

CITIZENS LEAGUE REPORT

No. 178

Transit Problem in the Twin Cities Area

April 1965

Citizens League
of Minneapolis and Hennepin County
545 Mobil Oil Building
Minneapolis, Minnesota 55402

APPROVED
BOARD OF DIRECTORS
DATE APR 7 1965

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TO: Board of Directors

FROM: Metropolitan Transit Committee, James P. Martineau, Chairman

SUBJECT: The Transit Problem in the Twin Cities Area

RECOMMENDATIONS

1. We recommend that the 1965 State Legislature create a public transit agency in the Twin Cities area with the following responsibilities:

--To advance the public's interest in and to assume responsibility for an adequate public transit system in this area now and in the future.

--To assess regularly the overall network of bus routes, fares and schedules throughout the area and petition the Minnesota Railroad and Warehouse Commission for changes, if necessary. The agency should be required to make its first report to the Commission no later than October 1, 1966, on the adequacy of the present network.

--To consult with and recommend to the various municipal governments in the Twin Cities area, especially in Minneapolis and St. Paul, on what specific steps they might take to improve transit.

--To consult with and recommend to the Minnesota Highway Department specific steps to be taken in planning and constructing highways in accord with transit needs and demands.

--To be officially designated as the agency empowered to administer federal transit aid under the Urban Mass Transit Act of 1964.

--To present a biennial report to the 1967 Legislature and subsequent legislative sessions and to recommend what additional transit legislation should be passed. Possible legislation would include, but not be limited to, the following:

- (a) The desirability of transferring regulatory functions over transit from the Railroad and Warehouse Commission to the metropolitan transit agency.
- (b) The desirability of aiding private transit companies by subsidies or other means.
- (c) The desirability of public ownership by the metropolitan transit agency of transit facilities in the Twin Cities area.

2. We recommend the following organization for the metropolitan transit agency:

--Boundaries: The boundaries should be that of the seven-county metropolitan area, Hennepin, Ramsey, Anoka, Washington, Dakota, Scott and Carver Counties.

--Governing board: We support the proposal for a seven-member board with four members from the central cities and three from the suburban area --

included in House File 548, the bill authored by State Representative William G. Kirchner, which would create a metropolitan transit commission.

--Financing: We support the proposal in House File 548 which would provide a tax levy on real and personal property in municipalities served by public transit.

3. We recommend that the transit agency in carrying out its responsibilities be required to make arrangements with the Twin Cities Metropolitan Planning Commission to utilize to the maximum extent feasible the resources of the Commission in conducting necessary research.

4. We have reviewed House File 548, the Kirchner transit commission bill, as amended by the House Metropolitan and Urban Affairs Committee. We find that we are in substantial agreement with the aims and principles of this bill. We ask the Legislature, though, to consider whether further amendments could be made to reflect our recommendations above, which, we believe, would strengthen the bill. In particular we ask the Legislature to consider the following changes in the Kirchner bill:

--That the Metropolitan Transit Commission, as it is called in the bill, be empowered to petition to the Railroad and Warehouse Commission for improvements in transit routes, fares and schedules, not order these improvements itself. (The Kirchner bill now provides that the Transit Commission could order improvements in routes and schedules, but there could be an appeal to the Railroad and Warehouse Commission which would have the final authority.)

--That the Transit Commission utilize the Metropolitan Planning Commission as we have outlined in Recommendation (3) above.

MAJOR FINDINGS AND CONCLUSIONS

Present Role of Public Transportation in the Twin Cities Area

1. We have reviewed traffic statistics provided by the Minnesota Highway Department and by the traffic division of the Minneapolis Engineering Department. These statistics point out conclusively that transit is a major factor in relieving rush-hour congestion in the downtown areas of Minneapolis and Saint Paul. Up to one-third of the people entering or leaving the downtown areas at rush hour are carried by transit. If these people switched to cars, the existing pattern of streets and parking lots would be inadequate.

2. The information we have obtained indicates that transit is the only means of transportation for many children, students, the elderly, the handicapped and

low income persons. Transit is an invaluable service to these citizens and must be maintained.

3. Our review has indicated that transit is providing a minimum network of routes and schedules within the city limits of Minneapolis and St. Paul.

Present Inadequacies of Public Transportation in the Twin Cities Area

1. Travel time is too slow. Our information indicates this is the greatest single liability of transit in this area. Buses can travel no faster than the slowest car and then stop at almost every corner. As long as cars can transport individuals significantly faster than buses, and not at excessive cost, including parking, we cannot expect buses to compete for passengers who can choose between driving their own cars or riding buses.

2. Suburban service is too infrequent and sparse to be of much value. In many cases a suburbanite has no opportunity to choose to ride the bus even if he wanted to.

3. There is no coordination between competing bus lines. A suburbanite who rides an independent bus line into Minneapolis may not transfer to a Twin City Lines bus without paying another full fare.

4. Bus riding frequently is too uncomfortable to provide an attractive alternative to automobile riding.

5. Overall transit ridership in the Twin Cities area today is not substantial enough to be a significant factor in relieving the demand for additional lanes in new highways. However, it may well be a significant factor in the future.

Future Role of Public Transportation in the Twin Cities Area

1. Our review has indicated that transit should and can play a much greater role in the Twin Cities area in the future than it now is playing. According to current forecasts, the area will have a population of 4,000,000 by the year 2000. Transit's role will have to be expanded to handle this increase over today's population of about 1,700,000.

2. We believe there is a need for much more imaginative action in improving the Twin Cities area transit network. For example, we need experimentation in finding better methods of transporting people than we now have.

3. It has been difficult thus far to predict the precise nature of transit's role in the future because we lack the proper information. At least one study is underway, by the Metropolitan Planning Commission and the Minnesota Highway Department, to provide some informed predictions on what this role can be. Preliminary reports from experts working on this study have indicated quite strongly that there will be a need for major transit improvements if the metropolitan area is to develop properly and if present ridership is to be maintained.

Need for a New Public Transit Agency in the Twin Cities Area

1. We conclude that the transit problem in the Twin Cities area cannot be solved by existing governmental agencies. The pressing, immediate need is to create a governmental agency with responsibility to promote public transit throughout the

metropolitan area.

2. Creation of an area-wide governmental agency specifically responsible for transit would be the first step in laying the foundation for an adequate public transit system to serve this area in the future.

3. A transit agency created to advocate improved transit would recommend to various existing governmental agencies what types of action are necessary to attack the transit problem. We believe that such an agency would fill a major void in meeting immediate and long-range transit needs. The agency would be specifically authorized to bring to the attention of the Railroad and Warehouse Commission, the Minnesota Highway Department, the City Councils and other governmental agencies and the State Legislature what action should be taken.

4. The transit agency someday may regulate, operate or even own public transit in the Twin Cities area. We do not regard any of these possibilities as inevitable. Therefore, we do not believe it is necessary or desirable at this time to empower the transit agency to purchase private transit companies or assume the regulatory powers now held by the Railroad and Warehouse Commission.

Limitations of Existing Governmental Agencies and their Authority over Transit

We have reviewed the powers and responsibilities of various state and local governmental agencies as they relate to transit in the Twin Cities area.

1. Minnesota Railroad and Warehouse Commission

--The Commission is the only public body in existence which can order improvements in public transit in the Twin Cities area. The Commission is a regulatory body with full power over routes, fares and schedules of transit lines in the Twin Cities area. The Commission, though, is not charged with promoting an adequate transit system in the area. It guarantees that fares charged by transit companies will not be unreasonable and it is empowered to order improved service. However, on the matter of improved service, the Commission's practice is to respond only on petition. It does not make surveys on its own of the overall adequacy of public transit in the Twin Cities area. The Commission is not a planning body. Furthermore, it is a statewide agency with other duties in addition to regulating transit, such as regulating railroads, warehouses, grain inspection and weights and measures.

--We do not see any immediate need to deprive the Railroad and Warehouse Commission of the final authority in determination of fares, routes and schedules. We did not have evidence presented to us which would indicate that the Commission's transit regulation is inadequate.

--We do not see any advantage either in giving the Railroad and Warehouse Commission the responsibility for promoting adequate public transit in the Twin Cities area. Such responsibility would be a sharp departure from its present duty of regulation.

--We do believe, though, that a public transit agency with responsibility for advocating improved transit in the Twin Cities area should be established to recommend improvements to the Railroad and Warehouse Commission, which would be required under present law to investigate whether the

improvements are in the public interest and then issue orders.

--We further believe that the transit agency should be charged with recommending to the State Legislature whether changes in state law pertaining to the Railroad and Warehouse Commission should be made to speed up decision making. It appears that in some cases there is too long an interval between the time when a petition is filed with the Railroad and Warehouse Commission and when a decision is rendered.

2. Local units of government

--Local units of government in the Twin Cities area, primarily the Minneapolis and Saint Paul City Councils, exercise extensive control over where buses may travel and where they may load and unload passengers. The Railroad and Warehouse Commission does not order a new bus route without prior approval from the local governing body.

--Local units can adopt policies which can have the effect of speeding up or slowing down bus traffic. They have power to establish no-parking zones, exclusive lanes, and even exclusive streets for bus travel.

--We have seen little indication on the part of City Councils to adopt policies which would increase bus speed. In fact, recently one City Council ordered "transit lane" signs removed on four of the most heavily concentrated bus traffic streets downtown so that "truck loading zone" signs could be installed instead. Though there were no penalties imposed on drivers of cars which violated the transit lanes, the transit lane signs had the effect of keeping 60 per cent of the car traffic out of the lanes, city traffic officials told us.

--The testimony we heard and the information we have received seems to indicate that too often local units of government are more willing to protect transit companies' attempts to remove unprofitable routes or increase fares than they are to take positive action to promote transit.

--Fast, efficient transit is a vital element in preserving the downtown areas of Minneapolis and Saint Paul. The Twin Cities are gaining a national and international reputation as cultural, educational and economic centers. Healthy downtown areas are essential to continued growth. Consequently, the governing bodies of these cities more than any other group should be concerned about a good public transit system.

--We believe a metropolitan-wide transit agency with the specific assignment to promote transit could make positive proposals to these local units of government to improve transit.

3. Minnesota Highway Department

--The Highway Department has a definite, positive role to play in the long-range development of transit in the Twin Cities area. Its free-ways can be built either to provide for mass transit traffic or not. The Department currently has no responsibility under state law or the state

constitution to provide for transit. It is charged with building roads. Nevertheless, we have been told by top personnel in the Department that they realize they should take needs of transit into consideration when they plan highways in the Twin Cities area, but there is no transit agency with which to consult.

--Creation of a metropolitan transit agency would provide a way for better communication between highway and transit interests in the Twin Cities area. The transit agency could recommend, for example, whatever action might be desirable to maximize provision for transit traffic on new highway routes.

Transit and the Twin Cities Metropolitan Planning Commission

A metropolitan transit agency must have a close working relationship with the Metropolitan Planning Commission. From what we have learned, the Planning Commission has developed a vast store of information on transit in the Twin Cities area. The transit agency in carrying out its functions will require land use, population, residential, occupational and other data which can be more readily obtained by the Planning Commission than any other body in the Twin Cities area. It would be ill-advised to create a transit agency with its own planning staff when the Metropolitan Planning Commission already is available.

Transit and the Federal Government

A metropolitan transit agency should be given the clear responsibility of administering federal aid under the Urban Mass Transit Act of 1964. From what we have been able to learn it is not clear whether under existing state law aid can be granted under this act to help improve transit on a metropolitan basis in the Twin Cities area.

Transit Bills before the State Legislature

1. The Kirchner transit commission bill, House File 548. We have reviewed this bill and conclude as follows:

--There is a striking parallel between our conclusions on the need for a metropolitan transit agency and the provisions of this bill.

--The bill provides for creation of a Metropolitan Transit Commission which would be responsible for working for an improved transit system in the Twin Cities area and for advising the Legislature and other public bodies or agencies on transit improvements. We concur that this is needed.

--The bill provides a specific method by which improvements in transit routes and schedules in the Twin Cities area should be made. We concur with the need to develop such a method, because we then would have a responsible agency making sure that maximum effort would be made to provide adequate public transit. However, we have certain reservations about the proposed method:

- (a) The Transit Commission under the Kirchner bill would have power to order changes in existing routes and schedules subject to appeal to the Minnesota Railroad and Warehouse Commission. In effect, the bill provides for another level of adjudication

in changing routes and schedules. Currently the Railroad and Warehouse Commission has full authority over such changes. We have not seen a need to remove this authority from the Railroad and Warehouse Commission, nor have we seen the need to empower the Transit Commission to order route and schedule changes subject to appeal to the Railroad and Warehouse Commission.

- (b) We believe that since the Railroad and Warehouse Commission would have the final authority in any event and since the Railroad and Warehouse Commission is required under present law to investigate and respond to requests by petition, the Transit Commission could accomplish what is needed by petitioning the Railroad and Warehouse Commission.
- (c) The Transit Commission, under the Kirchner plan, would leave full control of fares with the Railroad and Warehouse Commission while removing some control over routes and schedules. We believe that the responsibility for establishing fares, routes and schedules properly belongs within one governmental body.

--The bill provides that the Transit Commission would confer and cooperate with the Metropolitan Planning Commission, municipal councils and planning commissions and the Minnesota Highway Department. We believe that the legislation should be clear on this point so there would be maximum assurance that the Transit Commission would utilize the Metropolitan Planning Commission to prevent unnecessary duplication in planning.

--We agree with provisions in the Kirchner bill which provide for a seven member governing body, four from the central cities and three from the suburbs; an annual tax levy imposed on the taxable property of municipalities served by transit, and that the Transit Commission be empowered to receive federal aid.

2. Proposed bill of the Governor's Transit Authority Study Committee, headed by Ron Anderson, member of the Minnesota Railroad and Warehouse Commission. We have reviewed this bill and conclude as follows:

--We are in agreement with the provision of the bill which would enable the transit authority to undertake studies, investigation and planning to enable it to advise the legislature and other public bodies on transit improvements. As we expressed in our discussion of the Kirchner bill, though, we would want the legislation to be clear that the transit authority would not duplicate the planning of the Metropolitan Planning Commission.

--We do not see the need at this time to give the transit authority power, as provided in this bill, to buy private transit companies. We regard public ownership in the Twin Cities area as a possibility in the future but by no means is it inevitable. We believe the primary need for a transit agency now is to work for an improved public transit system. This can take place with private or public ownership of transit companies. Public ownership would become a necessity when there was adequate evidence that private business could not operate transit at a profit.

Role of Twin City Lines, Inc., the Dominant Public Transit Firm in the Area

1. We have reviewed the financial statements of Twin City Lines, Inc., as published in its annual report. Although its profit is not as much as would be allowed by the Railroad and Warehouse Commission, we believe the profit is not so small as to be termed unreasonable.

2. We are aware, though, that there are facts which are working against the company:

--Transit ridership had declined from 201 million in 1946 to 60 million in 1964.

--Wage costs are increasing yearly. A new contract with the Amalgamated Transit Union, the bus drivers' union, will be necessary in October of this year. The last contract provided a 25-cent package over a three-year period. A one-penny increase in the wage package results in \$27,000 annual increased expenses to Twin City Lines.

3. The present management of Twin City Lines, from all indications we have, is doing a competent job. It is efficient, reducing employees where possible and making other savings.

4. We do not believe that the financial standing of Twin City Lines is or ought to be called the "transit problem" in the Twin Cities area today. Even if there were no question about Twin City Lines' ability to make a profit from year to year, there still would be a transit problem. The transit problem, we believe, is the need for official governmental responsibility at the metropolitan level for an adequate public transit network. Those who would make the financial status of the company the major transit problem today are neglecting the key matter: the need for public transit to be promoted in the Twin Cities area.

5. Public ownership of transit facilities is no panacea for solving transit problems. It may be necessary in the Twin Cities area in the future if the present company is unable to continue to make a profit. But so long as the company is able to operate transit at a profit, the public should have no desire to take over operation. After all, transit ridership has been declining and wage rates have been increasing ever since the end of World War II, almost 20 years.

6. We have been told by officials of Twin City Lines that they consider the present 25 cent fare as a "limit" above which it is dangerous to go because total revenues might decline. It is unreasonable to believe that in any business, public or private, the price of a product cannot increase with the overall cost of living. We must face the fact that higher fares may well be necessary in the future.

SCOPE OF REPORT

The Citizens League Board of Directors in 1964 authorized creation of a Metropolitan Transit Committee with the assignment to "determine whether existing governmental agencies and the authority they now have are adequate to assure provision of the kind and amount of public transportation facilities needed for the Twin Cities metropolitan area."

The Committee was instructed as part of its assignment to review proposals calling for the establishment of a metropolitan transit authority.

COMMITTEE MEMBERSHIP AND PROCEDURE

A total of 46 Citizens League members participated in the deliberations of the Metropolitan Transit Committee. The committee report was drafted by a 14-member steering committee of the full committee. A total of 17 meetings were held between November 23, 1964, and April 2, 1965. Seven of these meetings were steering committee sessions which were held in the evening and usually lasted three hours or more.

Committee members are James P. Martineau*, chairman; Michael Bress*, Norman R. Carpenter, W. Brooks Cavin, Jr., John Clifford, Mrs. Robert Clark, John Cummings, James H. Davidson, Charles M. Denny, Robert Einsweiler, Daniel Elazar, William I. Fine, Curtis D. Forslund, James E. Fretty, Mrs. Harold Grossman, Peter Heegaard*, William Hempel, Horace Hitch, F. S. Hird*, Leonid Hurwicz*, John Jamieson, Jr., Wells Jewett, John Lackens, Jr.*, William Lahr*, William J. Ledbetter, Alan MacLean, Mrs. J. Paul McGee, Lee D. McKenzie, Grant Merritt, Harold Mooney, Clay R. Moore, Robert D. Mueller*, Donald T. Nightingale*, W. R. Parmeter*, Lawrence Perlman, T. E. Pettingill*, Desmond F. Pratt, Robert Provost*, Robert Richter, Frank R. Roubik*, J. Henry Schipke, Rev. Warren Sorteberg, Alfred Vaughn, James B. Vessey, Kenneth Wahlberg*, and Mrs. Leo Weiss*. (Asterisk indicates steering committee member). The committee was assisted by Paul Gilje, Citizens League research director.

In obtaining information about public transit in the Twin Cities today the committee relied heavily upon information provided by S. A. Caria, vice president-operations, Twin City Lines, Inc., who spoke to the committee at its first session, and from two of Caria's aides, John Dahill, assistant treasurer, and Arby Sundstrom, general superintendent, who provided much information informally to the Citizens League staff. The Twin City Lines officials were extremely cooperative at all times.

The committee also heard from the presidents of the seven independent suburban bus companies: Marvin R. Johnson, Medicine Lake Bus Company; George Knapp, Bloomington Bus Company; W. M. Beadie, Zephyr Lines; Gerald Leuer, North Hennepin Transit Company; Kenneth A. Rechtzigel, South and West St. Paul Transit, Inc., and G. C. Holter, Richfield Bus Company.

Representatives of state and local governmental agencies concerned either directly or indirectly with transit appeared before the committee. They included Ron Anderson and Paul Rasmussen, commissioners, Minnesota Railroad and Warehouse Commission; Elling Knutson, chief of the motor bus and truck division, Railroad and Warehouse Commission; Einar Olson, utility auditor, city of Minneapolis; Minneapolis Aldermen Arnett Leslie and Robert MacGregor; Paul Staffeld, deputy highway commissioner, and Dean Wenger, preliminary design engineer, Minnesota Highway Department,

and Robert C. Einsweiler, chief of the metropolitan studies division of the Twin Cities Metropolitan Planning Commission. Lloyd Wandtke, head of the Railroad and Warehouse Commission's statistical division, provided informal assistance to the committee from time to time. Ron Anderson also appeared before the steering committee to discuss the bill proposed by the Governor's Transit Authority Study Committee.

Other speakers included State Rep. William G. Kirchner of Richfield, who is author of a transit bill in the Legislature; State Sen. Frank Adams of Minneapolis, State Rep. Thor Anderson of Minneapolis; Warren Hyde, Edina village manager; John Rowland, international vice-president, Amalgamated Transit Union; Leo Beauchaine, president, Amalgamated Transit Union Local 1005, and Nicholas Glaskowsky, professor of management and logistics, University of Minnesota.

BACKGROUND

History of transit in the Twin Cities area

(This material is taken from a 60-page booklet entitled "Transit and the Twins", by Stephen A. Kieffer, published by Twin City Rapid Transit Company in 1958.)

Transit in the Twin Cities area was born on July 15, 1872, when the first horse-drawn streetcar was put in operation by the St. Paul Street Railway Company. The Minneapolis Street Railway Company started operation of its horsedrawn streetcars on September 2, 1875. In 1886 the Minneapolis and St. Paul companies were unified as the Twin City Rapid Transit Company (TCRT).

Transition from horsedrawn to electric-powered streetcars began in Minneapolis on December 24, 1889, and in St. Paul on February 22, 1890, and was completed within 15 months.

Transit ridership increased rapidly and reached a high in 1922 of 226 million paid passengers.

"In 1893 Henry Ford built his first gasoline driven motor car. There is little doubt that even the most imaginative and pessimistic of the stockholders of Twin City Rapid Transit Company or of any public urban transportation system of that time could imagine the havoc that this 'infernal machine' was to play with their investment," Kieffer wrote. "Even through the years of World War I it was still the fashion to ride the streetcar, and there seemed little chance that those undependable vehicles which so often tied up streetcar and carriage traffic on main thoroughfares could be any more than a luxury for a number of sporting enthusiasts."

But, Kieffer notes, by the mid-1920s it was clear that the increasing numbers of private cars on improved roads were curtailing streetcar expansion. The first retrenchment occurred in 1926 on suburban lines. "Riding on a public transport vehicle began acquiring somewhat of a stigma as automobile owners began flaunting their less-financially endowed colleagues," Kieffer said.

Buses as well as streetcars began appearing on Twin Cities streets as early as 1921. "It is not difficult to realize that the initial cost of placing a bus line on a main thoroughfare is far less than that of a streetcar line...Thus it was apparent that sooner or later many of the trolley lines which carried fewer passengers were

bound to fall victim to the green buses of the TCRT system," Kieffer wrote. "The first conversions of streetcar to bus took place in 1932 on the Lake Minnetonka and Stillwater lines. During the '30s several more lines were converted to bus operation.

Transit ridership, which continued to decline during the 1930s, experienced a reprieve during World War II and passengers increased to 201 million in 1946. But as new cars became available after the war, ridership again started to decline.

Complete conversion from streetcars to buses was begun in 1951. The last streetcar operated in St. Paul on October 31, 1953, while the last trolley in the Twin Cities pulled in Minneapolis' East Side Station at 1:34 a.m. on June 19, 1954.

All transit in the Twin Cities area today is by bus.

Following is a table showing total number of paid passengers of TCRT (became Twin City Lines in 1962) in selected years:

| <u>Year</u> | <u>Number of Paid Passengers Carried</u> | <u>Year</u> | <u>Number of Paid Passengers Carried</u> |
|-------------|----------------------------------------------|-------------------|----------------------------------------------|
| 1880 | 1,962,000 | 1951 | 125,259,681 |
| 1883 | 8,400,000 | 1952 | 112,795,149 |
| 1900 | 53,600,000 | 1953 | 94,933,390 |
| 1910 | 140,000,000 | 1954 | 86,593,103 |
| 1917 | 199,621,160 | 1955 | 81,294,859 |
| 1922 | 226,543,924 | 1956 | 78,108,273 |
| 1927 | 177,319,024 | 1957 | 74,479,993 |
| 1932 | 113,032,559 | 1958 | 71,043,274 |
| 1937 | 112,769,470 | 1959 | 64,715,940 |
| 1940 | 104,313,619 | 1960 | 67,201,682 |
| 1942 | 128,924,943 | 1961 | 65,316,954 |
| 1944 | 185,222,547 | 1962 | 65,435,123 |
| 1946 | 201,527,022 | 1963 | 62,292,088 |
| 1947 | 198,921,195 | 1964 | 60,632,861 |
| 1948 | 188,408,206 | Jan.-Feb. 1964 | 10,283,521 |
| 1949 | 165,550,924 | Jan.-Feb. 1965 | 10,078,035 |
| 1950 | 140,441,387 | | |

Nature of transit ridership in the Twin Cities area

The most detailed information available on transit ridership in the Twin Cities area is contained in the results of a survey conducted by the Minnesota Highway Department in 1958 and published in a booklet entitled "The Role of Mass Transit-Twin Cities Metropolitan Area", dated March 1963.

This survey reveals that in 1958 transit accounted for 12.4 per cent of all trips taken by area residents. When school bus trips are excluded, the percentage drops to 8.1 per cent. Undoubtedly the figure is lower than 8.1 per cent today, seven years later. Fewer passengers are riding buses, and the area's population has increased.

The 1958 figures revealed that 85 per cent of the non-school bus traffic was confined to the central cities of Minneapolis and St. Paul. And almost two-thirds of all non-school bus ridership was either to or from downtown Minneapolis or St. Paul.

In fact, buses accounted for 28 per cent of all trips by all means of transportation to and from the downtown areas, exclusive of school bus trips. During the daylight hours this percentage was about 30 per cent.

What this points out, of course, is the importance of bus transportation to the downtown areas of Minneapolis and St. Paul. Almost one-third of the persons who enter or leave the downtown areas travel by bus.

Although total bus ridership has declined since 1958, there does not seem to be much indication that the percentage of central business district bus traffic has declined. Evidence that this is so is contained in the 1964 count of passengers and vehicles entering and leaving downtown Minneapolis as conducted by the traffic division of the Minneapolis Engineering Department. The count, conducted on September 16, 1964, revealed among other things that between 7 a.m. and 8 a.m. 14,165 persons entered the central business district by bus, and 26,031 by car. Thus 35 per cent of a total of 40,196 persons came by bus during the rush hour.

Transit carried about 31 per cent of the workers in the downtown area and about 41 per cent of the downtown shoppers in 1958, the Highway Department survey showed.

The survey also revealed the importance of transit to persons without cars. About 36 per cent of the daily non-school bus trips were taken by persons who had no cars in their households.

The dependence of women upon transit was revealed by the fact that 45.4 per cent of the working women in Minneapolis and St. Paul took the bus to work, whereas the figure was only 11.1 per cent for men. Furthermore, among women 55 years old and over, 55.7 per cent took the bus to work. Among women 15-19 years old, 59.8 per cent rode the bus, while 21.4 per cent of the men in this age category rode the bus. This indicates, of course, the dependence of younger people, as well, on transit. The 21.4 per cent figure for men, though low, was the highest percentage for transit ridership among men.

Transit ridership also varies according to occupation, the survey revealed. For example, 61.8 per cent of the women in sales work in the central cities took the bus to work, whereas only 26.3 per cent of the professional and technical women did. Among men, service-type workers had the highest transit ridership, 22.6 per cent, whereas the low was managers, officials and proprietors, 6.2 per cent.

During 1958 the average bus speed over all routes during the first 10 minutes of travel from the Minneapolis central business district was 9.1 miles an hour. During these 10 minutes buses would travel about 1.5 miles. On the other hand, cars averaged about 14.8 miles per hour in the first 10 minutes of travel from the central business district and covered about 2.5 miles.

On the average the travel speed of buses outbound from the central business district was approximately two-thirds as fast as cars. But the Highway Department report points out that the actual time saved driving a car is insignificant relative to other considerations such as waiting, walking to a bus or car, parking time, transfers required, convenience and rigidity of scheduling.

Bus Companies in the Twin Cities area

(1) Twin City Lines, Inc.

Twin City Lines is by far the dominant transit company in the area, handling more than 97 per cent of the annual transit passengers. Seven independent suburban companies handle the rest.

Twin City Lines operates 61 bus routes over 509 miles of streets in Minneapolis, St. Paul and the following suburbs: Brooklyn Center, Robbinsdale, Golden Valley, St. Louis Park, Morningside, Hopkins, Glen Lake, Edina, Richfield, Bloomington, Columbus Heights, Fridley, St. Anthony, Falcon Heights, Roseville, Little Canada, Maplewood, White Bear Lake, Mahtomedi, North St. Paul, Lake Elmo, Stillwater, West St. Paul and South St. Paul.

Suburban passengers, though, make up only a small portion of the annual total. For example, in 1964, there were 5,510,508 suburban passengers, which is 9.1 per cent of the total. The balance was in Minneapolis and St. Paul.

Twin City Lines, Inc., is a wholly-owned subsidiary of Minnesota Enterprises, Inc. Minnesota Enterprises is a holding company. It owns no buses, no franchises and no real estate. The name Minnesota Enterprises was adopted in 1962. Previously the company was known as Twin City Rapid Transit Company.

There are more than 500,000 shares of common stock of Minnesota Enterprises outstanding held by approximately 2,000 shareholders. Stock is listed on the New York Stock Exchange.

Twin City Lines owns the two operating companies in the Twin Cities area, Minneapolis Transit Company and St. Paul Transit Company.

According to S. A. Caria, vice president-operations, Twin City Lines, the reason for two separate companies is that "we deal with separate city officials on matters that relate to the respective city. The costs of operation are varied. The service needs, because of land use and geographical area require different operating conditions. The traffic engineers and other bodies that we deal with in the utility offices are completely different bodies. Facts and figures pertaining to the modifications being proposed in route changes, service changes, bus stop requirements, road use, layover points and other operational functions must first be considered by the city involved."

(a) Minnesota Enterprises, financial information:

MINNESOTA ENTERPRISES INCORPORATED AND SUBSIDIARY COMPANIES

Statements of Consolidated Income

For the Years Ended December 31, 1964 and 1963

| | <u>1964</u> | <u>1963</u> |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Operating Revenues: | | |
| Passenger bus revenue | \$13,420,142 | \$13,359,679 |
| Chartered bus revenue | 309,217 | 297,117 |
| Advertising, interest, etc. | 317,880 | 234,887 |
| Total operating revenues | <u>\$14,047,239</u> | <u>\$13,891,683</u> |
| Operating Expenses, Taxes, Etc.: | | |
| Operating and Maintenance-- | | |
| Wages and salaries | \$ 7,501,054 | \$ 7,588,462 |
| Vacation, sick leave, pensions and group insurance | 1,598,142 | 1,600,377 |
| Total | <u>\$ 9,099,196</u> | <u>\$ 9,188,839</u> |
| Injuries and damages | 315,963 | 280,225 |
| Materials and services | 1,528,910 | 1,556,106 |
| Total, including maintenance of \$1,526,875 in 1964 and \$1,508,347 in 1963 | <u>\$10,944,069</u> | <u>\$11,025,170</u> |
| Depreciation | 913,824 | 931,349 |
| Taxes, other than income taxes | 772,253 | 763,448 |
| Interest | 56,527 | 22,086 |
| Total expenses | <u>\$12,686,673</u> | <u>\$12,742,053</u> |
| Income before income taxes | \$ 1,360,566 | \$ 1,149,630 |
| Provision for Federal and State Income Taxes: | <u>744,000</u> | <u>632,000</u> |
| Net income for the year | \$ 616,566 | \$ 517,630 |
| Special Items: | | |
| Gain on sale of investments in corporate capital stock, less \$347,000 applicable income taxes | 808,922 | 65,709 |
| Proceeds from condemnation and sale of property, less \$1,200 applicable income taxes | 1,865 | 62,274 |
| Net income for the year and special items | <u>\$ 1,427,353</u> | <u>\$ 645,613</u> |
| Per common share, after payment of dividends on preferred stock-- | | |
| Net income | \$1.17 | \$1.02 |
| Special items | <u>1.57</u> | <u>.30</u> |
| Net income and special items | \$2.74 | \$1.32 |
| Shares outstanding at December 31 (before stock dividends) | <u>516,738</u> | <u>471,911</u> |

MINNESOTA ENTERPRISES INCORPORATED AND SUBSIDIARY COMPANIES

Five Year Statistical Highlights

| | For the Year Ended December 31 | | | | |
|--------------------------------------------------------------------------|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>1964</u> | <u>1963</u> | <u>1962</u> | <u>1961</u> | <u>1960</u> |
| <u>Operating Statistics</u> | | | | | |
| Revenue miles operated | 18,716,315 | 19,254,090 | 19,814,997 | 19,806,339 | 20,068,056 |
| Passenger revenue..... | \$13,420,142 | \$13,359,679 | \$13,521,769 | \$13,523,752 | \$13,326,522 |
| Revenue per vehicle mile excluding charters--average... | 72.6¢ | 70.4¢ | 69.1¢ | 69.1¢ | 67.1¢ |
| Operating expenses including taxes, per vehicle mile.... | 71.5¢ | 69.6¢ | 67.9¢ | 66.2¢ | 65.6¢ |
| Operating ratio--System | 96.48% | 97.06% | 96.77% | 94.12% | 96.15% |
| Net income for the year..... | \$ 616,566 | \$ 517,630 | \$ 564,495 | \$ 637,172 | \$ 460,528 |
| Special items..... | <u>810,787</u> | <u>127,983</u> | <u>175,549</u> | <u>40,318</u> | <u>135,000</u> |
| Net income for the year and special items..... | <u>\$ 1,427,353</u> | <u>\$ 645,613</u> | <u>\$ 740,044</u> | <u>\$ 677,490</u> | <u>\$ 595,528</u> |
| One-way route miles (December 31)..... | 509 | 512 | 509 | 504 | 519 |
| Number of buses owned (December 31)..... | 710 | 715 | 706 | 707 | 709 |
| Revenue passengers carried..... | 60,632,861 | 62,292,088 | 65,435,123 | 65,316,954 | 67,201,682 |
| Population of the Metro- politan two-city areas served (estimated) | 1,550,000 | 1,500,000 | 1,450,000 | 1,400,000 | 1,300,000 |
| <u>Employee Statistics</u> | | | | | |
| Wages and salaries.... | \$ 7,501,054 | \$ 7,588,462 | \$ 7,611,445 | \$ 7,430,268 | \$ 7,491,911 |
| Vacation, sick leave, pension and group insurance..... | <u>1,598,142</u> | <u>1,600,377</u> | <u>1,560,406</u> | <u>1,539,949</u> | <u>1,605,338</u> |
| | <u>\$ 9,099,196</u> | <u>\$ 9,188,839</u> | <u>\$ 9,171,851</u> | <u>\$ 8,970,217</u> | <u>\$ 9,097,249</u> |
| Number of employees (December 31) | <u>1,218</u> | <u>1,295</u> | <u>1,295</u> | <u>1,311</u> | <u>1,294</u> |

Passenger revenue has remained fairly constant over the last five years. In 1960 revenue was \$13,326,522 and in 1964, \$13,420,142. There have been two fare increases during this period, though. On July 1, 1960, the token rate was raised for adults from 20 cents to 22½ cents, with cash fare remaining at 25 cents, which was set on October 12, 1959. On June 1, 1963, the token rate was eliminated, resulting in an across-the-board rate of 25 cents for adults. Also on June 1, 1963, the student token rate was increased from 12½ cents to 15 cents.

The 25 cent adult fare and the 15 cent student fare are applied throughout Minneapolis and St. Paul. Suburban fares are extra, depending on distance from the central cities. For example, Bloomington riders pay 15 cents more; Stillwater riders, 40 cents more.

(b) Minnesota Enterprises officers:

Daniel S. Feidt, Minneapolis, is chairman of the board, president and general counsel.

Other members of the board of directors are Gregg Andrews, president, Andrews Inc., Minneapolis; Irvin Bregman, chairman of the board of Automotive Supply Co., Altoona, Pa.; Curtis L. Carlson, president, Gold Bond Stamp Co., Minneapolis; George D. Dayton II, executive vice president, the Dayton Co., Minneapolis; I. H. Handmaker, president, Complete Auto and Home Supply Co., Tucson, Ariz., and Automotive Supply Co., Altoona, Pa.; E. S. Leopold, attorney, Altoona, Pa.; Edward L. Murphy, Jr., president, Murphy Motor Freight Lines, Inc., St. Paul; Carl R. Pohlad, president, Marquette National Bank, Minneapolis; H. P. E. Skoglund, president, North American Life & Casualty Company, Minneapolis, and Joseph C. Winslow, president, Mutual Products Company of Minnesota, Inc., Minneapolis.

Officers besides Feidt are F. E. Howe, vice president-finance; S. A. Caria, vice president-operations; Michael J. Welsh, vice president-legal; Harry R. Duncan, treasurer, secretary and comptroller; John L. Dahill, assistant treasurer; A. Vern Kuehn, assistant secretary, and Roger A. Pauly, assistant secretary.

(2) Suburban bus companies

There are seven transit companies in the Twin Cities area in addition to Twin City Lines, but their total ridership is a small part of the total. In 1963, the other companies accounted for a total of 1,698,293 passengers, which is 2.65 per cent of the total of 63,990,381 passengers.

These suburban companies are not allowed to pick up or discharge passengers within Minneapolis and St. Paul other than at selected points in the downtown areas. All of these companies state they could not operate at a profit without charter service, school bus service or other service which subsidizes their transit operations.

The companies are as follows:

Anoka-Minneapolis Bus Company, president, Reuben Frisk. The company operates buses between Anoka and Minneapolis and Anoka and St. Paul. In 1963 the company carried 579,699 passengers.

North Hennepin Transit Company, president, Gerald Leuer. The company operates buses between Brooklyn Park-Crystal-Robbinsdale and Minneapolis. In 1963 the company carried 250,381 passengers.

Medicine Lake Bus Company, president, Marvin R. Johnson. The company operates buses between the Golden Valley-Plymouth-Medicine Lake area into downtown Minneapolis. In 1963 the company carried 103,429 passengers.

Bloomington Bus Company, president, George Knapp. The company operates from Bloomington to downtown Minneapolis. In 1963 the company carried 252,697 passengers.

South and West St. Paul Transit, Inc., president, Kenneth A. Rechtzigel. The company serves suburbs south of St. Paul into downtown St. Paul and to the South St. Paul stockyards. In 1963 the company carried 476,540 passengers.

Zephyr Lines, president, W. M. Beadie. The company primarily is an intercity company but operates one transit line in the Twin Cities area, the Mound-to-Minneapolis run. In 1963 the line carried 35,547 passengers.

Richfield Bus Company, president, G. C. Holter. The company operates one transit line, from Excelsior to Minneapolis. In 1963 this run was handled by the Anoka-Minneapolis Bus Company. Holter's company took over in 1964.

Governmental authority over transit

(1) Minnesota Railroad and Warehouse Commission

The Railroad and Warehouse Commission exercises the greatest control of any public agency over transit in the Twin Cities area. It has full power to order changes in routes, schedules or fares of any transit company. No transit company can operate in the Twin Cities area without a certificate from the Commission.

The Commission is a state-wide agency. Its governing board is made up of three members, elected state-wide for six-year terms. The three commissioners serve full time and are paid \$13,000 a year. Paul A. Rasmussen is chairman. The other two are Ron Anderson and Hjalmar Petersen.

The Commission regulates all bus service throughout the state, but this makes up only a small part of the Commission's total activity. The Commission also has jurisdiction over the regulation of railroads, telephone companies, grain inspection and weighing, livestock weighing, livestock buyers or dealers, weights and measures, warehouses and trucking.

Here are the Commission's powers relating to transit:

(a) Power to change any bus route upon a petition and after a finding that public convenience and necessity requires such a change.

(b) Power to establish "just, reasonable and non-discriminatory" fares. The Commission is required to consider, in setting fares, the cost of service rendered by the bus company, including an adequate sum for maintenance and depreciation, and an adequate operating ratio under honest, economical and efficient management.

(c) Power to require bus companies to take action necessary to guarantee safety of operation and equipment, proper working hours for drivers, and all other matters affecting the relationship between the bus companies and the public.

The Commission does not have any specific authority over transit in the Twin Cities area as against the rest of the state. The Commission was created in 1871. Bus regulation was added in 1925.

(2) Local municipal governments

Local municipal governments throughout the Twin Cities area exercise some control over transit operations. A local governing body must approve, for example, before a street can be used as a bus route. The governing body also controls where buses may load and unload passengers along the street. The local governing body has complete control over parking regulations which could have an effect on bus speed on a street.

A local governing body does not have power to order that a bus fare be changed. But the governing body has power to contest fare changes in court. The governing bodies of Minneapolis and St. Paul, for example, still are contesting in court a rate increase for Twin City Lines, which went into effect June 1, 1963.

(3) Twin Cities Metropolitan Planning Commission

The Metropolitan Planning Commission, created in 1957, is an independent governmental body covering the seven-county metropolitan area. It is governed by a 30-member board and financed by a .13 mill levy on taxable property in the area.

The Metropolitan Planning Commission is charged with doing research on metropolitan problems and making plans and recommendations for solving these problems. The Commission has no power to carry out its recommendations. It has only advisory authority. The Commission has conducted transit studies as part of its overall authority to study metropolitan problems.

(4) Minnesota Highway Department

The Highway Department, a state agency headed by a commissioner appointed by the Governor, is charged with construction and maintenance of state and interstate highways. The Department does not have any specific directive to plan for transit in the Twin Cities area or anywhere else.

Nevertheless, the Department is involved indirectly in transit planning in the Twin Cities area because it has power to design new roads to provide for certain facilities for transit if it wishes to.

Recent developments affecting transit in the Twin Cities area

(1) The Joint Program for Land Use-Transportation Planning.

The Joint Program is a three-year, \$1.8 million study now nearing completion in the Twin Cities area. It is a cooperative effort between the Twin Cities Metropolitan Planning Commission and the Minnesota Highway Department with the help of the engineering departments of the central cities and the seven counties of the metropolitan area.

The chief objective of the Joint Program is to develop a plan for metropolitan area development through the year 2000. A key part of this plan will be recommendations for the future role of mass transit in the Twin Cities area. The Joint Program currently is studying four alternative plans for metropolitan development, each with a different role for mass transit. One of these plans or a combination of two will be approved late this year or early in 1966. One alternative, continuation of present trends, really is not a plan, but is listed among the alternatives. The others are "spread city", "multiple centers" and "radial corridors".

Officials of the Joint Program have said that some improvement in the present level of public transit will be needed regardless of which plan is approved. They already have recommended that a public mass transit agency with the power to tax, acquire land and equipment and develop a mass transit system be created because such an agency will be needed for all of the plans, they claim. The radial corridor plan would involve an improved type of high-speed transit, possibly an extensive commuter rail system. The other two plans would involve continuing the bus system but with exclusive routes for express buses.

Officials of the Joint Program in their publication, "4,000,000 by 2000! Preliminary Proposals for Guiding Change", recommend that the public mass-transit agency could be organized as an arm of existing local governments, such as the central cities; as an arm of the state, perhaps as an enlargement of the function of the Highway Department, or as a metropolitan transit authority.

Joint Program research in coming months will produce technical information on the needs and possibilities for improved mass transit in the metropolitan area. This research will aid in making recommendations about feasible mass-transit corridors, the type of mass transit desirable and the possible timing of mass-transit development.

(2) Federal aid for transit

In 1964 the U. S. Congress approved a \$375 million program of grants to states and localities spread over at least three years to assist public or private transit companies in providing adequate mass transportation.

Following are some of the key provisions of the act:

--Federal aid up to two-thirds of net cost will be given for acquisition, construction, reconstruction and improvement of facilities.

--The federally-aided project must be part of a plan to carry out an officially coordinated urban transportation system. Until July 1, 1967, though, federal aid up to one-half of net cost can be granted for projects where an urgent need exists and planning has not been completed.

--Although private transit companies may participate in federally-aided projects, the federal aid would have to be paid initially to a public transportation authority.

--\$30 million of the \$375 million is specifically authorized for research, development and demonstration projects to find better facilities, equipment, techniques and methods of mass transportation. In addition, another \$25 million is made available for such projects by continuing a phase of the Housing Act of 1949. Thus, the total amount of money for such projects is \$55 million.

--The act extends indefinitely an existing authority for up to \$50 million in low-interest loans for capital improvement of mass transit systems.

--The federal Housing and Home Finance Agency administers the act.

A federal grant under this act in the amount of \$384,950 already has been approved for the city of Minneapolis to assist construction of the Nicollet Mall because the Mall will include special facilities for transit.

However, it is not clear under existing state law whether there is an agency in existence with power to receive federal aid to assist transit on a metropolitan-wide basis.

(3) Governor's Transit Authority Study Committee.

Governor Karl F. Rolvaag last November appointed a 31-member committee of businessmen, labor leaders, public officials and other leaders to review whether the Twin Cities area should have a transit authority. Chairman was Ron Anderson, member of the Minnesota Railroad and Warehouse Commission.

The Governor's Committee recently completed its work and approved a bill for presentation to the 1965 Legislature which would create a three-member Minneapolis-St. Paul Metropolitan Transit Authority. One member would be from Minneapolis, one from St. Paul and one from the suburban area.

The Transit Authority would not have taxing power or condemnation power, but if Twin City Lines, Inc., wanted to sell to the Authority, the Authority could purchase the private company and issue revenue bonds to pay for the company. The revenue bonds would have to be repaid entirely from fare box revenues or other money that might be obtained by the Authority. Once the Authority acquired Twin City Lines it would take over the responsibilities of fare, route and schedule regulation of transit companies in the Twin Cities area, a function now handled by the Railroad and Warehouse Commission.

The Authority would have power to undertake studies and make recommendations to the State Legislature on ways to improve public transit in the Twin Cities area.

(4) Bill authored by State Rep. William G. Kirchner in State Legislature

This bill, House File 548, would provide for creation of a seven-member Metropolitan Transit Commission, four members from Minneapolis and St. Paul and three from the suburbs.

The Metropolitan Transit Commission would have the power to establish new routes, schedules and stops in the metropolitan area subject to appeals to the Minnesota Railroad and Warehouse Commission.

The bill would not allow the Transit Commission to own or operate transit facilities.

The Transit Commission would be required to undertake studies and make recommendations to the State Legislature on ways to improve public transit in the Twin Cities area.

DISCUSSION

Our Recommendations

Our recommendations are based on what we clearly can identify are the transit needs in the Twin Cities area today and what we expect the transit needs will be in the future.

In identifying these needs we have had to struggle with what seems to be a paradox. We have been told repeatedly the importance of providing a good transit system to help relieve traffic congestion which seems to be becoming worse year by year. It might be expected that as congestion increases more and more persons would ride the bus. However, in the Twin Cities area, as well as in many other areas of the nation, ridership continues to decline year after year.

We also have had to struggle with a wide variety of opinion, among informed and uninformed persons as to what constitutes the transit problem in this area. Some persons say the problem is that buses travel too slowly, schedules are too infrequent and routes are not conveniently located. Others say that our transit problem is that we should have a rapid rail transit system like New York's or Chicago's. Still others say the transit problem is the question of whether private enterprise can continue to operate transit in the Twin Cities area.

The transit problem may be all or any of these. After reviewing the present transit network--who is served, who operates the system and who regulates it--we have concluded that there is a major shortcoming which must be eliminated as the first step. That step is for the public in the Twin Cities area to acknowledge officially that it is their responsibility to provide for an adequate public transit system. This is as important as the need to provide good roads for automobile driving.

Consequently, we are recommending that the State Legislature create a metropolitan transit agency with the official responsibility of working for an improved transit system in this area.

Provision for adequate transit no longer can be left to chance. Years ago when there was no competition from the automobile, transit needed no champion. However, people have chosen the automobile more and more in recent years because it has been regarded as a speedier, more flexible mode of transportation. The result, of course, has been the demand for more and more roads and parking lots.

We are convinced that the best long-term interests of the Twin Cities area clearly require an improved public transit system. We cannot afford to leave transit as a relatively insignificant part of the transportation network of this area.

We are recommending the creation of a new metropolitan-wide governmental agency because there is no governmental structure now in existence with jurisdiction over the entire metropolitan area which could assume this responsibility.

It would be sheer folly to restrict our interests in transit to either Minneapolis or St. Paul and create transit departments within these local governments. Adequate public transit is a metropolitan-wide problem and must be handled by a metropolitan-wide agency. By the same token it would be unwise to create within either the Minnesota Railroad and Warehouse Commission or the Minnesota Highway Department, statewide public bodies with some involvement in the Twin Cities transit problem, the responsibility for promoting public transit in this area.

It is clear, though, that the various local governments, the Railroad and Warehouse Commission and the Highway Department, must be taken into consideration when transit problems are discussed. We need an agency with responsibility throughout the metropolitan area of identifying what the transit problems are now and what they will be in the future. This agency then can recommend courses of action to the various other public bodies.

The transit agency, we believe, must have the specific responsibility of making an evaluation of the existing network of bus routes in the Twin Cities area. No agency has thus far looked at the overall network with an eye to recommending whether, in fact, the Twin Cities has adequate transit service today. Are there areas not being served now which could be served? Conversely, is certain service being provided which is unnecessary?

The transit agency, we believe, would make regular reports to the Minnesota Railroad and Warehouse Commission and petition for improvements where they were felt needed. In effect, the transit agency would be the public's advocate before the Commission in urging transit improvements.

The transit agency could recommend that certain experiments be undertaken to try to lure riders to buses. The private bus companies, which have not done much in the way of experimentation, cannot be blamed because they have had too many disappointing experiences.

For example, late in 1962, merchants along Lowry Avenue in north Minneapolis petitioned for a bus route from the Robbinsdale traffic circle on the west to Apache Plaza Shopping Center on the east. After six months operation Twin City Lines was permitted to discontinue the line. The company had lost \$17,300 in the experiment.

A few years ago several requests were made by residents living in the vicinity of Lake Owasso in the north suburban area demanded service by the North Star Bus Company. The Railroad and Warehouse Commission hearing room was filled to overflowing with people who were interested in public transportation. The Commission granted the residents' demand, but the buses carried few passengers. Sometimes they were empty. Sometimes they had two or three passengers. Soon the Railroad and Warehouse Commission approved discontinuing the line.

Despite the discouraging nature of the experiments, we believe that a metropolitan transit agency still should explore possibilities for experiments. The transit agency would have a metropolitan-wide perspective, not the relatively narrow perspective of the Lowry Avenue merchants or the suburban residents near Lake Owasso. It could, for example, investigate the potential for special express buses operating between parking lots in the suburbs and downtown. It could obtain sufficient data beforehand so that when it made an appearance before the Railroad and Warehouse Commission it could have a good basis for proving its case.

We do not feel that the transit agency would limit its recommendations to expanding service. It is very possible that the transit agency could recommend that certain nonprofitable routes be discontinued. For example, Twin City Lines has been successful in eliminating bus service on almost all routes in St. Paul between 2:00 a.m. and 4:00 a.m., the so-called owl service. But because of aldermanic pressure in Minneapolis, the company has been unable to curtail this service. A metropolitan transit agency might conclude that such service is not needed. Money saved by a private company in discontinuing a route then could be channeled into experimental routes.

One other area of activity for the transit agency would be to review the extent to which Twin City Lines and the independent suburban transit companies could provide better service if there were more cooperation between companies. The transit agency could recommend to the Railroad and Warehouse Commission such things as allowing passengers to transfer from buses of one company to buses of another company without paying another full fare.

A major requirement in improving transit service is the cooperation of the local governmental units. The governing bodies of these units control traffic and parking, which have a considerable effect on the speed of buses.

We believe local municipalities would benefit considerably from recommendations made to it by a transit agency, even though the recommendations would not be binding.

The metropolitan transit agency, of course, also will have a close relationship with the Minnesota Highway Department. Some transit improvements very likely will be closely connected to highway building. Highway Department officials have told us they see a real need for a transit agency to consult with them regularly. The transit agency could recommend to the Legislature whether further powers would be needed either for the transit agency or the Highway Department to carry out certain transit improvements.

In summary, then, we see the need for a metropolitan transit agency to advocate transit improvements to the various public bodies which are responsible for carrying out these improvements.

We also envision, though, that the transit agency should give an accurate accounting to the Legislature every two years on its activity in the previous biennium. The report to the Legislature could indicate what legislation would be desirable so that the agency's work could be more effective.

For example, if the agency felt that the Railroad and Warehouse Commission were not performing its regulatory role properly in the Twin Cities area and that its Twin Cities transit regulation should be assumed by the transit agency, such a recommendation could be made. We have been told by a representative of the Railroad and Warehouse Commission that regulation in the Twin Cities area alone costs \$250,000 a year. Consequently this cost would have to be assumed by the metropolitan transit agency if it assumed the regulatory power.

We have not received testimony or obtained information which would indicate that the Railroad and Warehouse Commission's regulation is inadequate. The Commission's major limitation in transit, of course, is that it is solely a regulatory body not a planning body.

If it should turn out that the arrangement by which the transit agency petitions the Railroad and Warehouse Commission does not work out, then it could be recommended that the transit agency take over the Commission's activity in the Twin Cities area.

There is no telling what other roles the transit agency will have in the future. If necessary, it could be the agency which could develop a higher form of transit. It will be empowered to recommend to the Legislature specifically what further powers it should have. These powers need not be given now. The transit agency will be starting from scratch. The full breadth of its potential functions cannot be known

at this time. It is far better to have the Legislature add other functions when necessary.

The Twin Cities Metropolitan Planning Commission

Without a doubt the transit agency with functions as we have just outlined will need a tremendous amount of information about the Twin Cities area. Research and planning will be an integral part of the transit agency's work. It will have to know where people live, where they go to work, how they travel now, and other factors about urban living. It will need up-to-date information on the likely direction of future urban growth and the implications which transit can have for this growth.

The transit agency should be required to utilize to the maximum extent feasible the resources of the Twin Cities Metropolitan Planning Commission (MPC). The jurisdictional boundaries of the two groups would be the same. We envision that the MPC would do within its own capabilities the necessary planning work for the transit agency to carry on its duties. The MPC would be guaranteeing that there would not be duplication in planning. We do not need--and can ill-afford--two planning agencies at the metropolitan level.

In fact, it is all the more incumbent upon us to choose the MPC because of its current activity of preparing a long-range plan for the future development of the Twin Cities area. This plan will contain specific proposals on transit. With the MPC as the research arm of the transit agency, there would be a maximum guarantee of good liaison.

We feel quite strongly about preventing duplication of services at the metropolitan level. It is wasteful and it is poor planning. The planning commission needs to know what the transit agency is doing and vice versa.

The Kirchner Transit Commission Bill

The Kirchner transit commission bill has several advantages, and whatever its shortcomings, it is a step in the right direction. We believe the bill's main advantage is that it attacks the transit problem precisely where we believe the problem needs to be attacked first: improving the existing network of routes where possible.

The Kirchner bill would give the transit commission the power to order any new transit route or schedule in the Twin Cities area. The order of the transit commission could be appealed to the Minnesota Railroad and Warehouse Commission. The transit commission could not order changes in fares. That power would remain exclusively in the Railroad and Warehouse Commission.

We are recommending that the Kirchner bill be amended so that the transit commission would not have the power to order changes in routes and schedules. We believe that the transit commission could accomplish its objectives without this power and at the same time avoid splitting the regulatory powers of the Railroad and Warehouse Commission.

Following is the key part of the Kirchner bill, which we believe should be amended: "The Transit Commission may investigate the need for changes in existing routes, schedules and stops of any operators under its jurisdiction. In conducting such investigation, the Transit Commission shall consider recommendations as to routes made by any affected municipality and shall give due consideration to street

surfaces, traffic conditions, and the planning programs of municipalities and any metropolitan planning agency. After investigation and formal or informal hearing, the Transit Commission may make orders requiring changes in schedules and stops, and may also make orders as to routes directing amendment of certificates of convenience and necessity issued by the Minnesota Railroad and Warehouse Commission. Such orders shall be served on the Secretary of the Railroad and Warehouse Commission, the affected operator, and on the clerk of the municipalities affected. The orders shall take effect 30 days from the date of service. If the affected operator or any affected municipality is not in agreement with the order, they shall petition the Minnesota Railroad and Warehouse Commission, within 30 days of service of the order, to hold a hearing to determine whether the public interest requires the change stated in the order. Upon receiving such petition, the Railroad and Warehouse Commission shall order a hearing at the earliest convenient date. The Transit Commission may be a party at such hearing. The Railroad and Warehouse Commission may, if it deems the matter of public importance, stay the order of the Transit Commission pending the hearing. Appeals from the action of the Railroad and Warehouse Commission shall be as provided in M. S. Sec. 216.24 and 216.25."

Although such a provision may have been inserted in the bill to provide some power to the transit commission in addition to that of persuasion, we do not see the necessity of granting such power at this time.

Furthermore, we have several reservations about setting up a new body for adjudication of route changes. The Kirchner bill does not provide for elimination of the final authority over route changes from the Railroad and Warehouse Commission. This is double administration and seems to us to be unnecessary.

We do not fear that the transit commission will lack "teeth" without the power to order changes in routes and schedules. The Railroad and Warehouse Commission probably would be inclined to take special note of any recommendations forthcoming from the transit commission because of the transit commission's overall look at the metropolitan area and because of the transit commission's lack of involvement either with the transit companies or the local municipalities. Should the Railroad and Warehouse Commission indicate unwillingness to respond properly to the transit commission's recommendations, then the Legislature could be asked to remove the regulatory power from the Railroad and Warehouse Commission and give it to the transit commission.

We also would like the bill amended so that the transit commission would be required to utilize the Metropolitan Planning Commission to the maximum extent feasible. As we mentioned earlier, this would guarantee that there would not be duplication in planning or research between the transit commission and the Metropolitan Planning Commission.

We would further like to see the transit commission given the specific requirement to assess the existing system of routes, rates and schedules throughout the metropolitan area and make recommendations for change where it seems desirable. To guarantee that the transit commission would do its work promptly we would like to see it required to submit its first report to the Railroad and Warehouse Commission by a certain date, say October 1, 1966.

Private Ownership vs. Public Ownership

Public ownership of transit is not unusual. Among cities with publicly-owned transit are Boston, Chicago, Cleveland, Dallas, Los Angeles, Memphis, Pittsburgh,

St. Louis, San Francisco, Seattle and Detroit. Cities with privately-owned transit include Denver, Houston, Indianapolis, Milwaukee, Fort Worth, Cincinnati and Kansas City.

Thus it is not unusual that there should be talk about the possibility of public ownership in the Twin Cities too.

There are certain advantages to public ownership. In the first place transit revenue under public ownership no longer would have to be used to pay income taxes or dividends to stockholders (more than \$1 million a year in the case of Twin City Lines.) Some advocates of public ownership have said that such revenue could be used to purchase the privately-owned system. Secondly, it would be easier under public ownership to extend transit service in certain areas because the need to make a profit would not be a controlling factor.

However, it is not clear at this time whether public ownership in the Twin Cities area will result, in fact, in improved public transit. Nor is it all clear that Twin City Lines will not be able to continue in operation as a private business.

Philosophically, we have no basic aversion to public ownership of transit in the Twin Cities area. We believe, though, that the metropolitan transit agency, which will have the express responsibility of working for an adequate transit network in this area, will be the agency best equipped to recommend whether public ownership is desirable. The transit agency also will be able to recommend the conditions for buying out private transit companies, if desirable.