

Citizens League
530 Syndicate Building
Minneapolis, Minnesota 55402

Approved by Citizens
League Board of Directors
March 21, 1979

MEMORANDUM

TO: Members, Board of Directors
FROM: Transportation Task Force, Allan R. Boyce, Chairman
SUBJECT: Downtown People Mover in St. Paul

Background

In 1974 the Citizens League concluded that fixed-guideway transit facilities are appropriate *within* rather than *between* major activity centers in the Twin Cities metropolitan area. Buses and para-transit offer better service for long-distance commuter movement at lower cost than fixed-guideway transit, we felt. However, we felt the greatest potential for fixed-guideway transit exists within a major center, such as downtown St. Paul. In major centers, we concluded, vehicle congestion is worst and this is where the automobile is most vulnerable to competition. Furthermore, we felt that fixed-guideway transit can be most effective within a major activity center in encouraging development to occur close in and around the center.

In 1976 we submitted a letter of support for the St. Paul Downtown People Mover (DPM) to the Urban Mass Transit Administration.

Preliminary engineering now is nearing completion. Route and station locations have been determined. A financing plan is being submitted to the 1979 Legislature. According to existing plans, construction costs would be \$90 million, with 80 per cent, or \$72 million, coming from the federal government. The 1979 Legislature is being asked to provide 10 per cent, or \$9 million. That amount could come either from a direct state appropriation or from a tax levied on the seven-county metropolitan area only. The City of St. Paul has agreed to pay the remaining 10 per cent.

Downtown St. Paul businesses, the City of St. Paul, and the Metropolitan Transit Commission (MTC) have agreed to a financing plan for the annual operations and maintenance expense, which is subject to legislative approval. According to this agreement, the MTC would determine fares. The Legislature would be asked to provide reimbursement for any reduced or free fares that might be permitted, such as for students and the elderly. The federal government is expected to provide some operating assistance. After deducting these amounts, an annual deficit is anticipated. The businesses, the city, and the MTC have agreed to share the deficit as follows: (1) The first \$300,000 annual deficit would be paid entirely by the businesses, in the form of special assessments based on building area. (2) Between \$300,000 and \$1,500,000, the deficit would be paid equally by businesses, the city, and the state or metropolitan area. (3) The deficit between \$1,500,000 and \$1,700,000 would be paid by the businesses and the state or metropolitan area. (4) Beyond this level, all of the deficit would be paid by the city. What this arrangement means is that the maximum business payment would be \$800,000 annually; the maximum state or metropolitan area payment, \$500,000; with no maximum payment by the city, other than it will pay no more than \$400,000 of the first \$1,700,000 of annual deficit. These amounts would be escalated with the annual rate of increase in operating expense of the DPM.

While approval of the precise route is subject both to city and MTC approval, the MTC would own the system and let the contracts, according to the following plan: Firms which submit bids for construction of the system and supplying the vehicles also would be asked to submit, simultaneously, bids for assuming responsibility for complete operation and maintenance of the system for the first five years of its operation. This means that the winning bidder would supply, construct and run the system for the first five years of operation.

Supposedly, after the five-year period, the service contract could be re-negotiated with the system supplier, let out for competitive bidding, or could be taken over directly by the MTC.

Although St. Paul businesses and the city of St. Paul have agreed to share operating deficits with the MTC, the current assumption is that policy decisions relating to the operation of the people-mover system would be made by the MTC.

Conclusions and Recommendations

1. Central issues about the DPM do not relate to whether the system will work, mechanically. The DPM is not an experiment in new technology. Similar systems are operating in other locations, such as airports and amusement parks. To date, however, a system like this has not been installed in a downtown location.
2. A major justification for the DPM is its role as a development tool. It is intended to attract new office, business and residential development in and around the downtown -- one of two "Metropolitan Centers" as identified by the Metropolitan Council in its development framework guide. But if the DPM won't work as a transportation device, it won't work as a development tool. What this means is that development won't be attracted unless the DPM offers a sufficiently superior form of transportation for the kinds of trips which take place within the central area of St. Paul and immediate surroundings. Ridership becomes a critical element in its success, therefore.
3. We have been made aware in recent weeks of some controversy over how many persons are likely to ride the DPM. A consultant to the Metropolitan Council projected levels of ridership below projections by a consultant to the MTC and the city of St. Paul, which are jointly planning the DPM.

From our standpoint, however, the main issue doesn't relate to the credibility of one consultant's figures over another's. It is possible to argue all day over predictions. The key problem is not to predict what will happen, but to make things happen. Clearly, what does happen with respect either to ridership on the DPM, or to its development impact, depends . . . on what is done, and not done, with other things that affect ridership and development. These are areas in which policy action, public and private, can make a difference. The key to the decision about the DPM is to ensure that those other things get done, which, in turn, will ensure the success of this piece of transportation hardware itself.

In summary: The effort should be, so far as possible, to re-create, in the central area of St. Paul where the DPM will operate, the type of situation that exists at the sites where these people-movers are in fact presently in use. These are, almost without exception, locations where the development and operation of buildings, the location and pricing of parking, and the delivery of other types of transportation services, are all under single ownership. As, for example, at an airport. Obviously, it is not possible to bring the major transportation and development systems in central St. Paul under single ownership. What can be done, and what must

be done, is to bring the management of these transportation and development systems -- so necessary to the success of the DPM -- more closely together, so they can be operated as if they were under single ownership.

These variables are key:

(a) Skyways -- They provide the last link between the DPM and the origin/destination of trips. Thus, skyways must be provided in appropriate locations. But, equally important, they need to be kept open and be safe and attractive for pedestrians while the DPM is in operation. This means that steps taken by the St. Paul city government and the downtown businesses concerning operations of the skyways will have an important impact on DPM ridership.

(b) Parking -- Approximately three-fourths of all persons enter downtown St. Paul either as auto drivers or auto passengers, according to the Travel Behavior Inventory conducted by the Metropolitan Council. The auto passenger/driver therefore represents a larger potential DPM market than the bus rider. Unless parking policy is designed explicitly to stimulate DPM ridership, few persons are likely to choose that option. Construction of parking ramps and parking fees are controlled by downtown businesses and by St. Paul city government. If users of fringe lots were charged a fee that included the DPM fare, more park-and-ride trips would occur than are included in current projections, according to DPM consultants. The developmental impact of parking measures to maximize DPM ridership should be closely examined.

(c) Bus stations, routes and schedules -- Consultants to the DPM based their ridership projections on an assumption that no change would be made in current bus routes, even those which parallel the DPM route almost exactly. The consultants said, however, that 20,000 additional riders, or a 50 per cent increase in total ridership on the DPM would be possible if bus routes terminated at DPM stations. Bus patrons are likely to be attracted to the DPM if the inconvenience of a transfer is offset by other factors, such as quicker service and availability of all-weather waiting areas. Bus operations are controlled by the MTC. City government in St. Paul (as in other cities) must approve the location of bus routes on city streets. The private sector also may be involved in providing waiting areas or bus information locations.

(d) Public land development controls -- The public, through such devices as tax-increment financing, has been drawn increasingly in recent years into helping pay for the expense of rebuilding parts of downtown St. Paul, as other cities. And, of course, city government traditionally has affected the location of new development through land use controls such as zoning. How much the city uses such tools as tax-increment financing and zoning will affect the number of people who can be included in the potential DPM ridership market.

4. It is clear to us, therefore, that operating policy for the DPM must be made in a context which assures the fullest coordination with skyways, parking, buses, and public land development controls. Three parties play a central role: downtown businesses, city government in St. Paul, and the metro area through the MTC. These parties, also, are sharing the risk for the DPM operating deficit. During the construction phase -- prior to the time the DPM becomes operational -- the MTC should be the lead agency. That is, it should receive the federal grant, let contracts, and have the overall supervisory responsibility for the construction phase. Upon completion of this phase, and with the start-up of operations, all three parties would assume joint responsibility.

5. A structure is needed which gives all three an official and permanent role in the ongoing governance of the DPM. Such a structure would determine hours of

operation, fare policy, schedules, security and cleanliness arrangements, and carry out all other operational details involved in the DPM. It also would be responsible for making recommendations to the responsible bodies with authority over skyways, parking, buses and land development and with submitting proposed legislation if its recommendations to the other bodies were not deemed to be carried out satisfactorily.

6. We recommend that the Legislature establish the structure in connection with its authorizing the DPM financial plan in 1979. There are many ways in which the structure could be set up. The organizational and institutional arrangement which we suggest below is not the only one that could be designed. We are open to other ideas. A sound arrangement clearly can be designed. Discussions about that should now be moved ahead rapidly.

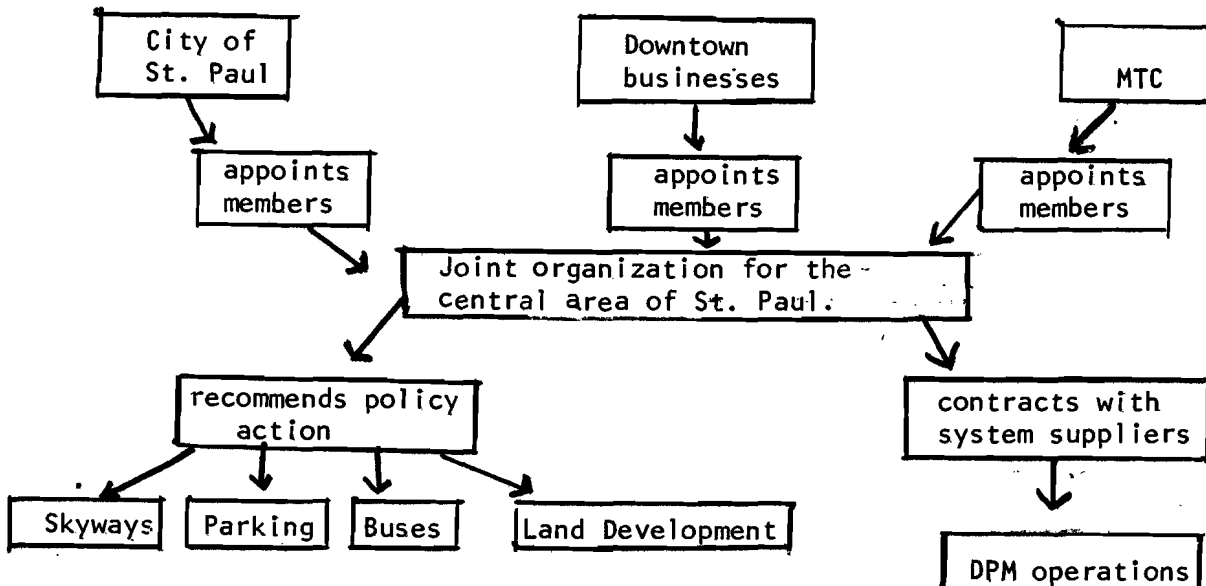
The arrangement we suggest is as follows: A joint organization for the central area of St. Paul would be established with approximately equal representation for the downtown businesses, city of St. Paul, and the MTC. Because the city of St. Paul assumes the greatest risk in financing the deficit -- in that the city pays everything above a certain level -- we think it would be appropriate to guarantee that the chairman of the organization be a representative of the city.

The present St. Paul Civic Center Authority represents some sort of precedent for this type of structure. The mayor of St. Paul appoints all nine members of the Civic Center Authority, but five of the members are nominated by private "guarantors" of the annual deficit. These guarantors are legally obligated to pay for the first \$150,000 of annual deficit. The city pays the balance. Thus, the parties who are responsible for the deficit are given a formal policy role in the operations of the authority.

7. We support current plans which provide that the system supplier would be fully responsible for operations during the first five years. On a permanent basis, we believe it is best for the joint organization to stay out of direct operations of the DPM. It will be able to maintain maximum flexibility if it continues to contract for operations with an outside group.

The joint organization would have only a small staff, some of whom would be on loan from the participants. The size of the core staff would decline, with members returning to their respective employers, as they complete their tasks for the joint organization.

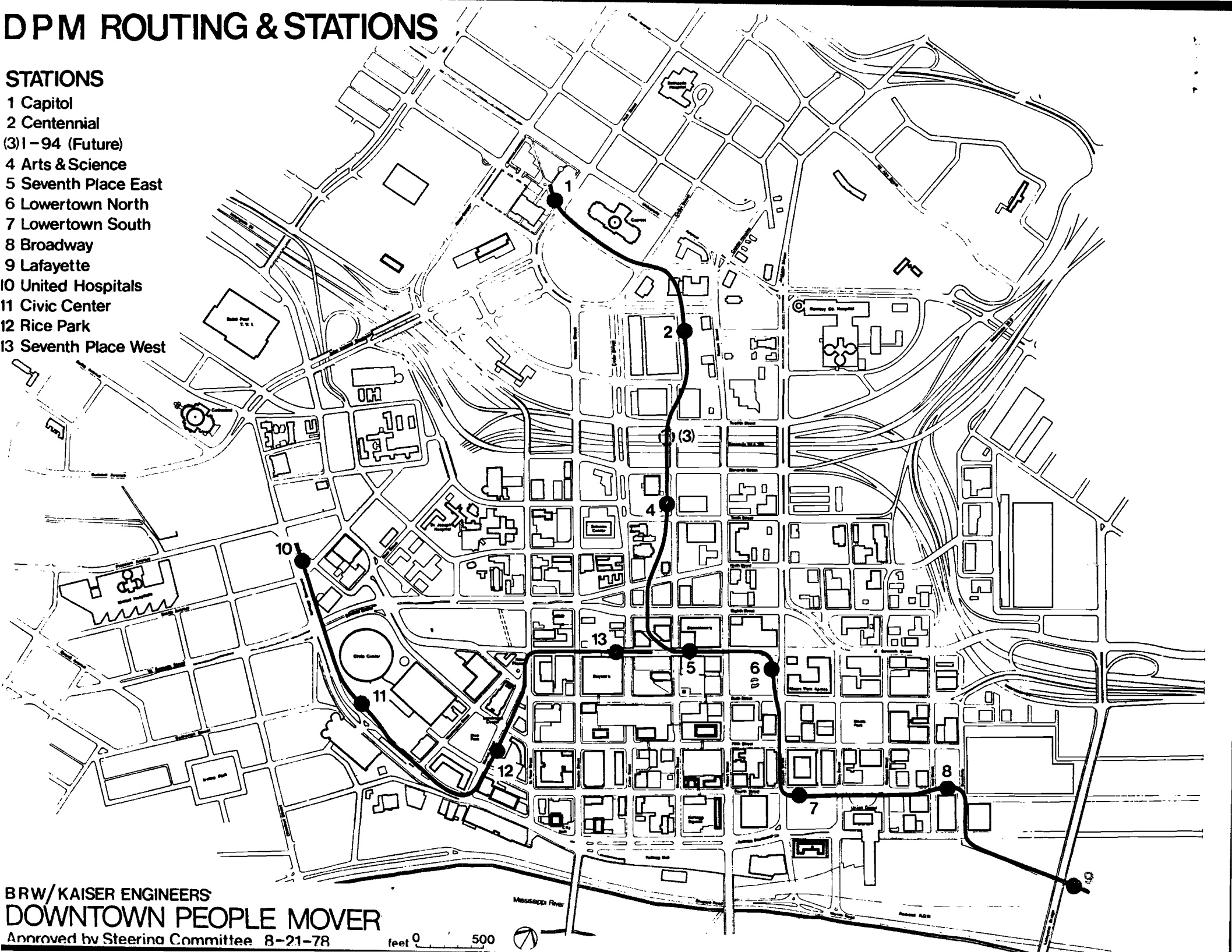
Here is a chart which illustrates how the structure could look:



DPM ROUTING & STATIONS

STATIONS

- 1 Capitol
- 2 Centennial
- (3) 1-94 (Future)
- 4 Arts & Science
- 5 Seventh Place East
- 6 Lowertown North
- 7 Lowertown South
- 8 Broadway
- 9 Lafayette
- 10 United Hospitals
- 11 Civic Center
- 12 Rice Park
- 13 Seventh Place West



BRW/KAISER ENGINEERS
DOWNTOWN PEOPLE MOVER
Approved by Steering Committee 8-21-78

feet 0 500

