



**Approved Minutes**  
**Citizens League Transit Study Committee**  
Thursday November 17th 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. Bill Blazar, Mr. Patrick Born, Mr. James Erkel, Mr. Ethan Fawley, Ms. Mary Giuliani Stephens, Ms. Elizabeth Glidden, Ms. Mary Liz Holberg, Mr. Scott McBride, Mr. Peter McLaughlin, Ms. Kenya McKnight Ahad, Mr. Andrew Richter, Mr. William Schreiber, Ms. Nancy Tyra-Lukens, and Mr. Vayong Moua.

**Members not present:** Mr. Jim McDonough, Mr. Michael Beard, and Ms. Patty Thorsen

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

**Citizens League members:** Bill Dooley, Bob Armstrong, Bob Carney, Peter Wagenius, Matt Burress, Dave Van Hattum, Judd Schetnan, and Patty Nauman.

**Proposed outcomes for this meeting**

- State study committee charge and proposed goals.
- Approve minutes from previous meeting.
- Hear from Chair of Metropolitan Council
- Agree on next steps

**Welcome**

Chair Bell called the meeting to order at 7:36am.

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.*

*Approval of Minutes*

Chair Bell moved to approve minutes and asked for discussion. Moved by Mary Liz Holberg and seconded by Jim Erkel. A unanimous aye vote passed the motion to approve minutes with no changes.

Chair Bell explained that the committee may go over a draft of the table of contents depending on time available.

*Re-cap of Previous Meeting*

Chair Bell recapped previous meeting and described the first vote on scenarios. He said that the purpose was to take the committee's temperature and revise the list and that now the staff is working on second ballot with modifications. A number of scenarios were taken out that did not get support and were not viable. He said that his instincts are to do a second revising vote for last changes anticipating a third and final vote. This vote will be the basis of the final report.

Vice Chair Lenczewski relayed the proposed outcomes for the meeting including:

- State study committee charge and proposed goals
- Approve minutes from previous meeting
- Hear from Chair of Metropolitan Council
- Agree on next steps

She also reminded the committee that there is no meeting next week due to the Thanksgiving holiday.

Chair Bell welcomed and thanked Metropolitan Council Chair Adam Duinick for presenting. Chair Bell reiterated the committee's goals, and stated that the status quo is an acceptable outcome, though there will be other changes potentially recommended. Chair Bell expressed that he hoped to hear the Met Council's perspective and if time permits to look at scenarios gathered so far.

### **Presentation from Chair Duinick**

Duinick noted there was shared interest between the Met Council and the committee. Duinick described confusion in the legislature between transit governance and Met Council governance. He said that most of what the Met Council does is transit services. Duinick relayed principles as they relate to governance: the focus needs to be on regionalism and on asking what is best for the region. Duinick stated there is a difference between voting based on representing narrow interests and regional elections and that the closest person who takes a regional view is the Governor. Duinick commented that there were lessons learned from work done regarding the selection process for Met Council members, which he may support. He emphasized that it is important to integrate more between community planning and transit planning. He argued that it is a benefit to the region from a community planning perspective to be integrated. He noted that the Met Council is often told that because we are unique we should change – whereas other regions are asking the Met Council how they can emulate it.

Duinick commented that another important principle is how relationships play a role. It may be difficult to capture in policy, but the fact is that the system is not perfect and relationships make the difference. Working with the Counties Transit Improvement Board (CTIB) and the Transportation Advisory Board (TAB), and trying to develop consensus is important. Even if governance is far from ideal – there are ways to overcome the challenges, which is why we have been successful. Duinick noted that many governance questions become chicken or egg questions about how much money we need for a fully built out transit system. Every addition is a controversy at the beginning, but then becomes successful. There is still a controversy about how it is built and who operates it, which is again why relationships are so important.

Duinick argued that there are people who hold up governance as a reason not to proceed. It is often an excuse not to build transit system to accommodate the population growth we expect. One question that needs to be asked is whether or not the State should be in or out of planning and funding. There is divided opinion on that matter. But the state does not want to be hung with the cost. Other areas use referendum, which is not something we have done here. We try to get through the legislature – where deals fall apart. Duinick commented that one of the challenges is how to talk about vision when some opponents want to and we cannot just have multibillion dollar projects hanging on the line. Duinick mentioned that there is a challenge in attempting to set up a system with checks and balances while moving forward. He added that the 2008 bill did not solve all of the problems, but it was an important step forward.

A committee member emphasized that equity is an important element to integrate into transit funding moving forward. Duinick replied that he agrees and added that there are challenges balancing equity towards communities who have suffered generations of barriers and geographic interests. The committee member added that due to the changing demographics in the outskirts of the metro area, these interests may become less mutually exclusive.

A committee member reiterated the committee's charge in recommending transit funding scenarios and asked what current funding levels and service looks like. The also asked how long it has been since fares were increased, what impact fare increases would have on revenue, and how much revenue is needed looking into the future. Duinick responded that there has not been a fare increase since 2008. Both the structure and rate of fares have been considered. He mentioned that the goal at Metro Transit is to recover roughly 30 percent of the costs through fares and that they are currently recovering roughly 22 percent from fares. He said they may raise the fare rate in the next year, and that they were hoping that a sales tax would get passed in order to help out with revenue drops from diminished Motor Vehicle Sales Tax (MVST) returns. Duinick said that they anticipate losing riders for one to two years before getting them back due to rate increases and that a quarter increase in fares would net 40 million dollars over four years. One of the things being looked at is restructuring the fare to get rid of peak and off peak hours. Duinick added that some regions have a distance based fare model as well. Overall current level is challenging because for four sessions now the transit sales tax deals have fallen through. Otherwise the Met Council gets general fund of around \$170 million per biennium which includes Metro Mobility, Light Rail Transit (LRT), and regular route bus. Overall metro budget is around \$400 million and the biggest funding source ends up being motor vehicle sales tax.

A committee member asked about current funding level and services that could be cut due to lack of funding. If all things were equal, the member asked how much more per year it would cost to fund the current system prior to Southwest and what happens if Met Council were to get no additional funding. Duinick responded that they will be short – but he didn't have an exact figure to share. Duinick clarified that it seems like the question is: what happens if legislature said no money for anything. Duinick said he hopes that doesn't happen. Duinick said that the cost drivers include Metro Mobility, which increases 8 to 10 percent per year so far. This past year we are looking at double-digit increases, and rides are being denied for the first time due to overwhelming number of calls. This is due to the fact that we used to go beyond mandated areas. LRT subsidies split between CTIB and the State drives the cost, but what costs more is it being undercapitalized while adding service.

Chair Bell asked about local vs. state funding noting there is a debate here and walking over broken glass every year seems a high transaction cost. Chair Bell asked for Duinick's opinion on that question, wondering might it be better to deemphasize state sources and emphasize local sources of revenue and if that is something that makes sense. Duinick responded that in the long run it seems to be where we are headed and it makes sense, but there are challenges. Duinick mentioned one downside to deemphasizing state sources is we already have the metropolitan area vs. the rest of the state mentality. Within the Metro area there is concern about actual regionalism. Those divisions may be worsened. Duinick noted that there was concern previously about no funding being available based on property taxes. Duinick added that there is less political support than customer support for a robust transit system.

Chair Bell asked if there is a useful distinction based on transit mode regarding funding. Chair Bell wondered if one county wants rail and a different county wants Bus Rapid Transit (BRT), is there a funding mechanism which could address that issue and should that distinction be considered. Duinick responded that there is an upside to that scenario. If the cities and counties in the region want it and step up to pay for it, they should be allowed, but the legislature has not given that authority readily. There has been some difficulty in articulating how transitways are developed at the local level. Duinick noted that there is a tension between simplifying the process in terms of local decision making and emphasizing a regional system.

Vice Chair Lenczewski relayed that the committee struggles with these questions. She asked Duinick to talk more about whether people should stop asking for state share and just let the metropolitan area pay for everything. There are arguments about the fairness of this solution as the Metro area is already subsidizing rural Minnesota. Others say yes that's true but were not getting it any other way. Setting that aside, she asked if Duinick can talk about moving the state toward a metropolitan sales tax. She also

asked for advice on the subset of taxing district and what kinds of taxes make sense. She also asked about Duinick's opinion on letting referendums go through, or letting cities/counties within the area opt in or out and whether he has talked with the Governor regarding required vs. optional opting in. Duinick responded that he has talked about it with the Governor, and the Governor shares the same principles. Duinick relayed that the Governor wants to build a transit system and highway system and wonders whether we are compromising on a deal that does not fix anything that we will have to come back to. When it comes to transit, there was movement the last few years for regular route bus and Metro Mobility, rather than other forms of transit. Maybe the locals should make the decision or be on the hook for the costs of other modes. Might be a hybrid situation where counties implement sales tax. Council has to figure out how to pay for operating costs for that. There is an upside for us being involved in capital costs. We are able to plan operating costs 10 years from now, which is why we work so hard on Transportation Policy Plan (TPP) for future planning.

A committee member commented that they didn't want to leave the false impression that whether a county is selecting light rail or BRT is whimsical. It is an exhaustive analysis coming down to potential ridership. One train covers 600 people, you need 10 buses to cover the same. Costs more to build, less to maintain. More people will use LRT than bus. All of those components go into evaluation of LRT vs BRT. LRT was looked at and they did not have the ridership. The member asked Duinick for his experience with Snelling Avenue line. Duinick discussed the Snelling Avenue Arterial Bus Rapid Transit (ABRT) as the first in the region. The upfront costs were about 25 million dollars. He then compared the costs of different transitway possibilities. Duinick noted development interests due to access to ABRT. He said it was something to watch but not to expect dramatic development changes and he hopes for it to garner more bipartisan support.

A committee member commented that they are interested in the referendum option. Governance is messy, and we would be having a very different conversation with a Republican governor. Duinick responded that one of the Metropolitan Council staff members asked about referendum. The main answer is usually it is a mix of spending time and energy passing the referendum which advocates are lukewarm about and business groups. Culturally, it is just not something we have done. From a building and construction standpoint, thinking about having to put things on pause for six months to a year is difficult. Duinick added that it may be that we are there at this point anyways so it could be a time to look at referendum reforms, though he doesn't see it being proposed. Duinick said he was confident referendums would pass, but it brings us back to asking questions about who would pay--which counties, all metropolitan counties, and how the boundaries would be drawn. It gets lost that boundaries are set by the legislature. Perhaps one of the question is where should the boundaries be set.

Duinick responded to a previous question on governance. He noted that often there is an interest in building another decision-making body. But there needs to be some thought given to who is there and how we represent stakeholders and if you don't do that in funding and decision-making process so there is buy-in. You want a stable long term organization. There is a tension between that and elected officials being a relatively short term interests. Duinick relayed that he is more open-minded than most, but be careful what you wish for because you can tilt decision making that may not improve outcomes. Balance needs to strike long term interests, be accountable, and responsive.

Chair Bell clarified that there have been concerns about how deep to dive into governance and that the committee has somewhat decided that we will focus on funding questions, which will likely have governance implications, but we will not be delving specifically into those because it would take too long.

A committee member commented that they had followed many ballot measures and offered words of caution. These are hard campaigns and take lot of money and may lose many before winning. Even though the rate of winning was high the significance of the decisions range from small increases to large transit projects. The most expensive campaign costed six million dollars and they lost. They looked to the business community to fund that campaign. Furthermore, we need to set the statutes clear for referendums to have teeth.

A committee member asked Duinick to reflect on the observation that oftentimes people show strong support for buses in contrast to LRT, but, in fact, when it comes time to just fund the bus those same people are not very supportive of buses at all. The member expressed doubt that the sentiments are genuine.

Duinick responded that he largely agrees. The Legislature passed a 20 percent cut to service. Sometimes it is just for show and that is politics. But your larger point is well taken – we do not have consensus on transit vision. When working on the Southwest Light Rail Transit line (SWLRT) working around the legislature holds us back with legislators, but if we did not, it would be held against us from local officials. Duinick said that he does not know the right answer, other than a funding source from where the demand is.

A committee member asked for comment on funding sources. They said LRT becomes more about economic development than moving people. They asked Duinick's thought on significant portion of capital costs paid by the developers. The member asked a second question on fares, wondering what happens if we go to 50 percent plus a penny. Duinick answered that ridership would take huge hit regarding fares. Research shows that over half of riders would choose otherwise when priced out. It is a fact that parking costs are currently low, despite popular opinion. The gas tax and tab fee is a low percentage of the road system, but we still need to fund that. The fare recovery for a region our size of 30 percent is pretty good. Duinick added that a lot of people ask about getting developers to pay in. In his experience, it is more a project-by-project deal. Duinick emphasized he is not opposed to the idea, but it would not end up being a huge source of the cost. The developers see it as primarily a public good. A committee member noted that it is possible to go the special assessment route, so that everybody pays. Other members replied that special assessments are decided by cities, but most do not end up paying more than half the cost.

A committee member commented that almost all major highway projects are sold on the value of economic development. The member asked if MnDOT looked at value capture on any of highway cost. A committee member responded that MnDOT has done studies on value capture, but it has not actually used it. The only time MnDOT gets a private public partnership is when private entities want improvements. The downside of partnerships tend to be if a private company wants to come in they will build something but they want to make their money back, much like bonding.

A committee member noted that an additional point for value capture is that many transit agencies will do a joint development where they have land that they use for the transitway development and when they are done with it, they will work with private groups to get the ridership and development they want. Duinick added that this has been done on a case-by-case basis here. He said that there is interest, but a limited ability to effect the private interests.

A committee member expressed that one of their principles is that the value capture should be used for both roads and transit so that they are comparable.

A committee member followed up on the 50 percent plus one question. They wondered how you make the decision to stop funding a bus line. The member added that the Northstar and Red Line numbers seem shockingly bad. Duinick responded that the Metropolitan Council has the primary responsibility as to when to stop funding a given bus route. Quarterly and annually we get a briefing about the worst recovery numbers. Sometimes the Met Council decides to run service for a year before shutting it down. Could be in response to community/employer requests. Some want to try to improve them to see if it increases riders. Duinick stressed that there are equity and geographic considerations, but at some point the lines do get cut if there is no interest.

A committee member commented that the special assessment cannot exceed the value increase to the property. There are many businesses that see zero value in light rail in the short term. From the community standpoint, there may not be value right now but there may be value if property if it is

redeveloped. But there are costs to redevelopment, and it is difficult to do when you know the change in activity will not happen for 10 to 20 years. It is difficult to capture the value in the short-term for the purposes of issuing debt to begin.

A committee member noted that so far, the committee has only been looking at demand side of users, and they have not heard about what the supply of ridership – both current and projected. The member asked if we know what the potential market is by those affected by fares and what the market is we are not tapping. They also asked if lower fares increase ridership. There is a huge penalty for using mass transit to go certain places currently. If you compare the time it takes to use mass transit versus the time it takes to use regular vehicle route, you will discover that it is a huge difference.

A committee member said they were concerned about the future of transportation with autonomous vehicles, in particular for individuals who are dependent upon mass transit. Connectivity will perhaps increase ridership. The member asked how Duinick thinks about this growing trend, and about the future of transit given technology changes. Duinick responded that they were mostly silent on the autonomous technology changes but it is something we need to spend time looking at. Every region that has more experience has said that the technology will supplement not supplant transit. The larger question is around parking and land use for transit/transportation planning. Every 2-3 years we do a travel behavior inventory, which is more regular than in previous years. Regarding the question about connecting populations with dense poverty – the BRT map overlaid the areas of poverty show high access. The larger question has to do with workforce development and connecting people to jobs. Some employers are saying we need to connect Minneapolis employees to jobs. But they have other needs as well, such as housing.

A committee member noted that the fare question is complicated. The member emphasized that the pricing of a public good where the benefits go to the broader array of people than those paying the fare needs to be taken into account. The idea that it should pay for itself is nonsense. The benefits are everywhere – so the payer is not getting the full benefit of the ride.

Duinick thanked the committee for inviting him to present. Duinick argued that on the spectrum of Met Council changes – if one were to believe that things should change dramatically – he argued that the Met Council would need more funding support and long-term stability to make it happen. Next year the Met Council will celebrate its 50 anniversary. Duinick stated that he was not opposed to doing things differently but the principles are equally important: trying to gain consensus is important, cities, counties, legislature is a huge challenge. Duinick said he was hopeful for recommendations coming out of the committee. Duinick emphasized that it is difficult to communicate how projects can hold up entire process and that they have a real impact on our communities.

Chair Bell thanked Duinick for his time. Chair Bell moved the discussion to the draft pages of the table of contents of final report. Chair Bell described the table. Chair Bell asked for comments/concerns – and asked to email staff after more thought given.

Staff emphasized that the final report will be as comprehensive as possible so that a reader does not need to go to several places. There will be background information added to the report for that purpose.

A committee member commented that the bottom bullet – demographic changes and trends and spatial and skills mismatch should possibly be separate from shared and autonomous vehicles because it is futuristic.

A committee member asked to discuss dissemination and the audience intended. Staff replied that all reports are available online to members and public. The audience includes the legislature and governor, but the full audience includes the public, including all of the minutes.

A committee member asked how far back rail authorities should be included.

A committee member noted there is not a lot of connection to other modes. There is not mention of walking and biking in the current document. The member requested that whenever possible to send documents like these ahead of time to digest. Chair Bell responded that it is a fair comment; sometimes the timing is what proves difficult, but when possible it will be done.

A committee member said they were unsure whether to include it, but that the intersection between transit and roads and the balance of funding might be worthwhile. It is transit study, but the implications are relevant.

A committee member commented that they were not here last week, but that we should make the best recommendations we can. They understand being pragmatic, but it should not influence entirely what we recommend.

A committee member agreed with the previous comment about missing connects to other modes – or rather the last mile consideration. In addition, the member is interested in the comparison between roads and what we want entered into the space. This is a context for the committee's funding discussion. In addition, the member is not seeing the ridership needs and public good piece of the transportation funding question reflected here, nor was telling the story expressed here.

A committee member noted agreement with similar theme. They want active transportation included because it identifies walking, biking, and young people's access to school as important. In addition, we need to capture Metro Mobility here. Most of all – equity in terms of racial and geographic equity. The preservation of public goods for our communities is important. We do not have enough information on trends and income and race in ridership discussions.

A committee member suggested before doing background inclusion – we might be able to reach agreement about what the issues are – and that section would be nice to have early in the report.

A committee member agreed with getting to question of what the problem we are trying to solve here. The member asked if we are just figuring out a better way of funding what currently exists, or if we are just funding the TPP. What we choose between those will change what options make sense. It follows from the transit planning section. In terms of how far back to go – we should go back far enough to capture relevant funding streams. Lastly, the member reiterated the need for customer's information should be accounted for. Chair Bell responded recommending that committee allowed for but didn't endorse the TPP.

A committee member added that they would like to include how much is raised by each scenario.

Chair Bell explained that after Thanksgiving we will be reviewing the new ballot and the assumptions included as well as review the updated table of contents.

A committee member asked if we are expecting funding scenario presentations next meeting. Staff replied that we are not. Chair Bell added that a lot of work has been done on that but it is not ready for today or next meeting.

A committee member commented that they do not see a distinction between capital funding and operating funding in table of contents. Chair Bell responded that it will be included in the assumptions.

Vice Chair Lenczewski asked for evaluations:

4.5, 4, 4, 4.5, 4.5, 4, 3, 4, 4.5, 4.5, 4, 4.5, 3.5, 4, 3.5, 3, 4.5, 4.5, and 4 = 4.02

The meeting adjourned at 9:32am.

