



Approved Minutes
Citizens League Transit Study Committee
Thursday December 15th 7:30am-9:30am
St. Mary's Greek Orthodox Church
3450 Irving Ave S, Minneapolis, MN 55408

Committee Members Present: Chair Peter Bell, Mr. Abou Amara, Mr. Michael Beard, Mr. Bill Blazar, Mr. Patrick Born, Mr. James Erkel, Mr. Ethan Fawley, Ms. Elizabeth Glidden, Ms. Mary Liz Holberg, Mr. Scott McBride, Mr. Jim McDonough, Mr. Peter McLaughlin, Ms. Kenya McKnight Ahad, Mr. Andrew Richter, Mr. William Schreiber, Ms. Nancy Tyra-Lukens, Mr. Vayong Moua, and Ms. Patty Thorsen

Members not present: Ms. Mary Giuliani Stephens,

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

Citizens League members: Bill Dooley, Bob Carney, McLaughlin Wagenius, Patricia Nauman, and Matt Burress.

Proposed outcomes for this meeting

- State study committee charge and proposed goals.
- Approve minutes from previous meeting.
- Review and discuss second survey results
- Conduct live voting on funding scenarios
- Agree on next steps

Chair Bell called the meeting to order at 7:35am

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 motion was moved by members Bill Schreiber and seconded by Jim McDonough. A unanimous aye vote passed the motion to approve minutes.

Chair Bell recalled the previous meeting presentation from CTIB on their potential plan to disband. He noted that it has the chance to significantly impact the options sought by the committee.

Chair Bell described the agenda for the last two meetings.

Chair Bell reminded the committee that it voted on the most recent survey including information about potential problem statements. The purpose of the vote was to narrow down the list by eliminating the options that had low interest. He noted that the format of the vote was broken down in two ways, first by dollar amount, from smallest to largest, and then by committee members' level of support. At some point, a second round of voting was intended which would be done live today. Today's round of voting will be divided into two areas because there was not a lot of discussion at the previous meeting on what should be the premise for the voting. For example, should the premise for the voting be based on anticipated political realities or should it be more aspirational. Due to potential divide on the committee since we have not come to an agreement on which premise, Chair Bell explained that there would be multiple votes today: one that is aspirational and one that is more politically plausible. It was his hope that the report would reflect both.

Chair Bell commented that next week, staff will come in with a brief outline of what the report will look like and the committee will provide feedback and approval of the general outline of the report. Once staff begins writing the final report, they will send multiple drafts to the committee for ongoing feedback. There will be a final electronic vote on the final report. Chair Bell asked for questions.

A committee member asked if the document is going to be used to guide other stakeholders and be used for lobbying. Chair Bell responded that since it thought it would be likely that there will be a variety of recommendations, different groups will support different aspects of the report. Additional work will be done to support the report, for example using op-eds, and legislative testimony. A committee member asked about different transit users, and wondered if a proposal that increases transit funding would benefit specific transit user constituents. Chair Bell said he did not think the committee can say something as explicitly as "five percent of the budget needs to go to specific uses" for example, but the committee could make a statement to support adequate or proportional funding for various kinds of transit - without getting into the exact details.

Staff reiterated Chair Bell's point that time constraints limit how specific the recommendations could be. The Citizen League strives for as much consensus as possible but it does allow for minority reports in the final report, which is important for the transparency of the project.

Chair Bell explained that the goal was to use the time to collect the wisdom of the group that will be meaningful to policy makers regardless of what unfolds. It is a dynamic situation with the election and the Counties Transit Improvement Board's (CTIB) potential changes and the committee should build a document that can be useful and respectful of time constraints.

A committee member said that they can live with this but they were concerned that the aspirational plan is going to be a challenge reaching completion without delving into governance and questioned how they would vote on the aspirational plan would depend a lot on the governance.

A committee member commented that the CTIB presentation explained that it is considering a new formation and new relationship with counties to be determined. Those counties that choose to disband would likely come back together again for funding. The regional resources that fund Metro Transit, Metro Mobility, Dial-A-Ride, and suburban opt-outs are gathered and distributed at the regional level. Until that changes, the regional transit resources will continue to be allocated on some basis similar to today. Chair Bell added that one of the difficulties is the premise that considers political probabilities must implicitly wrestle with the \$89 million dollar shortfall in regional operations. Also, the CTIB disbandment raised a lot of questions that are difficult to answer right now. If Hennepin or Ramsey County goes to half a cent sales tax, it is unknown how much will go to transit and how much to operations.

Chair Bell explained that the first area to look at is the problem statement and began the PowerPoint presentation. [See *corresponding PowerPoint, Attachment A*]. (It was noted that an individual vote was equivalent to 5% and that a 60% agreement was needed for any option to move forward.)

The top problem statements included:

1. *There is unpredictability in the state level of transit finance. (74% strongly agree, 21% somewhat agree)*
2. *There is a structural funding shortfall for transit system expansion and maintenance. (63% strongly agree, 21% somewhat agree)*
3. *There is too much complexity and lack of transparency in transit decision-making and financing. (42% strongly agree, 32% somewhat agree)*

A committee member asked if all choices were being shown. Chair Bell responded that only the most agreed upon statements were shown.

A committee member commented that the third problem statement is ambiguous because complexity does not necessarily imply a problem. Chair Bell responded whether more complexity implied less transparency. Another member noted that this is an example of a statement that everyone sees differently and that they did not think complexity equaled lack of transparency.

A committee member said that combining financing and decision making in item 3 is difficult because there are different opinions on each.

Chair Bell asked if anyone objected to number three being eliminated. It was removed with no further discussion.

A committee member commented that the report could reflect the fact that transit funding and decision making is complex without saying it is good or bad. A committee member added that if the committee goes that way, it would be better served to take out the “too much” and the “lack” in the statement. Chair Bell responded that there was broad agreement in the committee that number three would be removed. The committee could choose to simply include in the report a comment on the complexity and transparency. A committee member agreed as long as the report did not imply that the transit system is failing, because the committee member did not believe the transit system is failing.

A committee member noted that they struggle with the language referring to a structural funding shortfall because what that means is “give me more money.” There is a huge assumption that government transit is necessary and must grow. The member added that it takes personal responsibility out and reduces the possibility of private options. Chair Bell responded that the second problem statement only says that there is not enough money to maintain the current system even if it did not grow at all, and for sure there is not enough money to expand it. The language is trying to capture both maintenance and expansion – indicating a structural shortfall. Chair Bell said that the structural shortfall does not imply that the state is necessarily the structure for the funding. There are various funding options that show a reduced emphasis on the state. Another committee said they read the problem statement number two as implying expansion not maintenance primarily. Chair Bell asked if there is resistance to rephrasing it to clarify the statement.

A committee member noted that there seems to be two members who disagree with a statement, and wondered how much time the committee needs to spend persuading two members. A member responded that the point isn't the numbers it's the interpretation of the language. Vice Chair Lenczewski commented that she hoped the votes could simply be expressed as they are so that the committee could move on the problem statements. A committee member responded that it was important to make the problem statements clearer. Chair Bell clarified that the spirit of problem statement #2 was that there is not enough money to maintain the system or expand the system. Chair Bell moved to have the statement switched to reflect this clarification.

Chair Bell showed the smaller dollar funding scenarios that got strongest support:

1. *Met Council to increase its fare box recovery to hit efficiency targets. (56% strongly support, 33% minimally support)*
2. *Consider developer fees, transit-oriented dev (development) tax increment financing, special assessment, capture portion of increased property taxes, etc. (26% strongly support, 57% minimally support)*
3. *Increase the transit taxing district. (22% strongly support, 61% minimally support)*

He explained that the report will try to estimate dollar amounts resulting in each scenario. A committee member commented that they wanted to see a consideration of distance for fare box recovery and equity considerations.

A committee member noted that they struggled with the language of the first scenario because it has multiple statements. The member explained that they would support a fare box increase without necessarily aiming for specific targets. A committee member added that increasing fares seems straightforward, but targets get complicated. The second scenario depends on what it is used for. For example, could it be for the last mile connections? If yes, they would like this to be reflected in the report. Chair Bell responded that he thought all of the dollars would go back to transit operations. A committee member responded that that was not their assumption and it is problematic. Scenario two is a hodgepodge of options which may assist other funding streams but is too broad a category and hard to know whether the funding can be reliable. Chair Bell responded that if it is the will of the committee, the recommendation can note that spending is not specified.

A committee member noted that option number three assumes that those in transit taxing districts will get service. Chair Bell asked if the report narrative says that the transit district would only be expanded when additional services are provided. A committee member responded that it is already set up that way now. It shows that people outside of taxing district are currently getting service. A committee member agreed with previous point; it has been a given for some time that increasing the taxing district is a lot of work and does not increase funding much, but there are a lot of people outside the district using the system. Another member added that what has been proposed previously is a feathering of the transit district. If you have service, you pay the full levy for bus replacement and park and rides etc. But if you don't have direct service, you pay at a half rate so there is a contribution from those folks but it is not at the full level. A committee member responded that people who are riding are already paying 75 percent of the costs. Lakeville is the only community that has joined the transit taxing district since it was formed in the early 70s due to millions of dollars of investments from the federal government that made it worthwhile. It was added that people forget that 95 percent of revenue streams that go into funding the bus system, if outside the transit system, are still paid by motor vehicle, fares, federal taxes, and state taxes. Chair Bell noted that comments being made are going to be captured in the narrative of the report. For example, if the recommendations says to increase the transit district, opposing views will be reflected.

A committee member asked what defines direct service/benefit in the context of this previous question. Chair Bell responded that a bus stop in the community, not where you have to drive to the bus system.

Chair Bell showed top larger dollar funding scenarios:

1. *State funds Metro Mobility through a line item in the base General Fund appropriation for Met Council. (56% strongly support, 39% minimally support)*
2. *Two Tiers of Sales Tax. Create two tiers of taxation in the metro area. Cities want more, pay more, etc. (33% strongly support, 44% minimally support)*
3. *State authorizes a legislatively determined metro sales tax (ranging from ¼ to 1 cent). Revenue to Met Council. (33% strongly support, 22% minimally support)*
4. *State dedicates a portion of General Fund surplus to transit for operations. (29% strongly support, 41% minimally support)*
5. *State imposes a legislatively determined metro sales tax (ranging from ¼ to 1 cent). Revenue to Met Council. County commissioners cannot deny tax. (22% strongly support, 33% minimally support)*
6. *State dedicates transportation-related General Fund revenue (e.g., motor vehicles lease sales tax, rental tax) to transit, with no reduction in General Fund base appropriation for transit. (18% strongly support, 53% minimally support)*
7. *State imposes a legislatively determined metro sales tax (ranging from ¼ to 1 cent) with guaranteed allocation to Met Council for operations and a guaranteed allocation to CTIB for capital. Remainder allocated per "joint certification" process. (6% strongly support, 60% minimally support)*

A committee member said, in reference to scenario one, that it may not be an immediate benefit to Metro Transit. Depending on the language and how it is done it may end up being revenue neutral this biennium.

A committee member commented that the lead problem statement is unreliable state funding yet the recommendations are turning to the state for Metro Mobility. Chair Bell noted that the safeguard for the reliability of funding Metro Mobility is the federal requirement. A committee member asked if Metro Mobility being in the general fund makes it less reliable during deficit years. Chair Bell responded that there is no increase in risk.

A committee member responded it is important to recognize that Metro Mobility is not welfare, anybody can become disabled at any point in their life. A committee member clarified that the term “welfare” was not intended to reflect anything more than a legislative term. It was their hope that if funding for Metro Mobility were to be reassigned to the Department of Health and Human Services (HHS), that this funding would become more reliable for these necessary services.

Vice Chair Lenczewski commented that when something is in the budget forecast, it’s much more likely to get funded than outside the budget forecast, which is where transit funding is now.

A committee member asked about the difference between items number three and five. Staff responded that the difference is the state is authorizing a tax in one versus imposing the tax in the other.

A committee member said they were concerned by the lack of including the CTIB disbandment as a vote or as a free-standing deal. Chair Bell said it was a mistake to not include it.

A committee member asked if efficiency targets will be included in scenario one of smaller dollar funding. Chair Bell responded that concerns will be kept into the report, but the language will not be changed in the scenario.

A committee member asked if scenario three of smaller dollar funding includes feathering. Chair Bell responded that the possibility will be included. He reminded the committee that people will be able to comment on the report narratives.

Chair Bell explained that the first votes the group will vote on will be through an aspirational lens:

Without having to consider the future of CTIB and other legislative activities, what is the best way to fund transit in the metropolitan region?

Below were the results of the voting under this assumption:

1. *Met Council to increase its fare box recovery to hit efficiency targets. (40% strongly support, 45% minimally support, 15% absolutely no support)*
2. *Consider developer fees, transit-oriented dev tax increment financing, special assessment, capture portion of increased property taxes, etc. (32% strongly support, 58% minimally support, 11% absolutely no support)*

3. *Increase the transit taxing district. (30% strongly support, 50% minimally support, 20% absolutely no support)*
4. *State funds Metro Mobility through a line item in the base General Fund appropriation for Met Council. (74% strongly support, 21% minimally support, 5% absolutely no support)*
5. *Two Tiers of Sales Tax. Create two tiers of taxation in the metro area. Cities want more, pay more, etc. (37% strongly support, 32% minimally support, 32% absolutely no support)*
6. *State authorizes a legislatively determined metro sales tax (ranging from ¼ to 1 cent). Revenue to Met Council. (10% strongly support, 35% minimally support, 55% absolutely no support)* The scenario did not receive enough support to continue.
7. *State dedicates a portion of General Fund surplus to transit for operations. (45% strongly support, 25% minimally support, 30% absolutely no support)*
8. *State imposes a legislatively determined metro sales tax (ranging from ¼ to 1 cent). Revenue to Met Council. County commissioners cannot deny tax. (45% strongly support, 30% minimally support, 25% absolutely no support)*
9. *State dedicates transportation-related General Fund revenue (e.g., motor vehicles lease sales tax, rental tax) to transit, with no reduction in General Fund base appropriation for transit. (45% strongly support, 30% minimally support, 25% absolutely no support)*
10. *State imposes a legislatively determined metro sales tax (ranging from ¼ to 1 cent) with a guaranteed allocation to Met Council for operations and a guaranteed allocation to CTIB for capital. Remainder allocated per “joint certification” process. (40% strongly support, 15% minimally support, 45% absolutely no support)* The scenario did not receive enough support to continue.
11. *Former CTIB counties maintain ability to impose up to 1/2% sales tax for transportation purposes and state imposes 1/4-1/2% metro sales tax for non-LRT purposes, including bus operations/expansion. (35% strongly support, 45% minimally support, 20% absolutely no support)* A committee member said that some of the lack of support seemed to stem from clarity issues on the option. The committee member emphasized that you need some of the other quarter cent to handle operations of light rail transit (LRT). The member cited that the east metro would totally get left out if there were not fixed amounts for operations. Another member asked whether the quarter to half a cent would go towards operating costs of LRT plus bus expansion. The member noted that a quarter cent expansion is enough for the system. Staff was asked to clarify the scenario by showing that the extra quarter cent would be dedicated for all transit operations. With this change, the committee voted again and the scenario passed.

Unless noted, all scenarios received enough support to continue for future discussion and possible voting.

Chair Bell then moved to begin voting based on the second assumption: political reality or plausibility:

Given the likelihood that CTIB will disband and no new state authorized/imposed sales tax, how would you fund transit activities?

Chair Bell clarified that CTIB would evolve in a way so that counties who opt out would be allowed to use the existing authorization of a ½ cent sales tax increase for transportation purposes. A committee member said their interpretation of political reality is there is no chance that the legislature will support a half cent sales tax. Other chimed in that there is still a lot of unknowns with CTIB disbanding. Chair Bell responded that political likelihood is how it would be framed. Another committee member said that CTIB is likely going to change, whether they will do this to themselves or whether legislation will impose it. If it is assumed that the legislature is not going to raise or authorize any new sales tax within counties, then it does not matter what happens to CTIB if it is about money and not governance. Chair Bell asked if it is likely that the current CTIB counties would use their local authority to institute a transportation sales tax. In the political reality assumption, Hennepin and Ramsey counties are the ones likely to exercise this half cent sales tax option. A committee member said that just because they are allowed to do so does not mean they will. Chair Bell clarified that 80 percent of current sales tax comes from Hennepin and Ramsey counties and it is more of a likely scenario that Hennepin and Ramsey counties will impose part of that sales tax to move forward with the transit lines that they have. A committee member responded that while Ramsey and Hennepin counties believe in the buildout of the system, the east metro could not afford to pay for its build-out on their own. The member explained that Ramsey and Hennepin counties would have to agree to share money to fund the build-out, otherwise there would be little reason for Ramsey County to vote to dissolve CTIB. Chair Bell wondered why Ramsey County would not agree to dissolve if the legislature was going to dissolve CTIB anyways. The member responded that at least Ramsey County would not get criticized for supporting Hennepin County initiatives without getting a build out of its system.

Chair Bell relayed that the committee can vote on the second assumption, based on probabilities, that the most likely thing will be CTIB taking the option that Dakota County has taken, or the assumptions can be tweaked on a future survey. The committee decided to move forward on the currently framed assumption.

Below were the results of the voting under the second assumption:

1. *Met Council to increase its fare box recovery to hit efficiency targets. (40% strongly support, 50% minimally support, 5% absolutely no support)*
2. *Consider developer fees, transit-oriented developer tax increment financing, special assessment, capture portion of increased property taxes, etc. (50% strongly support, 40% minimally support, 10% absolutely no support)*
3. *Increase the transit taxing district. (40% strongly support, 40% minimally support, 10% absolutely no support)*
4. *State funds Metro Mobility through a line item in the base General Fund appropriation for Met Council. (70% strongly support, 30% minimally support, 10% absolutely no support)*
5. *Two Tiers of Sales Tax. Create two tiers of taxation in the metro area. Cities want more, pay more, etc. (45% strongly support, 30% minimally support, 25% absolutely no support)* In the discussion of this scenario, Chair Bell mentioned that there are legal

questions about whether a county can adjust sales tax rates within the county. A committee member said it does not make sense under the current assumption because they were considering the option as an add-on to other funding streams. Chair Bell responded that he thought this would make it politically possible to go to rural Hennepin County and say they would have lower sales taxes for areas with lower transit needs.

6. *State dedicates a portion of General Fund surplus to transit for operations. (45% strongly support, 20% minimally support, 35% absolutely no support)*
7. *State dedicates transportation-related General Fund revenue (e.g., motor vehicles lease sales tax, rental tax) to transit, with no reduction in General Fund base appropriation for transit. (42% strongly support, 21% minimally support, 37% absolutely no support)*
8. *Former CTIB counties maintain ability to impose up to 1/2% sales tax for transportation purposes and state imposes 1/4-1/2% metro sales tax for non-LRT purposes, including bus operations/expansion. (20% strongly support, 60% minimally support, 20% absolutely no support)*

With time running out, Chair Bell explained that the data from the vote would be tabulated and would be shared at the next meeting. A member noted that it would be important to know how many people voted along with the percentages. Chair Bell also noted that next week there will be an outline of what the report will be and include aspirational and political reality recommendations.

Vice Chair Lenczewski asked for evaluation.

Evaluation: 4.5, 4, 3, 3.5, 3.5, 4, 3, 4, 4, 4, 4, 4, 2, 4, 3, 3.5, 3.5, and 4 for an average score: 3.63

Chair Bell concluded the meeting at 9:38am.