



# Susan Haigh, Chair, Metropolitan Council

Half-cent sales tax increase to spur major investment in transit.

A Civic Caucus Focus on Competitiveness Interview

*March 29, 2013*

## Present

David Broden, Janis Clay, Pat Davies, Paul Gilje, Susan Haigh, Adam Harrington, Randy Johnson, Dan Loritz (chair), Paul Ostrow, Dana Schroeder, Clarence Shallbetter, and Meredith Salsbery

## Summary of Discussion

Today's meeting has two major objectives: (1) developing an understanding of Governor Dayton's proposal to the 2013 Legislature for a one-half cent increase in the state sales tax for transit in the seven-county metro area, and (2) looking specifically at how that proposal if enacted would reduce the number of people who drive alone to and from work each day.

## Introduction

Participants introduced themselves. Dan welcomed Susan Haigh, chair, Metropolitan Council. Haigh has been chair of the Metropolitan Council since January 2011. She also currently serves as the president of Twin Cities Habitat for Humanity. Prior to joining Habitat for Humanity in 2005, she served ten years as a Ramsey County Commissioner and twelve years as a chief deputy county attorney.

Haigh has received the Spurgeon Award from the Boy Scouts and the Distinguished Citizen Award from Macalester College for her community service. She is a passionate advocate for affordable housing and led successful efforts to create housing endowment funds with her congregation and with Ramsey County. She has a BA in Political Science from Macalester College and a JD from William Mitchell College of Law.

## Background

The Metropolitan Council was created by the Minnesota Legislature in 1967 to coordinate planning and development within the Twin Cities metropolitan area, and to address issues that could not be adequately addressed with existing governmental arrangements. Additional legislation in 1974, 1976 and 1994 strengthened the Council's planning and policy roles, and merged the functions of three agencies (the Metropolitan Transit Commission, the Regional Transit Board and the Metropolitan Waste Control Commission) into one - the Metropolitan Council. For more information see <http://www.metrocouncil.org>.

## Discussion

**Governor Dayton's transit proposal.** During Haigh's comments on the transit proposal and in discussion with the Civic Caucus the following points were raised:

**1. Details of the proposal.** Governor Dayton is proposing a one-half cent increase in the sales tax for transit in the seven-county metropolitan area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties). A one-quarter cent sales tax for transit is currently in effect for five of the seven counties (except Carver and Scott Counties). The additional tax would bring in an estimated \$230 million annually. With that revenue, Haigh said, the following will be possible:

- Payment for the state share of construction of new light rail transit (LRT) and bus rapid transit (BRT). Assuming a 50 percent participation in construction by the federal government, this increase in revenue will pay the state's share of the Southwest LRT from downtown Minneapolis to Eden Prairie, the Bottineau LRT from downtown Minneapolis to Target Headquarters in Brooklyn Park, the Gateway (LRT or BRT) from Woodbury to downtown St. Paul, BRT on I-35W from Lakeville to downtown Minneapolis, and up to 12 new arterial BRT lines or streetcar lines, and as many as five new highway BRT lines.
- Full coverage of the annual difference between operating expenses and fare box income.
- A one percent annual increase in the base bus system (more routes, greater frequencies, and longer service hours).

**2. BRT and arterial BRT explained.** BRT functions as LRT, except it's much cheaper; buses with enhanced features are given an exclusive lane or managed lane on the freeway which improves operating speed and reliability. One could say that BRT is LRT with rubber tires on the freeway instead of steel wheels on rail. The metro area's first BRT line opens in June 2013 from Lakeville to the Mall of America. BRT buses are deemed to function as main line vehicles, with passengers in collector buses from other locations transferring when they arrive at a BRT station.

Arterial BRT would be higher level transit service on non-freeway arterial streets, ranging from street like Snelling Avenue in St. Paul ( <http://www.metrotransit.org/snelling-brt> ) to American Boulevard in Bloomington. In 2012, Metro Transit completed the Arterial Transit Corridor Study ( <http://www.metrotransit.org/arterial-study> ) evaluating 12 potential corridors.

BRT and Arterial BRT cost far less per mile than LRT, and will provide frequent, fast and reliable service and have similar features at stations as LRT, with real time schedule information for

customers, ticket vending machines and enhanced waiting shelters, Haigh said. As demonstrated by Healthline in Cleveland, BRT can attract some of the same economic benefits as rail.

The question of proposed streetcars came up, which may not provide the same speed advantages as Arterial BRT, according to Adam Harrington, assistant director, route and systems planning, for Metro Transit. Harrington said the analysis of streetcars compared to other alternatives is taking place in the Midtown Corridor along Lake Street in Minneapolis, Nicollet and Central Avenues in Minneapolis and Robert Street in St. Paul and West St. Paul. The City of St. Paul is currently evaluating the potential for streetcars in a variety of environments in the city.

**3. Current service levels in jeopardy.** Without additional state revenue, current service levels could not be maintained in the longterm, and the Southwest LRT could not be built, Haigh said.

**4. Advantage of sales tax proposal.** One-time financial shifts and gimmicks to maintain and operate transit would no longer be needed, she said. Transit expansion is fundamental to growing Minnesota's economy and jobs. The Governor's proposal is consistent with the **Transportation Finance Advisory Committee**'s work over the last year. Committee chairs in the House and Senate are excited about the plan. Their specific bills are expected to be introduced this coming week, Haigh said. A more ambitious transit proposal, calling for a 3/4 cent increase in the sales tax for transit, has been proposed by Transit for Livable Communities and its coalition partners.

**5. Metro area community support is evident.** Haigh noted that 79 percent of respondents in a poll conducted in January 2013 by local Chambers of Commerce "would benefit from having an expanded and improved public transit system, such as rail and buses."

**6. Competing metro areas are moving ahead.** Haigh distributed a chart showing that many other cities in the United States have dedicated sales taxes for transit that exceed the present 1/4 sales tax for transit in the Twin Cities area, for example: 3/4 cent, St. Louis, and 1 cent in Atlanta, Boston, Cleveland, Dallas, Denver and Houston.

LRT systems are increasingly being recognized as essential components of great metropolitan areas, Haigh said. She noted that workers in the millennial generation (those born approximately between 1983 and 2000) are much more inclined than are older workers to ride transit to and from work, giving them more opportunities to use personal communication devices while traveling.

**7. The permanent investment of LRT will stimulate more development near stations.** When rails are laid down and LRT stations are built, such a transit improvement is permanent at that location. By contrast bus routes and stops don't offer the same degree of permanence. Thus, LRT is a positive guarantee to developers investing major dollars in housing, business and industry that LRT will still be there as they recover their investments, Haigh said.

**8. Thousands of jobs are created by transit development projects.** Haigh distributed data indicating that more than 4,000 workers have been employed by the Central Corridor LRT project and that the Southwest LRT is expected to employ more than 3,500 jobs.

**Encouraging greater use of mass transit.** Following the discussion of the transit budget proposal, Haigh turned to the subject of the Council's success in encouraging people to use transit rather than

drive alone to and from work. The group weighed LRT's potential both (1) to entice workers to leave their cars at home and (2) to provide urgently needed access to jobs for people who can't afford their own cars. If enough drivers get out from behind the wheel, rush hour congestion and air pollution are reduced. With better ways to get to work, low-income people, particularly, could see a significant increase in the number, types, and location of jobs they could seek.

The work trip is bread-and-butter for transit. It's the vital link for people's livelihood. It might be the most repetitive, routine, and maybe even most lengthy trip each day. It certainly is the trip that dominates congestion in morning and evening rush hours.

A participant commented that the challenge for the Twin Cities metro area is considerable. About 81 percent of all work destinations in the seven-county metro area are today reached by people driving alone; another 9 percent carpool, and another 5 percent use transit, according to the American Community Survey of the U.S. Census Bureau. For work destinations within the city of Minneapolis, about 64 percent drive alone; 10 percent, carpool, and 19 percent, take transit. For work destinations within St. Paul, about 77 percent drive alone; 11 percent, carpool, and 6 percent take transit. Data for work destinations over 24 hours are similar to data for 6-9 a.m., according to the Census Bureau. During the discussion on work trips, the following points were made:

**1. Impact of LRT on getting people to work .** Haigh said the Central Corridor LRT would connect people to 280,000 existing job locations, and growing to 345,000 in the future. Southwest LRT would connect people to 210,000 corridor jobs now, growing to 270,000. A connected job is identified by the Metro Council as a job located within a certain distance of a transit station. The jobs connection numbers are deemed important because many more workers in the future would be expected to take LRT from the city to suburbs as well as suburban workers reaching the LRT directly by part-and-ride, feeder bus or some other means.

Haigh offered an example of the potential home-to-work opportunities using LRT: a worker in the Frogtown neighborhood in St. Paul could walk or take a feeder bus to a Central Corridor "Green Line" LRT station, ride the Green Line to downtown Minneapolis, and continue riding the Green Line for a job at United HealthCare headquarters in Eden Prairie. A participant observed that success is closely related to how much time elapses between leaving home and arriving at the job. The participant cited lower income neighborhoods in central cities where the number of minutes to suburban work is very substantial, because of length of time required to take a bus downtown, transfer to LRT, and ultimately get from the suburban LRT station to the place of work.

Census Bureau data indicate a comparatively small number of workers now use reverse commuting (taking LRT or bus from the city to the suburbs) today. Of approximately 1 million jobs located in suburbs of the Twin Cities, fewer than 2 percent of workers take transit to work in those suburbs, according to the U.S. Census Bureau. A transit trip usually will take longer. About 63 percent of all trips to work in the Twin Cities area take less than half an hour, while 32 percent of trips on transit take less than half an hour, according to the Census Bureau.

Harrington noted that this speaks to the economic challenge of attracting customers to transit when they have a choice of driving - even in a high maintenance vehicle. The strength in serving core cities with transit is in the geographic concentration of jobs, focused traffic congestion and expense for parking. This environment makes transit efficient and an attractive alternative to driving. Conversely,

in the suburbs jobs are not geographically concentrated at the same level, employees are originating from all points of the compass, and parking is usually plentiful and free.

**2. Most job locations are outside the downtowns .** A participant observed that not more than 10 percent of all Twin Cities area jobs are located in downtown Minneapolis, and not more than 5 percent are located in downtown St. Paul. Transit routes, existing and proposed, are focused heavily on the downtowns.

*Note from Metropolitan Council staff: Another 21 percent of jobs are in Minneapolis and St. Paul cities, but outside of the downtowns. In total, the suburbs have twice as many jobs as the two central cities, but those jobs cover 10 times as much land area. Lack of density presents challenges to providing cost-effective transit service in suburban areas.*

A workable fixed route transit system is in place serving corridors in all directions leading to the two downtowns. The Metro Council now is in the process of upgrading many of those corridors with LRT and BRT. Thus service to the downtowns will be enhanced. Such enhancements could help whatever development, residential or business, occurs in those corridors, provided people choosing transit can easily reach their destinations and get back home again in reasonable time. Haigh said some \$1.2 billion in building permits have been taken out along the Central Corridor.

**3. Importance of economic factors in upgrading service .** During the discussion the importance of economic factors in adding or upgrading bus or LRT routes was highlighted. The Metro Council is free to add any number of routes, along with feeder buses, provided improvements will attract enough new fare-paying riders. Responding to a question, Haigh said that fare box income covers about 29 percent of transit operating expense in the Twin Cities area, a recovery rate, she said, that exceeds that of many other cities in the United States. The difference between fare box recovery and total operating expense is picked up by taxpayers. Transit operators can't add uneconomical routes or they'll exceed available funds.

It was noted that one measurement of economic factors in transit would be to calculate the average capital cost and average operating cost for every new rider attracted.

**4. Uncertainty over potential success in converting drivers to riders.** With homes and jobs widely dispersed over the metro area—and with trip patterns appearing more like a ball of yarn than spokes on a wheel—discussion moved to how many persons who now drive to work alone will shift to transit under the Metro Council's plan.

Some bus riders will become LRT riders, which—depending upon the cost of feeder buses—might produce economies of scale because of transit salary savings (one LRT train serving hundreds of patrons versus one bus with 50 patrons.) Some bus routes might be eliminated with all patrons expected to transfer to LRT. But that move has some potential downside. In the Central Corridor, for example, removal of express buses on I-94 could increase travel time between the downtowns. (Note: Bus route changes expected when Central Corridor opens can be viewed here: <http://metrotransit.org/central-transit-study.aspx> ) Some carpoolers might shift to LRT. A participant mentioned another example, concerning one of the bus routes (No. 16) that runs along University Ave. in St.

Paul, the same route as Central Corridor LRT. The No. 16 bus traditionally has had the highest ratio of fare box income to operating expense, the participant said. That ratio could drop as No. 16 passengers choose LRT.

Responding to questions, Haigh did not speculate about the number of people now driving alone who will choose transit as the Metro Council's plan is implemented. The Metropolitan Council has a goal of increasing overall transit use from 5 percent of all trips to 10 percent of all trips in the metro area by 2030.

**5. Transit improvements help people of all incomes, not just the poor .** In response to a participant's comment about the need to develop job opportunities in all types of jobs, for all incomes, Haigh again noted the interest of a younger generation of workers who by riding can make more effective use of their time, utilizing their personal electronic devices.

**6. Subways are too expensive .** Responding to a question, Haigh said underground tunnels are far too expensive relative to potential ridership. This was clearly demonstrated, she said, when estimates were made for tunneling through the University of Minnesota campus.

**7. Potential to serve areas being considered for major development.** A participant wondered how some 10,000 or more workers could use transit get to their jobs if a major development proposed along the Mississippi River in north Minneapolis were approved. Haigh replied that the Metropolitan Council in its 30 year plans keeps as close tabs as possible on sites being considered as major employment centers. The Council often provides cities with financial assistance when major projects are considered.

#### **Closing and thanks:**

In a closing comment, Haigh noted that the question of water supply is going to become a major problem for the Twin Cities area in coming years. She urged the Civic Caucus to consider an interview on that topic. On behalf of the Civic Caucus, Dan thanked Haigh for meeting with us today.