

Committee Report

Transportation Committee



Committee meeting date: December 8, 2025

For the Metropolitan Council: December 17, 2025

Business Item: 2025-277 JT

Loan Agreement with MnDOT for Coordinated Corridor Projects, Contract 25R012

Proposed action

That the Metropolitan Council (“the Council”) authorize the Regional Administrator to negotiate and execute a loan agreement with the Minnesota Department of Transportation (“MnDOT”) for coordinated corridor construction of roadway improvements on the METRO F Line corridor.

Summary of December 3, 2025 Management Committee discussion/questions

Metro Transit Arterial BRT Director Katie Roth and Interim Finance Director Kristin Prescott presented the item. Jenkins asked if the funding would be used for BRT stations. Roth responded that the loan is not for transit elements, but for the separate roadway project to be constructed on the same timeline. Lilligren asked about a loan amount for the West 7th corridor within the remaining authority. Roth responded that no loan amount has been agreed to for that corridor. Johnson asked about the basis for the agreed-upon interest rate, which Prescott confirmed represents no financial benefit to either party.

Motion by Lilligren, seconded by Osman. Motion carried.

Summary of December 8, 2025 Transportation Committee discussion/questions

Metro Transit Arterial BRT Director Katie Roth and Metropolitan Council Chief Financial Officer Ned Smith presented this item. Carter, Tyronne asked why this agreement is set up in a loan structure. Roth responded that the work is not transit improvements, but costs for roadway construction that is advantageous to the Council to occur at the same time as the F Line. Roth added that it also takes advantage of some of the near-term capacity the Council has in the sales tax, while allowing the money to come back to the Council when it is needed in the longer term.

Motion by Chamblis, seconded by Carter, Toni. Motion carried.

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District(s), member(s):	All
Policy/legal reference:	Minnesota Statutes, Section 473.4465
Staff prepared/presented:	Ned Smith, CFO, 651-602-1162 Mark Thompson, Director of Treasury, 651-602-1629 Kristin Prescott, Director of Finance (acting), 612-373-3812 Katie Roth, Director, Arterial BRT, 612-349-7772
Division/department:	Regional Administration

Proposed action

That the Metropolitan Council (“the Council”) authorize the Regional Administrator to negotiate and execute a loan agreement with the Minnesota Department of Transportation (“MnDOT”) for coordinated corridor construction of roadway improvements on the METRO F Line corridor.

Background

In 2025, legislation granting the Council authority to loan MnDOT sales tax funding to enable MnDOT construction in alignment with transitway projects was passed by the Legislature and signed into law. Under this legislation, the Council may make up to two loans to MnDOT, the combined total of which may not exceed \$250,000,000, to advance its corridor projects to ensure the trunk highway's compatibility with the Council's planned bus rapid transit investments along the route.

One of the specifically identified corridor projects is the F Line bus rapid transit project. Metro Transit has been coordinating closely with MnDOT on the F Line project for construction to begin in 2028 in coordination with MnDOT-led construction of Trunk Highway 65 (Central Avenue) and Trunk Highway 47 (University Avenue). This loan agreement allows MnDOT construction to advance on the agreed-upon schedule for delivering coordinated transit and roadway projects in this corridor.

MnDOT may use funds for any costs related to the selected trunk highway project, including but not limited to construction, engineering, and administration. A loan authorized under this section must be repaid in full by June 30, 2040, or ten years after construction begins, whichever is later. The loan agreements, including repayment terms, must be mutually agreed to by the Council and MnDOT, and they must comply with the relevant statutory language.

Rationale

The authority to loan sales tax for this purpose is expressly granted in Minnesota Statutes, Section 473.4465. Council authorization allows staff to negotiate and execute the loan agreement with MnDOT.

Thrive lens analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens, this business item supports the Council's Thrive outcomes of equity and stewardship. Investment in high-quality transportation options makes the region more economically competitive through increased access to employment, and support to employers by increasing available workforce with affordable, convenient transportation. The proposed action also advances the Thrive outcome of Stewardship by delivering F Line corridor improvements efficiently with partnership from MnDOT.

Funding

Funding comes from regional transportation sales and use tax. The expected long-term impact to the Council's budget is expected to be negligible, with interest revenue earned aligned with the loan amount(s) and the terms of the loan(s).

Small business inclusion

Any contracted services authorized by this action are subject to MnDOT's small business contracting program.



Business Item

Management Committee



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Business Item: 2025-277 JT

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Kristin Prescott, Director of Finance (acting), 651-602-1162
Katie Roth, Director, Arterial BRT, 612-349-7772

Division/department: Regional Administration

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