



Summary of Meeting with Robert McFarlin

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

May 8, 2009

Present: Verne Johnson, Chair; Paul Gilje, Jim Hetland, Dan Loritz, Tim McDonald, John Mooty, Jim Olson, Bill Frenzel (by phone), Clarence Shallbetter (by phone)

A. Context of the meeting -The Civic Caucus released its report on transportation last month. To comment on the findings and recommendations, core members invited Bob McFarlin, former acting Commissioner of Transportation and current member of the Metropolitan Council. "Can't have a better person to give feedback," it was agreed.

B. Introduction of speaker- Bob McFarlin has served on the Metropolitan Council since January of 2009. He is vice president of corporate, community and public affairs at the public relations firm of Weber Shandwick in Bloomington. He has 27 years of experience in government and public relations.

Bob was appointed acting transportation commissioner by Governor Tim Pawlenty in February 2008 after serving five years as assistant to the commissioner for transportation policy and public affairs. Bob also served as Mn/DOT's director of public affairs and as chief of staff for nearly a decade during the 1990's.

C. Comments and discussion -During the discussion, the following points were raised:

1. State is at a crossroads on transportation —Bob opened by saying he agreed with much of the report. Minnesota is at a historic crossroads, he said, in the context of its past experiences. There was great sense of purpose to our transportation operation-there was vision-during the planning, construction, and expansion of the interstate highway system. Then we hit a lull.

There has been emerging now debate about transit-buses, rail-and now a new wave is approaching transportation with the success of the Hiawatha line. When Hiawatha was being developed some communities were asking for local moratoriums or restrictions on transit development to protect their town from the line coming through. Now people are lining up for new LRT and commuter rail projects. The growing popularity for rail signals, for him, a new era and focus for future transportation planning and investment.

2. Leadership and decision-making in transportation planning, policy— The Civic Caucus report was a 'structure' report, said the chair. He asked: Who would you say is chiefly in charge, who makes decisions, about transportation planning in the state?

The Minnesota Legislature is foremost, Bob replied, in cooperation with the governor. The governor, with and through Mn/DOT, proposes his transportation budget and priorities and the Legislature deliberates. Mn/DOT and the Met Council plan-and are part of the governor's administration. Bob recognized that over the years the office of governor may not have been leading in the manner called for in the Caucus report.

Counties are also significant influencers in state transportation policy. They "are, in the best sense of the word, 'proposers and agitators' for the development of rail and highway projects. They move self-interested projects along and are often willing to invest county resources into studies, planning and advocacy." Anoka and Hennepin Counties are perhaps best known for their advocacy of the Northstar Commuter Rail line and the Hiawatha LRT line respectively.

While the Metropolitan Council plans for the long-term, unfortunately they are not always listened to.

3. Role of the federal government— Is the Federal government, with earmarks and now stimulus money, usurping the state and its planning agencies? In ways, Bob replied, but more for rail than for roads. LRT is being guided by Federal funds, and high-speed rail has an even stronger Federal weight.

A structural problem exists in that earmarks come in from the Federal government after state plans are made. This confounds the process of setting priorities.

4. Coordination could be strengthened —We are not devoid of plans, he continued, but there is some coordination that can be strengthened. The real disconnect in the planning process right now is between the planning bodies and the Legislature. The elected body is representative of interests-of the Legislators, local governments and of constituents. The planners approach from a different perspective.

But Mn/DOT and the Met Council are planning and implementing agencies. For example, in the draft Statewide Transportation Plan released by Mn/DOT earlier this year, through 2030 Mn/DOT has identified \$65 billion in needs on the state highway system, with only \$15 billion in projected available funds. The agency provides this objective information to the Legislature and the public, and lays out priorities for spending the available funds. Mn/DOT's investment priorities, which are well known to the Legislature, are safety, system preservation and maintenance, and low cost/high benefit improvements. The Legislature is then aware of Mn/DOT's investment plans and the identified needs for which there is no funding. The Legislature and the governor's office must then work together on how to fund the unmet needs. Bob pointed out, for example, that within Mn/DOT's plan, \$38 billion in projected unmet needs can be classified as "Twin Cities mobility," or congestion mitigation needs.

A member asks, do we need a single, comprehensive state planning agency?

I'm not sure if it would be decidedly better, Bob replied, as the plans still go to the Legislature.

Is there any state with a single planning group? Not that Bob knows of. The standard practice is for planning agencies to report to the legislature.

5. LRT and congestion— A member asked whether Hiawatha has reduced congestion? Congestion is one piece, Bob said, but we need to be careful to think about and to assess rail in its proper context, which is different from roads. Light rail will never substantially relieve congestion, nor should it be expected to. He has argued this, and pointed it out, since the planning days of the Hiawatha line. Rail deserves its own set of evaluation criteria. Such as:

Does the rail project: (a) Move people? (b) Contribute to economic development? (c) Reduce use of fossil fuels? (d) Help people who are transit-dependent?

"If you measure transit against roads," Bob said, "you will miss much of its intrinsic value."

A Civic Caucus member asked whether one important criterion for assessing LRT has disappeared: Does it aid in getting people from home to their jobs? McFarlin replied that LRT does/will run into, and connect, centers of economic activity including the University of Minnesota.

6. Problem of financing rail operating deficits — The Caucus report is neither pro- nor against rail as a public transit strategy. Instead it calls for sober, objective analysis of the costs and benefits of rail as part of a comprehensive plan. This includes financing, and Caucus members have concerns about a significant disconnect between operating cost and revenues. Rail cannot pay for itself, and will need to be subsidized. This reality has not found its way into the media coverage, or public debate.

A member thus posed this question: How is the Met Council planning to pay for the operating deficit of new LRT lines? Only a fraction is covered out of the fare box. Presently transit needs \$64 million to fund its operating deficit; this is coming from the roads-side of transportation: sales tax on vehicles, property tax.

"I agree completely that this is a serious problem," Bob said. At all levels right now focus is on the initial capital costs of constructing rail lines, purchasing the cars, building facilities. Operations and maintenance are secondary. Often the Legislature, the administration and rail project proponents all fail to address the how to pay for the operating cost of transit projects once they are complete and ready for service. He continued:

In 1988, when the bonding bill was set to include the Hiawatha line, Governor Carlson said he would not release the funds until the Legislature accounted for the operating needs. When he left office the situation was not resolved; Ventura did not follow through.

As far as funding, right now, there is a plan that has been cobbled together to get the Met Council through the next biennium. No structural solution.

Nobody is out front on the operating costs, a core member argued. Why isn't the Met Council?

They have been, Bob was quick to respond—they talk about it internally, in the offices and at public meetings. When talking to the Legislature about the North Star project, they point it out. But it hasn't been picked up.

When the Governor supported North Star, he addressed operating costs by saying that localities would split operating costs with the state. He has not said how the state would come up with its half, other than to cover the costs within the Met Council's normal operating appropriations. This may prove important, because with the Hiawatha line the locals were, after some struggle, relieved from their financial responsibility, which was shifted to the new ¼ cent metro sales tax.

Another question: If the Civic Caucus proposal for a unified transportation budget were adopted, as outlined in the report, in your opinion would this maintenance and operations issue be handled?

"Yes," Bob replied, "I think it would. To that question, such a budgeting process would force recognition of and a solution to funding needs for operating subsidies."

7. Leadership process is in place —The basic process for leadership is already in place, he followed. The Governor proposes a transportation plan, helped by MNDOT and the Met Council; it gets modified after the February budget forecast; then it heads into legislative committees and goes from there. What could improve is better recognition, understanding and closer adherence - by both the Legislature and the executive branch - to the extensive highway and transit plans developed by Mn/DOT and the Met Council.

8. Will high speed inter-city rail jeopardize LRT? —A member wondered if there is room for both LRT and national high-speed rail in the coming years? As talk picks up about a high speed line to Chicago, does that jeopardize plans for LRT? The thinking doesn't seem to include this right now, Bob said. The Met Council and Mn/DOT are continuing to prioritize future potential LRT, commuter rail and bus rapid transit projects. High-speed rail, which is more focused on inter-state and inter-city service, will more than likely complement these more localized modes, rather than compete.

9. Issues on location of LRT corridors —The Carlson administration explored building rail down the I-35 corridor, south of downtown Minneapolis. This was opposed by Minneapolis officials, Bob said, for reasons of land use, land acquisition, accessibility for riders, simple geography. It is not common to see rail built along an interstate corridor, if at all, though a member said he knew of one location. Geography and connections to economic generators are usually chief factors for laying line.

With that said, there are other innovative ways to address highway congestion: creative use of shoulder lanes for carpool or paid express, bus rapid transit, such as the ambitious BRT (bus rapid transit) project now under construction on I-35 south of downtown Minneapolis to Lakeville.

10. Does bus service need improvement?— We have got a good bus system, good for getting people to jobs, but it is limited because it is based off a wheel and spoke format, McFarlin said. It services the central cities first. There is demand for bus service elsewhere, but it is tough to break out of the present format. A challenge for bus lines outside of downtown is in securing and maintaining strong ridership. There is free and convenient parking at job locations outside of the downtowns, which means workers aren't necessarily encouraged to use transit.

Bus services need to be expanded to the aging. Door to door service should be expanded for the frail elderly reliant on public transit. But these are expensive services that require new funding models and ideas.

11. Final thoughts— The state is at a turning point, he said. There is strong demand from many areas of public life, and from public agencies, for spending on rail transit. This sort of movement means something, Bob said-it represents something.

D. Closing— Thank you, to Bob, for his time today and for his good thoughts on the report.