Steve Elkins, chair, Transportation Committee, Metropolitan Council

Interview with The Civic Caucus

8301 Creekside Circle #920, Bloomington, MN 55437

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Notes of the Discussion
Present : Verne Johnson (chair), Dave Broden, Pat Davies, Rick Dornfeld, Sallie Kemper, Ted Kolderie, Dan Loritz, Dana Schroeder, Clarence Shallbetter

Discussion Summary : Steve Elkins discusses the Metropolitan Council's 2030 Transportation Plan and the fiscal challenges it faces in the current political and economic landscape. He describes the changing relationship between the Council, local government units, and the State of Minnesota in financing mass transit and outlines the challenges of planning a cost effective transit system to meet the future needs of Twin Cities metropolitan area residents.

A. Introduction of Speaker

Steve Elkins was appointed to the Metropolitan Council in March 2011. He represents District 5, which includes the Hennepin County cities of Bloomington, Edina, and Richfield, and the unorganized territory of Fort Snelling. Prior to his appointment to the Metropolitan Council, Elkins served on the Bloomington City Council for nine years, and the Bloomington Housing & Redevelopment Authority for five years. He has been active on committees with Metro Cities, the League of Minnesota Cities and the National League of Cities (NLC). Elkins was chair of the NLC Transportation Committee in 2010.

Elkins is a senior enterprise data architect with Optum Health. He is a member of the Bloomington Chamber of Commerce and represented the City of Bloomington on the board of directors from 2004-2011. Elkins holds a bachelor's degree in economics from the University of California, Berkeley.

B. Discussion

In his opening remarks, Elkin argued, "People don't ride conveyances for the fun of it. They ride them because they want to get themselves or their goods from point A to point B." He argues that one of most crucial things to consider when considering both transportation and land use planning is that employers want access to greatest pool of employees within a reasonable commute and, at the same time, workers want access to the greatest pool of attractive jobs within a reasonable commute. These basic desires coupled with employers' needs for other business-related infrastructure and workers'

desires for both low-cost transportation and residential amenities complicate the process of optimizing metropolitan transportation systems.

Operating deficits of light rail and other mass transit .

"To what degree will the light rail transit (LRT) system make a difference in the operating deficits of Metro Transit"?

Elkins indicated that funding for buses will be held constant in the areas of the Twin Cities with light rail transit, which means the additional funding for LRT will mark an overall increase in funding for transit. The operating budget for LRT comes partially from the Counties Transit Improvement Board (CTIB), while the Council assumes that the state will provide an additional 50% of the funds needed to cover the operating deficit. According to Elkins, one of the problems with this funding model is that the state has been inconsistent with its contributions in recent years, forcing CTIB to fill the gap.

Of the varying forms of mass transit in the Twin Cities, LRT has a relatively high fare-recovery rate, which is the percentage of operating expenses that are met by the fares paid by passengers. This higher recovery rate would suggest that LRT might help to reduce the operating deficits associated with expanded transit coverage.

Service type	Subsidy per passenger	Productivity (pass. per hr.)	Fare recovery
Urban local bus	$2.53	37.4	26.6%
Suburban local bus	$4.58	15.2	17.1%
Express bus	$3.08	34.8	43.9%
Light rail	$1.46	183.0	40.5%
Commuter rail	$18.46	233.6	15.8%
*Dial-a-ride/ADA**	$21.34	2.3	13.6%

*Required by federal *Americans with Disabilities Act*

"The reason that light rail does so well is that there are a lot more passengers per vehicle," said Elkins. "Even express bus service carries only about 35 passengers per operating hour. Light rail averages 183 passengers per operating hour. Basically, with light rail you have a lot more passengers per driver which means fares offset a higher proportion of operating costs."

Overall, Metro Transit recovers about 30% of its operating expenses from fares, which Elkins says, puts the system in the top two or three nationally in fare recovery.

Motor vehicle sales tax as a revenue source .

If MVST revenue fails to meet expectations, what options for changes in fares or operations would the Metro Council consider?

Part of the problem at the state level is that the motor vehicle sales tax (MVST), which is supposed to help fund bus services, has never yielded revenues as high as originally forecast. This has put additional pressure on the general fund to help pay for transit. However, given the difficult state budget situation, "the state has not been a reliable partner lately," Elkins said. "We would very much like to move away from using general fund allocations in the future."

Elkins is hopeful that alternatives to using state general funds to fill in the gap left by the MVST shortfall could be proposed by Governor Dayton's Transportation Finance Taskforce. Elkins believes Metropolitan Council Chair Sue Haigh's appointment to that taskforce will provide the Council with a strong voice throughout that group's deliberations.

In response to arguments that roads are financed entirely by users through the gas tax, Elkins cited a University of Minnesota - Center for Transportation Studies report (Road Finance Alternatives: An Analysis of Metro-area Road Taxes) from 2002, which found that the largest single share of the financing of roads in Twin Cities comes from city and county property taxes.

"The state gas tax was only providing 28% of the cost," Elkins said. "The gas pump recovery rate actually is lower than the fare box recovery rate for transit."

Elkins noted that these funding gaps illustrate that transportation is rarely financially self-sufficient and typically requires public subsidy to operate effectively.

Land value capture as a funding source.

To reduce state and metro investment, should increases in land values attributable to the investment in LRT be tapped to help pay for capital expenses?

Elkins noted that there is a lot of interest in using "value capture" mechanisms to fund transit projects by taxing the increases in private land values generated by public investments in those transit projects.

"One of the projects we are all envious of is the street car system in downtown Portland," Elkins said. "About half of it was funded by assessments on the developers who redeveloped the Pearl District along the line and who still managed to do very well on their projects."

A challenge to this sort of technique is determining what kind of mechanism to use, whom to assess and for how long. Another issue raised by Elkins is that using land value capture mechanisms for transit projects would draw concerns from city and county governments, which also use tax increment financing for development projects.

Marginal transportation costs and peak-hour pricing.

Elkins would like to see smarter peak fares to spread out transit riders during rush hour so that all buses have more even ridership during these high-use time blocks. Higher fares during the peak of rush hour would encourage some commuters to go at off-peak times allowing Metro Transit more efficiently use existing bus capacity throughout morning and evening rush hours.

"Most trips have 20-30 people on each 44-person bus, while the peak bus ridership might average 50-60 people," Elkins said. "If we charged more during that peak time, we could spread the passengers more evenly and avoid having to use the larger, more costly buses."

Elkins is less supportive of using higher peak fares rates during sporting events because those events are a good way to expose new people to transit. Many people try mass transit for the first time during sport events to avoid the high cost of parking. Elkins is concerned that a higher fare might reduce the incentive for the public to try using mass transit.

Transportation issues surrounding suburban land use.

According to Elkins, the two biggest challenges to increasing the density of development, which would improve the utility of mass transit, are parking and storm water management.

Most commercial developments in the suburbs have a floor area ratio (FAR) (the ratio of building square footage to land parcel square footage) of 0.3. For transit to become viable, a FAR of about 1.0 is required. To get those sorts of FAR values, structured, multi-level parking has to be built, as opposed to large surface lots.

"However, in most suburban areas, land values are such that it is still cheaper to build parking out, using surface lots, rather than up, with multi-level garages," Elkins said. "You really need to have land values of $50 per square foot before developers will build structured parking without subsidies, the only exception being "Class A" office buildings where structured parking supports higher office rents.

Since most storm water must be dealt with on site, developers must consider the placement of storm water ponds that take away from developable land on the site.

Addressing the challenges of suburb-to-suburb transit.

Currently, there are many difficult challenges to providing adequate mass transit between the suburbs. Arterial buses are clearly unable to cover all the widespread destinations of potential mass transit users-especially in a manner as convenient as automobile transportation.

Elkins believes that eventually a system that pairs LRT and bus rapid transit (BRT) with Personal Rapid Transit (PRT) will be viewed as an ideal solution. In this system, buses or trains will bring people to strategically located transit hubs, where people will transfer to personal transit pods that will take them the last mile to their final destinations.

Arterial bus rapid transit could possibly serve as a hybrid solution to the gaps in the Twin Cities mass transit system. Arterial BRT service is defined as high frequency, limited-stop service on urban arterial streets. Arterial BRT provides improved speed, frequency, and reliability without the higher capital costs, construction impacts, and right-of-way requirements of an LRT or dedicated bus corridor. It provides service at least every 10 minutes during peak periods with lower frequencies during mid-day, evenings, and weekends. These systems could be used to bridge the gap between local buses and LRT.

C. Conclusion

"There is no single silver bullet that will resolve all metro transportation challenges," Elkins said. "We have to look at each transit corridor, see what the goal there is and determine the most cost effective solution."

Elkins supports determining cost effective remedies to congestion in each corridor of the Twin Cities. However, he cautioned that preference for one transportation mode over another should have no part in the analysis. Citing the example of a 6.5-mile strip of 494 between Highway 100 and Highway 77, Elkins explained that it would cost $650 million to add one additional lane of traffic. At a cost of $100 million a mile, it would have the same cost as building light rail, but carry far fewer passengers. This illustrates why, Elkins suggests, it makes sense to support the cost-effective solution that maximizes throughput over preference for any particular transportation mode.

The chair thanked Elkins for an informative discussion.