



Approved Minutes
Citizens League Transit Study Committee
Thursday November 10th 7:30am-9:30am
St. Mary's Greek Orthodox Church
3450 Irving Ave S, Minneapolis, MN 55408

Committee Members Present: Chair Peter Bell, Vice Chair Ann Lenczewski, Mr. Abou Amara, Mr. Patrick Born, Mr. James Erkel, Mr. Ethan Fawley, Ms. Mary Giuliani Stephens, Ms. Mary Liz Holberg, Mr. Scott McBride, Mr. Jim McDonough, Mr. Peter McLaughlin, Mr. William Schreiber, and Ms. Patty Thorsen

Members not present: Bill Blazar, Vayong Moua, Kenya McKnight Ahad, Elizabeth Glidden, Andrew Richter, Michael Beard, and Nancy Tyra-Lukens

Staff & staff support present: Pahoua Hoffman, Consultant Katie Hatt, and Policy Fellow Matt Byrne

Citizens League members: Bill Dooley, Bob Carney, Peter Wagenius, and Matt Burress

Proposed outcomes for this meeting

- State study committee charge and proposed goals.
- Approve minutes from previous meeting.
- Review and discuss funding scenario survey results
- Agree on next steps

Chair Bell called the meeting to order at 7:32am.

Welcome and approval of minutes

Chair Bell reminded the committee of the charge.

- *Understand the current transit capital and operating funding systems.*
- *Review and consider different funding and governance models, including current models.*
- *Make recommendations based on these findings and conclusions.*

Chair Bell moved to approve minutes and asked for discussion. The minutes were moved by Ms. Mary Giuliani Stephens and seconded by William Schreiber. A change was made to correctly reflect the absence of Mary Giuliani Stephens who was not present at the November 3rd meeting. A motion to approve the minutes with the change passed by a unanimous vote.

Chair Bell recapped the previous presentation by Professor Tom Fisher on shared, autonomous vehicles and their effect on land use and the public.

A committee member commented that funding implications for transit impacts roads as well. This is particularly concerning because of things like the gas tax being reduced due to potentially electric autonomous vehicles.

Staff recalled a recent meeting where there were concerns expressed about the rebuild of I94, and there was agreement about the difficulty in anticipating future road funding.

A committee member cautioned that we must understand the wintertime implications of autonomous vehicles before jumping into the exciting future.

Chair Bell said he was skeptical of the possibility that autonomous transit may be free with advertisement.

A committee member recalled that light rail was portrayed as a complement to autonomous transit. They noted that this is an emerging technology and that we have not heard from the insurance industry. There needs to be integration between company technologies for it to be successful region wide. The member also questioned how federal regulation would play a role, and that generally speaking, the timeline predicted seemed rushed.

Staff relayed that next Friday they are meeting with director from 3M on independent car systems.

Chair Bell said the transition from driver cars to driverless cars is the most challenging and least clear aspect.

A committee member noted that there are city streets and county roads where it is not clear what the public investment needs to be to make the transition happen, in addition to rural challenges.

A committee member stressed that it was not as simple as was presented for cars to find another street when there is traffic and that the rural issues, culture, and cabin use are major questions.

A committee member said they enjoy forecasting – but the nature of the business is to be wrong often. But it is important to note that it is coming. Taxis did not see Uber coming and that has changed the business dramatically. The member emphasized that flexibility is key. These companies are spending billions of dollars on this technology, which lets us know that it is definitely coming.

A committee member agreed that the transition piece is important but that they do not think it will be 15 years because a lot of people would not want to give up cars.

Vice Chair Lenczewski reviewed the proposed outcomes for the meeting. She then moved the discussion to the voting format and the scenarios presented. She noted it was a good idea to have voted after the election.

[See corresponding handout Attachment A]

Staff reiterated interest in feedback for scenario presentation. The Survey Monkey online tool did not capture what they were hoping for. Staff then described the voting results including the most popular choices. Staff emphasized the list can still be added to and combined.

Chair Bell added that it is useful to go through the list of most popular and look at what they say and what the implications are to make sure that we are on the same page about what the options are actually saying.

Vice Chair Lenczewski noted that even with three votes, many scenarios did not get any votes. Chair Bell said that for future votes, they may be dropped from consideration.

Chair Bell started discussion on scenario number nine. Chair Bell reiterated we can still change the voting system as needed. Chair Bell described the scenario as the state imposing a legislatively-mandated county sales tax ranging from ¼ to 1 cent. Chair Bell said he assumed this tax is seven countywide and is in agreement with the Transportation Plan of the Met Council.

Chair Bell commented that one implication of the option is that the Counties Transportation Improvement Board (CTIB) would go away. A committee member responded that CTIB would not necessarily have to

go away, and that when they looked at that option they did not make that assumption. Counties that chose to participate in CTIB could continue and together with Met Council would decide where their money is spent. For example, option 9 does not say that CTIB would go away. However, there are not enough votes to support an option that stated that CTIB would go away.

A committee member said they did assume CTIB would go away as a funding partner of any sort. But CTIB would perhaps continue in an advocacy role. They assumed this because other options explicitly included CTIB in the option.

A committee member added that the committee should understand where CTIB's current authority lies in each option.

A committee member noted that when they read the option they thought it meant CTIB would go away. The member asked how CTIB could continue to have obligations if they do not receive funding. The member asked how realistic it was politically to take control away from CTIB and give to the controversial Met Council.

A committee member commented that they were hung up on it being described a county sales tax, because it is a regional sales tax that goes to the Met Council. Making it run through counties creates problems in the long term.

Vice Chair Lenczewski said she assumed CTIB went away, because other options were explicit in including CTIB. She relayed that for maintaining current funding; there was a discussion about whether or not to call it a county tax, when in fact it's all state taxes. One of the key elements was that the lack of a local decision maker for taxes.

Chair Bell explained that the current obligations of CTIB would be assumed by the Met Council and that he assumes the legislature would have to pay the obligations CTIB has agreed to. Chair Bell said that he does not think this could ever happen without a change to the Met Council governance.

A committee member responded that this was one of the arguments on behalf of CTIB because when you have elected county commissioners, the likelihood of continuity of a regional vision is more likely as opposed to governor recommendation to Met Council because there can be huge swings between what a particular governor may choose. The public hates uncertainty and one of the advantages of CTIB was more predictability for the region as compared to the Met Council.

A committee member said that one of the assumptions they had about capital and operating funding and the state share was that this option would buy out the state share. Buying the state out of capital and operating funding makes it attractive politically, but it needs to be enough for current and future investments.

Chair Bell noted that this is a good discussion for future votes. In the future, we will assume that this option would take current obligations and that we will be silent on Met Council structure. Politically, it could not happen, but we should not include it as an assumption.

A committee member responded to a previous point about the continuity of regional vision through elected county commissioners. They argued that metropolitan counties have never agreed on a shared vision from day one. Only five counties joined, one now leaving, and there are rumors about others leaving. While counties have been relatively stable on transitways, it has not been uniform. The member conceded that governors can change the Met Council policy choices suddenly, but counties change too, although perhaps more slowly. The member thought it was a good point to have a seven-county funding source or something less than that. The member stressed that when we list CTIB in scenarios, it is important to be clear about what assumptions we are making about who CTIB is as well as if the funding is being raised by CTIB.

Vice Chair Lenczewski asked if the member is requesting the scenario reflects a possibility of a subset of the seven counties, because that would be very difficult. The member responded that that was not the case.

Chair Bell asked whether the committee should consider the legislature imposing the sales tax on current CTIB members and allowing other counties to voluntarily pay the tax to be a member and get transit services. Even if you started with seven counties, it might be wise if the legislature allowed other counties to buy into paying the tax.

A committee member relayed that one of the questions they have with regard to ranking is are we coming up with one big funding mechanism or are we looking at all of the funding streams. The member expressed concern that if you put too much into a big sales tax it can be volatile. What needs to happen is to pick a few mechanisms that work with each other to tamp down the volatility of each one of them. The state fund is very progressive, and it is useful to have skin in the game. The member noted that another principle they value is that all roads ought to be treated equally. In addition to redefining scenario nine in terms of it being a regional tax, and add a clarification that were not just looking for one fix.

A committee member said that in terms of transit service a distinction is needed because there are exceptions to the assumption of county boundaries being the main variable. The member argued that insisting that the taxing happens by the seven counties may be a mistake. The member added that as an assumption, consistency with the Transportation Policy Plan (TPP) is essential and how the money gets used should be differentiated by function is worth exploring. The member expressed concern about all the options being listed as 1 percent taxes. Chair Bell responded that the options were intended to reflect a range from $\frac{1}{4}$ to 1 percent tax, and that this will be changed to be more clear.

A committee member noted that of the 18 first place votes, 14 relate to sales tax. They commented that there seemed to be a lot of interest in various sales tax permutations. They wanted to talk about the details within sales tax options.

A committee member argued that it is helpful to first agree on the basic principle of buying out the state share. That will narrow the list. The next level will determine three factors: where do you fit between quarter and one percent sales tax; which modes you are funding with each option; and then get to geographic area secondarily.

Chair Bell asked if it was possible to have a vote on each scenario with different underlying assumptions demonstrated. He asked if we might have five of these questions based on different principles.

A committee member responded that that could be helpful because around the table there is disagreement about whether robust expansion is needed, or whether they want to focus on the bus system.

Chair Bell expressed concern about dilution with too many options. Perhaps we shorten the list to realistic options, which would help to differentiate the principles behind each question.

A committee member stressed that they have already changed their preference given different principles being emphasized.

A committee member said they like the suggestion for refinement to smaller number that is manageable.

A committee member wondered to what degree political reality shapes our recommendation. You can say you want a sales tax in the metropolitan area, which would be imposed by the legislature. However, the probability of passing this in the legislature is low.

A committee member said that the idea of the Citizens League is to have bright ideas on getting stuff done and considering politics too much would defeat the purpose. We should continue working through the process and consider political realities as well. In addition, the member responded to a previous point

about working principles and explained that their working principle in ranking is looking for ways of funding the existing transportation policy plan, which is built on building out transitways and assumes increasing the capacity of the workforce bus system as well as funding both biking and walking opportunities.

A committee member commented that political consideration should start the conversation. They relayed that a presentation on new political realities would be useful. It does not mean that we have to settle for the current political realities, but, starting there would be good as we discuss the nuances of the scenarios.

Vice Chair Lenczewski argued that the report is not useful if it only survives five months. She hoped that this report would be useful for future considerations. Some of the options are unrealistic in the short term, but, that does not mean that we should oppose them, if the option expresses the ideal we are advocating.. No governor takes away their power in the Met Council, in either party. We can get trapped into what is politically real today. We have to do what we believe. She said that she envisions the report having multiple perspectives, which gives options for now and for the future.

Staff explained that, historically, the Citizen League has been successful by balancing political reality with idealism. The beauty in what the Citizens League has accomplished is because they hit a short-term need, and where possible long term.

A committee member said they would not include structural changes to Met Council in options, given the Citizens League's previous work on Met Council. There might be a window of opportunity to have this included--for example, the recommendation for staggered terms.

Chair Bell clarified that there may be two or three principles that go across the top – and one of them might be Met Council governance changes. The changes could be vague.

A committee member agreed with needing to stay within the political realities but emphasized we have to lead as well. That means strategies and goals take longer, or they are different in terms of who we work with. On the governance piece, the Citizens League just did Met Council governance work, but there could be work on transit governance.

Chair Bell said they could restructure the list with principles A and principles B, to see if these buckets of principles make sense. Then we can see what assumptions and principles are being played out. That would hopefully take political concerns and put them at the forefront.

A committee member asked if we should discuss the principle of reducing or removing state responsibility for transit funding.

A committee member expressed appreciation for the Citizens League's work over the years. They argued what distinguished the results is having an identifiable problem to solve, and coming up with creative solutions. One of the challenges in this work is it is unclear what the problem we are trying to solve is. The legislature is not informed on transit. Educating them on these issues is crucial. Arterial BRT for example works very well but it needs funding.

A committee member responded to the question of taking the state out of transit funding noting that a good share of people do not believe that that is best.

Chair Bell relayed that the committee may have the same option presented based on different principles and separate votes.

A committee member asked if the committee is going to jump for a big funding mechanism or tinker with current streams. The committee member understands that buying out the state share, but the state share is what led them to argue about everything in the Met Council.

A committee member noted that the new majority in the Senate and House is mostly from Greater Minnesota, and less than a quarter of Republicans are in the metropolitan area. It is challenging to talk about a metro centric issue when the majorities are mostly from Greater Minnesota who ran against the metro. The option the committee chooses needs to be pro metro from both parties.

Staff agreed that clarity is needed when stating what the problem that is being addressed is.. Staff relayed that they have heard both parties argue for getting the state out of it, and for enlarging the state's role for greater involvement.

A committee member commented that the problem is we are building the lines without operating funding being determined. If the metropolitan area funds everything, legislators know that if things go sideways they come to the state. That eventuality is the point of the 10 percent share of state legislature. A committee member responded that over a 30-year period, the projection is that CTIB is 80 million dollars short of their operating obligations. This amounts to less than three million dollars short per year, which does not account for the price reduction of projects. The spending is all within reasonable parameters. If you look around other regions, most metropolitan areas have to step up and pay for it. The regions decide they are going to do it.

A committee member said that number 12 seems to fulfill this issue but not all of these options solve every fiscal issue.

Chair Bell complimented the discussion and moved on. He said that the problem is that the transit component of transportation is not functioning well. In his view of political realities – there needs to be a resolution of the transit issue and the Governor may hold the issue hostage to get it resolved. Part of the role of this committee is to provide options so that the issue is not postponed.

A committee member stressed that human services are a human responsibility. We talk about what the counties contribute, or what the Met Council does, but it is important to remember we are here serving people. People's quality of life depends on this, and that should stay front and center as we vote on options and make recommendations to the legislature.

A committee member noted that another distinguishing feature is whether or not the state imposes obligation or whether local counties/tax payers have a say. That issue divides these solutions, but they are unsure if it is a guiding principle.

A committee member commented that the propensity to postpone the issue is strong. The system isn't working well now. The price of southwest went up 19 million dollars due to state funding issues.

Chair Bell moved the discussion to focus on how to restructure future votes for these issues and began describing option 12. Chair Bell asked for challenges to his description.

A committee member mentioned that anytime the committee uses the term "CTIB", we should have an understanding about what that means. The member asked if it is the current counties, or CTIB as it might be formed from time to time, because it's voluntary. The member asked if the committee is assuming anything about CTIB membership, or forcing them to have certain members. These are important assumptions and a huge governance issue.

A committee member noted another finance issue which is the CTIB's financing of the bonds. Chair Bell responded that he thought it was split between CTIB and others.

A committee member stressed that 73 percent of the money that goes to CTIB comes from two counties. The projects on the schedule are taken care of by those two counties. The member said that it is important not lose sight of where the money is coming from.

A committee member added that it's going to be hard to determine what CTIB looks like, and that CTIB is placeholder for local influence. Chair Bell said that the assumption is that CTIB is constituted at the time

these options are passed. A committee member responded that they do not think that that assumption is necessary.

A committee member noted that the committee should not forget how Greater Minnesota transit is funded.

Chair Bell described scenario 10 and asked for questions.

A committee member said that it is a challenge because the projections over 20 years show capital funding is ramping up before stabilizing but operating costs continue to grow. Therefore, when you do fixed percentages for capital funding instead of operating funding, it does not cover the costs.

Chair Bell commented that the difference between option 12 and 10 is this point, and that the committee should get rid of 10 as long as it is considered. A committee member noted they prefer to leave it on the list.

A committee member asked if the committee wants to distinguish between kinds of capital funding.

Chair Bell explained that option 12 allows for that ongoing negotiation.

A committee member noted that if CTIB operating funds amount to 50 percent of operating costs.

A committee member emphasized that CTIB is not against doing more than what it is currently obligated for.

A committee member said that it is easy to recognize Met Council issues and CTIB's challenges in uncertainty. Many regions have a transit board. The member asked why the committee would not consider a transit board that gets at stability and local representation. The member recognized that it has been talked about before and that it is complicated. A committee member responded that it begs the question around TAB.

A committee member argued that for the purposes of getting away from the high transaction cost of working with the state legislature, most of Denver board decisions come from referendum. We could have the Met Council do planning, but have a standalone transit agency that votes on every investment.

Chair Bell said that the committee got into difficult issues, but that is what is intended. He explained that next week the committee will have the Chair of the Met Council present, and we are hoping to schedule a Metro Transit presentation in the future. Chair Bell asked members to let staff know if there were other presentations members wanted to have. A few members suggested the politics of the upcoming session, biking and walking needs in the region, and insights into how Trump administration might approach infrastructure.

Chair Bell asked for evaluations.

5, 3, 4.5, 5, 5, 5, 5, 4, 5, 4, 4, 4.5, 4.5, 4.5, and 4 for an average of 4.07.