



POLICY COORDINATING COMMITTEE
AGENDA
CITY OF BILLINGS AND
YELLOWSTONE COUNTY, MONTANA



JULY 21, 2026 MEETING TIME: 12:00 p.m.
City Council Chambers, 5th Floor
BILLINGS MT

NOTICE TO THE PUBLIC

Citizens are invited to:

- Review the Agenda Packet on the City's website at: [Agendas and Minutes](#)

Public comment will be taken only during the Public Comment periods as indicated on the agenda. Comments may be sent to the Board via email before 12:00 PM on day prior to the meeting date. All emails received prior to this time will be entered into the record for the public hearing. Comments may be submitted by:

- Mail: City/County Planning Division PO Box 1178, Billings MT 59103
 - Email: plnonline@billingsmt.gov
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1. **Call to Order/Pledge to the American Flag: PCC Chairman**
2. **PUBLIC COMMENT PERIOD** – (A 3-minute maximum per person.) *Any member of the public may be heard at this time on any subject(s), including items that are not on the agenda. The Policy Coordinating Committee will not take any action on non-agenda items today but could choose to add an item to the next meeting's agenda for discussion. Public comment may also allowed later on some items (see below), but an individual may only comment once on the same item.*
3. **Approval of Meeting Minutes:** May 19, 2026
4. **Old Business**
5. **New Business**
 - a. 21st St. Underpass Study - Final Action. Elyse Monat, Transportation Planner
 - b. Billings MPO FFY27 UPWP - Final Action. Lora Mattox, Transportation Planning Coordinator
 - d. MET Governance Study - Final Action. Rusty Logan, MET Transit Manager
6. **Other Business**
7. **Future Agenda Items**
 - a. August 18, 2026: Complete Streets Economic Analysis — Final Action
8. **Adjournment**

Date: 07/21/2026
Title: Minutes of May 19, 2026
Presented by: Brenda Berns
Department: Planning & Community Services
Presentation:

Information

RECOMMENDATION

Approval of the minutes of: May 19, 2026

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

ALTERNATIVES

City Council may:

- Approve; or,
- Not Approve

FISCAL EFFECTS

Attachments

Minutes of May 19, 2026

POLICY COORDINATING COMMITTEE

Meeting Minutes of May 19, 2026

Members: Chair John Staley, President City County Planning Board; Commissioner Mark Morse, Board of County Commissioners; Mayor Mike Nelson, Kurtis Schnieber, MDT

Staff Participants: Lora Mattox, Transportation Planning Coordinator; Elyse Monat, Transportation Planner; Mike Hayes, Multi-modal Planner; Brenda Berns, Planning Clerk, Rusty Logan, MET

Virtual Attendees: Kenn Winegar, MDT; Samantha Wood, MDT

Call to Order: 12:00 PM

The Pledge of Allegiance was recited.

Welcome and Introduction of New Board Member

Mayor Nelson was introduced and welcomed as a new member of the Board.

Public Comment Period

- a. Comments on items not on the agenda and requests to add items to future agendas: There were no comments received.
- b. Comments on items on the Non-public and Public Agenda Items: There were no comments received.

Motion. Approval of the Minutes of March 2026

Motion by Commissioner Morse to approve the March 17, 2026, meeting minutes as submitted, second by Mike Nelson. The motion carried unanimously.

New Business

- a. **2024-2028 Transportation Improvement Program (TIP) Amendment 3. Board Discussion and Action -**
Lora Mattox, Transportation Planning Coordinator

Ms. Mattox shared that the TIP is a strategic plan outlining prioritized transportation projects within the Metropolitan Planning Organization (MPO) for 2024-2028. It facilitates the scheduling of federal funds for surface transportation projects, highlights regional priorities, and presents a short-term transportation vision.

Periodic amendments are necessary to update project lists, funding allocations, and schedules. This amendment incorporates:

- Project additions;

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Meeting Minutes of May 19, 2026

- Financial adjustments;
- Timing revisions based on funding availability and regional priorities.

Projects added or modified were primarily transportation projects managed through MDT.
 Project modifications included:

Projects Added/Modified:

- MDT Project – Laurel Road/Montana Avenue: Sidewalk improvements to meet ADA compliance.
- MDT Project – 1st Avenue South: Pavement preservation on 1st Avenue South.
- MDT Project – Junction Highway 312 to Mile Post 7.29: Striping and durable pavement markings.
- MDT Project – Mallowney Lane to Wise Lane – Roadway striping.
- MDT Project – Montana Avenue Bridges – Bridge rehabilitation.
- MDT project – King Avenue to Rimrock Road: Pavement preservation.
- MDT Project – State Avenue: Pavement preservation.
- MDT Project – King Avenue Signals: Intersection upgrades/signals.
- MPO – Johnson Lane Sidewalks (County): Transportation Alternatives sidewalk project.
- MPO – Safe Routes to School (City): Transportation Alternatives project that will improve safe routes to schools.
- MET Transit – Updated allocations and projects.

Previous Action:

Technical Advisory Committee - recommended approval	April 9 th
Planning Board with Public Hearing – recommended approval	April 28 th
City Council – recommended approval	April 27 th
County Commissioners – recommended approval	May 12 th
Policy Coordinating Committee (final action)	May 19 th

Board Questions

Ms. Mattox was asked how the PCC will be affected by the Montana Land Use Policy Act. Lora explained that under the MLUPA changes, the current City-County Planning Board will be split into a County Planning Board and a City Planning Commission. She stated that the Metropolitan Planning Organization (MPO) will be moved from the current Planning Board to the Policy Coordinating Committee (PCC), which will serve as the MPO going forward. This change requires updated intergovernmental agreements, legal review, and a formal request to the Governor for MPO redesignation. Lora noted that once the agreements are finalized, the PCC will function as the main working board for MPO-related planning. The Board of County Commissioners and City Council will continue to receive updates and participate in discussions, but the PCC will lead the review and development of planning work, with ongoing public outreach and input.

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Meeting Minutes of May 19, 2026

She added that the approval process will be more streamlined, with fewer individual approvals required from each governing body, but with continued coordination and communication with both. Implementation is expected to occur this summer, pending finalization of agreements and bylaws, which are currently under review by City and County legal counsel.

Motion

Motion made by Kurtis Schnieber to approve the TIP Amendment as presented. Second by Commissioner Mark Morse. Motion carried unanimously.

Other Business

Staff provided an update on several ongoing studies, including the 21st Street Underpass Study and the Complete Streets Economic Analysis. It was noted that the Complete Streets study is informational in nature and is intended to provide data on potential benefits such as property values, commercial growth, and other economic impacts to assist governing bodies in their decision-making.

Rusty Logan reported that the MET Transit Governance Funding Study is being finalized and will be brought back to the Board in July for action. He stated that the study is evaluating funding, governance options, and transit's return on investment and overall effectiveness. In response to a question regarding coordination with the airport authority, Rusty explained that related efforts are being conducted concurrently; however, no viable model has been identified to fully integrate the efforts, and they will continue as separate studies. Rusty confirmed that the current path forward is to maintain separate authorities rather than combining governance structures.

ADJOURNMENT: 12:15 PM

Brenda J Berns, Planning Clerk

Date: 07/21/2026
Title: 21st St. Underpass Study PCC Action
Presented by: Elyse Monat
Department: Planning & Community Services
Presentation: Yes

Information

RECOMMENDATION

The Planning Board, City Council and Board of County Commissioners recommend the Policy Coordinating Committee (PCC) adopt the 21st St. Underpass Study.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

The 21st St. Underpass is one of two grade-separated railroad crossings that link downtown Billings to the industrial and residential area south of the railroad. The 21st Street crossing is unique as the only grade-separated crossing serving the central downtown area, making it one of the critical railroad crossings in Billings. However, there are significant limitations to the current use of the 21st Street underpass, including:

- Lack of vertical clearance for large vehicles (current clearance is 8 ft.)
- Narrow lanes without shoulders.
- Lack of bicycle lanes or other options for bicycles.
- Narrow, dark, debris-prone sidewalks for pedestrians.
- Periodic roadway drainage problems.
- Steep roadway grades on both approaches to the underpass.

After the Montana Department of Transportation (MDT) concluded that it would not construct a grade-separated crossing at the 27th St. railroad crossing due to community preference, the City considered improving the 21st St. underpass to allow additional types of vehicles to utilize the underpass. The City placed a project to improve the 21st St. underpass in its Capital Improvement Plan (CIP). As a result, the Billings Metropolitan Planning Organization (MPO) offered to assist in the process with a planning-level study of the underpass to provide options for improvements. The City has since identified the 21st Street underpass as part of its long-range CIP projects list.

Through the Request for Proposals (RFP) process, Kittelson & Associates, Inc. was selected as the consultant for the project, with HDR as their sub-consultant. The two firms worked together to conduct an existing conditions analysis and two rounds of public outreach. They also communicated with BNSF Railway, which owns the structure. Based on the planning-level technical analysis completed by experts in traffic and structural engineering, and with input from the public and the project advisory committee, the consultants developed six alternatives for the underpass, which were reduced to four alternatives in consultation with the project advisory committee. The purpose of this study was to provide options to the City of Billings for potential improvements, not to select a particular alternative.

The four alternatives include:

1. Alternative 1: No Build

1. Alternative 1 maintains the infrastructure currently in place. This alternative means no actions are taken, and no additional cost is incurred. This also means that heavy vehicles, including fire and emergency medical service (EMS) vehicles, would still not be able to use the underpass. Additionally, bridge-involved crashes may still occur due to limited vertical clearance; drainage issues will persist without an upgraded stormwater system, and sidewalks would continue to experience debris accumulation due to unstable slopes.
2. Cost Estimate: \$0

2. Alternative 2: Minor Improvements with Overheight Vehicle Warning System

1. Alternative 2 adds low-cost improvements with the goals of reducing the overheight vehicle crashes into the overpass bridge and improving the pedestrian environment under the bridge. The alternative includes installing an overheight vehicle warning system, modifying the 21st Street underpass to improve the existing drainage system, and stabilizing the bridge abutment embankment slopes to reduce debris on the sidewalks.
2. Cost Estimate: \$600,000-\$800,000

3. Alternative 3: Increase Clearance to 11.5 Feet with Minor Pedestrian Improvements

1. Alternative 3 includes moderate modifications of the bridge structure to increase the vertical clearance by approximately 3.5 feet to achieve a vertical clearance of approximately 11.5 feet (11'-6"), as well as

adding pedestrian improvements and an overheight warning system like Alternative 2. This alternative would accommodate ambulances but continue to not accommodate fire apparatus, large EMS vehicles, and most commercial trucks.

2. Cost Estimate: \$8-10 Million

4. **Alternative 4: Increase Clearance to 13.5 Feet with Bridge Replacement**

1. Alternative 4 increases the vertical clearance of the underpass to 13.5 feet. This alternative would allow heavy vehicles, including fire and emergency medical services (EMS), to utilize the underpass. In this alternative, achieving the increase in vertical clearance would require replacing the bridge structure, as the increase in roadway depth would expose existing bridge piles to a depth not meeting structural standards.

2. Cost Estimate: \$26-30 Million

More than 400 people responded to the second survey, which presented the four alternatives. From highest to lowest, the public preferred:

1. Alternative 2 (Minor Improvements with Overheight Vehicle Warning System)
2. Alternative 3 (Increase Clearance to 11.5 Feet with Minor Pedestrian Improvements)
3. Alternative 1 (No Build)
4. Alternative 4 (Increase Clearance to 13.5 Feet with Bridge Replacement)

BNSF indicated that it would prefer an option that does not impact railroad operations. Of the two construction options, BNSF would prefer Alternative 3.

Another item that must be considered is the underpass's proximity to the Billings PCE federal Superfund site. Construction would likely require mitigation measures to be taken.

21st Street is not currently designated as an urban route within the Billings MPO and, therefore, is not eligible for federal funding through the MPO. To become eligible for federal funding, a request would need to be submitted to MDT to add the roadway to the urban system.

Approval by the PCC is the last step in the MPO's local review and approval process.

STAKEHOLDERS

The Planning Board, City Council, and Board of County Commissioners all forwarded a recommendation of study approval to the PCC.

Stakeholders were engaged throughout the process. The project advisory committee included representatives from the Billings City Council, the City and County Public Works Departments, MET Transit, local Tax Increment Financing (TIF) districts, the Montana Department of Transportation, Phillips 66, and more. Council Member Roy Neese provided valuable insight and suggestions to the study. Consultants met with additional stakeholders, including the City of Billings Fire and Police Departments, and an EMS provider. More than 400 members of the public responded to each round of surveys, which resulted in almost 900 survey responses. The consultants also engaged with BNSF to get their feedback on the four alternatives.

ALTERNATIVES

The Policy Coordinating Committee may:

- Adopt the 21st St. Underpass Study; or,
- Not adopt the 21st St. Underpass Study. Not adopting the study would be out of alignment with the actions taken by all the members of the PCC prior to bringing this study to the full PCC for action as well as PCC's original approval of the study being completed as part of the Billings MPO's annual work plan..

FISCAL EFFECTS

There are no fiscal effects to adopting the study, as this is a study only and projects recommended in the city would need to be brought through local vetting and budgeting processes before moving forward..

Attachments

Draft 21st St. Underpass Study



BILLINGS 21ST STREET RAILROAD UNDERPASS

BILLINGS, MONTANA

May 6, 2026



Inside front cover

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BILLINGS 21ST STREET RAILROAD UNDERPASS

BILLINGS, MONTANA

Acknowledgements

The Billings – Yellowstone County MPO would like to acknowledge the following committees and individuals for their contributions in the development of this study. Their time and effort devoted to the process was instrumental in the development of this study.

PROJECT MANAGEMENT TEAM (PMT)

- Elyse Monat (Billings – Yellowstone County MPO)
- Lora Mattox (Billings – Yellowstone County MPO)

- Janet Hardy (Phillips 66)
- Michelle Williams (Billings Depot)
- Mehmet Casey (Downtown Billings Alliance)
- Heather Doty (Billings Industrial Revitalization District (BIRD))

PROJECT ADVISORY COMMITTEE (PAC)

- Roy Neese (City Council Ward 2)
- Jay Anderson (Yellowstone County Public Works)
- Dakota Martonen (City Engineer's Office)
- Stephanie Donovan (Bicycle and Pedestrian Advisory Committee)
- Rusty Logan (MET Transit)
- Kurtis Schnieber (Montana Department of Transportation)
- Samantha Wood (Montana Department of Transportation)

CONSULTANT TEAM

Kittelson & Associates, Inc.

- Justin Delgado
- John Ringert, PE
- Andy Daleiden, PE
- Ly Nguyen
- Mikayla Montoya

HDR

- Lisa Fisher, PE
- Brittany Cremer, MSPR
- Spencer Dodge, MA

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- Appendix B – PAC Presentations and Meeting Minutes
- Appendix C – Public Involvement Summaries and Raw Survey Responses
- Appendix D – Existing Conditions Memorandum
- Appendix E – Alternatives Evaluation Memorandum

Billings Metropolitan Planning Organization (MPO) Statement

The Billings Metropolitan Planning Organization (MPO) provides continuing, cooperative, and comprehensive (3C) transportation planning services for the Billings Metropolitan Planning Area in accordance with requirements established by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA). These planning efforts ensure that the regional transportation system supports current and future needs through a balanced, multimodal approach that considers all modes of travel, including roadway, transit, bicycle, and pedestrian facilities.

MPO activities include identifying transportation needs, evaluating potential projects, and developing planning-level concepts to inform decision-making. This may involve assessing existing infrastructure, identifying opportunities for public improvements, and preparing conceptual designs and cost estimates.

The Billings MPO does not advocate for, prioritize, or approve specific infrastructure projects or construction activities. Instead, the MPO's role is to maintain a coordinated, data-driven, and inclusive framework for evaluating transportation options and facilitating collaboration among jurisdictions, agencies, and the public to achieve a safe, efficient, and accessible regional transportation network.

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Section 1

INTRODUCTION

INTRODUCTION

Area Overview

Freight rail is a cornerstone of the City of Billings's history; the city was named for the Northern Pacific Railway president. Montana Rail Link (MRL) operated a railroad with a mainline that runs through downtown Billings until January 1, 2024, when the Burlington Northern Santa Fe Corporation (BNSF) took over control of the line. Rail activity in the City of Billings helps support three regional oil refineries (in Billings, Laurel, and Lockwood), coal extraction in southeastern Montana, other mining and mineral extraction, agricultural products, and a conglomeration of other smaller industries.

While the railroad serves the critical movement of goods through Billings, it also presents a physical barrier to people needing to travel north and south in the city. Several at-grade rail crossings exist in the city including 27th Street (Highway 3), Broadway Avenue, 29th Street, 21st Street, and 13th Street. When a train is present, at-grade rail crossings may result in delays for pedestrians, bicycles, and vehicles, queues accumulating, and diverted EMS vehicles. The 21st Street underpass provides one of the only grade-separated crossings of the railroad downtown and is the subject of this study.



FIGURE 1 PROJECT STUDY AREA

Project Background

Ideally, grade-separated crossings provide unobstructed passages for road users and can serve as alternative routes for users that do not wish to risk being delayed by a train passing through an at-grade crossing. However, the design of 21st Street crossing impacts the use of 21st Street as an alternative and the location of the 13th Street crossing may dissuade or not provide a viable alternative for many users wanting to access downtown.

The 21st Street underpass has low vertical clearance (8 feet) that makes it unusable for most large vehicles and presents a potential safety hazard to the rail infrastructure in the event a vehicle strikes the bridge requiring significant repair or bridge failure. In addition to height restrictions, there are significant concerns shared by the public, City, and local community members regarding the sidewalks, drainage, lighting, and lack of bicycle facilities, which present further barriers to using the corridor.

This study evaluates feasible alternatives to improve the 21st Street grade-separated rail crossing. Alternatives focus on opportunities to improve vehicular access, drainage, and enhancement of the pedestrian and bicycle experience.

Previous Studies

Many completed studies evaluated changes to the transportation system in downtown Billings. These include the following:

YEAR	RELEVANT TRANSPORTATION STUDIES
2023	A 2023 27 th Street Railroad Crossing Final Report looked at short- and long-term alternatives for the 27 th Street crossing, including grade separation options and costs, and ITS concepts.
	The 2021 Fifth Avenue Corridor Feasibility Study evaluated redeveloping the 5 th Avenue North Corridor as a non-traditional and non-motorized corridor through downtown Billings.
2021	The 2021 Billings Downtown Traffic Study evaluated alternatives for improving transportation in the downtown area, including conversion of streets from one-way to two-way. This study included a study of reducing the number of lanes on Montana Avenue from three lanes to two lanes between Division Street and 21 st Avenue.
2018	The Final 2018 Billings Urban Area Long Range Transportation Plan collected feedback from a steering committee and the public at large on many transportation issues facing the City of Billings. Delays and roadway closures near at-grade crossing were identified as one of the public's primary concerns in the downtown area. Potential solutions noted by steering committee and public included constructing new grade-separated crossings, relocating rail out of downtown, installing warning signs with real-time information systems, and improving existing grade-separated crossings.
2016	The 2016 Montana Rail Grade Separation Study generated a list of at-grade and grade-separated railroad crossings where potential feasible improvements may be considered. The study detailed improvement options for the 13 th Street and 21 st Street underpasses, such as modification to the horizontal and vertical clearances to facilitate legal height truck usage.
2004	A 2004 Railroad Crossing Feasibility Study, commissioned by the City of Billings, identified an underpass at 27 th Street, which included shifting and raising the railroad, as the most beneficial long-term alternative. Additionally, this study identified several short-term improvements which could improve traffic operations in downtown Billings. These included the installation of advance railroad warning signs downtown (which was subsequently implemented), a downtown quiet zone (implemented in 2008) and adding a southbound left-turn phase at the 27 th Street/Montana Avenue intersection (which has been implemented), but did not provide a detailed analysis.
2003	A 2003 Montana Rail Grade Separation Study looked at the feasibility of railroad grade separation at 20 sites across Montana. These sites included 27 th , 28 th , and 29 th Street at grade crossings
2000	A 2000 study looked at the reconstruction of the MRL bridge over 21 st Street which found that clearance for ambulance vehicles would require at minimum 9 feet 6 inches of vertical clearance, but that the city would not achieve this clearance if it meant that a gravity storm system could not be maintained at the site.
1997 - 1958	Additional studies focusing on or including the 27 th Street at-grade crossing have been documented in 1958, 1960, 1962, 1964, 1980, and 1997.

Project Intent

The intent of this study is to expand on previous studies, provide a more detailed analysis of the underpass as it exists and functions today, identify and evaluate opportunities for improvement, and collect public feedback on the costs and benefits associated with improvements.

Project Process and Breakdown

The development of this study included repeated engagement of stakeholders included on the Project Advisory Committee (PAC) and members of the public. This served to inform each stage of the study from its analysis of existing conditions to its development of final alternatives. Figure 2 provides a high-level project process outline.

FIGURE 2 PROJECT PROCESS



INITIAL ALTERNATIVES SCREENING

This project initially evaluated six alternatives for 21st Street and its surrounding corridors. These alternatives were evaluated for fatal flaws and presented to the PAC. The PAC recommended four alternatives be carried forward and analyzed as final alternatives.

FINAL ALTERNATIVES

Four alternatives were carried forward after initial screening. These alternatives underwent another round of assessment to refine project details, design considerations, cost estimates, and additional vetting by the public and PAC. A screening analysis was completed for all alternatives whose results are presented in this report. This study presents the evaluation of alternatives that include strategies to enhance the safety, multi-modal accessibility and roadway conditions of 21st Street.

Project Assumptions

While Billings is currently undertaking significant changes to its downtown roadway network, none of the construction projects active during this study's completion impacted the analysis described in this study. This study did not assume any changes to the roadway network impacting the study area. This project also did not account for any planned or desired redevelopment in downtown Billings. The City is actively undergoing an update to its comprehensive plan and is creating a transportation corridor plan, both of which may provide additional vision and context for the city and study area.



Section 2 PUBLIC OUTREACH

PUBLIC OUTREACH

A comprehensive public involvement plan (PIP) was developed and implemented for engaging the community. The (PIP) included the following activities:

- Hosting a project website;
- Conducting two rounds of virtual feedback collection (surveys) in June 2025 and December 2025 / January 2026;
- Engaging with the PAC through four meetings, and;
- Interviewing community members

Feedback from the community was used to aid in the development and assessment of alternatives. The goal was to provide transparency throughout the process and for the public outreach to objectively assist in the effort to identify opportunities and challenges with the existing underpass, and subsequent alternatives. The complete PIP is found in *Appendix A*.

Project Advisory Committee

The PAC served as a guidance and oversight body for the study. They were engaged on four separate occasions. These took the form of hybrid (in-person or virtual) meetings where findings at various study stages were presented to the committee for their review and discussion. Presentations given to the PAC and meeting minutes are included in *Appendix B*. The PAC included the following representatives (excluding MPO and consultant staff):

- Jay Anderson (Yellowstone County Public Works)
- Dakota Martonen (City Engineer's Office)
- Roy Neese (City Council Ward 2)
- Stephanie Donovan (Bicycle and Pedestrian Advisory Committee)
- Rusty Logan (MET Transit)
- Kurtis Schnieber (Montana Department of Transportation)
- Samantha Wood (Montana Department of Transportation)
- Janet Hardy (Phillips 66)
- Michelle Williams (Billings Depot)
- Mehmet Casey (Downtown Billings Alliance)
- Heather Doty (Billings Industrial Revitalization District (BIRD))

Public Involvement Comments

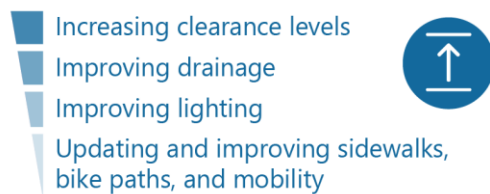
Two public online open houses with surveys were completed as part of the public and stakeholder outreach. Comprehensive public involvement summaries and raw survey responses are included in *Appendix C*.

The first round of public involvement took place from June 9th, 2025 to June 30th, 2025 and gathered input on the current use and suggested improvements to the 21st Street underpass. The survey received 446 individual responses. Key input from the first round of public comments included the following:

The survey received **446**
individual responses

Nearly **50%** of the respondents indicated they **didn't use the underpass** on a weekly basis.

The areas for improvements, listed in level of importance, included:

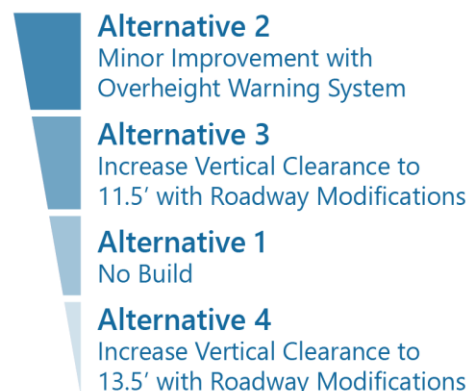


Approximately **25%** of the respondents felt the City **should save money** by not updating the overpass and reallocating the money elsewhere.

Public involvement round two took place from December 16th, 2025 through January 21st, 2026, and collected feedback on the four final alternatives. In total, 429 individual responses were received with 80% of respondents indicating they currently use the underpass, and 86% of respondents indicating they were residents of the city. Key takeaways are called out below:

The survey received **429**
individual responses

Alternatives preference from highest to lowest:



Approximately **55%** of open-ended feedback indicated that:

- Cost was a considerable concern
- Upgrading alternate routes are a higher priority
- 27th Street is better connected

When asked whether funding came from federal sources would change the order of preference, **80% responded, no.**





Section 3 EXISTING CONDITIONS

EXISTING CONDITIONS

The evaluation of the existing conditions provides a baseline for the identification of applicable strategies and the evaluation of alternatives. *Appendix D* contains a comprehensive analysis of existing conditions.

Transportation System Inventory

STUDY AREA AND ROADWAY FACILITIES

The study area includes the 21st Street corridor, 27th Street, Montana Avenue, Minnesota Avenue, and 13th Street. Streets in this area are typically two to four travel lanes with some on-street parking and sidewalks. The downtown area contains a mix of one-way and two-way streets. The 27th Street and 13th Street crossings were included to analyze any potential impacts to their operations resulting from changes to the 21st Street underpass. Table 1 summarizes the characteristics of major roadways within the study area.

TABLE 1: MAJOR TRANSPORTATION FACILITIES

ROADWAY	BILLINGS MPO FUNCTIONAL CLASSIFICATION ¹	FEDERAL FUNCTIONAL CLASSIFICATION ²	NUMBER OF LANES	POSTED SPEED (MPH)	SIDEWALKS	BICYCLE LANES	ON- STREET PARKING
Montana Avenue	Principal Arterial	Other Principal Arterial	3 Lanes	25	Yes	No	Yes
Minnesota Avenue	Local	Local	2 Lanes	25	Partial	No	Yes
27th Street	Principal Arterial	Other Principal Arterial	4-6 Lanes	25	Yes	No	No
N & S 21st Street	Collector	Local	2 Lanes	Not Posted ³	Yes	No	No
N & S 13th Street	Principal Arterial / Collector	Minor Arterial	2-4 Lanes	25	Partial	No	No

1. Per 2023 Billings Urban Area Long Range Transportation Plan.
2. Per MDT Urban Maps – Functional Classifications Maps.
3. Per the City of Billings Municipal Code Chapter 24 Article 24-300 25 miles per hour in the business district or any residential district should not be exceeded where no speed is posted. 25 MPH was assumed for the segment.

INTERSECTIONS

Within the study area, four study intersections were identified and evaluated to understand how they operate and determine possible impacts with any changes to 21st Street. Study intersections along 27th Street and Montana Avenue are under MDTs' jurisdiction. All other intersections in the study area are under the City of Billings' jurisdiction.

- 27th Street and Montana Avenue
- 21st Street and Montana Avenue
- 27th Street and Minnesota Avenue
- 21st Street and Minnesota Avenue

PEDESTRIAN AND BICYCLE FACILITIES

As shown in Table 1, most study area roadways provide continuous sidewalks on one or both sides of the road. The notable exceptions are listed below.

- Minnesota Avenue only provides a sidewalk on the south side of the roadway between S 27th Street and 24th Street. It does not provide sidewalks in the vicinity of 21st Street.
- 13th Street only provides a sidewalk on its west side which ends as 13th Street turns into Minnesota Avenue south of the railroad tracks.

Pedestrian facilities exist on both sides of the street at the 21st Street underpass, however the sidewalks are known to flood, collect debris from the adjacent embankments, and be inadequately lit.

No dedicated bicycle facilities are present in the study area.

RAIL FACILITIES

In 2024, BNSF took over operations of the Montana Rail Link (MRL). MRL is now a subdivision of the Montana Division of BNSF. The MRL subdivision operates between Huntley, Montana and Spokane, Washington, passing through Missoula, Livingston, Bozeman, Billings, and Helena. The main rail yard is in Laurel, Montana, approximately 15 miles west of Billings. A smaller rail yard is in Billings. This yard runs parallel to and between Montana Avenue and 1st Avenue S, extending from S 29th Street to Underpass Avenue (6th Street W).

Nine rail crossings are present on the mainline in Billings. These include grade-separated crossings at Mallowney Lane, Laurel Road, Underpass Avenue (6th Street W), 21st Street, 13th Street, and at-grade crossings at Moore Lane, 29th Street, 28th Street/Broadway, and 27th Street. This project’s study area focuses on the 21st Street underpass but includes the 27th Street and 13th Street crossings due to their proximity on either side of 21st Street. Table 2 includes a summary of the study area rail-crossings. Table 2 also provides information about warning devices used at at-grade crossings and restricted clearance at grade-separated crossings.

TABLE 2: STUDY AREA RAIL CROSSINGS

CROSSING LOCATION	GRADE-SEPARATED?	WARNING DEVICES	INTERCONNECTED SIGNALS	RESTRICTED CLEARANCE
13th Street	Yes	Clearance Warning on Structure and in Advance	Not Applicable	13'-8"
21st Street	Yes	Clearance Warning on Structure and in Advance as well as warning to Vehicles with Campers and Box Trucks	Not Applicable	8'
27th Street	No	Crossbucks, Pavement Markings, Constant Warning Time System, Gate Arms, Flashing Lights, and Bells	Interconnect with N 27th/Montana Avenue Intersection	-

TRANSIT AND EMS OPERATIONS

Due to height restrictions of 21st Street at the railroad underpass, Billings MET, the transit provider within the study area, does not utilize 21st Street between Montana Avenue and Minnesota Avenue. MET operates along a portion of the 27th Street corridor in the study area. It is unknown whether MET would utilize 21st Street if vertical clearance increased, as many factors influence transit routing.

The project team met with members of the Billings Fire Department, Billings Police Department and American Medical Response (AMR) (a division of Global Medical Response) to discuss their use and constraints utilizing the 21st Street railroad underpass. Findings from those interviews included:

- Billings Fire and AMR do not allow their vehicles to utilize the 21st Street corridor due to the height restrictions of the underpass.
- Billings Fire needs 13.5 feet of vertical clearance before they will allow their vehicles on 21st Street.
 - Not all fire vehicles require 13.5' clearance, but because Billings Fire alternates drivers on vehicles, they avoid the underpass completely in order to prevent confusion.
- Billings Fire has a station/crew south of the tracks, will pull resources from both north and south of the tracks during a structure fire.
 - If the 27th Street crossing is blocked by a train, they route vehicles to the 13th Street underpass.
- AMR exclusively route their vehicles to the 13th street underpass to avoid the probability of delays at the 27th street crossing.
 - AMR needs 10 feet of clearance before allowing their vehicles to utilize the 21st Street corridor.
- Billings Police does not have vehicle constraints currently but do respond to crashes on 21st Street associated with a vehicle versus bridge incident.

Transportation Volumes and Operations

AUTOMOBILE & TRUCK

Daily automobile traffic volumes were collected along 27th Street and 21st Street. Table 3 summarizes 24-hour traffic volumes along the 27th and 21st Street corridors.

TABLE 3 EXISTING 24-HOUR BIDIRECTIONAL VEHICULAR VOLUMES

CROSSING	VEHICULAR VOLUMES (TWO-WAY)		
	AM	PM	TOTAL
Rail Crossing at 27th Street	5,256	7,528	12,784
Rail Crossing at N 21st Street	321	638	959

Most vehicles classified as "heavy" are not able to utilize the 21st Street underpass due to height restrictions. These vehicles typically include buses, single unit box-type trucks, and large trucks with trailers. Table 4 shows the heavy vehicle activity at study intersections during the weekday AM and PM peak hours.

TABLE 4: HEAVY VEHICLE ACTIVITY SUMMARY – PERCENTAGE OF TOTAL TRAFFIC

INTERSECTION	WEEKDAY AM PEAK HOUR				WEEKDAY PM PEAK HOUR			
	NORTH-BOUND	SOUTH-BOUND	EAST-BOUND	WEST-BOUND*	NORTH-BOUND	SOUTH-BOUND	EAST-BOUND	WEST-BOUND
27th Street / Montana Ave	9%	6%	5%	0%	3%	3%	1%	0%
21st Street / Montana Ave	0%	0%	7%	0%	0%	0%	2%	0%
27th Street / Minnesota Ave	7%	7%	0%	0%	3%	3%	25%	0%
21st Street / Minnesota Ave	0%	0%	33%	0%	0%	0%	0%	0%

*Montana Avenue is a one-way street with eastbound traffic only.

Daily, 21st Street at the underpass was found to have a heavy vehicle percentage of approximately 2.8% (FHWA classification of 4+ axles) with a total of approximately 27 heavy vehicles. Daily, 27th Street was found to have a heavy vehicle percentage of approximately 5.4%, with a total of approximately 695 heavy vehicles. Therefore, 27th Street is utilized by approximately 96% of the heavy vehicles that utilize either 21st Street or 27th Street and 21st Street only serves approximately 4% of the heavy vehicles.

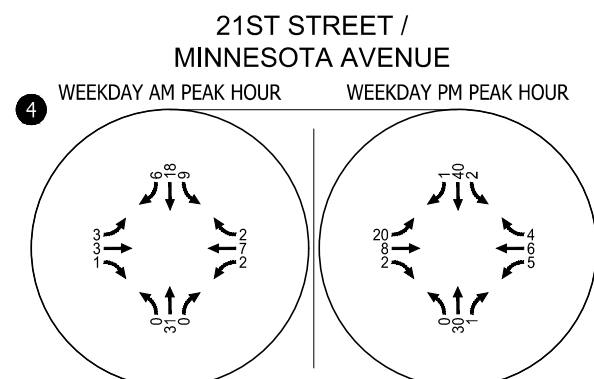
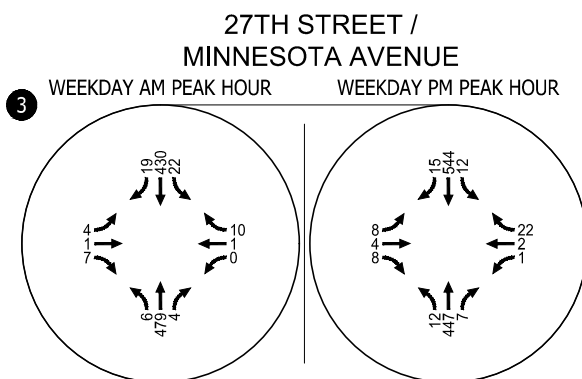
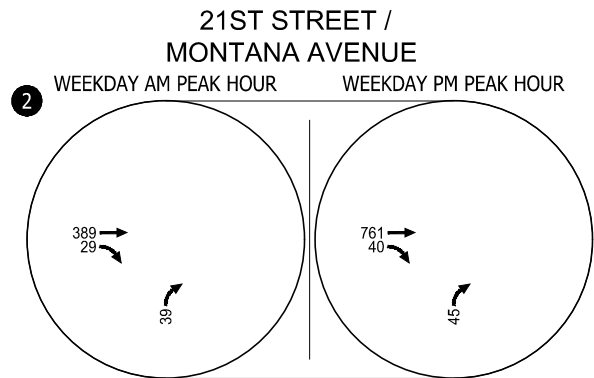
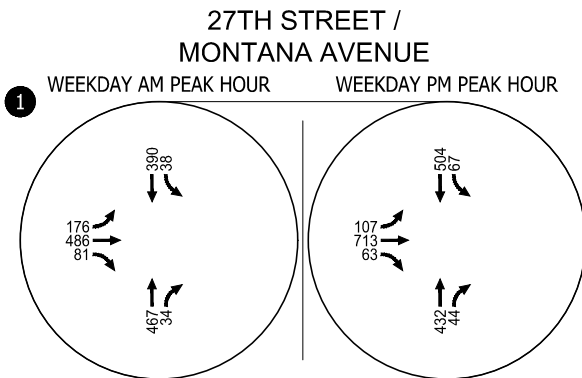
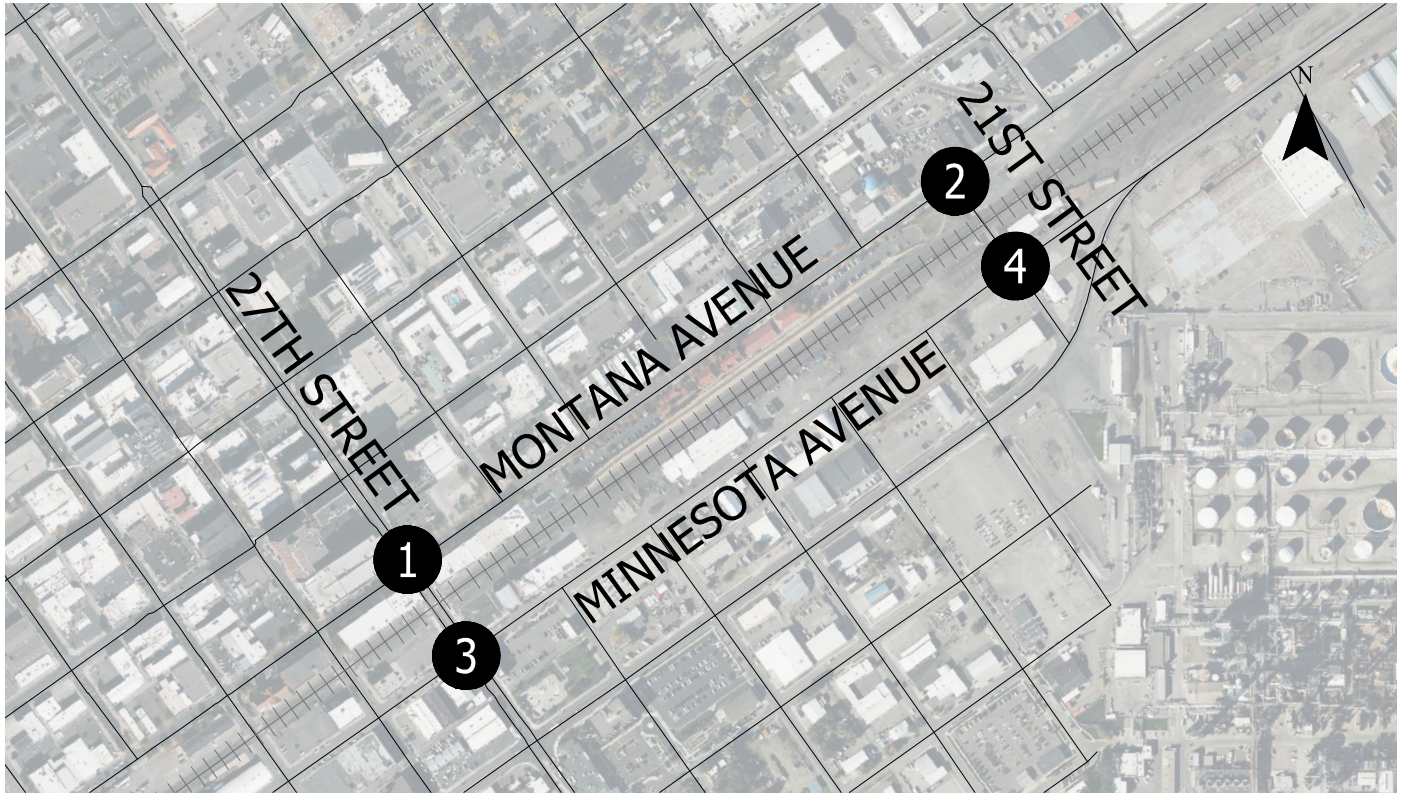
Table 5 summarizes the existing traffic operations at each of the study intersections during existing year 2025 weekday AM and PM peak hours. All four study intersections operate acceptably during the existing year 2025 AM and PM peak periods. Existing traffic volumes at study intersections are shown in Figure 3. Count volumes are located in *Appendix D*.

TABLE 5 EXISTING YEAR 2025 WEEKDAY AM AND PM TRAFFIC OPERATIONS

ID	Intersection	Intersection Control	Existing AM Peak Hour			Existing PM Peak Hour		
			V/C	LOS	Delay	V/C	LOS	Delay
1	27 th Street / Montana Avenue	Signal	0.51	B	16.3	0.51	B	15.4
2	21 st Street / Montana Avenue	OWSC ¹	0.07	B	10.2	0.12	B	12.6
3	27 th Street / Minnesota Avenue	TWSC	0.04	C	15.5	0.10	C	22.4
4	21 st Street / Minnesota Avenue	TWSC	0.01	A	9.6	0.05	A	9.5

V/C ratio is defined as vehicle-to-capacity ratio, which calculates the number of vehicles divided by the capacity of the roadway/intersection during the peak 15 minutes of the peak hour. LOS stands for Level of Service. Delay is reported in seconds per vehicle. Cells in the table above that are **bolded**, *italicized*, and highlighted indicate an intersection and/or lane group operating below the jurisdictional standards.

¹Only the northbound approach is stop controlled.



- Study Intersection

Year 2025 Existing Traffic Volumes
Weekday AM & PM Peak Hours
Billings, Montana

Figure
3

Traffic Diversion During Railroad Crossing

The traffic data on 21st Street and 27th Street were analyzed to determine whether real-time traffic diversion takes place between 27th Street and 21st Street when a train crossing interrupts the 27th Street crossing. A review of video footage captured during the count collection process identified five trains that passed through the 27th Street at-grade crossing in the AM (2) and PM (3) peak hours:

- 8:11:03 AM – 8:14:57 AM
 - 00:03:54 wait time
- 8:28:00 AM – 8:29:37 AM
 - 00:01:37 wait time
- 5:13:35 PM – 5:16:55 PM
 - 00:03:20 wait time
- 5:35:18 PM – 5:36:17 PM
 - 00:00:59 wait time
- 5:45:55 PM – 5:46:35 PM
 - 00:00:40 wait time

Based on a review of the traffic counts, there was not a corresponding increase in traffic volumes on 21st Street intersections when train crossings occurred at 27th Street. This indicates that during train crossings on 27th Street, traffic waits for the train or utilizes alternative routes other than 21st Street to cross the railroad. While active diversion to 21st Street from 27th Street during a train crossing was not observed based on a shift in traffic volumes, it is likely that some drivers choose to use 21st Street at certain times of the day that they anticipate 27th Street may be impacted by a train crossing.

RAILROAD ACTIVITY

Railroad activity in the study area was obtained from the Federal Railroad Administration (FRA) online highway-rail crossing inventory. Table 6 summarizes activity at at-grade crossings in the study area. Grade separated crossings like 21st Street and 13th Street do not have this information available, however, given their proximity to the 27th Street at-grade rail crossing, the characteristics are likely similar.

TABLE 6: RAIL ACTIVITY SUMMARY

CROSSING	DAILY THROUGH TRAINS (DAY/NIGHT)	DAILY SWITCHING TRAINS	MAX SPEED (MPH)	MIN SPEED (MPH)	NUMBER OF TRACKS (TYPE)
27 th Street	18/18	6	25	5	2 (Main) ¹

Source: FRA

¹The 21st Street rail bridge holds four tracks on top of it.

BICYCLE AND PEDESTRIAN VOLUMES AND LEVEL OF TRAFFIC STRESS

Pedestrian and Bicycle Activity

Pedestrian and bicycle activity along the 21st Street corridor is generally low. Table 7 summarizes the existing bidirectional peak hour pedestrian and bicycle volumes at rail crossings along 27th Street and 21st Street.

TABLE 7. EXISTING 24-HOUR BIDIRECTIONAL PEDESTRIAN AND BICYCLE VOLUMES

CROSSING	PEDESTRIAN VOLUMES			BICYCLE VOLUME		
	AM	PM	TOTAL	AM	PM	TOTAL
Rail Crossing at 27 th Street	169	256	425	350	345	695
Rail Crossing at N 21 st Street	1	16	17	8	19	27

Existing Pedestrian & Bicycle Level of Traffic Stress

Level of Traffic Stress (LTS) refers to the concept that users of a transportation facility have different tolerance levels for traffic stress. Traffic stress refers to a combination of factors including vehicle speeds, volumes, noise, fumes, etc. that can impact how different user groups (e.g., experienced bicyclist vs. new rider, adult vs. child, etc.) feel on a transportation facility. LTS scores range from 1 to 4 with 1 corresponding to high comfort/low stress for all users, and 4 indicating low comfort/high stress.

Pedestrian Level of Traffic Stress

Based on the presence of sidewalks on both sides of 21st Street, the two-lanes of traffic, and a speed of 25 mph, the study section was found to have a pedestrian LTS score of 2. This corresponds to a "high comfort for adults" definition according to the *Livable Streets Performance Measures* report. This procedure does not account for the lack of lighting and condition under the railroad structure.

Bicycle Level of Traffic Stress

Based on the speeds, lack of center line on 21st Street, and traffic volume level, the bicycle LTS was determined to also be a 2 in the study area segment of 21st Street. This corresponds to the following definition:

"Presenting little traffic stress and therefore suitable to most adult cyclists but demanding more attention than might be expected from children. On links, cyclists are.... on a shared road where they interact with only occasional motor vehicles (as opposed to a stream of traffic) with a low speed differential...Crossings are not difficult for most adults."

Crash History

MDT provided crash data (2019 to 2023) for the study intersections and segments. A total of 74 crashes occurred at the four study intersections on 21st Street and 27th Street and on the study segment of 21st Street. Approximately 69% of those crashes occurred at the study intersections on 27th Street, which included one incapacitating injury crash at the 27th Street / Montana Avenue intersection.

Of the 23 crashes reported on 21st Street, approximately 13% occurred at the two study intersections. Approximately 87% of the crashes on 21st Street occurred along the 21st Street segment (i.e. not at an intersection), including approximately 12 crashes identified by MDT as involving the bridge/rail structure. Table 8 displays a summary of all crashes by collision type and displays a summary of all crashes by severity.

TABLE 8. CRASHES BY COLLISION TYPE – 2019 TO 2023

LOCATION	CRASH TYPE									TOTAL	ESTIMATED CRASH RATE ¹
	REAR END	ANGLE	TURNING	SIDESWIPE	FIXED OBJECT	HEAD ON	PEDESTRIAN	BICYCLISTS	OTHER		
27th St / Montana Ave	8	17	2	3	3	1		1	3	38	1.08
Montana Ave / 21st St			1							1	0.06
27th St / Minnesota Ave	5	5		2			1			13	0.66
21st St / Minnesota Ave		1							1	2	0.92
21st Street Segment ²				3	17					20	11.42
Total	13	23	3	8	20	1	1	1	4	74	

¹Crashes per million entering vehicles

²Crashes between Intersections with Montana Avenue to the north and Minnesota Avenue to the South.

TABLE 9. CRASHES BY SEVERITY – 2019 TO 2023

LOCATION	CRASH TYPE						
	FATALITY	INCAPACITATING INJURY	NON- INCAPACITATING EVIDENT INJURY	POSSIBLE INJURY	PROPERTY DAMAGE ONLY	UNKNOWN	TOTAL
27th St / Montana Ave		1	7	9	19	2	38
Montana Ave / 21st St					1		1
27th St / Minnesota Ave			1	4	8		13
21st St / Minnesota Ave				1	1		2
21st Street Segment Crashes ¹			1	2	17		20
Total	0	1	9	16	46	2	74

¹ Crashes between Intersections with Montana Avenue to the north and Minnesota Avenue to the South.

Based on the data presented above, the following trends were noted.

- The 21st Street segment between its intersections with Montana Ave to the north and Minnesota Ave to the south saw a significant number of crashes, given the relatively low traffic volumes.
 - The majority (approximately 60%) of the crashes along the segment involved the bridge structure.

The 2023 Billings LRTP project identified high crash corridors and intersections throughout the City of Billings. One of the project study intersections (27th Street and Montana Avenue) was the fifth highest Equivalent Property Damage Only (EPDO) value intersections in the LRTP.

In addition to MDT crash data, Billings Fire provided high-level response records for crashes occurring at the 21st Street Bridge (classified as bridge-involved). That data was from January 2019 through April 2025 and identified 26 bridge-involved crashes, three of which had an identified injury. One of the bridge hits involved an ambulance which corresponded with a change in use of the corridor described in the Transit and EMS provider section of this report. Figure 4 highlights some of the key findings from the existing conditions analysis.

21st Street Underpass Structure and Drainage Evaluation

Based on information from as-built plans and other design information for 21st Street and the railroad bridge structure provided by the City, an evaluation was conducted to provide insight into the ability to increase vertical clearance and make improvements for pedestrians and bicycles.

The as-built bridge plans and geotechnical information indicate that the existing bridge pier piles are supported in a relatively soft shale bedrock formation approximately 18 feet below the roadway with a pile tip (elevation of approximately 3088±). This information suggests that the piles develop a significant amount of their vertical strength from end bearing in the shale and that soil could be excavated adjacent to the pile at existing ground line with negligible impacts to the vertical strength. As-built plans also indicate that the minimum embedment required for lateral stability is approximately 15 feet, which would require a minimum groundline Elev. 3103±.

Surface drainage for the existing 21st Street roadway below the underpass is provided by two combination curb inlets located just south of the underpass at a sag curve low point. Based on as-built drawings from the *Replace Bridge 224 Over 21st Street Near Billings, MT project (as-builts)* and the City of Billings *Map Library Stormwater Drawings Viewer*, the combination curb inlet connects to a manhole located along the street that gravity drains via a 12" PVC storm drainpipe to the south and connects to a storm drain system running from west to east along Minnesota Avenue.

The existing 21st Street underpass is in an area of Billings known to have high groundwater. Using publicly available groundwater well logs obtained from the Montana Bureau of Mines and Geology Ground Water Information Center, wells surrounding the 21st Street underpass were reviewed to draw preliminary conclusions regarding groundwater in the area. Information from the six closest existing wells ranging in distance from approximately 500 to 800 feet from the 21st Street underpass were reviewed and identified static water levels ranging from 7 to 16 feet below ground. Using the approximate locations and elevations from the Montana Lidar Viewer produced estimated groundwater elevations ranging from approximately 3,105 to 3,109 feet.

As-built drawings indicate that the 12-inch PVC storm drainpipe has minimal upstream cover at the manhole near the underpass and a total elevation drop of 0.54 feet over a length of 168 feet, equating to a slope of 0.321%. From this information, maintaining a gravity storm drain system is not anticipated to be feasible if the storm drain inlets along 21st Street below the underpass are lowered. Additionally, due to the elevation of the sag point where the storm drain inlets are located, this would put the groundwater close to existing grade. Although this information is estimated preliminary information, it indicates a high likelihood of groundwater being located at a very shallow depth below the 21st Street roadway surface at the underpass. If the roadway profile is lowered, a pump system will likely be necessary to accommodate the storm drain system. Groundwater elevations will need to be considered as part of the design of improvements.

Based on the existing structural and drainage conditions, it is anticipated that lowering the 21st Street roadway below the underpass no more than three to four feet is feasible with minor modifications to the piers based on bridge as-builts. Widening the sidewalks under the existing structure are likely limited to a

small amount due to difficulty with installing retaining walls within the area of the existing bridge foundations.

Any stormwater improvements would be designed to maintain surface water collection in the storm drain system separate from groundwater to avoid soil contamination concerns from the nearby Billings PCE federal Superfund site. Construction of a storm drain and/or structural improvements would likely warrant dewatering and may require contaminated soil removal, both which would require proper mitigation measures.

Further investigation is required to understand impacts related to groundwater, utilities, storm drain, and sidewalk requirements associated with lowering the roadway profile.

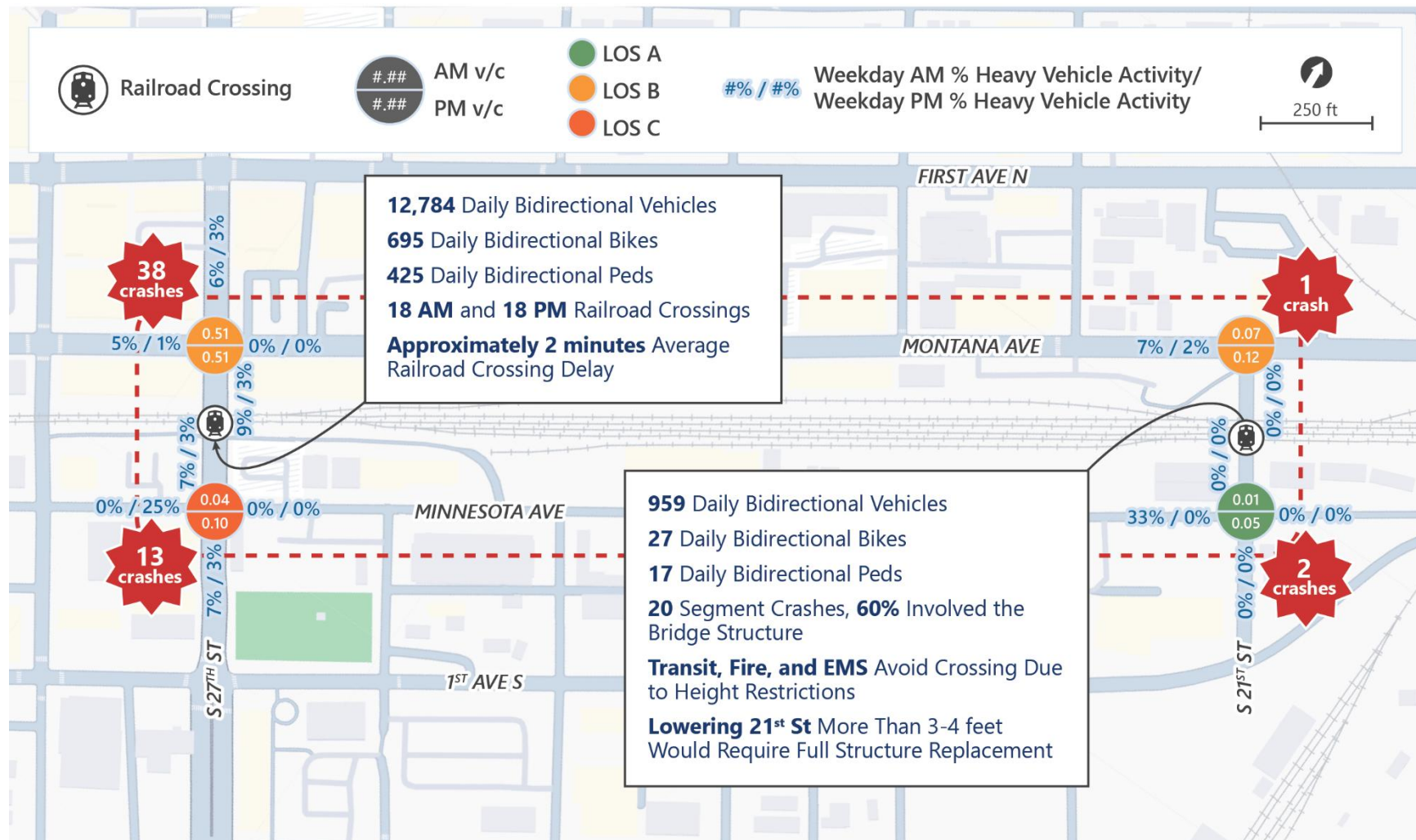
21st Street Underpass Vertical Design Evaluation

Based on review of the as-built drawings for 21st Street between Minnesota Avenue and Montana Avenue, the vertical curvature does not meet current AASHTO design policies with respect to the vertical curve lengths used to lower the roadway under the overpass. Vertical design elements that do not meet current policies include:

- **Grades at Pedestrian Crossings** - The vertical grade on 21st Street at the locations of the existing pedestrian ramps that serve the south pedestrian crossing across 21st Street at Montana Avenue and the north pedestrian crossing at Minnesota Street are approximately 4% and 5-6%, respectively. This is greater than the recommended 2% maximum cross-slope for crosswalk areas.
- **Vertical Curvature** - The lengths of the vertical curves on 21st Street between Montana Avenue and Minnesota Avenue are less than recommended for a speed of 25 mph, creating a lack of stopping sight distance during night driving as vehicles enter the sag curves under the railroad bridge.

Due to the limited distance between the railroad tracks and intersections of Montana Avenue and Minnesota Avenue, improving the existing curvature to meet stopping sight distance criteria in nighttime conditions is not possible without significant changes to Montana Avenue and Minnesota Avenue. The most effective option would be lowering the Montana Avenue and Minnesota Avenue intersections with 21st Street to reduce the vertical curvature on 21st Street. But that would require significant investment and would be in addition to lowering the intersections to provide additional clearance. Other low-cost options to improve stopping sight distance safety, while maintaining a similar vertical curvature, include installing street lighting to improve stopping sight distance at night and reducing the speed limit on 21st Street.

FIGURE 4 EXISTING CONDITIONS OVERVIEW





Section 4

FUTURE TRAFFIC

CONDITIONS

Future Traffic Conditions

To analyze future year traffic conditions (2045), growth was forecast by reviewing travel demand model volumes and applying a growth rate to individual links. No projects were identified that would change the lane configurations at any of the study intersections before the year 2045. The complete analysis of future conditions analyzed is found in *Appendix D*.

FUTURE YEAR 2045 TRAFFIC OPERATIONS

A LOS analysis was conducted at the study intersections to assess how well they can accommodate forecast future traffic demands. The analysis methodology was the same as used in the existing conditions analysis. Table 10 shows the forecast traffic operations at each of the study intersections during future year 2045 weekday AM and PM peak hours. Figure 5 shows future year intersection volumes. Raw volumes used in this analysis can be found in *Appendix D*.

TABLE 10 FUTURE YEAR 2045 WEEKDAY AM AND PM TRAFFIC OPERATIONS

ID	Intersection	Intersection Control	Future AM Peak Hour			Future PM Peak Hour		
			V/C	LOS	Delay	V/C	LOS	Delay
1	27 th Street / Montana Avenue	Signal	0.65	B	19.6	0.74	B	18.0
2	21 st Street / Montana Avenue	OWSC ¹	0.22	B	12.5	0.29	C	16.5
3	27 th Street / Minnesota Avenue	TWSC	0.05	C	19.0	0.13	D	29.6
4	21 st Street / Minnesota Avenue	TWSC	0.02	B	10.4	0.08	B	10.7

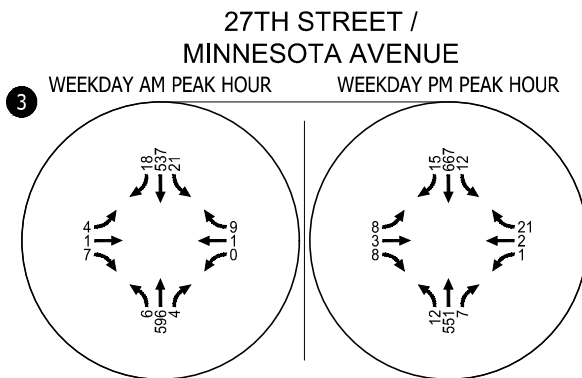
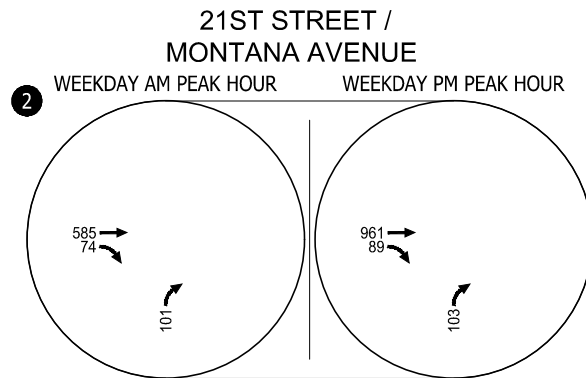
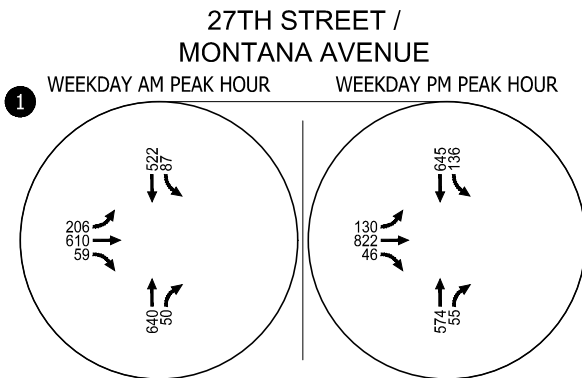
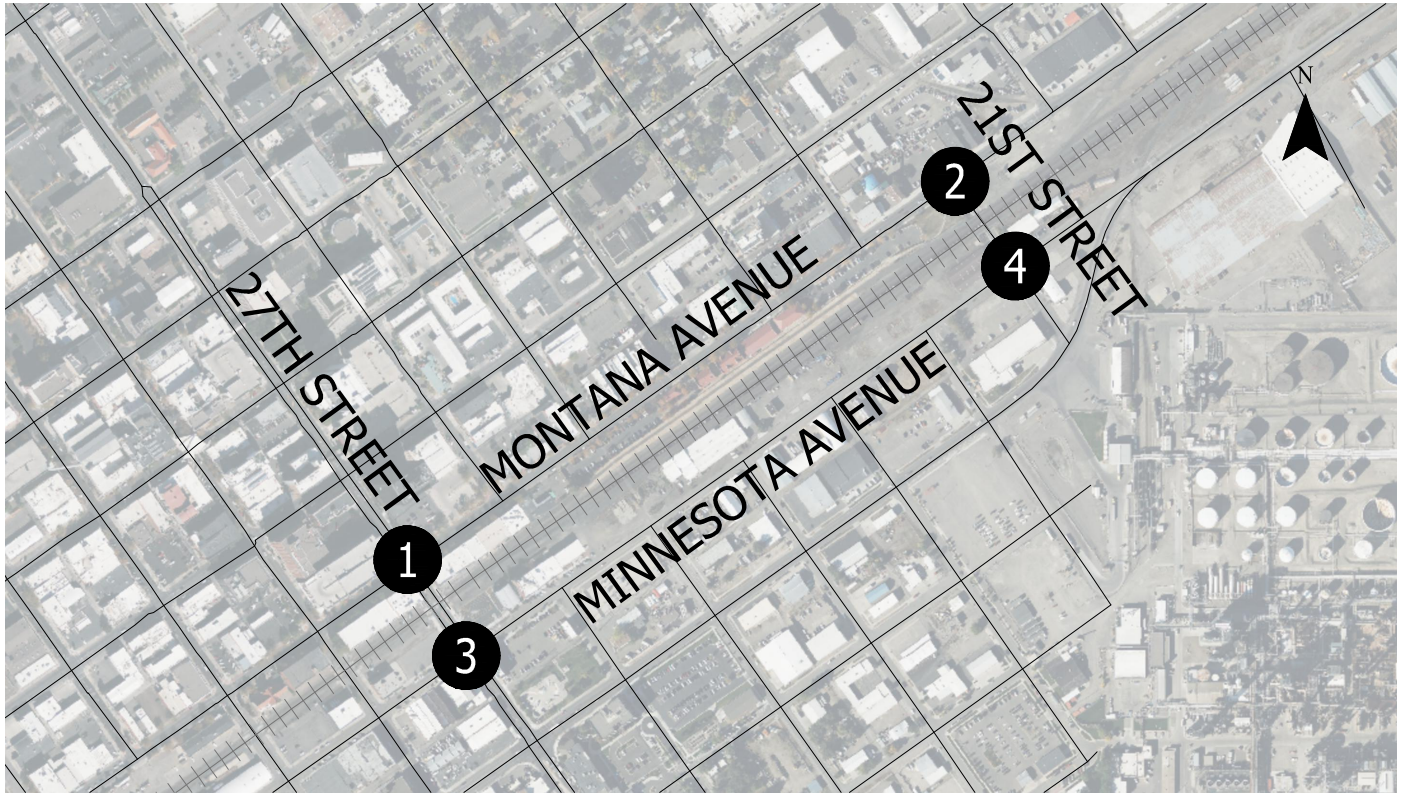
V/C ratio is defined as vehicle-to-capacity ratio, which calculates the number of vehicles divided by the capacity of the roadway/intersection during the peak 15 minutes of the peak hour. LOS stands for Level of Service. Delay is reported in seconds per vehicle. Cells in the table above that are **bolded**, *italicized*, and **highlighted** indicate an intersection and/or lane group operating below the jurisdictional standards.

¹Only the northbound approach is stop controlled.

All four intersections were found to operate acceptably in the year 2045 AM except for one intersection, which exceeds operations standards during the forecast year 2045 PM peak period:

- The 27th Street and Minnesota Avenue Intersection is expected to operate at LOS D during the weekday PM peak hour. All movements operate at LOS B or better except the eastbound left turn movement. This movement has a v/c of 0.13 indicating it is significantly under capacity, so despite delay, drivers can find gaps to make their turn.

A planning-level signal warrant analysis was completed and found volume based warrant criteria were not met. Therefore, no operational improvements are recommended for the intersection as the delayed movement operates significantly undercapacity, and a signalized intersection is present one block south that drivers may use if they find recurring delays when repeatedly trying to make the eastbound left turn.



- Study Intersection

Year 2045 Future Traffic Volumes
Weekday AM & PM Peak Hours
Billings, Montana

Figure
5

INCREASE IN FUTURE YEAR 2045 TRAFFIC VOLUMES IF CLEARANCE WAS INCREASED TO ACCOMMODATE HEAVY TRUCKS

While the Travel Demand Model does not assume improvements to the 21st Street underpass or evaluate changes to heavy vehicle volumes based on vertical design elements, the approximate increase in heavy vehicle use was estimated assuming the underpass is improved to approximately 13.5 feet of clearance that would accommodate most types of trucks.

It is reasonable to assume that a change to the vertical clearance or addition of other multi-modal improvements would not significantly impact the use of 21st Street by passenger vehicles that are accommodated by the 8-foot clearance. But increasing the clearance would increase the use of the 21st Street by large trucks that exceed the current clearance. Assuming percent of trucks between 27th Street and 21st Street is similar, at approximately 5.4%, the truck percentage on 21st Street would increase from approximately 2.8% to 5.4% based on existing conditions. This difference equates to an increase of approximately 57 daily truck trips in 2045.



Section 5 ALTERNATIVES EVALUATION

ALTERNATIVES EVALUATION

Post completion of the existing conditions analysis, public involvement round one, and an initial meeting with the PAC, the project team developed a short list of six alternatives. Those six alternatives were screened down to four alternatives for detailed evaluation. *Appendix E* includes the complete alternatives evaluation.

Initial Alternatives Screening

The six initial alternatives evaluated as part of the initial screening process are described in Table 11.

TABLE 11 INITIAL ALTERNATIVES

ALTERNATIVE		DESCRIPTION
Alternative 1	No-Build	This alternative is the base alternative. It does not include any changes to the railroad underpass or 21st Street.
Alternative 2	Minor Improvements with Overheight Vehicle Warning System	This alternative adds an automated overheight vehicle warning system to reduce crashes involving overheight vehicles and the undercrossing structure. It also includes lighting, drainage, and other minor modifications to improve the pedestrian and vehicle environment.
Alternative 3A	Increase Clearance to 11.5 feet with Minor Pedestrian Improvements	This alternative includes the improvements in Alternative 2, lowers the grade of 21st Street by approximately 3.5 feet to increase the vertical clearance of the uncrossing to approximately 11.5 feet, changes stormwater management to a pump system, and widens sidewalk (minor) where feasible. The increased vertical clearance accommodates most small emergency vehicles such as ambulances. This alternative does not modify the length of the bridge structure.
Alternative 3B	Increase Clearance to 11.5 feet with 10' Sidewalks on 21 st Street	This alternative includes the improvements in Alternative 3A and adds wider sidewalks on 21st Street. This alternative requires lengthening the bridge spans due to the wider sidewalks.
Alternative 4	Increase Clearance to 13.5 feet with 10' Sidewalks on 21 st Street	This alternative is similar to Alternative 3B but lowers 21st Street by two additional feet to obtain a standard minimum vertical clearance of 13.5 feet. This alternative would accommodate most trucks and emergency vehicles such as large fire trucks.
Alternative 5	Increase Clearance to 16.0 feet with 10' Sidewalks on 21 st Street	This alternative is similar to Alternative 4 but lowers 21st Street by approximately 2.5 additional feet (8 feet total) to obtain a vertical clearance of 16.0 feet. This alternative should accommodate all trucks and emergency vehicles. This vertical clearance is recommended for new federal projects.

The initial alternatives were presented to the PAC for feedback. Based on the PAC review, Alternatives 1, 2, 3A, and 4 were chosen to be forwarded as alternatives for further concept development.

Alternative 3B was not included due to having the same vertical clearance as Alternative 3A but requiring much more substantial work on the railroad bridge. This alternative would likely require temporary track be constructed to re-route the trains while the structure is reconstructed.

Alternative 5 was not included for the following reasons:

- A clearance of 16 feet is not required to accommodate all the emergency service vehicles and most trucks.
- The railroad bridge would require a full replacement. It would require a detour structure and shoofly to accommodate trains throughout construction.
- Due to the impacts of railroad traffic, approval from BNSF (railroad/bridge owner and operator) may be difficult to obtain.
- The section of 21st Street under the structure would be substantially below the groundwater level. This would require a substantial pumping system and modifications to the stormwater infrastructure in the surrounding area that serves 21st Street.
- The easternmost lane on Montana Avenue would need to be lowered approximately 8-9 feet. This would impact access and parking for an additional block to the east and west affecting the 22nd Street and 20th Street intersections.
- The estimated cost is very high due to the level of improvements, replacement of the structure, and building significant temporary track and structure facilities to maintain railroad operations.

Review of Final Alternatives

The four initial alternatives chosen to be carried forward for additional analysis were evaluated as the "Final Alternatives".

ALTERNATIVE 1:

No-Build

Alternative 1 maintains the existing infrastructure currently in place. Figure 6 shows the no-build condition alternative. Figure 7 shows the existing no-build street cross-sections. Figure 8 shows a rendering of the existing railroad bridge structure. The areas proposed for improvements are summarized below.



Improvement Areas:

- Bridge Structure, 21st Street, Surrounding Roadways: No change



Advantages:

Maintaining the current roadway configuration minimizes costs and allows the City and MPO to prioritize funding in other areas where a greater need for investment has been identified. No construction in the area avoids impacting BNSF railroad operations and Montana Department of Transportation (MDT) facilities in the project area.

FIGURE 6. ALTERNATIVE 1: NO BUILD



FIGURE 7. ALTERNATIVE 1: EXISTING STREET SECTIONS

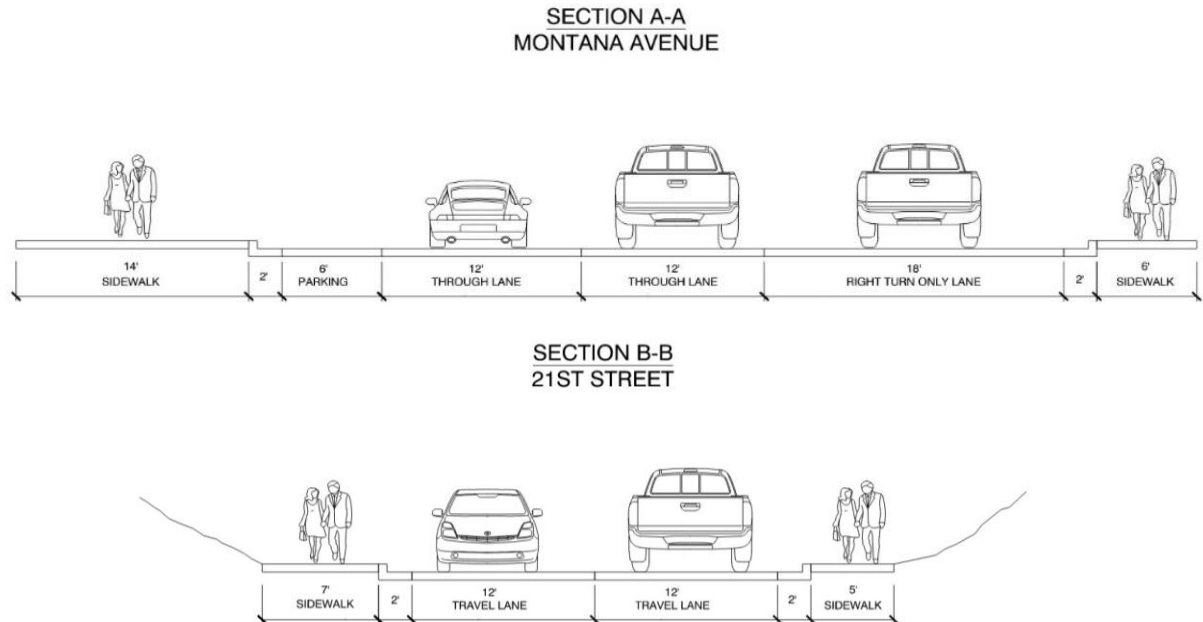
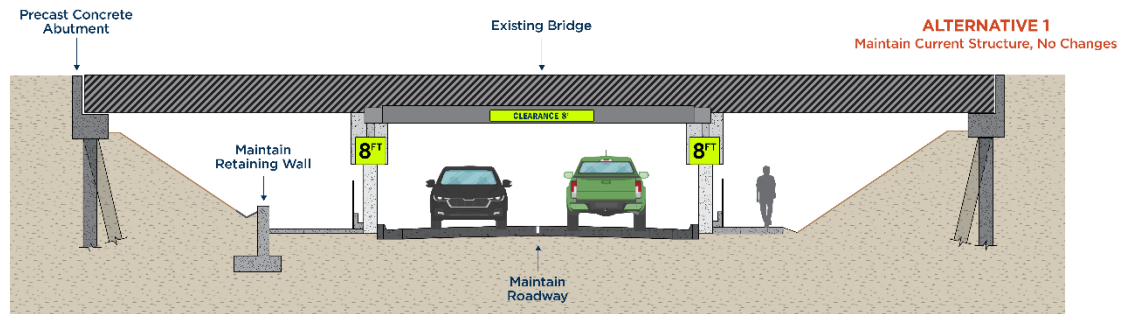


FIGURE 8. ALTERNATIVE 1: EXISTING BRIDGE STRUCTURE



Disadvantages:

The primary disadvantages is that no safety or multi-modal access improvements to the underpass will improve the existing deficiencies. The current configuration experiences frequent crashes involving the bridge structure and maintains the height restrictions that do not allow for buses, emergency vehicles, and heavy vehicle traffic to utilize the corridor. The earthen bridge abutment slopes will continue to result in increased debris on the sidewalks. The lack of sufficient drainage during storm events will continue to be an issue for short periods.

ALTERNATIVE 2:

Minor Improvements with Overheight Vehicle Warning System

This alternative adds low-cost improvements with the goals of reducing the overheight vehicle crashes into the overpass bridge and improving the pedestrian environment under the bridge.

The alternative includes installing an overheight vehicle warning system, modifying the 21st Street underpass to improve the existing drainage system, and stabilizing the bridge abutment embankment slopes to reduce debris on the sidewalks.

Figure 9 shows an example of a warning system which utilizes signing and flashers to warn overheight vehicles prior to reaching the structure. These systems typically include sensors or mechanical devices to determine if a vehicle is overheight and signing to warn the driver and potentially provide information to the driver on how to avoid the low-height structure.



FIGURE 9. EXAMPLE OF A VERTICAL CLEARANCE WARNING SYSTEM

Figure 10 shows a concept for the proposed warning system. Figure 11 shows cross-sections of Montana Avenue and 21st Street. Figure 12 shows a rendering of the existing bridge structure with the proposed warning system.

This alternative includes the following modifications to 21st Street, the bridge structure, and the surrounding area:



Improvement Areas:

- Bridge Structure:
 - No change
- 21st Street:
 - Installing signage and flashers as part of an overheight vehicle warning system.
 - Stripe centerline.
 - Paving of the bridge abutment slopes to reduce debris on the sidewalks.
 - Adding pedestrian and vehicle lighting on 21st Street to increase light under the bridge and provide improved nighttime sight distance for drivers.
 - Adding drainage inlets to reduce stormwater flow to existing inlets.
- The Surrounding Roadways:
 - Installing signage and flashers for the overheight vehicle warning system.

FIGURE 10. ALTERNATIVE 2: MAINTAIN EXISTING 8 FEET OF VERTICAL CLEARANCE WITH WARNING SYSTEM

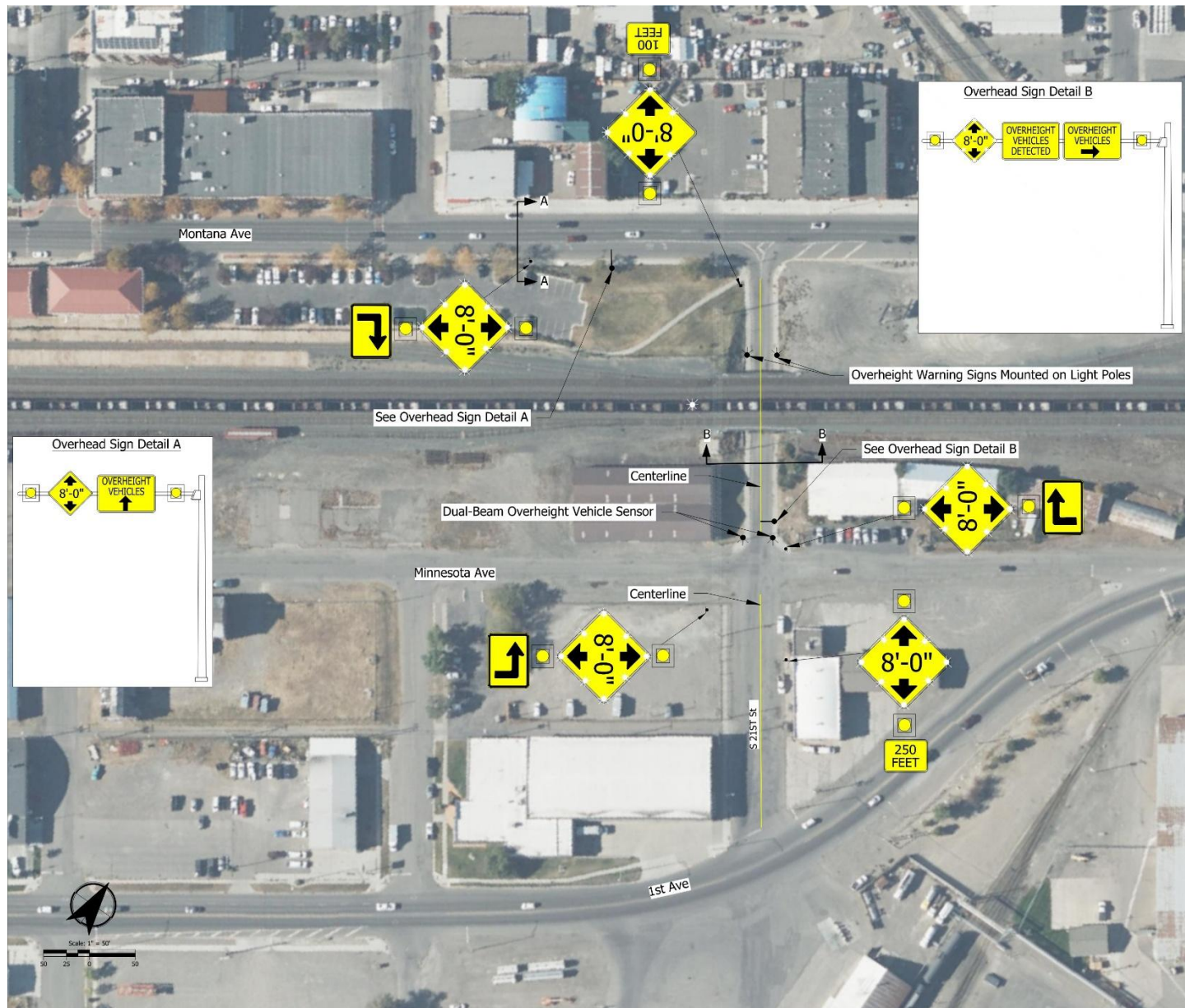


FIGURE 11. ALTERNATIVE 2: EXISTING STREET SECTIONS AND EXAMPLE DEVICES

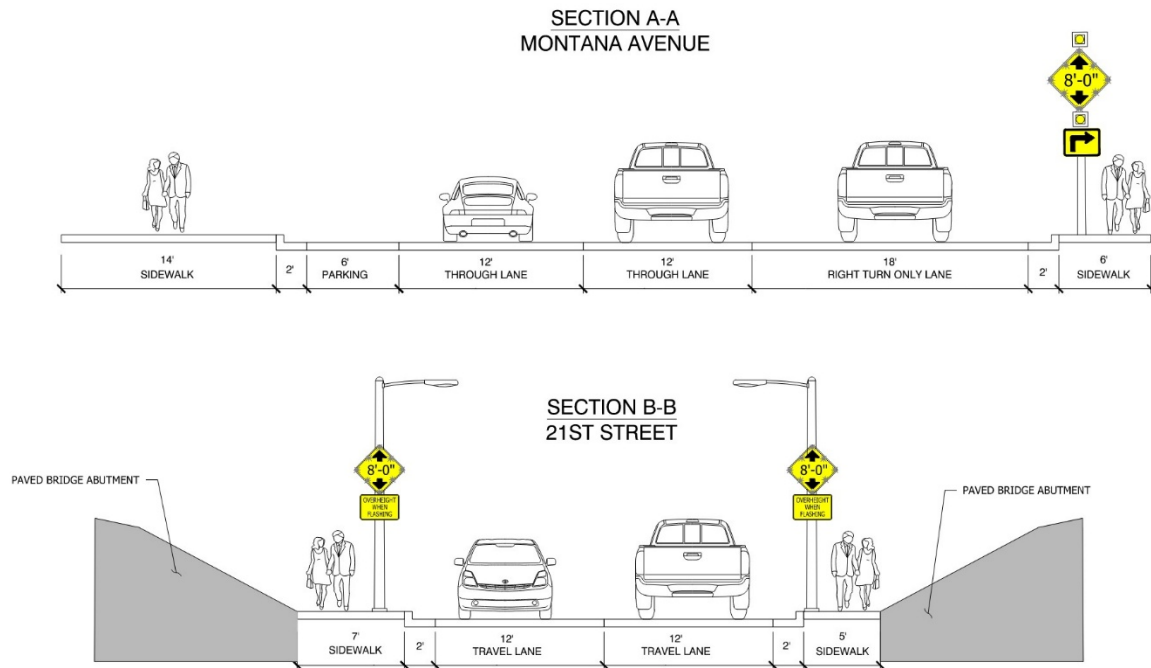
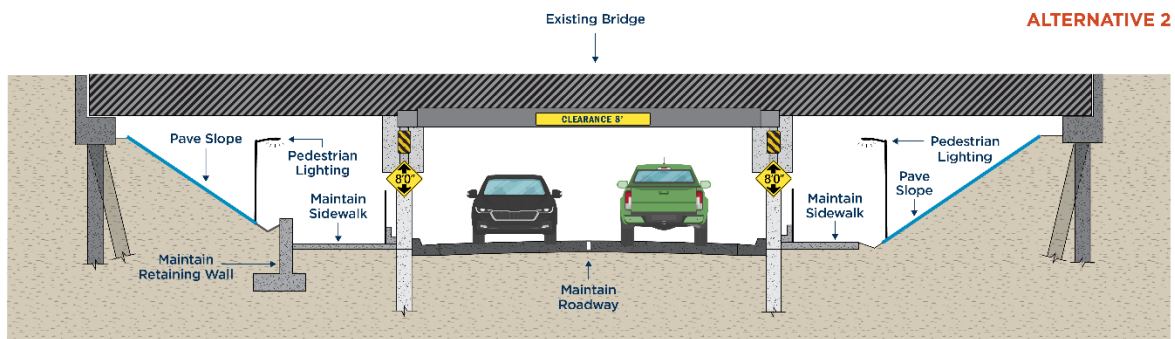


FIGURE 12. ALTERNATIVE 2: BRIDGE STRUCTURE



Additionally, due to the vertical curvature of the roadway impacting stopping sight distance, installing warning signage, such as “Hill Blocks View” (W7-6) with a speed advisory sign (W13-1P) could be considered based on an engineering evaluation. Warning and advisory signage is not included due to the concept level design conducted for this study, recommendation for lighting, the default speed being 25 mph, the roadway and underpass age and history, and speed not being identified in most crashes as a primary factor.

⊕ Advantages

The overheight vehicle warning system is expected to reduce vehicle/bridge crashes through advanced warning/flashing signage. As described in existing conditions section, in the five years from 2019 to 2023, approximately 20 crashes were reported on 21st Street between Minnesota Avenue and Montana Avenue with approximately 60% of the crashes involving the bridge structure.

Paving the abutment slopes under the underpass would reduce sediment from running off the slope and collecting on the sidewalk and clogging the drainage inlets. Additional inlets on both underpass approaches may reduce the occurrence of flooding by providing more points for water to enter the system.

Adding pedestrian and vehicle lighting on 21st Street will enhance the pedestrian experience and safety under the bridge and improve the nighttime sight distance for drivers on 21st Street.

Disadvantages:

At this time, it is unknown if there are drainage constraints downstream, so additional inlets may not be very effective in preventing flooding. No improvements to vertical clearance continue to provide the opportunity for vehicle/bridge crashes, and restricts emergency, transit, and heavy vehicles from being able to utilize 21st Street.

Cost:

Table 12 shows the estimated cost for this alternative. It is estimated this alternative would cost between \$600,000 and \$800,000, depending on the scale of the improvements. If this alternative is carried forward the cost estimate will be refined.

TABLE 12 ALTERNATIVE 2 COST ESTIMATE

ITEM	ESTIMATED COST
1. Roadway & Lighting Improvements	\$570,000-\$750,000
2. Drainage & Stormwater Improvements	\$30,000-\$50,000
3. Railroad Bridge Improvements	Not Applicable
4. Railroad Temporary Traffic Control	Not Applicable
Total	\$600,000 - \$800,000

ALTERNATIVE 3:

Increase Clearance to 11.5 Feet with Minor Pedestrian Improvements

Alternative 3 (3A in initial screening) includes moderate modifications of the bridge structure to increase the vertical clearance by approximately 3.5 feet to achieve a vertical clearance of approximately 11.5 feet (11'-6") as well as adding pedestrian improvements and an overheight warning system like Alternative 2. This alternative would accommodate ambulances but continue to not accommodate fire, large EMS vehicles, and most commercial trucks. With this alternative vertical curvature and grades would remain similar to the existing condition and therefore would continue to not meet current design standards.

This alternative is shown in Figure 13. Figure 14 shows cross-sections of Montana Avenue and 21st Street. Figure 15 depicts a rendering of the bridge structure with the proposed warning system.

This alternative includes the following modifications to 21st Street, the bridge structure, and the surrounding area:



Improvement Areas:

- Bridge Structure:
 - Pier encasement or retaining wall to support lowered roadway
 - Controlled density backfill behind pier encasement/retaining wall to maintain a shared use path along 21st Street
 - New cross bracing on piers for added support
 - New concrete slope paving below bridge
- 21st Street:
 - Lowering the existing roadway approximately 3.5 feet to obtain a vertical clearance under the bridge structure of 11.5 feet.
 - Lowering the intersections at Montana Avenue and Minnesota Avenue by approximately 3 feet.
 - Stripe centerline.
 - Installing new drainage pumping system due to the high groundwater level.
 - Adding pedestrian and vehicle lighting on 21st Street.
 - Eliminating on-street parking on 21st Street south of Minnesota Avenue to accommodate a retaining wall and avoid elevation conflicts.
- The Surrounding Area:
 - Minnesota Avenue will be cut-off to the east and west of 21st Street and a cul-de-sac installed at each end to provide room for vehicles to turn around.
 - Requires the east lane on Montana Avenue to be lowered by ~3-4 feet
 - Access restrictions and removal of parking on Montana Avenue between 22nd Street and 20th Street.
 - Sidewalk and travel lanes will have to be reconfigured to maintain through lanes and on-street parking.
 - Work with private property owners to remove some parking in the lot south of Montana Avenue.

FIGURE 13. ALTERNATIVE 3 CONCEPT: INCREASE VERTICAL CLEARANCE TO 11.5' WITH PEDESTRIAN IMPROVEMENTS

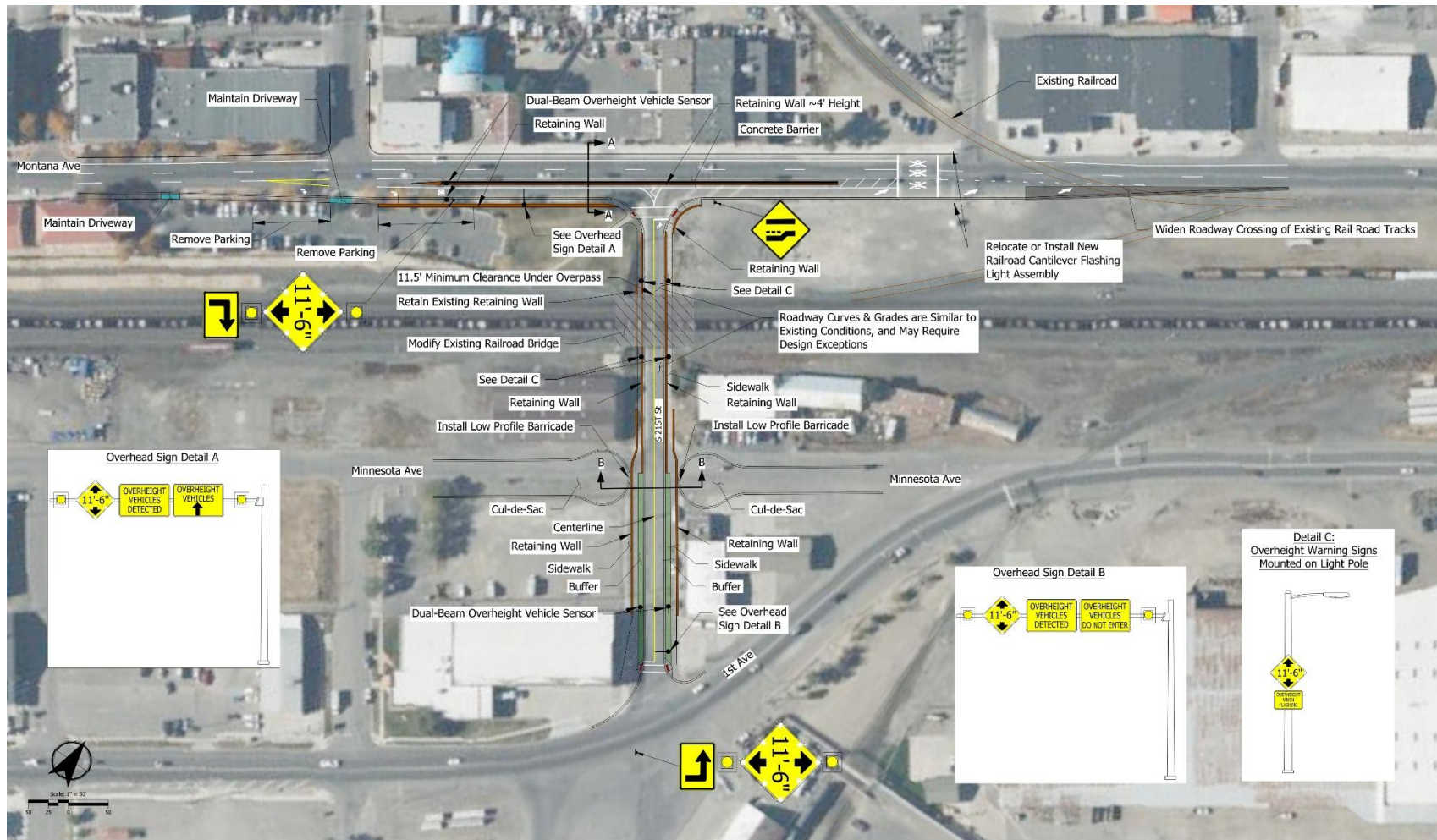


FIGURE 14. ALTERNATIVE 3 STREET SECTIONS

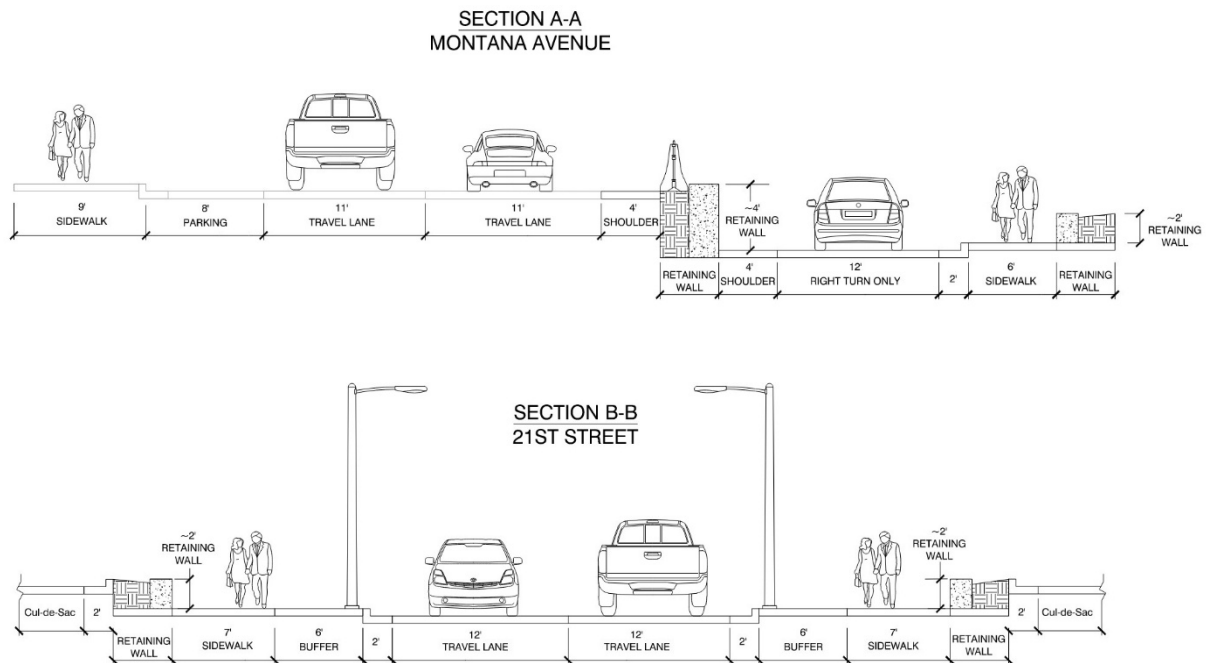
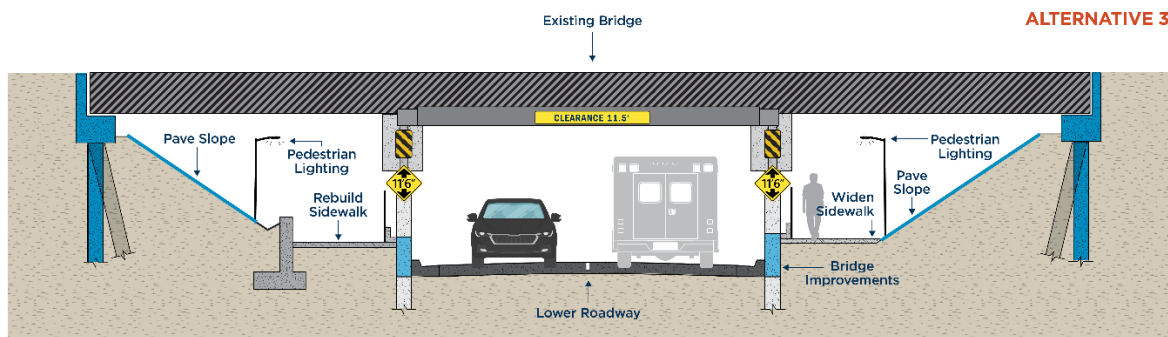


FIGURE 15. ALTERNATIVE 3 BRIDGE STRUCTURE



As shown in Figure 14, a key element of Alternative 3 is constructing a retaining wall on Montana Avenue to separate out the right-turn traffic movements turning to and from 21st Street. The retaining wall is necessary to maintain approximately the same grade and vertical alignment of 21st Street as under existing conditions which already exceed recommended urban street design policies. While the vertical alignment of 21st Street will continue to not meet current AASHTO policy for the vertical curve lengths, installing the roadway and pedestrian lighting will provide improved stopping sight distance in nighttime hours. Input from the City of Billings and stakeholders did not identify concerns regarding the existing grades and curvature of 21st Street. If it is determined that improving the vertical curvature of 21st Street to meet AASHTO policy is desired, improving the cross-slopes across the crosswalks, or generally improving the existing alignment, further lowering of Montana Avenue and Minnesota Avenue would be required which would lengthen the retaining wall on Montana Avenue and extend the access and parking impacts further to the east and west along Montana Avenue and result in higher and longer retaining walls.

Advantages:

Increasing vertical clearance by 3.5 feet to 11.5 feet would allow for ambulances, smaller transit vehicles, and some moderately sized trucks to utilize the corridor. An increase in vertical clearance reduces the likelihood of structure involved crashes which were a majority of the 20 crashes reported between 2019 and 2013 on 21st Street between Minnesota Avenue and Montana Avenue. There is the potential for the type of vehicles involved in a collision with the structure to change as increased vertical clearance may result in drivers of taller vehicles thinking they can now utilize the underpass. For this reason, this alternative would include the overheight vehicle warning system to further reduce crashes involving overheight vehicles.

A full reconstruction of the drainage system including the addition of a pumping system would significantly improve drainage assuming downstream drainage infrastructure can accommodate the additional demand.

Similar to Alternative 3, paving hillslopes under the underpass would reduce sediment from running off the slope and collecting on the sidewalk. Adding pedestrian lighting on 21st Street will enhance the pedestrian experience and feelings of safety and provide light under the bridge.

Disadvantages:

Achieving this increase in vertical clearance (3.5 feet) would include the lowering of 21st Street at its intersections with Montana Avenue and Minnesota Avenue intersections by at least 3 feet, which will impact on-street parking and nearby business access. A drainage system with pumps to overcome the high groundwater level would be expensive to install/maintain and may require upgrades to off-site facilities downstream. This option would have some impact on BNSF railroad operations for brief periods as temporary shoring of the bridge will be necessary during excavation and reinforcing the piles that hold up the bridge structure.

Cost:

Table 13 shows the estimated cost for this alternative. It is estimated this alternative would cost between \$8-10 million, depending on the scale of the improvements. If this alternative is carried forward the cost estimate will be refined.

TABLE 13 ALTERNATIVE 3 COST ESTIMATE

ITEM	ESTIMATED COST
1. Roadway and Pedestrian Improvements	\$6.2 – 7.3 Million
2. Drainage & Stormwater Improvements	\$700,000 - 1 Million
3. Railroad Bridge Improvements	\$1 - \$1.5 Million
4. Railroad Temporary Traffic Control	\$100,000 - \$200,0000
Total	\$8 - 10 Million

ALTERNATIVE 4:

Increase Clearance to 13.5 Feet with Bridge Replacement

Alternative 4 increases the vertical clearance of the underpass to 13.5 feet. This alternative would allow heavy vehicles, including fire and emergency medical services (EMS), to utilize the underpass. In this alternative, achieving the increase in vertical clearance would require replacing the bridge structure, as the increase in roadway depth would expose existing bridge piles to a depth not meeting structural standards. This alternative is shown in Figure 16. Figure 17 shows cross-sections of Montana Avenue and 21st Street. Figure 18 depicts a rendering of the new bridge structure with the proposed warning system.

This alternative includes the following modifications to 21st Street, the bridge structure, and the surrounding area:



Improvement Areas:

- Bridge Structure:
 - New 4 track 112'-2" bridge featuring 3 - 30" deep box beam spans
 - 10' multi-use paths on both sides of 21st Street under bridge
 - Maintain 11' travel lanes along 21st Street
 - New concrete slope paving below bridge
- 21st Street:
 - Lower 21st Street to increase vertical clearance to 13.5 feet.
 - Widen sidewalks to 10 feet multi-use paths to accommodate pedestrians and bicycles.
 - Stripe centerline.
 - Modify drainage system by transitioning to a pump system.
 - Eliminate on-street parking south of Minnesota Avenue to accommodate a retaining wall and avoid elevation conflicts.
 - Add new/enhanced pedestrian lighting.
- Surrounding Areas:
 - Lower Montana Avenue right-turn lane. Shift through lanes north and reduce the width of the northern sidewalk.
 - Minnesota Avenue will be cut-off to the east and west of 21st Street and a cul-de-sac installed at each end to provide space for vehicles to turn around.
 - Sidewalk and travel lanes will have to be reconfigured to maintain through lanes and on-street parking.
 - Work with private property owners to remove some parking in the lot south of Montana Avenue.

The primary differences between Alternative 4 and Alternative 3 are the full replacement of the bridge structure and additional lowering of the rightmost lane on Montana Avenue which extends the parking and access impacts.

+ Advantages:

Increasing vertical clearance by approximately 5.5 feet to 13.5 feet would accommodate large fire trucks and all typical emergency service vehicles. An increase in vertical clearance reduces the likelihood of

structure involved crashes which were a majority of the 20 crashes reported between 2019 and 2023 on 21st Street between Minnesota Avenue and Montana Avenue.

In addition to accommodating emergency vehicles, the 13.5 feet of clearance would accommodate most semi-trucks and trailers, although very long vehicles may be limited by the vertical curvature of 21st Street in the approaches to the underpass. The existing traffic counts at 27th Street identified a heavy vehicle percentage of approximately 7% in the weekday AM peak hour and approximately 3% in the weekday PM peak hour. Assuming a similar percentage of trucks would utilize 21st Street with the increased clearance, it is estimated that approximately 22 trucks would be served in the weekday AM peak hour and 19 trucks would be served in the weekday PM peak hour under existing traffic conditions.

A full reconstruction of the drainage system including the addition of a pumping system would significantly improve drainage assuming downstream drainage infrastructure can accommodate the additional demand.

Similar to Alternative 3, paving the abutment slopes under the underpass would reduce sediment from running off the slope and collecting on the sidewalk. Adding pedestrian and roadway lighting on 21st Street will enhance the pedestrian experience, safety, and improve nighttime sight distance for drivers.

Disadvantages:

Achieving this increase in vertical clearance (5.5 feet) would include the lowering of 21st Street at its intersections with Montana Avenue and Minnesota Avenue intersections by at least 5 feet, which will impact on-street parking and nearby business access. This option requires a robust drainage system with pumps to overcome the high groundwater level which would be expensive to install/maintain and is expected to require upgrades to off-site facilities downstream. This option would also have significant impact on BNSF railroad operations for an extended period and therefore an alternative shoofly track with a temporary crossing of 21st Street would need to be constructed during the removal of the existing bridge and construction of the new bridge structure.

Cost:

Table 14 shows the estimated cost for this alternative. It is estimated this alternative would cost between \$26-30 million, depending on the scale of the improvements. If this alternative is carried forward the cost estimate will be refined.

TABLE 14 ALTERNATIVE 4 COST ESTIMATE

ITEM	ESTIMATED COST
1. Roadway and Pedestrian Improvements	\$6 – 7.5 Million
2. Drainage & Stormwater Improvements	\$1-1.5 Million
3. Railroad Bridge Improvements	\$17.5 - \$19 Million
4. Railroad Temporary Traffic Control	\$1.5 - \$2 Million
Total	\$26 - 30 Million

FIGURE 16. ALTERNATIVE 4 CONCEPT: INCREASE VERTICAL CLEARANCE TO 13.5'

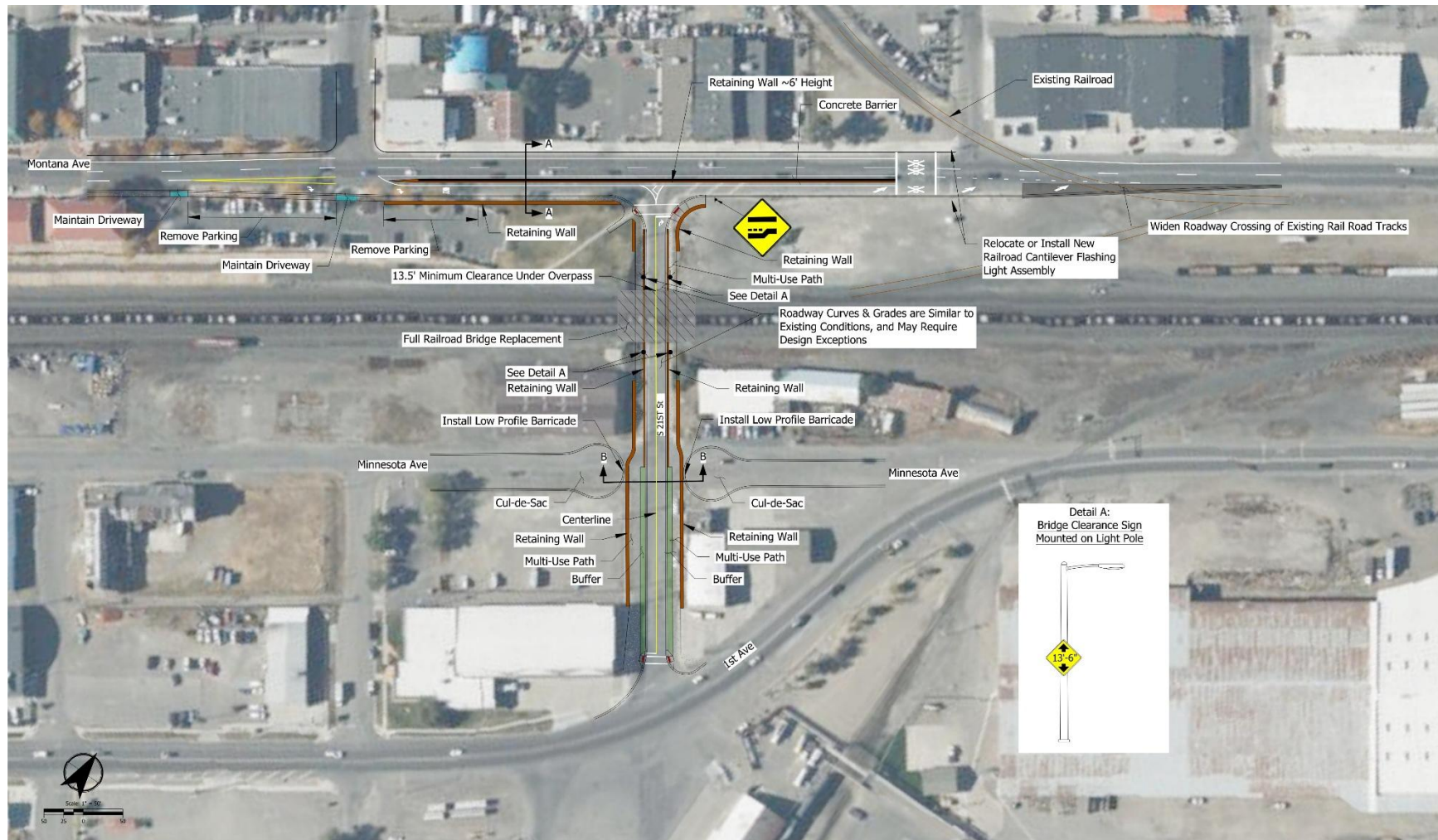


FIGURE 17. ALTERNATIVE 4 CROSS-SECTIONS

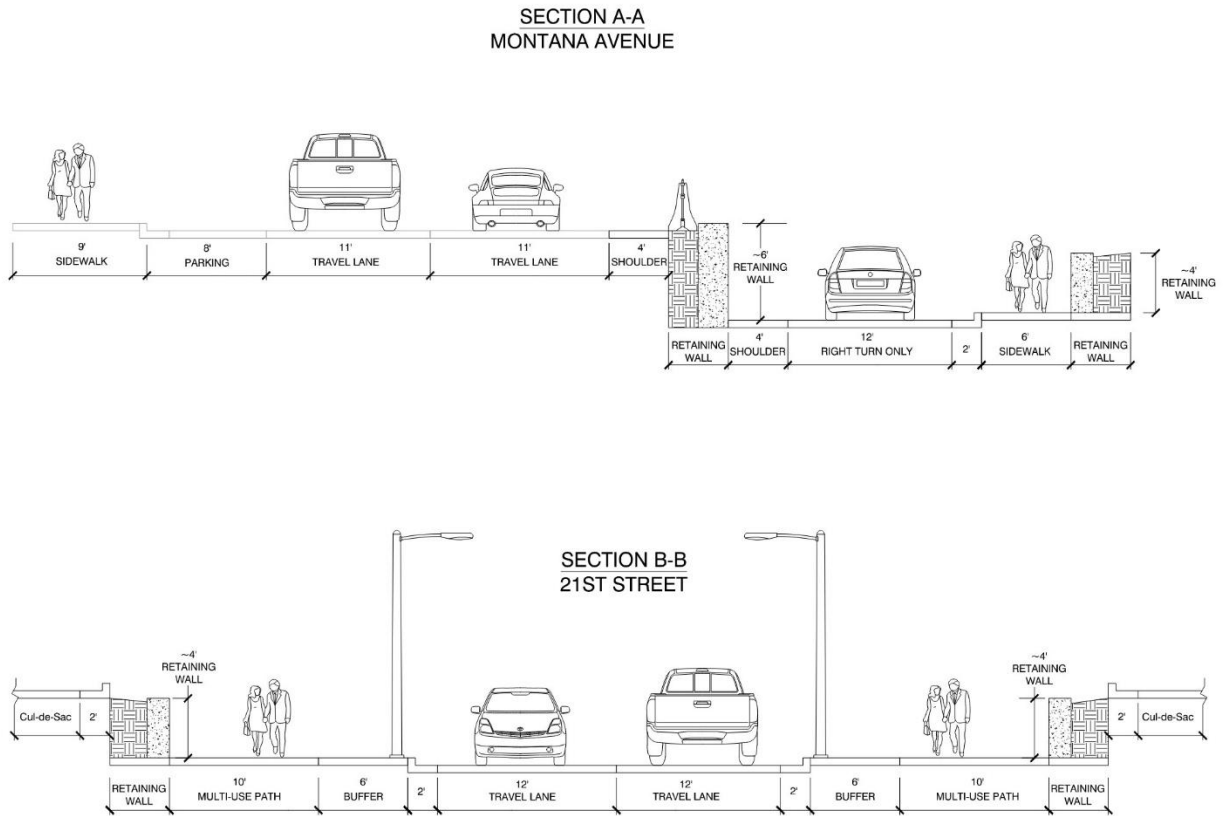
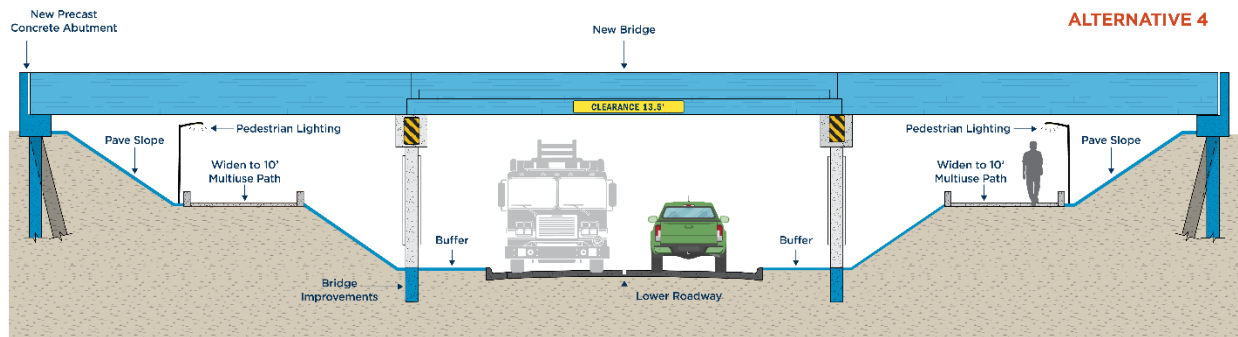


FIGURE 18. ALTERNATIVE 4 BRIDGE STRUCTURE



Similar to Alternative 3, if it is determined that improving the vertical curvature of 21st Street to meet AASHTO policy, improve the cross-slopes across the crosswalks, or generally improve the existing alignment, is desired, further lowering of Montana Avenue and Minnesota Avenue would be required which would lengthen the retaining wall on Montana Avenue and extend the access and parking impacts further to the east and west along Montana Avenue and result in higher and longer retaining walls.

BNSF Review Comments

BNSF has a vested interest in project design and potential impacts. As such, the project team engaged them through the duration of this study. BNSF's main focus is on ensuring safe, reliable, and efficient freight movements. This could be impacted by significant construction.

BNSF staff did have some concerns related to structure strike(s) associated with the existing 21st Street Underpass but have not seen significant issues to date that threaten the integrity of existing infrastructure. The final alternatives were shared with BNSF staff who provided high level comments back, summarized below:

- BNSF prefers Alternative 3.
- BNSF prefers any alternative that does not impact or alter the existing structure.
- No utilities (lighting and signage) will be accepted on the structure.
- A preliminary engineering agreement will be required for all future submittals.
 - *BNSF requires these agreements when they are asked to review engineering plans that may require them to utilize third party reviewers. The City will be required to fund third party review costs incurred by BNSF. Additional costs may also be identified in discussions with BNSF.*

Alternatives Evaluation Criteria

The evaluation criteria are used for two key purposes:

- Evaluating existing conditions and along with treatments included in each of the four alternatives
- Comparing alternatives and ultimately advancing a preferred alternative.

Table 15 outlines a broad set of evaluation criteria that were developed based on the existing conditions analysis, PAC concerns, and project feedback from BNSF and the public.

Each criterion will be used to assess how alternatives compare to one another and the current conditions of the underpass. Each evaluation criterion is given one of three scores represented by a colored dot as described below:

 **+2 points**  **+1 point**  **+0 point**

TABLE 15 EVALUATION CRITERIA

ALTERNATIVE (S)	EVALUATION CRITERIA	SCORING KEY	
Alternative (s)	Feasibility of Implementation & Railroad Approval	●	The alternative has few physical, legal, or other obstacles to implementation.
		●	The alternative has some physical, legal, or other obstacles to implementation.
		●	The alternative has significant physical, legal, or other obstacles to implementation.
	Built Environment Constraints	●	The alternative is expected to have no or little built environment impacts.
		●	The alternative is expected to have moderate built environment impacts.
		●	The alternative is expected to have significant built environment impacts.
	Roadway Impacts	●	The alternative is expected to have no or little roadway impacts.
		●	The alternative is expected to have moderate roadway impacts .
		●	The alternative is expected to have significant roadway impacts.
	Railroad Bridge Impacts	●	The alternative is expected to have no or very little impacts to the existing bridge.
		●	The alternative is expected to have moderate structural impacts to the existing bridge.
		●	The alternative is expected to have significant structural impacts to the existing bridge.
	Drainage Impacts	●	The alternative is expected to improve drainage at the underpass.
		●	The alternative may improve drainage at the underpass with proposed improvements.
		●	The alternative is not expected to improve drainage at the underpass.
	Conceptual Cost Estimate	●	Cost estimate is significantly lower than other alternatives.
		●	Cost estimate is similar to other alternatives.
		●	Cost estimate is significantly higher than other alternatives.
	Community Priorities Alignment	●	The alternative is expected to significantly align with community feedback.
		●	The alternative is expected to have some aspects align with community feedback.
		●	The alternative is expected to have little to no alignment with community feedback.
	Safety & Emergency Service Access	●	The alternative is expected to have a positive safety impact for all users.
		●	The alternative is expected to have a positive safety impact, but only for some users.
		●	The alternative is expected to have no impact or measurable safety benefit.
	Mobility & Freight	●	The alternative is expected to improve mobility for all roadway users.
		●	The alternative is expected to improve mobility for some roadway users.
		●	The alternative is not expected to improve mobility.

Alternatives Evaluation

The evaluation criteria described above were used to evaluate alternatives as shown in Table 16. Based on the evaluation criteria, alternatives scored highest in the following order:

- Alternative 2 (Highest Score): Minor Improvements With Over-height Vehicle Warning System
- Alternative 1: No Build
- Alternative 3: Increase Clearance to 11.5 Feet With Minor Pedestrian Improvements
- Alternative 4 (Lowest Score): Increase Clearance to 13.5 Feet With Bridge Replacement

TABLE 16 ALTERNATIVE EVALUATION

EVALUATION CRITERIA	ALTERNATIVES			
	1. NO-BUILD	2. MINOR IMPROVEMENTS WITH OVER-HEIGHT VEHICLE WARNING SYSTEM	3. INCREASE CLEARANCE TO 11.5 FEET WITH ROADWAY MODIFICATIONS	4. INCREASE CLEARANCE TO 13.5 FEET WITH BRIDGE REPLACEMENT
Feasibility of Implementation & Railroad Approval	●	●	●	●
Built Environment Constraints	●	●	●	●
Roadway Impacts	●	●	●	●
Railroad Bridge Impacts	●	●	●	●
Drainage Impacts	●	●	●	●
Conceptual Cost Estimate	●	●	●	●
Community Priorities Alignment	●	●	●	●
Safety & Emergency Service Access	●	●	●	●
Mobility & Freight	●	●	●	●
Point Total	11	14	10	7

● +2 points

● +1 point

● +0 points



Section 6 FUNDING SOURCES AND REGULATORY COMPLIANCE

FUNDING SOURCES & REGULATORY COMPLIANCE

Funding and Grant Opportunities

There are two sources of federal funding that could provide additional funding to complete elements of the proposed improvements; the Federal Railroad Authority (FRA) and US Department of Transportation (USDOT) surface transportation funding.

FRA GRANT PROGRAMS

Much of the FRA funding for smaller projects is primarily focused on improving safety by eliminating rail crossings. As the bridge/roadway is already grade separated, the project would not be eligible for grade-separation funding from the Rail Crossing Elimination (RCE) program, and less competitive for other rail funding such as the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program. As the bridge is a railroad bridge, and the roadway a city road, the project is not eligible for other rail funding programs.

USDOT FUNDING

The USDOT administers two surface transportation funding programs that may be appropriate for the project.

Better Utilizing Investments to Leverage Development (BUILD) Grant Program

The BUILD grant program provides grants for surface transportation infrastructure projects with significant local or regional impact. Several of the alternatives analyzed may be competitive for the BUILD program. Additional analysis and a Benefit Cost Analysis in conformity with USDOT requirements would help determine the competitiveness of the project. Competitive projects must score a “high” rating on the eight merit criteria.

- **Safety** - Improve substandard vertical clearance for fire trucks and ambulances. Reduce repeated crashes with higher-profile vehicles.
- **Environmental Sustainability** – Improve stormwater management and reduce flooding.
- **Quality of Life** – Enhance bicycle and pedestrian experiences by widening the sidewalks and installing lighting.
- **Mobility and Community Connectivity** – Improve vehicular roadway capacity by increasing access for higher-profile trucks. Reconnect communities divided by the low bridge.
- **Economic Competitiveness** – Promote economic growth by allowing box trucks, buses, pickups with campers, and motorhomes and vehicles pulling travel trailers access through the underpass.
- **State of Good Repair** – Improve the condition and safety of core infrastructure.
- **Partnership and Collaboration** – Coordination and local community groups on reviewing alternatives and soliciting feedback. Coordination with BNSF on alternatives, impact to the railroad and construction timing.

- **Innovation** – Implementing solutions that are unique to the community with dynamic messaging and ITS.

Safe Streets and Roads For All (SS4A)

The other competitive grant program that may be a good fit for some of the alternatives is the SS4A program, which funds grants to prevent roadway fatalities and serious injuries.

Depending on the safety data, Billings could ensure that the project is included in a Safety Action Plan and request either planning or implementation funding to complete elements of the project designed to improve safety for vehicles, pedestrians, and bicyclists. The Safe Streets and Roads for All grant program may not be renewed after its scheduled sunset in Federal Fiscal Year 2026.

Regulatory Compliance

The regulatory compliance requirements will vary depending on the selected alternative and the funding source. The No-Build Alternative does not involve any improvements and is therefore not addressed in this section. Alternative 2, because it does not appear to require new right-of-way or substantial ground disturbance, would involve the lowest level of regulatory compliance when compared to the other build alternatives. In general, Alternatives 3 and 4 are expected to have similar impacts related to new right-of-way, ground disturbance (i.e., overall project footprint), and changes in local access and would therefore involve very similar levels of regulatory compliance and environmental documentation. The following information provides details on the potential regulatory compliance requirements based on federal, state, and local regulations applicable to the proposed action.

FEDERAL COMPLIANCE

Any project that requires federal approval, funding, or permits, will need to be evaluated in accordance with the National Environmental Policy Act, or NEPA. The project is likely to involve federal funding from the U.S. Department of Transportation Federal Highways Administration (FHWA) and, as such, the project would be required to comply with regulations found at 23 CFR 771, Environmental Impact and Related Procedures. Additional federal laws and regulations that would be applicable to the NEPA evaluation include a review for compliance with the following:

- **National Historic Preservation Act (Section 106)** - Section 106 of the National Historic Preservation Act (NHPA) requires federal agencies to “take into account the effects of their undertakings on historic properties.” The purpose of the Section 106 process is to identify historic and archaeological properties that could be affected by the undertaking; assess the effects of the project; and investigate methods to avoid, minimize, or mitigate adverse effects on historic properties. Historic resources, if either listed on or eligible for the National Register of Historic Places (NRHP), are also generally afforded protection under Section 4(f).
 - **Applicability** - Alternative 2 would require minimal review under the NHPA because improvements are occurring within existing right-of-way. Alternatives 3 and 4 would require an historic properties inventory within the project’s area of potential effect to identify any NRHP-eligible properties and assess effects to those properties. The existing railroad is likely a significant historic resource.

- **Section 4(f) of the Department of Transportation Act:** Section 4(f) protects publicly owned parks, recreational areas, wildlife and waterfowl refuges, and public and private historic sites of local, state, and national significance. Federally funded transportation projects cannot “use” Section 4(f) properties unless there are no feasible and prudent avoidance alternatives and all possible planning to minimize harm has occurred.
 - **Applicability** - Alternative 2 is not anticipated to have any impact on Section 4(f) resources. Alternatives 3 and 4 may have impacts on Section 4(f) resources depending on the status of adjacent historic resource determinations and overall effects on the historic railroad. Section 4(f) applicability would be determined during the NEPA evaluation.
- **Endangered Species Act (Section 7)** - Section 7 of the Endangered Species Act (ESA) directs federal agencies to ensure that actions they authorize, fund, and/or conduct are not likely to jeopardize the continued existence of any federally proposed or listed species or result in destruction or adverse modification of critical habitat for such species. A Biological Assessment must be prepared if actions by a federal agency, or permits issued by a federal agency, will result in effects to threatened and endangered (T&E) species that occur in the vicinity of a proposed project.
 - **Applicability:** Given the limited scope of effects, urban setting, and no suitable habitat for T&E species, none of the alternatives are anticipated to have an adverse effect on ESA listed species. A determination of “no effect” can be made early in the project development phase within the biological resource baseline report prepared for the selected alternative.

The project area overlaps the Billings PCE (tetrachloroethene) federal Superfund site, which contains contaminated shallow groundwater and soils over large plume in downtown Billings. Available well logs in the vicinity of the project suggest groundwater is approximately 10 feet below ground surface. Alternatives 3 and 4, due to excavation of the roadway, could potentially encounter contamination. If Alternative 3 or Alternative 4 were advanced into the design phase, it is recommended that a Preliminary Site Investigation be conducted through geotechnical borings to collect representative soil and groundwater samples in order to better characterize the contamination and assess potential risk associated with construction. Coordination with the U.S. Environmental Protection Agency would be required during the design phase to identify constraints and construction methods.

STATE COMPLIANCE

The project alternatives include improvements to Montana Avenue, which is a federal-aid route under the jurisdiction of the Montana Department of Transportation (MDT). With the assumption that state funding would partially fund improvements, the projects would also be required to comply with the Montana Environmental Policy Act, or MEPA, by following MDT’s environmental process. Implementation of any of the build alternatives would require a MEPA review. Documentation requirements for Alternatives 3 and 4 would be more substantial given the increased impacts of these alternatives.

The Montana State Historic Preservation Office (SHPO) would be involved in the effect determination process during the Section 106 review. MEPA compliance with the Montana Antiquities Act, if required, would also be accomplished through the same process as Section 106.

The project would require compliance with the appropriate water quality requirements of the Montana Water Quality Act as it relates to stormwater management during construction and long-term operation. The Montana Department of Environmental Quality (DEQ) administers the Montana Pollutant Discharge Elimination System (MPDES) project and an MPDES stormwater general permit and preparation of a Stormwater Pollution Prevention Plan (SWPPP) would likely be required for Alternatives 3 and 4 if the disturbance area is equal to or greater than 1 acre. The DEQ also administers the Municipal Separate Storm Sewer Systems (MS4) program; however, compliance with this regulation on a project-level basis would occur at the local level, as described below.

Both Alternatives 3 or 4 would be considered “development” or “redevelopment” and, following MDT’s process for MS4 compliance, implementation of either alternative would require an evaluation of the feasibility of using low impact development (LID) practices. The LID practices would need to infiltrate, evapo-transpire, and/or capture for reuse, the post-construction runoff generated from the first 0.5 inches of rainfall from a 24-hour storm preceded by 48 hours of no measurable precipitation. Completion of this analysis would be in coordination with Yellowstone County MS4 regulations, as described below.

LOCAL COMPLIANCE

Alternatives 3 and 4 would require stormwater compliance and reviews at the local level. The City of Billings is a regulated MS4; the project is located within the City of Billings City Limits and MS4 boundary area, and thus, subject to local MS4 permit requirements. The project will be required to comply with local MS4 permit requirement, including the City of Billings Stormwater Management Manual. Alternatives 3 and 4 would require a City of Billings MS4 compliance review. Additionally, approval of the SWPPP for Alternatives 3 and 4 would require a City of Billings compliance review.

No other local permits relative to the implementation of the build alternatives have been identified.

Date: 07/21/2026
Title: FFY27 Billings MPO Unified Planning Work Program (UPWP)
Presented by: Lora Mattox
Department: Planning & Community Services
Presentation: Yes

Information

RECOMMENDATION

Yellowstone County Commissioners, City of Billings City Council, and the Planning Board recommend approval of the FFY27 Unified Planning Work Program.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

The Billings MPO (MPO) is presenting the 2027 Unified Planning Work Program (UPWP) for review and action by the Policy Coordinating Committee. The UPWP is primarily for programming federal funds that Billings receives from the Federal Highway Administration (FHWA) for transportation planning and the Federal Transit Administration (FTA) for transit (MET) planning. These funds are passed through the Montana Department of Transportation (MDT). All transportation planning activities are included in the UPWP to represent a comprehensive document for the urban transportation planning program. This UPWP proposes planning activities for Federal Fiscal Year 2027, running from October 1, 2026, through September 30, 2027, and corresponds directly with the City-County Planning Division's annual work plan.

This year the total PL allocation is \$1,035,870, which the Planning Division proposes providing local matching funds for, which are required at a certain percentage per element (a total breakdown of funding is located in Table 1 Funding Summary on page 52). On page 53, Table 3 provides a 5-year PL funding allocation projection. By outlining the proposed future PL funding that the Billings MPO could receive, it allows for future project planning and ensures that the MPO will have funding available for the required documents the MPO is required to complete.

A review of the FFY26 funding summary and the FFY27 PL funding level shows that the MPO will receive approximately \$359,953 less in PL funding this cycle. This reduction is primarily due to lower carryover funding from FFY25, as unobligated PL funds are available for carryover after two years, as well as the addition of two new MPOs, Helena and Bozeman, which has increased competition for available PL funds.

During FFY26, the Billings MPO completed a significant amendment to the 2023 Long Range Transportation Plan (LRTP), which included updates to the MPO Planning Area Boundary and revisions to the fiscally constrained project list. As part of this effort, MPO staff also developed a transportation planning dashboard to improve public access to transportation planning information and project tracking. The MPO continued work on several planning studies, including:

- Finalizing the 21st Street Underpass Feasibility Study
- Advancing additional Safe Routes to School (SRTS) feasibility analysis and public outreach activities
- Initiated the Trails for All Feasibility Study, which evaluates trail connections between Downtown and the Heights, the Alkali -Creek corridor, and the Aronson Trail system
- MPO staff is finalizing a Complete Streets Economic Analysis to better understand the economic benefits associated with multimodal transportation investments
- In addition, the MPO implemented organizational changes consistent with FHWA and MDT recommendations by transitioning the MPO Traffic Technician position into the Planning Division to strengthen integration between transportation planning and data collection activities.

As a result of the reduced PL funding allocation, the MPO's ability to undertake transportation planning activities beyond those required for federally mandated MPO documents will be more limited this year. For the Billings MPO, the main focus will include the initiation of the update to the Long Range Transportation Plan that will be required to be completed by July 2028.

Table 4 on page 53 outlines the percentage breakdown per element (note that some transportation planning elements are 100% PL funded). The Planning Division matches these funds through the Planning Mill levy and fees generated through city and county planning applications and processes. This year, with the allocation for staffing and transportation planning activities, the MPO is proposing to use up to \$988,000 in PL funding. The local match is \$719,000. This amount includes portions of the \$695,569 from the County Planning Mil Levy, \$170,000 in County Planning fees, and \$274,000 in City Planning fees, with the remaining balance of \$420,596 of local funding utilized for non-MPO operations and projects. The un-programmed PL funds in the amount of \$47,871 will carry over to

FFY29.

Projects identified for this year's program include (detailed description of each project in the UPWP):

Under Element 300 – Transportation System Data – 100% PL

- Replacement and upgrade to traffic and trail counters. The total cost budgeted for this is \$20,000. Proposed by the MPO.

Under Element 301 – Transportation Plan – 100% PL

In FFY27, Billings MPO staff will begin internal development of the 2028 Long Range Transportation Plan (LRTP) through a two-year effort focused on public engagement and technical preparation. Initial activities will include public meetings, stakeholder coordination, digital outreach, an interactive mapping platform, and a public survey to identify transportation needs, safety concerns, mobility issues, and investment priorities across the region, with portions of the outreach and survey work supported by consultant services. Concurrently, the MPO will initiate updates to the regional TransCAD travel demand model using current demographic, land use, and network data, with consultant assistance for model calibration and technical analysis as needed. These efforts will provide a strong, data-driven, and publicly informed foundation for continued LRTP development in future program years. MPO staff has already begun reviewing the 2023 LRTP and outlining steps for the 2028 update, with \$100,000 allocated for first-year technical support, including \$24,141 dedicated to Safe and Accessible Transportation Planning Options.

STAKEHOLDERS

The local review of the UPWP involves work sessions and regular business meetings of the Technical Advisory Committee (TAC), City Council (Council), Yellowstone County Board of Commissioners (BOCC), and Yellowstone County Board of Planning (Planning Board). In addition, MPO staff met directly with the City and County Public Works Departments to develop future transportation planning projects that the MPO could undertake to assist in future capital project implementation.

The Planning Board also conducted a legally advertised public hearing at its meeting to review the UPWP. The public can provide comments or questions at the Council, BOCC, and Planning Board meetings, as well as formal public testimony at the Planning Board. During the public hearing at the planning board, no public testimony was presented. Below is a list of outreaches associated with the development of the FY27 UPWP:

- May 20, MPO staff met with the County Public Works staff. Discussion included a discussion on the types of projects the MPO can assist with. One area of interest is conducting future intersection or corridor studies at predetermined locations.
- May 29, initial discussion with City Public Works City Engineer. The MPO will continue working with Public Works on the identification and prioritization of future transportation planning projects.
- On June 17, the MPO met with the Legislative and Local Affairs Committee members of the City Council. This opportunity provided a discussion with council representatives on MPO activities for the upcoming year.
- MPO staff attended the July 2 Board of County Commissioners Discussion Meeting to discuss the meeting with County Public Works, discuss proposed MPO projects and continue a dialogue with the Commissioners.
- The Board of County Commissioners recommended approval of the UPWP to the PCC at its July 7 meeting.
- The City Council reviewed the UPWP at its Work Session on July 6.
- The City Council recommended approval of the UPWP to the PCC at its meeting on July 13, 2026.
- The Yellowstone County Board of Planning conducted a public hearing and made a recommendation to the PCC to adopt the UPWP at its meeting on July 14, 2026.

ALTERNATIVES

The PCC may:

- Approve the FFY27 UPWP which will allow the continuation of federal transportation planning funding to the MPO, or;
- Not approve the FFY27 UPWP. Not approving the UPWP could jeopardize continued federal transportation planning funding to the MPO.

FISCAL EFFECTS

Approval of the 2027 UPWP allows the MPO to access federal funds for transportation planning in the community.

Federal and local funds are combined to provide most of the planning work done by the Planning Division for the City and the County. If the UPWP is not approved, there would be a significant loss of resources for community planning, and the community's ability to manage transportation planning projects and programs would be severely limited. The estimated breakdown of funding sources for the FY 2027 UPWP is as follows:

- \$274,000 Planning Dept. Fee Revenue (City of Billings)
- \$170,000 Planning Dept. Fee Revenue (Yellowstone County)
- \$695,569 Yellowstone County Planning Levy
- \$1,035,870 Federal Planning (PL) Allocation

Total Local and Federal Program Funding (UPWP): \$2,175,439

SUMMARY

Staff recommends that the PCC approve the FFY27 UPWP. Approval of the UPWP grants access to federal funds for transportation planning, combining federal and local funds to support most planning work. Without approval, community planning resources would be significantly reduced, limiting the management of transportation projects.

Attachments

FFY27 UPWP



Unified Planning Work Program (UPWP)

Federal Fiscal Year 2027

(October 1, 2026 – September 30, 2027)

Prepared by:

Billings Metropolitan Planning Organization

In cooperation with:

City of Billings, Montana

Yellowstone County, Montana

Yellowstone County Board of Planning

Montana Department of Transportation

Federal Highway Administration

Federal Transit Administration

Approved by:

Yellowstone County: July 2, 2026

City of Billings: July 13, 2026

Yellowstone County Board of Planning: July 14, 2026

Policy Coordinating Committee: July 21, 2026

MDT:

FHWA/FTA:

This report was prepared with funding support from the Federal Highway Administration and the Federal Transit Administration of the U.S. Department of Transportation, provided through the State Planning and Research Program (Section 505) or the Metropolitan Planning Program (Section 104(d)) under Title 23 of the U.S. Code. The work program follows the format outlined in Chapter 2, Part 4 of Federal Transit Administration (FTA) Circular 8100.1D. The content of this report does not necessarily represent the official views or policies of the U.S. Department of Transportation.

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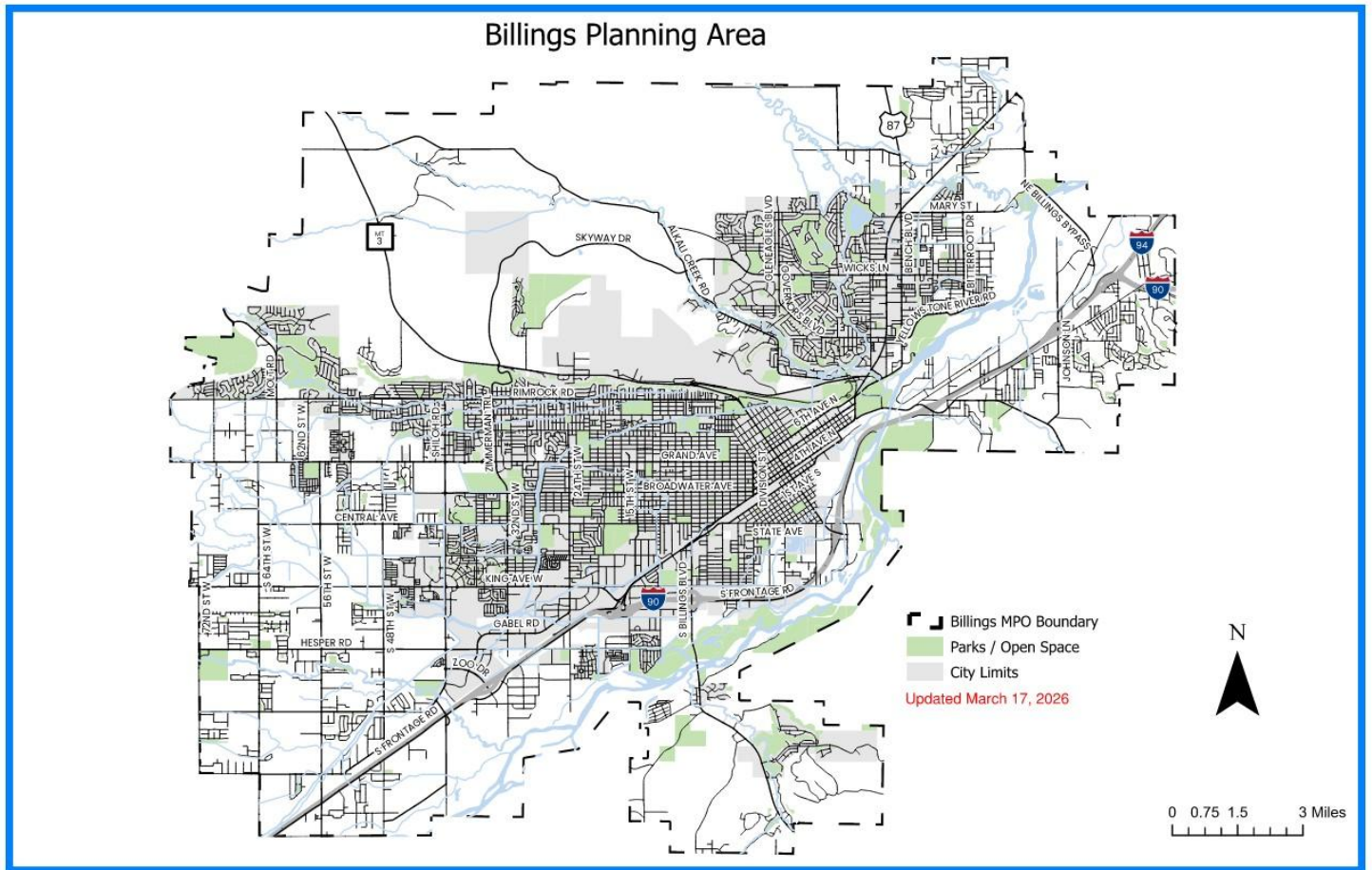
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Billings Area MPO Boundary



CHAPTER 1 – PROGRAM INFORMATION

SECTION 1 – INTRODUCTION

ABBREVIATIONS & ACRONYMS USED IN THE WORK PROGRAM

ADA	Americans with Disabilities Act
ACS	American Community Survey
ARP	American Rescue Plan
AVL	Automated Vehicle Locator
BSED	Big Sky Economic Development
BUILD	Better Utilizing Investments to Leverage Development
CAC	Citizen Advisory Committee
CARES	Coronavirus Aid, Relief, and Economic Security Act
CDL	Commercial Driver’s License
CIP	Capital Improvement Plan
CMAQ	Congestion Mitigation and Air Quality
CTSP	Comprehensive Transportation Safety Plan
EBURD	East Billings Urban Renewal District
ERP	Equipment Replacement Plan
FAST Act	Fixing America’s Surface Transportation Act
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
FY	Fiscal Year
FFY	Federal Fiscal Year
GIS	Geographic Information System
GTFS	General Transit Feed Specification
HPMS	Highway Performance Monitoring System
IIJA	Infrastructure Investment and Jobs Act
ITS	Intelligent Transportation Systems
LRTP	Long Range Transportation Plan
MDT	Montana Department of Transportation
MPO	Metropolitan Planning Organization
NTD	National Transit Database

PCC	Policy Coordinating Committee
PEP	Private Enterprise Participation
PL	Metropolitan Planning (PL) Funds
PTASP	Public Transportation Agency Safety Plan
RAISE	Rebuilding American Infrastructure with Sustainability and Equity
SBBURD	South Billings Boulevard Urban Renewal District
TA	Transportation Alternatives
TAC	Technical Advisory Committee
TAM	Transit Asset Management
TAZ	Traffic Analysis Zones
TDP	Transit Development Plan
TIP	Transportation Improvement Program
UPWP	Unified Planning Work Program
VMT	Vehicle Miles Traveled
YCBP	Yellowstone County Board of Planning

THE UNIFIED WORK PROGRAM AND ITS PURPOSE

The Unified Planning Work Program (UPWP) outlines transportation planning activities for the Billings Metropolitan area during the Federal Fiscal Year (FFY), which spans October 1 to September 30. The Yellowstone County Board of Planning acts as the designated Metropolitan Planning Organization (MPO) and is charged with the responsibility of administering the planning process. Each year, the Billings (MPO) prepares the UPWP for review and approval by local, state, and federal transportation authorities. The process begins with the Billings MPO Technical Advisory Committee, which conducts an initial review and provides a formal recommendation to the Yellowstone County Board of Planning, Billings City Council, and the Yellowstone Board of County Commissioners. These local agencies then submit their recommendations to the Policy Coordinating Committee (PCC), which gives final local approval before forwarding the UPWP to the Montana Department of Transportation (MDT), the Federal Highway Administration (FHWA), and the Federal Transit Administration (FTA) for final authorization.

The UPWP includes work elements such as administration, public involvement, and long- and short-range planning. Each element outlines objectives, accomplishments from the previous fiscal year, and planned activities for the upcoming year. It also specifies the agency responsible, required resources, including staff hours, funding amounts, and sources, ensuring a comprehensive and transparent planning framework.

FEDERAL GUIDANCE

The Infrastructure Investment and Jobs Act (IIJA) approved by Congress on November 15, 2021, authorized funding for Federal transportation programs for federal fiscal years 2022-2026. The IIJA effectively replaced the Fixing America's Surface Transportation (FAST) Act.

The IIJA retains FAST Act's ten planning factors. The MPO is required, per 23 USC 134(h)(1), to consider these factors when developing transportation plans, programs, and projects:

1. Support the economic vitality of the metropolitan area, especially by enabling global competitiveness, productivity, and efficiency.
2. Increase the safety of the transportation system for motorized and non-motorized users.
3. Increase the security of the transportation system for motorized and non-motorized users.

4. Increase the accessibility and mobility of people and for freight.
5. Protect and enhance the environment, promote energy conservation, improve the quality of life, and promote consistency between transportation improvements and State and local planned growth, housing, and economic development patterns.
6. Enhance the integration and connectivity of the transportation system, across and between modes, people, and freight.
7. Promote efficient system management and operation.
8. Emphasize the preservation of the existing transportation system.
9. Improve resiliency and reliability of the transportation system and reduce or mitigate stormwater impacts of surface transportation.
10. Enhance travel and tourism.

PERFORMANCE MEASURES

The Infrastructure Investment and Jobs Act (IIJA) reinforces the performance-based planning and programming framework established previously by the FAST Act. A key feature of these acts, continued under the IIJA, is the development of a performance- and outcome-based federal-aid program. The MPO will monitor performance measures and report progress to committees, agencies, and the public.

The performance measures address national goal areas, including safety, infrastructure condition, congestion reduction, system reliability, freight movement, environmental sustainability, and minimizing delays in project delivery. Instead of setting independent performance measure targets for the Billings Metropolitan Planning Area, the Yellowstone County Board of Planning and the City of Billings Aviation and Transit adopted the state performance targets established by MDT. This agreement, developed in coordination with Montana MPOs, was formalized through a Cooperative Performance-Based Planning Agreement on May 14, 2018.

SAFE AND ACCESSIBLE TRANSPORTATION OPTIONS (SATO)

IIJA/BIL requires an annual 2.5 percent of an MPO's PL allocation to be set aside for safe and accessible transportation options (SATO). The FY 27 set-aside is projected at \$24,141. The MPO will program expenditures of the required set-aside in this year's projects in the amount of \$25,000. Those projects will be noted in the Work Program Elements. Note: PCC as a governing body has not adopted a Complete Street Policy, any reference to Complete Streets in this document refers to the City of Billings only.

PUBLIC INVOLVEMENT

The development of the UPWP included multiple opportunities for public review and feedback, culminating in its adoption by the PCC. The MPO facilitated this process by hosting TAC UPWP meetings and posting the draft UPWP on its website for a two-week public review period. The PCC's adoption of the UPWP also took place in a public forum. Below are the outreach efforts and meetings where the public could provide input on the draft UPWP:

- County Public Works Staff: May 20, 2026
- Technical Advisory Committee (TAC): June 11, 2026
- UPWP Posted on MPO Website: June 15, 2026
- City Council Legislative & Local Affairs Committee: June 17, 2026
- County Commissioner Discussion: July 2, 2026
- City Council Work Session: July 6, 2026
- Billings City Council: July 13, 2026
- Yellowstone County Planning Board: July 14, 2026
- Yellowstone County Commissioners: July 14, 2026

Final action on the FFY 2027 UPWP occurred during the PCC meeting on July 21, 2026.

Additionally, the MPO welcomed comments and addressed questions in person, by mail, email, and phone as needed following the posting of the draft UPWP. Revisions to the document were made based on feedback received from MDT and the public.

CHAPTER 2 – HIGHWAY

SECTION 1 – WORK PROGRAM

PROGRAM SUPPORT AND ADMINISTRATION

100 Program Administration

Objectives

This role involves administering the transportation planning process and providing support to the Board of Planning, the City Council, and County Commissioners, and other boards and commissions in their decision-making activities related to transportation initiatives.

Responsibilities include engaging in administrative and financial actions specific to transportation planning activities and effectively prioritizing those initiatives. Additionally, the position emphasizes enhancing staff skills and ensuring ongoing exposure to state-of-the-art practices and technologies in transportation planning, including relevant software. A key aspect of the role is maintaining contact with, providing input to, and receiving feedback from various local, state, and federal agencies, committees, and groups involved in transportation planning.

Accomplishments – Fiscal Year 2026

Conformance with federal, state, and local administrative and regulatory requirements, as well as maintenance of planning operations was achieved for FY26.

Members of the planning staff attended various professional meetings, workshops, and conferences at which planning, transportation, transit, bicycle/pedestrian and related topics were presented and discussed.

Specifically, the City-County Planning Division (Planning Division) and members of other local, state and federal departments and agencies actively participated in a diverse set of local meetings, including the Billings Technical Advisory Committee (TAC), City-County Planning Board (current MPO Policy Board), Policy Coordinating Committee (PCC)(future MPO Policy Board), City of Billings Planning Commission, Consolidated Yellowstone County Zoning Commissions County Board of Planning, City Annexation Committee, City Development Process Review Committee, Community Development Board, Bicycle and Pedestrian Advisory Committee, Historic Preservation Board, and others. Staff also participated in meetings with MDT and the other MPOs quarterly to discuss activities and issues. The Billings MPO also meets with MDT to discuss project coordination and issues.

Planning staff worked with GIS staff who updated geographic data in geographic information systems (GIS) including layers such as streets, zoning, addresses, ownership, and environmental data. This GIS information is vital to provide to consultants for local plan development. Staff regularly utilize an application tracking and project management software system that integrates the existing City building permits with finance and land management software. The software also helps staff provide coordinated subdivision and development project reviews across City and County departments. Additionally, it allows for electronic submittal of building, sign, fence and exempt plats for local review. Staff also reviewed/updated the City Annexation Policy and Limits of Annexation Map and assisted in updates to the City's Capital Improvement Plan (CIP). Implementation of the City of Billings Complete Streets Policy is ongoing with the continued collection of data to be incorporated into the City of Billings Complete Streets Status Report.

Proposed Activities - Fiscal Year 2027

All administrative functions of the Planning Division will be performed under this work element. Program management activities will include, but not be limited to the following:

- Correspondence
- Public Relations
- Employee Guidance, Supervision, and Training
- Program Organization and Management
- Consultant Liaison Activities
- Staff Meetings
- Negotiations
- Preparation of Contracts
- Performance Monitoring
- Office Equipment Acquisition
- Budget Management and Administration

Federal regulations require that performance measures and goals be established to monitor the performance of the region's transportation system.

The MPO will work with federal, state and local agencies to improve current performance tracking methods.

With the refilling of the Planner 1 positions, senior staff has had the ability to undertake a few neighborhood planning efforts. The West Billings and Heights Neighborhood Plans are expected

to be completed by the end of FFY26, as will Billings 2045 (City Comprehensive Plan). The land use plan for the newly opened Skyway Drive area is upcoming. These projects have been identified with local funding.

PL Eligible Activities

The MPO plans to replace four staff computers in the upcoming fiscal year. This aligns with the city's strategic equipment replacement program, which outlines the scheduled replacement of computers and related equipment.

In addition, the MPO will:

- As per the MPO's public participation plan and ongoing public outreach efforts, the planning staff will make available the documents and guidelines for transportation planning activities to the community, as well as keep abreast of federal and state requirements as they relate to the overall planning processes. These activities may include distribution of the current Billings Area Tour Map for bicycle and pedestrian users and visitors, distribution and explanation of the latest Billings Urbanized Area Traffic Count Map and Bicycle Count Map, explanation and distribution of the MPO's public participation plan to groups involved or interested in transportation planning processes in the community, and explanation and information dissemination of the TA or other grant programs to possible project applicants in the community.
- Staff will monitor the PL & Memorandum of Agreement as necessary to meet the requirements of the IIJA or any new legislation that may be approved in the upcoming fiscal year.
- Quarterly progress and expenditure reports will be prepared and transmitted to the Montana Department of Transportation (MDT) in order to maintain federal funding support.
- The FY 2027 UPWP will be continually appraised and monitored in terms of content and budget allocations and will be revised when deemed necessary.
- The Fiscal Year 2028 UPWP will be developed under this work element.
- The Board of Planning, Board of County Commissioners and City Council will be kept informed of the activities of the staff and their progress in completing the approved UPWP.
- All planning staff will participate in recognized and approved training programs in order to improve staff skills and capabilities. Planning expertise will be maintained through enrollment in appropriate planning and transportation-related courses at area colleges, workshops, seminars, webinars and conferences.

- Staff will adapt software programs to effectively utilize traffic data and continue computer-training programs.
- The use of PL funds for out-of-state travel and/or registration fees for the above or other purposes will continue to be subject to prior approval of MDT.
- The MPO TA Program administration will be funded through this work element.
- Planning activities pertaining to Bicycle-Pedestrian in this work element will include:
 - Work field inspections, handle complaints and investigate problem areas of the Bike/Pedestrian system.
 - Presentations as needed.

Locally Funded Activities

- General administrative activities will include maintenance of files, library documents, daily correspondence and preparation of necessary periodic reports.
- Interagency committee participation is included in this work element.
- All staff members will continue to participate in and encourage increased cooperation between state and local agencies, departments and governing bodies.
- The Planning Division will serve both as a coordinator of and a participant in meetings and committees.
- Planning Division involvement will include participation with such agencies as the Housing Authority, Big Sky Economic Development (BSED), Air Pollution Control Board, RiverStone Health (City-County Health Department), Healthy by Design, legislative study committees, and other agencies.
- Staff will continue to implement long-term document storage through virtual servers and cloud storage platforms.

STAFFING

20 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

The Planning Division will be responsible for administering the area-wide planning process for the City and County.

PRODUCT

- An ongoing administrative program focused primarily on effective and expeditious implementation of this UPWP.
- The continual enhancement of the Planning Division staff skills and knowledge.

- Maintenance of a coordinated, comprehensive, and cooperative planning process that is endorsed and supported by the local community.
- The development of the FY28 UPWP.

FUNDING SCHEDULE - ADMINISTRATION

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$220,000.00	\$180,000.00	\$400,000.00
TOTAL	\$220,000.00	\$180,000.00	\$400,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	55	45	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$138,500.00	\$138,500.00	\$277,000.00
TOTAL	\$138,500.00	\$138,500.00	\$277,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

** Four computer replacements - \$6,000, if this estimate exceeds \$10,000, full procurement process will be implemented.

101 Service

Objectives

To facilitate the sharing of information and the exchange of ideas among planning agencies, the interested public, decision-makers, and other relevant departments, agencies, and organizations associated with the Billings MPO.

Accomplishments – Fiscal Year 2026

The planning staff engaged in a diverse range of service tasks. Their responsibilities included delivering presentations concerning roadways and alternative transportation, addressing citizen inquiries and complaints about streets, subdivision layouts, sight distances, zoning requests, and ensuring alignment with the 2023 Transportation Plan, the 2017 Billings Area Bikeway and Trails Master Plan, the City of Billings 2016 Growth Policy, the Lockwood Growth Policy, and various neighborhood and community plans.

Staff also provided transportation planning information to organizational and agency partners as needed for education and decision-making purposes. Additionally, they shared updates and insights with the community and stakeholders throughout the development of several planning initiatives.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- Planner I positions will also be working within this element. These positions will provide transportation and related planning information to the general public and interested organizations.
- Planning Division and Transportation Planning staff continually look at ways to disseminate and provide information on transportation activities, including by creating social media posts addressing transportation safety, and tabling at community events.

Locally Funded Activities

- Staff will continue to develop and use website tools enabling citizens to access information on upcoming planning activities, board and commission meetings, and recent land use applications, as well as interact with various planning processes through email notification and online comment programs. Staff will look at implementing citizen access to the Questys System software for access to historical data related to transportation, zoning and other planning applications.
- Continue increasing community and agency awareness of the interrelationships between land use development and transportation needs through dissemination of information and drafting of planning documents that incorporate both elements together.

STAFFING

7 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

As Assigned.

PRODUCT

- A responsive and flexible planning process utilizing staff capable of providing short-term findings and recommendations, as well as ongoing customer service to the public on all levels of planning projects and regulations.
- On occasion, provide transportation-related webinars to staff, local officials and the general public to educate on current transportation issues.

FUNDING SCHEDULE - SERVICE

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$34,000.00	\$34,000.00	\$68,000.00
TOTAL	\$34,000.00	\$34,000.00	\$68,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	40	60	100

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$20,000.00	\$30,000.00	\$50,000.00
TOTAL	\$20,000.00	\$30,000.00	\$50,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

102 Citizen Involvement

Objectives

To gather community input on values and goals while encouraging participation in the development of plans and projects.

Accomplishments – Fiscal Year 2026

Planning staff attended numerous meetings with service clubs, civic groups, and professional organizations to discuss various aspects of local planning. The Planning Board actively sought public input to review and gather feedback on a broad range of planning issues affecting both the City and County. Staff also participated in meetings of neighborhood task force organizations and advisory committees, responding to questions and addressing long-term planning topics, particularly those related to transportation projects and code enforcement concerns.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- Outreach to the public and all affected jurisdictions for ongoing transportation projects, including projects that will be completed and initiated this upcoming year, this includes the start of the update to the Billings 2023 Long Range Transportation Plan (LRTP).
- The staff will continue to support the Bicycle and Pedestrian Advisory Committee. The Committee is responsible for forwarding recommendations to the Planning Board and governing bodies on bicycle safety, bike lanes, pedestrian safety and access, and other matters. When funding is available, the group will be involved in the nomination and review of TA Program eligible projects, bicycle and pedestrian signing and safety projects, grant applications for non-motorized transportation projects, and community education and outreach on bicycle and pedestrian safety within the MPO.
- The MPO will be initiating the update to the 2023 LRTP and is planning several continuous efforts to engage the public in these transportation planning efforts, staff will be actively engaged with City and County Departments and partnering organizations to push information and public participation opportunities to the community.
- TAC and PCC meetings will be held, and meeting information disseminated as necessary.
- Staff will continue to update and maintain the MPO's website to provide the most current up to date information for the community.
- Staff will utilize web-based GIS and web mapping software for assistance in transportation planning.

- The main project being undertaken in FFY27 will be the start of the update to the 2023 LRTP and will involve community. This project will include extensive public participation and solicitation.

Locally Funded Activities

- Meetings with various citizen groups will be coordinated and attended for the purpose of soliciting information and ideas on a broad range of planning issues within the Billings Urban Area and throughout Yellowstone County.
- Community participation using new tools and techniques will also be included in all planning studies proposed within this document.
- Staff will utilize web-based GIS and Web mapping software for assistance in land-use planning.

STAFFING

9.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

- A comprehensive and coordinated solicitation and collection of public opinions in order to accurately reflect the preferences and priorities of the citizens within the Billings Urban Area.
- An enhanced integrated web-based public participation software that includes MPO and general planning projects and procedures and other pertinent information.

FUNDING SCHEDULE - CITIZEN INVOLVEMENT

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$45,000.00	\$45,000.00	\$90,000.00
TOTAL	\$45,000.00	\$45,000.00	\$90,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	40	60	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$36,000.00	\$54,000.00	\$90,000.00
TOTAL	\$36,000.00	\$54,000.00	\$90,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

GENERAL DEVELOPMENT & COMPREHENSIVE PLANNING

200 Community Planning

Objectives

The planning staff is responsible for maintaining accurate records and projections related to population, dwelling units, land use, employment data, and financial reports. They provide up-to-date information on the quantity of residential, commercial, industrial, and public land within the MPO and across the County. Staff analyze and summarize development trends, offering visual data and insights to the City Council, County Commission, Planning Board, and the public to support informed transportation and land-use decision-making. Additionally, they recommend implementing the goals, policies, and strategies outlined in the Billings 2045 Comprehensive Plan and Lockwood Growth Policies and facilitate the implementation of the 2023 Long-Range Transportation Plan and related planning studies.

Ten Planning Factors Incorporated into the UPWP:

1. **Economic Vitality:** Support the metropolitan area's economic vitality by fostering global competitiveness, productivity, and efficiency.
2. **Safety:** Enhance the safety of transportation systems for both motorized and non-motorized users.
3. **Security:** Improve the security of transportation systems for all users.
4. **Accessibility and Mobility:** Increase accessibility and mobility for people and freight.
5. **Environmental Protection and Quality of Life:** Protect the environment, promote energy conservation, improve quality of life, and align transportation improvements with State and local growth, housing, and economic development plans.
6. **System Integration and Connectivity:** Improve the integration and connectivity of transportation systems across different modes for both people and freight.
7. **System Efficiency:** Promote efficient management and operation of transportation systems.
8. **Preservation:** Prioritize the preservation and maintenance of existing transportation systems.

9. **Resilience and Reliability:** Enhance the resilience and reliability of transportation systems while reducing or mitigating stormwater impacts from surface transportation.
10. **Travel and Tourism:** Support enhancements to travel and tourism through transportation initiatives.

Accomplishments – Fiscal Year 2026

Staff reviewed and analyzed the most current release of the 2020-2024 Census and American Community Survey (ACS) data. Current ACS data is updated and placed in various databases as it has become available. Data gathered and updated included annual information related to population estimates for cities and counties within the State of Montana. This annual information is used by the public and public agencies for planning purposes. The ACS is accessed for review and dissemination, and updated information released by the US Census Bureau in regard to commuting patterns. Other data gathered includes:

- Building Permits, Demolition Permits, Electrical Permits, Subdivision Applications, Zoning Applications, Special Reviews, Variances, temporary use permits, sign permits, zoning compliance permits and zoning clarification documents, annexation data, population trends, land use trends, school enrollment, employment data and general economic indicators.

The planning staff continues to review the most current ACS data and information from the 2020 Census data and estimates for population and demographic data. Census information is made available to various local agencies and organizations and to the general public. The data is used for developing reports, grant applications and planning documents such as Transportation and Land Use Plans and for projects like the Recreational Trails Program Grant and other grants as needed.

The City-County Planning Division, on behalf of the Billings MPO, is responsible for preparing a City of Billings Complete streets (excluding Yellowstone County) Progress Report. This direction was outlined in the City of Billings Complete streets (excluding Yellowstone County) Policy: “The City will periodically collect, review and report performance data and benchmark measurements to demonstrate the effectiveness of the policy.” This effort was completed with the first-ever City of Billings Complete Streets (excluding Yellowstone County) Benchmark Report prepared in 2013. This [Progress Report](#) (located on the Archived Transportation Resource Document webpage), includes comparison of various data sets related to motorized and non-motorized transportation.

Numerous other special purpose maps were prepared for meeting purposes including bicycle trail maps, annexation maps, estimated development density maps and tables for the Limits of

Annexation Map area, and other project influence areas. Natural resources, 2020 Census, and jurisdictional boundary information was updated or developed. Traffic count station locations were geo-positioned and linked with the City-County traffic count matrix. The City also upgraded its internal mapping system with an ArcGIS product that makes access to the most current property data and aerial photography better and easier for staff when researching existing conditions of transportation corridors and adjacent property. The new system provides a robust City GIS base map for use in application reviews, transportation planning efforts, and general customer inquiries. Ongoing review and implementation of sub-area neighborhood and transportation plans, and other planning documents were carried out by staff.

While not a part of PL funds, the City of Billings was awarded a Safe Streets for All (SS4A) grant from the US DOT. The Transportation Planner is dedicating a significant amount of time to managing this grant, including coordinating a public education campaign about Safe Routes to School and helping to provide management for the implementation of Safe Routes to School projects. The public outreach portion of the education campaign has wrapped up, and the consultants are now moving into campaign development which will include TV public service announcements, social media posts, and activities at a select number of pilot schools.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- The Planning Division will continue implementing a staffing and funding strategy that strengthens long-range and neighborhood planning capacity within the MPO. Building on the FY25 addition of an employee to the PL formula, the Division is reestablishing dedicated long-range planning expertise that was lost during the 2008 recession. This effort responds directly to community priorities and City Council goals by ensuring the capacity to complete neighborhood, subarea, and comprehensive long-range plans. To sustain this position, the Division will maintain a collaborative funding model, with 30 percent of costs supported through PL funds and 70 percent through local funding sources. This structure ensures both alignment with regional transportation planning objectives and responsiveness to local needs.

With the successful hiring of the Neighborhood Planner in 2025, the Division will continue to leverage this role to expand long-range planning efforts and integrate them more effectively with MPO activities. The position will support ongoing work by leading community engagement efforts, strengthening data collection and analysis practices, and contributing to the development and refinement of transportation plans. Through this

approach, the Planning Division will enhance its ability to deliver coordinated, forward-looking planning initiatives that reflect both local priorities and regional goals.

- The web-based GIS software is compatible with available datasets and utilizes the existing data sets more effectively. The GIS software will be utilized to develop a series of maps, including existing and proposed pedestrian trail routes and projects in the community, maps to implement the Long-Range Transportation Plan, updates to a preferred growth area map in conjunction with the City's Limits of Annexation Map, mapping of focus areas for implementation of the City's Infill Development Policy, and others. This ability of the GIS program allows for anticipating and planning for the transportation network in areas of annexation and infill. This will assist in the implementation of our LRTP and project planning for future plans and studies.
- The planning staff, under the direction of the Board of Planning, will continue to work on long-range planning projects according to the priorities established by both the City of Billings and Yellowstone County. In particular, the continuing implementation of the 2023 Long Range Transportation Plan Update, and to implement the 2017 Bikeway and Trails Master Plan.

Work related to Bicycle-Pedestrian activities in this work element will include:

- Work with staff to ensure a bike/pedestrian friendly community.
- Review of proposed subdivisions for non-motorized transportation connectivity.

Locally Funded Activities

- The Neighborhood Planner will be undertaking development of a variety of long-range land use plans in the upcoming years that will all include significant public involvement and engagement including as mentioned earlier.
- The Planner I's will continue to undertake the review of:
 - Zoning applications. The development and adoption of Project Re:Code now ties land uses and land patterns to the road and street network.
 - Site development plans to address clear vision and controlled and shared access points.
 - Site development plans address newly implemented build to zones which prevent traffic flow in front of buildings.
 - Site orientations that allow for internal traffic and other services, for example, drive through locations.
- Staff also will continue to work with the Big Sky Economic Development (BSED) to implement the Master Plan for the East Billings Urban Renewal District (EBURD), the Hospitality Corridor Planning Study, the Exposition Gateway Concept Plan and the South Billings Boulevard Urban Renewal District (SBBURD) Master Plan. The plans include

detailed analysis of the transportation and land use connections in the area and promote sustainable development projects.

- Staff plans to work with the City, County, BSED, and neighborhood groups to identify planning needs in various parts of the urbanized area.
- Continued maintenance and update of socio-economic and land use data for both transportation and comprehensive planning activities will continue in FFY27, with 2020 Decennial Census data and the 2020-2024 American Community Survey data.
- Various GIS databases and layers will continue to be developed and centrally maintained, including information on neighborhoods, community assets, route planning, trail systems and transportation plans.
- The new web-based system tracking and managing projects will include application information on zoning and subdivision applications.
- Neighborhood planning activities will be initiated to identify local issues and strategies to assist neighborhood groups and organizations with neighborhood sustainability, equity, and safety.

STAFFING

21.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

- Various reports, files, and projections of socio-economic data necessary for current transportation and comprehensive planning activities, as well as support of City/County economic development activities.
- An ongoing GIS database/mapping system for the City of Billings and Yellowstone County.
- Ongoing updates to the preferred growth areas mapping and analysis for the City, implementation of the City Infill Development Policy, SBURD Master Plan, the 2023 Long Range Transportation Plan Update, 2018 Public Participation Plan, Wayfinding Sign Plan, and the Heritage Trail Tour Map.

FUNDING SCHEDULE – COMMUNITY PLANNING

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$120,000.00	\$280,000.00	\$400,000.00
TOTAL	\$120,000.00	\$280,000.00	\$400,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	30	70	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$100,500.00	\$234,500.00	\$335,000.00
TOTAL	\$100,500.00	\$234,500.00	\$335,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

204 Zoning Administration

Objectives

The planning staff is responsible for overseeing, interpreting, and enforcing current City and County zoning regulations. They ensure effective administration of these regulations while providing efficient service to elected officials and the public. Additionally, staff maintain up-to-date zoning and land use information for all zoned properties within the jurisdiction of the Billings Metropolitan Planning Organization, supporting long-range transportation planning studies, traffic analysis, and transportation projects.

Accomplishments – Fiscal Year 2026

Staff continues to process a high volume of land use applications, including zone changes, special reviews, variances, and planned developments, reflecting ongoing growth and development pressures in the community. Reports and recommendations are prepared for each case and presented to the appropriate boards, commissions, and governing bodies. As part of ongoing process improvements, digital photos are incorporated into all zoning reports, and Microsoft PowerPoint presentations are used to clearly communicate project details and recommendations during public meetings.

In alignment with the Billings 2045 Comprehensive Plan, staff is refining how land use applications are evaluated and administered. Greater emphasis is being placed on consistency with the Future Land Use Map, ensuring that development proposals support the community's long-term vision for growth, land use patterns, and infrastructure coordination. This has resulted in more comprehensive analysis during application review and clearer connections between policy direction and regulatory decisions.

Staff also conducts special zoning studies and prepares ordinance updates as directed by governing bodies. Recent efforts include a series of zoning code amendments to ensure compliance with changes in State law and to address evolving community priorities identified through the comprehensive planning process. These updates, along with procedural refinements, are helping modernize the administration of land use regulations and improve overall efficiency and consistency.

Staff coordinated with the County GIS Department to ensure that all zone changes within the Billings MPO area were reflected on GIS online and printed maps to ensure land use information was current.

A significant amount of time was also spent assisting the public with general zoning questions. The status of all active zoning applications is now posted on the City/County Planning websites.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- Zoning, Special Review, and Variance applications will be reviewed for land use compatibility, traffic, access, and overall site design.
- Staff will continue to maintain its zoning maps and land use information so that it is applicable to long-range transportation planning efforts in the Billings MPO. This information is regularly applied to a variety of MPO functions, including corridor analysis efforts like those involved in the Billings Bypass project, specific road projects, TA program applications and non-motorized grant applications.
- Staff will continue implementing the Zoning Code. Staff continues to review and troubleshoot inconsistencies or inaccuracies in the code with the intent to make any needed amendments. As stated earlier, the Zoning Code places a higher emphasis on the transportation system, including road classification; safety and connectivity is vital to how the adjacent land uses for residential and commercial development are built. The road system emphasizes location and setting of any structures.
- Planner I's allow senior staff to take a more active role in long range planning. It is anticipated that Planner I's will undertake the review of:
 - Zoning applications. Project Re:Code now ties land uses and land patterns to the road and street network.
 - Site development plans to address clear vision and controlled and shared access points.
 - Site development plans to address newly implemented build-to zones which prevent traffic flow in front of buildings.
 - Site orientations that allow for internal traffic and other services, for example, drive through locations.

Locally Funded Activities

- Carrying out the day-to-day activities required to effectively administer the zoning regulations as well as ensure that land use information is current and available for all long-range transportation planning efforts, including Transportation Plan updates, specific road projects, corridor studies and the North Bypass project.
- Activity in 2027 will include ordinance updates as required by State law or requested by the public or governing bodies.
- All land use applications will be reviewed for compliance with local plans.
- Staff will continue the update to the Zoning Code based on fulfilling policy goals set by the local governing body including Growth Policy, Neighborhood Plans, and by increasing safe and accessible transportation planning options Streets and Infill Policies.

STAFFING

15.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

- Effective zoning regulations and administration for the City of Billings and Yellowstone County. Effective enforcement of the zoning regulations for Yellowstone County.
- Online submittal capability for certain zoning permits, i.e., sign and fence will increase efficiency and convenience for applicants.

FUNDING SCHEDULE – ZONING ADMINISTRATION**FUNDS PROGRAMMED - FISCAL YEAR 2026****FUNDING SOURCE**

AGENCY	PL	LOCAL	TOTAL
MPO	\$30,000.00	\$120,000.00	\$150,000.00
TOTAL	\$30,000.00	\$120,000.00	\$150,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	20	80	100

FUNDS PROGRAMMED - FISCAL YEAR 2027**FUNDING SOURCE**

AGENCY	PL	LOCAL	TOTAL
MPO	\$24,000.00	\$96,000.00	\$120,000.00
TOTAL	\$24,000.00	\$96,000.00	\$120,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

205 Subdivision Administration

Objectives

The planning staff is responsible for maintaining current City and County subdivision regulations and updating them as needed to align with changes in State law. They ensure effective administration of these regulations, providing efficient service to developers, engineers, surveyors, elected officials, and the community. Staff work to minimize negative impacts of development on the community, ensuring that subdivisions are designed to be safe and sustainable. When subdivision applications are submitted, they evaluate traffic accessibility studies, general circulation data, and ensure conformity with the Functional Classification Map and elements of the Long-Range Transportation Plan. Additionally, they collect, manage, and apply subdivision development information to support long-range transportation planning activities for the MPO, including updates to the transportation plan and maintenance of traffic modeling inputs.

Accomplishments – Fiscal Year 2026

The Board of Planning and the planning staff reviewed all preliminary major and minor plat applications. Numerous conceptual and pre-application meetings were coordinated and attended by staff. All final plan and subdivision plats were reviewed and processed. Also, a significant amount of time was spent assisting the public with general subdivision questions. Updates to the City and County Subdivision Regulations due to legislative changes were drafted and approved.

Staff collected and compiled information on the details of each new subdivision, such as the number of lots and land area slated for development. This information is integral to any transportation plan updates or long-range transportation planning efforts undertaken by the MPO in the community to determine population growth and location of residents and commercial services that affect the transportation system. This involved monthly subdivision activity reporting and periodic reviews of new development locations. This is also considered in relation to the TA program and when the MPO pursues grants for non-motorized transportation projects in the community.

The MPO continues to implement and enforce the County Subdivision Regulations that require property currently outside the city limits but within the County Zoning Jurisdiction that may be annexed in the future to develop at city standards for infrastructure such as sidewalk, storm water management and future utility access. This procedure has been positive to residential development in the city fringe areas and contributes to the development of safe and accessible transportation options.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- Staff will review all subdivisions for compliance with the 2023 Billings Area Long Range Transportation Plan, and for conformity with the Billings Area Bikeway and Trails Master Plan, Lockwood Transportation Plan, Blue Creek Transportation Plan, and other neighborhood and community transportation plans as applicable.
- Staff also will continue to collect information on the details of each new subdivision as an integral data source for long-range transportation planning efforts undertaken by the MPO. The MPO expects to use this data in 2027 for a variety of projects, including the implementation of the Long-Range Transportation Plan, the Bikeway and Trail Master Plan and continued analysis for the North Bypass.
- In the last couple of years with the addition of the new Planner I to the UPWP, the Division has additional assistance in reviewing subdivision applications for compliance with the various transportation and planning documents overseeing land use within the MPO and Planning jurisdictional area.

Locally Funded Activities

- All subdivision applications will be reviewed for compliance with local and state subdivision law.
- Staff will continue to carry out the day-to-day activities required to effectively administer the subdivision regulations, and to keep the regulations current.
- Continued implementation of the Suburban Subdivision Regulations within the County Zoning Jurisdiction area.

STAFFING

17 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

- An effective subdivision review process regarding local and state law, the Growth Policy, and the Billings Area Transportation Plan.
- Accurately identified and reviewed the street segments proposed in the new subdivision to ensure their alignment with the designated road functional classifications as outlined in the 2023 Transportation Plan Functional Classification Map. This involved a thorough

analysis to verify that each street segment meets the specific criteria and standards set forth in the plan, ensuring consistency with the broader transportation network and supporting the intended flow of traffic. The review process included cross-referencing proposed street layouts with the functional classification map, assessing potential impacts on traffic patterns, and confirming that the street segments will contribute to an efficient and well-coordinated transportation system within the subdivision and its connection to existing infrastructure.

FUNDING SCHEDULE – SUBDIVISION ADMINISTRATION

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$55,500.00	\$129,500.00	\$185,000.00
TOTAL	\$55,500.00	\$129,500.00	\$185,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	30	70	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$29,000.00	\$116,000.00	\$145,000.00
TOTAL	\$29,000.00	\$116,000.00	\$145,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	20	80	100

LONG RANGE TRANSPORTATION PLANNING

300 Transportation System Data

Objectives

The planning staff is responsible for developing and maintaining the current transportation system data files and records. They provide transportation planning information and data to City and County staff, elected officials, developers, engineering firms, and the general public to support informed decision-making and project development.

Accomplishments – Fiscal Year 2026

The traffic, trail and bike lane count programs for FY 2026 was completed. Travel times/delay/speed studies were completed, calculations computed, and level-of-service values determined. This data was used for various planning and engineering projects throughout the year. In addition, the public commonly requests this data for land use planning.

Staff participated in the update of the City of Billings Capital Improvement Plan (CIP). Crash information was compiled and analyzed. Crash data is also used in many of the planning studies undertaken by the MPO. The staff also continued to utilize the trail scanners that were purchased and found new and better ways to both use the scanners in more trail locations in the community and display the data for various applications. A couple of years ago, the MPO also took over collection and distribution of the data from the Lockwood sidewalk counters purchased through the Lockwood Pedestrian Safety District.

The MPO, working with City Public Works, officially moved the Traffic Technician into the Planning Division as an employee of the Planning Division. Realigning this position within the MPO ensures compliance with Federal regulations and demonstrates a commitment to addressing FHWA and MDT recommendations. Importantly, this change does not reduce or restrict the availability of the Traffic Technician to City Public Works for traffic studies and related needs. Rather, it formally establishes the position within Planning to strengthen MPO capacity and advance data-driven transportation planning.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

- The traffic count program for the Billings Urban Area as well as the Yellowstone County influence area will be conducted and the appropriate data recorded during FFY2027. All traffic count data will be submitted to the MDT by February 1, 2027.

- Staff will update, where appropriate, the City’s Capital Improvement Program.
- Staff will collect and maintain bike/pedestrian information through use of the trail-bike/pedestrian scanners. The information from the bike/pedestrian counts links directly to the development of the LRTP and the MPO’s non-motorized planning studies. These counts also contribute to other planning projects such as the City of Billings Complete Streets Progress Report. This activity is in conjunction with MPO region wide planning.
- The traffic count data archive will be maintained and accessible for other agencies and the public.
- Data will also be used during proposed FY27 Planning Studies as needed.
- The Bicycle-Pedestrian activities will continue. Duties will include but are not limited to:
 - Maintain Bike/pedestrian databases in conjunction with MPO region wide planning purposes.
 - Maintain database for easement acquisition.

Proposed Special Activities or Projects

Replacement and Upgrades to Traffic and Trail Counters

To support data-driven planning and performance measurements, the Billings Metropolitan Planning Organization (MPO) utilizes a network of traffic and trail counters to monitor bicycle and pedestrian activity across the region. As these devices age and technology evolve, many of the existing counters have become outdated, unreliable, or incompatible with newer data collection platforms. In response, the MPO proposes the replacement and necessary upgrades of its current counting equipment to ensure the continued accuracy, consistency, and usability of non-motorized traffic data.

Upgrading and replacing the counters will allow for better integration with current data platforms, improved remote access and maintenance, and more precise detection of different travel modes. This effort will also support year-round data collection with weather-resistant and automated systems that reduce manual labor and increase reliability.

Furthermore, high-quality count data is a critical asset in securing competitive state and federal funding. Many grant programs, including Transportation Alternatives, Safe Routes to School, and multimodal safety initiatives—require or strongly recommend supporting data that demonstrates community use and project justification.

Investing in modern, dependable traffic and trail counters will enhance the MPO’s ability to make informed decisions, track progress toward mobility and safety goals, and advance a

connected, efficient, and inclusive non-motorized transportation network for the Billings region.

The expenditure of these funds will occur throughout the federal fiscal year as needed.

Bicycle and Pedestrian Count and Analysis

The collection, monitoring, and analysis of bicycle and pedestrian counts throughout the MPO transportation network. The data provides valuable insight into active transportation travel patterns, helping to identify trends, evaluate the effectiveness of infrastructure investments, and support planning decisions. By tracking bicycle and pedestrian activity over time, the MPO can better assess mobility needs, prioritize improvements, and advance transportation projects that enhance safety, accessibility, and connectivity for all users.

For this project, the MPO will set \$5,000 towards Safe and Accessible Transportation Planning Options.

Task – Bicycle and Pedestrian County and Analysis	Timeframe
Collect Bicycle and Pedestrian Counts	Q3
County Analysis	Q4

STAFFING

20.0 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning/MDT

PRODUCT

- Documentation as necessary, support of transportation grant programs, transportation system modeling, updated Traffic Count Program, and research and integration of traffic information into planning projects and development review activities.
- Current traffic count data. Traffic counts are vital for any long-range planning efforts and during development of commercial and residential projects. Traffic counts also directly relate to the development of projects in the LRTP and ultimately for programming in the TIP.

- Current bike/pedestrian counts. MPO uses these counts for the development of the non-motorized network. This information is used for the development of the Bikeway and Trails Master Plan as well as for applications for various grants.
- To comply with Federal Guidelines for reporting Performance Measures under the BUILD Grant, the MPO will contract to develop the following performance measure components: Crash rates by type and severity, average daily traffic, and bike and pedestrian count/trips. This information is required at various time frames including a baseline, year 1, year 2, and final report in year 3.

FUNDING SCHEDULE – TRANSPORTATION SYSTEM DATA

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$350,000.00	\$0.00	\$325,000.00
TOTAL	\$350,000.00	\$0.00	\$325,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	100	0	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$220,000.00	\$0.00	\$220,000.00
TOTAL	\$220,000.00	\$0.00	\$220,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%. **This Includes - \$20,000 for Traffic/Trail Counters

301 Transportation Plan

Objectives

As part of its ongoing commitment to strategic, data-informed transportation planning, the Billings Metropolitan Planning Organization (MPO) will focus on implementing the goals and objectives outlined in the Billings Long Range Transportation Plan (LRTP). This implementation effort involves translating the vision of the LRTP into actionable strategies that guide policy development, project prioritization, and investment decisions across the urban transportation network. To effectively support this process, the MPO will also work to develop and maintain comprehensive, up-to-date datasets for the Billings urban area. These datasets are essential for monitoring key performance indicators, tracking system performance, and evaluating the continued validity and relevance of the LRTP over time. By collecting and analyzing data on travel behavior, traffic volumes, safety trends, system usage, and demographic shifts, the MPO can ensure that the transportation plan remains aligned with current conditions and future needs. This data-driven approach not only strengthens regional planning efforts but also enhances the MPO's ability to respond to emerging challenges, adapt to growth, and pursue targeted improvements that support a safe, efficient, and equitable transportation system for all users.

Accomplishments – Fiscal Year 2026

The Billings MPO completed the review and redesign of the project list in the 2023 LRTP, addressing the constructive recommendations provided by FHWA during the FHWA/MDT Process Review. Identified inaccuracies were corrected, and the project list was restructured to improve clarity and ease of review. PL funds were effectively utilized to support this effort. In addition, the MPO updated its urban planning boundary in accordance with the 2020 Census review of the urbanized area. These updates were incorporated into a formal modification of the 2023 LRTP, ensuring compliance and enhancing the accuracy and usability of the document.

Due to the complexity of redeveloping the project list, the MPO carried this project over into the FFY26 UPWP to allow sufficient time for completion and to meet FHWA requirements for fiscal constraint. No additional PL funding was used in FFY26. The project was originally budgeted at \$50,000 in FFY25; approximately \$45,000 was expended in FFY25, with the remaining \$5,000 expended in the first quarter of FFY26.

Proposed Activities - Fiscal Year 2027

Proposed Special Activities or Projects

2028 Long Range Transportation Plan (LRTP) Update

In FFY27, the Billings Metropolitan Planning Organization (MPO) will initiate the updated 2028 Long Range Transportation Plan (LRTP). This effort will focus on early-stage planning activities, including robust public outreach to identify transportation needs, concerns, and priorities across the planning area. The MPO will conduct initial engagement through a combination of public meetings, stakeholder coordination, and digital outreach tools. The MPO will program this project over a two-year cycle.

To enhance accessibility and participation, the MPO will deploy an interactive mapping platform that allows community members to identify specific locations of concern and provide geographically referenced feedback. In addition, a public input survey will be administered to gather input on transportation system performance, safety, mobility, and future investment priorities. The MPO anticipates that portions of these outreach efforts, including development of engagement tools and survey design, will be supported through some level of consultant services.

Concurrent with public outreach efforts, the MPO will begin technical updates to support the LRTP development process. This will include initiating updates to the regional travel demand model using TransCAD, incorporating the most recent demographic, land use, and network data. Consultant assistance may also be utilized to support model development, calibration, and analysis to ensure technical accuracy and efficiency.

These activities will establish a strong foundation for the continued development of the 2028 LRTP in subsequent program years, ensuring a data-driven and publicly informed planning process.

MPO staff has already begun the review of the 2023 LRTP and has developed an outline of steps to undertake in the development of the 2028 LRTP. For technical support for this first year, the MPO has allocated \$100,000. For this project, the MPO will set \$20,000 towards Safe and Accessible Transportation Planning Options.

Task – 2028 Long Range Transportation Plan (LRTP) Update	Timeframe
Contract for Travel Demand Model Update	Q1
Public Outreach	Q1–Q4
MPO Staff Internal Review of 2018 LRTP-Draft MPO staff tasks	Q1-2
MPO Staff LRTP Chapter Development	Q3-Q4

Public Participation Plan Update

Public Participation Plan Update – FFY27 UPWP Task

In FFY27, the Billings Metropolitan Planning Organization (MPO) will undertake an update to its Public Participation Plan (PPP) to ensure continued compliance with federal requirements and to reflect current best practices in public engagement. This effort will include a comprehensive review of existing participation strategies, outreach methods, and documentation procedures to identify opportunities for improvement and increased effectiveness.

The update will incorporate enhancements to public involvement techniques, with an emphasis on expanding accessibility, transparency, and meaningful engagement across diverse populations within the planning area. Particular attention will be given to integrating digital tools, refining notification procedures, and ensuring consistency with 23 CFR 450.316 and Title VI and Environmental Justice considerations.

This task will be completed in-house by MPO staff, utilizing existing resources and expertise. Conducting the update internally will allow the MPO to efficiently tailor the plan to local needs while maintaining flexibility throughout the process. The updated PPP will provide a strong framework to guide future outreach activities, including those associated with the 2028 LRTP update and other MPO planning efforts.

Task – Public Participation Plan (PPP) Update	Timeframe
MPO Staff finalize draft PPP for MDT/FHWA Review	Q1
MPO Review/Adoption of PPP	Q2–Q3

PL Eligible Activities

- MPO Staff to begin an update to the 2028 LRTP.
- Update to the Billings MPO Public Participation Plan.
- Projects will continue to be reviewed for future implementation in the City's CIP and the MPO's TIP.

STAFFING

12.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning/MDT

PRODUCT

- Initial start on the 2028 LRTP.
- An updated Public Participation Plan.
- Implementation of transportation projects identified in the Billings Area Bikeway and Trails Master Plan, the Transportation Improvements Program, Transportation Plan and the Capital Improvements Program.

FUNDING SCHEDULE – TRANSPORTATION PLAN

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE			
AGENCY	PL	LOCAL	TOTAL
MPO	\$155,000.00	\$0.00	\$190,000.00
TOTAL	\$155,000.00	\$0.00	\$190,000.00

DISBURSEMENT PERCENTAGE			
AGENCY	PL	LOCAL	TOTAL
MPO	100	0	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE			
AGENCY	PL	LOCAL	TOTAL
MPO	\$300,000.00	\$0.00	\$300,000.00
TOTAL	\$300,000.00	\$0.00	\$300,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%. **This Includes - \$100,000 for initiation of the 2028 LRTP (includes \$24,141 in Safe and Accessible Transportation Planning Options)

302 Planning Studies

Objectives

The planning staff develops and maintains up-to-date transportation system data files and records. They share this information with City and County staff, elected officials, developers, engineering firms, and the general public to facilitate informed decision-making and support project development.

Accomplishments – Fiscal Year 2026

The 21st Street Underpass Study was initiated to evaluate improvements to this area including safety, multi-modal, and roadway. This project will go through the review and adoption process and will likely be adopted at the July 2026 PCC meeting. It provides four options for decision makers on how to proceed with the 21st St. Underpass.

In addition, the Complete Streets Economic Analysis was completed and will go through the review and adoption process and will likely be adopted at the August 2026 PCC meeting. It looked at four case studies in Billings and considered the impact of Complete Streets elements on several different indicators including economic, safety, and quality of life. A Complete Streets Progress report is also being completed internally by staff without any PL funds.

The update to the Billings Heights Neighborhood Plan was continued and completed. The plan included a significant MPO-led transportation element, incorporating accident and volume data, as well as considerations for neighborhood mobility, safety, and equity within the transportation system.

Projects will continue to be reviewed for future implementation in the City's CIP and the MPO's TIP.

Feasibility and Planning Studies: Alkali Creek Trail Connection, Downtown to Billings Heights Trail Connection, and the Aronson Avenue to Annandale Road Trail Connection– Feasibility and Planning Study

The Billings Metropolitan Planning Organization (MPO) has identified several shared use path projects through coordination with the City of Billings' Capital Improvement Plan (CIP) and the 2016 Bikeways and Trail Master Plan. Many of these projects are currently conceptual in nature and require additional feasibility analysis, scope definition, and other planning-level work to position them for future funding opportunities. While grant opportunities are available on an annual basis, the limited application window makes it difficult to prepare competitive

submissions without prior groundwork. To address this, the MPO is advancing a coordinated package of feasibility and planning studies for key trail connections. These projects are consultant-led with MPO staff support and are currently in progress at the time of this document's creation, with completion anticipated by September 30, 2026.

This effort includes three priority projects: the Alkali Creek Trail Connection, the Downtown to Billings Heights Non-Motorized Connection, and the Aronson Avenue to Annandale Road Trail Connection. Each project is intended to improve safety, connectivity, and accessibility for non-motorized users while advancing the City's broader transportation and livability goals.

The Alkali Creek Trail Connection will link two existing segments of shared use path that are currently disconnected. The proposed route would generally run parallel to Airport Road, with portions likely located on private property. At present, the only connection between these segments is a sidewalk adjacent to fast-moving traffic, creating an uncomfortable and potentially unsafe experience for users. This project will begin with outreach to property owners to assess feasibility, followed by development of a planning-level design and cost estimate that accounts for terrain challenges near Alkali Creek while identifying a cost-effective alignment.

The Downtown to Billings Heights Non-Motorized Connection aims to establish a safer and more direct route linking downtown Billings to the Heights, including connections to the Jim Dutcher Trail, Coulson Park, and nearby campgrounds. Currently, the Jim Dutcher Trail serves as the only separated non-motorized route between these areas until the future Stagecoach Trail is constructed. Development of this connection will require coordination with local businesses and potentially the railroad; early discussions with key stakeholders, including Phillips 66, have been encouraging.

The Aronson Avenue to Annandale Road Trail Connection focuses on evaluating a new non-motorized route within the Billings Heights, as requested by the Billings City Council. This study will identify the most feasible and safe alignment for pedestrians and bicyclists, improving access to neighborhoods, parks, and schools. It will also support broader goals of enhancing system connectivity, promoting active transportation, and guiding future infrastructure investments in a rapidly growing area.

Across all three projects, the MPO is developing feasibility assessments, planning-level designs, and cost estimates to move these concepts toward implementation readiness. In addition, funding support from Billings TrailNet provides flexible resources that may be used for activities such as easement acquisition and advancing design beyond the planning level. Advancing these

projects to a more “shovel-ready” stage will improve their competitiveness for funding programs such as the Recreational Trails Program, Montana Trail Stewardship Grant, Transportation Alternatives, and other emerging grant opportunities.

Collectively, these projects represent a strategic investment in advancing priority trail connections, improving safety and accessibility for non-motorized users, and positioning the City of Billings to successfully compete for future funding opportunities.

Proposed Activities - Fiscal Year 2027

PL Eligible Activities

St. Francis Catholic School/Poly Drive Elementary Safe Routes to School and Medicine Crow Middle School – Additional Evaluation and Public Input Study

The Billings Metropolitan Planning Organization (MPO) consulted with the Billings City Council on developing transportation planning projects that would benefit the city in advancing desired capital transportation projects. Staff recommended additional evaluation and public input on certain Safe Routes to School (SRTS) projects identified in two SRTS Studies. The City Council approved this request and is recommending two areas of evaluation. The first is the St. Francis Catholic School and Poly Drive SRTS project and the second is the Medicine Crow Middle School. Consultant Kimley-Horn was selected to lead this project. The project involves two rounds of public engagement on each corridor as well as additional technical analysis. The study considers improvements to Colton Boulevard which could include enhanced crossings, bike facilities, and lighting. Near Medicine Crow Middle School, the study considers a possible crossing of Main Street as well as sidewalks and a possible trail connection connecting students to the school. While the majority of the work for this project is expected to be completed in FFY26, the MPO is carrying over \$10,000 of this project to be completed in FFY27. The MPO expects that all major public outreach will be completed in FFY26, and work in FFY27 will mainly include compilation of the report and taking the study through the adoption process.

The MPO allocated a budget of \$75,000 to the completion of this evaluation and public outreach, \$10,000 of which would be allocated towards Safe and Accessible Transportation Planning Options. The MPO expects most of the funds, about \$65,000, to be expended in FFY26 and is budgeting the remaining \$10,000 in FFY27.

STAFFING

14.0 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning/MDT

PRODUCT

- Tracking future transportation planning projects.

FUNDING SCHEDULE – PLANNING STUDIES**FUNDS PROGRAMMED - FISCAL YEAR 2026**

FUNDING SOURCE			
AGENCY	PL	LOCAL	TOTAL
MPO	\$283,800.00	\$189,200.00	\$473,000.00
TOTAL	\$283,800.00	\$189,200.00	\$473,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	60	40	100

FUNDS PROGRAMMED - FISCAL YEAR 2027**FUNDING SOURCE**

AGENCY	PL	LOCAL	TOTAL
MPO	\$78,000.00	\$52,000.00	\$130,000.00
TOTAL	\$78,000.00	\$52,000.00	\$130,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%. This includes \$10,000 for the completion of the Safe Routes to School Feasibility Study and \$10,000 this project is carried over from the FFY26 UPWP.

TRANSPORTATION IMPROVEMENT PROGRAM

500 Transportation Improvement Program

Objectives

To maintain a viable five-year program of transportation improvements for the Billings Urban Area.

ACCOMPLISHMENTS - FISCAL YEAR 2026

MPO staff completed a TIP Amendment for the FFY2024-2028. This amendment included the addition of projects including two Transportation Alternative Program projects and several MDT projects. This amendment was approved on May 19, 2026, by the Policy Coordinating Committee.

PROPOSED ACTIVITIES - FISCAL YEAR 2027

PL Eligible Activities

- The Transportation Improvement Program (TIP) will be evaluated and updated as needed. A certification statement will be included, as appropriate, to conform to the planning regulations. Based on the Transportation Plan, projects will be evaluated and ranked in accordance with the Priority Ranking Procedures, and in accordance with consistency/conformity procedures.

STAFFING

2.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

- A current transportation improvement program which reflects conformity with FHWA, the Clean Air Act, and local priorities.

FUNDING SCHEDULE - TRANSPORTATION IMPROVEMENT PROGRAM

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$25,000.00	\$0.00	\$25,000.00
TOTAL	\$25,000.00	\$0.00	\$25,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	100	0	100

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$20,000.00	\$0.00	\$20,000.00
TOTAL	\$20,000.00	\$0.00	\$20,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

SPECIAL PROJECTS

600 Environmental Considerations

Objectives

The Metropolitan Planning Organization (MPO) is responsible for maintaining up-to-date records of monitored air pollution levels and acquiring additional environmental data as needed within the Metropolitan Planning Area. Additionally, the MPO reviews proposed development projects and transportation system improvements to ensure they align with environmental considerations within its area of influence.

ACCOMPLISHMENTS - FISCAL YEAR 2026

The MPO was notified that in July of 2021 the Billings Urban Area was removed from the Air Quality's "Not Classified" list. The MPO is now designated as an Attainment Area and will move the update of the LRTP from 4-years to 5-years.

Air quality monitoring information was obtained from the County Air Pollution Control Board. Air quality mapping for the State Air Quality Bureau was revised. The Congestion Mitigation Air Quality (CMAQ) program was implemented. Staff continues to monitor carbon monoxide (CO) information in the Urbanized Area.

The Socio-Economic and Environmental (SEE) effects guidelines were used to review proposed developments and transportation system improvements.

PROPOSED ACTIVITIES - FISCAL YEAR 2027

PL Eligible Activities

- Continue to collaborate with MDT on the Carbon Reduction Plan.
- The planning staff will continue to utilize the SEE effects guidelines to evaluate all major development proposals in terms of transportation systems. This would include the CMAQ program.
- Work will continue to maintain the Billings air quality designation.

STAFFING

1.5 Staff Months – City/County Planning

FUNCTIONAL AGENCY RESPONSIBILITY

City/County Planning

PRODUCT

Current environmental data as well as a comprehensive planning and transportation planning process that will substantially address the socio-economic and environmental consequences associated with growth and development.

FUNDING SCHEDULE - ENVIRONMENTAL CONSIDERATIONS

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$25,000.00	\$0.00	\$25,000.00
TOTAL	\$25,000.00	\$0.00	\$25,000.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	100	0	100

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$20,000.00	\$0.00	\$20,000.00
TOTAL	\$20,000.00	\$0.00	\$20,000.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

OTHER ACTIVITIES

700 Un-Programmed Funds

Objectives

To provide for the accounting of available un-programmed funds in the current UPWP.

ACCOMPLISHMENTS - FISCAL YEAR 2026

N/A

PROPOSED ACTIVITIES - FISCAL YEAR 2027

PL Eligible Activities

- This work element will be utilized for accounting purposes only. No specific work activity will be charged to this work element.

STAFFING

N/A

FUNCTIONAL AGENCY RESPONSIBILITY

N/A

PRODUCT

N/A

FUNDING SCHEDULE - CONTINGENCY

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$42,524.00	\$134,300.00	\$176,824.00
TOTAL	\$42,524.00	\$134,300.00	\$176,824.00

DISBURSEMENT PERCENTAGE

AGENCY	PL	LOCAL	TOTAL
MPO	100	0	100

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	PL	LOCAL	TOTAL
MPO	\$47,871.00	\$420,569.00	\$468,440.00
TOTAL	\$47,871.00	\$420,569.00	\$468,440.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

SECTION 2 – FUNDING

TABLE I
FUNDING SUMMARY
FEDERAL FISCAL YEAR 2027

Work Element	PL	Local	Est. Cost
100	\$138,500.00	\$138,500.00	\$277,000.00
101	\$20,000.00	\$30,000.00	\$50,000.00
102	\$36,000.00	\$54,000.00	\$90,000.00
200	\$100,500.00	\$234,500.00	\$335,000.00
204	\$24,000.00	\$96,000.00	\$120,000.00
205	\$29,000.00	\$116,000.00	\$145,000.00
300	\$220,000.00	\$0.00	\$220,000.00
301	\$305,000.00	\$0.00	\$305,000.00
302	\$75,000.00	\$50,000.00	\$125,000.00
500	\$20,000.00	\$0.00	\$20,000.00
600	\$20,000.00	\$0.00	\$20,000.00
700	\$47,870.00	\$420,569.00	\$468,439.00
Totals	\$1,035,870.00	\$1,139,569.00	\$2,175,439.00

*The matching ratio is Federal PL--86.58% and State match-13.42%.

TABLE II
FUNDING COMPARISONS

WORK ELEMENT	FY 2027 ESTIMATED COST	FY 2026 ESTIMATED COST
100 Administration	\$277,000.00	\$400,000.00
101 Service	\$50,000.00	\$68,000.00
102 Citizen Involvement	\$90,000.00	\$90,000.00
200 Community Planning	\$335,000.00	\$400,000.00
204 Zoning	\$120,000.00	\$150,000.00
205 Subdivision	\$145,000.00	\$185,000.00
300 Transportation System	\$220,000.00	\$325,000.00
301 Transportation Plan	\$305,000.00	\$190,000.00
302 Planning Studies	\$125,000.00	\$473,000.00
500 T.I.P.	\$20,000.00	\$25,000.00
600 Environmental	\$20,000.00	\$25,000.00
700 Un-Programmed Funds	\$468,439.00	\$176,824.00
TOTAL	\$2,175,439.00	\$2,507,824.00

TABLE III
PL 5-YEAR PL ALLOCATION PROJECTIONS

		2027	2028	2029	2030	2031
Allocation		\$965,648	\$975,304	\$985,058	\$994,908	\$1,004,857
Carryover, Adjustments		\$180,221	\$47,870	\$28,875	\$14,723	\$9,299
Minus State Allocation		(\$109,999)	(\$111,099)	(\$112,210)	(\$113,332)	(\$114,465)
Total for annual UPWP		\$1,035,870	\$912,075	\$901,723	\$896,299	\$899,691
100. Program Administration and Coordination						
	100 Administration	\$138,500	\$100,000	\$100,000	\$100,000	\$100,000
	101 Service	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
	102 Citizens Involvement	\$36,000	\$30,000	\$30,000	\$30,000	\$30,000
200. Public/Stakeholder Participation & Education						
	200 Community Planning	\$100,500	\$60,000	\$60,000	\$60,000	\$60,000
	204 Zoning	\$24,000	\$22,000	\$22,000	\$22,000	\$22,000
	205 Subdivision	\$29,000	\$25,000	\$25,000	\$25,000	\$25,000
300. Transportation System Data and Plans						
	300 Transportation System	\$220,000	\$233,200	\$240,000	\$240,000	\$240,000
	301 Transportation Plan	\$305,000	\$275,000	\$200,000	\$200,000	\$200,000
	302 Planning Studies	\$75,000.00	\$78,000.00	\$150,000	\$150,000	\$150,000
500. Metropolitan Transportation Plan						
	500 TIP	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
600. Environmental Considerations						
	600 Environmental	\$20,000.00	\$20,000	\$20,000	\$20,000	\$20,000
Balance						
		\$988,000	\$883,200	\$887,000	\$887,000	\$887,000
Amounts shown in total dollars						
	Carryover	\$47,870	\$28,875	\$14,723	\$9,299	\$12,691

TABLE IV
FUNDING PERCENTAGES FEDERAL FISCAL YEAR 2027

WORK ELEMENT	RECIPIENT	PL	LOCAL	TOTAL
100 Administration	MPO	50	50	100
101 Service	MPO	40	60	100
102 Citizen Involvement	MPO	40	60	100
200 Community Planning	MPO	30	70	100
204 Zoning	MPO	20	80	100
205 Subdivision	MPO	20	80	100
300 Transportation System	MPO	100	0	100
301 Transportation Plan	MPO	100	0	100
302 Planning Studies	MPO	60	40	100
500 T.I.P.	MPO	100	0	100
600 Environmental	MPO	100	0	100
700 Un-Programmed Funds	MPO	100	0	100

TABLE V
STAFF MONTHS BY WORK ELEMENT FISCAL YEAR 2027

Work Element	Director-Friday	MPO Coord.-Mattox-Planner II	Planner I-Vacant	Planning Manager-Vickers	Planner II (Trans)-Monat	Clerk-Berns	Planner II-Green	Planner I-Vacant	Planner I-Kelly	Zoning Coord.Planner II-Husman	Planner I (Multi-Modal)-Hayes	Planner II (LRP)-Johnson	Traffic Technician-Bargsten	Total M.M.
100	7	1.5	0.5	6	0.5	2	0.5	0.5	0.5	0	0.5	0.5	0	20
101	0.5	0	2	0	0	1.5	0.5	2	1	1	0	0.5	0	7
102	0.5	0	2	0.5	0.5	1.5	1	2	0.5	0	0.5	2	0	9.5
200	1.5	0	2	2	1	2	1	2	2	2	1	5	0	21.5
204	0	0	2	0.5	0	1	0.5	2	3	6	0	0.5	0	15.5
205	0	0	1.5	0.5	0	1	6.5	1.5	3	1	0	0.5	0	17
300	0	3	0	0.5	2	0.5	0	0	0	0	3	0	11	20
301	0.5	3	1	0.5	3	0.5	1	1	1	1	3	2	0	12.5
302	0.5	1.5	0	0.5	3	0.5	0	0	0	0	3	0	0	14
500	0.5	1	0	0	0.5	0.5	0	0	0	0	0	0	0	2.5
600	0	1	0	0	0.5	0	0	0	0	0	0	0	0	1.5
Total	11	11	11	11	11	11	11	11	11	11	11	11	11	143

TABLE VI
ELIGIBLE SAFE AND ACCESSIBLE TRANSPORTATION OPTIONS
PLANNING ACTIVITY BY WORK ELEMENT FISCAL YEAR 2025

WORK ELEMENT	FY 2027 ELIGIBLE SAFE AND ACCESSIBLE TRANSPORTATION OPTIONS PLANNING ACTIVITY ESTIMATE COST
300 Transportation System Data	\$ 5,000.00
301 Transportation Plan	\$ 20,000.00
302 Planning Studies	\$ -
TOTAL	\$ 20,000.00
The 2.5% PL Funding set-aside for Alternative Modes Planning activities have an FFY 2022 match ratio of 86.58% Federal Share/13.42% State Share and are eligible for 100% Federal Share in FFY2027	

SECTION 3 – INDIRECT COST PLAN

Introduction

The Office of Management and Budget Circular 2 CFR Part 200 is used as governing criteria for establishing the allowed costs.

Identification of Costs

The costs are delineated below by type:

DIRECT	INDIRECT	BENEFITS
Salaries & Wages	Maintenance	FICA
Legal Notices	Reproduction	PERS
Travel	Supplies	Worker's Compensation
Printing	Postage	Accident Insurance
Training	Subscriptions	Health Insurance
Consultants	Telephone	Sick Leave
Equipment	Utilities	Vacation
Mileage	Rent	Holidays
Moving/Interview	Audit	Maternity
	Messenger	Military
		Life Insurance
		Dental Insurance

Allocation of Costs

Direct costs will be charged to the work program line item to which they apply.

An indirect cost rate of **11%** of the City and County's direct salaries and wages is proposed. The **11%** rate will be applied to the direct wages and salaries of each line item within the work program to cover all indirect expenses.

Benefits will be calculated at a rate of **75%** of the City and County's direct salaries and wages charged to each line item.

Funding Sources

The degree of participation by each funding agency is based on the prorations which have been determined for each line item. Each agency will be billed their share of the total charges made against each line item according to the approved prorations.

Funding sources and amounts contained in the UPWP are as follows:

Planning Dept. Fees (City of Billings)	\$274,000
Planning Dept. Fees (Yellowstone Co.)	\$170,000
Yellowstone County (Mill)	\$695,569
PL *	\$1,035,871
TOTAL	\$2,175,440

*The matching ratio is Federal PL--86.58% and State match-13.42%.

Summary

The indirect cost rate is a predetermined fixed rate which is not subject to adjustment. The base period used in determining the rate is the period from July 1, 2026, through June 30, 2027. The calculated rate is applicable to the grant period, which is October 1, 2026, through September 30, 2027.

CHAPTER 3 – TRANSIT

SECTION 1 – UNIFIED PLANNING WORK PROGRAM ELEMENTS

44.21.00 PROGRAM SUPPORT ADMINISTRATION

OBJECTIVE

The program aims to deliver comprehensive support through general administration and effective grant management, while also offering training to enhance transit planning activities and maintain compliance.

ACCOMPLISHMENTS - FISCAL YEAR 2026

Staff remained informed of Federal and State requirements concerning all federal funding sources including, but not limited to, Sections 5303, 5307, 5310, and 5339. Transit Planner programmed, managed, revised, and closed grants from state and federal sources, while also submitting quarterly progress and expenditure reports to MDT to maintain federal and state funding support.

Staff attended training opportunities to enhance knowledge and skills, including the Spring Montana Transit Association conference focused on operations and compliance, Community Transportation Association of America Legislative Fly-In, and on-site training include CivicPlus website, ADA paratransit eligibility, and CDL third-party testing site training.

Staff maintained and updated the Transit Asset Management (TAM) Plan, City of Billings' Capital Improvement Plan (CIP), Equipment Replacement Plan (ERP) and Technology Replacement Plan (TRP) with upcoming and in- process capital projects, as well as fleet and facility metrics to ensure accurate capital and asset planning.

Updated the Public Transit Agency Safety Plan for MET Transit for the required annual review; this included additional training program development for operator and dispatch staff including focuses on transit employee assaults and de-escalation training.

Staff managed FTA Section 5303 grant activities and prepared the transit aspect of Unified Planning Work Program, along with completing quarterly narrative and drawdown reimbursement requests.

Staff continued to coordinate transportation services among 5310 transit providers, social service agencies, and the public to provide an overall strategy to enhance transportation access,

minimize duplication of services and facilitate the most appropriate cost-effective transportation possible within available resources. This also included outreach and engagement to improve and advance the coordination plan, as well as to improve community relations.

Completed Transit specific data for a TIP/STIP update for Amendments 2 and 3 of the five-year document, including programming for selected capital programs and attended all governing body approval meetings to ensure compliance.

Staff continued implementation of expanded marketing programs, including outreach to various community groups, education institutions, and public events.

Updated and began complete redesign of agency website to increase ease of use, as well as gain compliance with WCAG 2.1 ADA requirements. Continued to develop and implement an improved social media presence for public engagement, including campaigns about the AVL system, designated bus stops, hiring events, and route updates.

Staff reviewed ridership data in analysis of system functioning and passenger miles travelled metrics, assessed ridership trends, evaluated ADA lift use at bus stops, bike rack utilization, and prepared other information on system functioning, as requested.

Staff prepared National Transit Database reports for monthly submission of ridership, safety, and operational data, as well as annual reporting requirements.

Members of the transit division updated projections of future revenues and expenses and directed annual budget and financial resources analysis, including multi-year forecasts in response to changes to mill levy structure and funding sources and prepared FY27 Transit Division Operating and Capital Budget.

Transit members attended and participated in a diverse range of transit-related and general community meetings including the Billings Technical Advisory Committee (TAC), the Policy Coordinating Committee (PCC), City of Billings Transportation Team meetings, City of Billings Annexation Committees, Commuter Challenge, Aviation and Transit Board, MT 3 Billings Corridor Study, Age Friendly Billings, and Safe Routes to Schools in an effort to solicit partner and public feedback on current system usage, demands, successes, and shortfalls. As lead agency on the Coordinated Human Services Transportation Plan Committee, staff also provided guidance and updates to the plan.

Successfully completed Federal Transit Administration Triennial Compliance Review with only two deficiency findings; in preparation for review, staff completed extensive policy and procedural updates.

PROPOSED ACTIVITIES - FISCAL YEAR 2027

All administrative functions necessary in support of transit planning and development will be performed under this work element. Activities will include:

- Complete development of a five-year Transit Development Plan including both short term and long-term transit goals and in-depth fixed-route system analysis in pursuit of additional service hours, additional routes to address growth projections, and more efficient and effective use of existing and new resources.
- Organizational structure analysis in support of Transit Development Plan.
- Develop and compile information on operating and capital projects for which MET Transit plans to utilize grant assistance, thus requiring inclusion in the TIP and STIP; included in this assessment is evaluating ongoing and future capital and operating requirements based upon projected demand and growth and continuing to assess financial and infrastructure requirements.
- Update the Division's TAM, CIP, ERP, TRP, and other plans as required.
- Quarterly progress and expenditure reports will be prepared and transmitted to the Montana Department of Transportation, Urban Planning Division to maintain funding requirements.
- The FY2027 UPWP will be monitored and revised as necessary, and transit activities for the FY2028 UPWP will also be developed within this element.
- Publish RFQ for architectural and engineering services for new five-year span.
- Staff will execute grant administrative functions including required monthly and annual reporting to the National Transit Database; staff will continue research and development regarding the utilization of FTA funding, including furthering innovative funding practices and partnerships.
- Procurement and implementation of further technology enhancements, including updated automatic passenger counters that will require certification, to gather fixed-route fleet data, improve efficiency, and further customer conveniences.
- Update Benchmarking Plan and maintain certification of automatic passenger counters when new equipment is received.
- Staff will continue to evaluate each bus stop for ADA compliance and suggest improvements based on priority of needs and funding availability, including programming awarded funds from FY25 Section 5310 for bus stop improvements.
- Maintenance of coordination agreements with 5310 providers and, as lead agency, complete updates to the Billings Area Human Services Transportation Coordination Plan.
- Participate with the TAC, Safe Routes to School, MPO Quarterly meetings, citizen advisory boards and other committees throughout the community, as needed.

- Staff will continue to update and implement the required Public Transit Agency Safety Plan, including annual updates to the PTASP and Safety Management System Reports, as well as further research and development of best practices.
- Continue research on feasibility of, and make recommendations for additional technology conveniences for passengers, including amenities at transfer centers and bus stops.
- Facilitation of public meetings to support system improvements, as well as specialized services for seniors and disabled.
- Using information collected from the Governance and Sustainability Study, perform additional analysis of fare structure, including comparisons to similar systems and populations to ensure equitable and sustainable fare generation.
- Analyze, develop, and recommend opportunities for MPO and Transit collaboration on projects eligible for multiple funding sources, including flex funding, to support integration of transit and overall surface transportation structure.
- Enhance development and implementation of education and outreach strategies to guide market research, promote public awareness, and engagement to increase ridership.

STAFFING

541.00 Asst. Transit Director Staff Hours

1079.00 Transit Planner Staff Hours

204.00 Transit Operations Coordinator

239.94 Marketing and Outreach Coordinator Staff Hours

2063.94 Total Staff Hours

FUNCTIONAL AGENCY RESPONSIBILITY

City of Billings Transit Division – MET Transit

PRODUCT

- Transit Development Plan compiled by staff with data from public survey and outreach to guide future transit planning.
- Administrative oversight and execution of transit planning and development functions, including federally required plans.
- Enhancement of transit division skills and knowledge.
- Proper maintenance and administration of grant related activities.

FUNDING SCHEDULE - ADMINISTRATION

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE

AGENCY	LOCAL	FTA	TOTAL
MET	\$10,973	\$43,893	\$54,866
TOTAL	\$10,973	\$43,893	\$54,866

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	LOCAL	FTA	TOTAL
MET	\$44,269	\$177,075	\$221,344
TOTAL	\$44,269	\$177,075	\$221,344

44.24.00 SHORT RANGE TRANSPORTATION PLANNING

OBJECTIVE

To improve service, ridership, and effectiveness of the existing transit system, while ensuring citizens will have acceptable and improved public transportation alternatives in the future.

ACCOMPLISHMENTS - FISCAL YEAR 2026

Staff arranged for and ensured execution of on-going data gathering and analysis efforts to monitor current system effectiveness and efficiency. This assisted in identification of operating and capital needs required to ensure a reliable and effective system into the future.

Staff updated several fixed routes and bus stops in response to needed and requested changes.

Together with SRF Consulting, Inc., staff completed and received approval from governing bodies for the Transit Financial Sustainability and Governance Study.

Staff provided information and comments related to transit at meetings geared toward development, annexation, and traffic projects. Staff also received and responded to system inquiries, concerns, complaints, and suggestions.

PROPOSED ACTIVITIES - FISCAL YEAR 2027

Functions necessary in support of future transit planning and development will be performed under this work element, including continuation of activities undertaken in FY2026. These activities necessitate the ongoing cloud-based software costs and run-cutting module, for route development and planning, the cost of which is included in this element.

Activities are as follows:

- Continue investigating the feasibility of expanding service beyond existing city limits and engage county stakeholders in discussion regarding potential for service to outlying areas.
- Assess the feasibility of adding additional transfer locations, specifically in growing areas of the City, including the Heights and near the West End Reservoir locations.
- Assess feasibility of a rapid transit line to directly connect Heights, Downtown, and West End to decrease passenger travel time.
- Continue to analyze and evaluate current City and other area government practices for right of way requirements regarding future bus stop locations.

- Continue to develop and implement criteria for bus stop amenities and other required items and make changes to stop amenities as needed; make recommendations on funding priorities to support bus stops with high usage and infrastructure needs.
- Perform a community-wide survey regarding transit use, support, and feedback, as part of the Transit Development Plan, including public engagement and meetings.

FUNCTIONAL AGENCY RESPONSIBILITY

City of Billings Transit Division – MET Transit

PRODUCT

- Annual subscription to planning and scheduling software.
- Direct costs associated with Transit Development Plan outreach and public engagement, including survey software subscription and public meeting materials.

FUNDING SCHEDULE – SHORT RANGE TRANSPORTATION PLANNING

FUNDS PROGRAMMED - FISCAL YEAR 2026

FUNDING SOURCE			
AGENCY	LOCAL	FTA	TOTAL
MET	\$31,282	\$125,127	\$156,409
TOTAL	\$31,282	\$125,127	\$156,409

**The 2026 amounts figure above includes \$45,000 for planning software and \$111,409 budgeted for staff hours.

FUNDS PROGRAMMED - FISCAL YEAR 2027

FUNDING SOURCE

AGENCY	LOCAL	FTA	TOTAL
MET (DIRECT COSTS FOR TDP)	\$360	\$1,440	\$1,800
MET (PLANNING SOFTWARE)	\$9,640	\$38,560	\$48,200
TOTAL	\$10,000	\$40,000	\$50,000

*All staff hours are now included in Program Support Administration.

SECTION 2 – FUNDING SUMMARY

FEDERAL FISCAL YEAR 2027

WORK ELEMENT	FUNDING SOURCES FY 2027			STAFF HOURS
	LOCAL	FTA	EST.COST	
44.21.00 Program Support Administration				
Staff Hours	\$44,269	\$177,075	\$221,344	2,063.94
44.24.00 Short Range Transportation Planning				
Direct Costs for TDP	\$360	\$1,440	\$1,800	
Planning Software	\$9,640	\$38,560	\$48,200	
TOTAL	\$54,269	\$217,075	\$271,344	2,063.94

ALLOCATION OF COSTS

Expenditures identified include direct costs, benefits at the rate of 75% of direct salary or wages, and indirect costs at the rate of 11% of direct salary or wages.

Federal Transit Administration Section 5303 funding is available at an 80% reimbursement rate, meaning the local to FTA funding ratio for all categories is 20% local, 80% federal.

Date: 07/21/2026
Title: MET Financial Sustainability and Governance Study
Presented by: Rusty Logan, Transit Manager, MET
Department: Transit
Presentation: No

Information

RECOMMENDATION

Staff recommends the Policy Coordinating Committee approve the Billings MET Transit Financial Sustainability and Governance Study based on the recommendations of the City-County Planning Board, the Yellowstone County Board of Commissioners, and the Billings City Council.

BACKGROUND (Consistency with Adopted Plans and Policies, if applicable)

Billings MET Transit undertook the Financial Sustainability and Governance study to examine whether its current governance structure and funding approach are sufficient to sustain transit service into the future, as well as support growth of the system. In recent years, MET Transit improved service, including a network redesign that increased frequency and reliability, which resulted in significant ridership growth across the City. At the same time, the City of Billings and the surrounding area continued to grow with the potential for the Billings Urbanized Area to absorb the Laurel Urban Cluster in the upcoming census. Because of these factors, along with growing interest in additional service both within and outside of Billings, the study was commissioned to provide insight into future potential actions to sustain and grow transit service. The study explores alternative governance models, recommends potential funding sources including a transit fare analysis, and briefly explores return on investment factors for transit service. The City of Billings City Council, Yellowstone County Commissioners, and Planning Board all received presentations of the Billings MET Transit Financial Sustainability and Governance Study and forwarded recommendations to PCC.

Billings MET Transit operates as the designated direct recipient of Federal Transit Administration (FTA) transit funds within the Billings Urbanized Area (UZA), a small urban designation applicable to urbanized centers with populations between 50,000 and 200,000. As the designated recipient, MET administers and utilizes federal funding under a wide range of FTA regulatory requirements, with several sources of funding directly tied to the UZA boundary and the population and land uses within; this boundary is updated with each Federal Census. The boundary is currently separated from the Laurel Urban Cluster by less than two (2) miles; however, development along the I-90 interstate corridor has the potential to merge the Billings UZA and the Laurel Cluster within the next census cycle. The absorption of the Laurel Cluster by the Billings UZA would introduce an additional jurisdiction into the urban transit framework as Laurel currently operates public transit service, which has direct implications for funding, service delivery, and governance.

Regarding funding, MET Transit receives local funding from a number of sources but primarily through a dedicated property tax mill that has been in place since 1978. Recent state level legislation significantly impacted mill revenues across the entire City, leading to stagnating revenue supporting transit. Stable local funding is essential to continue to provide required local match to federal dollars received and to support both transit operations and capital. Facing decreased revenue and recent cost escalations, including labor costs, general inflation, and fuel price increases, MET's most recently approved budget requires significant reserve fund use to cover expenditures for the upcoming year. If no action is taken, reserve accounts are projected to decrease to insufficient levels within 5 to 7 years. Without additional funding opportunities, MET Transit will not only be prevented from expanding service, but may also face reductions to existing service.

In response to these challenges, MET Transit commissioned a study to explore alternative governance models appropriate for a multi-jurisdictional urbanized area and identify potential funding opportunities to support long-term transit sustainability.

STAKEHOLDERS

The MET Transit Financial Sustainability and Governance Study included a study review committee that included members of the Aviation and Transit Department of the City of Billings, the Metropolitan Planning Organization (MPO - City of Billings), Billings City Council, the Lockwood Steering Committee, the City of Laurel, Yellowstone County, Allies in Aging, and School District 2. The study also included outreach to the area community regarding desire for transit service relative to current service areas.

ALTERNATIVES

PCC may:

- Approve the study based on recommendations from the City-County Planning Board, the Board of County Commissioners, and the Billings City Council; or,
- Not Approve, in which case the study would not be accepted as an official planning study to support future actions.

FISCAL EFFECTS

The study explores potential governance and funding scenarios supporting transit service; no direct fiscal effects will result from approval of the study.

Attachments

MET Financial and Governance Study



FINAL REPORT

TRANSIT FINANCIAL SUSTAINABILITY AND GOVERNANCE STUDY



CITY OF BILLINGS, MONTANA



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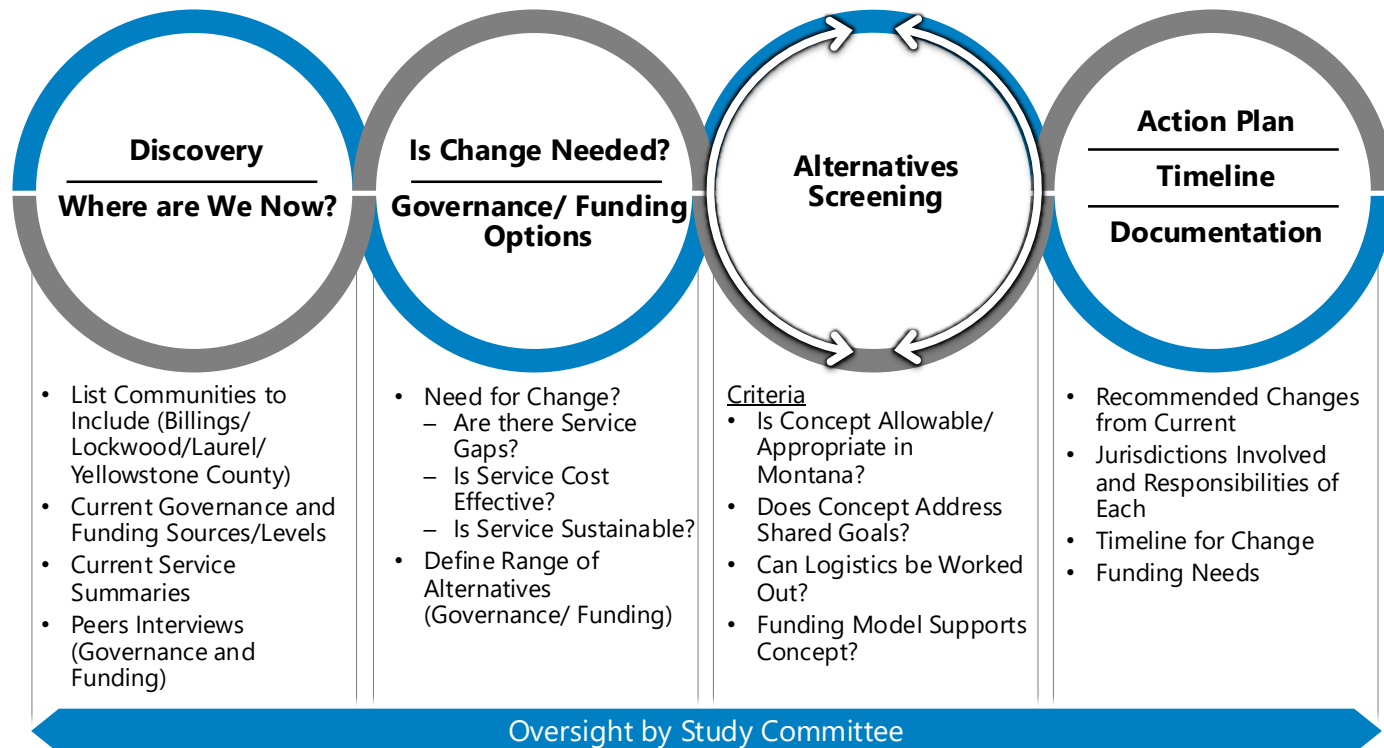
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EXECUTIVE SUMMARY

Billings Metropolitan Transit (MET Transit) undertook this study to examine whether its current governance structure and funding approach are sufficient to sustain transit service over time and support future growth. MET Transit has recently improved service through implementation of the 2022 Transit Development Plan, including a network redesign that increased frequency and reliability. At the same time, the City of Billings and the surrounding area continue to grow, creating interest in additional service within Billings and potential connections to nearby communities of Lockwood and Laurel. The study was initiated to better understand whether MET Transit's existing structure can support these evolving needs and what alternative approaches may be available.

The study also responds to growing financial pressure facing the current municipal model. Recent change to Montana property tax law is expected to constrain future revenue growth, while MET Transit's operating costs are projected to rise faster than available funding. In that context, this study evaluates MET Transit's current governance and funding framework, reviews relevant state law and peer practices, and assesses alternative governance and funding approaches that could improve long-term financial sustainability and better position the transit system to meet community needs.

The following figure shows how the study moved from defining MET Transit's current challenges and opportunities to evaluating options and outlining a practical path forward.



The table below summarizes the recommendations that emerged from this study and organizes them into a practical sequence of short-, middle-, and longer-term actions. Taken together, the recommendations reflect a path that begins with strengthening MET Transit within its current structure, advancing near-term funding opportunities, and laying the groundwork for larger governance and funding decisions as expanded service and long-term financial sustainability remain priorities for the Billings region. This includes potential consideration of a multi-jurisdictional Urban Transportation District (UTD), which is a separate transit governance structure authorized under Montana law that can span multiple jurisdictions and has the option to provide dedicated taxing authority to fund and oversee transit service.

Focus Area	Recommendation	Implementation Timing
Governance	Operate MET as Stand-Alone City Department	Short-Term
	Partner with Laurel to Provide Service	Short to Middle-Term
	Assess Needs/Opportunities/Support for Lockwood Service	Short to Middle-Term
	Develop Multi-Jurisdictional UTD	
	– Establish UTD through Yellowstone County	Middle-Term
	– Develop Governance Parameters	Middle-Term
Funding	– Develop Funding/ Program	Middle-Term
	– Implement UTD	Middle-Term
	Assess Potential to Access CMAQ Funding	Short-Term
	Pursue Use of Other Identified Funding Sources	Short to Middle-Term
	Monitor/Reassess Funding Capacity Relative to Expenses	Short to Middle-Term
	Develop Updated Funding Needs and Tax Levy Amount	Middle to Longer-Term
	Monitor Longer Term Use of CMAQ for Transit	Middle to Longer-Term

Note: Short-Term = 0 to 2 years, Middle-Term = 2 to 5 years, Longer-Term = 5+ years

Overall, this study finds that the future of transit in Billings will be shaped by a series of related decisions about funding, governance, service priorities, and regional coordination. In addition to evaluating governance and funding alternatives, the study also examines MET Transit’s fare structure, and the role fares play in the agency’s financial picture, as well as the broader return on investment that transit provides to the community through access, mobility, and economic value. The remainder of this report presents the analysis, peer review, and stakeholder input that informed these findings and provides the context for the recommendations and implementation considerations that follow.

PART I: INTRODUCTION

Billings Metropolitan Transit (MET Transit) is the public transportation provider for the City of Billings, offering fixed-route bus service and complementary paratransit service that helps residents access jobs, schools, healthcare, and other essential destinations. As Billings continues to grow and travel needs evolve, MET Transit's ability to sustain and improve service depends on having access to funding streams that are clear, stable, and aligned with community priorities. As a division of the city, MET Transit draws from the range of funding options available and used by the city. Currently, the primary local sources of funding are:

- Property tax revenue
- Fares
- State entitlement payments – Portion of the amount redistributed to Billings by the State of Montana
- State TransADE – Assistance to local agencies for service for persons with disabilities and seniors
- Other local tax allocations
- Advertising

Historically, funding has supported MET Transit's ability to operate and implement enhancements such as the recent 30-minute service overhaul (relative to 60-minute service prior), updates to the fleet to reduce maintenance costs, and updates to maintenance/storage/administrative facilities. While current funding streams have supported enhancements within the city, as the region continues to develop and urbanize, consideration of more service outside the city limits has the potential to add demand to many of the funding streams available. Thus, identification of the opportunity and level of alternative funding streams will be critical to being able to provide the range of transit services needed in the region.

State Property Tax Legislation Changes

State tax reform legislation passed in 2025 included changes to the method of establishing the taxable valuation for primary, secondary, and rental properties and instituted a cap on the year-to-year revenue increase allowed to be collected through property taxes. For the first year of the new policies, jurisdictions were able to adjust their mill levy to levels that would retain the pre-legislation property tax revenue, but going forward the cap of half the rate of inflation or a maximum of two percent is in place. Valuations in the last 10 plus years have outpaced the cumulative inflation rate, which allows the mill levy to stay the same or even decline. If the situation changes and valuations do not continue to escalate, this is a complicating factor to revenue generation that is unique to Billings and one other Montana community. If a mill levy increase is needed to offset stagnating valuations, in Billings the increase may require a referendum, while in most Montana communities the elected body of the jurisdiction can increase the levy to maintain property tax revenue levels.

With the cumulative impacts of the range of property tax changes, the City is expecting revenues to be flat in 2026, decline by about 1.8 percent in 2027, and then normalize to an expected annual growth rate of 1.75 percent in 2028 and forward. Year-over-year expenses for MET Transit reflect an increase of approximately 3.5 percent and would be capped at a lower increment. Property tax allocations represent approximately 31 percent of MET Transit's current revenue. Capping the increase would have a relatively small impact in one year to the next; however, over a period of years the cumulative impacts have the potential to affect the

ability to support the desired level of service. One purpose of this study is to look at alternative funding sources to property taxes to offset the impacts of the 2025 legislation.

Service Growth Desires and Organization Constraints

The 2022 Transit Development Plan (TDP) included a network redesign implemented in 2023. The current system consists of 13 weekday routes and six Saturday routes operating in a pulse structure with two primary transfer centers. The redesign improved frequency and reliability and transitioned from flag stops to designated bus stops.

While the TDP has resulted in successful service changes in the past few years, it is understood that the region will continue to grow and demand for more service will increase. As part of this study, the Project Team identified the following additional near- to medium-term service needs:

- Increased frequency along the Heights–Downtown corridor
- Expanded service in West Billings
- Potential fixed-route service to Lockwood
- Enhanced connectivity between Billings and Laurel

Operating cost estimates suggest each additional fixed-route bus requires approximately \$460,000 annually within the current service area and approximately \$550,000 annually when complementary paratransit is required outside existing boundaries. Adding three to six buses could increase annual operating costs by \$1.7 to \$3.3 million. The increment of cost associated with the desired service expansion exceeds the likely anticipated increase in funding available to MET Transit for implementation.

As a division of the City of Billings, MET Transit provides service within the city limits. Growth and the desire for service outside the city adds to the funding analysis. Through the study, concepts considered include each jurisdiction providing its own service, MET Transit entering into service agreements with other jurisdictions, and/or stakeholders creating a new transit entity that would provide service throughout the region.

Final Report Document Organization

This final report summarizes the MET Transit Funding Sustainability and Governance Study, compiling what the study team learned through technical analysis, peer review, and stakeholder input. The report is intended to support informed choices about how MET Transit is structured, how it is funded, and what practical steps could be taken to sustain and strengthen transit service over time. The report is organized into five parts, as described below.

Part I: Introduction

Establishes the purpose of the study, the questions the study is intended to answer, and the overall approach used to evaluate MET Transit’s funding and governance needs.

Part II: Current Conditions & Alternatives Analysis

Documents MET Transit’s current funding and governance context and the factors shaping future needs, then describes the governance and funding alternatives considered and how each would function in practice.

Part III: Economic Return on Transit Investment

Explains the broader value of transit to Billings and how transit investment can support economic activity, household affordability, and access to opportunity.

Part IV: Stakeholder Input & Peer Review

Summarizes what was heard and learned through engagement with stakeholders and the Study Review Committee, as well as relevant takeaways from peer transit systems.

Part V: Conclusion and Implementation Considerations

Brings the analysis together by summarizing tradeoffs, highlighting key findings, and outlining actionable next steps and considerations for implementation under different governance and funding pathways.



Study Scope

The study is neutral in nature. It does not recommend a specific alternative. Instead, it provides an objective assessment of advantages, risks, fiscal implications, and implementation considerations associated with each option. The scope of this study includes both governance structure and funding authority, recognizing that these issues are interdependent. The scope of work primarily includes:

- Collection and analysis of data that illustrate existing conditions within MET Transit including, but not limited to, resources available, existing plans, current and historic fare structures and revenues, funding mechanisms within the state and region, and current growth and population data.
- Alternative governance model development through data analysis.
- Development of goals and performance criteria to evaluate the alternatives.

The study does not include detailed service design, ridership forecasting, or final financial modeling beyond order-of-magnitude projections necessary to evaluate structural sustainability.

Study Process

This study was informed by multiple sources of data and stakeholder engagement. Key elements of the process included:

- Review of Montana statutes governing municipal bus services, Urban Transportation Districts (UTDs), interlocal agreements, and related financing authorities.
- Analysis of recent state legislation (including HB 231, SB 542, HB 20, and HB 764) affecting property tax valuation, mill levy authority, and service area limitations.
- Evaluation of MET Transit's current operating budget, revenue composition, and projected revenue growth rates.
- Interviews with leadership from comparable Montana UTDs, including Great Falls, Missoula (Mountain Line), Gallatin Valley (Streamline), and Big Sky.
- Discussion with project stakeholders, including the Project Review Committee, regarding regional expansion feasibility and political considerations.
- Integration of findings from the 2022 Transit Development Plan and subsequent network redesign.

Findings from these steps were synthesized to evaluate structural tradeoffs rather than to advocate for a single course of action.

The findings of this study reflect the opinions of the consultant team with input from staff based on available information at the time; recent actions by City Council or other authorities regarding the budgetary, legal, or other processes and may not be reflected.

Key Study Findings

The analysis conducted through this study yields several overarching findings that frame the remainder of the report.

Structural Revenue Constraints

Recent changes in state property tax law, combined with the Billings City Charter mill levy cap, limit MET Transit's ability to adjust property tax revenues administratively. Over the five- to seven-year horizon, projected revenue growth is estimated to lag behind expected wage and operating cost increases, creating structural financial pressure even if service levels remain constant.

Service Expansion Needs

Order-of-magnitude cost estimates indicate that implementing near-term expansion priorities identified, such as increased frequency and westward expansion, would require annual operating increases of approximately \$1.7 to \$3.3 million, plus significant capital investment. Without new revenue authority, these improvements are unlikely to be sustainable.

Governance and Funding Authority

The existing municipal model offers administrative continuity but is constrained by competition within the city budget and by Charter-imposed mill caps without a referendum vote to adjust. Alternative governance structures, particularly a UTD, introduce greater flexibility in boundary design and dedicated funding authority but require voter approval and administrative transition.

Incremental Revenue Tools

Transportation utility fee adjustments, employer partnerships, marijuana excise reallocation, and parking benefit strategies may provide meaningful supplemental revenue. However, individually they are unlikely to fully offset projected structural gaps associated with both inflationary pressures and service expansion.

Regional Coordination

Laurel and Lockwood integration appear to be the most feasible for near-term regional consideration. Broader county participation may be viable with additional outreach. Governance structures that allow flexibility in boundary design may better align with regional growth patterns over time.

Tradeoffs Between Scenarios

The Status Quo model emphasizes stability and incremental adaptation but remains fiscally constrained. A UTD model emphasizes structural flexibility and dedicated funding but introduces formation of risk and administrative complexity. Neither option eliminates tradeoffs; rather, they distribute fiscal, political, and operational risks differently.

Governance Findings

Governance alternatives were evaluated using seven criteria tied to individual goals:

- Sufficient and sustainable revenue
- Political feasibility and public support
- Coordination across jurisdictions
- Efficiency
- Responsiveness to needs and preferences
- Accountability of decision-makers
- Ease of implementation

The findings below summarize how the primary governance pathways perform relative to these goals. These results are visualized below in Figure 1.

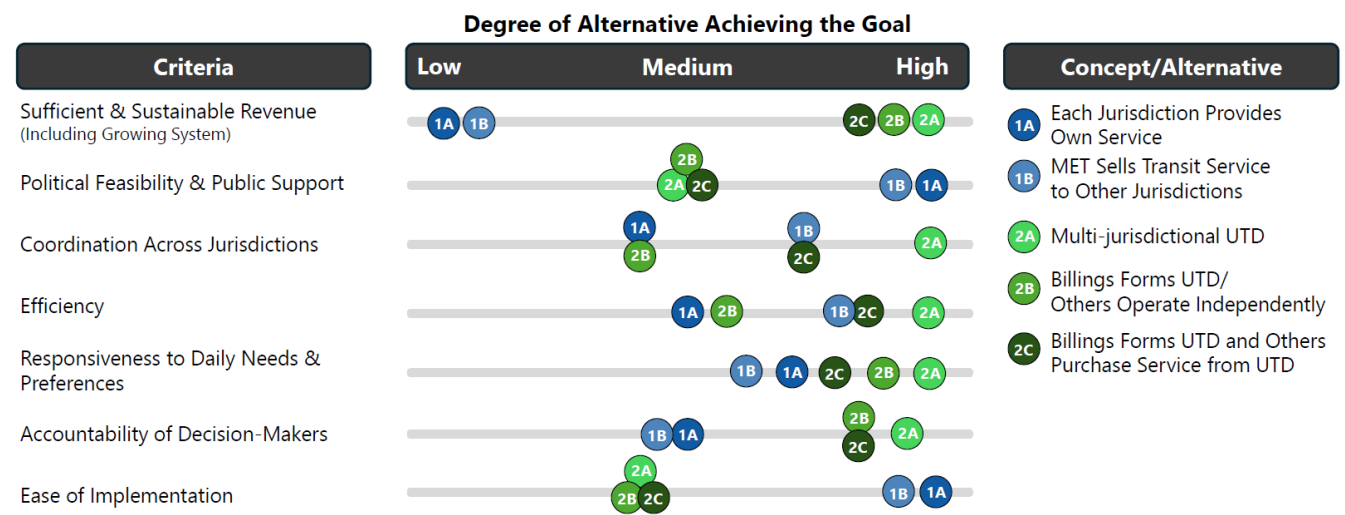
Revenue Sustainability Is the Primary Structural Distinction Between Models. The Status Quo municipal model provides continuity but remains constrained by the City Charter mill levy cap, limiting long-term revenue growth without voter action. A UTD structure provides a dedicated levy authority within district boundaries, offering comparatively stronger alignment with the goal of sufficient and sustainable revenue. Implementation of the UTD concept could include an initial increment budget request that would provide funding for expansion that would be difficult to fund within the constraints of state-imposed year-over-year increases tied to half the rate of inflation and a maximum of two percent.

Coordination Across Jurisdictions and Legal Flexibility Favor a District Model. The municipal model can coordinate through interlocal agreements, but boundaries and taxing authority remain closely tied to the City. A UTD offers statutory authority to span jurisdictions, annex new areas, and align service boundaries with regional growth patterns, supporting coordination and legal flexibility.

Efficiency and Accountability Vary by Structure Rather Than Directionally. The municipal model benefits from established City administrative systems and direct accountability to elected City officials. A UTD provides governance focused solely on transit policy, with a dedicated transportation board accountable under state law. Each model offers different forms of accountability and operational efficiency.

Responsiveness to Community Needs Depends on Governance Design and Funding Capacity. Both models can respond to service needs; however, responsiveness is ultimately tied to available revenue and governance authority. A UTD may offer greater flexibility in aligning service to regional demand, while the municipal model offers direct integration with City planning and infrastructure processes.

Figure 1. Governance Criteria Results Summary by Alternative



Funding Findings

The funding analysis yielded the following conclusions:

Revenue Growth Under the Current Structure Is Projected to Lag Behind Cost Growth.

Flat or declining short-term revenues combined with wage and operating cost increases create structural imbalance over the five- to seven-year horizon.

Primary Revenue Tools Capable of Addressing a Potential Funding Gap Include Property Tax and Congestion Mitigation and Air Quality Program (CMAQ). Property tax mechanisms, whether under the City or through a UTD, and CMAQ funds emerged as the most likely and meaningful ways to improve financial sustainability.

Other Revenue Tools Can Supplement Property Tax and CMAQ Funds. Transportation utility fee adjustments, employer partnerships, excise tax reallocation, parking benefit districts, and joint development strategies can contribute meaningfully but are unlikely to independently close projected funding gaps associated with both inflationary pressures and service expansion.

Raising Fares could Increase Revenue, but Carries Risk. Relative to a peer group in this study, MET Transit has the highest one-way fare but the lowest 31-day pass fare. Increasing either of these rates could increase revenue but would also be offset by ridership reduction and could potentially have equity concerns.

The City Charter Mill Cap Limits Administrative Flexibility. Unlike most Montana municipalities, Billings cannot administratively adjust its transit mill levy beyond the current cap without voter approval. This constraint narrows the range of near-term fiscal responses under the municipal model.

Governance Structure Influences Funding Feasibility. The ability to implement and sustain certain funding tools, particularly a dedicated property tax levy, depends on governance authority. As such, governance and funding decisions should be considered together rather than in isolation.

PART II: CURRENT CONDITIONS & ALTERNATIVES ANALYSIS

This chapter provides detailed analysis supporting the study's findings. It first describes the current transit landscape in Billings and surrounding communities, then outlines likely service growth scenarios in the near-to medium-term planning horizon. It subsequently presents governance and funding alternatives in greater depth along with an analysis of their applicability in the Billings region. Finally, the section concludes with discussion of how transit investment supports economic vitality and community outcomes.

Current Service Summary

The Billings area is currently served by two public transit providers: Billings MET Transit and Laurel Transit. Together, these services form a modest but essential regional transit network focused primarily on local mobility, workforce and medical access, and basic community connectivity.

MET Transit Service

MET Transit operates a fixed-route bus system within the Billings city limits, serving approximately 44 square miles (Figure 2). The system includes 13 fixed routes operating on weekdays and six routes operating on Saturdays. The network operates as a pulse system, with buses arriving and departing simultaneously from two MET Transit Transfer Centers and a common transfer location in the Heights. This structure is designed to facilitate timely connections between routes across the city. Another key element of the system design is having one route operate between downtown Billings and Billings Heights, connecting two Billings Heights circulators.

MET Transit directly operates complementary paratransit service, known as MET Plus, for riders who are unable to use the fixed-route system due to a disability. MET Plus provides origin-to-destination trips for individuals certified as eligible under the Americans with Disabilities Act (ADA). While federal regulations require paratransit service within $\frac{3}{4}$ mile of fixed routes, MET Transit exceeds this requirement by offering MET Plus service to all eligible riders anywhere within the Billings city limits, as time and space allow.

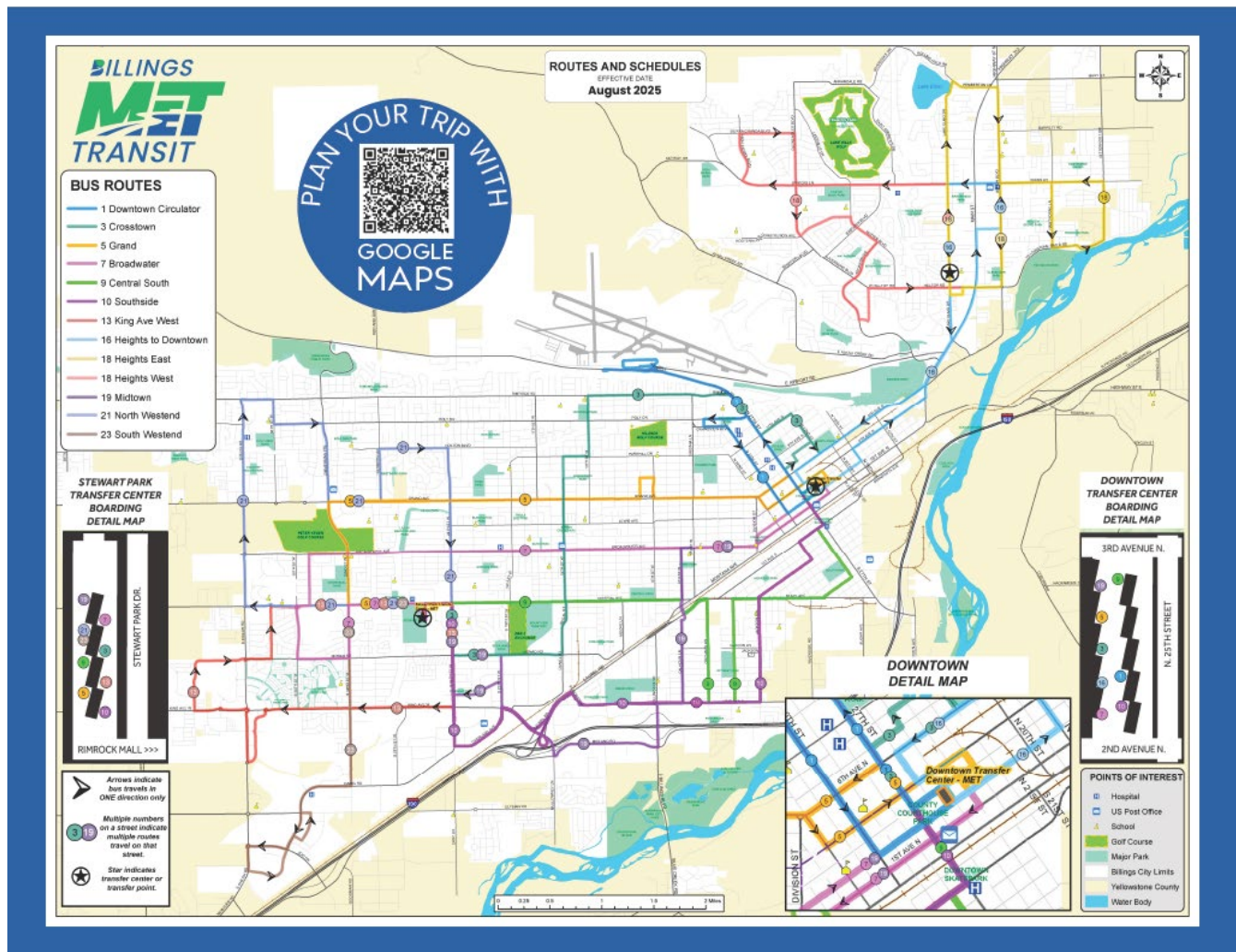
MET Transit's fixed-route fleet consists of 25 buses while the paratransit fleet includes 15 vehicles.

Following completion of the 2022 Transit Development Plan (TDP), MET Transit implemented a comprehensive system redesign in October 2023. The redesign reduced the number of routes from 19 to 13, consolidated service into higher-frequency corridors, introduced 30-minute service on many routes, and transitioned from a flag-stop system to designated bus stops. These changes improved operational efficiency, clarified routing, and strengthened core corridors with higher ridership demand.

Laurel Transit Service

Laurel Transit operates a demand-response, reservation-based service Monday through Friday between 10:00 a.m. and 4:00 p.m. Service is provided within the Laurel city limits and extends up to one mile beyond the municipal boundary. In addition to local trips, Laurel Transit operates a weekly Tuesday connection to Billings, primarily supporting medical appointments and essential errands. Service is available to the general public but primarily serves older adults and individuals with disabilities.

Figure 2. Billings MET Transit Fixed-Route Service Map



The Laurel Transit fleet includes three vehicles, which are owned by the City of Laurel. Allies in Aging provides the drivers and other administrative and funding support.

While Laurel's service model differs from MET Transit's fixed-route structure, the two systems are functionally connected through regional travel patterns. As development continues between Billings and Laurel, coordination between the two services may become increasingly relevant within the five- to seven-year planning horizon.

Figure 3. Laurel Transit Vehicle



Potential Future Transit Service Expansion

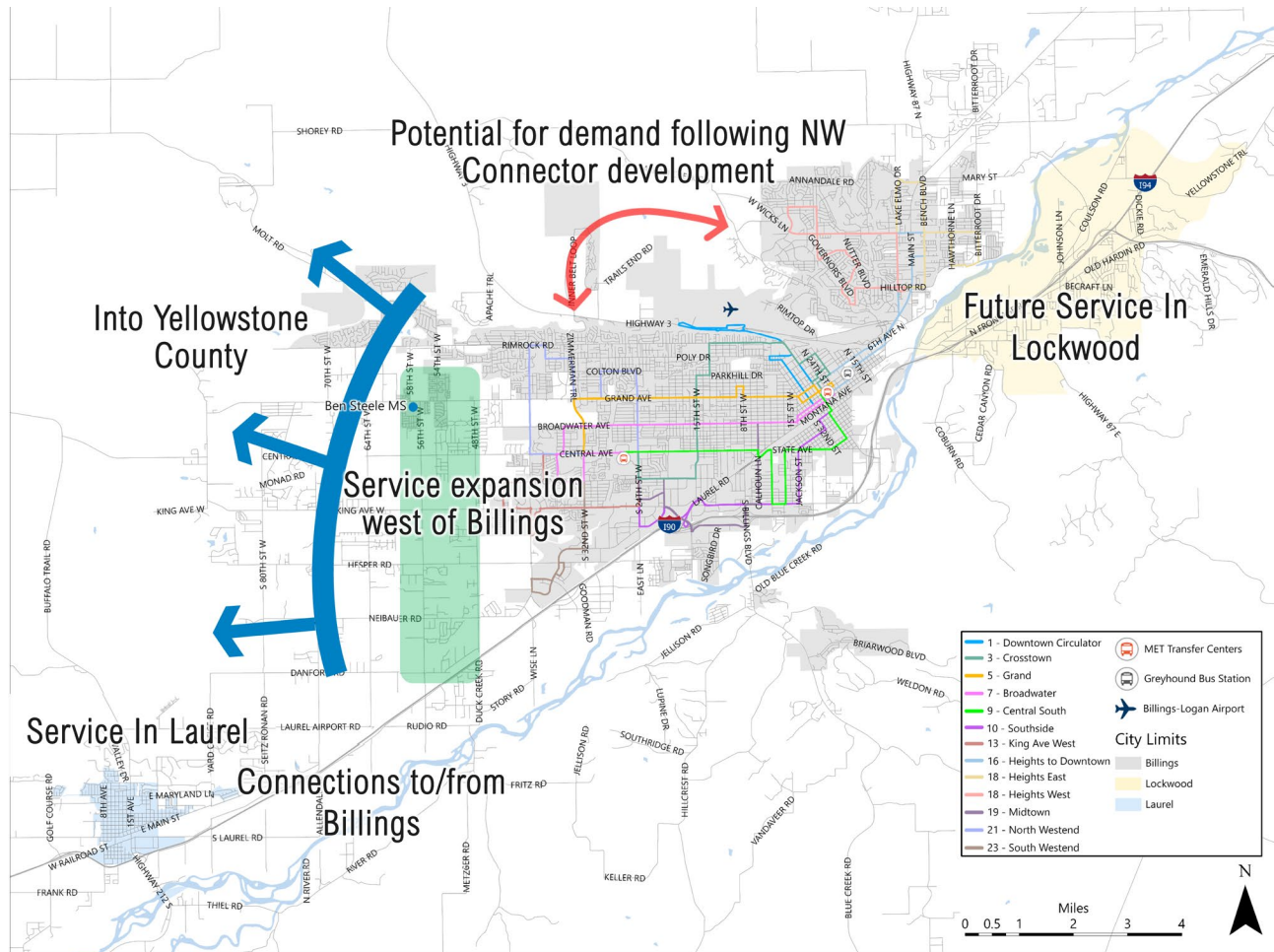
The Project Team and Project Review Committee analyzed the most likely service expansion needs in the near- to medium-term, which are summarized below.

Likely Service Expansion in and Around Billings

Analysis of prior planning efforts, staff input, and public feedback indicates several likely areas for future service expansion, including increased frequency on high-ridership corridors, westward expansion within Billings, and improved connectivity to nearby communities such as Lockwood and Laurel, as shown in Figure 4. While Lockwood is already included in the Billings Urban Area, Laurel is not yet included.

Additionally, a public mapping exercise was conducted at the 34th Annual Strawberry Festival and via an online survey to identify travel destinations and service interest, which aligns with the findings in Figure 4. Additional details on the mapping exercise are shown in [Part IV: Stakeholder Input & Peer Review](#).

Figure 4. Thematic Representation of Demand for Service Expansion in the Future



Cost Implications of Expanding Service

Expanding fixed-route service requires both operating and capital investment. Based on recent cost trends, each additional fixed-route bus represents a substantial annual operating commitment, with complementary paratransit further increasing costs outside the current service area.

Assuming three to six additional buses are added to support near- to medium-term service expansion, annual operating costs are projected to increase by \$1.7 million to \$3.3 million, representing a 20–40 percent increase over the FY 2026 operating budget. Additionally, each new 35-foot fixed-route bus costs between \$532,000 and \$1 million, depending on propulsion type (diesel or electric). Paratransit vans range from \$124,000 to \$157,000 per vehicle.

What Happens if Laurel Joins the Urban Area?

Currently, the Billings Urban Area includes Lockwood, but it does not include Laurel. Determination of urban area boundaries takes place with each Decennial Census. Based on the 2020 Census Urban Area criteria, qualifying census blocks within 1.5 miles of an existing urban area boundary can be added into the urban

area if they meet all the criteria for inclusion.¹ In the 2020 Census, qualifying blocks in Laurel were not included in the Billings Urban Area because the “jump” between qualifying blocks in the Billings Urban Area and Laurel was greater than 1.5 miles.

Meanwhile, there is new development planned within the 1.5 mile “jump” radius of the current Billings Urban Area, as shown in Figure 5. If this development or other development takes place, it is possible that Laurel will be included in the Billings Urban Area in the 2030 Census.

If Laurel became part of the federally designated urban area, Billings would remain the FTA-designated recipient and Section 5307 funds would need to be allocated across both communities. This would require new agreements governing funding distribution, service responsibilities, and local match contributions.

The Section 5307 funding formula for urban areas under 200,000, which includes Billings, is based on the population and the population density of the urban area. The net increase in population due to adding Laurel to the urban area would likely increase Section 5307 funding slightly. Notably, the criteria for inclusion in an urban area and the formula for Section 5307 funding can change over time. There is no guarantee that there would be an increase in Section 5307 funding if these criteria and formulae changed.

Additionally, if Laurel became part of the Billings Urban Area, transit service within Laurel would generally shift from eligibility under Section 5311 (rural) to eligibility under Section 5307 (urbanized), because Section 5311 funds are intended for areas outside urbanized areas. However, Section 5311 could still be used for any service Laurel Transit provides in surrounding nonurbanized areas and for connections that primarily serve rural areas, with Section 5311 funds applied only to the nonurbanized portion of service.

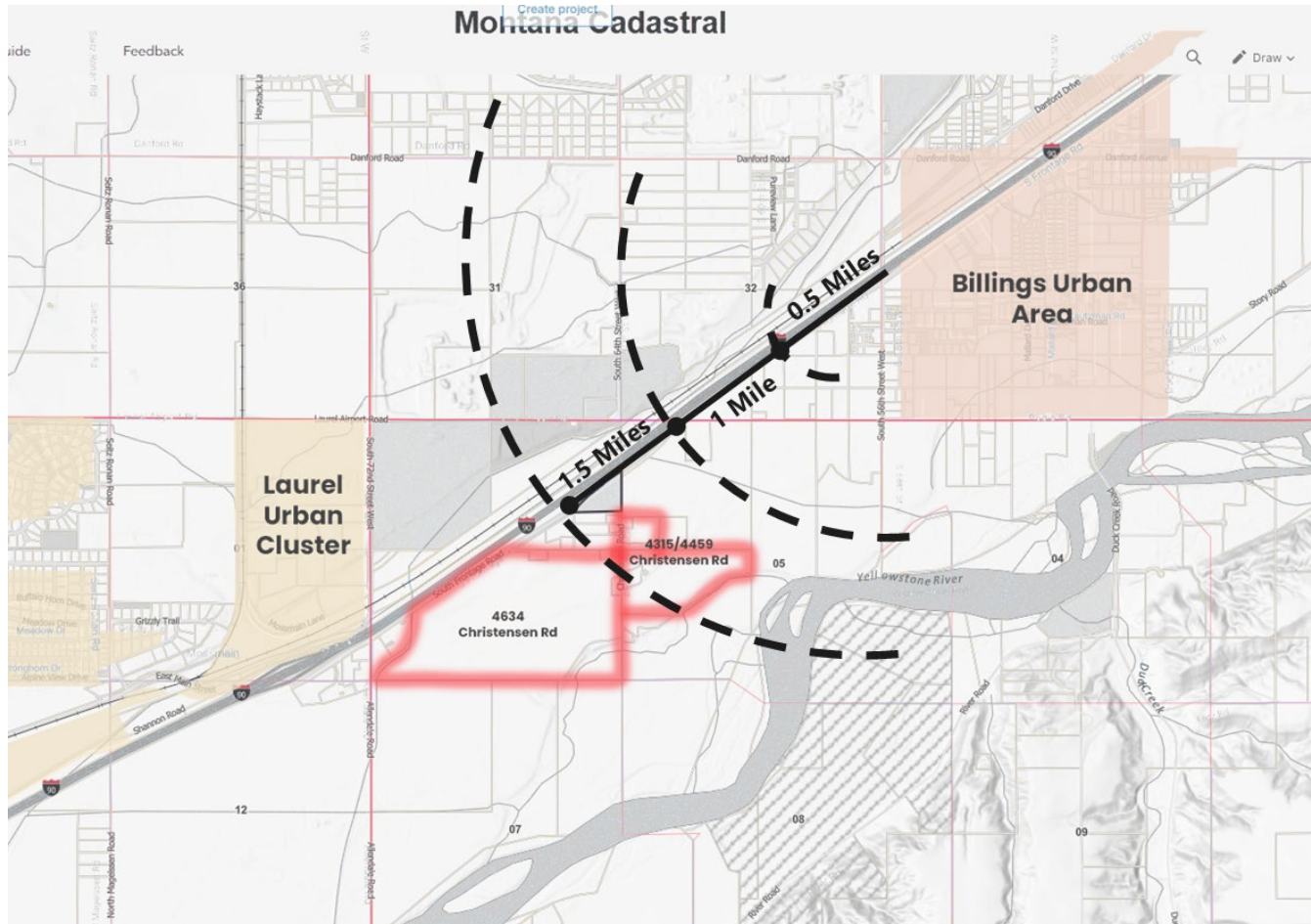
Governance Alternatives Evaluation

MET Transit currently operates as a city department function rather than a separate, independent transit agency. The transit system is organized as a division within the City of Billings’ Aviation and Transit Department, which houses MET Transit’s day-to-day management and administrative responsibilities. From a governance standpoint, policy direction and ultimate decision-making authority rest with the City’s elected leadership, the Mayor and City Council.

Because MET Transit is housed within city government, the City also retains key external roles associated with federal transit funding. Under the current structure, the City of Billings continues to serve as the FTA Section 5307 designated recipient for the urban area, maintaining responsibility for managing and distributing these federal formula funds in accordance with applicable requirements.

¹ https://www2.census.gov/geo/pdfs/reference/ua/Census_UA_CritDiff_2010_2020.pdf

Figure 5. Billings Urban Area and Planned Development Within 1.5 Miles in Laurel

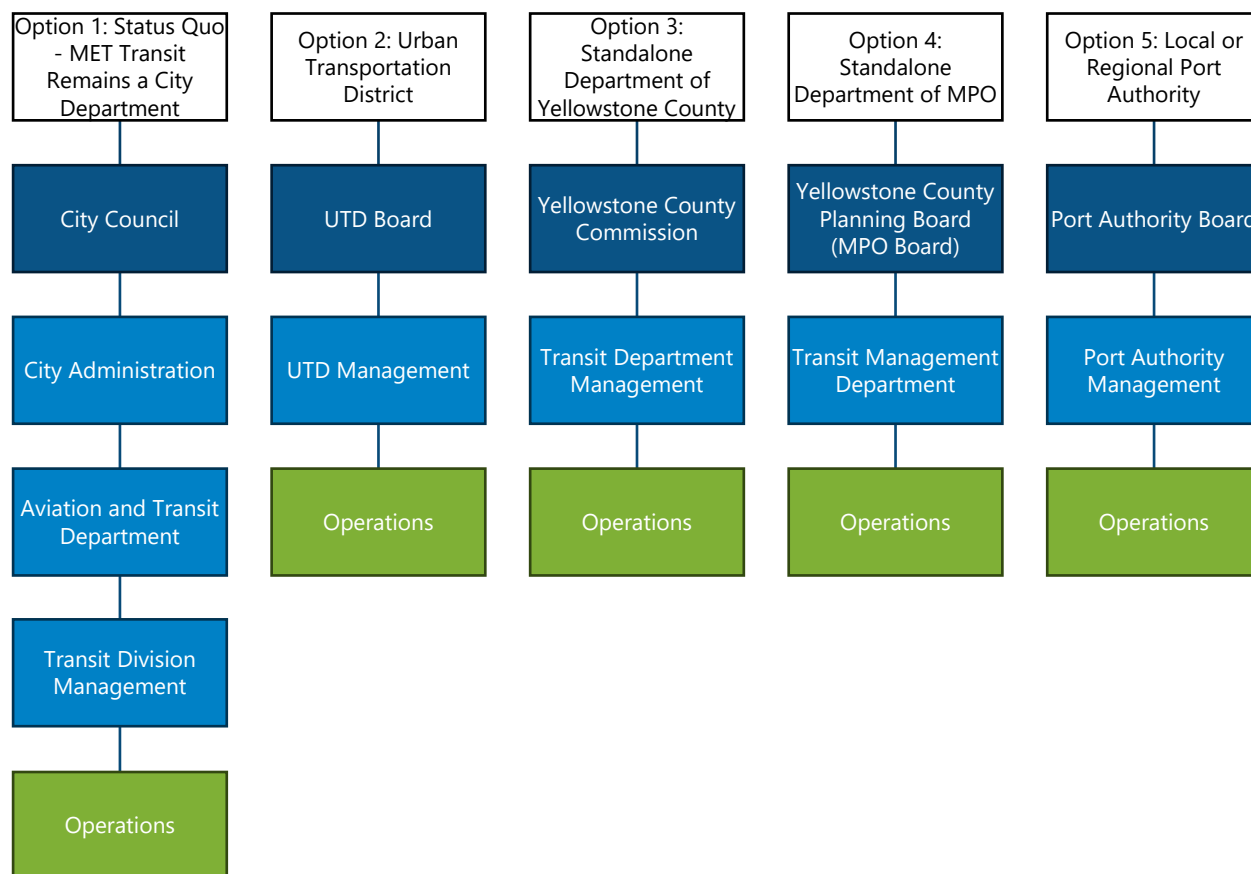


To begin the evaluation of alternative governance models, the Project Team first identified all the possible ways in which transit service is authorized to be governed in the State of Montana. The following five potential governance structures were initially considered:

- Option 1: Status Quo – MET Transit Remains a City Department
- Option 2: Urban Transportation District (UTD)
- Option 3: Standalone Department of Yellowstone County
- Option 4: Standalone Department of the MPO
- Option 5: Local or Regional Port Authority

Figure 6 shows the layers of decision-making authority for each of the five options. In each option, the ultimate decision-making body is shown in dark blue, while intermediate management is shown in light blue. As a division of the City's Aviation and Transit Department, the status quo option includes several layers of management and administration between operations and the City Council. Each of the other four options shows fewer layers of management, which could lead to streamlined governance processes.

Figure 6. Governance Alternatives



Evaluation Phases

With the comprehensive list of alternatives available, the Project Team went through a process of narrowing down options in the following phases:

- Phase 1: Screening for statutory feasibility and administrative practicality.
- Phase 2: Evaluation for alignment with criteria and goals.
- Phase 3: Recommended phased approach of alternatives.

The process and results of each phase are described in the following sections.

Phase 1: Screening for Statutory Feasibility and Administrative Practicality

Phase 1 looked at each of the governance options and considered the following questions:

- Is this governance option statutorily feasible?
- Is this governance option administratively practical and politically viable in the Billings region?
- Does this governance option provide clear advantages over the others in terms of achieving financial sustainability?

Through these questions, three of the options were screened out, as described below.

Option 3: Standalone Department of Yellowstone County

While future service expansion could include unincorporated portions of Yellowstone County, transferring transit governance to the County would likely dilute Billings' service focus. County administration would be expected to distribute service geographically, potentially reducing service levels within Billings to fund lower-density areas. There is also no indication of County interest in assuming transit governance responsibilities.

Option 4: Standalone Department of the MPO

The Billings MPO is a planning body administered by City staff. Transitioning transit operations to the MPO would not provide meaningful structural or financial benefits and would likely require continued reliance on City administrative systems.

Option 5: Local or Regional Port Authority

Port Authorities in Montana are designed primarily to advance commerce and economic development through transportation infrastructure. While transit supports economic development, it is not a core statutory purpose of a Port Authority, and no examples in Montana exist where a Port Authority operates public transit. The model offers no clear advantage over a UTD and may be more appropriate for capital facility development than operations.

Phase 2: Evaluation for Alignment with Criteria and Goals

Following the Phase 1 screening, the Project Team established a set of criteria and goals to provide a consistent framework for evaluating the remaining governance alternatives, as shown in Figure 7. Phase 2 highlights how each governance model would perform in relation to the outcomes the City, MET Transit, and stakeholders are seeking to achieve.

Development of Sub-Options

In Phase 2 of the evaluation, the Project Team zoomed in closer to Options 1 and 2 to identify a few sub-options that could be pursued under these umbrellas.

Option 1: Status Quo – MET Transit Remains a City Department

Under this option, MET Transit would continue operating as a division within the City of Billings Aviation and Transit Department. The Mayor and City Council would remain the governing body, and the City would continue serving as the Federal Transit Administration (FTA) Section 5307 designated recipient.

- **Option 1A: Independent Local Operations:** Laurel, Lockwood, or other areas could operate separate transit services. While this preserves local autonomy, it risks duplication of administration, fragmented branding and service standards, and increased federal compliance complexity, particularly if Laurel becomes part of the Billings Urban Area and transitions from §5311 rural funding to §5307 urban funding.
- **Option 1B: Purchase of Service from MET Transit:** Under this sub-option, surrounding jurisdictions would purchase service from MET Transit through formal agreements such as interlocal agreements, consolidation agreements, or multi-jurisdictional service districts. This allows coordinated operations while preserving local funding responsibility.

Figure 7. Governance Model Analysis Criteria and Goals



Option 2: Urban Transportation District (UTD)

A UTD is a special-purpose unit of local government established under Montana Code Annotated Title 7, Chapter 14, Part 2.² Its purpose is to “supply transportation services and facilities to district residents and other persons,” allowing multiple jurisdictions, including cities, towns, and counties, to collectively plan, fund, and operate public transportation. Unlike a municipal bus service, a UTD is designed to provide regional coordination and funding across jurisdictional boundaries. They can provide any combination of fixed-route, paratransit, and demand-response services.

A UTD functions as an independent governmental and financial entity with the authority to own property, enter into contracts, and levy a property tax within its boundaries to support operations, capital improvements, and debt service. It is governed by a transportation board that represents participating jurisdictions, giving the district a regional decision-making structure. This arrangement enables long-term planning and resource sharing between neighboring communities, helping to align service decisions with regional growth and travel patterns.

According to the Montana Department of Transportation, UTDs serve the critical role of “creating a steady funding source for local governments to finance a variety of transportation services and facilities” and allow several municipalities and counties to jointly fund and operate a unified transit system.³ The district may contract with municipalities, counties, or private providers to deliver services, offering flexibility in how operations are structured.

² https://archive.legmt.gov/bills/mca/title_0070/chapter_0140/part_0020/sections_index.html

³ <https://www.mdt.mt.gov/research/toolkit/m1/ftools/fd/utd.aspx>

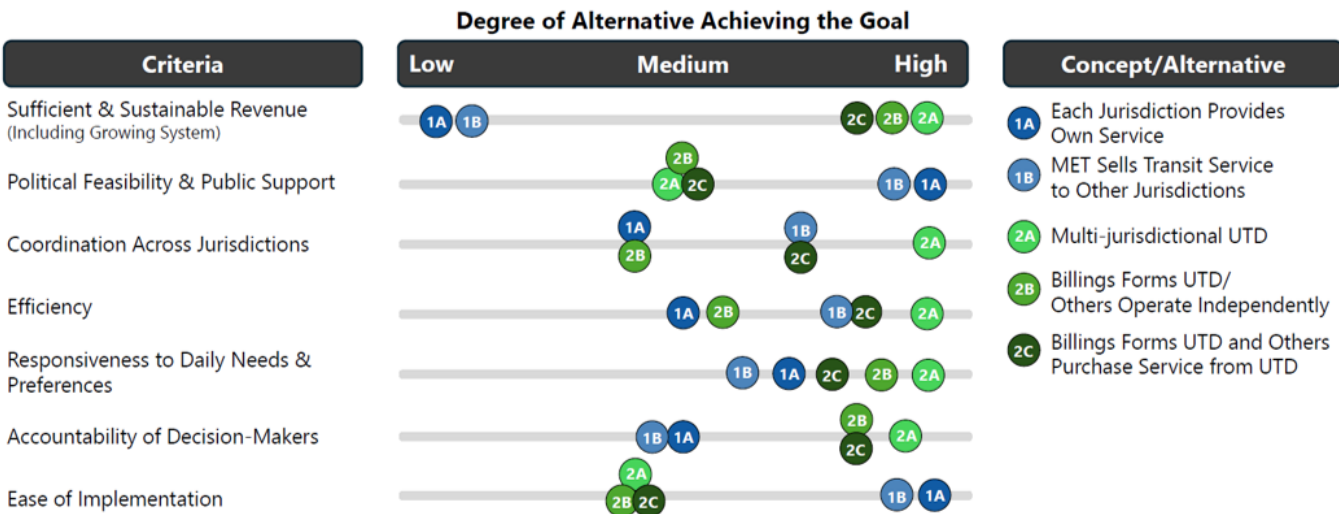
Under the UTD umbrella, there are three sub-options for how a UTD could be used in the Billings region:

- **Option 2A: Multi-Jurisdictional UTD:** Includes Billings and surrounding communities in a single district with unified governance and tax base.
- **Option 2B: Billings-Only UTD:** Establishes a district for Billings while neighboring jurisdictions remain independent.
- **Option 2C: Billings UTD with Purchased Service:** Surrounding jurisdictions purchase service from the UTD through formal agreements.

Phase 2 Evaluation Results

With the sub-options identified, the Project Team evaluated each against the criteria and goals established in Figure 7. Each sub-option was assessed for the degree to which it achieves each of the seven goals. The results are shown in Figure 8 below. The Option 1: Status Quo – MET Transit Remains a City Department group is shown in blue, while the Option 2: Urban Transportation District (UTD) group is shown in green.

Figure 8. Phase 2 Evaluation of Sub-Options



While the sub-options consider the various ways in which each Option 1 and Option 2 can be deployed, for the most, for each goal, the sub-options are clustered together. Table 1 provides additional detail on the evaluation results by criteria and option.

Table 1. Phase 2 Evaluation by Criteria and Option

Criteria	Option 1: Status Quo	Option 2: UTD
Sufficient and Sustainable Revenue	Revenue remains subject to the City Charter mill levy cap and municipal budget processes (e.g., reallocation of State Entitlement funds by City Council). While voter-approved adjustments are possible, long-term sustainability is constrained relative to an independent district.	A UTD provides dedicated levy authority within district boundaries, supporting stronger alignment with long-term revenue sustainability goals, subject to statewide levy growth limits. Peer interviews in Great Falls and Gallatin Valley emphasized that dedicated mill levies improved long-range planning stability, though increases still require careful public communication.
Political Feasibility and Public Support	Political feasibility is comparatively strong because no new governmental entity is created and no formation election is required.	Formation requires voter approval and public engagement, increasing political complexity relative to the Status Quo. Peer agencies noted that tailored messaging and early coordination with county officials were critical to formation success.
Coordination Across Jurisdictions	Coordination can occur through interlocal agreements or purchase-of-service arrangements; however, taxing authority and governance remain City-centered.	A UTD boundary may be drawn to include any area, without the need to follow any existing political boundaries. The multi-jurisdictional UTD allows for the highest level of coordination across jurisdictions.
Efficiency	The model benefits from established City administrative systems, reducing duplication of HR, finance, and legal functions.	A multi-jurisdictional UTD can provide very efficient service by acting as the FTA designated recipient for the region, with service planning decisions made at a regional level and all administrative functions consolidated. Some administrative functions could still be contracted to the City of Billings to further reduce duplication.
Responsiveness to Needs and Preferences	Direct integration with City planning and public works supports coordination of transit with infrastructure and land use decisions. However, service expansion remains limited by revenue capacity.	As a standalone entity, the UTD can be very responsive to the needs and preferences of the community. Under this model, there is no competition for resources among departments within the city budget.
Accountability of Decision-Makers	Transit policy decisions remain directly accountable to elected City Council members.	Governance is provided by a transportation board, which may be appointed or elected depending on district design, creating a transit-focused accountability structure under state law.
Ease of Implementation	Implementation requires no structural change. Option 2B could proceed immediately through policy adjustments or agreements.	Starting a UTD will require significant work for all parties involved over a period of several years, including hiring staff to replace current city positions, transferring assets, and no guarantee a mill levy would pass.

Phase 3: Recommended Phased Approach of Alternatives

Following Phase 2 of evaluation, the Project Team and the Project Review Committee developed a short-term and long-term path forward (Figure 9). The short-term recommendation is to pursue the most feasible options, while the long-term recommendation is to work toward what is best for regional growth.

While there are benefits and drawbacks associated with all the options, it became apparent to the group that MET would continue to operate as it does now in the near term (Option 1A). At the same time, it is feasible to establish service agreements with neighboring jurisdictions, which will have regional benefits, as described by Option 1B.

Still, the Project Team recognizes that status quo will not be sustainable in the long term. To continue to provide the current levels of service, let alone increase service, while staying financially sustainable, MET will need to transition to a UTD in the future. There was consensus within the Project Review Committee that the multi-jurisdictional UTD is the gold standard for the region due to it having a relatively high degree of meeting the goals, especially in the areas of sufficient and sustainable revenue and coordination across jurisdictions. For this reason, Options 2B and 2C should only be considered if option 2A becomes unattainable when working toward implementation in the future.

Figure 9. Phased Implementation Approach



UTD Formation Process Overview

A UTD can be created under Montana Code Annotated § 7-14-2⁴ through either a voter petition (20 percent of registered voters within the proposed district signing the petition) or a county commission resolution. The county commission holds a public hearing, and, if the signatures are found sufficient, places the question before voters. A majority vote is required to formally establish the district.

HB 764 (2025), also allows property owners to withdraw from a district if transit service has not been provided within 1.5 miles of their property in the last five years.⁵ District boundaries must be contiguous, although they do not need to follow any other political boundary and can be drawn from property to property.

Once approved, the county commission appoints or oversees the election of a transportation district board, which governs the district, adopts budgets, and oversees contracts and operations. The district may be established without an initial tax levy; a mill levy can be added later through a separate voter election once

⁴ https://archive.legmt.gov/bills/mca/title_0070/chapter_0140/part_0020/sections_index.html

⁵ <https://legiscan.com/MT/text/HB764/id/3217740>

the district is operational and service needs are defined. This flexibility allows communities to form a district, organize governance, and coordinate service before asking voters to commit new revenue.

Governance Alternatives Evaluation Summary

The Project Team and the Project Review Committee identified all five transit governance options available in the state of Montana and then worked together through a three-phase evaluation process to reach a recommended phased approach of alternatives.

During the first phase of evaluation, three options were ruled out as they did not pass a screening for statutory feasibility and administrative practicality. During the second phase of evaluation, the Project Team looked more closely at the remaining two options to develop several sub-options that could be pursued. The sub-options were all evaluated against seven criteria and goal statements to determine the degree to which each sub-option would achieve the goal.

Following that process, the team transitioned to the third review phase in which the group developed a recommended path forward. In the short term, it is recommended that MET Transit continue with the most feasible options, namely continuing with status quo in Option 1A while also pursuing service agreements in Option 1B. In the long term, it is recommended that MET Transit pursue the option that will result in the best regional growth. Option 2A: Multi-Jurisdictional UTD allows for the most integrated, sustainable, efficient, and responsive transit service for residents.

The multi-jurisdictional UTD model introduces greater structural flexibility and a dedicated funding platform capable of supporting long-term expansion. While formation requires voter approval and administrative transition, it provides a governance structure better aligned with regional growth and long-term service sustainability. Based on statutory authority, fiscal flexibility, and regional scalability, the UTD model represents the most beneficial structural alternative to the status quo.

Funding Alternatives Evaluation

The Project Team evaluated all the potential mechanisms available for funding transit operations in Montana. An interim summary of these findings is included in Appendix A: Funding Enhancement Alternatives Review Technical Memorandum. The final analysis of these alternatives is included below. Additionally, the project team conducted an analysis of MET Transit's fare levels, fare structures, and fare payment systems relative to peers to understand how these could be modified to address MET Transit's long-term financial sustainability goals.

Background and Current Funding Structure

MET Transit is in a period of potentially stagnating property tax funding levels that will limit the agency's ability to implement service expansion/enhancement to better serve the region. Thus, MET Transit is completing a review of alternatives to property taxes (in addition to fares and advertising revenue) as the source of local funding. The 2025 State of Montana property tax reform bill that lowered property tax revenue from primary residences and shifted more of the burden to short-term rentals and second homes, has the potential to impact revenue for MET Transit due to a unique City Charter limit on adjusting the mill rate. While most municipalities in the state can adjust the mill levy through an action by the council, in Billings the Charter requires a referendum to adjust the mill levy.

The 2025 legislation allowed for a one-time mill adjustment to fill the revenue gap created by valuation adjustments; however, any need to adjust the mill levy going forward would require a vote of the people. Because of these changes, the City is expecting revenues to be flat in 2026 (relative to 2025), decline by about 1.8 percent in 2027, and then normalize to an expected annual growth rate of about 1.75 percent in 2028 and onwards. The City typically plans for inflation to increase costs by about 1.5-2 percent each year, and wages are based on a contract with the local bargaining unit, which is renegotiated regularly. Wages are expected to increase 3.5 percent next year based on the current contract. As a result, MET Transit is expecting a short-term budget shortfall followed by annual cost increases that will outpace revenue growth.

Historically, MET Transit has received revenue from three main funding sources:

- **Federal Transit Authority Operating and Capital Grants:** These include both formula funding as well as competitive grants. In 2026, this source makes up about 40 percent of total revenues. While federal funding is not anticipated to be impacted by the property tax changes, transportation funding will be re-authorized in 2026, and future funding levels are unknown.
- **Local Taxes:** In 2026, MET Transit is anticipating about \$3.7 million in local tax revenue, with \$2.7 million – about 35 percent of the total budget – coming from property taxes. This percentage could be expected to decline over the coming years as tax revenues stagnate and costs continue to increase.
- **Direct Revenues:** Direct revenues include fares, advertising, and other forms of fees paid directly to the transit agency. In 2026, MET Transit is anticipating fares to make up only about seven percent of total revenues, with advertising and parking fees at the downtown transit center contributing another three to four percent, for about 10 percent of the total operating budget coming from direct revenues.

Other minor sources of funding such as state grants, fees for service and the sale of surplus equipment make up the remaining revenue.

Funding Tools Evaluated

The following funding tools were evaluated. Below includes detail on what the funding tool is and the viability of using it to support transit in Billings. Each of the tools was also evaluated in four areas:

- Applicability to transit in Billings.
- Potential funding generated.
- Complexity/viability.
- Ability to be used for transit in Montana.

Results are shown in Table 3 (page 33).

Urban Transportation District Levy

In Montana, an [Urban Transportation District](#) (UTD) is a special taxing district that provides the ability to raise revenue directly for transit services. Districts are created by counties and approved through voter referendums. Districts may extend across city and county boundaries and provide the ability to levy property taxes to all properties within the specified boundaries.

Establishing a UTD is likely a viable option for MET Transit but would need to be voter approved as a referendum. Five other UTDs have been established in the state, demonstrating their political feasibility and record of success. Great Falls, Missoula, and Dawson County are the three UTDs that currently levy the property tax option. Big Sky and Gallatin Valley UTDs were established without an initial property tax levy; however, each has expressed that they could consider the option in the future.

By establishing a UTD, MET Transit may increase property taxes outside of the city's mill levy cap in order to provide adequate revenues for transit service. However, taxes levied through a UTD are still subject to the states' mill levy increase cap, which limits annual total tax revenue increases to the average level of inflation over the past three years (or a maximum of four percent).

This means that property tax revenues through a UTD are subject to a maximum increase of four percent annually when inflation is high, with the long-term average annual increase likely to be closer to two or three percent. By contrast, property tax revenues levied through the city are subject to the mill levy cap, meaning revenues are likely to increase by approximately the rate of taxable value increase, which historically has been about 2.5 percent per year. If both taxable value and inflation continue to increase at approximately the historic average rates, the difference in tax revenue is likely to be within a few percentage points.

As an illustration of the potential revenue impacts of transitioning to a UTD, a hypothetical projection of five years of future revenues is shown in Table 2. The revenue impacts of the mill levy cap are expected to compound over the five years, leading to a potential revenue gap. These projections are illustrative based on a variety of assumptions and the calculation methods [provided by the State of Montana](#), and do not reflect actual revenues. Additionally, the taxbase could be increased if the UTD were to include more areas outside the current Billings service area.

Viability: High, subject to voter approval and governance transition.

Congestion Mitigation and Air Quality Improvement (CMAQ)

CMAQ is a federal program that provides funding to areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter. Funds may be used for any transit capital expenditure otherwise eligible for FTA funding as long as they have an air quality benefit.

In addition to capital projects, a state may obligate CMAQ funds for operating costs under Chapter 53 of Title 49⁶ in an eligible area, and the statute specifies no imposed time limitation when the operating assistance is for a transit system located in an urbanized area of 200,000 or fewer, which includes Billings.

The Project Review Committee expressed broad support for a CMAQ-funded transit operations strategy once the bypass project is complete. One proposed concept could use approximately \$400,000 annually for existing transit operations, and an additional \$250,000 annually for a Lockwood service pilot. The pilot would include a sunset provision (e.g., three years) to reassess performance. Prior to utilizing CMAQ for Transit Operations, the funding source would need to be reflected as an option for transit use in the Long Range Transportation Plan (LRTP) and included in the local Transportation Improvement Plan (TIP).

Viability: High potential pending approval.

⁶ <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title23-section149&num=0&edition=prelim>

Table 2. Five-Year Revenue Generation Comparison - City Property Tax Versus UTD Tax Option

Scenario	Previous Year Property Tax Revenue ⁷	3-year Inflation Average ⁸	New Adjusted Property Tax Revenue ⁹	Maximum Mills (Calculated) ¹⁰	Actual Mills ¹¹	Revenue Based on Mills	Difference
Year 1							
Transit as City	\$2,680,062	4%	\$2,787,264	11.83	11.71	\$2,758,436	
Transit as UTD	\$2,680,062	4%	\$2,787,264	11.83	11.83	\$2,787,264	\$28,828
Year 2							
Transit as City	\$2,758,436	3%	\$2,841,189	11.77	11.71	\$2,827,396	
Transit as UTD	\$2,787,264	3%	\$2,870,882	11.89	11.89	\$2,870,882	\$43,485
Year 3							
Transit as City	\$2,827,397	2.5%	\$2,898,082	11.71	11.71	\$2,898,081	
Transit as UTD	\$2,870,882	2.5%	\$2,942,654	11.89	11.89	\$2,942,654	\$44,572
Year 4							
Transit as City	\$2,898,082	2.5%	\$2,970,534	11.71	11.71	\$2,970,533	
Transit as UTD	\$2,942,654	2.5%	\$3,016,221	11.89	11.89	\$3,016,220	\$45,686
Year 5							
Transit as City	\$2,970,534	2.5%	\$3,044,797	11.71	11.71	\$3,044,797	
Transit as UTD	\$3,016,221	2.5%	\$3,091,626	11.89	11.89	\$3,091,626	\$46,829

Street Maintenance District Assessments

Street Maintenance Districts are special assessment areas levied by the City to support transportation improvements. Billings currently has two Street Maintenance Districts, with funding from these assessments dedicated to street upkeep and capital improvements. In 2026, those two assessments combined are estimated to generate \$17.8 million. One district includes the downtown area and the other is community-wide and are used to fund activities such as snow plowing and sanding, pothole patching, street sweeping, signing and striping, and repairs.

While the fees are paid as part of owner's property tax bill, the year-over-year increment is not subject to the tax levy limit applied to property taxes. Assessments have historically been adjusted based on rising costs, but the Council directed the city not to increase residential fees in 2026. If politically viable, dedicating revenue from a small rate increase to the assessments could benefit the MET system by supporting transit capital improvements to sidewalks or bus stop areas. It is unlikely the funding source could be used for operations.

The median home in 2026 will pay approximately \$216.25 in street maintenance district fees. An increase of approximately five percent would generate an additional \$1 million and increase fees on the median home by \$10.

⁷ Year 1 based on 2026 budget. Following years based on projected revenues.

⁸ Assumes cooling inflation to two percent average.

⁹ Previous year tax revenue plus inflation.

¹⁰ Calculated based on formula provided by State of Montana.

¹¹ Updated City Charter caps transit mills at 11.71. UTD is not subject to the cap, but is subject to total revenue increase cap.

Viability: High revenue potential; politically sensitive.

Arterial Construction Fees

In support of constructing and/or reconstructing the arterial network in Billings, an Arterial Construction Fee has been established and is applied to all non-city/government properties in the city. Funds from the fees are segregated from other city funds and rates applied to all property classifications are set annually by the city council. The fund is intended to support capital improvements falls under the portion of the MCA covering impact fees.

The program generates approximately \$3 million annually for arterial improvements. Relative to the Street Maintenance District alternative, potential revenue for transit from this program is substantially less and the focus of where the dollars could be used (arterial routes) is also more restrictive.

Viability: Moderate for incremental support for capital projects in arterial corridors; unlikely to close full funding gap.

Employer/Institutional Partnerships

Institutional partnerships are sometimes used by transit agencies to increase revenue and provide incentives for local workers to use transit. Generally, major employers or universities in the area purchase transit passes (typically at a discounted rate) for all employees, who then have access to unlimited transit rides using their student or employee identification.

This may be especially attractive in Billings as three of the largest institutions in the area are all located on a single corridor – Billings Clinic, Intermountain Health, and Montana State University Billings. Such a program would likely require MET to provide high quality service to these riders, which might mean increased frequency or extended hours.

If 5,000 unlimited passes were purchased at a 50 percent discount, this would provide about \$840,000 in revenue per year. It might be slightly offset by a decrease in fare revenues as some who would have purchased passes on their own get access to the passes.

Viability: High potential; dependent on service quality and employer participation.

Parking Revenue and Parking Benefit Districts

The City of Billings collects approximately \$2.6 million in revenue through the parking department, including parking meter income, garage and surface lot permits, and violations. However, the parking department is currently projecting about \$3.3 million in expenses for 2026, partially due to the sale of two downtown parking lots, one of which will be leased back, reducing revenues and creating a new recurring expense.

Through a city reorganization it may be possible to merge the transit and parking departments, allowing parking revenue to supplement transit service. However, while this may provide long-term revenue opportunities, it has the potential of increasing the department's potential shortfall in the short term.

A [parking benefit district](#), which would support improvements by increasing parking fees in a specific area, would be an interim strategy. While this strategy has not been applied in Montana, it may be an option. The

increased meter rates would be designed to increase parking turnover and decrease parking congestion in the downtown area, with additional revenues going toward transit service.

Viability: Moderate for incremental support; unlikely to close full funding gap.

Impact Fees Fund

The Montana Code Annotated grants the authority for a community to impose impact fees to support improvement to transportation and select other types of capital improvement. The mechanism works by defining a charge to individual developments to account for the impact added traffic has on the current system. Fees collected transitionally help pay for adding turning lanes to intersection influenced by a development of for signal improvements. Developers are charged an upfront fee based on the type of use they propose to build and the size of the development.

Impact fees vary from the range currently being charged as they are an upfront one-time cost to the developer. State statutes require a report outlining the potential for impacts to be prepared and used, in part, as the basis for determining the fee to be charged to account for impacts. The concept is like the Arterial Construction Fee concept.

Bozeman has an impact fee program that supports capital funding for fire/emergency medical services, transportation, water, and wastewater. Impacts fees for residential units range from approximately \$5,400 to over \$25,000 depending on the square footage. Fees for each multi-family unit range from approximately \$3,700 to over \$16,200. Non-residential uses are charged based on the square footage across a range of uses, with a low of approximately \$700 per 100 square feet to over \$18,500 per 100 square feet for retail/restaurants. The program generates approximately \$11.5 million per year.

Viability: Politically dependent as similar fees attached to development are charges; high revenue potential if viable.

Marijuana Excise Tax Reallocation

Yellowstone County collects a three percent excise tax on all recreational marijuana sales, the maximum allowed by state law. A portion of this revenue goes to the City of Billings, estimated to be \$425,000 in 2026. Currently that revenue is dedicated to the construction of City Hall and increasing resources for mental health and substance abuse.

However, the use of excise taxes is under local control, and it may be possible in the future to reallocate a portion of that revenue to fund transit service if it is deemed politically viable. This would require cooperation across City departments and the support of City Council.

Viability: Politically dependent; moderate scale relative to need.

Joint Development and Transit-Oriented Development

[Joint development](#) refers to public-private partnerships to develop or improve land owned by transit agencies. For example, a transit agency may purchase parcels near a current or proposed station or rapid transit line and lease the land to a developer for development. The transit agency then collects revenues as rent payments on the property. As an additional benefit, transit ridership may increase due to increased density near major transit lines.

Some FTA funding may assist in property acquisition or property development, but the success of this strategy is largely driven by market forces. While Billings is growing, other areas of Montana are attracting much higher rates of growth and development. The most obvious area of potential is the downtown transfer station, which may be attractive to developers for a future joint venture.

Viability: Long-term supplemental strategy; limited near-term operating relief.

Tax Increment Financing (TIF)

A TIF is a public financing tool used by local governments to fund redevelopment, infrastructure, and community improvements by capturing future tax revenue increases. In Billings, a TIF district could be created to stabilize capital planning, budgeting, and funding.

Viability: Feasible for capital projects pending local approval for use.

Business Improvement District (BID)

Business Improvement Districts (BID) are allowed through MCA Title 7, Chapter 12, Part 11 and are intended to:

- Serve a public purpose.
- Promote the health, safety, prosperity, security and general welfare of people in the district and the state.
- Be of a special benefit to the property in the district.
- Aid in the tourism, promotion and marketing of activities within the district.

Within Billings, there are two BIDs, the Tourism Business Improvement District and the Downtown Business Improvement District. Funding from the Tourism BID is used for marketing and promotion of the community and is generated from assessments on hotel rooms. The Downtown BID was established in 2005 and renewed in 2015 and 2025. The Downtown BID is funded through assessments on properties in the downtown area and is managed by a Board of Directors appointed by the City Council. The BID is tasked with a combination of maintenance of the downtown areas, including emptying trash receptacles, snow removal on the sidewalks, and maintenance of the downtown restrooms. The BID also is responsible for developing and running downtown events.

Powers granted to a BID also include the ability to assess properties in the district for maintenance and repair of capital investments in coordination with the city.

A critical factor for consideration for transit operations and/or maintenance is a BID cannot be formed in areas that are predominantly residential. However, a coordinated effort between the city and the BID Board could support maintenance and rehabilitation of the downtown transit center or other MET facilities that are in non-residential areas.

Viability: Requires additional assessment on properties, which likely has limited political viability. Focus of where funding could be generated and the level of funding is limited.

Eliminated Alternatives

The following potential funding alternatives were determined not to be viable in Billings:

- Resort tax: A resort tax is Montana’s version of a local options sales tax, levied only on hotels, restaurants, bars and resorts. This option is not viable as Billings does not meet the state’s definition of “resort community.”
- Wheelage tax: Many communities around the country include a “wheelage fee” on motor vehicle registrations to help fund local transportation. This option is not viable because a wheelage tax does not exist in Montana.
- Franchise fees: These are fees added to utility bills by municipalities. This option is likely not feasible in Billings following the City settling on a class action lawsuit on franchise fees in 2023.

Funding Alternatives Evaluation Summary

No single alternative is sufficient alone to close the possible future funding gap while supporting service expansion. The full results summary of the analysis is shown in Table 3, though the most scalable tools are:

- A dedicated property tax levy through a UTD structure
- CMAQ funding for operations
- Transportation utility fee adjustments
- Employer/institutional bulk pass partnerships

Incremental tools such as marijuana excise reallocation or parking benefit districts may provide supplemental support but are unlikely to fully address long-term needs. Joint developments and TODs may provide operating costs in the long term but will require capital investments to develop. Finally, TIFs may help with funding capital in the long term, but funds would not be eligible for operations.

Table 3. Funding Tools Evaluation Summary

Option	Description	Evaluation Criteria				
		Applicability		Potential Additional Funding Generated	Viability/ Use Simplicity	Option to Fund Transit in MT
		Operations	Capital/ Asset Improvement			
Increase Direct (System Generated) Revenues	System may increase fares, or seek additional advertising/partnership opportunities	●	●	●	●	Yes
Urban Transportation District	Voter-approved special taxing district, which can levy property taxes	●	●	●	●	Yes
Congestion Mitigation Air Quality Funds	Transit's impact of reducing vehicle miles traveled connects use of CMAQ funds to supporting operations	●	●	●	●	Yes
Arterial Construction Fee	Fees paid by property owners/developers dedicated to arterial street (re)construction and maintenance (including bond payments).	●	●	●	●	Yes, capital/ asset maintenance only.
Street Maintenance District Assessment	Assessment within a designate area (district) for on-going street maintenance and improvements. Can include sidewalks.	●	●	●	●	Yes, capital/ asset maintenance only.
Employer/ Institutional Partnerships	Partner with transit supportive employers or businesses for service and or capital improvements supplemental funding.	●	●	●	●	Yes, capital/ asset maintenance only.
Parking Fees/Parking Benefit District	Dedicate all or part of parking revenue to transit operations	●	●	●	●	Yes, but no current examples
Impact Fees Fund	Fee charged to new development to account for the new infrastructure made necessary by the development.	●	●	●	●	Yes, specific new capital facilities/ assets only

Option	Description	Evaluation Criteria				
		Applicability		Potential Additional Funding Generated	Viability/ Use Simplicity	Option to Fund Transit in MT
		Operations	Capital/ Asset Improvement			
Marijuana Excise Taxes	Dedicate part of City's share of excise taxes to transit operations	●	●	●	●	Yes, but no current examples
Tax Increment Financing	Taxing district that captures future tax revenue increases for capital projects	●	●	●	●	Yes, capital/ assets only
Business Improvement District Taxes	Overlay taxing area to support business improvement/expansion that serves a public use. Residential zoned areas exempt.	●	●	●	●	Yes, in designated business districts
Service agreements (e.g., providing demand response to Laurel)	Coordinate with Laurel leadership to provide demand response service - accesses 5311 funds, likely additional state funds, local funds and fares	●	●	●	●	Yes
Resort Tax	A resort tax is MT's version of a local options sales tax, levied only on hotels, restaurants, bars and resorts	●	●	●	●	Yes, but not in Billings
Wheelage Tax	Use a portion of "wheelage fee" on motor vehicle registrations to help fund local transportation	●	●	N/A	N/A	No
Franchise Fees	Fee added to utility bills by municipalities	●	●	●	●	Yes, but no current examples

Legend

- High applicability, funding potential, and viability
- Moderate applicability, funding potential, and viability
- Low applicability, funding potential, and viability

Fares Analysis

Increasing fare revenue is one way to fund operations and work toward financial sustainability; however, raising fares carries the risk of ridership reduction and potential equity concerns. Another potential way to increase total fare revenue without raising the cost of a fare is to make it easier to purchase fares through multiple media and physical locations. To better understand MET Transit's fare practices and how they could potentially be improved, this section evaluates the following topics relative to comparable peer systems:

- MET Transit's fare revenue and operating cost context.
- Fare structure comparisons, including base fares, pass pricing, and fare media.
- Farebox recovery and cost per passenger comparisons.
- Variations in local funding approaches.

This analysis focuses on systemwide financial metrics to understand how MET Transit's operating expenses, fare revenue, and farebox recovery align with similarly sized transit systems throughout Montana, with other systems selected for comparison in North Dakota, South Dakota, and Indiana. Using 2024 National Transit Database (NTD) data, this section includes several measures to provide a consistent financial snapshot across agencies.

This section also identifies the publicly available characteristics of peer agencies' local funding environments and other revenue sources to contextualize MET Transit's funding sources. This component of the analysis is intended to establish a financial baseline that will guide broader discussion of governance structure and funding sustainability.

Peer Agency Selection

Peer agencies included in this analysis were identified based on prior governance discussions, regional context, and general alignment in agency size and the scale of service provided. Several Montana systems, including **Mountain Line (Missoula)**, **Great Falls Transit District (Great Falls)**, and **Streamline (Gallatin Valley/Bozeman)** were included in governance interviews conducted earlier in this project; these agencies provide relevant statewide context despite not necessarily aligning exactly on the scale of service. Additional peer systems include **Bis-Man Transit (Bismarck-Mandan, ND)**, **Sioux Area Metro (Sioux Falls, SD)** and **Citilink (Fort Wayne, IN)**. These agencies were selected due to similarities in service scale and urban context, but also for their illustrative value in reviewing alternative local funding structures such as public-private or institutional partnerships. While this peer group is not intended to represent a statistically derived set, the selected agencies provide financial and structural context for comparison using publicly available data sources.

Fare Comparison

Passenger fares are an important portion of any transit agency's operating budget, including MET Transit's. Fare policy, fare levels, and fare collection technology are important to consider when determining a strategic direction for a transit agency.

Table 4 lists peer agencies' single ride, day pass, and monthly pass fares. These fare categories were selected because they are consistently available across agencies, though many agencies also offer additional fare products, such as multi-ride passes and reduced fare categories. Two of the Montana peer systems

(Mountain Line and Streamline) currently offer fare-free fixed-route service. Among the remaining systems, base fares are generally consistent, with most agencies charging \$1.50 per ride.

MET Transit's base fare of \$2.00 is somewhat higher than other fare-charging systems included in this comparison. However, day pass and monthly pass pricing shows greater variation across agencies. Day passes range from \$3.00 to \$6.00, while monthly passes range from \$30.00 to \$54.00. MET Transit's monthly pass price of \$28.00 is the lowest among the peer systems reviewed, indicating a relatively lower per-ride cost for the system's most frequent riders despite the higher single-ride fare.

Table 4. Peer Agency Fixed-Route Fare Comparison

Agency	Location	Single Ride	Day Pass	Monthly Pass
Mountain Line*	Missoula, MT	-	-	-
Great Falls Transit District	Great Falls, MT	\$1.00	\$4.00	\$30.00
Streamline*	Gallatin Valley/Bozeman, MT	-	-	-
Bis-Man Transit	Bismarck-Mandan, ND	\$1.50	\$6.00	\$36.00
Sioux Area Metro	Sioux Falls, SD	\$1.50	\$3.00	\$30.00
Citilink	Fort Wayne, IN	\$1.50	\$3.75	\$54.00
MET Transit	Billings, MT	\$2.00	\$4.00	\$28.00

*Agency is zero-fare.

Overall, the comparison suggests that while MET Transit's base fare is somewhat higher than most of the selected peers, its pass pricing structure offers stronger quantity discounts than peer agencies. These differences highlight the ways in which agencies balance single-ride fares and passes when making decisions on fare policy structure to support frequent ridership.

Fare Structure Considerations

In addition to fare levels themselves, it is also important to consider broader factors which may influence how fares function within a transit system. These include fare collection methods and how changes in fare levels may impact system ridership.

FARE PAYMENT METHODS

The types of fare media available can have an impact on rider convenience, fare collection efficiency, and the administrative costs borne by agencies associated with operating a fare system. Common fare media include cash payment, paper tickets or passes, smart cards, and mobile ticketing apps.

Table 5 summarizes the primary fare media available across the peer systems reviewed. Most agencies continue to accept cash onboard vehicles, while several systems also offer electronic or app-based fare payment. Specifically, mobile ticketing has become increasingly common industry-wide in recent years among small and mid-sized urban transit agencies, as it allows riders to purchase and store tickets on their smartphones. This trend has the potential to reduce the need for physical ticket distribution and processing.

Table 5. Peer Agency Fare Media Comparison

Agency	Location	Cash	Paper Passes	Smart Card	Mobile Ticketing
Mountain Line*	Missoula, MT	-	-	-	-
Great Falls Transit District	Great Falls, MT	✓	✓	-	✓
Streamline*	Gallatin Valley/Bozeman, MT	-	-	-	-
Bis-Man Transit	Bismarck-Mandan, ND	✓	✓	-	✓
Sioux Area Metro	Sioux Falls, SD	✓	✓	-	✓
Citilink	Fort Wayne, IN	✓	✓	✓	✓
MET Transit	Billings, MT	✓	✓	✓	✓

*Agency is zero-fare.

While fare media does not relate directly to fare levels, it can influence how easily riders are able to access the transit system and how efficiently agencies collect revenue. Systems with multiple payment options may improve rider convenience and reduce barriers to using transit, while also allowing for the use of more advanced tools to track fare sales and patterns.

Additionally, the use of fare media like smart cards and mobile ticketing enables streamlined implementation of fare capping, in which riders are automatically charged no more than the cost of a daily or monthly pass once their accumulated fares paid over the relevant time period reach that threshold. This provides many of the benefits of pass products without requiring upfront payment, which may improve affordability for riders.

ELASTICITY

It is generally understood that changes to fare levels affect ridership, and those changes are most acutely felt by those individuals for whom transit fares are a significant financial burden. In other words, a fare increase can be associated with a decline in ridership, whereas a fare decrease can increase ridership.

Transit planning research commonly describes this relationship using fare elasticity, which measures how sensitive ridership is to changes in price. A commonly cited planning guideline is that transit ridership will increase by approximately 0.3 percent for every 1.0 percent decrease in fares over their previous level (and vice versa).¹² In more practical terms, this means that a 10 percent fare increase might be expected to reduce ridership by approximately three percent. Research conducted through the Transit Cooperative Research Program indicates that short-run fare elasticities typically fall near -0.3 for many transit systems.

For planning purposes, this is an acceptable estimate; however, when looking at specific user groups, it is important to be mindful of the following outcomes of transit fare changes:

- Rider groups that are least sensitive to fare changes tend to be “traditional” commuters traveling to core areas of cities.

¹² Transit Cooperative Research Program (TCRP) Report 95: Traveler Response to Transportation System Changes, Chapter 12 – Transit Pricing and Fares. https://trb.org/publications/tcrp/tcrp_rpt_95c12.pdf, p. 12-11.

- Demand is most sensitive to price at off-peak times, for short trips, in relatively affluent markets, and places without much traffic congestion.
- Fare increases affect travel behaviors of people with lower incomes more than more affluent passengers.
- The quality of transit service and the cost of automobile travel and ownership is a much more significant factor when determining transit ridership in comparison to fare changes.

While fare changes can influence ridership levels, their effects are typically expected to be modest and can vary across rider groups and local conditions. As such, fare policy is often considered along with broader questions of funding sustainability and service quality.

Systemwide Financial Context

Systemwide financial metrics provide additional insight into the role of fares within transit agency funding. Using National Transit Database (NTD) data, several high-level financial indicators were reviewed for both MET Transit and its peers. These indicators provide a 2024 snapshot of annual operating costs, ridership levels, and the relationship between fare revenue and local funding sources.

Because several of the selected peer agencies report to NTD as reduced reporters, the availability of certain financial data varies across systems. As such, this analysis focuses on metrics that are available consistently across agencies.

Fixed-Route System Size and Productivity

Table 6 compares the scale and operating efficiency of fixed-route service across the peer systems reviewed. Fixed route operating statistics were used for this comparison to evaluate the portion of each system that is most directly influenced by fare policy and is most comparable across agencies. Among peer agencies, Citilink and Mountain Line operate the largest fixed-route systems in the group, each with over a million annual passenger trips and over \$10 million in fixed-route operating expenses. MET Transit falls near the middle of the peer group in terms of both ridership and cost effectiveness. Fixed route operating expenses per passenger trip vary across systems, ranging from \$8.61 per trip in Missoula to \$17.34 in Bismarck-Mandan.

Table 6. Fixed-Route System Size and Productivity

Agency	Location	Fixed Route Operating Expense	Fixed-Route Passenger Trips	Operating Expense per Passenger Trip (Fixed-Route)
Mountain Line	Missoula, MT	\$10,514,003	1,221,669	\$8.61
Great Falls Transit District	Great Falls, MT	\$3,502,891	363,628	\$9.63
Streamline	Gallatin Valley/Bozeman, MT	\$2,106,093	148,397	\$14.19
Bis-Man Transit	Bismarck-Mandan, ND	\$2,107,550	121,538	\$17.34
Sioux Area Metro	Sioux Falls, SD	\$7,216,243	496,460	\$14.54
Citilink	Fort Wayne, IN	\$14,034,876	1,543,424	\$9.09
MET Transit	Billings, MT	\$5,099,731	385,381	\$13.23

Source: NTD Annual Agency Profiles, 2024

Systemwide Fare Revenue and Farebox Recovery

Table 7 summarizes systemwide operating expenses, fare revenue, and farebox recovery ratios for MET Transit and peer agencies. Unlike the previous comparison of fixed-route productivity, these metrics reflect total systemwide operations across all modes in order to better illustrate how passenger fares contribute to agency funding.

As previously discussed, Mountain Line and Streamline both operate fare-free fixed-route service and therefore generate little to no fare revenue. Among agencies that do charge fares, farebox recovery ratios generally remain modest, reflecting typical funding structures of small and mid-sized urban transit agencies. MET Transit's farebox recovery ratio is the highest in the peer group, indicating that fares make up a larger share of operating expenses relative to each of the other systems reviewed. This conclusion aligns with previous comparisons which found that MET Transit's single-ride fares are the highest in the peer group.

Table 7. Systemwide Operating Expense, Fare Revenue, and Farebox Recovery

Agency	Location	Total Operating Expense	Fare Revenue	Farebox Recovery
Mountain Line*	Missoula, MT	\$14,114,272	-	0.0%
Great Falls Transit District	Great Falls, MT	\$4,835,839	\$320,858	6.6%
Streamline*	Gallatin Valley/Bozeman, MT	\$2,761,060	\$7,393	0.3%
Bis-Man Transit	Bismarck-Mandan, ND	\$5,049,602	\$338,153	6.7%
Sioux Area Metro	Sioux Falls, SD	\$11,481,319	\$418,433	3.6%
Citilink	Fort Wayne, IN	\$18,170,345	\$1,543,659	8.5%
MET Transit	Billings, MT	\$6,785,076	\$602,121	8.9%

*Agency is zero-fare.

Source: NTD Annual Agency Profiles, 2024

Local Funding

Table 8 provides additional context on the role of local funding sources in supporting operations among MET Transit and its peers. Local funding values include passenger fare revenue, funding reported through NTD as allocated by local government(s), and any other locally generated tax revenues dedicated specifically to transit, such as transit district property taxes or sales taxes.

Local funding shares vary widely across the peer systems reviewed. Mountain Line relies heavily on local funding sources, with local revenues supporting more than 70 percent of total operating expenses. Several other peer systems, including Sioux Area Metro, Citilink, and Great Falls Transit, also rely on local funding for roughly half of their operating budgets. Relative to these peers, local funding represents a smaller share of total operating expenses for MET Transit and Streamline.

Comparing fare revenue to local funding also provides context on the importance of fares within each agency's local funding structure. Among the peer systems that charge fares, fare revenue generally

represents a small percentage of locally generated funding. This reflects a common pattern among transit systems in which fares supplement operating budgets but are not necessarily intended to replace primary local funding sources such as taxes or local government contributions.

Table 8. Local Funding Context

Agency	Location	Local Funding	Local Funding Share	Fare Revenue as % of Local Funding
Mountain Line*	Missoula, MT	\$10,048,920	71.2%	0.0%
Great Falls Transit District	Great Falls, MT	\$2,432,672	50.3%	13.2%
Streamline*	Gallatin Valley/Bozeman, MT	\$1,013,824	36.7%	0.7%
Bis-Man Transit	Bismarck-Mandan, ND	\$2,083,563	41.3%	16.2%
Sioux Area Metro	Sioux Falls, SD	\$6,106,667	53.2%	6.9%
Citilink	Fort Wayne, IN	\$9,249,978	50.9%	16.7%
MET Transit	Billings, MT	\$2,363,311	34.8%	25.5%

*Agency is zero-fare.

Source: NTD Annual Agency Profiles, 2024

Non-Fare Local Revenue and Funding Approaches

In addition to passenger fares and traditional local government contributions, agencies supplement operating funding through a variety of locally generated revenue sources. These arrangements can leverage creative local revenue opportunities that may be unique to the communities each agency serves. The peer systems evaluated during this process illustrate several examples of these approaches.

Institutional Partnerships

Large institutions, such as hospitals and universities, often partner with transit agencies to fund services that support employee, student, or visitor travel. These arrangements typically involve direct financial contributions to support specific routes or broader transit system access.

CITILINK – FORT WAYNE, IN

Citilink operates the MedLink route connecting two Parkview Health hospital campuses. The route is funded directly by the hospital system, which contributes approximately \$325,000 annually to support this service. The partnership allows the hospital to improve access between facilities, support employee commuting, and expand transit access for the surrounding community to its facilities.

MOUNTAIN LINE – MISSOULA, MT

Mountain Line receives funding support through the Associated Students of the University of Montana. Student fees help support the agency's fare-free service model and provide a stable revenue source tied to the university population. University partnerships like this are relatively common in college communities and often replace or supplement traditional fare revenue. An alternate version of such an arrangement can also

be implemented when colleges and universities purchase a set number of passes at the outset of each academic year, often outlined and repeated annually in a contract.

Directly Generated Revenue

Transit agencies may generate revenue directly through activities such as advertising, sponsorships, or other commercial agreements. While these revenues typically represent a small share of overall funding, they can help offset operating costs and diversify funding sources.

MET Transit currently generates locally controlled revenue through advertising on transit vehicles and facilities. As Table 9 shows, MET Transit has the highest advertising revenue among its peers as well as the highest value of advertising revenue as a percentage of total operating expenses at 3.1 percent. The second closest was Bis-Man Transit with 2.5 percent, while the other peers were 1.0 percent or less. This shows MET Transit’s commitment to diversifying its revenue by implementing a successful advertising revenue stream.

Table 9. Advertising Revenue, 2024

Agency	Location	Total Operating Expense	Advertising Revenue	Advertising Revenue as % of Total Operating Expense
Mountain Line*	Missoula, MT	\$14,114,272	\$25,594	0.2%
Great Falls Transit District	Great Falls, MT	\$4,835,839	\$25,476	0.5%
Streamline*	Gallatin Valley/Bozeman, MT	\$2,761,060	\$0	0.0%
Bis-Man Transit	Bismarck-Mandan, ND	\$5,049,602	\$123,953	2.5%
Sioux Area Metro	Sioux Falls, SD	\$11,481,319	\$68,770	0.6%
Citilink	Fort Wayne, IN	\$18,170,345	\$179,169	1.0%
MET Transit	Billings, MT	\$6,785,076	\$207,993	3.1%

Source: 2024 NTD Annual Data - Funding Sources (Directly Generated)

Dedicated Funding Mechanisms

Some transit systems are funded through dedicated transit taxes rather than annual municipal appropriations. These funding mechanisms are typically authorized through voter approval and provide a stable source of local funding dedicated specifically to transit operations.

GREAT FALLS TRANSIT DISTRICT – GREAT FALLS, MT

Great Falls Transit District receives funding through a voter-approved transit district property tax in addition to passenger fares. Under this structure, the transit district generates funding directly through a dedicated local tax rather than relying on general fund appropriations from local governments. Dedicated funding mechanisms such as transit district taxes can provide a stable revenue stream for transit operations while allowing agencies greater financial independence from annual municipal budgeting processes.

Fares Analysis Summary

Based on the fare analysis, fare policy can help MET Transit's financial sustainability, but it is unlikely to be a major revenue solution on its own. MET Transit already relies on fares more than its peers: among systems that charge fares, MET Transit has the highest farebox recovery (8.9 percent) and the highest fare revenue as a share of local funding (25.5 percent). This suggests there may be limited upside from fare increases before equity and ridership impacts become a concern.

If MET Transit considers raising fares, the peer context matters. MET Transit's \$2.00 single-ride fare is the highest among the fare-charging peers (most are \$1.50), while its \$28 monthly pass is the lowest. This means MET Transit is already relatively expensive for occasional riders but comparatively affordable for frequent riders. The analysis also notes that ridership generally declines with fare increases, so any increase should be modest and carefully targeted to avoid offsetting revenue gains with ridership loss.

MET Transit is already advanced in its offerings of fare payment options, with cash, paper passes, smart cards, and mobile ticketing options available. MET Transit also already offers fare capping. One area of potential improvement is to have more ticket and fare card vending machines available in popular public places across the city. Finally, MET Transit has a successful advertising program that generates the highest advertising revenue among the peers as well as the highest advertising revenue as a percentage of its total operating expense.

Regional Considerations

There are many regional dynamics becoming increasingly relevant to MET Transit's long-term sustainability. Growth patterns, travel demand, federal funding eligibility, and community expectations suggest that transit planning in Billings should consider areas outside of municipal limits.

Laurel Integration

Laurel represents the most feasible near-term regional partnership. Laurel Transit currently operates a small, demand-response service funded primarily through 5311 and TransADE grants with a modest local match. Laurel leadership has expressed openness to MET Transit operating service on its behalf through a purchase-of-service arrangement. Key considerations include:

- Laurel's annual operating budget is approximately \$65,000, indicating limited local fiscal capacity.
- Fixed-route service is not considered viable at this time, reinforcing that any integration model would likely focus on demand response.
- If the urban area expands to include Laurel after the 2030 census, federal funding allocations could shift, though this outcome is not guaranteed.

Under the Status Quo model, Laurel could continue operating independently with coordination through interlocal agreements. Under a UTD model, Laurel could either be included within district boundaries or participate through a purchase-of-service contract. In either case, the relatively small scale of Laurel's operation suggests that integration is administratively feasible, though funding flows and service standards would need to be clearly defined.

Lockwood and Westward Growth

Lockwood and areas along the I-90 corridor represent significant unmet service demand, as reflected in survey results from a July public engagement event. Forty-two survey responses were located in Lockwood, indicating meaningful public interest in service expansion.

Service to Lockwood would require additional operating resources and complementary paratransit coverage, increasing annual costs by approximately \$550,000 per added bus when operating outside current boundaries.

Regional governance structures may impact the feasibility with which such service can be implemented. Under the municipal model, expansion beyond city limits requires interlocal agreements and external funding sources. Under a UTD, district boundaries could be designed to include Lockwood or areas to the west of Billings from the outset, or they could be expanded through annexation processes.

County Participation and Boundary Design

Yellowstone County participation remains uncertain and would likely require additional outreach and research. Interviews with UTDs reinforced the importance of carefully defining district boundaries to align with service expectations and to avoid opt-out pressures or mismatched coverage obligations.

If a multi-jurisdictional UTD were pursued, decisions regarding initial boundaries would influence political feasibility and long-term flexibility. Alternatively, maintaining the Status Quo model would preserve municipal clarity but might require multiple additional agreements as growth continued.

Comparative Analysis: Governance and Funding Alignment

Governance and funding decisions are interdependent and while they have so far been evaluated independently in this report, the comparative analysis below synthesizes findings from both the governance and funding evaluations.

Status Quo Model

Under the municipal model, MET Transit remains embedded within City government. Funding flexibility is primarily limited by the Charter-imposed mill levy cap and municipal budget competition. Strengths of this alignment include:

- Administrative continuity and lower transition risk.
- Established accountability to elected City officials.
- Ability to pursue incremental funding tools (utility fee adjustments, parking revenues, employer partnerships) without structural change.

Limitations include:

- Limited ability to expand property tax authority without voter approval.
- Potential constraints on service expansion beyond city limits.
- Exposure to broader City fiscal pressures unrelated to transit.

UTD Model

Under a UTD model, transit governance is separated from municipal structure and vested in a single-purpose district with independent levy authority. Strengths of this alignment include:

- Dedicated revenue source capable of addressing structural funding gaps at scale.
- Flexible boundary design to accommodate regional growth.
- Governance focus solely on transit policy and investment decisions.

Limitations include:

- Requirement for voter approval and public campaign.
- Administrative transition planning, including asset transfer and labor considerations.
- Continued exposure to statewide levy growth limits.

Alignment with Service Expansion Goals

The scale of projected expansion costs of \$1.7 to \$3.3 million annually for three to six additional buses suggests that supplemental revenue tools alone are unlikely to sustain both existing service and meaningful expansion.

If expansion into Lockwood, increased frequency, and enhanced regional connectivity are prioritized, governance structures that support scalable property tax authority may provide greater long-term stability. If maintaining current service levels with modest adjustments is the primary objective, the municipal model may remain viable with targeted supplemental funding.

Risk Distribution Rather Than Risk Elimination

Both pathways carry risk. The municipal model concentrates fiscal risk within existing Charter constraints and City budget competition. The UTD model concentrates political and formation risk upfront but may reduce long-term structural fiscal pressure.

Ultimately, the comparative analysis indicates that the choice between governance pathways reflects differing tolerance for political complexity versus fiscal constraint. The evaluation framework provided in this report is intended to assist decision-makers in weighing those tradeoffs transparently and deliberately.

Governance and funding tools are closely linked. The Status Quo model preserves administrative simplicity but limits revenue flexibility. A UTD structure introduces a dedicated funding mechanism aligned with regional expansion potential.

In addition to the UTD tax, CMAQ presents a real opportunity for funding operations. Utility fees, partnerships, excise reallocation, and other funding mechanisms may supplement either model but are unlikely to independently close projected funding gaps.

PART III: ECONOMIC RETURN ON TRANSIT INVESTMENT

This section discusses the benefits of providing transit service. When revenue sources are constrained, it is crucial to demonstrate that transit services are financially sustainable and that they provide tangible benefits to the community.

A recent healthcare study¹³ found that about six percent of adult Americans reported that a lack of reliable transportation had kept them from medical appointments, meetings, work, or from getting things they needed for daily living. These missing life experiences come with a price. By filling transportation gaps, public transportation helps residents of a community avoid unnecessary penalties.

There is more than one approach to valuing transit; this section uses benefit-cost analysis methods to weigh the cost of providing service against the benefits generated by transit service.

Benefit-Cost Analysis

A benefit-cost analysis (BCA) identifies and monetizes the *societal benefits* of transit service and compares them with the *cost* of providing transit service. Most benefits are quantifiable, and most quantifiable benefits can be monetized. A BCA takes only the monetary values so that a single ratio can be produced. If the ratio is greater than one, the net benefit is positive.

Because it is expressed in dollar terms, this net benefit can also be described as a return on investment: every dollar invested in transit generates a larger dollar amount of societal benefit. This section uses ridership figures from 2024-2025 to estimate the dollar value of the trips taken on transit in Billings, compare this value with the cost of operating the service, and calculate a return on investment.

Forgone Trips

The dollar value is applied to trips that would be forgone in the absence of transit. This is only a fraction of total trips. If public transit were not available, then many trips would likely be made in other ways – by hiring a taxi, asking a friend for a ride, walking, or (for those who have cars) driving instead.

Research into alternate modes suggests that the overall percentage of transit trips that would only be made by transit is around 20 percent. In a 2017 analysis of on-board surveys conducted by transit agencies around the United States, about 23 percent of bus trips and 21 percent of rail trips would not be made if public transportation service were no longer available.¹⁴ When the same survey data are broken down by city size, 17 percent of trips would be forgone in urban areas with fewer than a million residents; residents of smaller cities are more likely to walk, bike, or get a ride instead.

Some trips may be more likely to be forgone than others. It is reasonable to suppose that most people looking for work would find some way to get there if transit were not an option. Other trips are more likely

¹³ Ng AE, Adjaye-Gbewonyo D, Dahlhamer J. Lack of reliable transportation for daily living among adults: United States, 2022. NCHS Data Brief, no 490. Hyattsville, MD: National Center for Health Statistics. 2024. DOI: <https://dx.doi.org/10.15620/cdc:135611>

¹⁴ APTA (2017). Who Rides Public Transportation. <https://rosap.nhtl.bts.gov/view/dot/6296>

to be forgone. During the COVID-19 pandemic, a survey of patients in North Carolina found that 20.7 percent of respondents had missed a medical appointment because they could not find a ride.¹⁵

Trip Purpose

In order to place a value on a trip, it is important to understand its purpose. Based on community survey results from the 2023 MET Transit TDP update, the top trip purpose among daily users of transit is job access (62 percent; Table 10). Healthcare trips are a smaller but measurable share at four percent; it represents a larger share for infrequent/occasional transit users. Other trip purposes include shopping and errands, K-12 school trips, personal/recreational/social activity, and accessing government or social service agencies.

Table 10. Trip Purposes by Frequency of Ridership

Trip Purpose	5 or More Days per Week	A Few Days per Week	A Few Times per Month	Less than Once per Month
Government or social service agency	2.2%	2.9%	3.0%	0.0%
Medical	4.4%	8.6%	16.7%	15.8%
Personal/recreational/social activity	0.0%	11.4%	18.2%	36.8%
School (K-12)	13.3%	11.4%	6.1%	1.8%
Shopping or errands	17.8%	22.9%	25.8%	21.1%
Work	62.2%	42.9%	30.3%	24.6%

Source: Billings Met Transit Community Survey, 2023.

Among these trip purposes, the two most readily quantifiable types of trips are work- and healthcare-related.

- **Work benefit:** The wages earned by people who use transit to access jobs. The value of one work-related bus trip is estimated at \$60. The analysis assumes that five percent of work trips would be forgone in the absence of transit and that an hourly wage is \$15.
- **Healthcare cost savings:** The net value of regular medical appointments, including both the difference between routine and emergency care and the value of additional quality of life years attributable to well-maintained conditions. The value of one healthcare-related bus trip is estimated at about \$609. The analysis assumes that 20 percent of healthcare trips would be forgone in the absence of transit.

Other trip purposes have benefits as well. Visits to a government or social service agency have substantial value to people who receive services. With these visits they may be maintaining their eligibility for supplemental nutrition programs, managing their utility bills, or otherwise ensuring that they continue to thrive. Social activities help maintain community resilience through relationships; shopping and errands

¹⁵ Cochran, A. L., McDonald, N. C., Prunkl, L., Vinella-Brushner, E., Wang, J., Oluyede, L., & Wolfe, M. (2022). Transportation barriers to care among frequent health care users during the COVID pandemic. BMC public health, 22(1), 1783. <https://doi.org/10.1186/s12889-022-14149-x>

include essential goods; and school trips by transit reduce pressures on busy parents as well as the yellow bus system.

However, these other benefits are less readily quantifiable, as they have not been studied as thoroughly in the literature. In the absence of a verifiable estimate, their value is not incorporated into the analysis.

Work

About half of frequent transit users use the bus to get to their jobs. If transit were not available, there would undoubtedly be people who would not be able to work or who would be working less desirable jobs.

A straightforward way to estimate the benefit of work trips is to divide an individual's wage by the number of transit trips they had to make to earn it. Wages vary across regions and demographic groups, with transit riders tending to earn below their local average. The state minimum wage of \$10.85 provides a floor for any estimates but is likely an underestimate for transit riders. According to recent statistics from the [Bureau of Labor Services](#), the average hourly wage in Billings was \$28.64 in 2024. Within the relatively low-paid industries of food preparation, healthcare support, and administrative support, average wages ranged from \$15.64 to \$22.28. Taking \$15 an hour as a conservative estimate, if a person makes two daily trips to complete an eight-hour shift, then the value of a single trip is \$15 times 4 or \$60.

Healthcare Access

Hughes-Cromwick et al. (2005)¹⁶ established a methodology for estimating the value of a healthcare trip that continues to be the standard. The study looked at the cost-effectiveness of providing non-emergency medical transportation. It measured two types of benefit:

- Actual decreases in healthcare costs for some conditions. E.g. by providing routine care for a condition, it is possible to avoid major expenditures on emergency care. This care is deemed cost-saving.
- Improved quality of life for people who receive treatment for chronic conditions. The vehicle for attaching a dollar to quality of life is the Quality Adjusted Life-Year (QALY), which is valued at \$50,000. An intervention that provides one additional QALY and costs less than \$50,000 is deemed cost-effective.

The study was comprehensive in that it identified the population that misses non-emergency medical care because of a lack of available transportation, determined the medical conditions that the target population suffered from, estimated the cost of providing transportation, estimated the healthcare costs and benefits that would result from providing transportation for the target population, and compared the relative costs and benefits. The chronic medical conditions found to most affect transportation-disadvantaged populations included depression, hypertension, heart disease, asthma, chronic obstructive pulmonary disease, diabetes, and end-stage renal disease. The preventive care found to be most needed included dental care, cancer screening, prenatal care, and vaccinations. For all of these conditions, well-managed care including transportation costs was found to be either cost-effective or cost-saving.

¹⁶ Hughes-Cromwick, P., Wallace, R., Mull, H., Bologna, J., Kangas, C., Lee, J., & Khasnabis, S. (2005). "Cost benefit analysis of providing non-emergency medical transportation." TCRP (No. Project B-27).

Godavarthy et al. (2014)¹⁷ used the methods and national norms documented by Hughes-Cromwick et al. to produce an estimate of the value of a single healthcare trip. The estimate rolls different conditions and their respective benefits into one composite number: \$357 for a one-way trip. This dollar figure has since been used in other studies.^{18,19} If that 2005 figure is converted to 2026 dollars, it comes to \$608.89 in savings per healthcare trip.

Analysis of Ridership and Survey Data

In order to estimate a return on investment for Billings, community survey data on trip purpose were combined with recent ridership figures to estimate the number of trips per year that are made for each purpose. Those trip purposes that could be assigned a value were added up to estimate the total benefit of transit provision.

Two different values are used in the analysis of the return on investment: the total cost of operating the system, and the local investment. Because so much public transportation spending is federally funded, local transit investments have a powerful leverage effect that should be considered in any discussion.

The resulting benefit-cost ratio is shown in Table 11.

Table 11. Cost-Benefit Ratio for Billings Transit Investment

Cost Input	Benefit	Cost	Benefit/Cost Ratio
Total Operating Budget (Bus Only) 2024	\$3,908,216	\$5,099,731	0.77
Local Funding (All Modes) 2024	\$3,908,216	\$1,205,889	3.24

Source: National Transit Database (NTD) and SRF analysis of MET Transit Community Survey (2023) and MET Transit ridership data (2024-2025). "All Modes" represents total local investment into transit, as reported to the NTD. This value includes both fixed-route and paratransit. The benefit value is derived from fixed-route trips only.

When the total operating budget is compared with the total return for fixed route, the benefit/cost ratio is below 1.0.

More importantly, the ratio between benefits and *local* funding is much higher at 3.24. This means that for every dollar of local funding that Billings invests in transit service, \$3.24 is returned to the community.

It is important to note that this is based on a conservative estimate for the value of most trips, as shown in Table 12.

¹⁷ Godavarthy, R., Mattson, J., & Ndembe, E. (2014). Cost-Benefit Analysis of Rural and Small Urban Transit. University of South Florida, Tampa: National Center for Transit Research.
¹⁸ Mattson, J. (2020). Measuring the Economic Benefits of Rural and Small Urban Transit Services in Greater Minnesota. Upper Great Plains Transportation Institute, North Dakota State University. <http://mndot.gov/research/reports/2020/20210.pdf>
¹⁹ Ducote, N., and K. Belton Ducote. (2016). Gap Analysis and Cost-Benefit Modeling: Northeast Oregon Public Transit's Rides to Wellness Program. Prepared by Ducote Consulting LLC for Community Connection of Northeast Oregon and Northeast Oregon Public Transit, La Grande, OR.

Table 12. Return on Investment Assumptions

Trip Purpose	Weighted Total Annual Trips	% Forgone	Value per Trip	Value per Year
Government or social service agency	9,448	5%	\$0	\$0
Medical	27,115	20%	\$609	\$3,302,617
Personal/recreational/social activity	23,405	30%	\$0	\$0
School (K-12)	45,756	5%	\$0	\$0
Shopping or errands	77,791	30%	\$0	\$0
Work	201,866	5%	\$60	\$605,599

Source: SRF analysis of MET Transit Community Survey (2023) and MET Transit ridership data (2024-2025).

PART IV: STAKEHOLDER INPUT & PEER REVIEW

This study was guided largely by a Project Review Committee of local stakeholders, peer interviews, and discussions with regional partners. The input summarized below reflects the perspectives gathered throughout the study process and helped shape the evaluation of governance and funding alternatives.

Committee Meetings

A Project Review Committee was convened to oversee and guide the study. Members included City of Billings MET Transit leadership, as well as representatives of the MPO, Yellowstone County, the City of Laurel, Allies in Aging, the City/County Planning Board, the Lockwood Pedestrian District, the Lockwood Steering Committee, and School District 2. Committee meetings were held on the following dates:

- September 11, 2025
- October 14, 2025
- November 20, 2025
- February 5, 2026
- April 23, 2026

Early meetings focused on:

- Identifying unmet transportation needs, particularly in Lockwood, west Billings, and Yellowstone County.
- Reviewing current MET Transit and Laurel service structures.
- Discussing the full range of technically feasible governance and funding options.
- Considering how property tax reform and the Charter mill cap affect long-term sustainability.

Subsequent meetings narrowed the focus of alternatives. On funding, the committee emphasized that a governance change alone would not solve funding constraints without either higher mill levies or expanded service area contributions.

July 2025 Resident Survey Results

On July 12, 2025, MET and SRF conducted a public mapping exercise at the 34th Annual Strawberry Festival and via an online survey to identify travel destinations and service interests (results in Appendix B: Survey Summary). A total of 256 responses were collected, including 178 online submissions. Of those responses:

- 150 were located within Billings.
- 42 were located in Lockwood.
- 22 were located in Laurel.
- 42 were distributed among unincorporated areas.

The strongest concentration of responses occurred near 1st Avenue and 40th Street in Billings. Lockwood also showed notable clustering along North Frontage Road near Johnson Lane. Survey results reinforced committee discussions indicating:

- Continued demand within Billings.
- Strong interest in service to Lockwood.
- Meaningful interest in Laurel despite its smaller population.
- Limited but present interest in rural areas.

These findings informed both service expansion scenarios and governance discussions regarding regional coordination.

UTD Peer Interviews

Peer interviews were conducted with representatives from four Montana UTDs to better understand formation, governance, funding, and operational lessons. These interviews indicated that successful districts emphasize clear public messaging, simple board/governance structures, and alignment between district boundaries and funding sources. Districts can contract for operations and share administrative services to minimize duplication. Some additional insights are highlighted below, while full meeting minutes are included in Appendix C: UTD Interview Notes.

Big Sky Transportation District

Formed in 1991 to serve a community spanning two counties without municipal government. Big Sky relies primarily on a resort (local-option) tax rather than a property tax levy. Annexation in 2021 required voter approval in both counties and added board members. Key lessons included the importance of simple bylaws, maintaining small, appointed boards, and aligning district boundaries with funding sources.

Gallatin Valley UTD (Bozeman/Streamline)

Formed after Bozeman exceeded 50,000 population and required a 5307 recipient. The previous nonprofit operator was not authorized to receive 5307 funds, prompting creation of a UTD. Formation required 16,000 petition signatures, a public hearing, and an election. Messaging emphasized maintaining service continuity

and creating a single-purpose transit entity. The district now spans multiple municipalities and contracts for operations. Key lessons included proactive communication, strong relationships with county clerks, and clarity around the five-year service requirement within district boundaries.

Great Falls Transit District

Established as a grassroots effort when the City declined to start service. The district has maintained stable boundaries since formation and relies primarily on its mill levy. Leadership emphasized the importance of clear levy messaging, realistic expectations about service improvements, and strong working relationships with county treasurers.

Missoula (Mountain Line UTD)

Missoula's UTD was formed in 1977 and is governed by a seven-member board with city and county appointments. The district has implemented multiple levies over time and operates with substantial autonomy from municipal government. Lessons shared included the importance of county initiation in formation, careful management of annexation and opt-out provisions, and maintaining clear bylaws. Leadership noted that UTDs can feel administratively "quirky" but have proven durable and effective.

Key Interview Themes

Across all UTD interviews, recurring themes included:

- Dedicated revenue improves long-range planning capacity.
- Voter education and tailored messaging are critical to formation success.
- Boundary design should anticipate future growth to reduce tension.
- Governance design (appointed vs. elected boards) can influence political dynamics.
- Formation complexity is manageable with early coordination among jurisdictions.

Other Stakeholder Input: Laurel Transit

Laurel operates a small, grant-dependent demand-response service through a memorandum of understanding with Allies in Aging. The annual operating budget is approximately \$65,000. Laurel leadership expressed openness to MET Transit operating service on Laurel's behalf, even at a higher cost, if service reliability and demand could be met. Fixed-route service was not considered viable for Laurel at this time. These discussions suggest that a purchase-of-service model may be feasible in the near term under either the municipal or UTD governance structure.

PART V: CONCLUSION

This study evaluated governance and funding alternatives available to support MET Transit in the context of structural property tax constraints, rising operating costs, and anticipated service growth pressures. The analysis demonstrated that the challenges facing MET Transit are not the result of a single short-term imbalance, but rather a mix of statutory revenue limits, local Charter provisions, inflationary cost growth, and expanding regional mobility needs.

Under the current municipal structure (Status Quo), MET Transit benefits from administrative consistency, established relationships, and integration with city planning and capital programming. However, it remains constrained by the City Charter mill levy cap and competition within the broader municipal budget framework. Without voter-approved changes or significant supplemental revenue tools, revenue growth is projected to lag behind operating cost growth.

Formation of an Urban Transportation District (UTD) is a structural alternative that would establish a single-purpose transit entity with independent property tax levy authority and flexible boundary design. This model aligns more directly with long-term revenue sustainability and regional coordination goals. At the same time, it would require voter approval, public education, administrative transition, and careful boundary planning. The UTD model maintains fiscal and potentially adds political risk rather than eliminating all risks.

The funding analysis indicated that while supplemental tools such as transportation utility fee adjustments, employer partnerships, marijuana excise reallocation, parking revenues, and joint development may provide meaningful incremental support, property tax authority remains the primary mechanism capable of addressing structural gaps at scale. Governance structure influences the feasibility and durability of such authority. CMAQ was also identified as a meaningful source of operating funds under any governance model.

Regional considerations further complicate the decision on how to move forward. Laurel integration appears feasible in the near term through purchase-of-service arrangements. Lockwood and broader County participation may be viable with additional outreach and research. Growth patterns along the I-90 corridor suggest that governance structures capable of adapting to regional expansion may better align with long-term development trends.

Stakeholder engagement throughout the study underscored several consistent themes: the importance of clearly articulating tradeoffs; the need for a realistic funding strategy tied to service expectations; moderate tolerance for structural change paired with interest in fiscal sustainability; and support for phased approaches that preserve flexibility.

No single alternative provides a risk-free or universally superior outcome. The decision before policymakers is not whether to eliminate tradeoffs, but how to balance fiscal stability, political feasibility, administrative capacity, and regional alignment.

Implementation Considerations

Regardless of the governance pathway, several implementation considerations emerge.

Phased Strategy. A phased approach may reduce risk. Under either model, near-term actions could include pursuing CMAQ-supported operating pilots, refining cost estimates for expansion corridors, and strengthening interlocal coordination with Laurel and other adjacent areas.

Revenue Planning. Incremental revenue tools may serve as bridge funding while longer-term structural decisions are evaluated. If a UTD formation process is pursued, financial projections and public communication strategies should be developed in advance of any ballot measure.

Boundary and Service Alignment. If regional governance is considered, boundary design should anticipate projected growth and clearly communicate service expectations to avoid opt-out pressures or mismatched coverage requirements.

Administrative Transition Planning. Should a UTD be formed, early coordination on asset transfer, labor considerations, federal grant recipient status, and shared services agreements would reduce disruption and uncertainty.

Contingency Planning. If structural governance reform is pursued and not approved by voters, a fallback strategy identifying incremental funding tools and service prioritization should be prepared in advance.

Over the upcoming planning horizon, the central policy question is how MET Transit should be positioned to manage constrained revenues while responding to evolving mobility needs. The comparative analysis presented in this report provides a structured foundation for that decision. Ultimately, the chosen model should reflect local priorities regarding fiscal stability, governance, regional cooperation, and community investment in public transportation.

APPENDIX A: FUNDING ENHANCEMENT ALTERNATIVES REVIEW TECHNICAL MEMORANDUM



MEMORANDUM

To: Rusty Logan
Billings MET

From: Lydia Statz, AICP
William Troe, Director-Transit and Transportation Planning

Date: January 21, 2026

Subject: Funding Enhancement Alternatives Review

Transit Funding Alternatives

Background

Billings Metropolitan Transit (MET) is in a period of potentially stagnating property tax funding levels that will limit the agency's ability to implement service expansion/enhancement to better serve the region. Thus, MET is completing a review of alternatives to property taxes (in addition to fares and advertising revenue) as the source of local funding. The 2025 State of Montana property tax reform bill that lowered property tax revenue from primary residences and shifted more of the burden to short-term rentals and second homes, has the potential impact revenue for Billings MET due to a unique city charter limit on adjusting the mill rate. While most municipalities in the state can adjust the mill levy through an action by the council, in Billings the charter requires a referendum to adjust the mill levy.

The 2025 legislation allowed for a one-time mill adjustment to fill the revenue gap created by valuation adjustments, however, any need to adjust the mill levy going forward would require a vote of the people. Because of these changes, the City is expecting revenues to be flat in 2026 (relative to 2025), decline by about 1.8% in 2027, and then normalize to an expected annual growth rate of about 1.75% in 2028 and onwards. The City typically plans for inflation to increase costs by about 1.5-2% each year, and wages are based on a contract with the local bargaining unit, which is renegotiated regularly. Wages are expected to increase 3.5% next year based on the current contract. As a result, MET is expecting a short-term budget shortfall followed by annual cost increases that will outpace revenue growth.

Historically, MET has received revenue from three main funding sources:

- **Federal Transit Authority Operating and Capital Grants:** These include both formula funding as well as competitive grants. In 2026, this source makes up about 40% of total revenues. While federal funding is not anticipated to be impacted by the property tax

changes, transportation funding will be re-authorized in 2026, and future funding levels are unknown.

- **Local Taxes:** In 2026, MET is anticipating about \$3.7 million in local tax revenue, with \$2.7 million being from property taxes, or about 35% of the total budget. This percentage could be expected to decline over the coming years as tax revenues stagnate and costs continue to increase.
- **Direct Revenues:** Direct revenues include fares, advertising, and other forms of fees paid directly to the transit agency. In 2026, MET is anticipating fares to make up only about 7% of total revenues, with advertising and parking fees at the downtown transit center contributing another 3-4%, for about 10% of the total operating budget coming from direct revenues.

Other minor sources of funding such as state grants, fees for service and the sale of surplus equipment make up the remaining revenue.

Analysis of Funding Options

Parking Fees

The City of Billings collects approximately \$2.6 million in revenue through the parking department, including parking meter income, garage and surface lot permits, and violations. However, the parking department is currently projecting about \$3.3 million in expenses for 2026, partially due to the sale of two downtown parking lots, one of which will be leased back, reducing revenues and creating a new recurring expense.

Through a city reorganization it may be possible to merge the transit and parking departments, allowing parking revenue to supplement transit service. However, while this may provide long-term revenue opportunities, it has the potential of increasing the department's potential shortfall in the short term.

A [parking benefit district](#), which would support improvements by increasing parking fees in a specific area, would be an interim strategy. While this strategy has not been applied in Montana, it may be an option. The increased meter rates would be designed to increase parking turnover and decrease parking congestion in the downtown area, with additional revenues going toward transit service.

Marijuana Excise Taxes

Yellowstone County collects a 3% [excise tax](#) on all recreational marijuana sales, the maximum allowed by state law. A portion of this revenue goes to the City of Billings, estimated to be \$425,000 in 2026. Currently that revenue is dedicated to the construction of City Hall and increasing resources for mental health and substance abuse.

However, the use of excise taxes are under local control, and it may be possible in the future to reallocate a portion of that revenue to fund transit service if it is deemed politically viable. This would require cooperation across City departments and the support of City Council.

Urban Transportation District

In Montana, an [Urban Transportation District](#) is a special taxing district that provides the ability to raise revenue directly for transit services. Districts are created by counties and approved through voter referendums. Districts may extend across city and county boundaries, and provide the ability to levy property taxes to all properties within the specified boundaries.

Establishing a UTD is likely a viable option for MET, but would need to be voter approved as a referendum. Four other UTDs have been established in the state (Great Falls, Big Sky, Missoula, and Dawson County), demonstrating their political feasibility and record of success. Establishing a UTD would require major structural and governance changes for MET, as outlined in a separate technical memo.

By establishing a UTD, MET may increase property taxes outside of the city's mill levy cap in order to provide adequate revenues for transit service. However, taxes levied through a UTD are still subject to the states' mill levy increase cap, which limits annual total tax revenue increases to the average level of inflation over the past 3 years (or a maximum of 4%).

This means that property tax revenues through a UTD are subject to a maximum increase of 4% annually when inflation is high, with the long-term average annual increase likely to be closer to 2-3%. By contrast, property tax revenues levied through the city are subject to the mill levy cap, meaning revenues are likely to increase by approximately the rate of taxable value increase, which historically has been about 2.5% per year. Assuming that both taxable value and inflation continue to increase at approximately the historic average rates, the difference in tax revenue is likely to be within a few percentage points.

As an illustration of the potential revenue impacts of transitioning to a UTD, a hypothetical projection of five years of future revenues is shown in Table 1. The revenue impacts of the mill levy cap are expected to compound over the five years, leading to a potential revenue. These projections are illustrative based on a variety of assumptions and the calculation methods [provided by the State of Montana](#), and do not reflect actual revenues.

Table 1. Five-Year Revenue Generation Comparison – City Property Tax Versus Urban Transportation District Tax Options

Scenario	Previous Year Property Tax Revenue ¹	3-year Inflation Average ²	New Adjusted Property Tax Revenue ³	Maximum Mills (Calculated) ⁴	Actual Mills ⁵	Revenue based on mills	Difference
Year 1							
Transit as City	\$2,680,062	4%	\$2,787,264	11.83	11.71	\$2,758,436	
Transit as UTD	\$2,680,062	4%	\$2,787,264	11.83	11.83	\$2,787,264	\$28,828
Year 2							
Transit as City	\$2,758,436	3%	\$2,841,189	11.77	11.71	\$2,827,396	
Transit as UTD	\$2,787,264	3%	\$2,870,882	11.89	11.89	\$2,870,882	\$43,485
Year 3							
Transit as City	\$2,827,397	2.5%	\$2,898,082	11.71	11.71	\$2,898,081	
Transit as UTD	\$2,870,882	2.5%	\$2,942,654	11.89	11.89	\$2,942,654	\$44,572
Year 4							
Transit as City	\$2,898,082	2.5%	\$2,970,534	11.71	11.71	\$2,970,533	
Transit as UTD	\$2,942,654	2.5%	\$3,016,221	11.89	11.89	\$3,016,220	\$45,686
Year 5							
Transit as City	\$2,970,534	2.5%	\$3,044,797	11.71	11.71	\$3,044,797	
Transit as UTD	\$3,016,221	2.5%	\$3,091,626	11.89	11.89	\$3,091,626	\$46,829

Transportation Utility Fees

Transportation Utility Fees are special assessments levied by the City to support transportation improvements. Billings currently has two Street Maintenance Districts, with funding from these assessments dedicated to street upkeep and capital improvements. In 2026, those two assessments combined are estimated to generate \$17.8 million.

Because these assessments are fees collected through a utility bill, they are exempt from the City's mill levy cap and therefore may be increases to support a budget estimate that exceeds the CIP restricted increase cap. These assessments have historically been adjusted based on rising costs, but the Council directed the city not to increase residential fees in 2026. If politically viable, dedicating revenue from these assessments, paired with a small increase, to support transit improvements and operations may be an option. The median home in 2026 will pay approximately \$216.25 in street maintenance district fees. An increase of approximately 5% would generate an additional \$1 million for transit and increase fees on the median home by \$10.

¹ Year 1 based on 2026 budget. Following years based on projected revenues

² Assumes cooling inflation to 2% average

³ Previous year tax revenue plus inflation

⁴ Calculated based on formula provided by State of Montana

⁵ Updated city charter caps transit mills at 11.71. UTD is not subject to the cap, but is subject to total revenue increase cap.

Joint Development and Transit-Oriented Development

Joint development refers to public-private partnerships to develop or improve land owned by transit agencies. For example, a transit agency may purchase parcels near a current or proposed station or rapid transit line and lease the land to a developer for development. The transit agency then collects revenues as rent payments on the property. As an additional benefit, transit ridership may increase due to increased density near major transit lines.

Some FTA funding may assist in property acquisition or property development, but the success of this strategy is largely driven by market forces. While Billings is growing, other areas of Montana are attracting much higher rates of growth and development. The most obvious area of potential is the downtown transfer station, which may be attractive to developers for a future joint venture.

Employer/Institution Partnerships

Institutional partnerships are sometimes used by transit agencies to increase revenue and provide incentives for local workers to use transit. Generally, major employers or universities in the area purchase transit passes for all employees (typically at a discounted rate), who then have access to unlimited transit rides using their student or employee identification.

This may be especially attractive in Billings as three of the largest institutions in the area are all located on a single corridor – Billings Clinic, Intermountain Health, and Montana State University Billings. Such a program would likely require MET to provide high quality service to these riders, which may mean increased frequency or extended hours.

If 5,000 unlimited passes were purchased at a 50% discount, this would provide about \$840,000 in revenue per year. It may be slightly offset by a decrease in fare revenues as some who would have purchased passes on their own get access to the passes. MET should conduct an analysis to determine whether the increased revenue would be advantageous.

Identified but Quickly Eliminated Ideas

Table 1 below includes additional alternatives that were identified as they generate revenue that is used locally, however, each was eliminated as:

- Implementing would likely result in a negative impact on transit.
- Use of the funds is directed to specific non-transit uses.

Table 1. Identified and Dismissed Revenue Sources

Funding Options	Details	Viability
Increase direct revenue	System may increase fares, or seek additional advertising/partnership opportunities	Fare increase likely not viable – increase in fares generally leads to drop in ridership. Increased advertising revenue may be viable, but unlikely to make a major impact
Resort Tax	A resort tax is MT’s version of a local options sales tax, levied only on hotels, restaurants, bars and resorts.	Not viable. Billings does not meet the state’s definition of “resort community.”
Wheelage tax	Many communities around the country include a “wheelage fee” on motor vehicle registrations to help fund local transportation.	Not viable. Wheelage tax does not exist in MT.
Franchise Fees	Fee added to utility bills by municipalities.	Likely not viable – City settled a class action lawsuit on franchise fees in 2023.

APPENDIX B: SURVEY SUMMARY



MEMORANDUM

To: Rusty Logan, Sarah Graham
City of Billings MET

From: SRF Consulting

Date: September 5, 2025

Subject: Resident Travel Survey

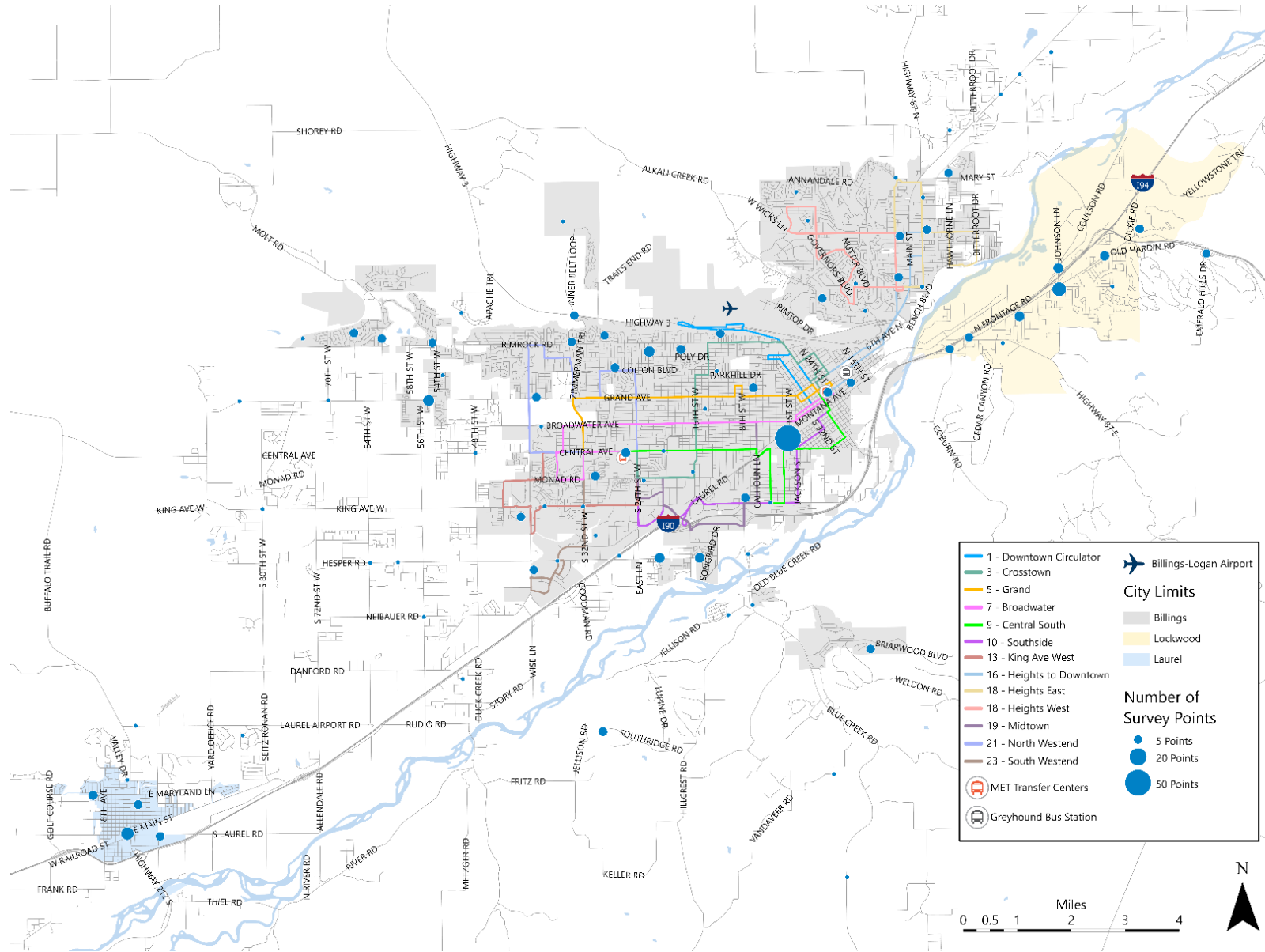
On July 12, 2025, representatives from Billings MET Transit attended the 34th Annual Strawberry Festival in downtown Billings. At the event, a posterboard was displayed for the public to offer input related to destinations they travel to by any mode, including home, businesses, and any other destination. Users were instructed to place a colored dot representing a destination on the poster. A QR code was also displayed on the poster that allowed users to add destination points to an interactive map online. A total of 256 dots were placed, 178 of which were received through the online survey. The results of these exercises are visualized in Figure 1. The map includes dots placed both in-person and through the online survey and are clustered to aid in visualizing concentrations of points.

A significant majority of dots, 214 out of 256, were placed within the boundaries of Billings, Lockwood, and Laurel. In general, the dots within each of the three communities are spread fairly uniformly, except for some specific concentrations. The greatest concentration of responses, with 49 points, is clustered near 1st Ave and 40th St in Billings. Notable clusters also appear along N Frontage Rd in Lockwood, particularly at the intersection with Johnson Ln. Table 1 provides a quantified breakdown of dot placement for each municipality, community, and surrounding area.

Table 1. Number of Dots by Place

Municipality/Community	In-Person	Online	Total
Billings	34	116	150
Lockwood	16	26	42
Laurel	3	19	22
Unincorporated Between Laurel and Billings	14	3	17
Unincorporated South of I90	7	10	17
Unincorporated North of Billings	4	4	8
Totals	78	178	256

Figure 1. Aggregated Survey Results



APPENDIX C: UTD INTERVIEW NOTES



RECORD OF MEETING

SRF Project No. 19202

Project/Meeting Name: Billings MET Transit Funding Sustainability and Governance Study
Big Sky Transportation District Peer Interview

Date: September 5, 2025

Location: Teams

Attendees: Jacob Connor (SRF), David Kack (BSTD Transit Coordinator), Darren Brugmann (BSTD Executive Director)

Prepared by: SRF Consulting

Purpose of Meeting

The purpose of interviewing Big Sky Transportation District (Skyline) was to understand how the UTD started, as well as how it is governed, funded, and operated today. The interview included Jacob Connor with SRF, as well as David Kack (BSTD Transit Coordinator) and Darren Brugmann (BSTD Executive Director).

Summary of Meeting

Formation & origin

- Formed in 1991 because the Big Sky community spans Gallatin and Madison Counties and isn't a municipality—so a UTD made the most sense.
- Early service ("Snow Express") was seasonal in Big Sky and contracted out from the start; no FTA funding initially.
- No mill levy then or now. Core local funding is the resort (local-option) sales tax, which explicitly permits spending on transit; ~\$1.5M expected this year.
- Resort tax exists only in approved tourism communities (<5,000 residents) and is governed by its own board.

Boundaries, annexation & service area

- Annexation (May 4, 2021): Expanded to match the resort-tax boundary because they were serving areas outside the district. Required votes in both counties; added two Madison County board members.
- Who votes: Registered voters in the expansion area (not existing district residents). Many second-home owners aren't registered locally. UTD lines don't have to follow other political boundaries.
- Neighbor coordination: With the new Gallatin Valley UTD, the goal is for Skyline to operate to Four Corners and then have a transfer to Bozeman service.

- Other local services: Madison County Senior Center (in Ennis) operates 5311-funded trips to Big Sky/Bozeman (2 mills) and promotes rides as open to anyone. Counties can levy a senior transportation mill; could serve as match.
- Outside-boundary service: They run to Bozeman (mainly workers and tourists). Considering a UTD mill levy (which they do not currently have) especially to include Four Corners, which currently doesn't contribute to the resort tax funding.
- Current boundary doesn't touch Gallatin Valley UTD; a commissioner asked why the two UTDs aren't connected—merger talk could happen in the future.

Governance, bylaws & relationships

- Preference for a small, appointed board (about 5–7). Monthly meetings are helpful but don't need to be codified in bylaws. Keep bylaws simple.
- Example elsewhere: Gallatin Valley UTD specifies role-based seats (e.g., rider rep, MSU), but Big Sky favors less prescription.
- Interlocals: They have one with the resort-tax district; funding moved from annual applications to 3-year agreements.
- They'd like interlocal agreements with both counties so they don't have to ask for money every year.

Funding & revenues

- Primary local source: Resort tax.
- If they pursue a UTD mill levy, their message would be: property tax funds service inside the zone; resort tax covers service outside the UTD zone.

Budgeting, service design & paratransit

- They must provide ADA paratransit, but demand is low because most riders are able-bodied.
- Microtransit (Big Sky Connect) gets a handful of wheelchair trips.
- Intercity route has different rules (no ¾-mile ADA overlay)
- Fixed route is primarily within Big Sky, up and down the mountain.

Legislation, politics & closing notes

- Local debate elsewhere about elected vs. appointed boards; Big Sky prefers appointed to avoid anti-transit candidates running to eliminate service. Smaller board is viewed as better.
- SB 260 discussion: residents wanted tax dollars generated in Big Sky to stay local (schools/hospitals). A new district structure keeps funds in Big Sky even when facilities are technically in Gallatin County; if a new mill is added, residents will want assurance money stays local.
- Federal reauthorization uncertainty could change what they ask for.
- They're watching Billings/Laurel connectivity; curious how it plays out.

- MTA/MDT Rural Passenger Needs Study update underway; many small communities want links to bigger cities.
- State puts very little into transit; TransADE is small and tied largely to senior trips—there's interest in finding more state funding sources.

SRF Project No. 19202

Project/Meeting Name: Billings MET Transit Funding Sustainability and Governance Study
Gallatin Valley UTD Peer Interview

Date: September 5, 2025

Location: Teams

Attendees: Jacob Connor (SRF), Sunshine Ross (Gallatin Valley UTD Director)

Prepared by: SRF Consulting

Purpose of Meeting

The purpose of interviewing the Gallatin Valley UTD (Bozeman, Streamline Bus)) was to understand how the UTD started, as well as how it is governed, funded, and operated today. The interview included Jacob Connor with SRF, as well as Sunshine Ross (Gallatin Valley UTD Director).

Summary of Meeting

Formation & origin

- Trigger: Bozeman crossed 50,000 population; the nonprofit operator couldn't be the 5307 recipient, and neither the City nor County wanted to run service.
- A feasibility study pointed to forming a UTD to keep service seamless and cover fast-growing unincorporated areas SW of Bozeman.
- Process: gathered 16,000 certified signatures (needed ~13,000), held public hearing, then election.
- Messaging: "single-purpose transit entity," no automatic tax, avoids service cuts, and can operate beyond city boundaries.
- A broad stakeholder group plus a separate, volunteer "Yes for Streamline" campaign handled outreach; consultants helped tailor messages by community (environmental benefits resonate in Missoula; independence/economy more in Bozeman/Belgrade).
- Timing: placed on the May election (alongside school ballot items). Support from newspapers/chambers mattered.

Boundaries, annexation & service area

- District drawn to include Bozeman, Belgrade, and Four Corners, following roads/rivers/parcels; coordinated with planners across jurisdictions.
- District formed before the MPO; MPO followed similar boundaries.
- New state law: must provide service within 1.5 miles of the boundary within 5 years—they're exploring commuter/microtransit zones and potential premium on-demand outside core.

- Proposed expansions (e.g., Belgrade commuter) and microtransit zones are under consideration; some riders may “opt out” if expectations aren’t clear.

Governance, bylaws & relationships

- Board preference: appointed members to maintain accountability while avoiding politicized races; initial concept was 3 appointees from each political jurisdiction, plus designated seats (e.g., one elected official, one funder/partner, one rider/representative from each).
- Advisory structure of committee to set up the UTD: 13-member formation committee; board now uses standing committees (planning, operations, finance) and may add a rider advisory committee when pursuing a levy.
- Campaigning: the citizen campaign was separate from official agency communications per legal guidance; digital ads and mailers were targeted.
- Key partners: HRDC (senior & disability services provider) still handles senior trips and now provides back-office services (IT, HR, finance) to the UTD under contract.

Funding & revenues

- Shifted from 5311 (largest rural) to 5307 (small urban)—lost roughly \$400k on the state allocation formula change.
- No fares (never have) to build partner support.
- Local contributions: City of Bozeman, Belgrade, County one-time purchases (which they have funded almost annually), MSU admin contribution + \$10 student fee
- TransADE support continues; business improvement district can’t fund ops; TIF might.
- Considering a mill levy or bonds later—did polling to test tax tolerance and messages.
- STIC: Billings gets it; Bozeman doesn’t yet but could close the funding gap if they qualify.
- Communications choices (e.g., bus wraps with historic imagery) reflect community preference against a “big-city” look.

Budgeting, service design & paratransit

- Organization is lean (2 UTD employees); they contract fixed route and paratransit now (previously purchased fixed route and operated paratransit in-house).
- HRDC formerly owned the facility/vehicles; as UTD became the FTA recipient, assets were transferred—a long process. Shared office space; HRDC leases vehicles from UTD for now (could change later).
- Fixed-route ops contracted to Jefferson Lines at their facility; UTD vehicles are housed there.
- Paratransit: UTD operates ADA paratransit; seniors remain with HRDC due to unique funding streams.

Legislation, politics & closing notes

- Tailor messages to local values (independence and access in conservative areas; equity/environment elsewhere).

- Bring clerks and county commissioners in early; having commissioners on the formation committee eased board design and the ballot path.
- Coordinate with other ballot items; being on the same ballot as schools can help.
- Proactively explain costs, service tradeoffs, microtransit options, and the 5-year boundary-service rule to manage opt-out risk.
- Build strong ties with the clerk's office.
- Kept the well-known Streamline brand publicly, but use the formal "Gallatin Valley UTD" name in government contexts.
- Expected more skepticism in Belgrade; adjust messaging accordingly.
- For Billings: engage chambers/newspapers early, consider a separate citizen campaign, and map service growth tied to the 5-year requirement.

SRF Project No. 19202

Project/Meeting Name: Billings MET Transit Funding Sustainability and Governance Study
Great Falls Transit District Peer Interview

Date: September 5, 2025

Location: Teams

Attendees: Jacob Connor (SRF), Nadine Hanning (Great Falls Transit District)

Prepared by: SRF Consulting

Purpose of Meeting

The purpose of interviewing the Great Falls Transit District General Manager was to understand how the UTD started, as well as how it is governed, funded, and operated today. The interview was a one-on-one conversation with Jacob Connor and Nadine Hanning (GTD general manager).

Summary of Meeting

Formation & origin

- Transit existed as a private bus in the 1950s–60s, then disappeared.
- Residents organized to create a UTD because the city said it didn't have money to start service. It was never a municipal service.
- Nadine unsure if there was municipal/political help gathering signatures; it seemed grassroots.

Boundaries, annexation & service area

- The district boundary hasn't changed since formation. With the growth of the city, the UTD is now smaller than the City of Great Falls.
- Some city residents only want service inside the city; others have asked for growth. Nadine's recommendation: let the district grow with the city to match the city boundaries to reduce tension related to which parts of the city are within the UTD boundary and which parts are not.
- Expansion historically stalled due to process complexity, lack of staff capacity, and fear that opening the boundary discussion could spark "opt-out" interest.
- The TDP raised expansion ideas in the community
- Relationship with the city is mostly around MPO/FTA planning; the city has one board appointee.
- Board: 5 members—3 elected, 1 city appointee, 1 county appointee. Elections are defined in statute, but candidate interest is often low. Nadine suggests that a smaller board is easier to manage. Concern with elected board members is that people who oppose transit can run.

- One adjoining township has service, but in general, service outside the district is avoided because taxpayers inside the district may feel underserved. People don't complain about paratransit going beyond the city limit though.

Governance, bylaws & relationships

- Bylaws are intentionally generic to avoid conflicts with other laws, to keep procedures simple, and to eliminate the need to update bylaws as things change.
- "Must-have" bylaws provisions they value:
 - Authority for the board to hire a manager or a management company and to delegate federal grant signature authority.
 - Clear election procedures, kept current with Montana law.
- Finances flow through the county treasurer (as tax collector), so a strong working relationship with the county is essential.
- In general, it seems that residents prefer funding a standalone transit entity rather than paying more in "city money" taxes.
- Partnerships: good ties with United Way and disability/vision organizations.
- GF UTD serves as the local lead for 5310 money, they coordinate planning and fleet eligibility rankings among participating nonprofits; state actually procures vehicles

Funding, revenue, budgeting

- Local revenue is almost entirely the UTD mill levy; no ongoing alternative local sources in use.
- They have not pursued federal competitive grants (e.g., Low-No) much.
- Montana has no statewide sales tax; some resort/local-option taxes exist elsewhere.
- State TransADE support has fluctuated; it was higher during/after COVID but has dropped.
- GF has other taxing districts (schools, special improvements, parks, boulevard), but they're not seen as direct competitors to UTD—though any concurrent ballot measures are watched closely.
- Original expectation at formation was ~14 mills (1970s).
- Mill increases now follow an inflation formula that allows only a portion of inflation; once you start with a base, you're subject to that formula.
- GF UTD is a 5307 direct recipient; 5307 is mostly used for operating, sometimes capital.
- 5339 capital typically comes via the state; when that's not enough, they tap 5307 or local levy.
- Small Transit Intensive Cities (STIC) can add funds if STIC performance thresholds are met.
- They keep a tight operating budget; holding large undesignated reserves can undermine a case for mill increases.
- Paratransit is broadly provided inside the district and sometimes beyond fixed-route limits, reflecting strong local support for disability access.

- Few complaints about ADA coverage
- Very few requests for any communities to exit the district over the past five years.
- Currently strong local revenue is being directed to capital, but capital needs still exceed available funds.
- Nadine suggests GFTD is likely getting more funding from its levy than Billings gets from city funding.
- Recent property-tax calculation changes mean GFTD millage will rise regardless.

Public & political dynamics

- Stories about people who rely on transit (e.g., medical trips) resonate more than abstract budget arguments.
- Board seats tend to attract people who either strongly support or strongly oppose transit, so recruitment and retention can be challenging.
- Manage expectations about what a levy can buy. Many assume a levy equals “a lot more service,” but even one new route can require taxing many additional properties.
- Communicate costs and tradeoffs clearly up front to prevent disappointment later.

Jordan Hess – Mountainline

October 15, 2025

Also consider talking with Bozeman (from Jordan – more recently created UTD)

UTD organized in 1977.

Will send bylaws.

Board Make Up:

- 7 members (3 appointed by Mayor, 3 by county, 1 rotating appointed by city and then county)
- Updated in the 1980s.
- Rotating seat has gone to same person for quite some time.
- No politicians (many times do not understand transit).
- No politicians has at time been a weakness – sometimes get sideways with local politics.

County commission has to (most likely) initiate effort – Yellowstone County is not always on-board with adding new departments/political subdivisions – they have not added a UTD while others have. (Jordan's opinion).

Glendive – 5K people. Has a UTD. Tough to get participants. Interpreting it as in Glendive board is elected.

Board members cannot be compensated – In legislation.

UTD has worked really well. It is clunky and quirky, but seems to work well.

County collects taxes generated.

Three levies over time:

- Original from 1976 (Floats now)
- 2013 added new levy (14.5 mills – is a fixed levy – does not float)
- XXXX (20 mills – also fixed)

1980s – 15.10.420 (Code) limited levy increases to ½ rate of inflation. Strangled local government revenues. Some exceptions. Made cities and counties get creative...create assessment districts and similar. There have been adjustments to address annexation. Counties have gotten "creative" with special assessments and other assessment districts.

Mills have been translated to dollars. So each year estimate the dollars needed, but cap at ½ rate of inflation is an increase then convert to mills to be applied.

Missoula is the only incorporated city in Missoula County.

Having some areas wanting to leave the district. Must petition to leave (process is outlined in the bylaws). Outside the city limits of Missoula – are not getting service.

Fixed route service extends a bit into Missoula County. This is somewhat due to the nature of development in the Missoula area (development into valleys between mountains).

Intergovernmental Agreements – Not too many. The UTD operates with a high degree of autonomy. As there is only Missoula and the county.

Will send resolutions on creation and modification. Bill sent email requesting.