Southwest LRT
Minneapolis, Minnesota
Preliminary Engineering
(Rating Assigned September 2011)

Summary Description	
Proposed Project:	Light Rail Transit
	15.8 Miles, 17 Stations
Total Capital Cost ($YOE):	$1,250.48 Million (includes $30.0 million in finance charges)
Section 5309 New Starts Share ($YOE):	$625.24 Million (50.0%)
Annual Forecast Year Operating Cost:	$48.07 Million
Ridership Forecast (2030):	29,700 Average Weekday Trips
	7,400 Daily New Trips
Opening Year Ridership Forecast (2017):	22,800 Average Weekday Trips
Overall Project Rating:	Medium
Project Justification Rating:	Medium
Local Financial Commitment Rating:	Medium

Project Description: The Metropolitan Council (MC) and the Hennepin County Regional Railroad Authority (HCRRA) are planning the Southwest Light Rail Transit (LRT) line between Eden Prairie in suburban Hennepin County through the municipalities of Minnetonka, Hopkins and St. Louis Park to downtown Minneapolis. The LRT line would primarily operate in a dedicated transitway in the median of existing streets, except for approximately 1.47 miles of elevated guideway via a flyover bridge over existing freight tracks and 0.2 miles of tunnel under existing streets near the Target Field station in downtown Minneapolis. Near the proposed Shady Oak Road station, the project would use an abandoned railroad right-of-way owned by HCRRA. Service on the LRT line would operate from Eden Prairie to Target Field and then continue without a transfer to downtown St. Paul along the same tracks used by the Central Corridor LRT line, currently under construction. The project includes 15 park-and-ride facilities with 3,500 total spaces, 26 light rail vehicles, and a new railcar maintenance facility. Service would be provided at 7.5-minute headways during peak periods and 10-minute headways during off-peak periods.

Project Purpose: The Southwest LRT corridor is experiencing significant declining mobility resulting from high residential and employment growth and limited infrastructure improvements. Existing transit service in the corridor is extensive. Transit advantages include bus shoulder lanes, park-and-ride lots and ramp-meter bypasses. However, bus speeds remain limited. The LRT line would improve accessibility and mobility by enhancing transit travel speeds. The project is projected to result in an average of 16 minutes of travel time savings compared to lower-cost bus improvements, which is attributable to the LRT line's diagonal route compared to the north-south/east-west roadway orientation and increasing levels of congestion in the corridor. The LRT line would link several major activity centers, including Target Field on the corridor's eastern end and the Eden Prairie Center Mall on the corridor's western end. Also, because the project would share track with the Central Corridor LRT line, it would provide a one-seat ride from Minneapolis' southwestern suburbs via downtown Minneapolis to the State Capitol complex and downtown St. Paul. At Target Field, the project would also provide transfer connections to the existing Hiawatha LRT and Northstar commuter rail lines.

Project Development History, Status and Next Steps: Following completion of the alternatives analysis in May 2010, MC selected as the locally preferred alternative an LRT line from the suburb of Eden Prairie through downtown Minneapolis to downtown St. Paul and included it in the fiscally constrained long-range transportation plan. FTA approved the project into preliminary engineering in September 2011. A Draft Environmental Impact Statement (EIS) is expected to be completed in mid-2012. MC anticipates completion of a Final EIS and receipt of a Record of Decision in late 2013, entry into final design in late 2013 or early 2014, receipt of a Full Funding Grant Agreement in late 2014, and start of revenue service in 2017.

Locally Proposed Financial Plan		
Source of Funds	**Total Funds ($million)**	**Percent of Total**
Federal: Section 5309 New Starts	$625.24	50.0%
State: Minnesota Legislature (General Obligation Bonds)	$125.04	10.0%
Local: Counties Transit Improvement Board Bonds	$375.14	30.0%
Hennepin County Regional Railroad Authority Bonds	$125.04	10.0%
Total:	**$1,250.48**	100.0%

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

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LAND USE RATING: Medium
The land use rating reflects the population and employment densities within ½-mile of proposed station areas: • Average population density across all station areas is 5,600 persons per square mile. Total employment served is 207,000. • The project corridor includes downtown Minneapolis which features dense development. Outside of the downtown core, station areas in Minneapolis and St. Louis Park feature moderate-to-high density multi-use development. The municipalities of Minnetonka and Eden Prairie, while less densely developed, include large job centers within proposed station areas. • Parking in the Minneapolis central business district averages $12 per day. Parking is generally free throughout the rest of the project corridor, with few exceptions.
ECONOMIC DEVELOPMENT RATING: Medium-High
Transit-Supportive Plans and Policies: Medium-High (50 percent of Economic Development Rating)
• The Metropolitan Council (MC) established a regional growth boundary to control development on the suburban edge, with limits on investments in transportation and wastewater infrastructure in those areas. The MC's *2030 Regional Development Framework* emphasizes the need for denser development in regional transit investments that support walkable neighborhoods, urban infill, higher density mixed-use development and redevelopment in established urban areas. • All five municipalities in the project corridor have comprehensive plans that call for intensified development around proposed station areas. Downtown Minneapolis has adopted policies that eliminate minimum parking requirements for a variety of uses, prohibit new commercial surface parking lots in downtown, and ensure that parking facilities do not under-price their parking fees as compared to transit fares. • The Minneapolis Zoning Code allows for reductions in parking requirements if the development is close to transit service, provides a transit shelter, or includes shared parking for uses with different peak periods. Minneapolis has prohibited commercial parking lots and auto-oriented uses within a ½-mile of the existing Hiawatha LRT line's stations. • In 2010, Hennepin County approved the establishment of the Southwest LRT Community Works project to guide and support economic development in the corridor. The MC, with funds provided by the Livable Communities Act, has funded 15-20 transit-supportive developments in project corridor station areas. Hennepin County also sets aside $2 million annually for transit-oriented development (TOD).
Performance and Impacts of Policies: Medium-High (50 percent of Economic Development Rating)
• The Twin Cities market has responded favorably to the Hiawatha and Central LRT corridors, with new transit-supportive developments in Minneapolis, St. Paul, and Bloomington. Most Southwest LRT station areas have multiple TOD projects underway or completed, with numerous others slated to begin in the next two years. • Minneapolis offers density and floor area ratio bonuses for features such as underground parking, affordable housing, transit facilities and public art. • According to a 2008 market assessment, the southwest quadrant is the most dynamic real estate sector of the metro area and includes the region's highest concentration of well-paying jobs, office space, retail space and affluent households. Proposed Southwest LRT station areas are projected to attract at least 16 percent more households than the project corridor as a whole.

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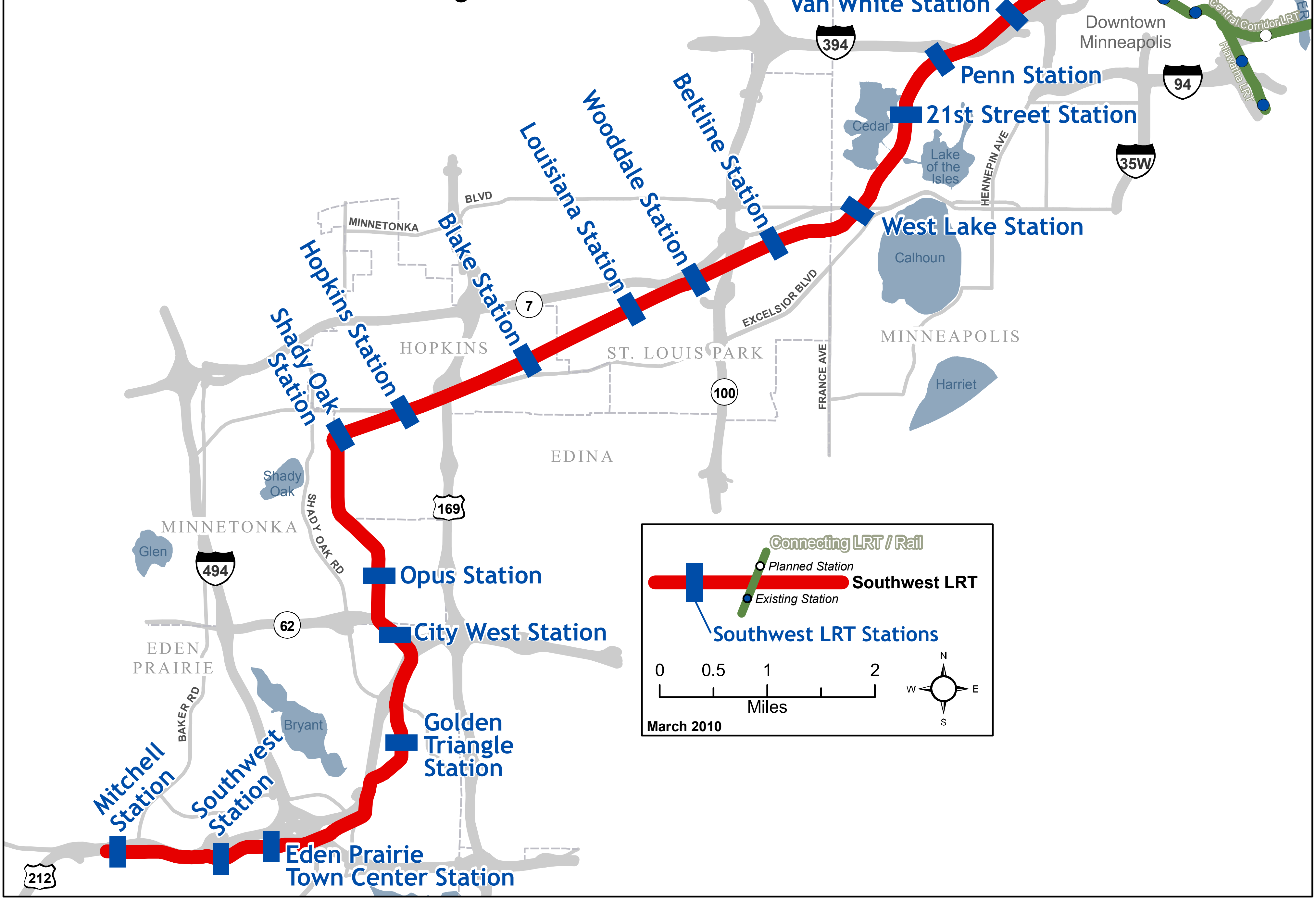
Factor	Rating	Comments
Local Financial Commitment Rating	**Medium**	
Non-Section 5309 New Starts Share (20% of summary financial rating)	**Medium**	The New Starts share of the project is 50.0 percent.
Project Capital Financial Plan (50% of summary financial rating)	**Medium**	
Capital Condition (25% of capital plan rating)	Medium-High	The average age of the Metropolitan Council's (MC) bus fleet is 7.0 years, which is consistent with the industry average. The most recent bond ratings, issued in 2010, are as follows: Moody's Investors Service, Aa1; Fitch, AAA; and Standard & Poor's Corporation, AAA.
Commitment of Funds (25% of capital plan rating)	Medium	Approximately 2.5 percent of the non-Section 5309 New Starts funds are committed. Sources of funds include State General Obligation bond revenues, dedicated sales tax bond revenues from the Counties Transit Improvement Board (CTIB), and property tax bond revenues from the Hennepin County Regional Railroad Authority (HCRRA).
Capital Cost Estimates, Assumptions and Financial Capacity (50% of capital plan rating)	Medium	Assumptions on State General Obligation bonds, CTIB and property tax bond revenues from the local regional rail authorities are consistent with historical data. The capital cost estimate is reasonable. The financial plan demonstrates that MC, the State of Minnesota, CTIB and HCRRA have funding sources and debt capacity available to fund cost increases or funding shortfalls equal to at least 10 percent of estimated project costs.
Project Operating Financial Plan (30% of summary financial rating)	**Medium-High**	
Operating Condition (25% of operating plan rating)	High	MC's current ratio of assets to liabilities as reported in its most recent audited financial statement is 2.64. There have been no service cutbacks or cash flow shortfalls in recent years.
Commitment of Funds (25% of operating plan rating)	High	More than 75 percent of operating funding is committed, while the remainder is budgeted. Revenue sources include fares, motor vehicle sales tax revenues, State/local operating assistance and other transit-related revenue.

O&M Cost Estimates, Assumptions, and Financial Capacity (50% of operating plan rating)	Medium	Assumed operating expenses are optimistic. Assumed growth in farebox collections, motor vehicle sales tax revenues, and projected inflation assumptions is consistent with historical experience. Projected cash balances and reserve accounts are greater than 12.5 percent of annual system-wide operating expenses.

Southwest Corridor LRT

HCRRA Recommended Alignment



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