

Regional Transit Planning

March 1992

Program Evaluation Division
Office of the Legislative Auditor
State of Minnesota

Program Evaluation Division

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STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

March 17, 1992

Representative Ann H. Rest, Chair
Legislative Audit Commission

Dear Representative Rest:

In 1984, the Legislature created the Regional Transit Board (RTB) and restructured transit responsibilities in the Twin Cities metropolitan area. Despite these changes, there is still concern about transit service and the adequacy of transit and highway planning. The 1980s have seen a substantial decline in bus ridership, growing highway congestion, and continued conflict over solutions. As a result, the Legislative Audit Commission directed our office to conduct a study of metropolitan transit planning.

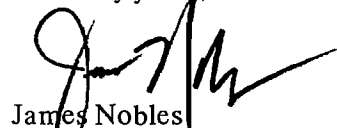
We conclude that transit planning has lacked balance and direction. The planning process has been dominated by conflict over light rail transit and Metro Mobility, while issues related to the regular route bus system and suburban bus service have been neglected. Also, despite years of planning, alternatives to light rail transit have not received adequate attention.

Recently, however, the Metropolitan Council has taken steps to reorient the planning process and more vigorously oversee the work of the Regional Transit Board. The Council's new transit facilities plan and the Board's new vision for transit are steps in the right direction, although many of their details will need to be worked out over the next several years.

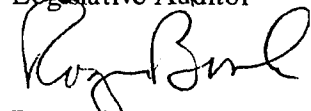
We thank the many staff, administrators, policy makers, and community members who assisted us during this study. We appreciate the full cooperation we received from the Regional Transit Board, the Metropolitan Council, the Minnesota Department of Transportation, county regional railroad authorities, the Metropolitan Transit Commission, and opt-out communities.

This report was researched and written by John Yunker (project manager) and Jan Sandberg.

Sincerely yours,



James Nobles
Legislative Auditor



Roger Brooks
Deputy Legislative Auditor

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REGIONAL TRANSIT PLANNING

Executive Summary

The Twin Cities metropolitan area has a complex, multi-tiered structure for planning and implementing public transit improvements. Agencies involved include the Metropolitan Council, the Regional Transit Board (RTB), "opt-out" communities, and the Metropolitan Transit Commission (MTC) and other transit operators. In addition, the area's seven counties are responsible for acquiring right-of-way and planning for new light rail transit lines, and the Minnesota Department of Transportation (Mn/DOT) is involved in planning and constructing highway improvements which may include transit components.

In spite of this level of agency involvement, there have been continuing concerns about transit performance and the adequacy of transit planning. During the 1980s, the Twin Cities area has experienced a substantial decline in bus ridership, growing highway congestion, and only limited suburban transit expansions outside of opt-out communities. In addition, the area has been split by disagreement over the desirability of implementing light rail transit.

This report examines transit planning in the Twin Cities area and addresses the following questions:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**
- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

In general, we found a planning process which has been dominated in recent years by light rail transit to the exclusion of other transit options such as improved bus service and high-occupancy vehicle (HOV) lanes. In addition, the growing costs of Metro Mobility have made it difficult for the Regional Transit Board to expand suburban bus service.

Over the last year, however, the Metropolitan Council has taken steps to reorient the planning process and more vigorously oversee the work of the Regional Transit Board. The Council's new facilities plan and the RTB's new transit vision are steps in the right direction, although many of their details will need to be worked out in the next few years.

REGIONAL TRANSIT BOARD

RTB's progress has been slow.

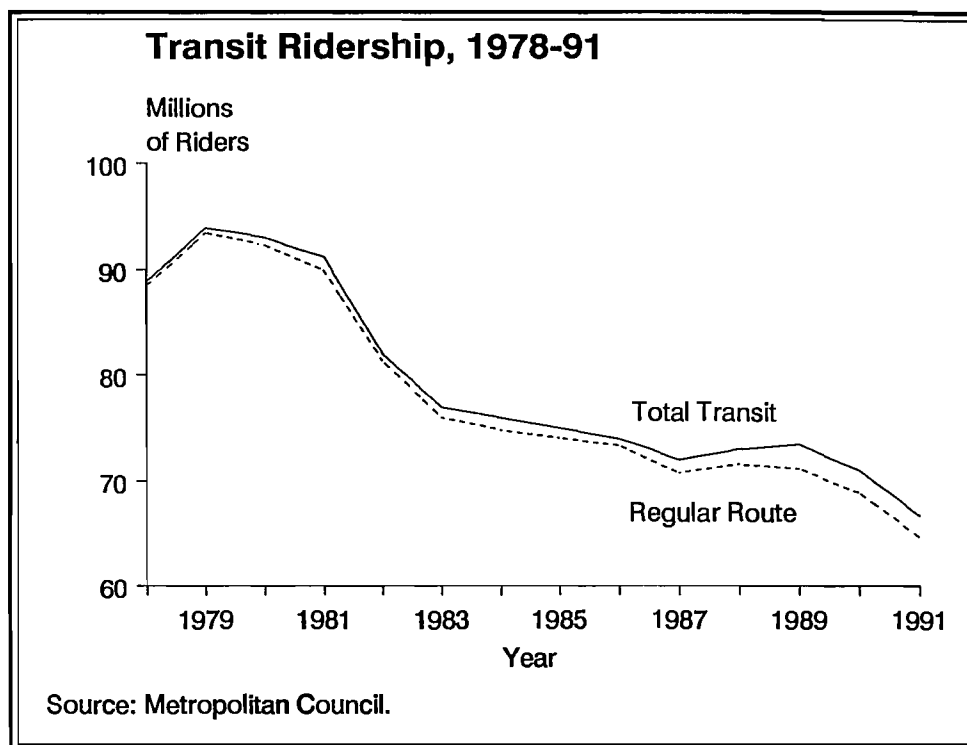
In 1984, the Legislature created the Regional Transit Board to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The Legislature wanted the RTB to control rising transit costs, respond to growing suburban transit needs, improve oversight of the Metropolitan Transit Commission (MTC), and more closely integrate transit into the region's highway planning. In a 1988 evaluation, we concluded that RTB had not yet proven to be an effective problem solver. Now, four years later, we conclude that:

- **Although creation of the Regional Transit Board was a good idea, the Board's progress has not lived up to expectations in several key areas.**
- **Progress in some key areas has been slow and problems remain, but there have been some encouraging signs recently.**

The major problems with RTB's past performance are:

- **There has been little progress in responding to growing suburban transit needs outside of opt-out communities.**
- **RTB has been slow to provide adequate oversight of the Metropolitan Transit Commission despite substantial declines in regular route ridership.**
- **RTB still does not have an adequate policy on competitive bidding of bus service and has allowed MTC to provide a significant amount of peak-hour express service outside MTC's exclusive service area despite significant questions regarding MTC's relative efficiency in providing that service.**
- **RTB has not provided needed leadership from a regional perspective on light rail transit, and has focused too much on expensive transit options and too little on relatively inexpensive solutions.**

**Bus ridership
has declined
significantly.**



In part, these problems have resulted from factors external to RTB. For example, state funding for transit has been relatively constant in recent years while Metro Mobility costs have grown significantly. The increase in costs has limited RTB's ability to fund service improvements for suburban areas and in the existing regular route system. Some of the increase in Metro Mobility costs is the direct result of RTB's decisions to expand and improve service. However, RTB did not anticipate much of the growth in ridership and costs. In addition, the planning process has been dominated by light rail transit (LRT) in recent years. Considerable staff and board time devoted to LRT has taken time and attention away from other issues.

However, factors within RTB's control have been at work as well. These include: 1) the board's promotion of LRT without adequate examination of the alternatives, 2) the board's attitude toward contracting transit services, 3) continuing internal tension due to the agency having both an executive director and a full-time chair, and 4) the board's unwillingness to control Metro Mobility costs, which led to an expenditure cap being imposed by the 1991 Legislature.

On the positive side, we found that:

- RTB recently adopted new plans which attempt to improve suburban transit service and control Metro Mobility expenditures.
- RTB is developing five transit hubs in suburban locations and has experimented with four new suburban services which are either circulators or general purpose dial-a-rides.

- **Despite turnover, RTB has a strong staff which has laid a good foundation for the future with the work it has done on various planning projects and in contract management.**
- **Since mid-1991, the Board has shown more interest in overseeing MTC as well as assisting it in improving ridership and efficiency.**

RTB recently completed a marketing study to determine reasons for the loss in MTC ridership and identify marketing strategies to address that concern. In addition, RTB's budget for 1992 includes funds to conduct management audits of MTC and funds for MTC to perform a comprehensive operations analysis of MTC routes.

METROPOLITAN COUNCIL

The Metropolitan Council is responsible for long-range planning and policy making for both transit and highways in the Twin Cities area and for overseeing the work of the Regional Transit Board. In our 1988 evaluation, we were critical of the Metropolitan Council's relatively weak oversight of RTB and lack of adequate policy direction for transit and highways.

Since 1988, with adoption of a new transportation policy plan, the Council's planning work and policy direction gradually improved and, in the last year, improved dramatically. We found that:

- **Until last year, the Metropolitan Council did not provide adequate oversight of the Regional Transit Board.**
- **Until this year, the Metropolitan Council did not provide sufficient leadership in formulating a long-range vision for transit in the region.**

These recent improvements in Council oversight and leadership have come about in two ways:

- The Metropolitan Council and its staff provided significant oversight of RTB through the Council's review of the RTB's Five Year Plan in May 1991.
- The Metropolitan Council and its staff have provided significant leadership for future transit and highway improvements with the recent adoption of its Regional Transit Facilities Plan.

The plan is significant in that it recommends an even-handed approach to transit planning. While LRT has dominated planning in recent years, the Council's plan calls for service improvements, minor capital improvements, and major capital projects according to their effectiveness in solving transit and highway problems in various parts of the region.

**The
Metropolitan
Council has
begun to
provide
stronger
leadership.**

The plan's specific recommendations for transit improvements should not, however, be viewed as definitive. In developing the plan, staff have not been able to analyze in detail all of the transit options in each highway corridor. For example, staff did not have time to fully analyze the benefits and costs of LRT compared to bus and other options in the Central Corridor between St. Paul and Minneapolis. However, the plan recommends a process -- an alternatives analysis -- through which this important consideration will be examined.

MINNESOTA DEPARTMENT OF TRANSPORTATION

**Mn/DOT has
cooperated
with transit
planning
agencies.**

The Minnesota Department of Transportation (Mn/DOT) plays an indirect, but important, role in transit planning. Many transit services and car pools utilize the highways which Mn/DOT is responsible for planning and constructing. As a result, Mn/DOT's cooperation with transit planning agencies is vital in helping them achieve their goals.

We found that:

- **Mn/DOT has been receptive to transit issues and has incorporated various transit options into its highway plans.**

Mn/DOT has worked with the Metropolitan Council in providing bus and car pool bypass ramps at freeway exits as called for in the Council's 1988 Transportation Policy Plan. Mn/DOT is currently working with MTC on MTC's "Team Transit" project to provide lane and ramp improvements which could help buses reduce their travel time and potentially increase their ridership. Finally, Mn/DOT has constructed high-occupancy vehicle lanes, park-and-ride lots, and transit stations in the I-394 corridor west of downtown Minneapolis and is analyzing HOV lanes, as well as light rail transit, in its planning process for improvements to I-35W from downtown Minneapolis south to the Minnesota River.

RECOMMENDATIONS

Legislature

We have five types of legislative recommendations, which address: 1) internal RTB structural problems, 2) LRT funding and governance, 3) financial disincentives for automobile use, 4) funding for transit improvements, and 5) the need for oversight of RTB. Regarding RTB's internal structure, we recommend that:

RTB needs consistent internal direction.

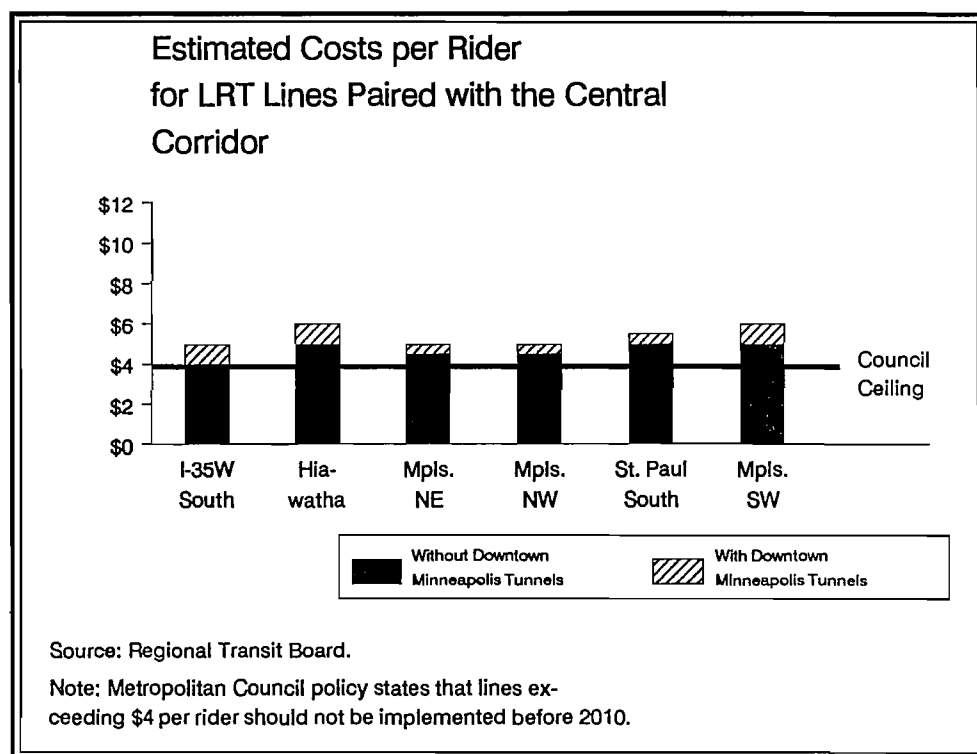
- **The Legislature should either make the position of RTB chair a part-time one or permit the chair to select the executive director with the board's approval.**

Since its inception, there has been internal tension at RTB because the agency essentially has two heads: an executive director and a full-time chair. This situation is not a viable one for an agency as small as RTB. It will continue to struggle to meet expectations unless it goes forward under strong and consistent leadership.

Second, we recommend that:

- **The Legislature should not fund construction of LRT in the Central Corridor until a satisfactory alternatives analysis has been prepared.**
- **The Legislature should change the governance structure for light rail transit planning to provide for more regional control of the process while continuing to involve county railroad authorities in a meaningful way.**

The Metropolitan Council's facilities plan shows that, within the next 20 years, only two LRT lines -- the Central Corridor and the I-35W South lines -- have the potential to be cost-effective under reasonable assumptions. Recent studies show that these two lines have a combined projected cost of just under \$4.00 per rider -- the maximum permitted by Metropolitan Council policy in order for a line to be considered for implementation before the year 2010.



Alternatives to LRT have not been adequately studied.

Furthermore, it has yet to be determined how the benefits and costs of a Central Corridor LRT line -- the Council's highest LRT priority -- compare to those for all-bus and other alternatives. As a result, it is important that an alternatives analysis be conducted before more design work continues or construction work begins. An alternatives analysis will also improve the region's chances of maximizing the amount of federal "new start" money which can be received and used to reduce the region's costs of building the line.

The current governance structure for light rail transit planning is dominated by the region's counties and their rail authorities. Their only transit mission is to plan for light rail transit. Considering the new cost per rider estimates for LRT, the need for objective analysis of alternatives, and the need to use regional or state funding to implement LRT -- there is a need to reorient the governance structure to ensure that regional goals are met and that spending on additional lines is not continued. We are generally supportive of the Metropolitan Council's proposed governance structure. That proposal would place RTB in charge of the alternatives analysis, Mn/DOT in charge of design and construction, and MTC in charge of operations. However, given the counties' leadership on LRT issues, the Legislature should consider ways in which the counties can be given a meaningful role in the design and construction of LRT, while assuring regional control over important decisions.

We also recommend that:

- **The Legislature should examine options for increasing automobile user costs to better reflect the costs to the region of automobile travel.**

A modest increase in automobile user costs through additional gasoline taxes or other taxes or fees may help to limit future growth in automobile travel and would better reflect some of the regional costs of automobile use. It would also make sense to use a portion of any tax or fee increase to help fund transit improvements or relieve some of the current burden on property taxes. However, Constitutional limitations and budgetary constraints will affect the options available to the Legislature.

The details of new transit plans have not been worked out.

If transit programs are allotted funds from a new funding source, it is essential that the Legislature retain control over transit funding and not provide transit agencies with an unlimited source of dedicated funding. Many of the recommendations in the Council's new facilities plan and RTB's new vision are conceptual and lack ridership estimates and other details which would help in determining their cost-effectiveness. Legislative oversight of these agencies' recommendations is needed before transit funding is substantially increased. The Legislature should take an incremental approach and fund some improvements while requiring the agencies to report back on their progress in developing more detailed plans and ridership estimates. We recommend that:

- **The Legislature should be generally supportive of the concepts contained in the Metropolitan Council's facilities plan.**

The Council's oversight authority over RTB needs to be strengthened.

- **However, the Legislature should require RTB and the Council to provide information on the potential cost-effectiveness of the recommended service improvements and transit hub projects.**

We also recommend that the Legislature strengthen oversight of RTB in the following ways:

- **The Legislature should require RTB to prepare an annual performance report for existing transit services and submit the report to the Metropolitan Council for its review and comment.**
- **The Legislature should require RTB to report at least annually on its progress in implementing its five-year plan and submit the report to the Metropolitan Council for its review and comment.**
- **The Legislature should give the Metropolitan Council authority to review and approve RTB's annual capital budget and review and comment on RTB's annual operating budget.**

Metropolitan Council

We recommend that:

- **The Metropolitan Council continue the strong oversight and leadership it has shown over the last year.**

In addition, even without specific legislative authorization, we recommend that:

- **The Metropolitan Council should consider requiring RTB to prepare: 1) an annual transit performance report, 2) an annual progress report on plan implementation, and 3) cost per rider estimates for the new services and other mass transit improvements recommended in the Council's new plan and RTB's new vision.**

Also, in formulating regional policy on highway and transit development, the Council should consider the extent to which automobile users are not directly paying the full costs of automobile use. We recommend that the Metropolitan Council: 1) determine the extent to which automobile users do not directly pay for the costs imposed on the region from automobile use, 2) examine the potential effect on automobile and transit use from raising automobile ownership and operation costs through additional taxes or other methods, and 3) study the impact which such action might have on future development patterns.

Regional Transit Board

The Regional Transit Board has made only slow progress in achieving the goals envisioned when it was established. Improvement has been made since mid-1991, but it remains to be seen whether such improvement will be sustained. The RTB's Vision for Transit has conceptual appeal, but lacks important details. It is unclear at this point how much of the vision should be implemented. It is also unclear how the results of needs assessments and MTC's comprehensive operations analysis will affect the vision.

RTB needs to make progress in some key areas.

Despite reservations, we believe RTB should continue to exist in its current form. The separation of planning and operations has had some desirable effects and remains a good concept. However, RTB needs to continue the progress of the last eight months and demonstrate to the Legislature that RTB can be an effective problem solver. RTB can best develop this trust by being a fair and objective planning agency. Advocacy on behalf of transit is best based on sound and thoughtful analysis.

Specifically, we recommend that:

- **RTB should adopt a competitive bidding policy which adequately addresses the costing method MTC should use when bidding to provide transit services outside its exclusive service area.**
- **RTB should undertake the proposed management audits of MTC and review the comprehensive operations analysis of MTC when completed. RTB should ultimately identify any resources which can be freed up to provide needed service improvements.**
- **RTB should examine the need for and potential cost-effectiveness of the service improvements and hubs recommended in the Metropolitan Council's facilities plan. Not all of the hubs and accompanying circulator and express routes may be cost-effective.**
- **RTB should prepare an annual performance report which provides performance statistics for each route and type of service funded by RTB.**
- **RTB should continue its recent efforts to work cooperatively with the opt-out providers and assist them in competitively bidding out transit services when their current contracts end.**
- **RTB should work with MTC to strengthen the region's efforts to encourage ridesharing or consider moving Minnesota Rideshare to the Minnesota Department of Transportation.**

INTRODUCTION

The 1970s saw an expansion of bus service in the Twin Cities metropolitan area along with a corresponding increase in transit ridership. However, transit costs also increased at a rate far exceeding the combined effect of inflation and service expansion. In addition to rising costs, the Legislature perceived a lack of responsiveness to growing suburban transit needs, a need to improve oversight of the Metropolitan Transit Commission, a need to separate transit operations from planning, and a need to more closely integrate transit into the region's highway planning.

As a result, in 1984, the Legislature created the Regional Transit Board (RTB) to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The creation of RTB gave the region a three-tier transit planning structure that was more complicated than the one- or two- tier systems used in other major metropolitan areas.

Despite RTB's creation, there have been continuing concerns about transit performance and the adequacy of transit planning. The 1980s have seen a substantial decline in bus ridership, growing highway congestion, limited suburban transit service expansions, and a fragmentation of planning responsibilities in some areas. In addition, the transit community, as well as the broader metropolitan community, has been split by disagreement over the desirability of implementing light rail transit.

Consequently, the Legislative Audit Commission directed our office to conduct a study of transit planning in the Twin Cities metropolitan area. This report updates and expands upon an earlier evaluation of RTB which we completed in 1988. The report addresses the following questions:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**

- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

To answer these questions, we conducted extensive interviews with people involved with transit and highway planning, operations, and policy direction. We reviewed a significant number and variety of local planning documents and studies, and also reviewed relevant literature available nationwide.

Chapter 1 of this report provides an overview of the transit and highway planning structure in the metropolitan area, reviews the region's transit budget and programs, highlights the challenges and problems faced by planners, and discusses the demographic trends which have created these challenges. Chapter 2 examines the adequacy of transit planning in the region. This chapter reviews the performance of the Regional Transit Board, the Metropolitan Council, and the Minnesota Department of Transportation. Chapter 2 also considers the need for structural changes in regional transit planning and examines the strengths and weaknesses of the new plans developed by the Metropolitan Council and the Regional Transit Board. Chapter 3 presents our recommendations for legislative and agency action.

BACKGROUND

Chapter 1

Transportation is one of the most important expenditures made by American households. The average household spends more on transportation than on any other major category of spending except housing. In 1989, a typical household spent \$5,200, or 19 percent of its total expenditures, on automobiles and other forms of transportation.¹

Government plays a major part in facilitating, as well as influencing, the public's choice of transportation modes and their respective costs. Government's role is twofold. First, state and local governments plan, construct, and maintain the streets and highways used by private vehicles. During fiscal 1991, Minnesota state government spent about \$1.1 billion on roads. Second, government provides public transit services. In 1989, public transit services provided in Minnesota had a total operating cost of \$144 million. Close to 90 percent of these costs were incurred by transit systems operating in the seven-county Twin Cities metropolitan area.

This report focuses on the process for planning and implementing public transit services in the Twin Cities area. Like many transportation planners, we consider a transit service to be any method of moving people that involves more than one person per vehicle. This definition of transit, of course, includes typical mass transit services which are provided directly by public agencies or contracted out to other providers. Bus service, light rail transit (LRT), and paratransit services for persons with disabilities and mobility limitations, are examples of mass transit services. In addition, the definition of transit includes car pooling and van pooling. Public agencies may be involved in encouraging car pooling through promotional activity, matching of potential car poolers, and construction of highway modifications designed to facilitate both car pooling and mass transit services. Potential highway modifications include high-occupancy vehicle (HOV) lanes and entrance ramps for the exclusive use of vehicles with more than one occupant.

This chapter provides an overview of transit planning in the Twin Cities metropolitan area. In particular, this chapter addresses the following questions:

- **What is the current transit planning and operating structure in the Twin Cities metropolitan area?**

1 U.S. Bureau of Labor Statistics, *Consumer Expenditure Survey*, 1989.

- **What transit programs are currently operated in the area?**
- **What trends in transit and automobile usage have occurred during the 1980s and are expected in the future?**
- **What challenges are transit planners facing?**

ORGANIZATIONAL STRUCTURE

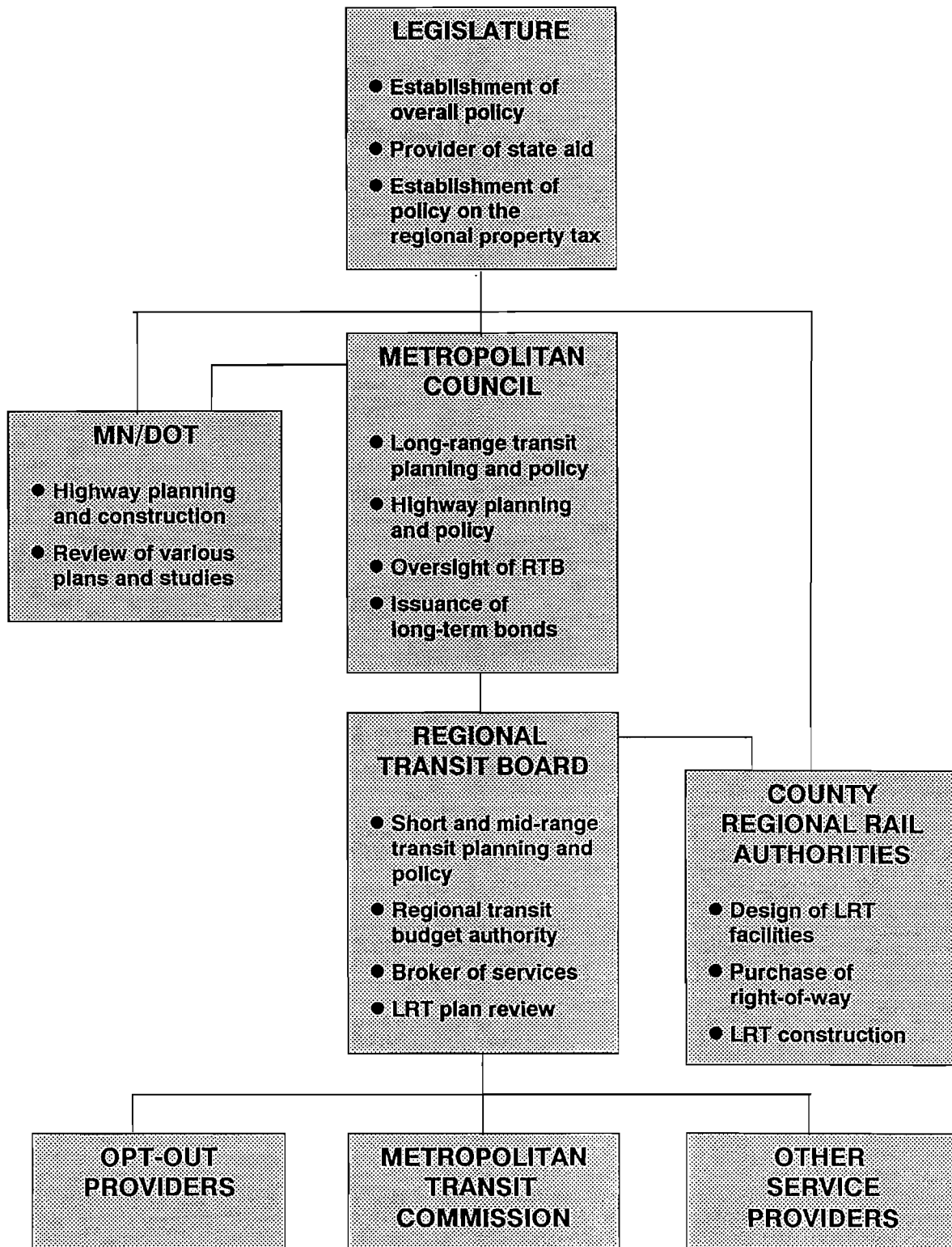
In the last decade, the region's transit planning and operating structure has become increasingly complex. Many major metropolitan areas in the United States have a "one-tier" system, which combines operating and planning in one agency, or a "two-tier" system in which long range planning is separated from transit operations. In the Twin Cities area, as shown in Figure 1.1, there are three tiers:

- At the first tier, the Metropolitan Council does long-range transit and highway planning and provides oversight of the Regional Transit Board.
- At the second tier, the Regional Transit Board develops mid- and short-range transit plans, contracts with operators to provide service, and oversees the performance of the operators.
- At the third tier, a variety of operators provide transit service and conduct some service planning.

**The
Metropolitan
Council sets
long-range
transit and
highway policy.**

In addition, there are a number of other agencies involved in transit planning in the area. The Minnesota Department of Transportation (Mn/DOT) is responsible for planning and constructing highways, which may include transit components. Each of the area's seven counties also has a regional rail authority. These county-based authorities are in various stages of planning and designing light rail transit lines within their boundaries.

The Metropolitan Council has three important roles in the transit area: 1) long range transit planning and policy making, 2) highway planning and policy making, and 3) oversight of the Regional Transit Board. Perhaps the single most important transit/highway plan prepared by the Council's transportation staff is its Transportation Development Guide/Policy Plan. This document, which was substantially revised in 1988, includes both a transit plan and a highway system plan for the metropolitan area for the year 2010. In addition, the document details the Council's transit and highway policies. The Council also prepares a Transportation Improvement Program (TIP), which lists the federally funded highway and transit capital projects to be undertaken in the next three years. The TIP is prepared by Council staff following substantial input from Mn/DOT and the Regional Transit Board. Assisting the Council is the Transportation Advisory Board (TAB), which functions as a forum for citizens and local officials to discuss their positions on transportation issues

Figure 1.1: The Twin Cities Regional Transit Planning Structure

and planning proposals for the Twin Cities region. The Technical Advisory Committee (TAC) provides technical advice to the TAB.

The Council's other major transit responsibility is to oversee the Regional Transit Board. The Council's oversight authority is primarily exercised through its review and approval of the five-year transit plan prepared by the Regional Transit Board (RTB). Through this review, the Council can exercise some control over the RTB's proposed implementation of new transit services as well as RTB's oversight of existing services. However, the Council does not have authority to review and approve the RTB's annual operating and capital budgets.

The Metropolitan Council also has some limited powers and responsibilities for light rail transit planning. The Council is responsible for reviewing and commenting upon the preliminary and final design plans for LRT prepared by county regional rail authorities. The Council's review is limited to a review for consistency with the Council's transportation development guide and policy plan. The Council is also responsible for reviewing and approving applications for federal assistance for constructing LRT facilities in the metropolitan area.

Created in 1984, the Regional Transit Board has two primary functions:

RTB manages the area's transit budget and does mid-range transit planning.

- management of the transit budget for the Twin Cities metropolitan area, and
- planning for and evaluation of existing and new transit services for the area.

In carrying out its budgetary responsibilities, RTB receives state aid and the proceeds of a regional property tax levy for transit. RTB is then responsible for allocating its revenues to various transit programs. It reviews and approves the budget of the Metropolitan Transit Commission (MTC), the area's largest transit provider, and contracts for other transit services with a variety of providers. RTB establishes fare policies for the area and coordinates the services provided by the area's providers. RTB also contracts with MTC to: 1) market car and van pooling to commuters and employers and 2) operate the Metro Mobility Administrative Center. Finally, RTB coordinates travel demand management activities in the region.

In contrast to the Metropolitan Council's long-range planning responsibilities, the Regional Transit Board is responsible for short- to mid-range plans. The most important planning document prepared by the RTB is its Five Year Transit Plan. This plan presents policies and service strategies intended to guide RTB's planning and programming activities for the next five years. The most recent five-year plan was prepared in 1990 for the years 1991-95. It is scheduled to be revised every two years. RTB's planning work has also included the development of plans for new services, the evaluation of existing services, and the setting of standards and policies for evaluating new and existing services.

Counties have done much of the light rail transit planning.

Regional rail authorities have been responsible for developing plans for individual light rail transit lines within the area's seven counties. However, in 1989, the Legislature gave RTB the responsibility for preparing two regional plans for LRT: 1) a development and financial plan for a ten-year period, and 2) a coordination plan for the construction and operation of LRT. The Legislature also gave RTB the power to review and comment on preliminary design plans for any LRT facility and the power to review and either approve or disapprove of any final design plans. RTB's review is limited to a facility's conformity with RTB's two regional LRT plans, its compatibility with other LRT plans in the area, and its adequacy for handicapped accessibility.

The third tier of the area's transit structure consists of the area's transit operators. They receive funds from RTB in order to operate and manage various types of transit services. Operators also conduct some service planning. The Metropolitan Transit Commission (MTC), a public agency established in 1967, is the largest transit service provider in the Twin Cities region. The MTC provides more than 90 percent of the mass transit rides in the region, and is more actively involved than most operators in service planning. Other transit providers include private regular route providers, replacement (or opt-out) service providers, Metro Mobility operators, county service providers, community-based service providers, and demonstration service providers.

TRANSIT PROGRAMS AND BUDGET

As manager of the region's transit budget, the Regional Transit Board is responsible for funding the region's transit programs. The main programs funded by RTB are: 1) regular route bus service, 2) replacement or opt-out service, 3) Metro Mobility, 4) county transit services, 5) small urban services, 6) new demonstration services, and 7) Minnesota Rideshare. Table 1.1 provides information on RTB's budget for these services over a five-year period. This budget includes only the public subsidies which RTB provides and does not include other revenue, such as fares, which transit providers may receive.

MTC provides most regular route bus service.

Regular route bus services receive more than two-thirds of the transit assistance provided by RTB and provide more than 95 percent of mass transit trips. In 1990, regular route ridership was 68.9 million. The vast majority of regular route service is provided by the Metropolitan Transit Commission, the region's public transit company. Several private companies also provide regular route service. By law, MTC must provide regular route transit services within the region's fully developed service area except those regular route services which were operated on June 2, 1989, by private, for-profit operators. Figure 1.2 shows the fully developed service area. Outside the fully developed service area, MTC is also entitled to continue to operate those regular route services it was operating on June 2, 1989; however, RTB can contract with private, for-profit operators to operate replacement (opt-

Table 1.1: Transit Assistance Provided by the Regional Transit Board

	<u>1988 Actual</u>	<u>1989 Actual</u>	<u>1990 Actual</u>	<u>1991 Actual (Est.)</u>	<u>1992 Budget</u>
Regular Route					
MTC	\$55,859,834	\$61,538,263	\$67,225,914	\$60,365,557	\$63,741,012
Other	<u>1,499,289</u>	<u>1,827,689</u>	<u>1,983,899</u>	<u>1,886,379</u>	<u>2,813,356</u>
Subtotals	57,359,123	63,365,952	69,209,813	62,251,936	66,554,368
County Systems	815,131	994,971	1,143,530	1,096,669	1,571,041
Small Urban Systems	262,033	325,083	358,330	300,611	393,885
Opt-Out	1,455,532	1,461,945	2,555,049	5,166,947	6,221,854
Metro Mobility					
Providers	9,575,659	11,490,685	13,994,307	13,567,049	12,988,482
MMAC	<u>514,555</u>	<u>699,547</u>	<u>762,989</u>	<u>534,789</u>	<u>679,518</u>
Subtotals	10,090,213	12,190,232	14,757,296	14,101,838	13,668,000
Rideshare	581,632	633,606	613,967	498,673	614,928
Jobseekers	378,578	361,677	279,694	405,163	500,000
New Services/Test Marketing	<u>40,422</u>	<u>506,878</u>	<u>904,435</u>	<u>1,051,609</u>	<u>500,000</u>
TOTALS	<u>\$70,982,664</u>	<u>\$79,840,344</u>	<u>\$89,822,113</u>	<u>\$84,873,445</u>	<u>\$90,024,076</u>

Source: Regional Transit Board.

out) services or any regular route services for which 50 percent or more of the service costs are paid by the organization receiving RTB funds.²

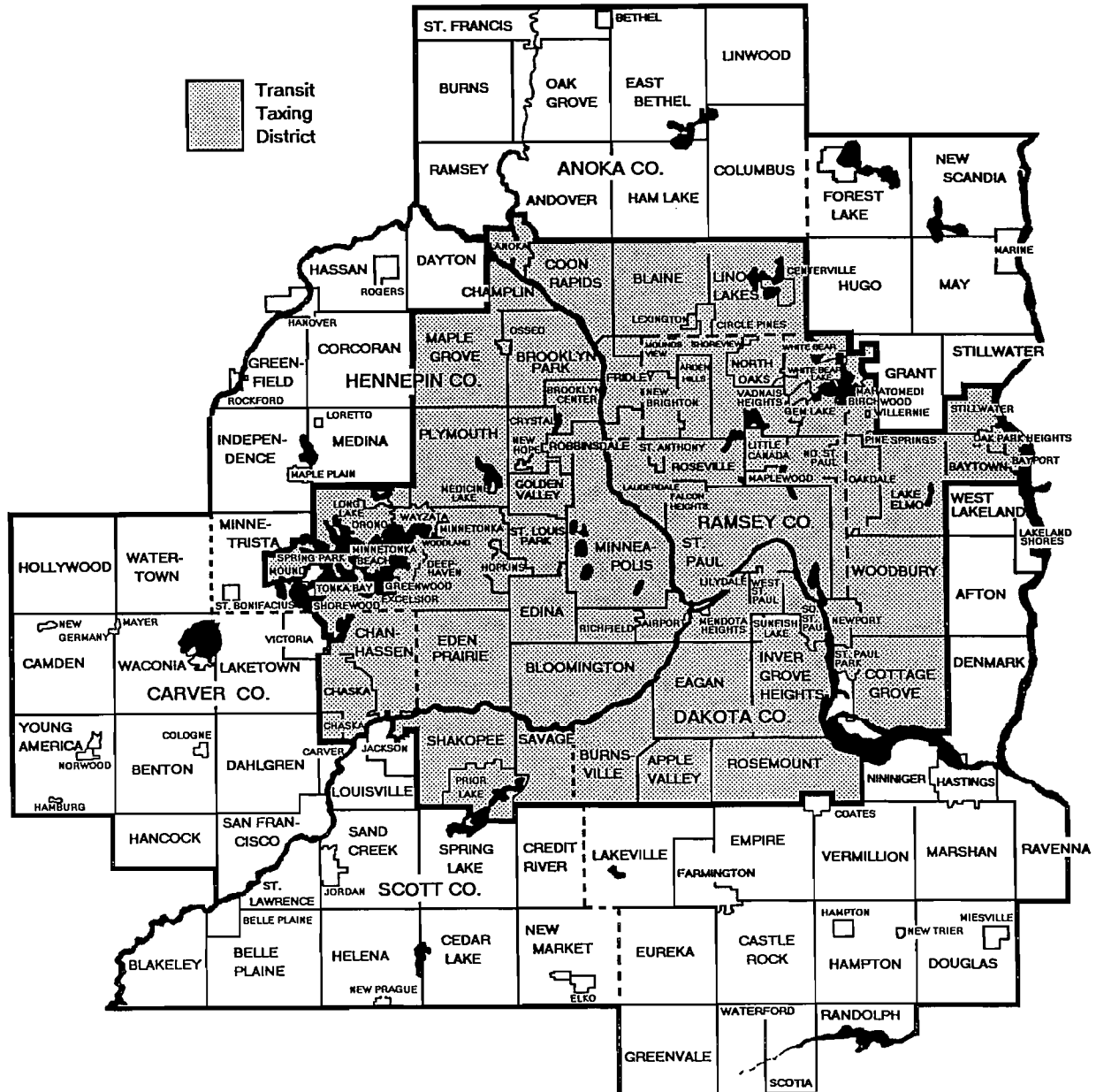
There are five replacement, or opt-out, programs in the Twin Cities area. Opt-out programs were created by 1980 legislation that permitted certain communities to replace their limited MTC service with service more in touch with local needs. As shown in Figure 1.2, the five opt-out programs are: 1) Minnesota Valley Transit Authority (Apple Valley, Burnsville, Eagan, Prior Lake, Rosemount, and Savage), 2) Southwest Metropolitan Transit Commission (Chanhassen, Chaska, and Eden Prairie), 3) Shakopee, 4) Plymouth, and 5) Maple Grove. These fast-growing programs provided 551,000 rides in 1990. Opt-out programs are eligible for transit assistance from RTB based on the amount of local property taxes the affected communities pay for transit purposes.³ The opportunity for additional communities to opt-out was sunsetted in 1988.

Metro Mobility provides door-through-door paratransit services for persons who cannot use regular route transportation due to a disability or mobility limitation. Metro Mobility riders are served by a variety of providers. Service

² Minn. Stat. §473.385. This specification of MTC's service area became law in 1989. RTB may also contract with private operators to provide circulator bus service within MTC's service area.

³ Minn. Stat. §473.388.

Figure 1.3: Seven County Metropolitan Area and Transit Taxing District



Source: Regional Transit Board.

dial-a-ride programs provide transportation to medical, shopping, and senior centers. In 1990, these programs provided about 255,000 rides.

Small urban, or community-based, services provide dial-a-ride service in certain communities within the region. Service is generally provided to community residents who have special needs but do not qualify for Metro Mobility. Community-based services are funded cooperatively by RTB and the communities they serve. In 1990, small urban programs provided about 142,000 rides.

New demonstration services have also received funding from RTB. They include the Roseville Area Circulator, the Anoka Traveler, and a demonstration service in Lakeville. RTB also provides funds to Minnesota Rideshare, which is housed at MTC. Minnesota Rideshare provides match lists for people who want to car pool and also markets ridesharing to employers.

In addition to transit program funding, RTB's budget also includes funds for RTB administrative expenses, planning studies and consultant contracts, community planning grants, and capital projects. Over a five-year period, from \$3 to \$4 million annually has been spent or budgeted for these types of expenditures. Excluding capital projects, RTB's agency budget has been between \$2 and \$3 million annually.

As shown in Table 1.2, about two-thirds of the public subsidies administered by RTB are funded by property taxes levied in the metropolitan area for transit purposes. State appropriations provide most of the remainder of the funding.⁴ The bulk of property tax revenues are levied within the metropolitan transit taxing district depicted in Figure 1.3. Within the district, tax rates are feathered to reflect the lower levels of service received by some communities. Outside the transit taxing district but within the metropolitan area, property owners are taxed at a considerably lower rate--10 percent of the rate within the transit taxing district. Taxes levied outside the taxing district must only be used for paratransit or ridesharing services to people located within the metropolitan area but not within the taxing district.⁵

TRENDS

Bus ridership has declined significantly.

During the 1980s, the main trends in transit and auto usage have been:

- A decline in regular route transit ridership,
- An increase in the number of trips taken and miles driven in automobiles, and
- A growing complexity in the trips taken in the region.

⁴ Fares provide a significant source of transit funding but go directly to transit providers and consequently do not appear in RTB's budget.

⁵ *Minn. Stat.* §473.446.

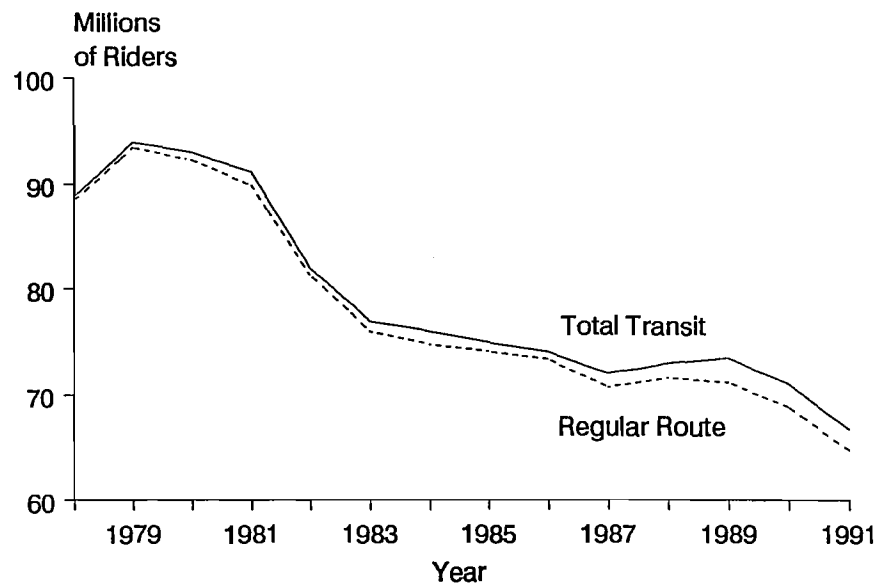
Table 1.2: Revenues, Expenditures, and Fund Balances for the Regional Transit Board

	1988 Actual	1989 Actual	1990 Actual	1991 Actual (Est.)	1992 Budget
Revenues					
Property Taxes	\$50,545,880	\$54,768,981	\$58,303,346	\$59,774,632	\$63,643,534
State Appropria- tion	26,634,000	26,016,944	24,615,000	24,103,000	27,129,500
Federal Grants	786,183	659,437	670,494	531,131	400,000
Interest/Miscel- laneous	1,192,596	1,580,486	1,328,025	676,454	600,000
1991 Agency Reimburse- ment	<u>0</u>	<u>0</u>	<u>679,019</u>	<u>1,529,875</u>	<u>1,000,000</u>
Total Revenues	79,158,659	83,025,848	85,595,884	86,615,092	92,773,034
Total Expenditures	<u>74,068,031</u>	<u>82,708,485</u>	<u>93,665,182</u>	<u>87,745,831</u>	<u>93,695,691</u>
Excess Revenues over Expenditures	5,090,628	317,362	-8,069,298	-1,130,739	-922,657
Beginning Fund Balance	<u>8,202,946</u>	<u>13,293,574</u>	<u>13,610,936</u>	<u>5,541,638</u>	<u>4,410,899</u>
Ending Fund Balance	\$13,293,574	\$13,610,936	\$5,541,638	\$4,410,899	\$3,488,242

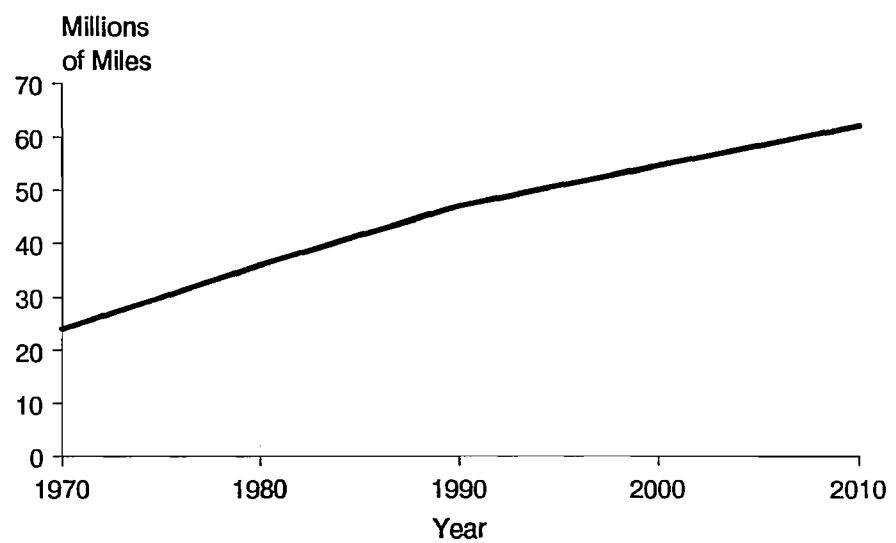
Source: Regional Transit Board.

Transit ridership nationwide has been in a long-term decline since the 1940s. During the 1970s, however, ridership grew as public agencies took over privately-run bus companies and expanded service and the nation experienced several energy crises and significant gasoline price increases. During the 1980s, Figure 1.4 shows that the Twin Cities area, like many other metropolitan areas, experienced a decline in transit ridership. Since it peaked in 1979, ridership in the Twin Cities area has declined more than 25 percent and is now back to the levels experienced in 1973-74. The decline has mostly occurred on the local bus routes which radiate from the downtown business districts of Minneapolis and St. Paul. Express bus ridership to the downtowns has increased significantly but accounts for a small portion of transit ridership.

While area residents are relying less on mass transit, they are relying more on their own automobiles. Figure 1.5 shows that vehicle miles traveled nearly doubled between 1970 and 1990 and are expected to increase another 32 percent by the year 2010. Figure 1.6 shows the four factors contributing to this increase: 1) population growth, 2) an increased number of trips per person, 3) an increase in the miles driven per trip, and 4) a decline in the automobile occupancy rate. From 1970 to 1990, population grew 21 percent, trips per person grew 33 percent, and miles per work trip grew 36 percent. Also, the number of persons in each car on the road declined 15 percent from 1.50 to 1.28. Growth in the first three factors is forecast to continue at least until 2010, but the rates of increase are expected to be lower.

Figure 1.4: Transit Ridership, 1978-91

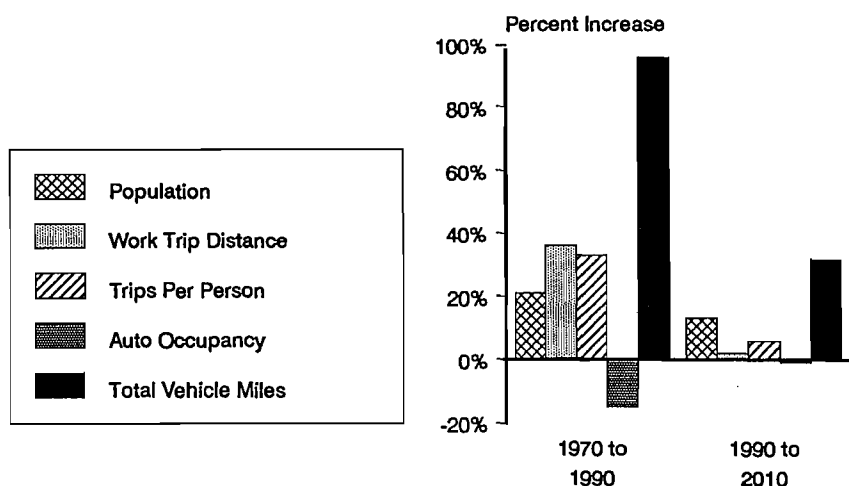
Source: Metropolitan Council.

Figure 1.5: Daily Vehicle Miles Traveled

Source: Metropolitan Council.

Automobile travel has increased dramatically.

Figure 1.6: Increase in Total Vehicle Miles and Contributing Factors



Source: Metropolitan Council.

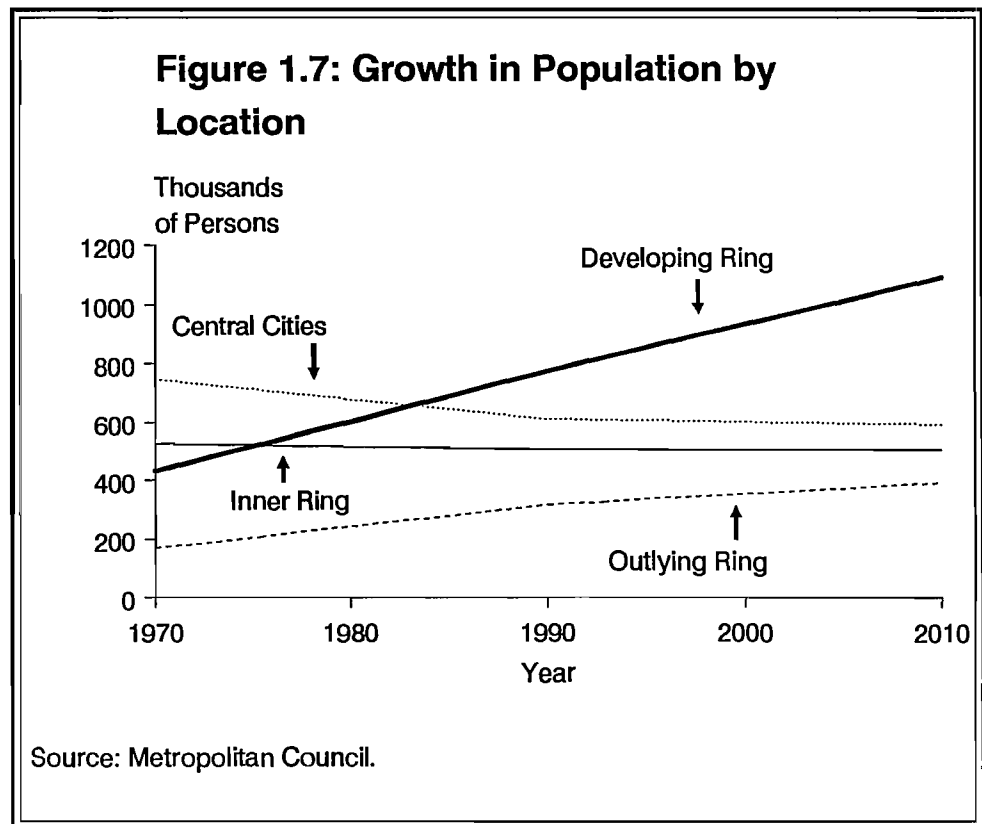
Besides the growth in trips and miles driven, the area has experienced changes in travel patterns. Work destinations have become more spread out. A greater share of the trips are within or across suburbs. A smaller share of total trips are into the downtowns in the morning and out in the afternoon. In addition, many trips have become multipurpose trips. A person leaving work in the afternoon may now run errands, do shopping, and stop at the day-care center before arriving home.

Among the reasons for these trends are:

- Demographic changes, particularly in the work place;
- Increased urban sprawl;
- Continued affordability of car ownership and operation; and
- An increasing preference for the mobility offered by a car.

The demographic changes include: 1) a 34 percent growth between 1970 and 1986 in the age group (18 to 65) responsible for most travel, 2) an increase of 82 percent in the number of women in the workforce from 1970 to 1980, 3) a consequent increase in the percentage of the area population which has jobs, 4) an increase in the number of families in which both adults work, and 5) a 42 percent increase in the number of households from 1970 to 1986. These factors have worked to increase the number of trips in the area as well as to change travel patterns.

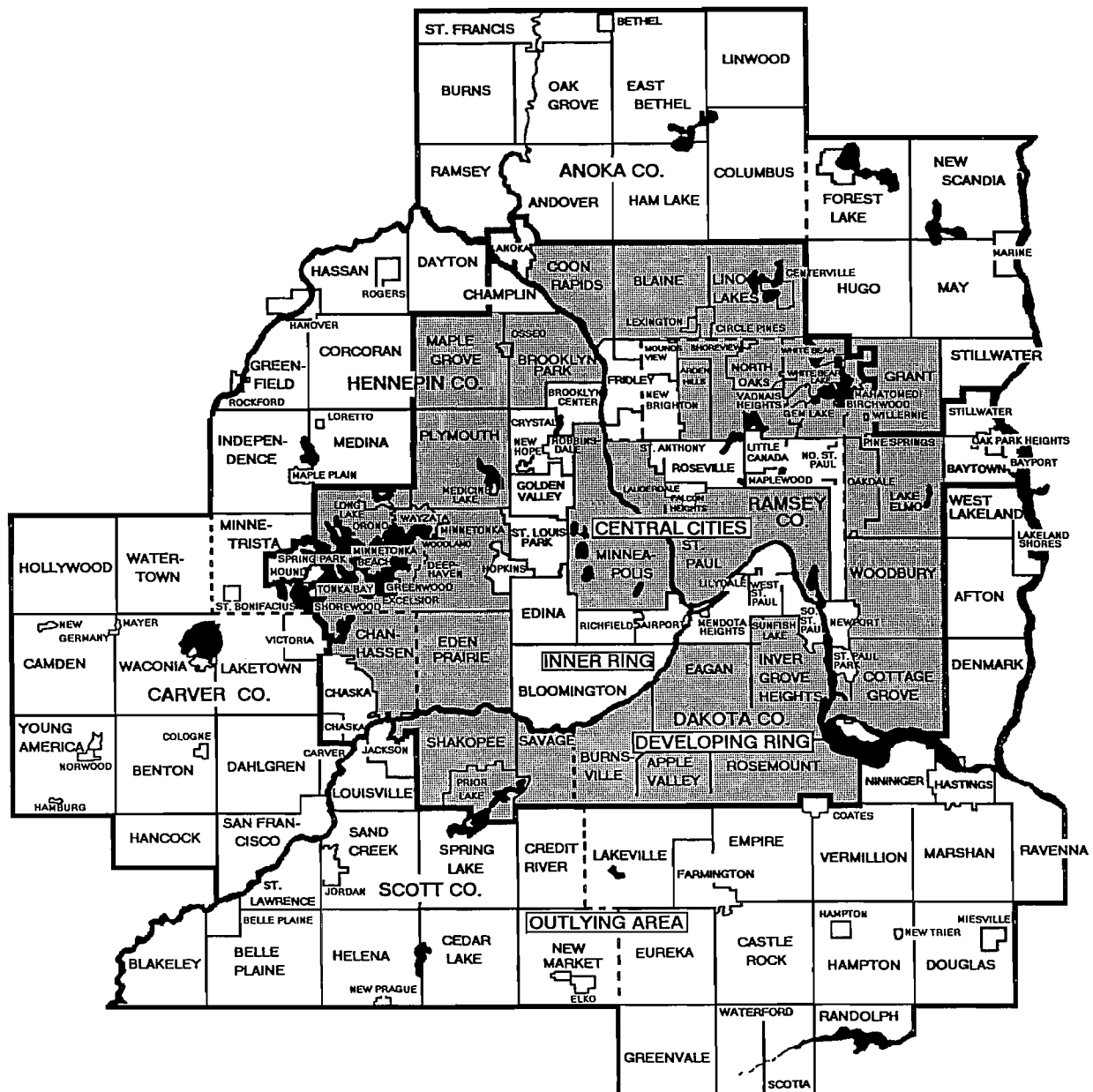
Urban sprawl has also caused travel patterns to change and vehicle miles driven to increase. Figures 1.7 and 1.8 show that most of the population growth in the Twin Cities metropolitan area has occurred outside the central cities of Minneapolis and St. Paul and the inner ring of suburbs. Figure 1.9 shows that most of the growth in jobs has occurred in the inner ring of suburbs and the developing ring around it. Thus, an increasingly larger share of the area's population and employment is outside the central cities and even outside the inner ring of suburbs. This urban sprawl has affected and is expected to continue to affect both travel patterns and vehicle miles driven.



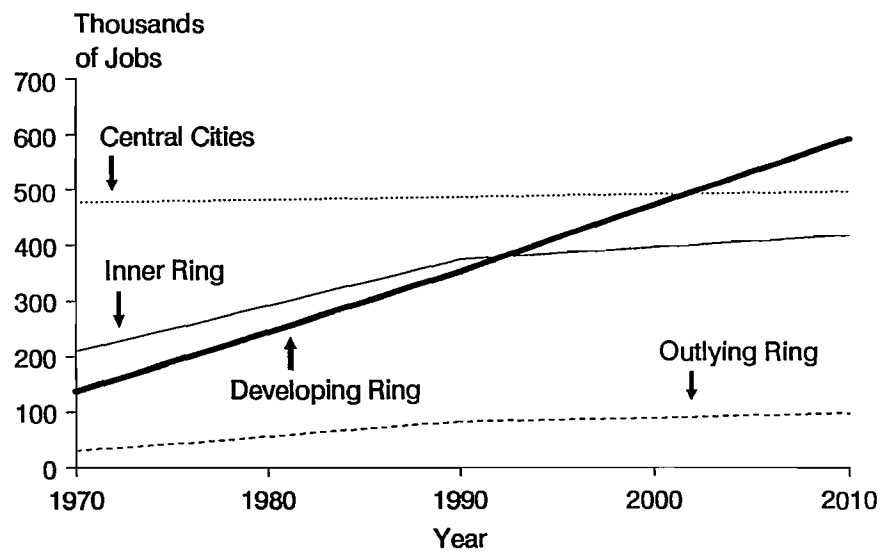
The cost of owning and operating an automobile has also remained affordable and has facilitated an increase in car ownership. While gasoline price increases during the energy crises of the 1970s may have helped to increase transit ridership, gasoline prices peaked in 1981 and lower prices since then have probably contributed to lower transit ridership and increased automobile usage. Also, Figure 1.10 shows that the fuel economy of new cars, as well as the fuel economy of the typical car in service, has increased dramatically during the 1980s. Nationally, the overall cost of owning and operating a new car has remained affordable.

Finally, the general public has shown a strong preference for the mobility an automobile offers. In particular, senior citizens and youth have shown an increased interest in automobile usage and a decreased interest in transit. Figure 1.11 shows the general decline in transit ridership among these groups.

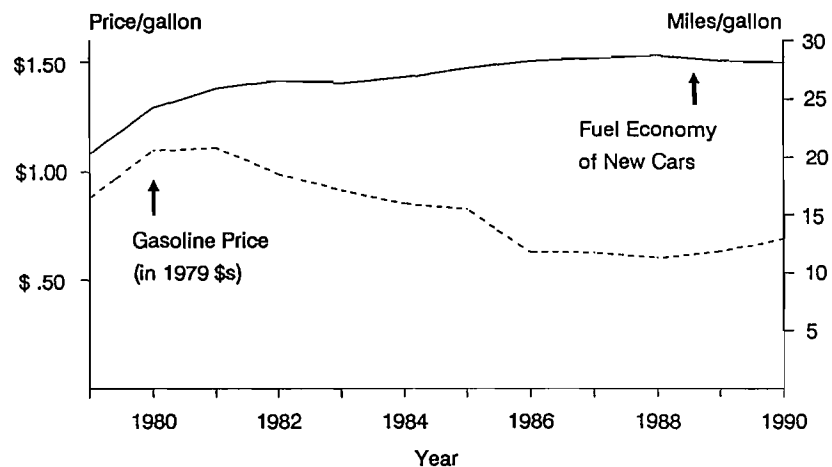
Figure 1.8: Seven County Metropolitan Area and Development Rings



Source: Regional Transit Board.

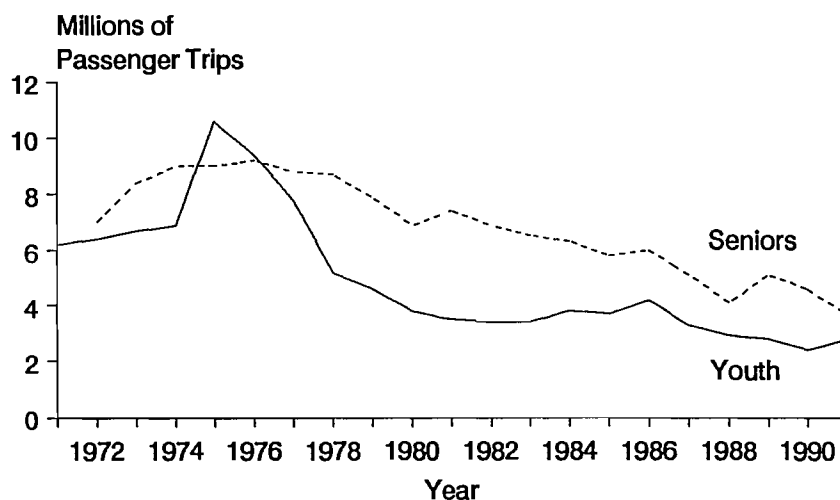
Figure 1.9: Growth in Jobs by Location

Source: Metropolitan Council.

Figure 1.10: Gasoline Prices and Fuel Economy

Sources: Motor Vehicle Manufacturer's Association, Bureau of Labor Statistics.

Figure 1.11: MTC Ridership for Youth and Seniors



Note: Youth under age 18.
Source: Metropolitan Council.

Two-thirds of households own two or more cars.

Overall, automobile ownership is up substantially in the Twin Cities metropolitan area and the number of households without a car is down dramatically. Table 1.3 shows that, between 1970 and 1990, the number of vehicles in the metropolitan area doubled. The percentage of households owning two or more cars grew dramatically from 33 to 65 percent. In addition, the percentage of households without a car declined from 15 percent in 1970 to 4 percent in 1990.

Figure 1.12 shows the long-term increase in the average number of automobiles owned per household. Steady increases have occurred from 1950 to 1980. A significant increase occurred in the last ten years when the number of cars per household grew from 1.58 in 1980 to 1.94 in 1990.

Overall, mass transit provides only about three percent of all person-trips in the area. Automobiles are the mode of travel chosen for the vast majority of trips. Mass transit holds a higher market share in certain selected markets. For example, 45 percent of workers in downtown Minneapolis and 30 percent of downtown St. Paul workers use the bus to get to work.

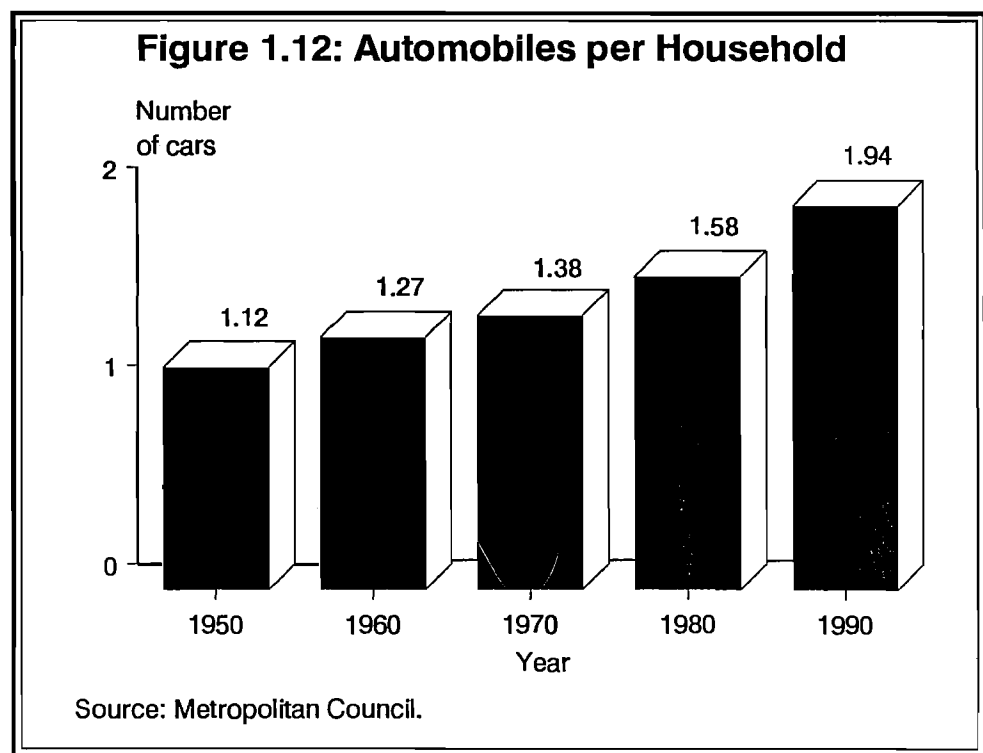
CHALLENGES

Public subsidies for transit programs are intended to serve a number of goals. Among the goals are to: 1) relieve congestion and limit the need for additional highway capacity, 2) serve the needs of transit dependent people, 3) support higher density land uses, 4) reduce pollution, and 5) reduce fuel

Table 1.3: Vehicle Ownership

<u>Year</u>	<u>Total Vehicles Owned</u>	<u>Percentage of Households with 2 + Cars</u>	<u># of Households with 2 + Cars</u>	<u>Percentage of Households with No Car</u>	<u># of Households with No Car</u>
1970	851,530	33%	189,000	15%	86,000
1990	1,695,805	65	573,000	4	38,000
Percentage Change: 1970-1990	99%	97%	203%	-73%	-56%

Source: Metropolitan Council.



consumption. Overall, the goal of transit programs is to maximize transit ridership but do so in a cost-effective manner.

While addressing all of these goals is important and requires considerable thought and effort, perhaps the most challenging problem facing transit and transportation planners is that:

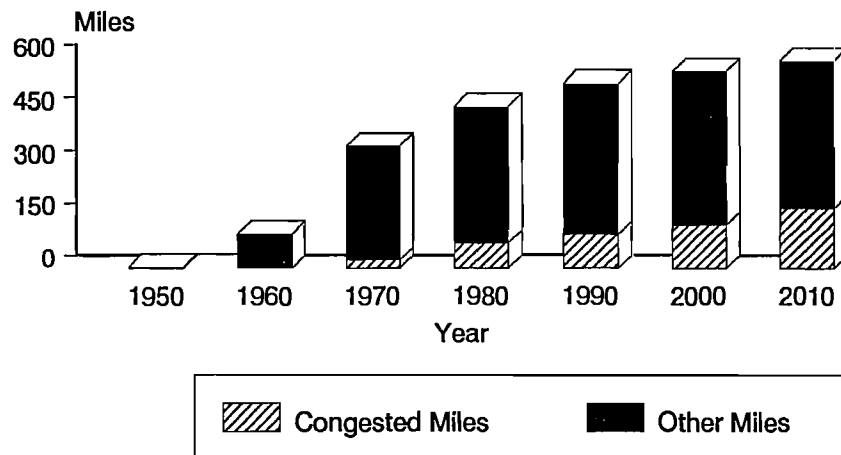
- The Twin Cities area will have great difficulty addressing its growing highway congestion problems unless current transit and car pooling trends are reversed.

Over the last 40 years, over 500 miles of freeways and expressways have been built in the metropolitan area. The number of miles of major highways grew from 5 in 1950 to 525 in 1990. Plans call for continued growth to 590 miles by 2010.

In spite of this expansion, the growth in the area's mobility and its dependence on the automobile have caused a substantial increase in highway congestion. Figure 1.13 shows that the share of freeway and expressway miles experiencing major or severe congestion has increased substantially and will continue to grow. Between 1972 and 1984, the number of congested miles tripled and are expected to double again by 2010. In addition to growing miles of congestion, there has been a lengthening of the period of congestion experienced on congested highways each day.

**Freeway
congestion is
growing.**

Figure 1.13: Congested Miles of Twin Cities Freeways



Source: Metropolitan Council.

It would be very difficult for the metropolitan area to build its way out of its growing congestion problems by constructing more miles of highways or adding more lanes to existing highways. The area's aging highway network will require substantial funds simply to replace and maintain the existing system.⁶ Besides financial constraints, there are physical and environmental constraints which limit the extent to which new highways can be built or existing highways can be expanded. As a result, area planners generally agree that highway solutions which only serve more single occupant vehicles cannot adequately address the area's growing transportation problems.

However, it will be no easy task to find transit solutions to these problems for several reasons:

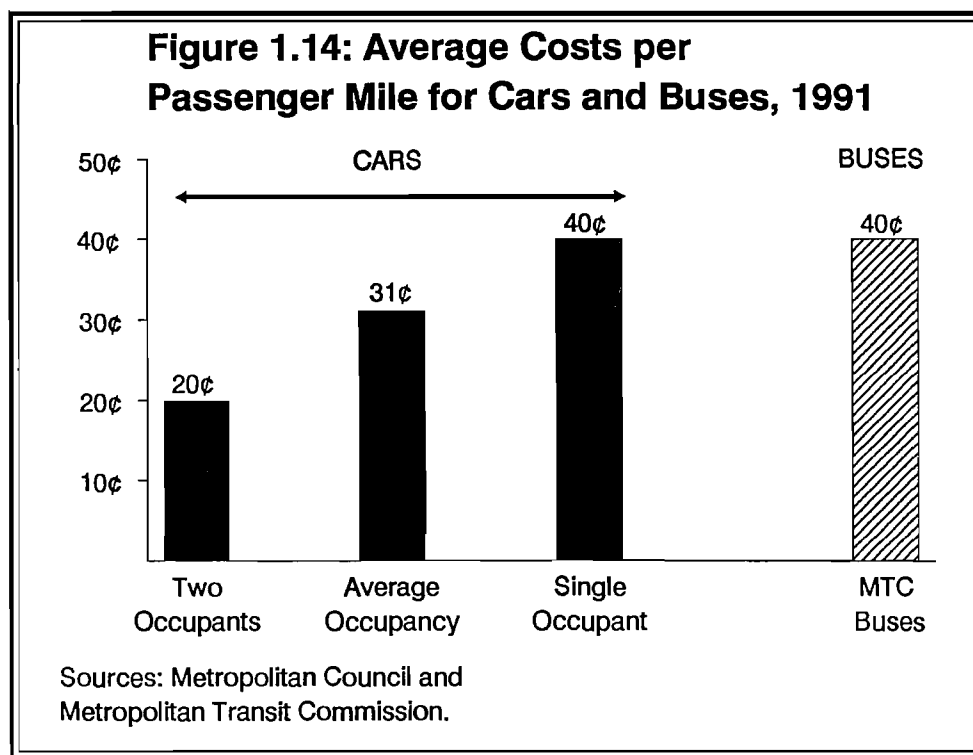
⁶ Transportation Study Board, *Study of Minnesota's Surface Transportation Needs* (1991).

Transit planners face some difficult challenges.

- Mass transit and car pooling have become an increasingly difficult alternative to market to the public.
- It is difficult to find cost-effective transit solutions.
- Transit funding is subject to uncertainties and budgetary pressures more than highway funding.

The public's growing ownership of vehicles, its changing travel patterns, its increasing tendency to make multipurpose trips, and the growth in urban sprawl all make increased transit usage a tough sell for transit agencies. The premium the public places on travel time and trip flexibility are significant obstacles standing in the way of increased transit ridership and car pooling.

With moderating costs of car ownership during the 1980s, mass transit costs have become high compared to automobile costs. Figure 1.14 compares the average cost per passenger mile for cars given the existing vehicle occupancy rate and the average cost per passenger mile for Metropolitan Transit Commission buses. The average cost per mile is estimated to be 40 cents for a car with a single occupant.⁷ Since the typical car carries 1.28 occupants, the cost



⁷ The automobile cost of 40 cents per mile was used by Metropolitan Council staff in a recent analysis of highway and transit options for I-35W South in Minneapolis. As an estimate, this figure is probably a reasonable one to use here. It overstates the average costs of car ownership and operation because it is based on costs for new cars, rather than for the average car in operation. However, it appears to equally understate some of the public costs of automobile operation.

per passenger mile is about 31 cents. For 1991, the average cost per passenger mile for MTC buses is about 40 cents.⁸ This comparison is not sufficient for analyzing the cost effectiveness of various options, but makes the point that mass transit is not necessarily less expensive per passenger mile, even though a bus has the capacity to carry far more passengers than a car.

Finally, funding for mass transit is often more difficult to obtain than funding for a highway project because highways have their own dedicated source of revenue. Mass transit funding depends on property tax revenues and appropriations from the state's General Fund. Since Metro Mobility costs have been increasing significantly during the 1980s, there has been only limited funding available to add or improve other transit services. Without adequate funding, mass transit is less capable of addressing congestion or other transportation problems.

Clearly, a major challenge for the area's planners is to find cost-effective ways of addressing congestion. This challenge must be met while also addressing other transit objectives. To accomplish this will require thought and analysis, as well as the funds to implement good ideas. A one-dimensional approach which relies primarily on highway construction, or alternatively on light rail transit, is not likely to be the solution for all of the area's transportation corridors. Planning agencies which collect accurate data and conduct objective analyses are essential for meeting the area's transportation challenges. The remainder of this report examines how well the area's planning agencies have done their job and whether they are positioned to meet tomorrow's challenges.

⁸ This estimate is based on operating costs of \$109.5 million, ridership of 65.5 million, and an average trip distance of 4.2 miles. Capital costs for buses are not included.

FINDINGS

Chapter 2

As described in Chapter 1, past and future trends are working to reduce transit ridership and increase automobile usage. The result is growing highway congestion, which can no longer be addressed simply by building more miles of freeway. Transit could reduce congestion by moving more people in fewer vehicles. However, transit options can sometimes be expensive relative to highway alternatives. An important issue is whether the area's planners are coming up with cost-effective solutions to address the area's transportation problems.

This chapter presents the findings from our study of regional transit planning. In particular, we consider the following issues:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**
- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

In general, we found a planning process which has been fragmented and lacking in adequate direction for too long. Progress in implementing cost-effective transit options and in addressing other transit goals has been slow.

Recent developments such as the Metropolitan Council's new transit facilities plan and the RTB's vision for expanding suburban transit service and containing Metro Mobility costs are long overdue steps in a positive direction. However, these new plans do not definitively resolve a number of important issues.

Despite many years of study, it is still not clear how the benefits and costs of light rail transit in the central corridor compare to those for less capital intensive options. In addition, it is not clear how many of the transit hubs and service improvements envisioned by RTB and the Metropolitan Council are likely to be cost-effective.

REGIONAL TRANSIT BOARD

History

In 1984, the Legislature created the Regional Transit Board to do short- and mid-range transit planning, contract for transit services, and manage the region's transit budget. The creation of the RTB came following studies by both the Metropolitan Council and a legislative study commission on metropolitan transit. Among the key reasons for establishing RTB were:

- the lack of transit service in the area's growing suburbs;
- the need to improve oversight of the Metropolitan Transit Commission and improve the overall cost-effectiveness of the transit system;
- the desire to foster transit innovations which are responsive to local needs;
- the need to more closely integrate transit into the region's overall transportation planning; and
- the desire to shift the Legislature's focus from transit operations to broad policy issues.

These concerns had arisen because:

- MTC's costs had escalated rapidly during the 1970s and early 1980s.
- The existing planning structure was not responsive to the need for a service plan which would address transit needs in the area, particularly the growing suburbs.
- The Metropolitan Council and MTC did not have a good working relationship.

During the 1970s and early 1980s, MTC's costs grew rapidly, going from \$12.7 million in 1971 to \$84.1 million in 1981. The rate of increase exceeded the combined impact of inflation and service expansion. With tight state budgets from 1981 to 1983, MTC's budget came under increasing scrutiny from the Legislature. As a result, MTC significantly reduced its transit planning func-

tions, increased fares, and cut bus service by 10 percent. MTC had little incentive to plan new transit services which it could not afford to operate.

Furthermore, the existing planning structure was not conducive to planning new services or overseeing existing ones since the Metropolitan Council and MTC did not have a good working relationship. In addition, the Metropolitan Council had no power to review MTC's budget, and MTC was not required to prepare a transit service plan consistent with Council policies.

The 1984 Legislature saw RTB as the agency which would prepare and implement a service plan for the entire seven-county metropolitan area and, at the same time, provide needed oversight of MTC. RTB would contract with a variety of providers to implement new service in a cost-effective way. By separating planning functions from operating functions, the Legislature attempted to ensure that planning and implementation would occur while MTC focused on improving its operations.

Evaluation of RTB's Performance

Despite RTB's creation, there have been continuing concerns about transit performance and the adequacy of transit planning and implementation. In our 1988 evaluation of RTB, we concluded that the Regional Transit Board had not yet proven to be an effective problem solver and that it was unclear whether the Legislature's restructuring of transit planning was working. We recommended that the Legislature reassess the situation in several years to determine if RTB's performance had improved. In addition, we made recommendations to RTB, the Metropolitan Council, and the Legislature for improving the planning process.¹

RTB's progress has been slow.

Now, four years later, we conclude that:

- The RTB still has a mixed record of achievement.
- Progress in some key areas has been slow and problems remain, but there are some encouraging signs.

The major concerns we have with RTB's past performance are that:

- Progress in planning and implementing new suburban service has been slow.
- RTB's oversight of MTC has been limited even though ridership on local radial routes has declined significantly.
- RTB still does not have an adequate policy on competitive bidding of bus service and has allowed MTC to provide a significant amount of peak-hour express service outside MTC's service area despite

¹ See Office of the Legislative Auditor, *Metropolitan Transit Planning* (January 1988) for details on our findings and recommendations, as well as a history of legislative changes between 1984 and 1987.

significant questions regarding MTC's relative efficiency in providing that service.

- **RTB has not provided needed leadership from a regional perspective on light rail transit, and has focused too much on expensive transit options and too little on relatively inexpensive solutions.**

Suburban Transit Service

Progress in improving suburban transit service has been limited.

One of the primary reasons for creating RTB was the Legislature's desire to increase transit service in the area's growing suburbs. However, RTB's progress in expanding suburban service has been limited. Among RTB's initiatives are: 1) the Roseville Circulator, a fixed route circulator service implemented in 1989; 2) the Anoka County Traveler, a general public dial-a-ride service implemented in August 1990; 3) a demand-responsive demonstration bus service in Lakeville, which started in July 1990; and 4) the development of five transit hubs in suburban areas. In addition, RTB has provided planning assistance to some suburban "opt-out" communities which have implemented new services.

RTB has also implemented a new circulator bus route in Bloomington and Edina. However, this service was implemented in response to criticism RTB received when three existing bus routes in the area were proposed to be eliminated.

RTB has also been involved in coordinating, providing, and funding some travel demand management services in the region. These activities include efforts to increase bus ridership and ridesharing in particular suburban and central city areas.

Oversight of MTC

Another key reason for RTB's creation was the need for oversight of MTC and other regular route providers. Until recently, RTB's oversight had been limited to: 1) establishing overall performance standards for bus routes; 2) persistent examination of the operations of the Metro Mobility Administrative Center, which is housed within MTC; and 3) approval of MTC's budget. In 1986, RTB and MTC agreed to use an interim performance standard of \$2.45 in operating subsidies per passenger. Routes exceeding that level of subsidy were reviewed by RTB and MTC to determine whether they should be terminated, restructured, or bid out. Refined performance standards were not implemented until 1991 even though they were initially expected to be developed in 1986 for use beginning in 1987. These refined standards, which are shown in Table 2.1, differentiate among different types of bus routes and apply to MTC and other regular route providers. Also shown in Table 2.1 are the performance standards adopted by RTB in late 1991 for application to circulator and dial-a-ride services.

Use of performance standards is a necessary oversight procedure. However, for several reasons, it does not provide sufficient oversight. First, there has

Table 2.1: RTB Performance Standards

<u>Service Type</u>	<u>Subsidy per Passenger</u>
Regular Route:	
Local Radial Routes	\$3.25
Local Crosstown Routes	4.00
Peak-Hour Express Routes	3.85
All-Day Express Routes	3.50
Other Services:	
Circulator and General Use Dial-A-Ride	\$5.00
Dial-A-Ride Service for Special Populations	9.00

Source: Regional Transit Board.

The regular route system needs more attention.

been a considerable reduction in ridership on MTC buses during the 1980s. While express bus ridership has increased, ridership on the system's predominately local radial routes has fallen significantly. Among the questions that need to be addressed are: 1) why ridership is down, 2) what can be done to regain ridership, and 3) whether particular routes should be restructured or adjusted to increase ridership or respond to new realities.

Second, review of MTC's budget can be more effective if RTB gains an understanding of the factors which affect MTC's costs. RTB would benefit from management audits of MTC's operations and various functions. RTB's review of MTC's budget needs to focus on issues of significance rather than on minor issues. The results of management audits would help RTB identify significant issues for review and help RTB avoid micromanagement.

Competitive Bidding

RTB lacks an adequate policy on competitive bidding.

A third key area of responsibility for RTB is its contracting for transit services. RTB staff has generally done a professional job in writing and managing contracts. However, RTB still does not have an adequate policy on competitive bidding when one of the parties bidding is MTC. Currently, MTC provides peak-period express bus service to opt-out providers. Private operators have felt that MTC has been unfairly permitted to bid less than the true costs for providing these services. An arbitration panel reviewing the award of the Southwest Metropolitan Transit Commission contract to MTC recommended that RTB amend its competitive bidding policy to define what costs and costing methodology MTC should use in its bids when competing with private operators. In 1990, RTB contracted with Deloitte & Touche to conduct a study of how its competitive bidding guidelines should be changed. Deloitte and Touche recommended that, under certain conditions, MTC should include more costs than current RTB guidelines require it to include. RTB, however, has not acted to change its competitive bidding guidelines since receiving the consultant's report in August 1990.

RTB has promoted light rail transit without adequate study of alternatives.

Light Rail Transit

When RTB has been permitted to play a role in light rail transit planning, it has too often failed to provide needed leadership from a regional perspective. Instead, RTB has promoted LRT through brochures touting LRT's benefits and buttons proclaiming that "light rail is coming." RTB has assumed this advocacy position even though no study has been conducted in this region to vigorously analyze the benefits and costs of any particular LRT line in comparison to other less costly transit alternatives, such as improved bus service and HOV lanes.

The 1989 Legislature gave RTB the responsibility to adopt a regional light rail transit plan. The purpose of the plan was to ensure that LRT would be developed in an "efficient, cost-effective, and coordinated manner as an integrated and unified system on a multi-county basis in coordination with buses and other transportation modes and facilities."² RTB was required to prepare this plan in two parts: 1) a development and financial plan, which would include a statement of needs, objectives, and priorities for capital development and service for the next ten years, and 2) a coordination plan, which would ensure that acquisition, construction, and operation of LRT would be coordinated throughout the region.

RTB's plans called for a \$1.3 billion nine-line system to be constructed over 10 years. With extensions and additional lines, the maximum 20-year LRT plan was estimated to cost \$1.9 billion. RTB also adopted a coordination plan which recommended that a joint powers board prepare final designs for LRT and construct LRT lines.

Indicative of RTB's bias in favor of LRT is the following statement from the LRT development and financial plan: "An LRT and bus system is more cost-effective than an all-bus system in moving large numbers of people. The primary reason for this operating cost advantage is that LRT is less labor intensive--one operator/driver can serve up to 450-500 passengers. Often the cost of constructing an LRT system can be recovered over several years through operating cost savings." This statement was included in the plan even though no one had compared the cost-effectiveness of proposed LRT lines to all-bus options.

In contrast to its support for a massive LRT system, RTB has spent too little time on less expensive transit solutions. Ridesharing and minor capital improvements to improve bus service have received little attention even though small additional investments in these areas have potential for getting people out of their cars and relieving congestion.

Discussion

Although the creation of RTB seemed to be a sound idea, it has not worked as well as was envisioned. Throughout much of its existence, RTB has not been an effective problem solver, has been slow to respond to several key ob-

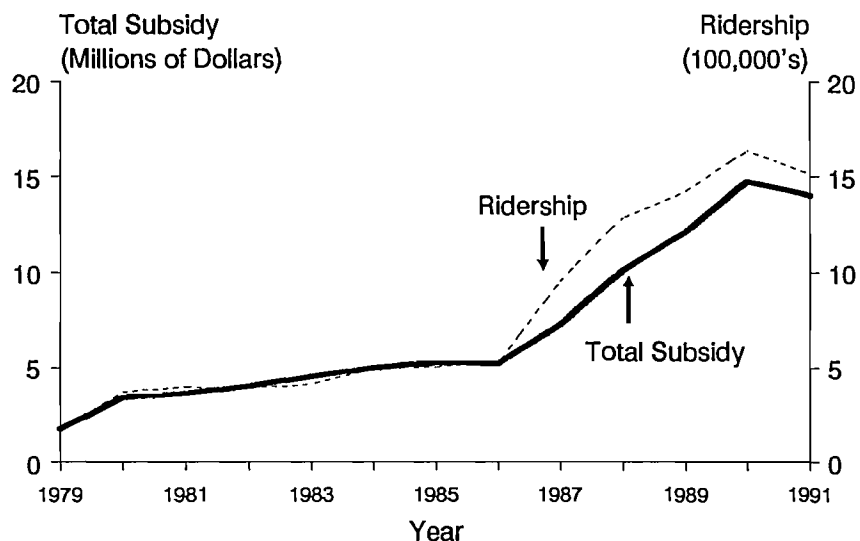
² Minn. Stat. §473.399, Subd.1.

jectives the 1984 Legislature established when it created RTB, and has failed to provide a sound, objective rationale for major plans it has recommended to the Legislature. There are a number of potential reasons for these disappointments.

First, to some extent, budget constraints, along with increases in costs for Metro Mobility service and opt-out service, have limited RTB's ability to fund bus service improvements for the existing regular route system and for suburbs outside of the opt-out communities. In recent years, state appropriations have been relatively constant and overall RTB revenues have increased modestly. However, both Metro Mobility costs and RTB expenditures for opt-out service have grown significantly and limited the resources available for new suburban services and regular route improvements.

Throughout RTB's history, increases in Metro Mobility costs have affected RTB's budget. From 1984 to 1990, the total subsidy for Metro Mobility services and administration nearly tripled from \$5.0 million to \$14.8 million. Ridership grew even more, increasing by 234 percent. RTB's restructuring of Metro Mobility and introduction of competition permitted ridership to grow faster than the total subsidy by lowering the subsidy required per rider. Figure 2.1 shows the growth in ridership and total subsidy. The increase in ridership resulted from several factors: 1) a tapping of latent demand from potential users, 2) an expansion of the area served by Metro Mobility, and 3) improvements in the reliability and quality of service. The restructuring of Metro Mobility and subsequent implementation problems have also diverted staff and board attention from other transit issues.

Figure 2.1: Change in Metro Mobility Subsidy and Ridership, 1979-91



Source: Regional Transit Board.

Second, RTB's organizational structure is not well suited for providing consistent direction to staff. RTB is a small agency with about 35 full-time staff but has two full-time leaders: a full-time chair appointed by the Governor and an executive director appointed by the board. Throughout RTB's history, this arrangement has caused confusion for staff as different directions have been given by the chair and executive director. This structure has probably contributed to the slowness with which RTB has progressed in certain areas.

Third, the chairs and board members have generally been more interested in major capital improvements such as LRT and less interested in minor capital and service improvements for the existing bus system. For example, in 1985, RTB began to get interested in LRT prior to any examination of bus service improvements. As a result, the 1985 Legislature required RTB to conduct a transit service needs assessment for the metropolitan area and placed a moratorium on all LRT planning.

Fourth, staff and board turnover has hindered RTB's progress. Staff turnover occurred both shortly after RTB's creation and in 1989 when the Governor recommended that RTB be abolished. Board turnover occurred in 1989 when the Legislature restructured the board's membership and in 1991 when new members were appointed by the Metropolitan Council and the Governor.

Finally, the Metropolitan Council gave RTB too much time to prove itself before becoming critical of RTB's progress and providing more direction for transit. Earlier intervention by the Council may have been helpful in guiding the RTB's transit decisions.

Recent Changes

Encouraging signs have been coming from RTB recently.

Since mid-1991, there are encouraging signs coming from RTB and other transit agencies. First, oversight of the bus system has improved. RTB contracted for a marketing study to assess why bus ridership has declined and how it can be increased. MTC will be conducting a comprehensive operations analysis to examine the ridership patterns on its routes. Based on the analysis, routes could be adjusted or restructured. RTB is also planning on conducting a management audit of MTC, although objectives of the audit have not yet been specified.

Second, in late 1991, RTB adopted what it calls its new Vision for Transit in the metropolitan area. The vision calls for: 1) building twelve new transit hubs, 2) constructing nine park-and-ride lots, 3) providing suburban dial-a-ride or circulator bus service to the hubs from which access to the regular route system is obtained, 4) providing additional express bus service to the Minneapolis and St. Paul downtowns, and 5) ultimately restructuring and improving regular route service.

Third, following the 1991 Legislature's adoption of a cap on the Metro Mobility subsidy, RTB has taken some steps to limit the Metro Mobility subsidy. RTB raised Metro Mobility fares and has taken steps to restrict eligibility beginning in July 1992. RTB plans to continue Metro Mobility ser-

vice in that portion of the region which lies within the core service area in which Metro Mobility service must be provided according to the Americans with Disabilities Act (ADA). However, outside the ADA core area, RTB plans to replace Metro Mobility service with accessible dial-a-ride services connecting to transit hubs within the ADA-mandated core area. Then, persons with disabilities would be able to use Metro Mobility or an accessible regular route bus once inside the core area. Implementing this alternative service in outlying suburban areas will likely take three to five years as hubs are developed and the alternative services are studied and then implemented.

Fourth, under the Metropolitan Council's direction, RTB staff has reanalyzed the cost per rider for the various LRT lines which have been proposed. RTB staff found that, because cost estimates have increased significantly and some ridership estimates reduced since 1989, only two lines now have an estimated cost per rider within the \$4.00 per rider maximum set by the Metropolitan Council. As a result, RTB recommended that the Council include only the Central Corridor line between downtown St. Paul and downtown Minneapolis and the I-35W line from downtown Minneapolis to 96th Street in Bloomington in its regional transit facilities plan. To achieve the \$4.00 per rider cost, RTB had to reduce the estimated costs by removing from consideration the tunnels which the Hennepin County Regional Railroad Authority had planned for downtown Minneapolis.

These signs appear to indicate a renewed interest by RTB in improving suburban bus service, controlling Metro Mobility costs, improving oversight of MTC, and maintaining a more balanced approach to transit. The reasons for these recent developments are largely external. They include: 1) legislative rejection of RTB's LRT plan, 2) the legislative cap placed on RTB's spending for Metro Mobility, 3) improved oversight by the Metropolitan Council, and 4) the leadership and direction provided by the Council in its preparation of the regional transit facilities plan. This suggests that continued oversight of RTB may be necessary to keep RTB's progress on course. However, we have also noted that the Regional Transit Board has become more cost conscious and somewhat more balanced in its approach to transit options since mid-1991.

METROPOLITAN COUNCIL

The Metropolitan Council is responsible for long-range planning and policy making for both highways and transit in the metropolitan area and for overseeing the work of the Regional Transit Board. In our 1988 evaluation report on RTB, we found that: 1) the Metropolitan Council's oversight of RTB was relatively weak, 2) the Council's 1983 and 1984 transportation policies provided only general guidance to RTB but the Council's proposed revisions to its Transportation Development Guide/Policy Plan provided stronger and more specific guidance to RTB, and 3) the draft plan more closely integrated transit considerations into highway decision making but did not adequately address the need to limit urban sprawl in the Twin Cities metropolitan area.

In conducting this evaluation, we reviewed a considerable number of planning and policy reports produced by the Metropolitan Council over the last ten years. Generally, we found that the Council staff has done a good job in being objective and promoting regional goals. We also found that, since 1988, the Council and its staff have been involved in a number of significant studies and efforts, including a study of future HOV facilities and various travel demand management activities. Nevertheless, the main criticisms which can be directed at the Metropolitan Council are that:

- **Until last year, the Metropolitan Council did not provide sufficient oversight of the Regional Transit Board.**
- **Until this year, the Metropolitan Council did not exercise sufficient leadership in formulating a long-range vision for transit in the region.**

**The
Metropolitan
Council has
begun to
provide
stronger
oversight and
leadership.**

The Metropolitan Council's oversight of RTB improved significantly with the Council's May 1991 review of RTB's Five Year Transit Plan for 1991-1995. The Council required RTB to modify the plan to: 1) include a local bus service evaluation and implementation program to test factors which could improve ridership, 2) reevaluate LRT priorities in light of significant changes in estimated costs and ridership, 3) consider cost reduction measures for LRT lines to bring them within the maximum \$4.00 per rider cost set by the Council, 4) reevaluate Metro Mobility needs and assess the potential for cost-containment measures, 5) develop a comprehensive set of performance measures for non-regular route services, 6) set priorities for transit funding in the event of budget cuts or additions, and 7) provide more detailed financial information on bonding, fares, and budgets. This more detailed review of RTB's five-year plan has been helpful in assuring that RTB adequately performs its duties.

The other weak part of the Council's performance has been the lack of leadership in formulating a long-range vision for transit in the region. Although the Council's 1988 Transportation Development Guide/Policy Plan provided general policy guidance, it did not provide enough specific direction on the types of transit improvements which should be made in the various transportation corridors in the region. For example, in the Central corridor between downtown Minneapolis and downtown St. Paul, should there be light rail transit, HOV lanes, improved bus service, more mixed used highway lanes, or some combination of these? The lack of specific direction means that the various transit and highway planning agencies can be working at cross purposes or be pursuing options which do not make sense from a regional perspective.

To a large extent, the Metropolitan Council has addressed this concern with adoption of its Regional Transit Facilities Plan in February 1992. The plan is significant in its setting of specific direction for various transportation corridors and in its evenhanded approach. The plan recommends a variety of service improvements, minor capital improvements, and major capital projects--rather than relying heavily, as the region has in recent years, on one approach (LRT) to solve transportation problems. The plan attempts to set a

course for determining future improvements based on their effectiveness in solving a corridor's, and the region's, transportation problems.³

MINNESOTA DEPARTMENT OF TRANSPORTATION

Mn/DOT has cooperated with transit planning agencies.

The Minnesota Department of Transportation (Mn/DOT) plays an indirect, but important, role in transit planning in the Twin Cities metropolitan area. Buses and car pools utilize the highways which Mn/DOT is responsible for planning and constructing. In addition, many of the LRT lines planned by the counties would either utilize Mn/DOT highways or cross them. As a result, Mn/DOT's cooperation with transit planning agencies is vital in helping them achieve their goals.

It is important to note that the Metropolitan Council is designated by state law as the Metropolitan Planning Organization (MPO) for transportation planning in the region. As a result, Mn/DOT highway plans within the metropolitan region must be consistent with Metropolitan Council policies. Thus, while Mn/DOT's cooperation with transit planners is important, the appropriate tool for guiding Mn/DOT's actions is through the Council's transportation policy plans.

In general, we found that:

- **Mn/DOT has been receptive to transit issues and has incorporated various transit options into its highway plans.**

Mn/DOT has worked with the Metropolitan Council in providing bus and car pool bypass ramps at freeway exits as called for in the Council's 1988 policy plan. Mn/DOT is currently working with MTC on the MTC-initiated "Team Transit" project to provide lane and ramp improvements which could help buses reduce their travel time and potentially increase their ridership. Finally, Mn/DOT has constructed high-occupancy vehicle lanes, park-and-ride lots, and transit stations in the I-394 corridor west of downtown Minneapolis and is analyzing HOV lanes, as well as light rail transit, in the planning process for improvements to I-35W from downtown Minneapolis south to the Minnesota River.

Mn/DOT has been criticized as not being transit-friendly from two sources. First, regional rail authorities have suggested that Mn/DOT takes too much time to plan and that LRT needs to be implemented more quickly. For example, Mn/DOT began its planning work for improvements on I-35W South from downtown Minneapolis in 1986 and will not have reached a final decision on the preferred alternative until later this year. There is no question that planning for such a large project takes time and, in fact, has taken longer than Mn/DOT initially projected. However, there appear to be good

³ The strengths and weaknesses of the Council's *Regional Transit Facilities Plan* and the RTB's *Vision for Transit* will be examined in more detail later in this chapter.

reasons for not rushing to judgment on a project projected to cost about \$1 billion. It is important to have good information before making decisions of such significance. LRT cost estimates have risen so much since 1989 that the projected cost per rider on the Central Corridor and I-35W South Corridor has gone from \$1.72 and \$2.49 to a combined \$4.00 per rider for both corridors. Less planning and quicker implementation might have caused the region to make inappropriate decisions.

A second source of criticism has come from Minneapolis neighborhood groups affected by the widening of the I-35W corridor. These groups have suggested that Mn/DOT and the Metropolitan Council are biased against mass transit and are not pursuing transit options which would limit the need to take homes and property as part of the construction process. In general, we found that the agencies have appropriately considered various transit options. Neither agency is biased against transit. Instead, they are interested in utilizing cost-effective transit options which maximize the people-carrying ability of the facility. The agencies' objections to neighborhood proposals is largely based on the desire to minimize accidents on 35W and on adjoining neighborhood streets and to maintain a smooth-flowing facility by eliminating major bottlenecks at I-94 and the Crosstown Highway 62. Neighborhood groups are understandably concerned about the effect on neighborhoods from expanding the width of the highway corridor. However, it is unlikely that transit solutions other than those considered by the agencies would eliminate the need to balance safety and capacity concerns with neighborhood concerns.

ORGANIZATIONAL STRUCTURE

There are three areas of concern which we have about the current structural framework for transit planning in the metropolitan area. These concerns involve:

- the governance structure for light rail planning,
- the potential for conflict between the RTB and the Metropolitan Council, and
- the relative lack of attention to ridesharing.

Light Rail Transit

Over more than the last two decades, the Twin Cities metropolitan area has debated the desirability of rail transit time and time again. The debate started in the late 1960s with heavy rail systems and has been dominated by light rail transit (LRT) since 1980. Planning of rail transit has been characterized by periods of activity followed by legislatively-imposed periods of inactivity. Planning has also been characterized by proposals which present all-or-nothing op-

tions. Proposals for rail transit have generally involved building massive multi-line systems rather than the one or two LRT lines which many other metropolitan areas have focused on initially. Figure 2.2 provides details on the history of rail planning in the metropolitan area.

During the last five years, the debate over LRT has focused on: 1) how many lines, and which ones, should be built; 2) what specific alignments proposed LRT lines should be built on; 3) how the system should be financed; 4) what entities should control the planning and construction of LRT; and 5) what entities should be permitted to submit applications for federal LRT finding for construction. Parochialism and a significant split in opinion about LRT among planners and policy makers have prevented the region from taking appropriate and decisive action. In addition, LRT has, at times, dominated the agenda of planners and policy makers to the detriment of other significant transit and transportation concerns. While the debate has continued, congestion on highways has grown and transit ridership has fallen significantly. It is imperative to resolve these debates in a timely, but appropriate, way.

Since 1982, metropolitan area counties have levied more than \$67 million for LRT planning and right-of-way acquisition. The state has expended \$10 million in planning grants to the counties. Also, regional agencies have expended considerable staff time and resources to study and plan for LRT.

Alternatives to LRT have not been adequately studied.

However, there is one critical element of planning which we find conspicuously absent from this lengthy planning process and policy debate:

- **There has not been an objective analysis of the benefits and costs of the currently proposed LRT lines relative to other transit options.**

The closest the region has come to such an analysis is the 1985 Metropolitan Council alternatives analysis of LRT lines for University Avenue (Central Corridor) and the Minneapolis Southwest Corridor. Those results, however, are considerably out-of-date due to significant increases in cost estimates, declines in ridership estimates, and a significant change in the LRT alignment in the Central Corridor. Neither RTB nor the county railroad authorities have conducted such an analysis. RTB and county analyses have looked at LRT costs per rider and listed various potential benefits from LRT. However, their analyses have not generally assessed the costs and benefits (both monetary and intangible) of LRT relative to the costs and benefits of other transit improvements, such as HOV lanes and improved bus service.

The lack of an objective analysis, as well as the failure of planning agencies to submit a modest one- or two-line proposal, have kept LRT proposals from receiving financial support from the Legislature. Although the Metropolitan Council's new Regional Transit Facilities Plan has achieved consensus on limiting initial LRT development to two corridors, there are several reasons why the Legislature needs to address the LRT governance issue:

Figure 2.2: History of Light Rail Transit Planning

- | | |
|---------|--|
| 1969 | Metropolitan Transit Commission proposes massive rail system. |
| 1975-76 | Legislature decides to focus on improving the bus system. |
| 1980 | Legislature passes the Regional Railroad Authority Act and appropriates \$150,000 to the Metropolitan Council for a feasibility study of LRT. |
| 1981 | Metropolitan Council finds that LRT may be feasible in one or more corridors and recommends further study of LRT on University Avenue. Hennepin County establishes the first county regional railroad authority. |
| 1984 | Legislature creates the Regional Transit Board but does not give RTB specific authority to manage LRT planning. |
| 1985 | Metropolitan Council issues report on its alternatives analysis of LRT for University Avenue and the Minneapolis Southwest Corridor. |
| | RTB shows interest in proceeding with planning and development of LRT. |
| | Legislature bans the expenditure of public funds for LRT planning, design, or construction by the Metropolitan Council, RTB, MTC, or any regional rail authority or political subdivision. |
| | Legislature requires RTB to complete: 1) a total assessment of transit service needs and markets for the metropolitan area, and 2) the RTB implementation plan before performing any detailed work on LRT. |
| | RTB is permitted to proceed with LRT planning and preliminary engineering in the Central Corridor once its implementation plan is approved by the Metropolitan Council, provided that the needs assessment and plan provide for LRT in that corridor. |
| 1986 | In December, the Metropolitan Council releases a study of potential transit capital improvements including LRT, HOV lanes, busways, and preferential access to highways for transit riders and car poolers. For major transportation corridors, the study identifies two or more improvements which have the best potential. LRT is one of the improvements identified in 8 of the 11 corridors studied. The study rules out heavy rail, personal rapid transit, and automated guideway systems. |
| 1987 | County regional railroad authorities seek authority to resume LRT planning. |
| | Legislature allows county regional railroad authorities to resume LRT planning with the understanding that LRT will be financed with county and federal funds. |
| | Legislature directs RTB to continue work on the Central Corridor and the Metropolitan Council to report on a process to coordinate LRT planning and development by the regional railroad authorities. |
| | Legislature directs the Hennepin County Regional Railroad Authority to complete a comprehensive plan for county LRT development. |
| 1988 | Legislature appropriates \$4.1 million for fiscal year 1989 for LRT matching grants to county regional railroad authorities. |

Figure 2.2, continued

- Metropolitan Council completes its coordination report and recommends that any public agency spending regional, state, or federal funds for LRT must get its LRT project approved by the Council.
- Hennepin County completes its LRT comprehensive plan.
- 1989 Legislature reorganizes RTB and gives it review and approval authority over some LRT plans and charges it with development of an LRT finance and development plan and a coordination plan.
- Legislature appropriates \$3.4 million for each year of the 1990-91 biennium for LRT matching grants to railroad authorities.
- 1990 In February, RTB recommends a \$1.3 billion, nine-line LRT system to be constructed over 10 years. The recommended 20-year system is estimated to cost \$1.9 billion. RTB recommends that a combination of regional, state, federal, and county funds be used to fund the system.
- Legislature cuts fiscal year 1991 LRT grant money by \$650,000.
- In December, the RTB coordination plan recommends that a joint powers board dominated by county regional railroad authorities be given authority to design and construct the LRT system.
- Metropolitan Council instead recommends that a regional LRT system, which is to be funded in large part by regional funds, should be governed by the existing regional transportation decision-making structure (Metropolitan Council, RTB, Mn/DOT, and MTC).
- 1991 In February, RTB reports to the Legislature that significant increases in cost estimates and some reductions in ridership estimates have occurred for the recommended LRT lines.
- Legislature takes no action on RTB's proposed LRT plan, but authorizes formation of a joint powers board to implement any LRT lines which would be funded solely with federal and county funds. Legislature also authorizes RTB, the regional railroad authorities, and Mn/DOT to submit a joint application for funding to the federal government by July 1, 1992, subject to the Metropolitan Council's prior approval. The application may provide for the railroad authorities to design or construct LRT facilities under contract with Mn/DOT.
- In June, the Metropolitan Council begins a study of regional transit facilities.
- In November, RTB releases new cost per rider estimates for LRT lines. Only the Central Corridor and the I-35W South Corridor lines on surface alignments can be built and operated for \$4.00 per rider—the maximum permitted by Metropolitan Council policy. RTB recommends to the Council that these two lines be built using a joint powers approach and 70% regional/30% federal funding.
- 1992 In February, the Metropolitan Council approves its Regional Transit Facilities Plan. The plan recommends implementation of LRT in the Central Corridor following an alternatives analysis. The plan also expresses a preference for selection of the LRT-plus-lane conversion alternative for the I-35W South Corridor. Recommended funding is 30 to 50 percent federal funds with the remainder coming from regional tax sources. Governance recommendations are generally consistent with the Metropolitan Council's 1990 recommendations: regional control rather than a joint powers approach.

Sources: Senate Counsel and Research, Metropolitan Council, and Regional Transit Board.

- **The current structure, which has been dominated by county railroad authorities, is unlikely to produce an objective analysis of LRT and other viable options.**
- **Estimated costs per rider for even the two best LRT lines have risen significantly and are now just within the ceiling established by the Metropolitan Council for implementation prior to the year 2010.**
- **LRT is not likely to be implemented using solely county taxes and federal funding.**
- **The Metropolitan Council's new Regional Transit Facilities Plan has achieved consensus among planning agencies on nearly all issues except LRT governance.**

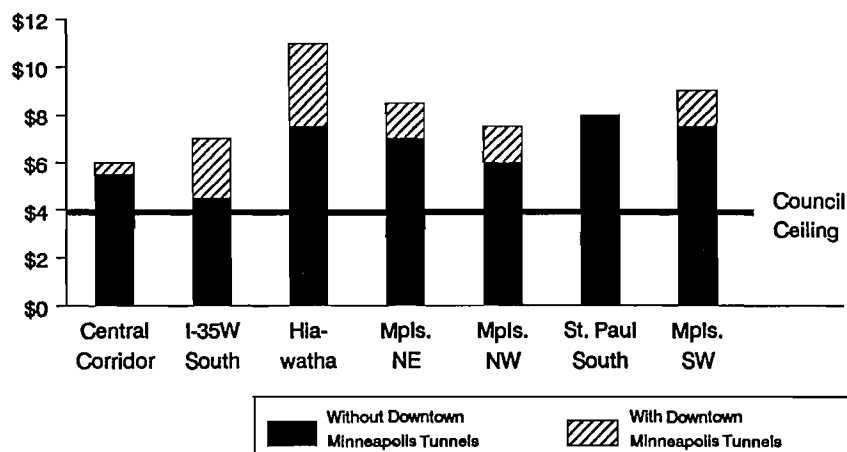
Counties have dominated the LRT planning process.

The current planning structure has been dominated by the county railroad authorities. The counties have done most of the planning and engineering work which has occurred. In addition, the counties have aggressively attempted to convince the Legislature to let them design and build an LRT system for the region. However, the counties are not in the best position to objectively evaluate the relative benefits and costs of LRT. The counties have had one primary goal--to build LRT--and objective evaluation of LRT versus alternatives has not been foremost in the minds of county planners and policy makers. RTB had an opportunity to provide regional leadership on LRT but the board did little to challenge the counties.

In our view, the agency which has shown the most interest in an objective analysis and, in fact, conducted alternatives analyses on two earlier LRT proposals is the Metropolitan Council. However, the Council currently can only review and comment on preliminary and final LRT designs. The Council does not have the power to disapprove proposed lines or suspend planning on lines whose estimated costs per rider exceed the \$4 limit it has established in order for lines to be considered for implementation before the year 2010.

Another reason for addressing the LRT governance structure is that costs per rider have risen significantly and few lines can be constructed for less than the \$4 limit set by the Metropolitan Council. In early 1990, estimated costs per rider for the nine-line system ranged from \$1.95 to \$3.80 per rider. By February 1991, significant increases had occurred. In November 1991, as shown in Figure 2.3, RTB estimated that the costs per rider for individual lines had grown to between \$6.00 to \$11.00 with proposed tunnels included, and between \$4.50 and \$8.00 per rider for surface alignments. Figure 2.4 shows that the costs per rider of building a two-line system are lower but still high compared to the Council's ceiling. Estimated costs per rider for lines paired with a Central Corridor line range from \$5.00 to \$6.00 with tunnels and from \$4.00 to \$5.00 without tunnels. Only the two-line system including the Central Corridor and the I-35W South Corridor has an estimated cost per rider just within the Council ceiling. This finding suggests that the region should focus on evaluating LRT and other transit alternatives in these two corridors and delay

Figure 2.3: Estimated Costs per Rider for Individual LRT Lines

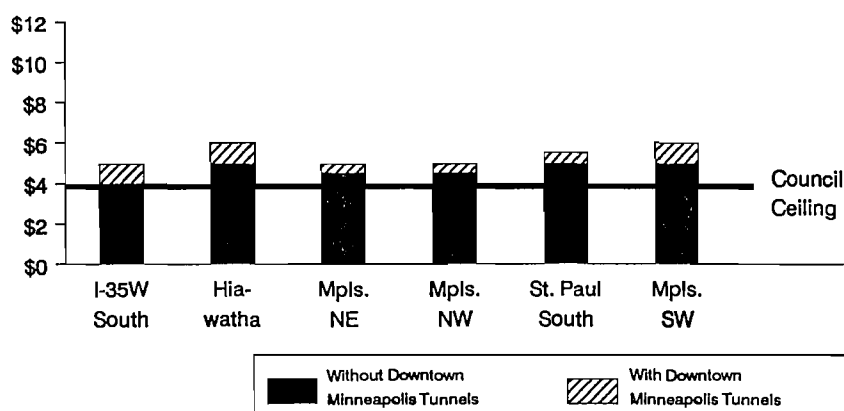


Source: Regional Transit Board.

Note: Metropolitan Council policy states that lines exceeding \$4 per rider should not be implemented before 2010.

LRT costs per rider generally exceed the Council's \$4 ceiling.

Figure 2.4: Estimated Costs per Rider for LRT Lines Paired with the Central Corridor



Source: Regional Transit Board.

Note: Metropolitan Council policy states that lines exceeding \$4 per rider should not be implemented before 2010.

further detailed planning in other corridors. A governance structure which achieves that result seems warranted.

The cost per rider estimates in Figures 2.3 and 2.4 are based on the sale of 20-year bonds at a 6.4% interest rate. If costs were based on 30-year bonds sold at a 7.25% interest rate, the cost per rider estimates in Figure 2.4 would be slightly lower. However, no additional paired corridors would be below the Council's current \$4.00 per rider ceiling.

It could be argued that the Council's ceiling should be raised to about \$4.38 per rider to reflect inflation between 1989 and 1991. An increase in the ceiling, combined with the use of 30-year bonds, would cause two additional lines (Minneapolis Northwest and Minneapolis Northeast) to fall just under an inflated ceiling when paired with the Central Corridor and assuming no downtown Minneapolis tunnels are constructed. However, if two additional lines to downtown Minneapolis were considered, downtown Minneapolis tunnels would likely be needed and the cost would again rise above even an inflated Council ceiling.

Further reason to regionalize the governance structure is provided by the fact that LRT is unlikely to be built without regional taxes or state funds. Recent proposals do not rely entirely on federal funds and county property taxes. Recent increases in cost estimates will likely accelerate that trend.

Finally, the Council's new facilities plan has resolved many LRT issues but has not resolved the LRT governance structure to the satisfaction of the counties. The Legislature will need to resolve this issue in order for the region to proceed appropriately and be successful in obtaining federal support for an LRT project.

RTB/Metropolitan Council Relationship

Another structural concern is whether RTB consistently follows the policies and leadership of the Metropolitan Council as is expected under the existing planning structure. Even though the Council appoints 8 of the 11 RTB board members, the RTB can choose to set a course different from the Council's plans and policies. Since the chair of the RTB has a fixed term which differs from that of the Council's chair and is not appointed by the Council, there is potential for the two agencies to pursue different policy courses and to be in conflict.

Generally, we found, however, that differences in policy direction can be resolved to a certain degree through strong oversight and clear policy direction from the Metropolitan Council. The stronger oversight and leadership provided by the Council over the last year, as well as changes in the membership of the transit board, have lessened these problems. However, because the Council does not review and approve RTB's annual capital and operating budgets, the impact of the Council's oversight efforts may be limited. The Council can review the RTB's five-year plan but cannot effectively review the

progress RTB is making in implementing the plan. Effective and timely Council oversight may require Council review of RTB's annual budgets.

If added Council oversight powers do not prove to be effective, a more substantial structural change may be needed. For example, the Legislature could consider making RTB less of an independent entity. RTB could become an advisory commission of the Council, with RTB's chair and other members all appointed by the Council.

Ridesharing

Ridesharing needs more attention.

A final structural concern involves ridesharing. Currently, Minnesota Rideshare is located at the Metropolitan Transit Commission. Minnesota Rideshare is a small, 8-person operation located in a 2,000-person organization for which bus operations is its primary mission. There is some natural tension between transit planners who advocate for more mass transit funding and those who advocate for more financial support for car and van pooling. Although MTC has not been an unpleasant place for Minnesota Rideshare employees, it has not been an organization which is likely to strongly advocate additional ridesharing support. Instead, consistent with its main mission, MTC has been primarily interested in additional support for its bus operations, maintenance, and capital improvements.

Although RTB staff have been involved in travel demand management strategies including ridesharing, ridesharing has not received much attention by board members of RTB. In part, this has happened because Minnesota Rideshare does not have a parent organization which advocates strongly on its behalf. RTB's chairs and board members have also shown less interest in ridesharing than in mass transit and Metro Mobility issues, which have constituencies lobbying RTB on their behalf.

MTC has recently shown a renewed interest in more aggressively marketing ridesharing to area employers. MTC argues persuasively that marketing of ridesharing to area employers should be done in conjunction with marketing of bus services. Employers do not need or want two separate groups marketing these services to them.

Minnesota Rideshare needs to be located in an agency which will see ridesharing as an important part of its mission and will represent those interests at the RTB. Based on MTC's renewed interest and the need to avoid duplication, RTB may wish to keep the ridesharing program at the MTC. Alternatively, RTB could consider moving the program to Mn/DOT. Although Mn/DOT is a large state agency, it has a strong appreciation for the contribution that both ridesharing and mass transit can make in relieving congestion and lessening the need to expand highway capacity.

REVIEW OF NEW TRANSIT PLANS

Metropolitan Council's Facilities Plan

In February 1992, the Metropolitan Council released its new Regional Transit Facilities Plan. The plan was prepared by the Metropolitan Council in cooperation with the RTB, Mn/DOT, and MTC and with the help of other transportation agencies. The plan advocates a multiple-strategy approach to moving people in the area.⁴ The plan recommends the following types of transit improvements:

The Council's plan recommends a variety of service and capital improvements.

- bus service improvements,
- minor capital improvements, and
- major capital improvements.

Figure 2.5 lists the recommended improvements in detail. The plan calls for service improvements estimated to cost about \$12.9 million annually. Capital costs for minor improvements include \$21 million for recommended transit hubs, park-and-ride lots, and bus layover facilities, and \$4 million for miscellaneous bus facilities. The plan does not provide capital cost estimates for other minor capital improvements such as Team Transit projects, ramp meters and HOV/bus bypass ramps, and intelligent vehicle highway systems projects. Cost estimates for major capital improvements, such as HOV lanes and LRT, are not provided in the plan. RTB has estimated that implementing LRT in the Central Corridor and I-35W South Corridor would have a combined capital cost of \$682 million and an annual operating cost of \$18.3 million.

Regarding LRT, the plan recommends that:

- An LRT line, on a surface alignment, should be implemented in the Central Corridor between downtown Minneapolis and downtown St. Paul.
- An alternatives analysis should be initiated immediately for the proposed Central Corridor LRT line in order to obtain federal funds and resolve any remaining issues of alignment and cost-effectiveness.

In addition, the plan expresses a preference for the LRT-plus-lane conversion alternative, which is one of the four build alternatives being studied for the Environmental Impact Statement (EIS) on I-35W South. This alternative includes HOV lanes from I-94 in Minneapolis to County Road 42 in Burnsville and an LRT line from downtown Minneapolis to 96th Street in Bloomington. The Council's preference for this alternative is based primarily on its flexibility. Experience with LRT in the Central Corridor and HOV facilities elsewhere in the metropolitan area could be useful in deciding the final alter-

⁴ Metropolitan Council, *Regional Transit Facilities Plan* (February 1992).

Figure 2.5: Improvements Recommended in the Regional Transit Facilities Plan

TYPE OF IMPROVEMENT	CATEGORY	DESCRIPTION	ESTIMATED COST
SERVICE	Local	Changes in service in the core area, including hours, frequency, increased security, route consolidation.	\$1.5 million annual costs.
	Corridor	New and additional all-day and peak-period express service. All-day: I-394, Central I-94, South I-35W, Minneapolis NE, I-35W/TH 36. Peak-Period Express: I-394, St. Paul East I-94, St. Paul So., St. Paul No. I-35E, Minneapolis SW, Minneapolis NW, I-35W/TH 36.	\$11.4 million annual costs.
	Community Circulator	Western Dakota County, Minneapolis NW, I-394 (to feed transit hubs)	
MINOR CAPITAL	Transit Hubs/Intermodal Facilities	New facilities include: 12 transit hubs. 9 large park/ride lots. 2-3 bus layover facilities.	\$21.0 million total.
	Team Transit	Variety of bus and carpool related projects include shoulder bus lanes, bus/carpool meter bypasses, expansion of park/ride lots, left turn accesses, electronic link of Mn/DOT's Traffic Management Center and MTC's Control Center, and bus lanes.	To be determined, largely borne by Mn/DOT as part of highway management.
	Meter and HOV Bypasses	Over 5 years, double number of freeway entrance ramps which are metered (from 213 to 450). By 2010, all ramps metered. Over 3-5 years, triple number of ramps with bypasses (from 15 to 50). By 2010, increase to 100 ramps.	To be determined.
	Intelligent Vehicle Highway Systems Projects	Includes technology of the Traffic Management Center. Applications can provide information to travelers, transit operators, and traffic managers.	To be determined.
	Miscellaneous	Projected to facilitate bus operations, including: 10 turnarounds. 100 bus shelters. Bus stop signage.	\$4.0 million total.
MAJOR CAPITAL	HOV	Conversion of existing mixed-use lanes or addition of HOV lanes for use by buses and carpools. <ul style="list-style-type: none"> St. Paul I-94 East: Conversion. Minneapolis I-94 North: Conversion/Addition. I-494 (34th Ave. to I-394): Addition, with reservation in median. TH 36 - Evaluate future capacity needs, add HOV lane if necessary. I-35W So. - Temporary HOV lane addition, Dakota Co. to I-494, possibly north. 	Not available.
	LRT	Central Corridor: Following preparation of an alternatives analysis.	Both LRT options: <ul style="list-style-type: none"> \$682 million capital costs. \$18.3 million annual costs.
	LRT/HOV	I-35W South: Select LRT plus lane conversion alternative to allow for reservation of right-of-way in the median for future use, possibly for LRT.	

The Council recommends a regional approach to LRT governance.

native to be implemented on I-35W South. By constructing I-35W in stages with a transit corridor in the middle, the LRT-plus-lane conversion alternative could be built with only one transit component, LRT or HOV lanes, rather than both, if desired.

The plan also recommends changes in the governance structure for LRT. The recommended governance framework, as depicted in Figure 2.6, has the following features:

- The Metropolitan Council would be responsible for overall priority setting and planning and approval of draft EIS and final EIS plans.
- The Regional Transit Board would be responsible for soliciting LRT capital funding from the federal government, preparing the alternatives analysis and draft EIS, and administering various funding sources.
- The Minnesota Department of Transportation would be responsible for conducting the final EIS, preparing final design plans, and constructing LRT.
- County regional rail authorities would be responsible for right-of-way preservation, could conduct some of the draft EIS and final EIS work under contract to RTB or Mn/DOT, and would participate with cities on a corridor management team.
- The Metropolitan Transit Commission would be responsible for LRT operation and maintenance.
- Cities directly affected by a proposed LRT line would have some review and approval authority for design and would participate in a corridor management team.

The Council's plan acknowledged that some of the involved entities were engaged in negotiations regarding their ultimate roles. The plan encouraged them "to reach agreement on a Memorandum of Understanding which would include the necessary tools to implement the light rail transit governance framework" in the plan.

Regional Transit Board's Vision for Transit

RTB recommends new transit hubs and suburban services.

One of the key parts of the Metropolitan Council's new facilities plan is the reorganization of transit services, which RTB has called its new "vision for transit."⁵ The RTB proposes to reorganize transit services into a constellation of transit hubs and spokes, as depicted in Figure 2.7. The hubs would be primarily located at larger shopping centers, which are major activity centers for suburban areas. Transit hubs would consist of a bus staging area, a heated passenger facility, park-and-ride lots, and bike-and-ride spaces. The hubs

⁵ See Metropolitan Council, *Regional Transit Facilities Plan* (February 1992), 16-17, and Regional Transit Board, *Vision for Transit* (February 1992).

Figure 2.6: Metropolitan Council's Recommended Governance Framework for Light Rail Transit

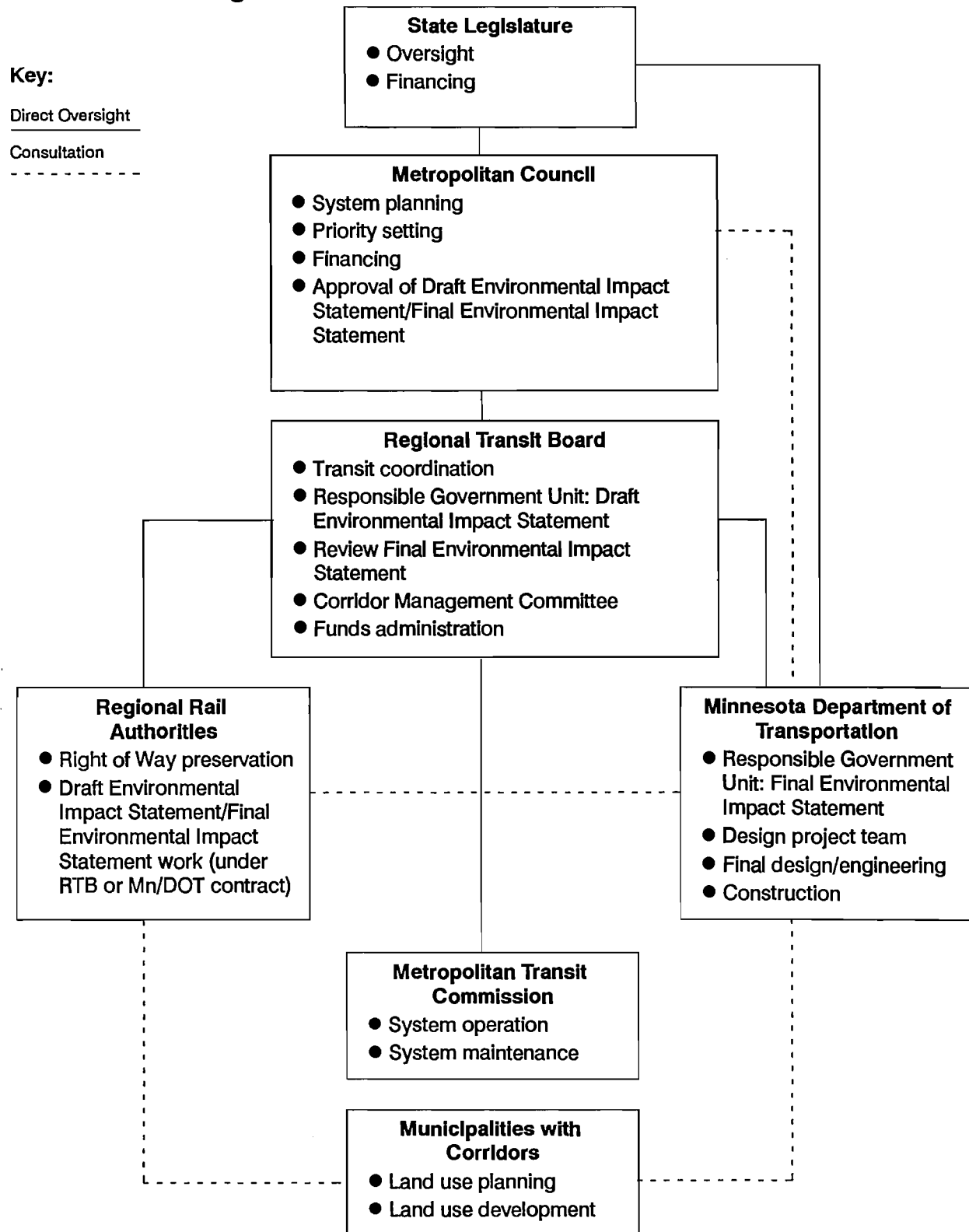
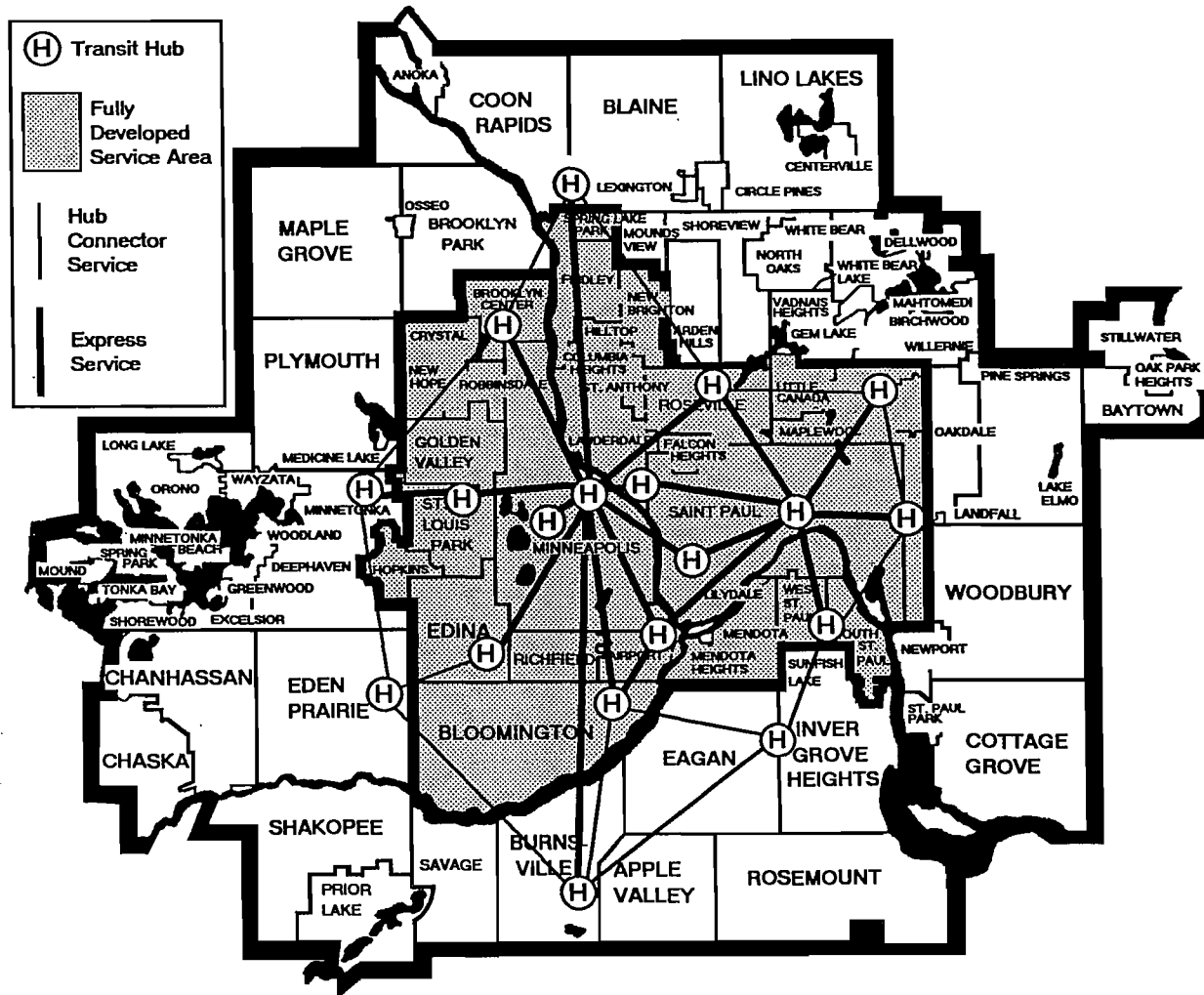


Figure 2.7: Transit Taxing District, Fully Developed Service Area, and Transit Hubs



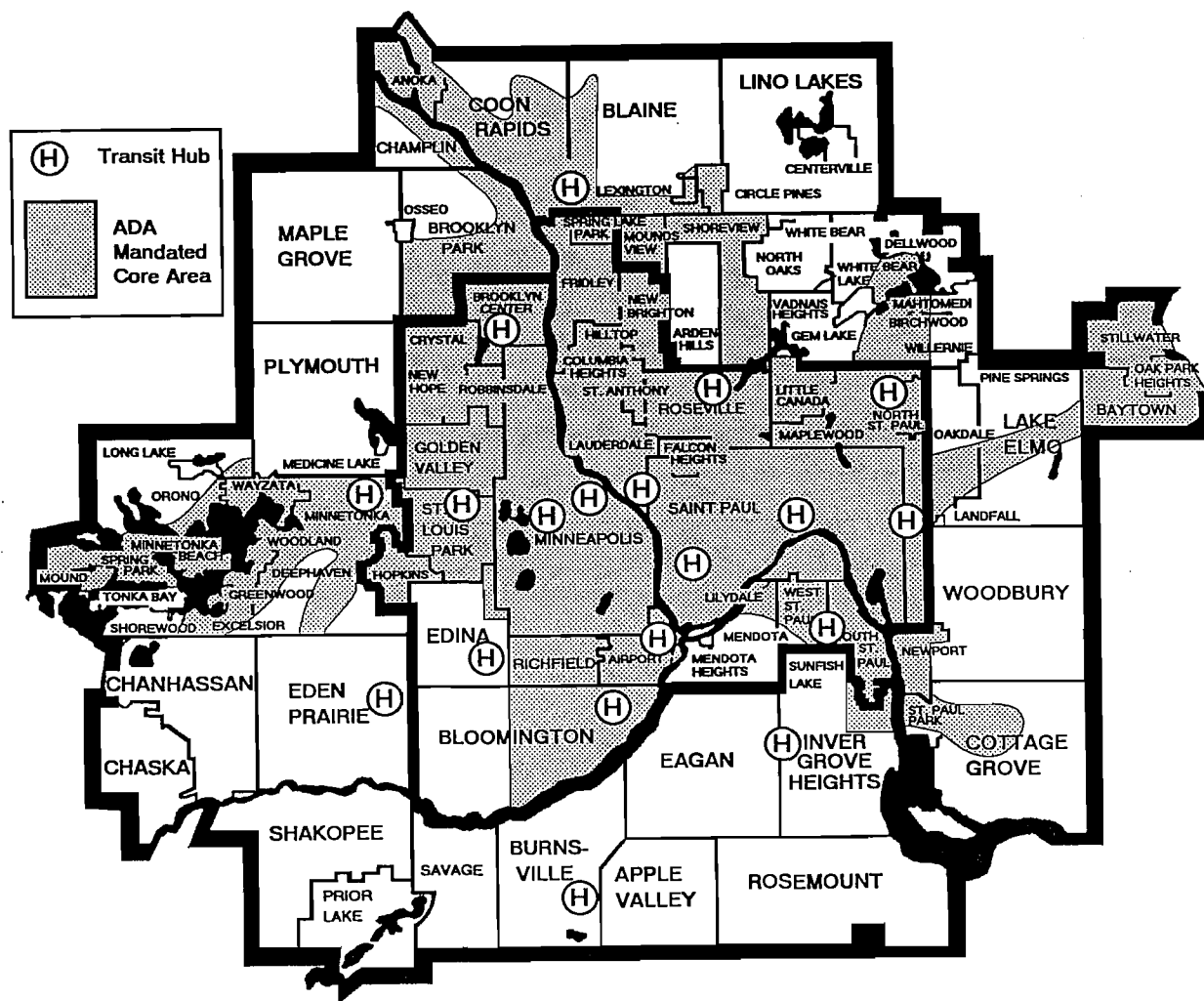
Source: Regional Transit Board.

would provide a focal point for suburban circulator, dial-a-ride, and other transit services and would link these services to the rest of the region's transit system. Express bus services to the downtowns would be provided from each of the hubs. Eventually, transit connections between the suburban hubs would be added, if justified.

RTB's hub-and-spoke concept dovetails with its plan to reorganize Metro Mobility services. As Figure 2.8 indicates, Metro Mobility services would

eventually be limited to the shaded core area, which must continue to be served according to the federal Americans with Disabilities Act.⁶ The suburban areas no longer being directly served by Metro Mobility would have accessible dial-a-ride services, which could take riders to a transit hub just within the core. From the hub, the disabled rider could use Metro Mobility, an accessible regular route bus, or other transit service available at the hub. The sub-

Figure 2.8: Transit Taxing District, ADA Mandated Core Area, and Transit Hubs



Source: Regional Transit Board.

⁶ The current Metro Mobility service area is the entire metropolitan taxing district shown in Figure 2.8.

urban dial-a-ride service would likely be available for use by the general public, as well as persons with disabilities. As a result, the costs of the service would be spread over a greater number of riders.

RTB is planning on conducting suburban needs assessments and then implementing suburban services which are linked to a hub before withdrawing Metro Mobility service from suburban areas outside the ADA-mandated core area. The process of needs assessments, service implementation, and hub development will likely take three to five years to complete.

Strengths

The strengths of the Metropolitan Council's Regional Transit Facilities Plan are that the plan:

The Council's plan provides strong direction for future planning efforts.

- **considers all types of improvements, not just light rail transit, and bases recommended improvements on what best addresses the needs and problems of particular transportation corridors;**
- **narrows LRT possibilities to two lines for the foreseeable future and recommends conducting an alternatives analysis on the Central Corridor line before proceeding with further design or construction;**
- **recommends use of a regional governance model for LRT; and**
- **acknowledges the connection between continued highway expansion and increasing urban sprawl.**

For the last five years, light rail transit planning and debates have dominated transit planning to the detriment of other transit options. Estimates now suggest that only two LRT lines (the Central Corridor and the I-35W South Corridor) can be constructed and operated for less than \$4.00 per rider and that proposed tunnels in Minneapolis must be eliminated in order to bring the estimates under \$4.00 per rider.⁷ Consequently, the Council plan recommends limiting further LRT consideration to these two lines for the foreseeable future. Furthermore, the Council plan recommends a variety of service improvements, minor capital improvements, and HOV lanes which would better address transit concerns than the nine-line LRT system recommended by RTB and the county regional rail authorities in 1990.

The Council plan also recommends a regional governance model for future LRT planning and construction. The model is appropriate considering: 1) the lessened need for LRT planning beyond these two lines in the foreseeable future, and 2) the need for objective study of LRT and other transit options in these two corridors. Regional control is needed of the final decision of whether to proceed with LRT and decisions on what features (such as tun-

⁷ Metropolitan Council policy requires that a proposed LRT line must have an estimated cost of \$4.00 per rider in order to be considered for further analysis and planning.

nels) to include. Without regional control, it is less probable that cost-effective decisions will be made.

The RTB's new Vision for Transit has the following positive features:

- **The RTB's vision commits RTB to expanding suburban transit services while also restructuring and improving bus service in the fully-developed service area.**
- **The proposal has potential for controlling Metro Mobility costs.**

The RTB's vision lays out a program of hub development and expanded suburban dial-a-service and circulator services which feed into the hubs. The five-year (1992-96) improvement program contained in the vision includes opening the five hubs already in various stages of development, constructing 12 additional hubs, adding 9 park-and-ride lots, and continuing Team Transit projects. Eventually Metro Mobility services would be restricted to the ADA core area and suburban dial-a-ride and some circulator services would connect suburban areas to the hubs.

At the same time, RTB would utilize the results of MTC's comprehensive operations analysis and other studies to restructure and improve services in the fully-developed service area. These actions are needed because of the significant loss in ridership experienced on local routes in Minneapolis, St. Paul, and the inner ring suburbs--as well as the significant population growth in other suburbs.

Weaknesses

The details of the plan need to be worked out.

The main overall weakness of the Council's plan and the RTB's vision are that:

- **The Council's plan and RTB's vision lack details on estimated ridership, costs per rider, potential congestion relief, and other benefits.**

While the plan and vision involve requests to the Legislature for additional funding, it is unclear what benefits the additional funding will purchase. For example:

- **The plan provides no estimates of the additional ridership expected from the additional express bus services recommended.**
- **It is unclear what the total costs of providing dial-a-ride and circulator services to transit hubs would be once Metro Mobility service is removed from service areas outside the ADA core.**
- **No ridership estimates are provided for these circulator or dial-a-ride services.**

Future HOV use is uncertain.

- **It is uncertain what level of usage can be expected of the recommended HOV lanes.**

In addition, there are implementation details which need to be worked out:

- **What will the results of needs assessments and MTC's comprehensive operations analysis have to say about the need for and location of new park-and-ride lots?**
- **Based on needs assessments, where should transit hubs be located and how will their development be accomplished?**

We also have several concerns about the plan's LRT recommendations. First:

- **The plan appears to downplay the importance of an alternatives analysis for the Central Corridor.**

While the Council's plan recommends that an alternatives analysis be immediately initiated for the Central Corridor, the plan does not seem to fully recognize the significance of such an analysis. The plan recommends implementing LRT in the Central Corridor and suggests that the alternatives analysis be conducted for the purpose of obtaining significant federal funding and resolving "any remaining issues of alignment and cost-effectiveness."

Alternatives to LRT need to be fully examined.

In our view, it would be more accurate to say that:

- **The issue of LRT's cost-effectiveness has not been adequately addressed.**
- **LRT should not be implemented until, and unless, an alternatives analysis shows that LRT compares favorably to other transit options.**

Second, we are concerned that:

- **RTB's track record in objectively evaluating LRT has not been a good one.**

The Council's governance recommendation makes RTB responsible for conducting the alternatives analysis. This makes more sense than having the county regional railroad authorities conduct the analysis and is an appropriate function for a regional transit agency. Furthermore, the RTB has been somewhat more objective in its approach to LRT this year. However, because of RTB's history with this issue, there is a need for considerable Council oversight of RTB in the preparation of an alternatives analysis.

Finally:

- **The plan adopted on February 13, 1992, was unclear on what specific roles the county regional rail authorities would play in LRT planning and construction.**

The plan acknowledged that the railroad authorities, Mn/DOT, and others were negotiating as to the railroad authorities' potential roles in planning and construction. We are very supportive of a strong regional model for LRT governance which includes regional agency control over the "go/no go" decision on LRT, approval of the preliminary and final design plans, and the budget for LRT. However, there is also reason to involve the county regional rail authorities in a meaningful way. In drafting the governance section of the plan, the Council was generally working to address this concern. Hopefully, an agreement can be worked out which retains strong regional/state control but meaningfully involves the counties.

A final area of concern about the Council's plan is that:

- **The plan does not fully address the problem of urban sprawl.**

The plan acknowledges the connection between building more highways, encouraging growing use of single-occupant vehicles, and increasing urban sprawl. The plan contains a variety of recommendations which involve increased investments in transit, such as HOV lanes and LRT. The plan attempts to make transit solutions a better alternative by improving travel time for buses and multiple-occupant vehicles.

However, the impact of the proposed transit improvements on future urban development patterns is likely to be limited. Development patterns are affected by many factors. The availability of transit alternatives is just one of the factors. If the Council wishes to impact future development, it will need to look at a broader array of policy tools which the Council and the Legislature could use.

One possible tool the Council could consider is additional financial disincentives for automobile usage. The Council's new facilities plan does not offer any significant financial incentives for using transit or, conversely, financial disincentives for automobile usage. A recent study measured the extent to which automobile use in the United States is subsidized either: 1) directly through highway and street funding not financed by highway user taxes, or 2) indirectly through pollution and other costs imposed on society.⁸ The study finds that automobile usage may be subsidized up to 5.8 cents per passenger-mile based on results for the city of Madison, Wisconsin. The study also suggests that an important effect of subsidizing automobile usage is to encourage the growing urban sprawl which has affected metropolitan areas all across the United States.

⁸ Mark E. Hanson, "Automobile Subsidies and Land Use: Estimates and Policy Responses", *Journal of the American Planning Association*, Vol. 58, No. 1, Winter 1992, 60-71.

An increase of 5.8 cents per passenger-mile is equivalent to a gas tax increase of over \$1.30 per gallon. The merits of such a large increase in taxes have not been fully examined. It is unclear, for example, what impact such an increase would have on the area's economic growth and on automobile usage. In addition, such a large increase would probably lack popular and legislative support. However, a much more modest increase in automobile operating costs may be both politically feasible and beneficial in helping to address the area's growing congestion problems. In fact, some increase in gas taxes may be necessary just to finance highway improvements now being planned.

The Council's plan does not discuss the need to consider financial disincentives to automobile use such as an increased gasoline tax, a sales tax on gasoline, or increased motor vehicle excise taxes. The Council could assist legislative policy decisions by examining the impact and merits of increasing automobile taxes.

Summary

The Metropolitan Council's Regional Transit Facilities Plan and the RTB's Vision for Transit are important steps in the right direction. The plan considers all types of improvements and recommends those improvements which make sense for particular transportation corridors and the region. The vision commits the RTB to both expanding suburban transit and restructuring and improving the existing bus services. The plan appropriately limits LRT to two corridors in which further study of alternatives is necessary before implementation.

More analysis is needed prior to plan implementation.

However, the plan and the vision are more noteworthy for their general direction than for some of their specific recommendations. The service improvements lack ridership estimates. Needs assessments will be necessary before implementing new hubs, park-and-ride lots, and dial-a-ride and circulator services feeding into the hubs. Furthermore, the results of MTC's comprehensive operations analysis will probably not be known until December 1992. The results of the needs assessments and the operations analysis may impact the location and need for hubs, as well as the location of park-and-ride lots. Finally, the desirability of LRT in the Central Corridor cannot be finally determined until the alternatives analysis is complete.

These concerns create a funding dilemma for the Legislature. On the one hand, additional transit funding is probably needed to implement the plan's recommendations. Also, additional automobile user fees may be appropriate to limit future growth in automobile usage and fund some transit improvements. On the other hand, the concepts in the plan and the vision have not all been completely evaluated and refined into specific cost-effective solutions. In addition, because of RTB's track record, there is reason for the Legislature to be concerned about how RTB will use any additional funding. The Legislature will need some assurance that RTB will put additional funds into suburban and central city bus service.

RECOMMENDATIONS

Chapter 3

This chapter presents our recommendations for improving transit planning in the Twin Cities Metropolitan area. The recommendations are explained below and are directed to the Legislature, the Metropolitan Council, and the Regional Transit Board.

LEGISLATURE

We have five types of legislative recommendations, which address: 1) internal RTB structural problems, 2) LRT funding and governance structure, 3) financial disincentives for automobile use, 4) funding for transit improvements, and 5) the need for continued oversight of RTB.

RTB Structural Problems

One of the reasons for RTB's slowness in making progress over the last seven years is its organizational structure. RTB is a small agency with about 35 full-time staff but has two full-time leaders: a full-time chair appointed by the Governor and an executive director appointed by the board. Conflicting directions have been provided to staff by chairs and executive directors throughout RTB's history no matter who has held these positions. The resulting confusion for staff is unproductive from an organizational standpoint. This problem appears more likely to occur in a small agency than in a larger one. In a larger agency, a clearer distinction between the duties of the chair and the executive director can be more easily maintained since there is more than enough policy and external work to occupy a full-time chair and enough administrative work to occupy a full-time executive director.

We strongly recommend that:

- **The Legislature should address the problems with RTB's internal structure by either: 1) making the position of RTB chair part-time or 2) permitting the chair to select the executive director with the board's approval.**

The first option would be to make the position of RTB chair a part-time one. The advantages of this option are that it could: 1) lessen the chair's involvement in daily administration and strengthen the organization's stability and ob-

RTB needs consistent internal direction.

jectivity, and 2) save some money. The main disadvantage of this option is that it could weaken RTB's capability to provide leadership in the transit community.

An alternative approach would be to have the full-time chair hire the executive director with the board's approval. This second option would also help to make the lines of authority clearer, but would retain a stronger leadership role for the chair. However, this second option could lead to less stability at RTB when chairs come and go.

LRT Funding and Governance Structure

Regarding LRT funding, we recommend that:

- **The Legislature should not fund LRT construction unless a satisfactory alternatives analysis has been prepared.**

Alternatives to LRT have not been adequately studied.

Despite years of planning by many agencies, there has not yet been a satisfactory analysis of the benefits and costs of LRT relative to other viable transit alternatives for the region's top LRT priority, the Central Corridor. Before funds are committed, it is important that such an analysis be conducted. The Central and I-35W South Corridors have a combined projected cost of just under \$4.00 per rider. According to Metropolitan Council policy, the \$4.00 threshold is the maximum amount permitted in order for a corridor to be considered for implementation before the year 2010.¹ Furthermore, Council policy suggests that corridors meeting the threshold should undergo additional analysis and establishes performance measures to be used in the evaluation process. Further analysis of the two recommended LRT lines is required by Council policy and is a sound idea since the estimated costs per rider are just within the Council's maximum threshold. An alternatives analysis will also improve the region's chances of obtaining federal "new start" money for LRT, maximizing the amount of federal funding, and thus reducing the region's costs of implementing LRT.

We also recommend that:

- **The Legislature should change the governance structure for light rail transit.**

Counties were given the lead role in LRT planning in 1987 with the understanding that they would use county taxes and federal funds to implement LRT. It is clear now that LRT will require regional taxes or state funds in order to be implemented. In addition, there is a need for further evaluation of LRT and alternatives, which is best accomplished by regional agencies rather than by county regional railroad authorities. The counties' primary interest is in implementing LRT and, consequently, they are not the appropriate entities to conduct a more thorough evaluation.

¹ Metropolitan Council, Amendment to the *Transportation Development Guide/Policy Plan* (December 1989).

The LRT governance structure needs to be changed.

We are generally supportive of the Council's recommended governance structure, but are concerned about certain features. For example, under the Council's proposal, the RTB would prepare the alternatives analysis. While this is an appropriate function for a regional transit agency, it is essential that the Council exercise strong oversight over RTB's work. Also, the Council's plan, as initially adopted, does not provide for much of a role for county regional rail authorities. Negotiations are underway to more fully define their role. Given their leadership on LRT issues, the counties may deserve more recognition and responsibility. However, we believe it is essential for regional agencies to have control over the following areas: 1) the alternatives analysis, 2) the decision to implement LRT in a corridor, 3) the budget for planning and constructing a line, and 4) approval of the preliminary and final design plans. The Legislature should retain ultimate control over the decision to implement and the budget for an LRT line. It may be possible to find a more meaningful role for the counties in design and construction. Regional agencies and Mn/DOT should, however, retain overall control of key decisions.

Financial Disincentives for Automobile Use

We recommend that:

- **The Legislature should examine options for increasing automobile user costs to better reflect the costs to the region of automobile travel.**

As was pointed out in Chapter 1, the metropolitan area has experienced a tremendous growth in automobile use, which has encouraged costly expansions of the area's highway system. Automobile users pay for additional highway construction and maintenance through user fees such as gasoline taxes and annual registration fees. However, as we saw in Chapter 2, there are direct and indirect costs from automobile use which are not directly borne by automobile users. If automobile operating expenses included some of these costs, there would be more of a direct financial incentive for people to limit automobile use and to consider transit. Increasing automobile user taxes to reflect some of these additional costs could be helpful in addressing the region's transportation problems.

Transit Funding

It also would make sense to use a portion of any increase in automobile user taxes to help fund transit improvements or relieve some of the current burden on regional property taxes. We encourage the Legislature to consider various options for accomplishing this.

However, at this point, it is unclear what option is most practical. Constitutional and budgetary constraints affect the options available to the Legislature. The Minnesota Constitution limits the use of gasoline excise taxes and annual taxes on motor vehicles to highway purposes. Without constitutional changes, these taxes could be used for HOV lane construction and making other similar road improvements, but could not be used for mass transit improve-

The details of new transit plans have not been worked out.

ments. Other alternatives, such as a gasoline sales tax at the wholesale or retail level, may be possible to use for mass transit purposes. Also, the motor vehicle excise tax could, in part, be dedicated to transit funding. However, budget conditions over the last decade have frequently meant that the motor vehicle excise tax has been used by the state's general fund rather than for transportation or transit purposes.

If transit programs are allotted funds from a new funding source, it is essential that the Legislature retain control over transit funding and not provide transit agencies with an unlimited source of dedicated funding. As was pointed out in Chapter 2, many of the recommendations in the Metropolitan Council's new facilities plan and the RTB's vision are conceptual and lack ridership estimates and other details which would help in determining their cost-effectiveness. Legislative oversight of these agencies' recommendations is needed before transit funding is substantially increased. Furthermore, implementing the recommendations will take three to five years and funding them all at once is not necessary. The Legislature can take an incremental approach and fund some improvements while requiring the agencies to report back on their progress in developing more detailed plans and ridership estimates. We recommend that:

- **The Legislature should be generally supportive of the concepts contained in the Metropolitan Council's facilities plan.**
- **However, the Legislature should require RTB and the Council to provide information on the potential cost-effectiveness of the recommended service improvements and transit hub projects.**

Oversight

Several important oversight recommendations have already been discussed. They include the need for legislative review of a Central Corridor alternatives analysis prior to funding LRT construction and the need for RTB to develop ridership and cost per rider estimates for some of the proposed transit improvements. We also recommend that:

- **The Legislature should require RTB to prepare an annual performance report for existing transit services.**
- **The Legislature should require RTB to report at least annually on its progress in implementing its five-year plan.**

Some performance reporting is currently done in RTB's five-year plan. However, the figures reported are generally aggregated across all routes and types of service for a single provider. As a result, they fail to provide an adequate sense of the variability across routes and types of service. In addition, poorly performing routes cannot be identified. The performance report should provide information by individual route and type of service. Cost per rider, subsidy per rider, and other performance measures should be provided.

The Council's oversight authority over RTB needs to be strengthened.

Annual progress reports on plan implementation seem appropriate in light of RTB's past performance. A sense of how much progress has been made seems to be missing from the current planning process.

The Legislature should require RTB to submit both of these recommended reports to the Metropolitan Council for the Council's review and comment. To the extent possible, the preparation of the reports and the Council's review should be coordinated with the Council's review of RTB's five-year plan.

Finally, we recommend that:

- **The Legislature should give the Metropolitan Council authority to review and approve RTB's annual capital budget and review and comment on RTB's operating budget.**

This authority would help the Council to provide better and more timely oversight of RTB and help ensure that RTB's budgets are as consistent as possible with the five-year plans which the Council currently reviews.

METROPOLITAN COUNCIL

In general, we found the Metropolitan Council's performance to be greatly improved in the last year. Oversight of RTB has improved, and the new Regional Transit Facilities Plan provides strong direction for transit and transportation agencies to follow. We recommend that:

- **The Metropolitan Council should continue the strong oversight and leadership it has shown over the last year.**

The Metropolitan Council could make the Legislature's job easier by addressing the oversight concerns mentioned in the previous section. The Council's oversight of the alternatives analysis on the Central Corridor LRT line will be important. In addition, even without specific legislative authorization, the Council may be able to require RTB to prepare: 1) an annual transit performance report, 2) an annual progress report on plan implementation, and 3) cost per rider estimates for new services and other mass transit improvements recommended in the Council's plan.

We also recommend that the Metropolitan Council: 1) determine the extent to which automobile users do not directly pay for the costs imposed on the region from automobile use, 2) examine the potential effect on automobile use from raising automobile ownership and operation costs through additional taxes or other methods, and 3) study the impact which such action might have on future development patterns. In formulating regional policy on highway and transit development, the Council should consider the extent to which automobile users are not paying the full costs of automobile use.

REGIONAL TRANSIT BOARD

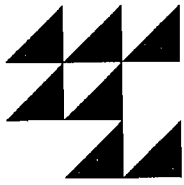
The Regional Transit Board has made only slow progress in achieving the goals envisioned when it was established. Improvement has been made since mid-1991, but it remains to be seen whether such improvement will be sustained. The RTB's Vision for Transit has conceptual appeal, but lacks important details. It is unclear at this point how much of the vision should be implemented. It is also unclear how the results of MTC's comprehensive operations analysis will affect the vision.

RTB needs to make progress in some key areas.

Despite reservations, we believe RTB should continue to exist in its current form. The separation of planning and operations has had some desirable effects and remains a good concept. However, RTB needs to continue the progress of the last eight months and demonstrate to the Legislature that RTB can be an effective problem solver. RTB can best develop this trust by being a fair and objective planning agency. Advocacy on behalf of transit is best based on sound and thoughtful analysis.

Specifically, we recommend that:

- **RTB should adopt a competitive bidding policy which adequately addresses the cost method MTC should use when bidding to provide transit services outside its exclusive service area.**
- **RTB should undertake the proposed management audits of MTC and review the comprehensive operations analysis of MTC, when completed. RTB should ultimately identify any resources which can be freed up to provide needed service improvements.**
- **RTB should examine the need for and potential cost-effectiveness of the service improvements and hubs recommended in the Metropolitan Council's facilities plan. Not all of the hubs and accompanying circulator and express routes may be cost-effective.**
- **RTB should prepare an annual performance report which provides performance statistics for each route and type of service funded by RTB.**
- **As soon as is financially feasible, RTB should reinstate its fund for new transit services.**
- **RTB should continue its recent effort to work cooperatively with the opt-out providers and assist them in competitively bidding out transit services when their current contracts end.**
- **RTB should work with MTC to strengthen the region's efforts to encourage ridesharing or consider moving the program to the Minnesota Department of Transportation.**



METROPOLITAN COUNCIL

Mears Park Centre, 230 East Fifth Street, St. Paul, MN 55101-1634

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March 9, 1992

James R. Nobles
Legislative Auditor
Centennial Building, 1st Floor S.
658 Cedar St.
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to comment on the final draft of your report, *Regional Transit Planning*. Developing a long-range vision for making sound transit investments for the Twin Cities region has been a major Council thrust during my first year as Council chair. I appreciate your recognition of our leadership in reorienting the strategy--from one centered on light rail transit to one based on all our transit needs.

Your report raises the key transit issues, is well documented, and treats the participants in the transit planning process in a fair and objective manner. I support your findings and recommendations, and appreciate your constructive criticisms. We certainly intend to follow through on the recommendations you have made for the Council. More specifically, I offer the following comments:

1. Planning. We appreciate your recognition that the Council's new *Regional Transit Facilities Plan* has been a major catalyst for getting all the agencies together. The Regional Transit Board, Minnesota Department of Transportation and Metropolitan Transit Commission contributed significantly to development of the plan. Everyone is much better focused on the region's transit needs and the role LRT should play in them. We intend to capitalize on this momentum and move ahead quickly.

As you note, specific recommendations for transit improvements in our new transit plan should not be viewed as definitive. However, this should not be construed as a weakness of the plan. In my view, the plan provides a vision and a policy framework. The details will be provided in upcoming phases of the planning process by the RTB and/or other implementing agencies.

The Council will follow through on your recommendation that we consider the extent to which automobile users are not directly paying the full costs of auto use. We also will attempt to analyze the relationship between auto use and urban sprawl as we update the Council's *Metropolitan Development and Investment Framework*. However, financial disincentives for auto use alone will not turn around urban sprawl. Our transit plan makes a strong connection between land use and transportation, and recommends more transit-friendly land uses and higher densities along transit facility lines.

2. Governance. Your support of our recommended governance structure for light rail transit is appreciated. The Council, RTB and Mn/DOT must take the lead to ensure that regional transit goals

are met and investments are used wisely. The Council is committed to working with the county regional rail authorities to ensure their meaningful involvement, and negotiations to achieve this are under way.

As you note, the Council has strengthened its oversight of the RTB to ensure that the region's long-range policies are implemented. Your recommendations offer some opportunities for further strengthening our oversight. We will consider asking the RTB to prepare an annual transit performance report and an annual progress report on its implementation plan. These reports would provide useful information. Restoring the Council's authority to review and approve the RTB's capital budget, and to review and comment on its operating budget, also would strengthen our oversight role.

3. Finance. Funding for transit improvements is definitely needed. The Council's immediate priorities are for an annual operating subsidy and additional bonding authority for the RTB to pay for transit service improvements proposed in our facilities plan. A local commitment to a match to fund construction of LRT in the central corridor is also important in obtaining federal funds.

We appreciate the opportunity to share with you our reactions to the report. Again, we view it as very supportive of the Council and its efforts to plan an efficient and effective transit system for the region.

Sincerely,

A handwritten signature in black ink that reads "Mary E. Anderson". The signature is written in a cursive, flowing style.

Mary E. Anderson
Chair



MICHAEL J. EHRLICHMANN
Chair

March 10, 1992

Roger Brooks,
Deputy Legislative Auditor
Office of the Legislative Auditor
Centennial Building
St. Paul, MN 55155

To the Members of the Legislative Audit Commission:

As a preface to my response to the Legislative Audit Commission report I offer the very serious protest that as Chair of the Regional Transit Board (RTB) I was permitted only forty-eight hours to formulate my response to the draft report and prohibited by your staff to meet with my full board to discuss this report and its recommendations in an effort to formulate a joint response. To not allow the inclusion of our full board in responding to this report fails to recognize the unique contributions each of our members could offer.

In addition, I take exception to the fact that the draft report, its findings and recommendations were withheld and not discussed with a number of key participants in the transit community, including: the Metropolitan Transit Commission; all seven county Regional Rail Authorities; the disability community and its representatives.

Considering the above limitations and my effort to discuss the report with board members, I request the opportunity to meet with the Legislative Audit Commission (LAC) at the time that this report is presented.

When it was announced, I welcomed the Legislative Audit Commission (LAC) study with opened arms. Considering the dedication of time and resources, I felt there was a unique opportunity to examine transit planning in a courageous and forthright manner. Unfortunately, the results of this study did not meet with those expectations.

While we appreciate the affirmation of the progress that the Regional Transit Board (RTB) has made in the last year, the report fails to identify and discuss a number of significant issues effecting the provision of public transit in the metropolitan area.

To begin with, the report fails to identify the severe revenue shortfalls which have effected the provision of public transit service, particularly new service to the suburban areas. The report continues to perpetuate the myth that services to the disabled and elderly (Metro Mobility) exist at the cost of new services to suburban communities. The report fails to recognize the entitlement nature of paratransit service dictated by state and federal law.

The report fails to recognize and identify relationships which have affected Light Rail Transit (LRT) recommendations by the RTB as well as the RTB's progress toward focusing LRT recommendations despite those limitations. In addition, the report fails to adequately discuss the implications and impact of competitive bidding on the Metropolitan Transit Commission and public transit services in general. The report fails to discuss the impact of state and federal legislation such as the Intermodal Surface Transportation Act (ISTEA).

Finally, I believe the report does not recognize the full historic efforts by the RTB to build a new "Vision for Transit," as well as other innovative efforts such as the Traffic Congestion Reduction Act. Contrary to the information supplied in the report, this effort began significantly before 1991. The development of prototypes for both suburban circulators and dial-a-rides took place shortly after I became chair in 1989 and 1990; also efforts to locate initial transit hubs began at approximately the same time period.

The RTB is prepared to continue to implement the programs outlines in its "Vision for Transit." However, our ultimate success will depend on receiving sufficient funding to support that vision.

Again, I request the opportunity to provide a more detailed response to this study at the time of its presentation. I look forward to meeting with the commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Ehrlichmann", with a long horizontal line extending to the right.

Michael J. Ehrlichmann
Chair



Minnesota
Department of Transportation
Transportation Building
395 John Ireland Boulevard
Saint Paul, Minnesota 55155

March 9, 1992

Roger Brooks
Deputy Legislative Auditor
Office of The Legislative Auditor
Centennial Building
St. Paul, Minnesota 55155

Dear Mr. Brooks:

Thank you for the opportunity to review the draft audit report on Regional Transit Planning. The report accurately characterizes the Department of Transportation's (Mn/DOT) role in transit planning for the Twin Cities Metropolitan area. While Mn/DOT has no direct statutory responsibility for such activity, the department, nonetheless, does have an important impact on transit service delivery through the planning and construction of the region's trunk highway system.

We certainly concur with your finding that "Mn/DOT has been receptive to transit issues and has incorporated various transit options into its highway plans." Most recently, the department has collaborated with the Metropolitan Transit Commission's "Team Transit" initiative to design and construct highway improvements which will help reduce bus travel time. In addition, several transit elements have been incorporated into the I-394 corridor and current analysis of improvements to I-35W include several transit options.

Mn/DOT was a cooperating agency in the preparation of the Metropolitan Council's recent Regional Transit Facilities Plan. At the hearing for the draft plan, Mn/DOT testified that:

"The transportation system is key to the Region's social and economic vitality and its connection to Greater Minnesota and beyond. Over the past several decades, the Region has been able to build, operate, and maintain a transportation system that offers a relatively high level of mobility and safety.

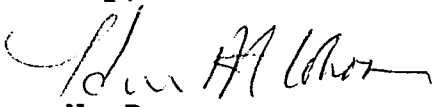
Roger Brooks
March 9, 1992
Page Two.

However, today we are beginning to get a vision of one possible future: auto occupancy declining, transit ridership declining, and peak hour congestion increasing on several freeways. If these trends continue, the welfare of the Region will be severely damaged.

The long term transportation solution for the Region must contain a combination of highway and transit options as well as demand and supply management strategies. The reconstruction of major portions of the Interstate System in a socially, environmentally, and financially acceptable manner with special attention given to transit options will constitute a major transportation challenge over the next few decades. Strong incentives are needed for this transit system to overcome stiff competition from the automobile in an increasingly suburbanized Region."

Mn/DOT will continue the efforts noted in this report to assist in improving the region's transit system. As stated in our testimony to the Metropolitan Council, such efforts are important to maintaining the region's social and economic vitality.

Sincerely,


for James N. Denn
Commissioner

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