Southwest Light Rail Transit
Minneapolis-St. Paul, Minnesota
New Starts Project Development
(Rating Assigned November 2014)

Summary Description	
Proposed Project:	Light Rail Transit 15.7 Miles, 17 Stations
Total Capital Cost ($YOE):	$1,653.45 Million (includes $65.0 million in finance charges)
Section 5309 New Starts Share ($YOE):	$826.72 Million (50.0%)
Annual Operating Cost (opening year 2020):	$30.27 Million
Current Year Ridership Forecast (2010):	19,200 Daily Linked Trips 6,355,900 Annual Linked Trips
Horizon Year Ridership Forecast (2030):	34,200 Daily Linked Trips 11,332,100 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	High

Project Description: The Metropolitan Council (MC) is planning a light rail transit (LRT) line between Eden Prairie in suburban Hennepin County and the existing Target Field LRT station in downtown Minneapolis. The line would also serve the suburban municipalities of Minnetonka, Hopkins and St. Louis Park. The proposed alignment generally parallels freight rail and roadway rights-of-way, with grade-separated crossings in several locations and two short tunnel segments. The project would operate as an extension of the Green Line that opened in June 2014: trains would operate through service between Eden Prairie and downtown Saint Paul via downtown Minneapolis and the University of Minnesota campus. The project includes ten park-and-ride facilities with approximately 3,700 spaces, 29 light rail vehicles, and a new railcar maintenance facility. Service would operate every ten minutes during the day and every 15 minutes during the evening on weekdays, and every ten to 15 minutes on weekends.

Project Purpose: Population, employment and congestion are growing rapidly in the project corridor. In particular, downtown Minneapolis has over 150,000 jobs and a growing population, while the western end of the LRT line would serve suburban employment concentrations and the Eden Prairie Center regional mall. While the corridor has extensive bus service, growing congestion on the roadway network slows travel speeds, and reverse-commute service to the suburban employment sites is limited. The project would provide more efficient access to and from major employment centers and reduce travel times for highway and transit users. As an extension of the Green Line, the project would provide through service between Minneapolis's southwestern suburbs, downtown Minneapolis, the University of Minnesota campus, the State Capitol complex and downtown St. Paul. At Target Field, the project would also provide transfer connections to the existing Blue Line LRT and Northstar commuter rail lines.

Project Development History, Status and Next Steps: Following completion of an alternatives analysis in May 2010, MC selected an LRT line from the suburb of Eden Prairie through the downtowns of Minneapolis and St. Paul as the locally preferred alternative and included it in the region's fiscally constrained long-range transportation plan. Under SAFETEA-LU, FTA approved the project into preliminary engineering in September 2011. Under MAP-21, the project is considered to be in the project development phase since the environmental review process is not yet complete. A Draft

Environmental Impact Statement (EIS) was released in October 2012. In July 2013, MC began preparing a Supplemental Draft EIS to account for changes to the western end of the project alignment that resulted from local input, the relocation of the operations and maintenance facility, and a revised configuration for the Kenilworth Corridor segment of the line in Minneapolis that retains freight rail service in the corridor and includes an approximately half-mile LRT tunnel beneath the freight rail alignment. MC anticipates completion of the Supplemental Draft EIS in early 2015, completion of a Final EIS and receipt of a Record of Decision in late 2015, receipt of a Full Funding Grant Agreement in mid-2016, and start of revenue service in 2019.

Significant Changes Since Last Evaluation (September 2011): Project capital costs increased from $1,250.48 million to $1,653.45 million due to alignment refinements associated with additional design work and local input, including the inclusion of a short tunnel section in the Kenilworth Corridor, and a two-year delay relative to MC's proposed schedule at the time that FTA last evaluated the project. MC also added three light rail vehicles to the project scope. The anticipated Section 5309 funding amount increased from $625.24 million to $826.72 million, with the share remaining at 50 percent.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal: Section 5309 New Starts	$826.72	50.0%
State: Minnesota Legislature General Obligation Bonds and Appropriations	$165.35	10.0%
Local: Counties Transit Improvement Board Sales Tax	$496.03	30.0%
Hennepin County Regional Railroad Authority Property Tax	$165.35	10.0%
Total:	**$1,653.45**	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

MN, Minneapolis/St. Paul, Southwest LRT
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Factor	Rating	Comments
Local Financial Commitment Rating	**High**	
Non-Section 5309 New Starts Share		The New Starts share of the project is 50.0 percent.
Composite Financial Rating	**High**	
Capital and Operating Condition (25% of capital plan rating)	High	• The average age of the Metropolitan Council (MC) bus fleet is 5.9 years, which is younger than the industry average. • MC's most recent bond ratings, issued in January 2014, are as follows: Moody's Investors Service Aaa and Standard & Poor's Corporation AAA. • MC's current ratio of assets to liabilities, as reported in its most recent audited financial statement, is 2.35 (FY2013). • There have been no service cutbacks or cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of capital plan rating)	High	• Approximately 85 percent of the non-Section 5309 New Starts funds are committed, with the remainder planned. Sources of funds include State general obligation bond revenues, sales tax revenues from the Counties Transit Improvement Board (CTIB) and property tax revenues from the Hennepin County Regional Railroad Authority. • Approximately 99 percent of the funds needed to operate and maintain the transit system in the first full year of operation are committed or budgeted, while the remainder is planned. Sources of funds include state Motor Vehicle Sales Tax receipts and general fund contributions, CTIB sales tax revenues, and fare revenues.
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of capital plan rating)	Medium-High	• Assumed growth in the Motor Vehicle Sales Tax is more conservative than historical experience, while annual growth rates for State of Minnesota General Fund appropriations, CTIB, and property tax bond revenues are in line with historical experience. However, the plan lacks assumptions for other expansion capital projects. • The capital cost estimate is reasonable for this stage of the project. • Assumed farebox collections are more conservative than historical experience. • The financial plan shows that MC has the financial capacity to cover cost increases or funding shortfalls equal to at least 30 percent of estimated project costs or 18.5 percent of the Transportation Division's annual operating expenses in the first full year of the project's operation.

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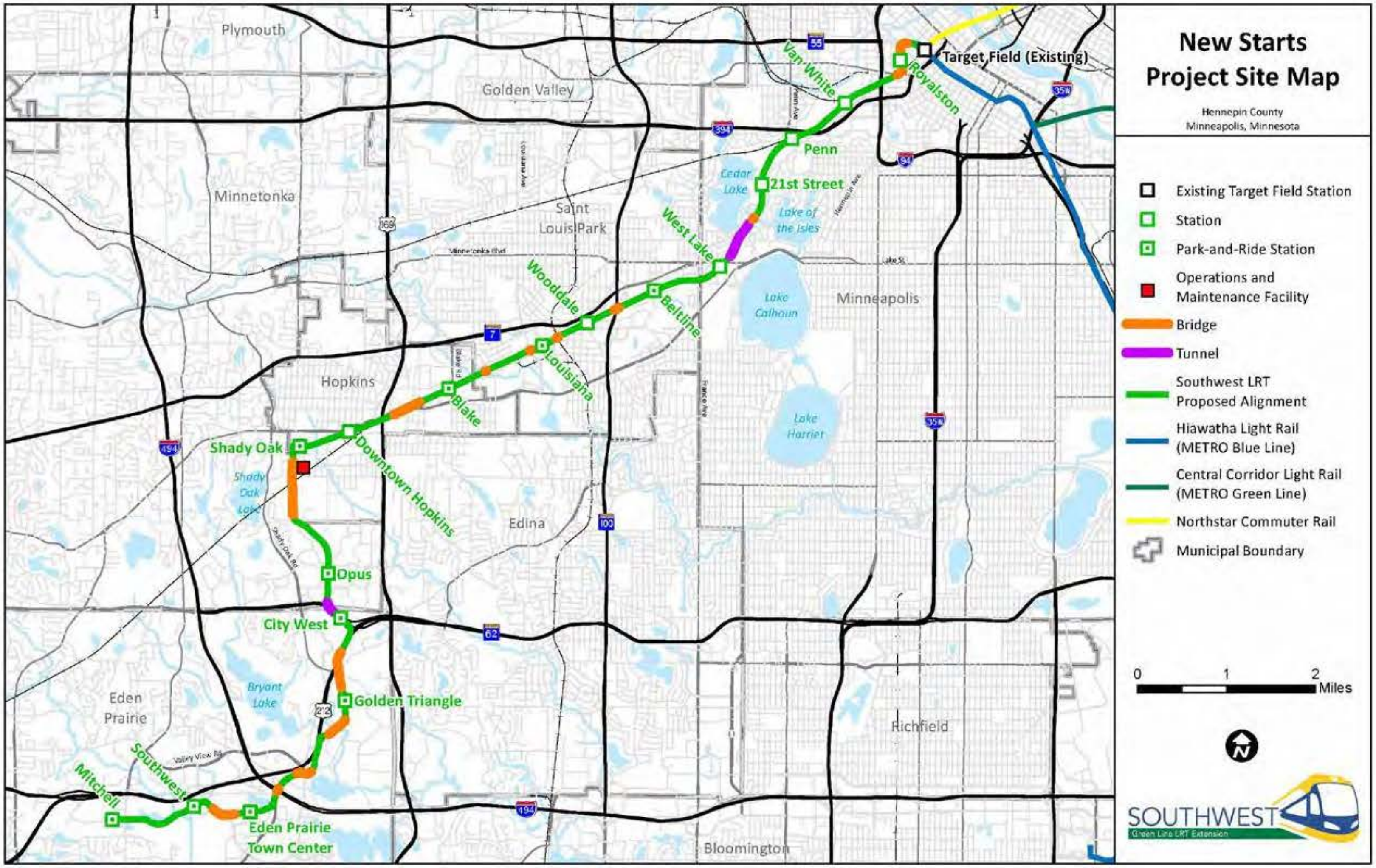
LAND USE RATING: Medium
The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county(ies). • An estimated 295,000 jobs would be served by the project, which corresponds to a high rating according to FTA benchmarks. Average population density across all station areas is 2,900 persons per square mile, corresponding to a medium-low rating. In the downtown Minneapolis core, daily parking fees averaged $13 in 2012, corresponding to a medium-high rating. • The proportion of legally binding affordability restricted housing in the project corridor compared to the proportion in the counties through which the project travels is 1.30, which corresponds to a medium-low rating. • Downtown Minneapolis features dense development. Outside of the downtown core, station areas in Minneapolis, St. Louis Park, and Hopkins feature moderate-density development including residential, retail, and office uses along with substantial parcels of industrial and warehousing uses, much of which could be redeveloped in the future. The cities of Minnetonka and Eden Prairie, while less densely developed, include large employment centers located within station areas, generally in a more suburban office park style. Most of the stations have full pedestrian system coverage throughout the entire station area.
ECONOMIC DEVELOPMENT RATING: Medium-High
Transit-Supportive Plans and Policies: Medium-High
• *Growth Management:* The Metropolitan Council's (MC) regional development framework provides policy guidance for the region that is implemented through local comprehensive plans and a cross-acceptance process. The latest framework, Thrive MSP 2040, and associated transportation and housing policy plans set minimum density expectations for new residential and mixed use development around transit stations. • *Transit-Supportive Corridor Policies:* Conceptual planning for the Southwest Corridor station areas has been conducted. A joint public-private-nonprofit initiative evaluated more detailed development strategies and guidance for transit-oriented development (TOD) implementation, which led to an investment framework for the corridor. The same partners will continue implementation work. Comprehensive and small area plans for the station areas in Minneapolis, Hopkins, and St. Louis Park call for transitioning declining industrial and warehousing units to high-density residential and mixed-use development. • *Supportive Zoning Regulations Near Transit Stations:* Minneapolis and Hopkins have adopted strong TOD-supportive zoning. Eden Prairie and Saint Louis Park have TOD-supportive regulations, but are working to further improve their ordinances in order to better catalyze implementation of TOD. Many of these zoning regulations set minimum as well as maximum densities. • *Tools to Implement Land Use Policies:* The MC has worked with a range of stakeholders to identify and pursue redevelopment opportunities. Regional and county agencies have funding programs for TOD implementation projects.
Performance and Impacts of Policies: Medium-High
• *Performance of Land Use Policies:* Several major residential and mixed-use projects that are underway in the eastern portion of the project corridor demonstrate TOD characteristics. Recent and planned projects in the western segment of the corridor appear to be moving closer to TOD principles but are not completely there, with more campus-like suburban design principles still in evidence. A number of TOD projects, many supported by regional and local TOD initiatives, have been implemented along the two existing LRT corridors in the region.

- *Potential Impact of Transit Investment on Regional Land Use:* Approximately 560 acres of land with strong redevelopment potential have been identified in Southwest LRT station areas. With allowable Floor Area Ratios in the 2 to 4 range, this equates to over 70 million square feet of redevelopable space around stations. The stations along the middle segment of the alignment are identified as having the strongest redevelopment potential, and there are significant amounts of undeveloped land in the outer station areas. The Twin Cities region is experiencing a healthy economy and the project corridor is one of the strongest growth areas in the region.

Tools to Maintain or Increase Share of Affordable Housing: High

- The communities of the Southwest LRT corridor have for many years demonstrated a commitment to maintaining and producing affordable housing, and carefully coordinating the co-location of affordable housing and transit. The supportive policies, plans, programs and partnerships are extensive, and are integrated throughout local planning processes and many levels of government and with partners. The region appears to have one of the most comprehensive set of affordable housing initiatives in the country, and there is good evidence of affordable housing development and preservation in the project corridor.


New Starts
Project Site Map
Hennepin County
Minneapolis, Minnesota
Existing Target Field Station
Station
Park-and-Ride Station
Operations and Maintenance Facility
Bridge
Tunnel
Southwest LRT Proposed Alignment
Hiawatha Light Rail (METRO Blue Line)
Central Corridor Light Rail (METRO Green Line)
Northstar Commuter Rail
Municipal Boundary
0
1
2
Miles
SOUTHWEST
Green Line LRT Extension
Target Field (Existing)
Royalston
Van White
Penn
21st Street
West Lake
Beltline
Wooddale
Louisiana
Blake
Downtown Hopkins
Shady Oak
Opus
City West
Golden Triangle
Eden Prairie Town Center
Southwest
Mitchell
Plymouth
Golden Valley
Minnetonka
Saint Louis Park
Hopkins
Edina
Minneapolis
Eden Prairie
Richfield
Bloomington
Cedar Lake
Lake of the Isles
Lake Calhoun
Lake Harriet
Shady Oak Lake
Bryant Lake