

CITIZENS LEAGUE REPORT

No. 26

**Regulation of Minneapolis
And Suburban Transit Companies**

June 23, 1954

C I T I Z E N S L E A G U E O F G R E A T E R M I N N E A P O L I S

Report of Transit Control Sub-committee on Question of
by Whom Minneapolis and Suburban Transit Companies Should
be Regulated

Your sub-committee was assigned the task of making recommendations as to the best agency to regulate Minneapolis and suburban transit companies.

Your sub-committee rather quickly narrowed the field of possibilities to continued control by a State body such as the Railroad and Warehouse Commission or regulation by a metropolitan agency to be specially created for this purpose.

Written arguments were presented in support of both alternatives and copies of them are attached as a part of this report. After some further discussion it was clear that the sub-committee favored local control through the creation of a Twin Cities Metropolitan Area Commission for this purpose.

Such a commission with appropriate powers can only be established by an act of the legislature. Consequently the sub-committee has given some thought to some of the provisions which should be embodied in the legislation.

The sub-committee favors a commission

1. With jurisdiction over all mass motor vehicle transportation originating and terminating within the area encompassed by a twenty-five mile radius from the court houses of Hennepin and Ramsey Counties, drawn to the nearest political sub-division line.
2. Such jurisdiction to include power to regulate rates, routes subject to local traffic patterns and service; power to levy a limited tax on property (real and personal) within the area of jurisdiction without discrimination; to cover one-half of commissions' expenses; power to charge transit companies annually on a net revenue basis sufficient to cover other half of commissions' expenses; power to commandeer help in getting facts on a reimbursement basis from other local and state governmental agencies; power to hire a technically qualified person as hearing examiner and secretary of the commission at a salary of \$12,000 to \$15,000; such hearing examiner to hear cases and report findings and conclusions to commission.
3. Commission to be made up of three members appointed by the Governor for staggered 6-year terms: One man to be appointed from Minneapolis, one from St. Paul and one from area of jurisdiction outside the two cities.

Or

Seven members appointed for staggered 4-year terms as follows:

By Governor from Minneapolis and St. Paul - one each
By Council of each city (Minneapolis and St. Paul) - one each

By Governor from area of jurisdiction outside the two cities - 2 each
By Governor, one from outside the area of jurisdiction - 1 each

No appointee to hold other public office.

Commissioners to be paid, but not as though it were a full-time job.

Your sub-committee recommends tentative approval by the committee of this report, such approval to be followed by widespread hearings before the committee of all interested parties.

Ralph Boardman
John R. Hall
John T. Heinrich
Myron H. Powell
Edward K. Smith
Robert F. White
Charles A. Wright

Myron Powell, Chairman

June 23, 1954

2/19/53 Leg

CITIZENS LEAGUE OF GREATER MINNEAPOLIS

Legislation Committee

SOME ARGUMENTS FOR AND AGAINST VARIOUS POLICIES PROPOSED IN THE MATTER OF TRANSIT REGULATION IN THE TWIN CITIES METROPOLITAN AREA

#1	#2	#3	#4
<u>Do nothing*</u>	<u>Shift all control to the R.R. & W.C.**</u> (St. Paul bill)	<u>Create separate transit commissions for each city.</u> (Gene Wilson's bill)	<u>Create a metropolitan transit commission</u> (Lindsay Arthur's bill)

ARGUMENTS FOR EACH PROPOSAL

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| <ul style="list-style-type: none">1. Least expensive2. Easiest3. Control will shift to RR&WC anyway as conversion is completed. | <ul style="list-style-type: none">1. Centralizes control immediately.2. Is cheaper than #3 or #4.3. Is simpler to understand & accomplish than #3 or #4.4. RR&WC is doing a 1st class job of regulating buses. | <ul style="list-style-type: none">1. Avoids arguments with St. Paul & suburbs.2. Permits concentration on the Minneapolis situation.3. Avoids the likelihood of Minneapolis carrying a disproportionate share of the transit and transit regulatory costs.4. Is simpler to accomplish than #4.5. Provides for closer supervision than #1 or #2. | <ul style="list-style-type: none">1. Provides for the consideration of a metropolitan problem on a metropolitan basis.2. Provides for closer supervision than #1 or #2.3. Would probably be cheaper than for each city to have a commission under #3.4. Permits better coordination of mass transportation than #3. |
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ARGUMENTS AGAINST EACH PROPOSAL

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| <ul style="list-style-type: none">1. Divided responsibility is blocking action.2. Present regulatory system is not providing leadership.3. Company plays one regulatory body off against another.4. RR&WC is too political & its interest is too widely diffused. | <ul style="list-style-type: none">1. Interest of RR&WC is statewide & therefore too diffused.2. We have little assurance that competent commissioners will be elected.3. There is more danger of political influence.4. RR&WC is not adequately staffed for the job and probably will continue to not be adequately staffed. | <ul style="list-style-type: none">1. Ignores the metropolitan nature of the problem.2. If each city had a commission it would cost more than #1, #2 or #4.3. Continues divided responsibility in the metropolitan area.4. Adds an additional governmental unit to already complicated structures. | <ul style="list-style-type: none">1. Is complicated by the necessity of getting St. Paul & suburbs of both cities to go along.2. Would cost more than #1 or #2.3. Conflicts as to jurisdiction would be likely with the RR&WC4. Adds an additional governmental unit to already complicated structures. |
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**RR&WC means Railroad and Warehouse Commission, a state organization headed by 3 elected Comm'rs.

* At present the city councils control (to some extent) street car service while the RR&WC controls street car fares and bus fares and service. Conversion to buses results in more and more complete control by the RR&WC

CITIZENS LEAGUE OF GREATER MINNEAPOLIS
148 Baker Building Lincoln 0791

List of bills introduced in the 1953 session
of the Minnesota legislature concerning the
Twin City transit situation. 3-2-53.

- Senate File 93 Introduced by Root (Mpls.) Committee on Cities of the First Class. Relating to public transportation; providing for the organization and administration of a transit commission; defining its duties; financing the operations of such Commission and appropriating moneys therefore.
- House File 77 Introduced by O'Malley (Duluth) Committee on Commercial Transportation. Repeals Minn. Statutes 1949, Section 220.01 to 220.19, inclusive and conferring upon municipalities the power to fix and establish rates of fares for the carrying of passengers.
- House File 140 Introduced by Goodin (Minneapolis) Wanvick (Duluth) Popovich (St. Paul) Wozniak (St. Paul) L.A. Johnson (Minneapolis) Committee on Commercial Transportation. Amends Minn. Statutes 1949, Chapter 220 relating to Public Transportation to provide that if any street railway company shall fail to furnish service in any city for a period of 24 hours, the City Council of such city is authorized to permit any person, firm or corporation who desires to do so to furnish public transportation by street car, bus or other vehicle, upon such terms and conditions as may be agreed upon between the city and such public transportation agency.
- House File 322 Introduced by Enestvedt (Sacred Heart) Gallagher (Savage) Hofstad (H.F. 961 is the same) (Madison) Committee on Civil Administration. Changing the name of the Railroad and Warehouse Commission to the Public Service Commission and vesting it with jurisdiction and supervisory power over certain additional public utilities- applies to all companies transmitting or delivering heat, light or power or natural gas within the state by means of pipes or mains.
- House File 792 Introduced by Cummings (Beaver Creek) Ernst (Lester Prairie) Moore (Duluth) Franz (Mountain Lake) Wanvick (Duluth) Committee on Civil Administration. Amends Minn. Statutes 1949, Section 216.02 and repealing Minn. Statutes 1949, Section 216.01 and 216.03. Creates the "Commerce and Utilities Commission." The Commission to consist of three members shall be appointed by the Governor one for a two year term, one for a four year term and one for a six year term, etc. The Commissioner who is appointed for six years shall be the administrative head of the Commission. Salary of each commissioner shall be \$9,000 per annum. The Utilities Commission shall have all the powers and perform all the duties now or prior to January 1, 1954, vested in and imposed upon the "Railroad and Warehouse Commission" and the Railroad and Warehouse Commission is to be abolished.

Copies of these bills are being obtained and will be available for discussion at the meeting.

C I T I Z E N S L E A G U E O F G R E A T E R M I N N E A P O L I S

MEMORANDUM IN SUPPORT OF LEAVING TRANSIT REGULATION WITH THE
RAILROAD AND WAREHOUSE COMMISSION

Twenty years ago a critical scholar said of transit regulation
in Minnesota:

"The problem is at most regional, not state wide.
All other things being equal, the territorial
jurisdiction of the body having control of a problem
should coincide as closely as possible with the bound-
aries within which the problem arises."

Henft, Control of Public Utilities in Minnesota,
16 Minn.L.Rev. 457, 471 (1932).

And in vetoing the Wright-Novak bill, Governor Anderson said:

"I do not believe it is conducive to good government
to centralize regulation at the state level. It seems
that the people who live with a transit situation from
day to day are far more familiar with its problems and
should be in better position to regulate properly than
are state officials. Under the principle of home rule
the state should provide only auxiliary service in fields
such as metropolitan transportation."

There is much to be said for this point of view in the abstract

but to attempt to apply it to the control of mass transit in the

Twin Cities seems to me to show a naive unawareness of the realities

of the purposes and methods of utility regulation.

The principal point to be kept in mind is that transit regulation is a complex science which should be approached scientifically rather than politically. Difficult problems of law, accounting and economics must be resolved by the regulatory agency. The function of the agency must be to determine the correct answer, rather than the politically popular answer.

If this principle be accepted, the notion of a truly local regulatory body is seen to be unworkable. Local, or regional, control would mean the appointment of men to represent particular areas or particular political points of view, when the goal should be to select men who are competent and well trained to perform this difficult and thankless task. Indeed, I do not understand that there is any serious likelihood of a locally-controlled Metropolitan Transit Commission. The practical choice at this time is between an independent agency selected partly or wholly by the state and an existing state agency which has a number of other duties. Paradoxical as it may seem, I believe that an agency with other duties will do a better job of regulation than one whose sole function is to control local transit.

The editorial writers and the City Council members who brandish the glittering idea of an independent agency seem to have given no thought to the problems of personnel or of staff. Consider first the problem of securing adequate personnel for membership on the independent agency. The Arthur-Hannula bill, which may be taken as typical of the proposals of those who favor an independent agency, called for payments of \$50 per day to the members of the commission, not to exceed \$5000 in the first year of its operation or \$2500 per year thereafter. Who will work for such a wage? Patently the job is not intended to be a full-time job and the proposed compensation is not sufficient to interest any person of ability. Perhaps the drafters of the bill had in mind securing as members of the commission leaders in the community who are sufficiently well fixed financially that they could afford to take time off from their regular jobs to serve on the commission as a public service. But are there many persons who will accept such a responsibility when it may mean that on short notice they will be called to their commission duties for several weeks at a time? I think not. One of the principal problems throughout the nation in utility regulation is the lag between application to a commission for an order and the eventual issuance of such order. This lag

would be accentuated if the problems of the transit companies and the public were postponed until a group of busy businessmen could find a convenient time to consider the matter. Actually it is hard to avoid concluding that the real intent of the Arthur-Hannula bill -- if, indeed, the problem was considered at all -- was that the cities would be represented on the commission by politicians. I do not think that such choices would yield the trained and competent men who should fill these important posts. Indeed, the Citizens League seems already to have recognized this principle; in its undated report of last spring, the League insisted that a metropolitan transit commission bill should be amended to provide that "no commissioner shall hold other public office."

Even if it were possible to induce good people to accept posts on the commission, a part-time agency would still be less desirable than a full-time agency. Utility regulation calls for a high degree of "expertise". This quality is acquired by day-to-day work in the field, by attending professional meetings, and by keeping abreast of the voluminous literature in the field. Would businessmen-commissioners take time off from their jobs to attend meetings of the National Assn. of Railroad and Utility Commissioners and similar professional bodies? Would they read the professional

journals and thus keep informed as to problems and experience in other areas? It is hard to believe that the answer to either of these questions is "Yes." Even if it were, they would still be at a disadvantage vis-a-vis full-time commissioners, for the businessmen would be preoccupied with the affairs of their own businesses during most of the year, and would not be thinking and acquiring wisdom constantly as to utility regulation. The problems of local transit are not greatly different, on the regulatory level, from the problems of telephones and railroads and truckers and interurban buses and grain elevators.

Perhaps it will be said that the members of the Railroad and Warehouse commission meet no very high standards of competence. Surely there is much to be said for making that commission appointive, rather than elective, and stripping it of such non-utility functions as weights and measures. But if a proper effort is made, it is at least possible to get the kind of personnel desired on a full-time commission such as the RRWC. I think this greatly preferable to the part-time independent agency where one can never hope to get the kind of personnel a regulatory body should have.

The problem of an adequate staff is quite similar, except that it is, of course, quite out of the question even to consider a part-time staff. Yet regulation of Twin City transportation is hardly a full-time job. What is the staff to do during the period of the year when it is not active? Is it not wasteful to try and get a large, competent staff and give them little to do? The practical result would probably be that the independent agency would have little more than a skeleton staff, a full-time secretary and perhaps an investigator or two. But good regulation requires experts in ratemaking, in valuation, in accounting and in law. The Wisconsin Public Service Commission is widely regarded as the best state regulatory body in the country. It has experts in all these fields, and the reputation of the commission is built in large measure on the brilliant work done by its staff. When the telephone company asks for a rate increase, the staff works on telephone problems. When the bus company wants to reduce service, the staff is busy throughout the year and it is feasible to pay members of the staff salaries sufficient to attract the very best men to Wisconsin. The independent agency contemplated for the Twin Cities would have to do its work without any help, or at least without competent help.

Because of what seems to me the impossibility of getting adequate personnel or staff for an independent agency, I believe that the sound course is to centralize responsibility for transit regulation in the Railroad and Warehouse Commission. Such steps as changing the method of selection of that commission and of stripping it of non-utility duties are desirable, but are likely to provoke such political controversy that I do not think it wise to include them in any proposed transit regulation, though the League should separately support such changes. Modernization of the Motor Carrier Act is greatly needed to adapt it to local mass transportation, and the Wright-Novak bill provides a basis from which appropriate legislation could be drafted. (I hasten to say that the bill is named after some other Wright!) In addition I think much of the difficulty heretofore experienced with the RRWC could be avoided by providing it with adequate finances. The Arthur-Fannula bill called for assessment against the municipalities of the costs of transit regulation. In Wisconsin all utility regulation is paid by assessment against the benefitted utility, with the costs of a particular proceeding charged directly against the utility involved, and general expenses assessed against all regulated utilities in proportion to their gross operating revenue. Wis.St. § 196.85 (2) (1951).

New York has a very similar system.

I think that these ideas could be made the basis of a very sound plan for financing regulation. Why not provide that the expense of Twin City transit regulation is to be borne entirely by the Twin City area? This would make the bill more appealing to the legislature, and would also permit the Commission to get any additional help it feels it needs for this purpose without worrying about the cost. Then provide that half of the expense of such regulation is to be assessed against the municipalities in the area and the other half against the transit companies regulated.

With adequate finances and a modern statute as the basis of its work, I believe that the Railroad and Warehouse Commission can do a far more expert job of regulating local mass transit than would any independent agency.

Charles Alan Wright

April 14, 1954

C I T I Z E N S L E A G U E O F G R E A T E R M I N N E A P O L I S

Memorandum in Support of Establishing a Metropolitan Commission to Regulate
Public Transportation in the Twin Cities Area

The transit company has complained bitterly of the delays inherent in present fare increase procedure and, to some extent, of the formula for establishing the rate base. The local communities have expressed doubts as to their ability to work out zoning patterns, traffic controls and paving priorities without the power to compel adherence of transit vehicles to proposed solutions. And various neighborhoods have already shown dissatisfaction with the difficulty of presenting their views to a state agency remote from local problems. It would appear, therefore, that some change in the regulatory laws is desired by all affected groups. If change is to be considered, it would seem the appropriate time to consider the most basic of proposed changes: at what level of government should regulation be exercised?

All regulatory powers over public transportation by buses in the Twin City urban area, with the exception of some residual police powers, are presently exercised by three men elected as the Railroad and Warehouse Commission by the people from the entire state. The question is presented whether regulation should be continued at the state level, or whether it can be better exercised either at the local level by agencies such as the city and village councils, which exercised primary control of streetcar transportation, or whether regulation should be at the metropolitan level by an agency similar to the Airport Commission.

It would appear to be a desirable premise that government should be at the most local level at which it can efficiently operate, that, so far as possible, governmental powers should be exercised by the political unit which most nearly includes all, but only those affected by the exercise of the powers. Where the national defense is the concern of the entire nation, the paving of an alley is the concern only of a small neighborhood. Where arterial highways are the concern of the entire state, residential streets are the concern only of the community. No city would expect to exercise veto powers over state banking laws, neither should the state exercise veto powers over local zoning and land-use plans. The various powers of government should be exercised only by those affected by the powers in order that the governmental unit will not only have greater familiarity with the problems presented, but will be responsible to those governed, and only those governed. Conversely, if within the area of those affected, more than one governmental unit exercises a given power, confusion, dissimilarity and inefficiency will result, as demonstrated under the Articles of Confederation of the United States or, more locally, when each of the wards of Minneapolis operated its own street department.

If the foregoing premise is valid, it only remains to determine the single political unit which includes all but only those affected by public transportation in the Twin Cities area. The Twin Cities area would appear to comprise a single economic unit, homogeneous so far as governmental problems are concerned, essentially urban with the dependence of any urban region on local public transportation. Political boundaries within the metropolitan area can be justified only as the accidents of history bearing no relation to present economic facts. It has long since been recognized that there is no justification for independent sewer systems or for independent airports for each political entity within the area. No more is there justification for independently regulated transportation utilities. There would seem no justification, other than local political aggrandisement, for separate regulation of public transportation by each city and village within the area.

But neither is justification apparent for allowing the people of International Falls, of Caledonia, Rochester or Duluth to determine the persons who will regulate local transportation in Minneapolis, St. Paul, Robbinsdale, White Bear and Columbia Heights. As well might it be argued that the people of Minneapolis should cast votes for the Planning Commission of the other cities and villages of the state. The bus fare in Minneapolis is paid almost entirely by Twin City people. The cost of paving streets for buses in St. Paul is paid by St. Paul people who should have the right to determine which streets will be paved, in front of whose homes buses will run. It is the jobs of Twin Cities people which depend on efficient public transportation. People beyond the area affected by Twin Cities will cast their votes with little regard for the traffic, zoning and economic problems of the Twin Cities.

It would, therefore, seem that the appropriate level of government for the regulation of public transportation in the Twin Cities area is the Metropolitan District, the area of the Metropolitan Airports Commission. Within this area is all of the urban development satellite to the two cities. Within this area are all of the places of work and places of residence between which people require commuter type transportation. Within this area are the commercial and retail establishments which are dependent on the custom of the entire urban population and upon which the entire urban population depends. A lesser area would exclude part of the economically homogeneous area, would exclude residences or place of work, stores or customers all of which are dependent on each other and, therefore, dependent upon integrated public transportation. A greater area, and especially an area encompassing the entire state, would include people with no dependence on the internal functioning of the urban area, and, therefore, with little interest in the operation of the urban public transportation system. Not feeling the effect of the fare structure, the route pattern and the costs of providing those routes, the time of transit, the traffic complexities, people in a larger area would have little personal concern with the qualifications of the public servants administering the regulations affecting these problems.

It would, therefore, appear that a metropolitan commission is the proper level of government to regulate the Twin Cities public transportation utility. The cost of such a commission has been estimated as approximately \$50,000 per year or about the same as is now spent in Minneapolis alone for dog control or civil defense, or roughly six per cent of the total annual cost of the metropolitan Airports Commission or the metropolitan Sanitary Commission. Such a cost would not seem a material factor for achieving responsible local regulation of an integrated public transportation system.

Lindsay G. Arthur

June 10, 1954

C I T I Z E N S L E A G U E O F G R E A T E R M I N N E A P O L I S
601 Syndicate Building LI 0791

The attached bill is now under study by a committee of the Citizens League.
It has not been approved by either the League's committee in this field
or by the League's Board of Directors.

It is being released at this time for discussion and criticism by all
interested parties. Your comments concerning it will be welcomed by the
League.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 11-11-01 BY 60322 UCBAW/STP

11-11

The attached bill is now under study by a committee of the House.

It has not been approved by either the House or the Senate.
or by the House's House of Representatives.

It is being referred to the House for discussion and action.

Interested parties are urged to submit comments to the

House.

11-11

Citizens' League of Great Minneapolis

A Proposed Statute For: METROPOLITAN TRANSIT COMMISSIONS

A BILL

FOR AN ACT PROVIDING FOR THE ORGANIZATION, ADMINISTRATION,
AND FINANCING OF METROPOLITAN TRANSIT COMMISSIONS TO
PROMOTE THE PUBLIC HEALTH, SAFETY AND WELFARE BY THE
REGULATION AND CONTROL OF PUBLIC TRANSIT FACILITIES IN
CONTIGUOUS CITIES OF THE FIRST CLASS AND THE METROPOLITAN
AREA ADJACENT THERETO IN THE STATE OF MINNESOTA, AND
PROMOTING THE CONTINUED DEVELOPMENT OF EFFICIENT, SAFE
AND ECONOMICALLY SOUND TRANSIT FACILITIES FOR THE USE OF
THE GENERAL PUBLIC IN SAID CITIES AND METROPOLITAN AREA
AND APPROPRIATING MONIES THEREFOR; AND REPEALING MINNESOTA
STATUTES 1953, SECTIONS 220.01 TO 220.26.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Definitions.

Subd. 1. For the purposes of this act each term defined in this section has the meaning ascribed to it.

Subd. 2. "Commission" means any Metropolitan Transit Commission created pursuant to this act.

Subd. 3. "Commissioner" means a member of a commission.

Subd. 4. "Metropolitan Area" means such territory of this state as is included within the corporate limits of two cities of the first class which are contiguous to each other and such further territory as is within 25 miles of the city hall of either of such cities.

Subd. 5. "Municipality" means any town, borough, village, or city within a metropolitan area.

Subd. 6. "Person" means any individual, firm, partnership, corporation, company, association, joint stock company, or body politic; and includes any trustee, receiver, assignee, or other similar representative thereof.

Subd. 7. "Public Transit System" means all plant, equipment, property and rights used or useful for common carrier transportation of passengers for hire, which transportation originates and terminates within the boundaries of a metropolitan area as defined herein and which equipment, property and rights are not used by a transportation company operating both within and without said metropolitan area, and includes, without limiting the generality of the foregoing, street railways, elevated railways, subways, underground railroads, motor vehicles, trolley buses, motor buses, and the combination thereof.

Subd. 8. "Public Highway" means every street, road or highway in a metropolitan area as defined herein, and includes, without limiting the generality thereof, any public street, alley, driveway, boulevard, parkway or other place built, supported, controlled or used by the public in such metropolitan area, and includes all such streets, roads, and highways whether they be constructed by the State of Minnesota or by any city, town, village, borough, county, park board, or other public body.

Subd. 9. "Operator" means a person who engages in the business of transporting passengers for hire on a public transit system between places within a metropolitan area; provided that "Operator" shall not include persons engaged primarily in the transportation of children to or from school, or in operating taxicabs, or hotel buses from a depot to a hotel, or any bona fide cooperative association whose membership is

limited to bona fide farmers cooperative associations and who performs

transportation and does business only with and for such associations, which business includes substantially other business than merely transportation; nor shall the term "Operator" include persons furnishing transportation

solely or primarily to their employees.

Subd. 10. "Rights" does not include the certificate of public

convenience and necessity, grant or franchise under which a common carrier

is operating.

Subd. 11. "Operating Ratio" means the relation of operating

expenses, including taxes, to operating revenues.

Section 2. Declaration of Policy.

In the exercise and performance of its powers and duties, any

Commission created pursuant to this act shall consider the following,

among other things, as being in the public interest, and in accordance

with the public convenience and necessity:

(a) The encouragement and development of public transit systems

properly adapted to the present and future needs of the public in a

metropolitan area;

(b) The securing for the public benefit of safe, speedy, econom-

ical and convenient mass transportation;

(c) The regulation of public transit systems in such a manner

as to recognize and preserve the inherent advantages of, assure the

highest degree of safety in, and foster sound economic conditions for,

such transportation;

(d) The promotion of adequate, economical and efficient services

by public transit systems at reasonable charges without unjust discrimina-

tions, undue preferences or advantages, or unfair or destructive competitive

practices.

Section 3. Metropolitan Transit Commissions.

Subd. 1. For the purposes herein provided there shall be created a regulatory agency in and for each metropolitan area now or hereafter existing in this state, the name of which agency shall combine the words "Metropolitan Transit Commission" with the names of the cities of the first class located in such metropolitan area, or a popular description of such cities.

Subd. 2. Each Metropolitan Transit Commission shall consist of three members to be appointed by the governor. One member shall be a resident of one of the contiguous cities of the first class at the time of his appointment and while he serves, one member shall be a resident of the other contiguous city of the first class at the time of his appointment and while he serves, and the third member shall be a resident of the state but not a resident of either of the contiguous cities of the first class at the time of his appointment or while he serves.

Subd. 3. One of the commissioners initially appointed shall be appointed for a term of two years, one for a term of four years, and one for a term of six years. Upon the expiration of each such term and thereafter upon the expiration of a term the governor shall appoint a commissioner for a term of six years. Vacancies shall be filled by the governor for the unexpired term. A vacancy in the office of commissioner shall not abate proceedings pending before the commission. Two commissioners shall constitute a quorum of the commission.

Subd. 4. No person shall be appointed as a commissioner, or shall be employed by the commission, who holds any other office or employment under the federal, state, or any county or municipal government for which compensation is given, except an office in the National Guard, or who has any private financial interest, profit or benefit in any contract,

work or business of the commission or of any public transit system subject to regulation by the commission, or who is in the employ of or holds any official relation to any operator or who holds any stocks or bonds or is in any manner pecuniarily interested in any operator.

Subd. 5. Before entering upon his duties each commissioner shall take and subscribe to the oath of office prescribed by Section 8 of Article V of the state constitution and shall file with the Secretary of State such oath. The persons initially appointed and so qualifying as commissioners shall adopt an official name for such commission, and shall advise the Secretary of State of the same. Thereupon the commissioners so qualified, and their successors, shall forthwith become and be such a metropolitan transit commission as is provided for in Subdivision 1 of this section without further proceedings.

Subd. 6. The governor may remove a commissioner for malfeasance in office, inefficiency, or neglect of duty, giving him a copy of the charges against him and an opportunity to be publicly heard in his own defense upon not less than ten days notice. When a commissioner is removed the governor shall file a complete record of the proceedings with the Secretary of State. The decision of the governor shall be final.

Subd. 7. No commissioner shall receive any salary for his services, but each shall be reimbursed for actual and necessary expenses incurred by him in the performance of his duties, and, if so ordered by a majority of the commissioners, each commissioner may be paid the sum of \$50.00 per diem or part thereof spent in attending public meetings of the commission, but no commissioner shall receive more than the sum of \$5,000 during the first year of the commission's existence, nor more than the sum of \$2,500 in any one year thereafter, as per diem.

Section 4. Finances.

Subd. 1. In order that metropolitan transit commissions created pursuant to this act may immediately commence to function, there is hereby appropriated out of any moneys in the state treasury, not otherwise appropriated, to each authority created pursuant to this act, the sum of \$50,000.

Subd. 2. Each commission created hereunder shall, as soon after organization as practicable and on or before the first day of July of each year thereafter, prepare a detailed budget of its needs for the next fiscal year, and shall divide the same into equal amounts, to be known as "Operators' Share" and "Municipalities' Share."

Subd. 3. As soon after organization as practicable, and on the first day of July of each year thereafter, each commission created hereunder shall certify to the governing body of each municipality within the metropolitan area the budget adopted pursuant to subdivision 2 of this section, together with a statement of the proportion of the municipalities' share of such budget to be provided by such municipality, which shall be apportioned to the municipalities in the same proportion as the last assessed valuation of real and personal property in each city, excluding money and credits, bears to the total assessed valuation of municipalities within the metropolitan area. The amount required to be paid by any municipality pursuant hereto shall not be greater than the amount which would be produced by a levy of fifteen hundredths of one mill upon the assessed valuation of such municipality. It shall be the duty of the governing body of each municipality in such metropolitan area to provide the funds necessary to meet its proportion of such budget, such funds to be raised by tax levies or other means within the authority of said municipalities, and to pay the same over to the State Treasurer, who shall act

as Treasurer for each such commission, in such amounts and at such times as he may require.

Subd. 4. As soon after organization as practicable, and on the first day of July of each year thereafter, each commission created hereunder shall certify to each operator holding a certificate of convenience and necessity from the commission, the budget adopted pursuant to subdivision 2 of this section, together with a statement of the proportion of the operators' share of such budget to be provided by such operator, which shall be apportioned to the operators in the same proportion as the gross operating revenues of such operator for the calendar year last ended shall bear to the total gross operating revenues for such calendar year for all operators holding certificates of convenience and necessity from such commission. It shall be the duty of each operator to provide the funds necessary to meet its proportion of such budget, and to pay the same over to the State Treasurer in such amounts and at such times as he may require.

Subd. 5. If any municipality shall fail to take the necessary action to provide the funds required by the commission as in this section provided, the commission shall, on or before October 10th of each year, certify to the County Auditor of the county in which the municipality so failing to comply shall be located, the amount in which said municipality is delinquent, and the County Auditor shall extend, spread and include the same with and as a part of the general taxes for state, county and municipal purposes, to be collected and enforced therewith, together with penalties and interest and costs, and the County Treasurer, upon collection of the same, shall transfer the same to the treasurer of the commission.

Subd. 6. If any operator shall fail to pay any sum required by the commission as in this section provided within 30 days of the date such sum is due, the treasurer of the commission shall certify the amount of

such delinquency to the County Treasurer of the county in which said operator maintains its principal place of business, and thereupon the County Treasurer shall proceed to collect said sum together with penalties, interest and costs, in accordance with the provisions of Chapter 277, Minnesota Statutes 1953, and shall transmit sums so collected to the treasurer of the commission. Upon the certification of such a delinquency to the County Treasurer, all certificates of convenience and necessity held by such operator shall be deemed terminated, and no new certificate of convenience and necessity shall be granted to such operator except in accordance with the provisions of section 8 of this act.

Subd. 7. There shall be established in the office of the State Treasurer for each commission created hereunder a fund to be known as the "_____ Metropolitan Transit Commission Revolving Fund," to which shall be credited all payments made to said commission, including the appropriation made by subdivision 1 of this section. All expenses of the commission and its employees shall be paid from such fund on presentation of itemized vouchers therefor, approved by the Director of such commission and by the State Auditor.

Section 5. Powers of a Commission.

Subd. 1. Each commission created hereunder shall have all powers necessary or convenient to accomplish the purposes of this act as well as all the specific powers enumerated.

Subd. 2. A commission shall have the sole right to authorize the use of any public highway within the metropolitan area for the operation of a public transit system thereon. In the exercise of this power the commission shall consider recommendations as to the most practicable routes made to it by the affected municipality or other governmental unit.

Subd. 3. The commission may prescribe and enforce reasonable requirements, standards, type of vehicle and conditions of service and operation, including safety, by any operator. At all times and in every respect it may exercise reasonable control over such service and operation and all things pertaining thereto.

Subd. 4. The commission may prescribe and enforce uniform systems of accounting and rates of depreciation of various classes of property comprising a public transit system. It is unlawful for any operator to keep any accounts, records or books contrary to rules or orders of the commission. The commission or any authorized special agent, accountant, or examiner thereof may at any time inspect and copy any of the accounts, books, records, memoranda, correspondence, and other documents of any operator, may at any time have access to any lands, buildings, or equipment of any operator and under the order of the commission may examine and inspect any of such lands, buildings, or equipment. Any public transit system shall submit any of its accounts, books, records, memoranda, correspondence, and other documents for inspection and copying and any of its lands, buildings, or equipment for inspection and examination to the commission or its authorized special agents, examiners, or accountants upon demand and display of proper credentials.

Subd. 5. The commission, upon determining that such action would be in the public interest, may consider two or more operators as a unit for some or all purposes.

Subd. 6. Upon complaint in writing to it or upon its own initiative without complaint the commission may investigate whether any operator has failed to comply with any provision of this act or with any requirement established pursuant hereto. If after notice and hearing the commission finds upon any such investigation that the operator has failed to comply with any such provision or requirement.

it shall issue an appropriate order to compel the operator to comply therewith, and if such order is not obeyed, may terminate any or all certificates of convenience and necessity held by such operator. Whenever the commission is of the opinion that any complaint does not state reasonable grounds for investigation and action on its part it may dismiss the complaint without a hearing.

Subd. 7. The commission may employ and fix the compensation of such experts, attorneys, assistants, special agents, examiners, and other employees as it deems necessary or advisable for the convenience of the public and the effective administration of this act. Notwithstanding subdivision 4 of section 3 of this act, the commission may utilize, on a temporary basis, the services of persons employed by the State of Minnesota or agencies thereof, making suitable reimbursement to the state or the agency employing such person for the amount of his compensation while in the service of the commission.

Section 6. Director of a Commission.

Subd. 1. Each commission created pursuant to this act shall appoint a Director, who shall be a person of recognized ability and integrity, qualified by training and experience for such post. The Director need not be a resident of this state prior to his appointment, but shall otherwise be subject to subdivision 4 of section 3 of this Act. The Director shall serve at the pleasure of the commission.

Subd. 2. The Director shall administer and execute the duties of the commission in accordance with such rules and orders as it shall make.

Subd. 3. All hearings required by this act to be held by the commission shall be had before the Director. He shall have the authority, subject to the published rules of the commission and within its powers, to (1) administer oaths and affirmations, (2) issue subpoenas authorized by

law, (3) rule upon offers of proof and receive relevant evidence, (4) take or cause depositions to be taken as provided by law whenever the ends of justice would be served thereby, (5) regulate the course of the hearing, (6) hold conferences for the settlement or simplification of the issues by consent of the parties, (7) dispose of procedural requests or similar matters, and (8) make proposed findings of fact, conclusions of law, and orders. All hearings before the Director shall be stenographically recorded and transcribed.

Subd. 4. Decision of the commission upon matters as to which they are required or permitted to hold a hearing shall be made upon the record before the Director and any additional evidence which the commission may order. All parties to a proceeding shall present to the commission, within 30 days after the proposed findings of fact, conclusions of law, and order of the Director has been filed or such shorter time as the commission may direct, written exceptions to such proposed findings of fact, conclusions of law, and order. The commission shall not be bound by proposed findings, conclusions, or orders to which timely exception has been made, but shall be free to make independent findings, conclusions, and orders on the basis of the record before the Director and such additional evidence, if any, as may have been ordered by the commission.

Section 7. Powers of Municipalities.

Nothing in this act shall be construed so as to limit the right of any municipality reasonably to regulate or control the parking and speed of any vehicle operated over the public highways of such municipality. Any municipality shall have the right to appear before the commission in any proceeding involving public transportation within such municipality, and shall be given at least ten days written notice of the pendency of any such proceeding.

Section 8. Certificate of Convenience and Necessity.

Subd. 1. No person shall engage in the operation of a public transit system within a metropolitan area unless there is in force a certificate issued by the commission certifying that such operation is required by the public convenience and necessity. Any operator operating in good faith on the first day of the calendar year in which this act becomes effective in the metropolitan area in which such person operates shall be granted such certificate for all routes so operated without application therefor or further proof that the public convenience and necessity will be served thereby, subject to the powers conferred on the commission by subdivision 8 of this section.

Subd. 2. Application for a certificate of public convenience and necessity or for the establishment of a new route of operation or for the change of an existing route of operation shall be made in writing to the commission, be verified, and be in such form and contain such information as the commission shall require. Upon receipt of such application the commission shall give due notice thereof to the public. Any municipality or present or prospective operator of a public transit system or other person may intervene by petition in such proceeding and indicate in the petition of intervention support of or opposition to the issuance or amendment of such certificate. In the establishment of routes for operation of public transit systems, consideration shall be given by the commission to street surface and traffic conditions and to the planning program of the municipalities involved.

Subd. 3. If the commission finds that the applicant is fit, willing and able to perform properly the services requested and to conform to the provisions of this act and the rules and requirements of the commission and that such service is required by the public convenience and

necessity, it shall issue a certificate authorizing operation over all or part of a route applied for. No operation shall be authorized over a route or in an area along such route for which a permit or certificate, as to any portion thereof, is outstanding, unless the commission finds that such requested certificate will not cause unreasonable competition. In determining the question of unreasonable competition, the commission shall take into consideration the anticipated financial loss or hardship to the existing operator, in the event the requested certificate is granted.

Subd. 4. No certificate shall be issued to any operator or remain in force unless the operator provides the commission with satisfactory proof of reasonable insurance against loss or liabilities which may be incurred by or to the general public or a municipality, such insurance to be by companies licensed for such purposes by the state or by adequate self-insurance. The commission shall prescribe regulations for any self-insurer.

Subd. 5. Each certificate authorizing service not previously provided shall specify the terminal points and intermediate stops, if any, between which the service is authorized and the type of vehicle by which the service is to be rendered. There shall be attached to the exercise of the privileges granted by the certificate, or amendment thereto, such reasonable terms, conditions, and limitations as the public interest require. The commission shall allow operators to add to or to change schedules, equipment, accommodations, and facilities for performing the authorized transit service in such manner as the development of the business and the demand of the public require. Any interested municipality may request the commission to change schedules or routes of any operator. Upon the filing of such request the commission shall, after not less than

15 days notice to the operator, hear and consider such request and grant or deny the same in whole or in part.

Subd. 6. In the case of an application for a certificate to engage in temporary transit service the commission may issue a certificate authorizing the whole or any part thereof for such limited periods as may be required by the public convenience and necessity, if it finds that the applicant is fit, willing, and able to perform such service properly and to conform with the provisions of this act and the rules and requirements of the commission. Such temporary authority creates no presumption that corresponding permanent authority will be granted thereafter.

Subd. 7. Any operator may depart from the route over which it is authorized to operate for the purpose of transporting charter or excursion parties on such terms and conditions as the commission prescribes, and may make such deviations from its authorized route as may be required by emergency conditions.

Subd. 8. No certificate may be transferred unless the transfer is approved by the commission as being in the public interest. No certificate shall confer any proprietary or property right on the person to whom it is granted. Nothing in this act shall prevent the commission, after notice and, if requested, a hearing, from revoking, amending, or modifying a certificate as may be required by the public interest.

Subd. 9. No operator shall abandon any route or part thereof for which a certificate has been issued by the commission, except when a temporary certificate has been issued with a fixed expiration date, unless the commission, upon the application of such operator and after a hearing, shall find such abandonment to be in the public interest. The commission shall give due notice of any application for abandonment to the public and to interested persons by such means as it shall, by rule, determine, and

any person wishing to appear in support of or in opposition to such abandonment shall be heard.

Section 9. Rates of Fare.

Subd. 1. The commission shall fix and establish just and reasonable rates of fare and charges for the services performed by public transit systems. All rates of fare established by the commission shall be non-discriminatory. The commission may approve reasonable classifications of patrons or service for fare purposes; including, without limiting the generality hereof, zone fares, reduced period pass fares, reduced off-peak fares, reduced student fares, or increased express fares.

Subd. 2. All rates, fares and charges in effect at the time a metropolitan transit commission is created shall be continued in effect until ordered changed pursuant to the procedure established in this section.

Subd. 3. Changes in the rates, fares or charges or in any rule or practice affecting such fare or charge or the value of service thereunder shall be considered by the commission upon petition by the operator or any municipality served by the operator, or upon initiation of proceedings by the commission upon its own motion. A petition by an operator for a change shall be filed with the commission at least 60 days prior to the proposed effective date of such change. All interested municipalities and other persons shall be notified of such petition and, within 15 days after such notice, may demand that the commission order a hearing for the presentation of evidence and arguments for or against the proposed change. The proposed change takes effect on the date designated in the petition unless prior thereto the commission denies the petition by a formal decision enumerating the reasons for the decision, provided that, where the Director, after a hearing, has made a proposed order that the change be

denied, the commission may postpone the effective date of the proposed change for not more than 60 days pending its consideration thereof, and further provided that nothing herein shall prevent the operator from consenting to a postponement of the effective date of such change. Where the commission does not approve or disapprove a rate change on or before the date on which it takes effect pursuant to this act, the rate shall be a temporary rate subject to change by the commission by formal decision as aforesaid, on the date designated in the order accompanying the formal decision.

Subd. 4. In any proceeding for a change of rate, the burden of proof shall be upon the petition. In such proceeding there shall not be taken into consideration either good will, earning power, or the certificate under which such operator is operating as elements of value of the system; and in applying for and receiving a certificate under this act any such operator shall be deemed to have agreed to the provisions of this sentence on its own behalf and on behalf of all transferees of such certificate. The commission shall give due consideration, among other factors, including the operating ratio which would be produced by a new rate, to the need, in the public interest, of safe, adequate, convenient and efficient transportation service at the lowest cost consistent with the furnishing of such service; and the need of revenues sufficient to enable operators, under honest, economical, and efficient management, to provide such service, to maintain service, and to make such changes, extensions, and improvements thereof as may be needful, and to earn a reasonable profit.

Section 10. Appeals.

Subd. 1. Any party to a proceeding before the commission under this act aggrieved by an order of the commission therein may, within 30 days

after the filing of such order, serve upon the commission and all other parties to the proceeding a notice of appeal to the supreme court from such order, and shall file the original thereof, with proof of service, with the clerk of the supreme court, paying the filing fee provided by law for appeals in civil actions. The filing of such notice of appeal shall vest the supreme court with jurisdiction thereof and such appeal shall be heard and disposed of as in the case of appeals from civil actions tried upon the facts without a jury in the district court. Records and briefs shall be served and filed as provided by law or rule of court in such appeals.

Subd. 2. No appeal stays or supersedes the order appealed from unless the supreme court, on motion and after giving all interested parties an opportunity to submit briefs, shall so direct, or unless the commission shall itself grant a stay.

Subd. 3. The supreme court shall affirm or reverse the order of the commission or remand the cause to the commission for a new hearing or further proceedings or for other disposition thereof, with such directions as the court may deem proper.

Subd. 4. The supreme court may consolidate, for hearing and decision, all appeals pending from the same or similar orders of the commission.

Section 11. Prior Legislation Repealed.

Subd. 1. Minnesota Statutes 1953, Chapter 220, is hereby repealed; this act shall supersede all those provisions of Minnesota Statutes 1953, Chapter 221, so far as they may apply to public transit systems in any metropolitan area, as defined in this act; and all other laws inconsistent herewith are repealed to the extent of such inconsistency.

Subd. 2. Every indeterminate permit granted pursuant to Section 220.07, Minnesota Statutes 1953, is herewith cancelled.

Subd. 3. This act is expressly declared to be applicable to all municipalities within a metropolitan area whether or not they are now or hereafter existing under a charter framed and adopted under Section 36 of Article IV of the state constitution.

Subd. 4. The powers given by this act are exclusive and the orders of the commission made pursuant to this act shall supersede all orders of any other public body regulating, or which has formerly regulated, public transportation within a metropolitan area. Until the commission has made orders, all orders and regulations hitherto made by any other public body which at the time of so making was empowered to regulate public transit systems in a metropolitan area shall remain in full force and effect; and all appeals which may be pending in any court on the effective date of this act, from any order or regulation hitherto made, shall not be abated, but shall be continued as if the order or regulation had been made by the commission pursuant hereto.

Section 12. Rights Reserved by the State.

The state reserves the right at any future time to modify, amend, or repeal this act, or any part thereof, and nothing in this act contained shall limit the police power of the state.

Section 13. Severability.

Should any provision or section of this act be held to be invalid for any reason, such holding shall not be construed as affecting the validity of any remaining portion of such section or of this act, it being the intent of the legislature that this act shall be operative notwithstanding the invalidity of any such provision or section.

Section 14. Enforcement.

Upon the failure of any person to comply with any of the provisions of this act, or with any order, rule, regulation or requirement of the commission made pursuant hereto, the commission may apply to the district court for the county in which such person resides or maintains his principal place of business for an order adjudging such person in contempt, and after hearing thereon, if found guilty, such person may be punished for such contempt.

Section 15. Short Title.

This act may be cited as the "Metropolitan Transit Commission Act of 1955."

CITIZENS LEAGUE OF MINNEAPOLIS AND HENNEPIN COUNTY

Report of Sub-committee on Transit Regulation
to Committee on Transportation, Transit and Traffic

This sub-committee was appointed in March, 1954, following some discussion and study by the main committee on the subject of transit regulation. It was then the general feeling of the main committee that conversion of service to busses in the Twin Cities under regulatory legislation designed when street cars were the principal mode of public transit in this area probably indicated some needed change in legislation and mode of regulation.

After the sub-committee gave these matters further study and consideration, using the Third Report of the Mayor's Citizen Advisory Committee on Street Car and Bus Matters, articles in periodicals and other subject matter for study, the committee went on record favoring draft of a bill for new legislation concentrating jurisdiction over regulation of busses operating within the Twin City metropolitan district under a new metropolitan transit commission authorized to hire a qualified expert empowered to do much of the work of the commission and enabling the commission to be mainly a policy-making body on a part time basis.

On June 23, 1954, the sub-committee made its report to the main committee of its recommendations in more detail than given above. On June 30, 1954, the main committee accepted that report and asked the chair to designate someone to draft a proposed bill along the lines of the report. Mr. Duncan Kennedy was asked to make the first draft of such a bill as a starting point. He did so and this draft was studied by the sub-committee point by point. After the sub-committee decided what changes they wanted, Mr. Charles A. Wright prepared a final draft.

The Board of Directors of the Citizens League later, without going on record as favoring any particular bill, authorized the committee to enter into discussions and negotiations on this subject with other interested groups in the area, such as public officials and citizens groups. A general public meeting was held at the University Y.M.C.A. on December 18, 1954, after extending invitations to those thought to be interested. This meeting was not very well attended, and those in attendance indicated they did not feel well enough informed on the need or on the League's proposal to take a stand thereon. We then entered negotiations with the city councils of Minneapolis and St. Paul, being represented chiefly by Ray Black of the League staff.

Time was running short for the passage of a bill at the 1955 Legislative Session. At first it appeared that with considerable compromise we might agree with these two city councils upon a bill providing for a metropolitan commission to take over from the Railroad and Warehouse Commission the regulative powers it now has over public transit operating entirely within the metropolitan district, but reserving to the individual municipalities substantially the same authority as previously held by them. Later it became apparent that the St. Paul Council was not convinced that any benefits would accrue from the proposed legislation and that they would not support it. It was then too late to start over again with any hope for action from the 1955 Legislative Session and so the matter was abandoned by all concerned.

By way of conclusion it would appear to me that the committee should now decide whether it should table this subject of transit regulation and dissolve this sub-committee. It is my personal opinion that, in the absence of a public scandal, no changes such as we have suggested can be accomplished without general support of the project from the governing bodies of the municipalities involved. I do not expect such support from the present personnel. I suggest tabling the project and dissolution of this sub-committee in order that we may put in our efforts on something with better prospects of success.

I want to thank all the members of the sub-committee, namely: Ralph Boardman, John Hall, John Heinrich, Ed Smith, Robert White and Charles A. Wright, as well as Duncan Kennedy, our Chairman Ridgway Baker and our Executive Director Ray Black, for their good work and cooperation on this project.

Myron H. Powell
Chairman, Sub-committee on
Transit Regulation

July 1955