

The Hiawatha LRT project is only the first step of a multimodal transportation vision for Minnesota.

LRT is one piece of a three-part approach to redesigning the region to be more competitive. We do that by improving public transit, increasing affordable housing and curbing urban sprawl and the cost of growth.

Our ultimate goal is to build the Hiawatha Light Rail line within our estimated budget of \$446 million in 1997 dollars. Cost estimates for all aspects of the project are coming in higher than the original estimate, in part, because of alignment changes through the federal properties near the General Services Administration, additional property costs in Bloomington and downtown Minneapolis and required utility relocations. Some of the changes that you are reading about are in line with the cost-containment issues. (Higher cost estimates may lead to some changes or adjustments in the overall project to ensure that construction remains within budget).

The budget as it stands today reflects a bottom line cost of \$548 million. This includes an additional \$71 million based on inflation expected from 1997 through the mid-point of construction in the summer of 2002. This is figured from the construction index as required by the Federal Transit Administration. The \$548 million also includes a \$31 million contingency fund which is required by the FTA.

The financial plan in place assumes that 50 percent of the capital cost will come from the Federal Transit Administration. Additional funding includes \$100 million from the state, \$30 million of in-kind contributions including right-of-way and existing structures, with the remainder contributed by Hennepin County and the Metropolitan Airports Commission.

Community involvement has been and continues to be crucial to the continued success of this project and the accompanying economic development. All partners in construction of the Hiawatha Light Rail line are committed to and united in expanding the Twin Cities multi-modal transportation system to remain competitive with other world-class cities.