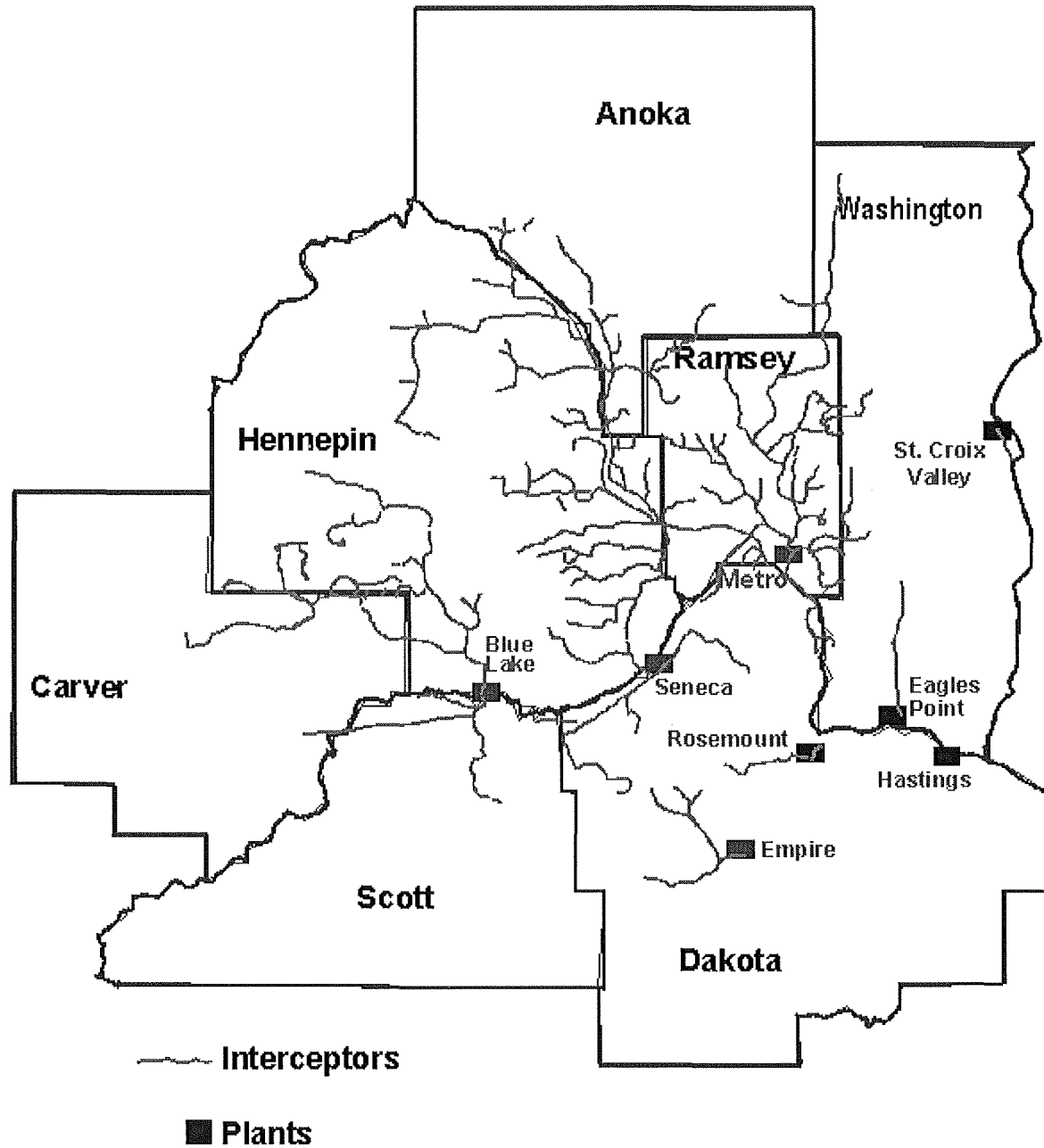
Urban Dial-a-Ride Transit Programs



Rural Dial-a-Ride Transit Programs



Wastewater Treatment Plants and Interceptors



Metropolitan Council 2008 Performance Evaluation Report
Appendix

**Metropolitan Council
2008 Budget Summary**

EXTERNAL REVENUE

	REGIONAL ADMINISTRATION /COMMUNITY DEVELOPMENT AND HRA OPERATING ONLY			ENVIRONMENTAL SERVICES DIVISION INCLUDING DEBT SERVICE			TRANSPORTATION DIVISION OPERATING ONLY		
	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE	BUDGET	(Unaudited) Actual Ledger Year-to-Date	Favorable (Unfavorable) VARIANCE
Property Taxes	\$9,759,250	\$9,920,679	\$161,429						
Federal Revenue	\$4,346,082	\$4,600,464	\$254,382		\$25,000	\$25,000	\$27,931,760	\$26,014,374	(\$1,917,386)
State Revenue	\$656,250	\$637,648	(\$18,602)	\$687,455	\$450,020	(\$237,435)	\$216,841,610	\$218,635,372	\$1,793,762
Local Revenue/Other Govt Revenue	\$342,400	\$140,571	(\$201,829)				\$6,199,414	\$6,550,312	\$350,898
ES Fees				\$201,798,000	\$203,305,753	\$1,507,753			
Fares & Related Revenue							\$89,109,772	\$92,759,558	\$3,649,786
Interest	\$1,067,471	\$1,464,604	\$397,133	\$2,300,000	\$1,650,955	(\$649,045)	\$628,030	\$1,149,131	\$521,101
Other Revenue	\$957,655	\$3,277,249	\$2,319,594	\$915,000	\$506,803	(\$408,197)	\$10,691,118	\$670,943	(\$10,020,175)
Total Revenue	\$17,129,108	\$20,041,215	\$2,912,107	\$205,700,455	\$205,938,531	\$238,076	\$351,401,704	\$345,779,690	(\$5,622,014)

EXPENDITURES

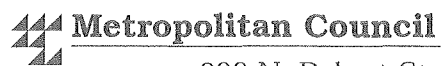
Salaries, Wages, & Fringes	\$25,580,673	\$24,041,592	\$1,539,081	\$58,705,605	\$57,303,990	\$1,401,615	\$201,847,946	\$193,180,499	\$8,667,447
Consulting & Contractual	\$10,806,827	\$8,555,224	\$2,251,603	\$13,872,674	\$10,387,789	\$3,484,885	\$6,150,759	\$4,691,244	\$1,459,515
Materials, Chemicals & Supplies	\$532,436	\$598,398	(\$65,962)	\$6,500,998	\$6,843,881	(\$342,883)	\$41,165,947	\$39,382,855	\$1,783,092
Chemicals				\$5,881,666	\$6,596,215	(\$714,549)			
Rent & Utilities	\$457,779	\$2,591,262	(\$2,133,483)	\$17,428,534	\$18,365,572	(\$937,038)	\$7,497,761	\$7,885,190	(\$387,429)
Printing	\$368,861	\$285,838	\$83,023	\$50,340	\$65,167	(\$14,827)	\$118,000	\$109,452	\$8,548
Travel	\$510,550	\$321,311	\$189,239	\$419,898	\$205,188	\$214,710	\$377,375	\$281,758	\$95,617
Insurance	\$139,700	\$107,724	\$31,976	\$1,015,008	\$867,392	\$147,616	\$3,496,957	\$1,381,340	\$2,115,617
Operating Capital	\$717,807	\$400,056	\$317,751	\$1,881,105	\$2,157,466	(\$276,361)			
Debt Service Expense				\$87,140,000	\$87,140,000				
Other Expense	\$3,663,539	\$4,193,893	(\$530,354)	\$1,049,397	\$940,855	\$108,542	\$4,089,864	\$4,486,299	(\$396,435)
Transit Programs							\$75,341,990	\$72,502,506	\$2,839,484
Total Expenditures	\$42,778,172	\$41,095,298	\$1,682,874	\$193,945,225	\$190,873,515	\$3,071,710	\$340,086,599	\$323,901,143	\$16,185,456

Operating Income/(Loss)

	(\$25,649,064)	(\$21,054,083)	\$4,594,981	\$11,755,230	\$15,065,016	\$3,309,786	\$11,315,105	\$21,878,547	\$10,563,442
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Transfers from
Transfers To
Surplus/(Deficit)

Transfers from	\$26,575,288	\$24,158,566	(\$2,416,722)	\$803,850	\$509,351	(\$294,499)	\$21,150	\$93,144	\$71,994
Transfers To	\$2,445,000	\$2,156,302	\$288,698	\$13,559,080	\$11,799,929	\$1,759,151	\$16,147,258	\$14,133,261	\$2,013,997
Surplus/(Deficit)	(\$1,518,776)	\$948,181	\$2,466,957	(\$1,000,000)	\$3,774,438	\$4,774,438	(\$4,811,003)	\$7,838,430	\$12,649,433



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