



Summary of Meeting with Bob DeBoer, Curt Johnson, Sean Kershaw, Dee Long, Roger Moe, Tim Penny

Civic Caucus, 8301 Creekside Circle, Bloomington, MN

Friday, August 18, 2006

Guest speakers: Bob DeBoer, director of policy development, Citizens League; Curt Johnson, former chair, Metropolitan Council; Sean Kershaw, executive director, Citizens League; Dee Long, former Speaker, Minnesota House of Representatives; Roger Moe, former majority leader, Minnesota Senate; Tim Penny, former member, U.S. House of Representatives

Attendance: Verne Johnson, chair; Lee Canning, Chuck Clay, Paul Gilje, Jim Hetland (by phone), John Moity, and Jim Olson (by phone)

A. Context of today's meeting— The Civic Caucus is reviewing a proposed amendment to the Minnesota state constitution, to be voted on in November, to dedicate the state's motor vehicle sales tax (MVST) to transit and highways. Today's speakers were invited to respond to a Caucus memo outlining pros and cons of the amendment.

B. Dee Long's comments— Long is on the board of directors of the Minnesota Center for Environmental Advocacy. She is also on the staff of Fresh Energy, which is promoting a plug-in hybrid car that will be on display at the Minnesota State Fair. She is working very hard for transit. We need a good transit system, offering choices to people who have to commute to their jobs. Passage of the amendment won't solve the problems of transit, but it is one piece.

Long said she traditionally hasn't favored constitutional dedication of revenues and would not vote for the environmental amendment that was debated in the 2006 Legislature. But she sees the transportation amendment as something different. Already Minnesota constitutionally dedicates the gas tax and motor vehicle license fees to highways. The MVST amendment provides a dedicated source of funds for transit.

C. Curt Johnson's comments—

1. Quiet, deep divisions among business leadership— Curt Johnson served as a consultant to the Itasca Project, an organization of CEOs making a big push for action on transportation. Some of the CEOs were genuinely interested in solving transportation problems. Others were entirely focused on the bottom line for their organizations. He recalled a visit with a CEO of a very large Minnesota company. After visiting for several minutes about possible solutions to the transportation problem, the CEO said, "Good; we should do this." Then as the two were parting, the CEO added, "Wait, this will require revenue, taxes, and I don't know how I feel about that." There's a big divide between people who an solutions and those who don't want to raise taxes.

2. Enormous competition for energy worldwide— He reminded people of enormous growth in demand in China and India for petroleum. Now about 17 percent of the people own a car in those countries, and the other 87 percent want one. Beijing is adding 1,500 cars a day.

3. Unfortunate attitude of Minnesota legislators— People accuse him of overstating the problem, but Curt Johnson believes that the Legislature today, more than ever, is made up of many people who believe their job is to take and hold certain positions, not solve problems. They take pride in their narrow agenda and have no discernable interest in problem-solving. There's nothing he has seen that would indicate the situation won't be worse after the next election.

4. Some encouraging leadership occurring at the city and regional level— Curt Johnson cited Denver, Dallas and Phoenix as examples of cities that took votes to tax themselves for transit improvements. It is embarrassing for the Twin Cities metropolitan area, a place that used to lead the nation, now having to organize trips to see what can be done. He is encouraged by a new group of 30 mayors in the Twin Cities area, the Regional Council of Mayors, staffed by the Urban Land Institute. The Regional Council includes the mayors of Minneapolis, St. Paul, Bloomington, Edina, Burnsville, Minnetonka, Anoka, Coon Rapids, Waconia, and others.

He cited a \$5 billion transit expansion occurring in Denver that has come about only because of a coalition of mayors. Hardly anyone was opposed except the Governor, who lost an election.

5. Minnesota Department of Transportation (MnDOT) not in good shape— Curt Johnson described MnDOT as a "mess". It barely has enough funds to keep the lights on. It is engaging in all kinds of fiscal games, including trying to get the contractors to lend money for construction. He said MnDOT reminds him of a large house without adequate funds for maintenance. So people go around the house shutting off the lights here and there in a desperate attempt to keep things going.

6. Reluctant support for the amendment— Fortuitous circumstances have brought the amendment to the voters. He's inclined to grab his nose firmly and vote yes. If the amendment doesn't pass, it will cause delusion among its supporters and strengthen the opposition.

D. Tim Penny's comments—

1. A delicate situation for Penny— Penny said his consulting firm has a contract with an organization that is working for the amendment. Also he's co-chair of a southeastern Minnesota coalition of CEOs that has taken a position of support of the amendment.

2. Abdication of legislative leadership— Support for the amendment is driven largely by the fact that it is the only game in town. The Governor and Legislature could—and should—have handled the problem legislatively. It's an indication of abdication of leadership. He's amazed at how so-called leaders can look at all the evidence—no one disputes the fact that conditions of our highways are deteriorating and that the state has dug a hole with its borrowing.

His other concern is that the amendment is the ultimate free lunch—finding a way to seem to accomplish something without more funds, just moving money around. The amendment is not part of any comprehensive plan. His personal intent is to vote against the amendment.

E. Roger Moe's comments— He said he's "conflicted" between (a) a need for revenues and (b) a general dislike for constitutional budgeting. He tries to step back from the overall state budget and identify three purposes, (a) support of human infrastructure, e.g. education, (b) support of physical infrastructure, e.g. transportation, and (c) research and development. He's always felt an investment in human infrastructure comes first. Passage of the amendment was a quirky situation as he recalls. The state ought not write a law or language of an amendment on a whim. He personally thinks the amendment rewards bad behavior.

F. Bob DeBoer's comments— A Citizens League transportation study committee in 2004-2005 took a broad look at the system. The League concluded that the best mechanism for changing behavior would be some form of congestion pricing. People who choose to drive alone should pay the price. The League suggested new ways of funding, including tolls and capturing some of the windfall received by property owners near new transit stations and freeway interchanges. The League didn't address the question of the amendment directly.

G. Sean Kershaw's comments— The pessimist in Kershaw makes him not want to reward bad behavior by supporting the amendment, because he's not certain that things would have to get worse before real improvements are made. The optimist in Kershaw says that a little progress will be made if the amendment is adopted. If no action occurs, we'll fall farther and farther back. He said that people who drive should feel the expense every time they get in the car.

H. General discussion— In the general discussion among speakers and Caucus members the following points were made:

1. Recognize good legislative behavior, too —Curt Johnson said that we could recognize the amendment as rewarding good behavior, such as that of Rep. Ron Erhardt, a moderate who took charge to get something done.

2. Importance of providing access, not just easing congestion— Curt Johnson said that the Center for Transportation Studies at the University of Minnesota is looking more closely at the issue of increasing access of people to transportation as being more important than easing congestion. In some places access increases as congestion increases.

3. Importance of a dedicated stream of revenue— If you look at places making progress on modern transit systems, you won't find any place succeeding without a dedicated stream of revenue, Curt Johnson said.

4. Continued faith in the Legislature— Moe said the Legislature isn't perfect; it ebbs and flows. He said that perhaps residents of the state, and legislators themselves, aren't yet experiencing a culture change because of high gasoline prices.

5. Threats to the Minneapolis-St. Paul central corridor— Kershaw said he had heard that if the amendment is defeated it will delay construction of light rail along University Avenue between Minneapolis and St. Paul, the central corridor. Curt Johnson agreed that defeat would take the air out of the small momentum that is out there for that corridor. Immediate effect, too, he said, would be negative on the rebuilding of the big interchange of I-35W and Hwy. 62 on the Minneapolis-Richfield border.

6. State governing problems— Long said that functioning of state government is at a low ebb, with lack of cooperation in agreement on goals.

7. Hole in the budget?— Long said the amendment's impact on the budget would be very slight because of a five-year phase-in and because even today the \$300 million that would be shifted represents only 2 percent of the state's budget.

8. Lots of interest in transit— Kershaw said that transit comes up repeatedly this summer in the conversations that graduate students are having with people in connection with the MAP 150 project of the Citizens League. MAP 150 is an effort to identify key issues for the future of the state as part of its 150th anniversary in 2008.

9. Too much emphasis on serving the downtowns?— A member raised the point that at least 85 percent of the region's jobs are located outside the downtowns of Minneapolis and St. Paul, where all the transit emphasis seems to be located. Curt Johnson noted significant improvements on easing congestion have occurred in suburbs. He cited progress that was realized when additional lanes were added to I-694 in the northwest suburbs. Transit, Johnson said, is finding a pattern of dense destinations and providing predictable, reliable, safe transportation between them, while connecting major cultural centers in between.

10. Providing access to jobs—Picking up on Curt Johnson's point about the importance of improving access to transportation, a member noted one major objective in access is to guarantee that anyone who lives within, or immediately adjacent, to the 494-694 beltline, and who takes a job within that same area, would be assured access to that job. That would help people and employers. It is difficult to see, however, the member suggested, how fixed rail would help provide that kind of diverse access.

11. Fragmentation in decision-making— A Caucus member mentioned that the Caucus developed a report three years ago calling for a new structure for transportation that would cover the entire Twin Cities commuter area, not just the seven counties, and would encompass transit and highways, while concentrating authority in one agency, not spreading that authority among many jurisdictions.

12. Potential role the Caucus might play— Some discussion occurred over whether the Caucus should submit a report with background and pros and cons, without recommendations, or whether the Caucus should take a position on the amendment as well. One suggestion was that the Caucus needs to convey a sense of urgency on solving the transportation problem. Penny said the

amendment needs to be placed in a context, by explaining what it will accomplish and what it won't accomplish.

Verne Johnson said that the Caucus very soon will be moving to a much more fundamental question than the amendment—the matter of the polarization and paralysis in government, which has resulted in such actions as the amendment.

13. Earmarking new funds for specific improvements— A member noted that the amendment provides no guarantees that the new money will be used for capital or operating purposes or to meet specific needs that are widely recognized. In response, Long noted that when a vote was taken in Phoenix, a map with the specific planned improvements was included a part of the ballot.

14. Competition for dollars— Participants noted the major competition for dollars among state services. Curt Johnson said health care all by itself could eat up all available funds.

I. Thanks— On behalf of the Caucus, Verne Johnson thanked the speakers for meeting with us today.

The Civic Caucus is a non-partisan, tax-exempt educational organization. Core participants include persons of varying political persuasions, reflecting years of leadership in politics and business.

A working group meets face-to-face to provide leadership. They are Verne C. Johnson, chair; Lee Canning, Charles Clay, Bill Frenzel, Paul Gilje, Jim Hetland, John Mooty, Jim Olson, Wayne Popham and John Rollwagen.