



Gold Line

BUS RAPID TRANSIT PROJECT ENVIRONMENTAL ASSESSMENT

Environmental Assessment Appendix A Technical Report

Financial Analysis

September 2019



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ACRONYMS AND ABBREVIATIONS

BRT	Bus Rapid Transit
CIG	Capital Investment Grant Program
Council	Metropolitan Council
CTIB	Counties Transit Improvement Board
EA	Environmental Assessment
FTA	Federal Transit Administration
O&M	Operations and Maintenance
Project	METRO Gold Line Bus Rapid Transit Project
RCRRA	Ramsey County Regional Railroad Authority
SCC	Standard Cost Category
TH	Trunk Highway
YOE	Year of Expenditure



9. FINANCIAL ANALYSIS

9.1. Introduction

This report was prepared in support of the METRO Gold Line Bus Rapid Transit (BRT) Project (Project) Environmental Assessment (EA). It provides a summary of the financial considerations for Build Alternative 1 (A1-BC-D3) and Build Alternative 2 (A2-BC-D3). It also addresses the Hazel Street Option and the Dedicated Guideway Option at Hadley Avenue and 4th Street design options for Alignment C of Build Alternatives 1 and 2. The Build Alternatives and options are described in the *Alternatives Technical Report* in **Appendix A**.

This report summarizes capital cost estimates for the Build Alternatives and options, operations and maintenance (O&M) costs, and sources of funding. The Metropolitan Council (the Council) developed its cost estimates based on the Project's 15% Concept Plans in **Appendix B**.

9.2. Capital Cost Estimate

Capital costs are an estimation of the fixed costs needed to build a transit project and bring it into revenue service according to a set of construction bid documents. Capital costs are expressed in Base Year dollars and Year of Expenditure (YOE) dollars. The cost estimate uses the Base Year as the reference period, or benchmark comparison year, from which costs escalate; the YOE is the year in which dollars would be spent on a particular Project element.

Capital costs include construction of the dedicated guideway, stations, maintenance and storage facilities, and other project elements, and they factor expenditures for environmental mitigation, right-of-way acquisition, site demolition and preparation, and vehicle acquisition. The Federal Transit Administration's (FTA) Capital Investment Grants (CIG) Program accounts for professional services such as staff and contract costs, and contingency and finance charges in a project's estimated capital costs.

9.2.1. Methodology

The Council prepared the Project's capital cost estimate according to the FTA's currently required format and procedures for project evaluation. The analysis uses Standard Cost Categories (SCCs) to group costs by various components such as guideway, stations, site work, signalization and communications systems, right-of-way acquisition, and vehicles. The SCCs also include professional and technical services such as engineering, construction services, insurance, and owner's costs, and cost contingencies to account for uncertainty in the estimating process and the scope of the Project.

9.2.1.1. Base Parameters

The Council used the following base parameters to prepare the Project's capital cost estimate:

- **Base Year:** 2018
- **YOE:** Costs for each SCC are distributed based on a forecasted schedule that identifies the year(s) of expenditure for those items



- **Allocated contingencies:** The analysis applies cost contingencies to the base price of the Project for each of the SCCs to account for risks associated with the lack of information about components for which work will be completed in later design and engineering phases. Allocated contingencies address uncertainties in the estimated construction, right-of-way and vehicle costs. The level of allocated contingency for each SCC reflects a forecast of the Council's anticipated degree of cost variability for that category as the Project design progresses.
- **Unallocated contingency:** The analysis used an unallocated contingency of 9.25 percent (Base Year dollars) for the capital cost estimates. The analysis applies this percentage across SCC 10 through 80 to budget for cost influences that are unknown or not readily quantifiable due to the level of Project design completed to date. The unallocated contingency is typically broader compared with the allocated contingency, and projects often use unallocated contingencies to address changes in scope and schedule.
- **Inflation:** The analysis used an annual inflation rate of 3.5 percent to inflate capital cost estimates from the Base Year to the YOE

9.2.1.2. Quantities, Unit Costs and Standard Cost Categories

Construction costs for the Project were developed by measuring quantities and multiplying them by a unit cost. Estimated preliminary quantities have been developed for this 15 percent cost estimate either by measuring construction elements that are shown in design plans or by using an established allowance quantity based on professional experience and judgment. Detailed quantities have not been developed at this stage of the Project due to the preliminary nature of the design plans. Unit costs used in the estimate reflect historical cost data and include labor, equipment and material rates.

The following sections identify the types of work items each SCC includes.

STANDARD COST CATEGORY 10: GUIDEWAY

This category includes costs associated with the following civil and structural elements that are directly associated with constructing guideway structures, roadbeds and pavement:

- Bituminous and concrete pavement with curb and gutter for the dedicated guideway
- Guideway aerial structures, including bridges associated with the guideway and all related foundation excavation
- Grading and drainage improvements, excavation, backfill and retaining walls associated with constructing the guideway
- Improvements to existing roadways where the Project would operate in mixed traffic

STANDARD COST CATEGORY 20: STATIONS

This category includes costs associated with station platforms, ramps, platform fixtures, canopies and passenger amenities, along with costs for adding vertical circulation elements such as stairs to the platform.

STANDARD COST CATEGORY 30: SUPPORT FACILITIES

This category includes costs associated with minor interior upgrade modifications to the existing Metro Transit East Metro Garage, 820 L'Orient St. in Saint Paul, to accommodate vehicles the Project would procure. This cost estimate includes charging infrastructure for electric buses, if needed, and a per-vehicle allowance for storage and maintenance facility costs.



STANDARD COST CATEGORY 40: SITEWORK AND SPECIAL CONDITIONS

This category includes costs associated with roads, parking lots, retaining/sound walls, pedestrian/bike accessways, landscaping, utility work, environmental mitigation, stormwater facilities, potentially hazardous materials, and potentially contaminated soils.

STANDARD COST CATEGORY 50: SYSTEMS

This category includes costs associated with communication systems, central control hardware and software, underground duct banks, automated fare collection, roadway traffic signal systems and crossing protection.

SCC 50 costs were calculated using the subcategories identified below. These costs are based on either the route length or quantity of proposed signalized intersections.

- Traffic signal (new, modify, existing)
- At-grade crossing warning device
- Communications allowance
- Fare collection
- Central control allowance

STANDARD COST CATEGORY 60: RIGHT-OF-WAY COSTS

This category identifies costs associated with purchasing right-of-way needed to construct and operate the Project including full acquisitions, partial acquisitions and potential temporary easements. The Council prepared the right-of-way cost by calculating the approximate square footage of temporary and permanent easements the Project would require, multiplied by an average per-square-foot cost of similar land values in a given location. SCC 60 also includes professional services such as appraisal and legal services related to land acquisitions.

STANDARD COST CATEGORY 70: VEHICLES

This category includes the purchase of 12 60-foot-long articulated BRT buses for Build Alternative 1, and 11 for Build Alternative 2. The vehicle cost is based on using diesel buses; however, the Project's "potential work" elements includes using electric buses (see **Section 9.2.3**). The EA evaluates diesel vehicles under Build Alternatives 1 and 2, and it also evaluates the potential for charging infrastructure for electric vehicles. As the Project advances, the Council will select the vehicle type that will be used for the Project, which could be diesel, hybrid or electric.

The analysis estimated the number of purchased vehicles based on the most current operating plan and ridership information for each Build Alternative plus a 30 percent spare ratio, which is the number of spare vehicles as a percentage of total vehicles needed for service. The Project would require spare vehicles to accommodate emergencies and maintenance needs.

STANDARD COST CATEGORY 80: PROFESSIONAL SERVICES

This category includes costs associated with agreed-upon agency staffing commitments, lease payments and other Project office costs, legal costs not related to right-of-way acquisition in SCC 60, and contracted amounts for professional consultant services. Costs include \$133,395 of State-funded pre-Project-Development-Phase costs that are not eligible for FTA funding.



9.2.2. Capital Costs Summary

The Council developed capital cost estimates for the Build Alternatives including the Hazel Street Station and Dedicated Guideway at Hadley Avenue and 4th Street design options and categorized them by SCC.

Table 9.2-1 summarizes the capital cost estimates for Build Alternative 1.

TABLE 9.2-1: BUILD ALTERNATIVE 1 CAPITAL COST ESTIMATE SUMMARY (YEAR OF EXPENDITURE)

FTA SCC	Cost (\$ Thousands)	With Hazel Street Station Option (\$ Thousands)	With Dedicated Guideway Option at Hadley Avenue and 4th Street (\$ Thousands)
10 – Guideway Elements	\$78,771	\$78,566	\$84,199
20 – Stations	\$15,408	\$15,408	\$15,408
30 – Support Facilities	\$6,606	\$6,606	\$6,606
40 – Sitework and Special Conditions	\$110,906	\$110,894	\$112,425
50 – Systems	\$29,205	\$29,205	\$30,262
60 – Right-of-Way	\$46,336	\$46,300	\$47,445
70 – Vehicles	\$15,253	\$15,253	\$15,253
80 – Professional Services	\$76,397	\$76,397	\$76,397
90 – Unallocated Contingency	\$35,575	\$35,551	\$36,417
100 – Finance Charges	\$8,455	\$8,455	\$8,550
TOTAL	\$422,912	\$422,635	\$432,962

Table 9.2-2 summarizes the capital cost estimates for Build Alternative 2.

TABLE 9.2-2: BUILD ALTERNATIVE 2 CAPITAL COST ESTIMATE SUMMARY (YEAR OF EXPENDITURE)

FTA SCC	Cost (\$ Thousands)	With Hazel Street Station Option (\$ Thousands)	With Dedicated Guideway Option at Hadley Avenue and 4th Street (\$ Thousands)
10 – Guideway Elements	\$78,164	\$77,959	\$83,591
20 – Stations	\$11,466	\$11,466	\$11,466
30 – Support Facilities	\$6,606	\$6,606	\$6,606
40 – Sitework and Special Conditions	\$109,805	\$109,792	\$111,324
50 – Systems	\$24,621	\$24,621	\$25,678
60 – Right-of-Way	\$44,941	\$44,905	\$46,050



FTA SCC	Cost (\$ Thousands)	With Hazel Street Station Option (\$ Thousands)	With Dedicated Guideway Option at Hadley Avenue and 4th Street (\$ Thousands)
70 – Vehicles	\$13,982	\$13,982	\$13,982
80 – Professional Services	\$76,397	\$76,397	\$76,397
90 – Unallocated Contingency	\$34,382	\$34,358	\$35,224
100 – Finance Charges	\$8,360	\$8,360	\$8,470
TOTAL	\$408,724	\$408,446	\$418,788

The total Project contingency, both allocated and unallocated, is 30 percent of the total YOE Project cost. **Table 9.2-3** shows the percentage of allocated contingency the analysis applied to each SCC to recognize the anticipated contingency needed within each category of work.

TABLE 9.2-3: ALLOCATED CONTINGENCIES

FTA SCC	Allocated Contingency Percentage Range
10 – Guideway Elements	20-25%
20 – Stations	20%
30 – Support Facilities	20%
40 – Sitework and Special Conditions	25-40%
50 – Systems	25-30%
60 – Right-of-Way	30%
70 – Vehicles	10%
80 – Professional Services	0%

9.2.3. Potential Work

The EA includes an evaluation of potential work requested by Project partners for construction. If included in the Project, the Council will identify additional funding sources for all or a portion of the items. These funding sources may include additional revenues from the sources identified in **Section 9.4.1.2**.

Table 9.2-4 identifies the pertinent SCC, describes the potential work including the Project partner that requested the work, if applicable; and the estimated cost. **Figure 9.2-1** shows the general locations of the potential work by item number from **Table 9.2-4**.

The 15% Concept Plans in **Appendix B** also provide the locations of these requested capital improvements.



TABLE 9.2-4: POTENTIAL WORK AND COST ESTIMATES (YEAR OF EXPENDITURE)

Item No.	Description	FTA SCC	Cost (\$ Thousands)
1.	Utilities – Conway Street Improvements and Storm Sewer Separation <ul style="list-style-type: none"> City of St. Paul requested separation of sanitary from storm sewer Includes reconstruction of west half of Conway Avenue at Maria Avenue 	40	\$171
2.	Bridge – Pedestrian Overpass at Maple Street Reconstruction of existing pedestrian overpass of I-94 at Maple Street	40	\$4,764
3.	Bridge – Earl Street Bridge Redecking Redecking and repainting of Earl Street Bridge over I-94	40	\$2,858
4.	Bridge – McKnight Road Pedestrian Facilities Adding 570-foot-long grade-separated pedestrian facility to proposed BRT-only bridge over McKnight Road	40	\$3,255
5.	Bridge – Century Avenue Pedestrian Facilities Adding a 235-foot-long grade-separated pedestrian facility to proposed BRT-only bridge over Century Avenue	40	\$1,032
6.	Pedestrian Connections – Hudson Road at Johnson Parkway Adding pedestrian connection from 1145 Hudson Road Apartment driveway to Johnson Parkway	40	\$38
7.	Pedestrian Connections – West Side Etna Street to Burns Avenue <ul style="list-style-type: none"> Adding pedestrian connection from Etna Street Station along west side of Trunk Highway (TH) 61 to Burns Avenue Adding pedestrian tunnel under southbound ramp of I-94 at TH 61 	40	\$5,792
8.	Pedestrian Connection – East from Pacific Street to Burns Avenue Adding pedestrian connection from Pacific Street to Burns Avenue along the east side of TH 61	40	\$370
9.	Pedestrian Connections – Modify Signal System at Burns Avenue/TH 61 <ul style="list-style-type: none"> Upgrading existing signal system at Burns Avenue and TH 61 to bring system into compliance with the Americans with Disabilities Act^a Components could include but are not limited to curb cuts, truncated domes and accessible pedestrian signals 	50	\$165
10.	Pedestrian Connections – Hazel Street Station Option to Ruth Street Adding pedestrian connection from Hazel Street Station to Ruth Street	40	\$116



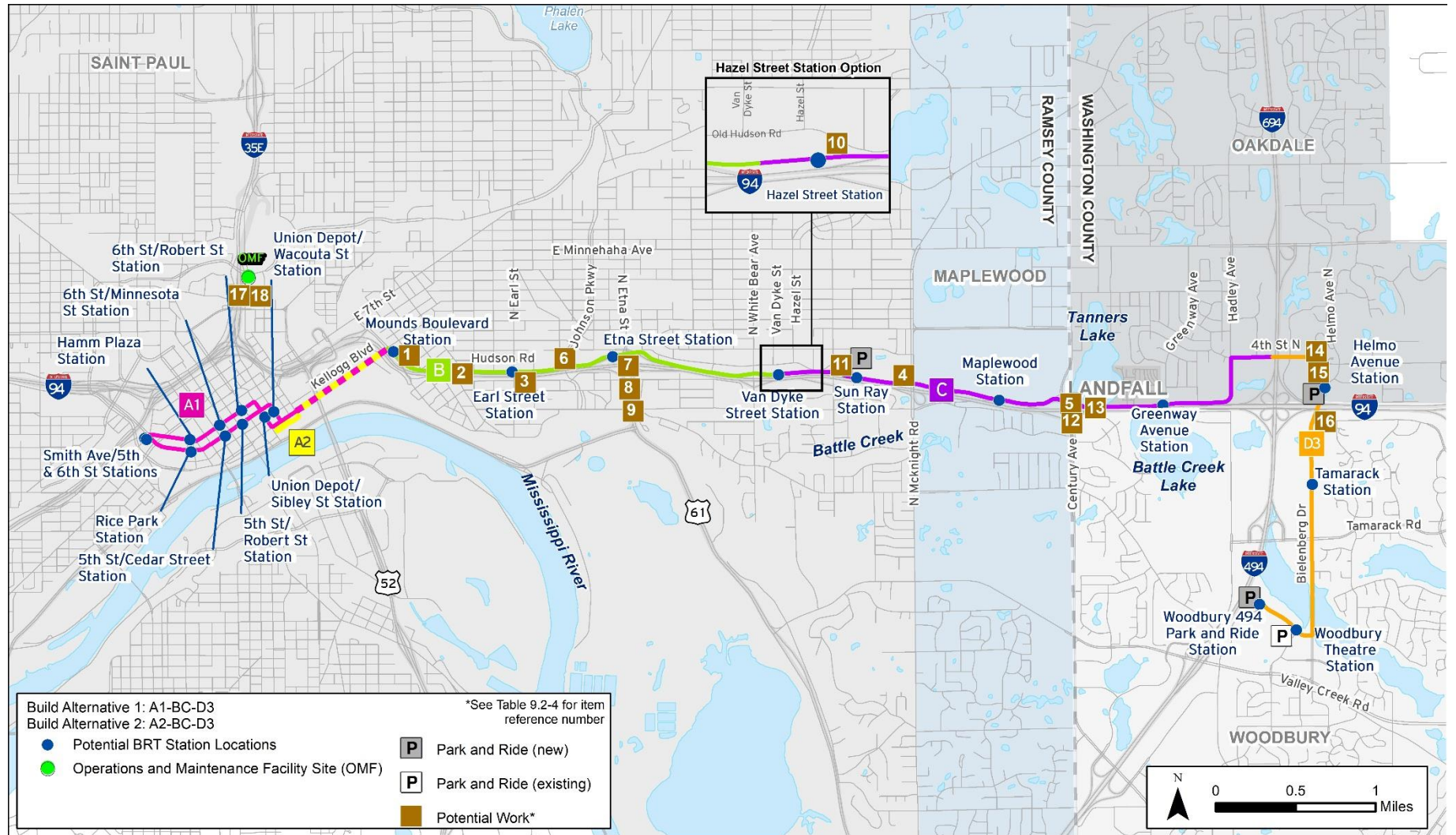
Item No.	Description	FTA SCC	Cost (\$ Thousands)
11.	Pedestrian Connections – Sun Ray Shopping Center Area Widening existing sidewalk west of Pedersen Street to Ruth Street and east of Sun Ray Shopping Center to McKnight Road	40	\$83
12.	Pedestrian Connections – Century Avenue at-grade underpass of I-94 Adding pedestrian connection along west side of Century Avenue under existing I-94 Bridge	40	\$1,191
13.	Pedestrian Connections – Tanners Lake Adding facilities on north side of Hudson Road from Dellwood to Century Avenue adjacent to Tanners Lake	40	\$238
14.	Pedestrian Connections – Hayward Avenue to 4th Street Lane Adding pedestrian facilities from 4th Street Lane to Hayward Avenue along north side of 4th Street	40	\$103
15.	Pedestrian Connections – Helmo Avenue Station to 4th Street Adding pedestrian facilities along west side of Helmo Avenue from Helmo Avenue Station to 4th Street	40	\$56
16.	Pedestrian Connections – Hudson Road from Bielenberg to Landau Drive Adding pedestrian facilities along south side of Hudson Road from Bielenberg Drive to Landau Drive	40	\$56
17.	Vehicles – Electric Bus Charging Adding electric bus charging infrastructure for 12 Project buses at East Metro Garage and end of line stations	20	\$5,313
18.	Vehicles – Electric Buses^b Using fleet of 60-foot-long electric buses instead of diesel buses	70	\$6,986

^a Americans With Disabilities Act of 1990, Pub. L. No. 101-336, 104 Stat. 328 (1990). Available at: http://library.clerk.house.gov/reference-files/PPL_101_336_AmericansWithDisabilities.pdf. Accessed October 2018.

^b This estimate does not include costs for hybrid buses; however, the Council anticipates the cost would be between the cost of diesel and electric buses.



FIGURE 9.2-1: LOCATIONS OF POTENTIAL WORK





9.2.4. Refinements

As the Project design progresses through the Project Development and Engineering phases, the Council will update calculations to reflect refined Project assumptions and elements and update the overall capital cost estimate. The Council and Project partners will also revisit capital cost contingencies as the Project advances.

9.3. Operations and Maintenance Cost Estimate

This section summarizes the estimated and known O&M costs for the Project as identified at this phase of Project Development. O&M costs include estimates of the annual costs to operate, maintain and administer a transit system for a given set of service indicators. The estimate expresses O&M costs as the annual total of employee earnings and fringe benefits; contract services; materials and supplies; utilities; and other day-to-day expenses the operation and maintenance of a transit system incurs. The Council will refine the O&M cost estimate as the Project advances through the Engineering Phase.

9.3.1. Methodology

The FTA requires a resource-driven cost-allocation model to estimate O&M costs for a New Starts project. Resource-driven models assign specific costs to specific service characteristics. For example, the model assigns bus operator costs to annual revenue bus-hours. The Project's service characteristics – in this example, annual revenue bus-hours—determine the costs for that item (bus operators). The O&M cost estimate includes the following inputs:

- Local bus service (Section 3.3 of the *Transportation Resources Technical Report* in **Appendix A** describes the proposed connector bus service)
 - › Annual revenue bus-miles
 - › Annual revenue bus-hours
 - › Peak buses
 - › Number of maintenance garages
 - › Number of operating divisions
 - › Number of transit centers
- Project service
 - › Annual revenue bus-miles
 - › Annual revenue bus-hours
 - › Peak buses
 - › Number of maintenance garages
 - › Number of operating divisions
 - › Number of transit centers
- Additional Project features
 - › Police/fare enforcement
 - › Fare-collection equipment maintenance



- Station maintenance
- Intelligent Transportation Systems equipment maintenance
- Vertical circulation maintenance
- Parking lot maintenance
- Traffic signal priority maintenance
- Dedicated guideway maintenance

9.3.2. Operations and Maintenance Costs Summary

Table 9.3-1 summarizes the O&M cost estimates for Build Alternatives 1 and 2, expressing all costs in thousands of 2018 dollars.

TABLE 9.3-1: BUILD ALTERNATIVES ESTIMATED 2040 ANNUAL OPERATIONS AND MAINTENANCE COSTS

Service	Build Alternative 1 Total Cost (\$ Thousands)	Build Alternative 2 Total Cost (\$ Thousands)
Local Feeder Bus	\$4,799	\$4,799
Project	\$6,129	\$5,340
Total Additional Cost of Build Alternatives^a	\$10,928	\$10,139
No-Build Alternative Regional O&M Costs	\$463,479	\$463,479
Total 2040 Build Regional O&M Costs	\$474,407	\$473,618

^a Annual operations and maintenance estimates do not include costs associated with the proposed 3M Circulator (see Section 3.3 of the Transportation Resources Technical Report in **Appendix A**), which this analysis assumes would be privately funded.

9.4. Sources of Funding

This section summarizes the funding sources the analysis identified for the Project including federal, state and local funding partners and their capacities to fund the Project.

9.4.1. Capital Funding

A variety of sources will contribute funding for the Project. The Council anticipates the following split in capital funding for the Project among its partners:

- **FTA CIG Program:** 45 percent share
- **Surface Transportation Block Grant Program (STBGP):** \$4.4 million (approximately 1 percent)
- **State of Minnesota:** \$2 million (approximately 0.5 percent)



- **Counties Transit Improvement Board (CTIB):**¹ \$6 million (approximately 1.4 percent)
- **Washington County:** Half of remainder after above sources (approximately 25-26 percent), plus \$1.1 million local match for Surface Transportation Block Grant Program funds (approximately 0.3 percent)
- **Ramsey County:** Half of remainder after above sources (approximately 25-26 percent)

If the Project includes the Dedicated Guideway Option at Hadley Avenue and 4th Street, the Council would identify other funding partners to contribute a portion of the additional costs associated with the dedicated guideway construction equal to approximately 1.3 percent of the total Project cost. This may include additional revenues from the sources listed above.

If the Project includes any of the potential work **Table 9.2-4** describes, the Council would identify additional local funding sources for all or a portion of the items. These funding sources may include additional revenues from the sources listed above.

Table 9.4-1 and **Table 9.4-2** show the amount of funding by source for Build Alternative 1 and Build Alternative 2, respectively, including the two design options.

¹ The Counties Transit Improvement Board dissolved in September 2017, and the board then transferred its funds to the counties to manage.



TABLE 9.4-1: BUILD ALTERNATIVE 1 FUNDING BY SOURCE

Source	Funding Amount (\$ Thousands)	Funding Amount (Share)	With Hazel Street Station Option (\$ Thousands)	With Hazel Street Station Option (Share)	With Dedicated Guideway Option (\$ Thousands)	With Dedicated Guideway Option (Share)
FTA CIG Program	\$190,250	45.0%	\$190,126	45.0%	\$194,773	45.0%
FHWA Surface Transportation Block Grant Program (STBGP)	\$4,400	1.0%	\$4,400	1.0%	\$4,400	1.0%
State of Minnesota	\$2,000	0.5%	\$2,000	0.5%	\$2,000	0.5%
CTIB	\$6,000	1.4%	\$6,000	1.4%	\$6,000	1.4%
Washington County	\$109,581	25.9%	\$109,505	25.9%	\$110,107	25.4%
Washington County STBGP Local Match	\$1,100	0.3%	\$1,100	0.3%	\$1,100	0.3%
Ramsey County/Ramsey County Regional Railroad Authority (RCRRA)	\$109,581	25.9%	\$109,505	25.9%	\$110,107	25.4%
Other funding partners	\$0	0%	\$0	0%	\$5,475	1.3%
TOTAL	\$422,912	100.0%	\$422,636	100.0%	\$432,962	100.0%



TABLE 9.4-2: BUILD ALTERNATIVE 2 FUNDING BY SOURCE

Source	Funding Amount (\$ Thousands)	Funding Amount (Share)	With Hazel Street Station Option (\$ Thousands)	With Hazel Street Station Option (Share)	With Dedicated Guideway Option (\$ Thousands)	With Dedicated Guideway Option (Share)
FTA CIG Program	\$183,866	45.0%	\$183,741	45.0%	\$188,395	45.0%
FHWA Surface Transportation Block Grant Program (STBGP)	\$4,400	1.1%	\$4,400	1.1%	\$4,400	1.1%
State of Minnesota	\$2,000	0.5%	\$2,000	0.5%	\$2,000	0.5%
CTIB	\$6,000	1.5%	\$6,000	1.5%	\$6,000	1.4%
Washington County	\$105,679	25.9%	\$105,603	25.9%	\$105,709	25.2%
Washington County STBGP Local Match	\$1,100	0.3%	\$1,100	0.3%	\$1,100	0.3%
Ramsey County/RCRRA	\$105,679	25.9%	\$105,603	25.9%	\$105,709	25.2%
Other funding partners	\$0	0%	\$0	0%	\$5,475	1.3%
TOTAL	\$408,724	100.0%	\$408,447	100.0%	\$418,788	100.0%



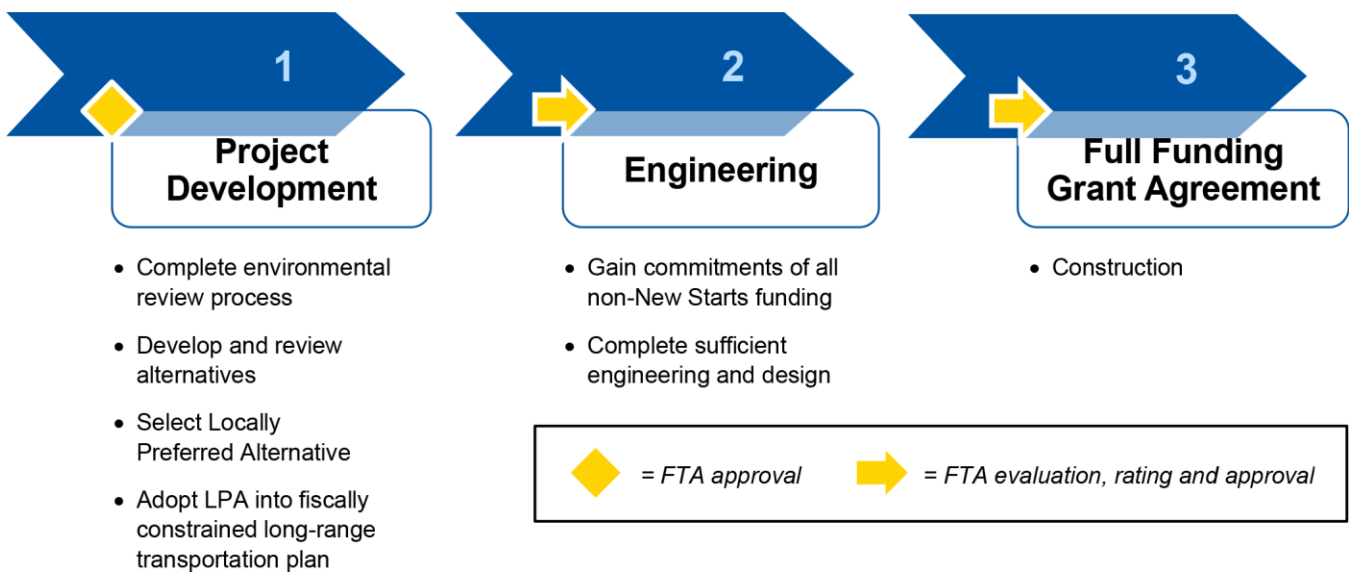
9.4.1.1. Federal Funding

FTA CAPITAL INVESTMENT GRANT (NEW STARTS) PROGRAM

The FTA’s competitive CIG Program includes several sub-programs that provide the federal portion of major transit project funding: the New Starts, Small Starts and Core Capacity programs. The Council is seeking Project funding through the CIG Program’s New Starts sub-program, which requires project “sponsors” such as the Council to complete a multiyear, multistep process² before a project can become eligible for funding.

Figure 9.4-1 shows an overview of the CIG Program eligibility process for its New Starts funding program.

FIGURE 9.4-1: CAPITAL INVESTMENT GRANT PROGRAM (NEW STARTS) ELIGIBILITY PROCESS



Source: Federal Transit Administration

The FTA rates projects seeking CIG Program funding according to a set of criteria³ that evaluate the merits of a project and the projects sponsor’s ability to build and operate it, as well as the merits of the existing transit system. The FTA assigns ratings from low to high based on information that project sponsors submit including project cost, benefits, the requested amount of CIG Program funds, and the project’s overall financial plan.

To advance through the steps in the New Starts process and become eligible for funding, projects must receive a medium or better overall rating. As projects progress through the steps, sponsors refine and provide updated information about costs, benefits and impacts, and the FTA updates its ratings to reflect new information.

² Federal Transit Administration. “Capital Investment Grants Program”. Available at: <https://www.transit.dot.gov/CIG>. Accessed December 2018.

³ Pub. L. No. 114-94, 129 Stat. 1312 (2015). Available at: <https://www.congress.gov/114/plaws/publ94/PLAW-114publ94.pdf>. Accessed December 2018. The Fixing America’s Surface Transportation Act, or “FAST Act,” enacted on December 4, 2015, built upon changes to the Capital Investment Grant program instituted by the Moving Ahead for Progress in the 21st Century Act, or “MAP-21,” which took effect on October 1, 2012.



SURFACE TRANSPORTATION BLOCK GRANT PROGRAM

The Council awarded the Gold Line \$4.4 million in Federal Fiscal Year 2023 Surface Transportation Block Grant Program (STBGP) funds through the 2018 regional solicitation process. The funds are specifically intended to cover the non-BRT elements of the bridge over I-94 connecting Helmo Avenue and Bielenberg Drive in Washington County, including general purpose roadway lanes. Washington County will provide \$1.1 million in local match for this 80/20 federal/local funding program from the same sources it uses to fund its share of other Gold Line project elements.

9.4.1.2. State and Local Funding

STATE FUNDING

State general funds may be used for transitway operations but are less commonly used for capital investments. Capital investments are typically funded through appropriations or state bonds. Specific Minnesota appropriation language may include more specific direction on the uses of these funds.

COUNTIES TRANSIT IMPROVEMENT BOARD FUNDING

In April 2008, representatives from Anoka, Dakota, Hennepin, Ramsey and Washington counties formed the CTIB, a joint powers board that state legislation authorized. To fund transitway projects within these counties, the CTIB implemented a ¼-cent sales tax and a \$20 motor vehicle sales tax, which may be used for capital and operating costs. The CTIB dissolved in September 2017, and it transferred to the counties the funds for the Project, which total \$6 million. **Table 9.4-1** and **Table 9.4-2** identify this \$6 million as CTIB funds for the purposes of assigning funding sources for the Project.

WASHINGTON AND RAMSEY COUNTIES

Washington and Ramsey counties have the power to impose a property tax levy within their boundaries per Minnesota Statutes⁴. The counties can issue bonds⁵ to fulfill their purposes and provide funds for operating expenses in anticipation of revenues, or for capital expenditures in anticipation of other funds. Property taxes can fund the Project Development Phase, environmental processes, engineering, construction, and right-of-way acquisition, or the counties can use them for the local match for transit projects.

After the CTIB dissolved in 2017, Ramsey County imposed a ½-cent sales tax to fund transit capital projects, and Washington County imposed a ¼-cent sales tax to fund transportation including transit projects. The counties also entered a cooperative funding agreement to share the Project Development Phase costs for the Project.

Ramsey County will fund a portion of its commitment to the Project with property tax revenues the RCRRRA collects, as well as sales tax revenues.

OTHER FUNDING PARTNERS

Construction of the Dedicated Guideway Option at Hadley Avenue and 4th Street would require additional local funding from other funding partners equal to 1.1 to 1.2 percent of the total Project costs. **Table 9.2-4** describes potential work items that would also require additional local funding if the Project included them.

⁴ "Powers", *Minnesota Statutes, Chap. 398A, Sec. 398A.04, 2018*. Available at: <https://www.revisor.mn.gov/statutes/cite/398A.04>. Accessed November 2018.

⁵ "Bonds", *Minnesota Statutes, Chap. 398A, Sec. 398A.07, 2018*. Available at: <https://www.revisor.mn.gov/statutes/cite/398A.07>. Accessed November 2018.



Other funding sources, including funders listed in **Section 9.4.1.2**, would need to provide 100 percent of the cost of work not eligible for CIG Program funding. Work that is eligible for CIG Program funding could be split between the CIG funds and other funding partners.

9.4.2. Operating Funding

The Council anticipates that passenger fares, Metro Transit, the counties and the State would contribute to operating funds for the Project. After accounting for fare revenues and other system-generated revenues such as advertising, the State of Minnesota would split the net operating costs equally (50 percent) with Washington and Ramsey counties (50 percent).