

Ramsey County Transit Portfolio Status and Financial Projection

November 3, 2020

Agenda

- Introduction
 - Johanna Berg, EGCI Deputy County Manager
- Presentation
 - Brian Isaacson, Public Works, Deputy Director
 - George Hardgrove, EGCI Service Team Controller
- Discussion, Questions
 - County Board

Goals

- Update the County Board on:
 - Program changes/management
 - Key program assumptions
 - Risks
 - Affordability/Financing
- Seek County Board endorsement of staff direction

Key Takeaways

- Conservative, responsible and regionally consistent modeling
- Worked with Baker Tilly on the Financial modeling
- County can implement the projects within the portfolio over the next 30 years based on current assumptions and understanding of risks
- All available funding is needed until 2045

2020 Challenges and Opportunities

- Service increases/changes
- COVID impacts
- “Safety and Enforcement”
- Annual agreement with partner counties and Metropolitan Council
- Financing impacts

Notable project changes in 2020

- Washington County Joint Development (Gold Line)
- Transit Oriented Development Grant (Rush Line)
- Project rating/competitiveness (Gold Line and Rush Line)
- Riverview (commencing Engineering and Pre-Environmental Phase)
- Updated Project costs...

Major Project Assumptions

- Projects are operational by 2032
 - Gold Line (2024)
 - Rush Line (2026)
 - Riverview (2032)
- County partner capital and operating contributions are made
- Federal funds are received
- Federal funding lag is financed by the Met Council
- Met Council pays 50% of the net operating costs
- Regional guidelines used for ridership estimates and farebox recovery

Project Risks

- Federal pressure to increase local share of project cost
- Revenue stability
 - Sales Tax/Regional Railroad Authority levy
 - County bonding
 - State funds (operations and capital)
- Cyclical ridership (regionally and nationally)
- Federal elections and administrative stability
- Met Council assumption of the project
- Municipal consent

Financial Implications

- 2045
 - Operations and debt service utilize all available funds until 2045
- 2045-2055
 - Operations and debt service utilize the majority of available funds
- 2055
 - Debt service is paid off

Ramsey County Strategic Roles

- Arterial Bus Rapid Transit (BRT)
- Other Key corridors
 - Ford Connection, Highway 36, Red Rock
- Related transportation modes
 - Second Train from Chicago
 - Freight connections
- Vision for Downtown Saint Paul
- Connecting Transit Oriented Development (TOD) to Housing and Economic Development initiatives

Questions/Discussion

Detail/Reference Slides

Gold Line Estimates

- Project budget of \$461M to \$519M
 - Ramsey County \$121M to \$126M (26.2% to 24.2%)
 - Washington County \$121M to \$148M (26.2% to 28.5%)
 - Federal government \$207M to \$233M (45%)
 - CTIB/State of Minnesota \$12M (2.6% to 2.3%)
- Project will be complete in 2024, Met Council begins operations
- Ramsey County operating cost will be \$1.4M/yr escalated at 3%/yr from the county sales tax

Rush Line Estimates

- Project budget of \$475M to \$511M
 - Ramsey County \$242M to \$261M (51%)
 - Federal government \$233M to \$250M (49%)
- Project will be complete in 2026, Met Council to begins operations
- Ramsey County operating cost will be \$4.25M/yr escalated at 3%/yr from the county sales tax

Riverview Estimates

- Project budget of \$2.08B
 - Ramsey County \$743M (35.7%)
 - Hennepin County \$318M (15.3%)
 - Federal Government \$1.019B (49%)
- Project will be complete in 2032, Met Council begins operations
- Ramsey County operating cost will be \$8.5M/yr, escalated at 3%/yr from the county sales tax

Financial Modeling Assumptions – in 2020

- Ramsey County Transit Sales Tax
 - 2020, \$39M/yr escalated at 2.5% a year until 2028 then flat.
 - 2019, Assumed \$42M escalated 0.5% until 2028.
- Regional Railroad Authority Levy
 - 2019 and 2020, \$25M in 2020 then \$27M in 2021. Then flat.
- Bonding for capital needs, Assumptions in 2020:
 - \$70M (RCRRA) in 2024, 8 Year Term
 - \$160M (County) in 2026, 30 Year Term
 - \$530M (County) in 2029, 25 Year Term
- Bonding for capital needs, Assumptions in 2019:
 - \$75M (RCRRA) in 2025, 20 Year Term
 - \$500M (County) in 2026, 27 Year Term
- County Levy – No use of general levy. Same as 2019

Key financial timing

- Tax Exempt Declarations by the County Board will be needed in the next 3 years. Starting in 2021.
- In 2022, County Staff and Municipal Debt Advisor to run more sophisticated debt scenarios with results presented to the Board for review and comment.
- In 2023, Board to approve the first debt issue. Key Decisions:
 - Desired Credit Rating for Debt Issue.
 - General Obligation vs. Revenue Bonds
 - RCRRA Credit Rating.
 - Issue More Debt earlier to lock in interest rates.