



Billings MET Transit Funding Sustainability and Governance Study – Summary of Findings

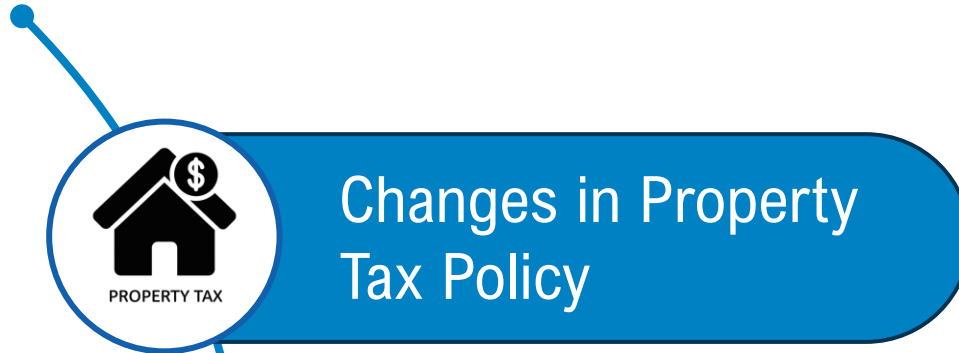
JUNE 2026



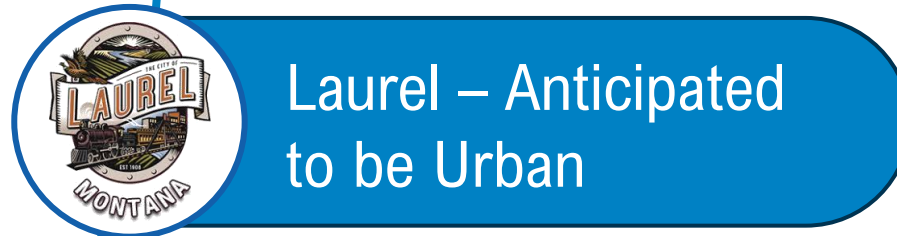
Agenda

- Purpose of the Study
- Draft Document in Review
- Review of Key Results and Findings
 - Governance Alternatives Analysis
 - Funding Alternatives Analysis
 - Fare Analysis
 - Return on Investment into Transit
- Wrap-up

Study Focus Areas



PROPERTY TAX



Impacts:

- Adding Service Improvements in Billings more Difficult
- Addressing Wage Inflation more Difficult
- Fleet replacement more difficult

What are:

- Alternative Funding Sources?

Impacts Federal Funding:

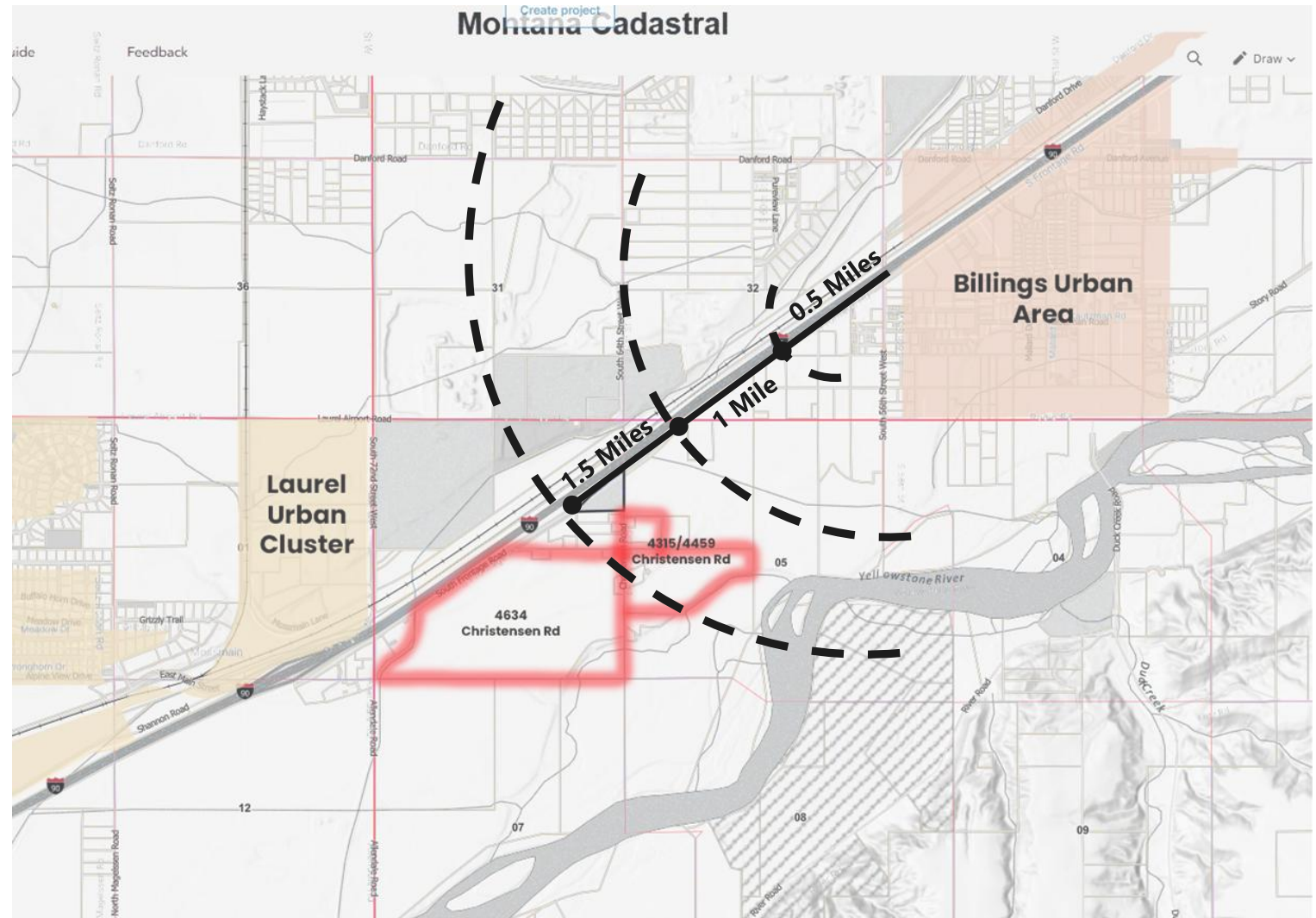
- Program Used for Service
- Regional Allocation of Federal Funds Needed

What are:


- Funding Needs?
- Local Cost Share Sources?

Urbanized Area – Encompassing Laurel - When?

- Max “Jump” Across Low Density Area: 1.5 Miles (Down from 2.5 Miles)
- Current Billings to Laurel: ~2 Miles
- Development Points to Future of Laurel Becoming Part to Billings Urbanized Area
- 1,000+ Commuters Destinations Fill Jump
- Laurel is likely to be included in the Billings Urbanized area after 2030 or 2040



Study Focus Areas



Lockwood – Desires Service

Review:

- Cost of Options (from TDP)
- Funding Impacts



Options for Efficient Governance

What are the options for the region?:

- City Department
- Standalone Transit District
- Authority



Return on Investment

Transit is a Good Investment into the Community – Let's Calculate the Numbers

Governance/Funding Document

■ Governance and Funding Document Content



- 1 Introduction – Includes Findings Summary
- 2 Current Conditions/Alternatives Analysis
 - Current Service Summary
 - Governance Alternatives Evaluation
 - Funding Alternatives Evaluation
 - Regional Service Considerations in MET Decisions
- 3 Economic Return on Investment
- 4 Stakeholder Input
- 5 Conclusions - Implementation



GOVERNANCE

Governance Alternatives and Evaluation Criteria

Concept/Alternative

- 1A Each Jurisdiction Provides Own Service
- 1B MET Contracts Transit Service to Other Jurisdictions
- 2A Multi-jurisdictional UTD
- 2B Billings Forms UTD/ Others Operate Independently
- 2C Billings Forms UTD and Contracts Service to Other Communities
- 3A Establish Transit Port Authority

Evaluation Criteria

- Sufficient and Sustainable Revenue (Including Growing System)
- Political Feasibility & Public Support
- Coordination Across Jurisdictions
- Efficiency
- Responsiveness to Daily Needs & Preferences
- Accountability of Decision-Makers
- Ease of Implementation

Governance Alternatives Evaluation

Degree of Alternative Achieving the Goal

Low Medium High

Criteria

Sufficient & Sustainable Revenue
(Including Growing System)

Political Feasibility & Public Support

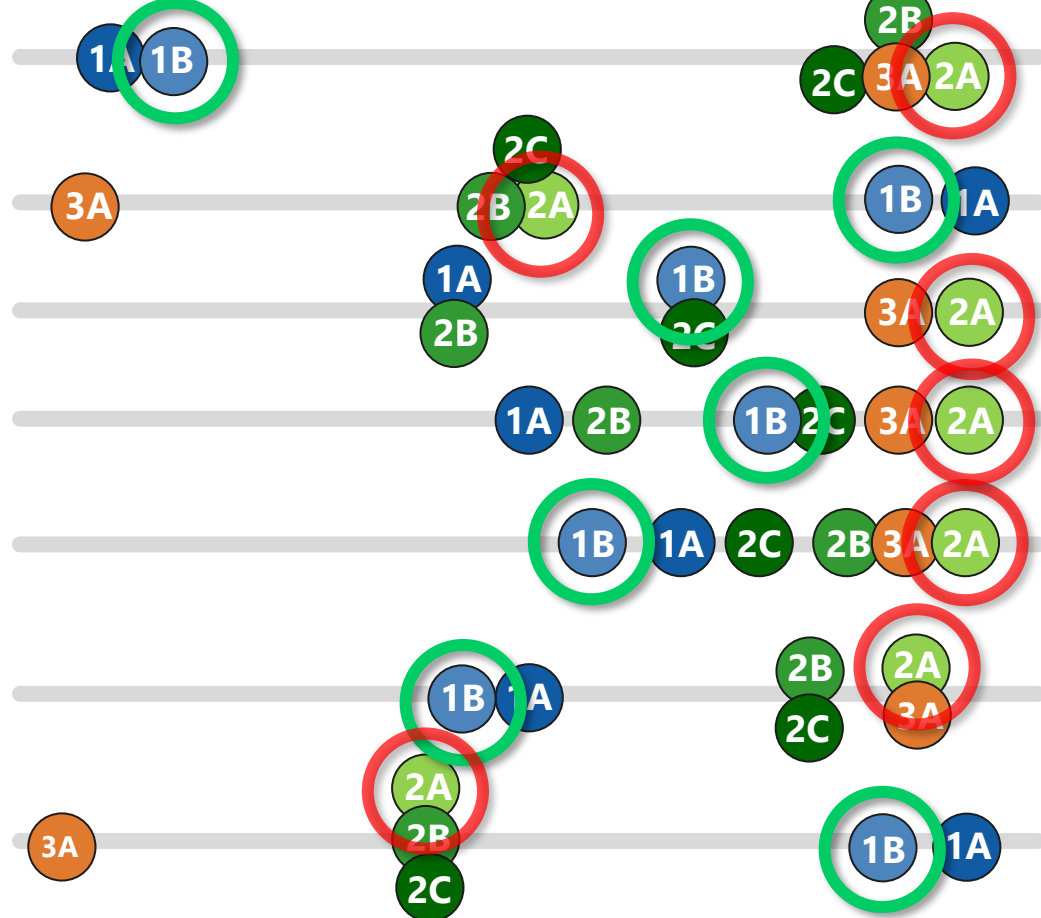
Coordination Across Jurisdictions

Efficiency

Responsiveness to Daily Needs & Preferences

Accountability of Decision-Makers

Ease of Implementation

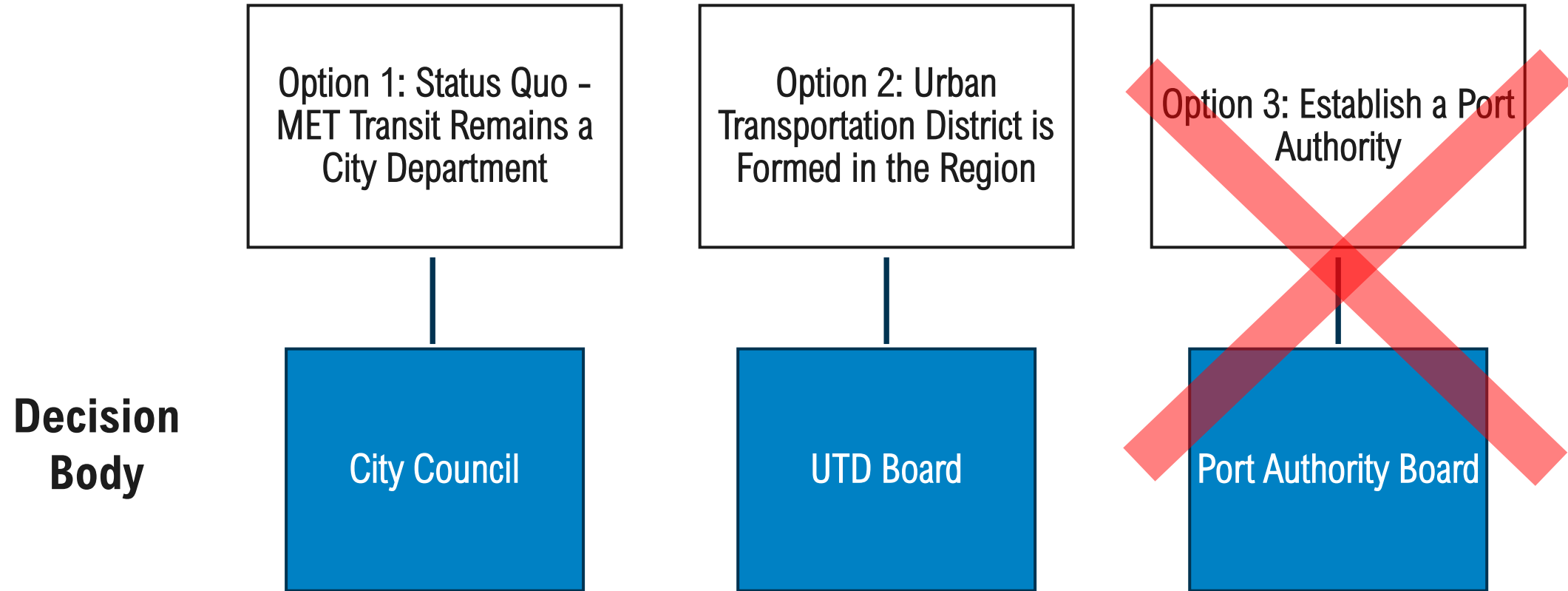


Concept/Alternative

- 1A Each Jurisdiction Provides Own Service
- 1B MET Sells Transit Service to Other Jurisdictions
- 2A Multi-jurisdictional UTD
- 2B Billings Forms UTD/ Others Operate Independently
- 2C Billings Forms UTD and Others Purchase Service from UTD
- 3A Establish Transit Port Authority

- Short-term Recommendation
- Longer-term Recommendation

Governance Findings – Format of Providing Service



Short-term Service Provision

1a



1b



Governance Recommendations – Long Term

2a



2b



2c



Establish an Urban Transportation District

Option 2: Urban Transportation District is Formed in the Region

UTD Board

Advantages

- Predictable Dedicated Funding
- Flexible Boundaries
- Continuity
- Accountability
- Flexible Financial Mix:
 - Coverage
 - Funding
 - Lockwood/Laurel could buy service (not join)

Affords Opportunity for Funding Adjustment

Risks

- Complex Formation Relative to Status Quo (Next Slides)
- Must Balance Boundaries/Service
- Levy Revenue Cap
- New Political Subdivision – Admin Duplication
- Administrative Inefficiencies if Not All Jurisdictions Participate

Recommended Approach

- Pursue most feasible alternatives in the short-term
- Work toward regional growth in the long-term

Short Term

- MET Partners with Laurel and Lockwood for Service as Stand Alone City Department

Long Term

- Establish a Multi-jurisdictional UTD Including Billings, Laurel and Lockwood



FUNDING

Alternative Funding Sources Review

Funding Options	Notes
System-generated revenue	System may increase fares, or seek additional advertising (which is already robust)/ partnership opportunities
Property taxes	May “flat lined” due to state action; pass additional mill levy.
Congestion Mitigation Air Quality Funds	Approx. \$1.7 Million/Year. Historically used for Billings Bypass
Urban Transportation District	Created by county, approved through ballot measure. Funded through dedicated mill levy.
Parking Fees/Parking Benefit District	Dedicate a part of parking revenue to transit operations. Increase fees to provide a transit allocation?



Short-term Recommendation



Longer-term Recommendation

Alternative Funding Sources Review

Funding Options	Notes
Marijuana Excise Taxes	Dedicate part of city's share of excise taxes to transit operations (3% on all sales – Part of City -- \$425,000 annually)
Transportation Utility Fees	Fees paid by property owners. Currently dedicated to street maintenance but may be able to be used for transit.
Wheelage tax	No wheelage fee in MT. Many communities around the country include a “wheelage fee” on motor vehicle registrations to help fund local transportation. Requires change in legislation.
Franchise Fees	Fee added to utility bills by municipalities.
Resort Tax	A resort tax is MT’s version of a local options sales tax, levied only on hotels, restaurants, bars and resorts in resort communities. Billings does not meet the definition.

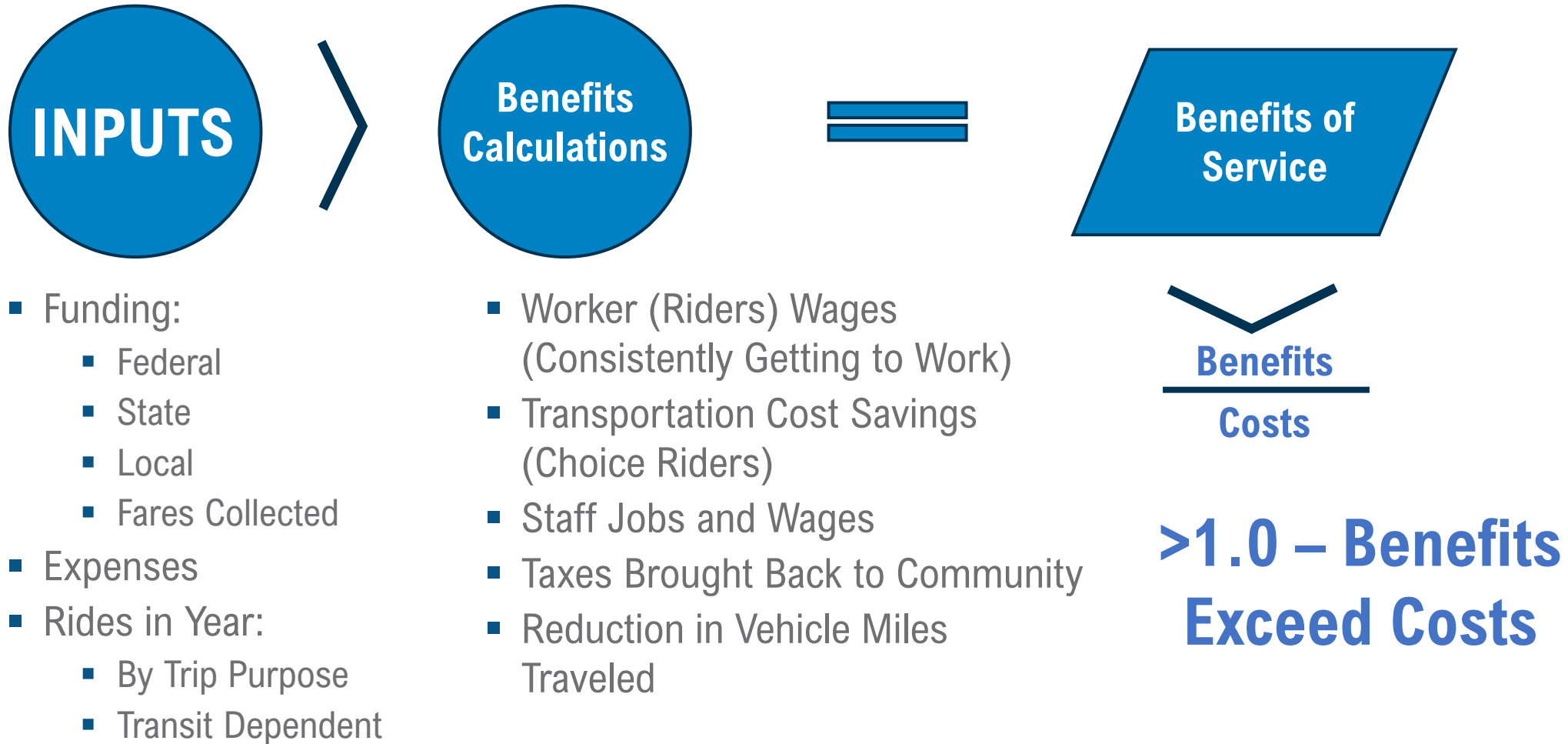


- Eliminated alternatives



RETURN ON INVESTMENT

Benefit-Cost Analysis Methodology



ROI Assumptions

Trip Purpose	Weighted Total Annual Trips	% Forgone	Value per Trip	Value per Year
Government or social service agency	9,448	-	\$0	\$0
Medical	27,115	20%	\$609	\$3,302,617
Personal/recreational/social activity	23,405	-	\$0	\$0
School (K-12)	45,756	-	\$0	\$0
Shopping or errands	77,791	-	\$0	\$0
Work	201,866	5%	\$60	\$605,599

Sources: SRF Analysis of Billings MET Community Survey (2023) and Billings MET ridership data (2024-2025)

Benefit-Cost Analysis Results

ROI
For Every
LOCAL \$...
\$3.24
in **RETURN**

- Value of most trips is estimated conservatively; true ROI may be higher
- Federal dollars are a value multiplier for local dollars

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



FARES

Topics Explored

- MET'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

Peer Agency Fare Comparison

- Single-ride fare is above average
- MET Transit offers stronger quantity discounts relative to peers, particularly with low monthly pass costs

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.

Fare Media Comparison

- Total fare revenues may increase when it is easier to purchase fares through multiple methods
- MET Transit offers strong access to fare payment options relative to peers

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.

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: 2024 National Transit Database (NTD) Data

Open Discussion/ Questions





Billings MET Transit Funding Sustainability and Governance Study – Summary of Findings

JUNE 2026

