



Minnesota Regional Transit
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Notice of a Joint Meeting of the
METROPOLITAN COUNCIL COMMITTEE OF THE WHOLE
and the
REGIONAL TRANSIT BOARD COMMITTEE OF THE WHOLE

Thursday, January 15, 1987
4:00 p.m.
Metropolitan Waste Control Commission Offices
Rooms B1 and B2, Suite 350 Metro Square Building
St. Paul, Minnesota

AGENDA

Discussion of the RTB Implementation and Financial Plan

Metropolitan Council of the Twin Cities Area
300 Metro Square Building, 7th and Robert Streets
St. Paul, Minnesota 55101 Tel. 612 291-6359/TDD 291-0904

DATE: January 7, 1986
TO: Metropolitan Systems Committee
FROM: Steve Wilson, Transportation
SUBJECT: Regional Transit Board Implementation and Financial
Plan, Referral File No. 13996-1

AUTHORITY TO REVIEW

The Regional Transit Board (RTB) is required by Minnesota Statutes Section 473.377 to prepare and submit to the Metropolitan Council an implementation plan. The Council is further directed to review the plan to the same effect as other development programs, as defined in Minn. Stat. 473.161. The Council, according to Minn. Stat. 473.161, has 90 days for its review and must determine whether the implementation plan is consistent with adopted Council policy plans. The Council may disapprove the plan in whole or in part. If inconsistencies with the policy plan are determined, the Council returns the plan to the RTB with comments on the disapproved plan and the RTB must make "appropriate revisions" and resubmit the plan to the Council. The RTB may not make any capital improvements unless they have been approved by the Council either in the plan or by specific action (such as in a capital budget).

The RTB Financial Plan is required under Minn. Stat. 473.38. It must contain specific elements generally related to the Metropolitan Agencies Consolidated Financial Report, which are outlined in detail within the legislation. Council review authority is spelled out in 473.38 as approval or disapproval, in whole or part. Disapproval may only be for inconsistency with adopted policy plans.

This is to be the last Implementation Plan to be reviewed under this arrangement. Beginning with the plan to be prepared for 1989, the new "Metro Governance" legislation dictates the content of implementation plans as well as the review process and authority of the Council. Many changes will occur, including a much stronger linkage between the Council's policy plans and the Implementation Plan.

BACKGROUND AND GENERAL DESCRIPTION: IMPLEMENTATION PLAN

The Regional Transit Board Implementation and Financial Plan was supposed to be submitted to the Council by August 1, 1986. Much of the plan is based on the findings and recommendations of the Transit Service Needs Assessment, which was not completed by that time, and thus a delay was granted.

According to the Council's Transportation Policy Plan, the Implementation Plan serves as a guide to the RTB and the Metropolitan Area for transit planning and implementation over a five year period and has three primary functions.

The first function of the implementation plan is to summarize the process by which transit planning is conducted in the Metropolitan Area and the goals, policies and responsibilities of the several participants in transit planning.

A second function of the implementation plan is to provide information about whom is served by existing transit service, where the service is located, who is providing the service, the extent of transit use and the cost of providing the service.

The third and most critical function of the implementation plan is to describe the service and capital improvements to be made during the plan's time horizon. The basis for such improvements, the benefits and costs, and relationships to other plans, services, and developments need to be outlined.

The Implementation Plan contains six chapters, with the first chapter serving as an introduction.

The second chapter describes the general goals, policies and responsibilities of various organizations involved in transit in the region, including the Metropolitan Council. This chapter fulfills the "framework" role of the implementation plan.

The third chapter summarizes trends, studies, and activities that have bearing on the Implementation Plan. The principal basis for the plan is the Transit Service Needs Assessment completed in August. This study identified transit markets and needs, service strategies, need indicators and a model for establishing service costs and performance. Other important inputs cited include:

- recent trends in transit in the Twin Cities
- existing services and capital facilities
- Metro Mobility evaluation and restructuring
- fare policy development
- competitive transit demonstration
- corridor and light rail transit (LRT) planning activities
- I-394 planning and implementation
- Jobseekers and transit disadvantaged programs

The fourth chapter of the plan summarizes the service levels and sources of funding by service type (ie--regular route, rideshare, Metro Mobility, small urban systems, opt-out services, rural systems, and the test marketing program). Also included is the capital implementation program which identifies anticipated major expenditures.

The fifth chapter is the RTB Financial Plan, including the proposed biennial request for state funding.

The final chapter identifies "future directions," which are the major transit issues and the approach to their solution to be followed by the RTB.

POLICY ANALYSIS

Several portions of the RTB Implementation Plan have significant policy implications with respect to the Metropolitan Council's Metropolitan Development and Investment Framework (MDIF) in general and the Transportation Policy Plan in particular.

Implementation Plan Structure

o Plan Content

The content and format of the plan are specified in both the RTB legislation (473.377) and the Council's Transportation Policy Plan (Appendix H, adopted May 8, 1986). Tables 1 and 2 show the directives set forth in these documents. As envisioned by the Minnesota Legislature and Metropolitan Council, the Implementation Plan is a programming document. It should establish direction, priorities, timing and funding levels for specific improvements in components of the regional transit system.

The RTB enabling legislation, Council Transportation Policy Plan and MDIF require that detail be provided in the implementation plan regarding transit markets, geographic service areas, levels of services and funding. In many instances, precisely what level of "detail" is required is not defined. It is our view, however, that the Implementation Plan as submitted does not provide enough detail to adequately fulfill its intended role. Without more substantial levels of detail in the plan, it is difficult for the Council to adequately complete its review to determine consistency with Council policies.

Specific areas relating to the overall structure of the plan are:

- Omission of several Council transit policies;
- Lack of historical data for comparison of trends;
- Lack of forecasts, data assumptions for ridership, service levels;
- Lack of detailed breakdown of ridership, service levels, funding assumptions for geographic areas, markets and specific services;
- Lack of discussion of overall performance indicators;
- Omission of MDIF data requirements.

Much of this information is contained in the Transit Service Needs Assessment (TSNA). The TSNA was a comprehensive study of transit needs in the Metropolitan Area, and serves as the basis for the RTB's service improvement decisions. It is frequently referenced in the Implementation Plan, but since it was conducted as a planning study by the RTB it was not reviewed by the Metropolitan Council. The Implementation Plan, on the other hand, is legally defined as the planning/programming document for transit improvement. Enough information is needed within the Implementation Plan to provide thorough understanding of the intended improvements and their bases.

A primary example of the need for more detail involves the service implementation program for small urban systems. Each system serves a distinct portion of the Metropolitan Area. Individual systems should be identified according to service area, service levels (hours, miles), ridership, funding and performance indicators. As written, the Implementation Plan shows no detail beyond funding sources for aggregate totals for all services.

Since the Implementation Plan is to be updated every two years, it is appropriate to show a substantial amount of detail for improvements in the first two years and a less precise level of detail for implementation activities in the latter part of the planning period.

Table 1

LEGISLATIVE REQUIREMENTS FOR AN IMPLEMENTATION PLAN

- a. A development program meeting the requirements of section 473.161 subdivision 1;
- b. A description of the needs for services, based upon detailed surveys and analysis of service areas and markets identified in the council's policy plan;
- c. A detailed statement of service objectives, including service areas and markets, changes in existing service, deployment of new service, the distribution and coordination of services, and other similar matters;
- d. A detailed description of services and facilities planned to meet the needs and service objectives, along with a statement of priorities, timing, proposed delivery methods and providers, and performance standards;
- e. A schedule of expected levels of public expenditure, both capital and operating, for the services and facilities planned;
- f. A schedule showing the expected sources of funds, including proceeds of bonds of the board and the transit commission, areas and levels of taxes, user charges, and state and federal subsidies; and
- g. A plan and schedule showing the distribution of funds among various services, service areas and markets, and providers.

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TABLE 2
TRANSPORTATION POLICY PLAN (APPENDIX H) GUIDELINES
FOR IMPLEMENTATION PLAN CONTENT

Transit Goals and Policies

- A description of relevant goals and policies at the Federal, State and Metropolitan levels
- A statement of the goals and policies of the Regional Transit Board

Existing Transit Services

- Summaries of transit supply and consumption by:
 - o Service Area
 - o Service Type (including ridesharing)
 - o Provider
- Description of equipment and facilities
- Description of system performance/goals achieved

Planning and Research for Transit Improvements

- Studies Completed: Responsible agencies, purpose, conclusions and implications for implementation plan
- Studies Underway: Responsible agencies, purpose, anticipated completion date and implications for implementation plan
- Studies Planned/Programmed: Responsible agencies, purpose, anticipated completion date and implications for implementation plan

Implementation and Capital Improvement Program

- Service objectives to be achieved during the planning period
- For each service improvement or facility proposed, a description of:
 - o Timing
 - o Service type
 - o Service area/market to benefit
 - o Relationship to other services, facilities or plans
 - o Basis of need for and objectives of improvement
 - o Alternatives considered
 - o Estimated capital and operating expenses
 - o Sources and timing of funding for improvements
- An evaluation of the relative priority of the improvement in relation to other improvements
- Capital Improvement Program Summary, containing a five year program of capital improvements as identified above, listed by:
 - o Vehicles
 - o Buildings
 - o Bus-Related Road Improvements
 - o Miscellaneous

Financing

- Transit Operations:
 - o Assumed funding levels by source
 - o Issues and trends relating to financing, including need for any fare increases
- Transit Capital Improvements:
 - o Assumed funding levels by source
 - o Issues and trends relating to financing

- o Council Policies

The implementation plan identifies several of the Council's Transportation Policy Plan goals and policies. These are important for establishing the policy framework in which the RTB is expected to plan transit services for the Metropolitan Area.

Many of the Council's transit policies are not acknowledged in the Implementation Plan. These policies are important for delineating the appropriate services and service areas, such as urban service area vs. rural service area and local vs. express service. Specific policies include policy numbers: 12, 14, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 28, 29, 31, 37 and 38, which are shown in Table 3. Although many of these policies will be revised in the update of the policy plan to provide more specific direction, they currently provide some general guidance that should be followed by the RTB.

Most of these policies are directly comparable to or supportive of the RTB's own goals and policies, therefore it does not appear that the RTB was avoiding or ignoring the Council's directions. Because the Implementation Plan is supposed to support and carry out Council as well as RTB goals and policies, it is important that the linkage between the plan and the goals and policies be identified in the Implementation Plan.

- o Historical and Forecast Data and Assumptions

The Implementation Plan contains discussion of some past trends, identification of transit services and providers, and some data relating to existing services. Only the funding sources receive any significant amount of detail for trends and forecasts.

This information is necessary to provide a means of evaluating changes in performance over the years and establishing expectations of the future. Even simple graphic displays are useful as "thumbnail sketches" of transit performance.

The RTB states general assumptions of approximately one percent ridership growth and four percent operating cost growth in services. What are not clearly spelled out are the bases for these assumptions. How much ridership is expected from new services? What impact will route restructuring have on ridership? How does the four percent operating cost increase reflect inflation, service efficiencies, service growth, etc.? It is difficult to make meaningful assessments if assumptions are not provided.

- o Priorities

No discussion of implementation priorities is found in the Implementation Plan. The RTB enabling legislation and the Council's MDIF and Transportation Policy Plan expect the RTB to establish priorities of proposed improvements. Such priorities help to make clear the intentions of the RTB, provides an opportunity to reflect on the cost-effectiveness of improvements, and also provides a means of rationalizing cutbacks should funding shortages emerge.

- o Public Participation Process

The Transportation Policy Plan stresses that "citizen and public involvement should be promoted in the formulation of transportation policy and

Table 3

TRANSPORTATION POLICY PLAN TRANSIT POLICIES

12. The transit and street and highway systems should provide a travel time of no more than 30 minutes in off-peak periods from any part of a subregion to any other part of that subregion for 90 percent of the residents in the subregion.
14. The transportation system should be planned, designed and operated to encourage higher vehicle occupancies. Major travel segments of the metropolitan highway system should be planned for 1.6 persons per auto and 35 percent of the peak-hour person-travel from the suburban subregions to the metro centers on fixed-route transit.
16. The transit system should provide a travel time of no more than 45 minutes in either peak or off-peak periods from any part of the urban service area to one of the metro centers for 90 percent of the residents of the urban service area.
17. All-day express transit service should be provided to the metro centers from the suburban subregions, commensurate with demand, with priority access and movement along the freeways, expressways and other high-volume travel corridors.
18. Subregions should be linked to one another with transit service when the need has been demonstrated and the service can be provided in a cost-efficient manner.
19. The highest priority for transit services should be in areas or along routes with a relatively high density of demand for the service and a population dependent upon transit by age, income, or physical or mental disability.
20. Transit services should be provided that achieve the most efficient, productive and effective use of public resources and investments.
21. Transit for disabled persons should be provided by the most cost-effective mix of services.
22. The public and private sectors are both important suppliers of transit services; whichever can provide the most cost-effective service should be encouraged to do so.
23. The Transit fare structure should reflect a balance between the actual operating cost of the service to be provided and the public purpose or need for the service.
24. Transportation Terminals should be incorporated within major activity centers for subregional transit, taxis, and airport services. The terminals should be attractive, climatized, convenient, clearly signed, and contain transit information and schedules.
25. Living, working and shopping in the metro centers should be encouraged by providing a circulation system with a high level of all-day service.
28. The metro centers should be provided with adequate parking to support their diverse regional roles, commensurate with the need to encourage transit alternatives.
29. Municipalities should develop local circulation, transit and joint parking systems for high-activity contiguous land-use areas, to accommodate local traffic and consolidate parking.
31. Multi-passenger strategies should be generally promoted at the regional level and specifically encouraged at the sub-regional/local level by:
 - A. Establishing ongoing ridesharing programs that are cost-effective.
 - B. Fostering a close partnership between the public and private sectors in the provision of ridesharing services
 - C. Targeting selected problem areas, congested corridors or subregions.
37. Internal transit service should be encouraged for the living/working/shopping opportunities within freestanding growth centers as warranted by these activities.
38. Commuter trips from freestanding growth centers to the urban service area should be served by rideshare strategies rather than by expanding metropolitan highways and fixed-route transit services.

implementation decisions" (Policy 4). Appendix H of the plan (see Table 2) also calls for some documentation of the public participation process in implementation decisions.

The Implementation Plan does not include the requested information in a consistent manner. Many implementation decisions have tremendous impacts on transit users, such as service restructuring, possible changes to the fare structure or programs for transit dependents. It is therefore important to have a strong program of public participation.

One example of public concern occurred this past summer and fall when the Council's Minority Issues Advisory Committee (MIAC) requested a chance to review and comment on the Transit Service Needs Assessment and Implementation Plan. The RTB, despite having written a letter to the MIAC promising a presentation, has yet to solicit any comments or input from a committee that consists of leaders of many communities that are heavily transit dependent.

Competitive Transit Bidding

The concept of "competitive bidding" is important to the overall strategy of the Regional Transit Board. It fully supports the Council's adopted Transportation Policy #22 which recognizes that "the public and private sectors are both important suppliers of transit services; whichever can provide the most cost-effective service should be encouraged to do so".

The RTB is involved in three areas of competitive bidding. First, the Metro Mobility program was restructured in October, 1986 through a process of competitive bidding. As a result, the MTC is no longer providing service to the disabled and the number of private sector operators in the Metro Mobility program has increased from eight to twenty.

A second important area of involvement for the RTB was securing a \$350,000 federal grant to help design and implement a competitive bidding process. A major service area of this demonstration is the western suburbs of the Twin Cities, and the implementation plan states the primary focus of the demonstration as being "the most expensive services now provided". The demonstration study will be determining which routes are to be bid or whether it will also include new services (such as routes to feed the I-394 facility).

This demonstration project is supportive of transportation policy #11, which promotes demonstration projects to test new concepts or strategies. Policy 11 also stresses the importance of an evaluation program for such demonstrations, and the Implementation Plan states the intent to evaluate, although the process is not detailed in the plan.

The third area for possible use of competitive bidding is identified as those MTC routes that exceed an adopted interim subsidy threshold of \$2.45 per passenger and are to be evaluated to see whether changes could be made to improve the routes to bring them within acceptable subsidy levels, including use of private service providers. These routes are identified and discussed in the Transit Service Needs Assessment, but are not specified in the Implementation Plan. Furthermore, no schedule of timing for redeployment is given.

In each of these latter instances, the ability to understand the potential changes to transit service in the region is diminished by the lack of detail regarding where the competitive bidding is to be considered.

Test Marketing Program

A test marketing program was developed by the Transit Service Needs Assessment, and that program is included under the service implementation section of the implementation plan. A set of criteria is included in the plan, and eight candidate services "based on these criteria" are proposed. Eight services, including crosstown, local/suburban circulation, and rural alternate-day or paratransit services are proposed as shown in Table 4.

These test markets are to be used as demonstrations to determine whether or not these services can be cost-effectively provided in these areas. As discussed above, the Transportation Policy Plan is supportive of such programs (policy 11). It is unclear from the Implementation Plan why these markets were selected of all those where needs were identified. In addition, a better picture of the geographic scope and estimated service levels, more detail is needed on the priority and timing of implementation, cost of each service, etc. In addition, a more substantive discussion of how the services will be evaluated is necessary.

Transit Service Implementation

o Regular Route Service

No substantial changes in the location or levels of regular route service are anticipated in the implementation period. General descriptions of some changes are given in the plan as: redeployment of high-subsidy routes; filling in "gaps" in the central city grid system; evaluating additional evening and weekend service; improving service in suburban areas, such as through the Test Marketing program; monitoring and evaluating the MTC accessible bus demonstration; implementing the competitive bidding demonstration.

Of these proposals, the competitive bidding, high-subsidy redeployment, and test marketing programs have been previously discussed.

In general the discussion of regular route services in the Implementation Plan lacks the level of detail necessary to understand the anticipated impacts of changes to the service. As previously discussed, a better description of geographic areas of improvements, ridership assumptions and forecasts, performance measures and service levels, etc, would facilitate the evaluation of the plan.

The issue of improved service to the suburban areas is not clearly addressed in the plan beyond targeting the western suburbs for the competitive bid demonstration. It would be appropriate for the RTB to look at the Transit Service Needs Assessment and prioritize the unmet needs of the region on the basis of cost-effectiveness. Do the test markets reflect the areas of greatest unmet needs? Is "filling in gaps" in the central cities higher priority? Such prioritizing is helpful in understanding the plans of the RTB, but would also be beneficial to the RTB if funding shortfalls prevent carrying out all planned service improvements.

When the Metropolitan Council reviewed the 1987 RTB Capital Budget, it questioned how the accessible bus program would be implemented and evaluated -- particularly given changes in the Metro Mobility system. The Council, in its approval of the capital budget, directed the RTB to:

TABLE 4

RTB TEST MARKET SERVICES

CROSTOWN SERVICES

- Minneapolis CBD/Larpenteur
- North Minneapolis/Robbinsdale
- I-494/Bloomington/Edina/Richfield

LOCAL SUBURBAN CIRCULATION SERVICES

- Rosedale
- Maplewood/North St. Paul/Oakdale

RURAL ALTERNATE DAY OR PARATRANSIT SERVICES

- Rural Anoka
- Forest Lake
- Lakeville/Farmington

"...submit, as part of its Implementation Plan, to the Council documentation regarding planned use of the 20 lift-equipped demonstration vehicles, including alternatives considered but not selected and the relationship to the restructured Metro Mobility program."

The Implementation Plan does not address this direction to any detail, noting only that the project will be monitored and evaluated.

o Metro Mobility

The reorganization of Metro Mobility was a major activity and accomplishment for the RTB in 1986. The restructured service is expected to permit a greater number of trips over a larger service area at a lower overall subsidy level, all very important gains. It is consistent with policy #21 of the Transportation Policy Plan which states that "transit services for the disabled should be provided by the most cost-effective mix of services".

A major source of concern to the Council and consumers was the fare increase that accompanied the restructuring. After some reconsideration, the RTB has established a \$1.00 base fare for trips of up to eight miles with a maximum fare of \$3.75 for trips of over eight miles. Although the base fare is higher than regular route base fares and the maximum fare is three times higher than the maximum regular route fares, they are not unreasonable. The system provides a "higher quality" (door-to-door) service than regular route; it will be able to go to portions of the urban service area not presently reached by regular route transit; and the service is still much more heavily subsidized than regular route service. In addition, federal guidelines relating to transit service for the disabled consider fare levels 2 to 3 times regular route fares acceptable for the level of service provided.

The major remaining question regarding Metro Mobility is the basis on which the service will be monitored and evaluated. The Implementation Plan states that the RTB is monitoring the program and will be evaluating progress after six and twelve months of operation. What is not stated are the performance standards to be used in the evaluation.

o Ridesharing

Ridesharing is recognized by the RTB as an integral component of the transit system. Funding increases are proposed for ridesharing at a level comparable to the percentage increases for other transit services.

Past experience has shown that targeting ridesharing promotions is more effective than the broad marketing, although some amount of area-wide promotion is needed. The Implementation Plan describes some fairly broad targets, such as suburban based trips. The RTB needs to be more specific as to whether particular portions of the suburbs will be targeted (such as I-494).

Additional information that would be beneficial would include some discussion of performance evaluation and historic program use.

The ridesharing section of the Implementation Plan appears to be directed solely toward Minnesota Rideshare. Eden Prairie's community program also warrants consideration as public ridesharing programs in this section.

o Small Urban Systems

Community-based transit programs are in operation in Shakopee, Columbia Heights, Hastings, Hopkins, Plymouth, St. Louis Park and White Bear Lake. Two of these, Plymouth and Shakopee, began service as "opt-out" programs, others began as part of state a paratransit program.

The Implementation Plan does not detail the service levels, use, or funding levels for each of the systems, which would enhance the understanding of the extent of each program. It does say that an evaluation of the systems is to be conducted in 1987 to assess the effectiveness of the programs and to develop some standards for performance.

The Hastings program expanded the scope of its service in 1986 by adding a commuter route to St. Paul to its local circulator. This route was intended as a self-sufficient subscription bus service (a form of ridesharing) but during its demonstration period has required public subsidy for its operation. The Implementation Plan should be more specific about the status of this particular service, for if it continues operation as a subsidized commuter route it would be inconsistent with the MDIF and Transportation Policy Plan, which discourage subsidized fixed route service from freestanding growth centers.

o Opt-Out and Rural Systems

A new service in Chaska, Chanhassen and Eden Prairie, formed under the "opt-out" legislation, began in December, 1986. The Implementation Plan gives little information as to the type of the service, who is providing it, whether it is a demonstration project, what kind of performance is expected.

No major changes in rural services are anticipated, although funding increases are established at nearly 8 percent from 1987 to 1988. It is unclear why the increase is greater than the system average. Some new rural services being considered under the test marketing program may be added in the future.

Capital Implementation Program

A five year, \$86.7 million capital program has been proposed by the RTB. Most of the categories (bus turnarounds, park/ride lots, capital equipment, computer-related equipment) represent established, ongoing programs. Two one-time projects (The St. Paul layover facility and passenger shelters) were previously approved by the Council in the 1987 RTB Capital Budget.

A \$1 million transit hubs project is proposed. The project is described as high visibility waiting areas and park/ride or park/pool lots at three different locations determined through the service needs assessment: Northtown, Rosedale and Burnsville Center. Some general discussion of criteria used to identify hubs is given in the Implementation Plan, but the specific rationale for the three selected sites is not apparent. These hubs would serve as support facilities for transit services that may be somewhat different than exist today, but the services are not described in the Implementation Plan. The RTB will need to document enough information to permit analysis of the cost-effectiveness of such improvements. Included in the justification should be a discussion of testing service improvements prior to constructing permanent support facilities.

\$2.5 million is proposed for park and ride facilities over the next five years, as part of an ongoing program in the Metropolitan Area. The text of the Implementation Plan discusses that locations are identified by the MTC, but none are given in the Implementation Plan. In a development program-level document such as the Implementation Plan these locations should be at least generally identified. The potential for park-ride lots outside of the MTC service area is also important and should be considered by the RTB.

The projects included in the capital implementation program consist primarily of known MTC capital needs. The RTB is also conducting an assessment of capital needs of other transit providers and will be amending its capital budget and Implementation Plan, as necessary, to include these other capital requirements. In addition, the RTB is considering other capital projects that, if a decision to implement is made, will require additional amendments to the Implementation Plan.

Fare Policy Development

Policies and implementation decisions relating to transit fares (user charges) are to be important components of the Implementation Plan. The RTB is nearing completion of its fare policy study, and includes in the Implementation Plan a set of goal areas, objectives, criteria and measures to guide formulation of the policies. The policies, however, have not been finalized.

A major charge given to the RTB by the 1984 Minnesota Legislature was the development of policies to be used by the board in determining fares. The legislature also required that the RTB establish a uniform fare policy for regular route service and that regular route fares recover at least 35 percent of operating costs for that service.

The recently completed MTC Fare Policy Study recommended an alternative that would reduce the number of fare zones while maintaining peak and express incremental fares. Maintaining the balance between fare levels and the need for, quality and cost of transit services is identified as an objective of a fare structure in policy 23 of the Transportation Policy Plan. It is important that simplification as a goal does not overshadow the above regional objectives. Specifically, simplified suburban fare zones should adequately reflect the cost of operating longer transit routes that extend into the suburbs.

Another fare-related issue is the possible need to raise fares to compensate for rising operating costs and potential shortfalls in other funding sources. Transit fares have not kept pace with inflation over the past fifteen years, despite four successive years of increase from 1979 to 1982. This contrasts with operating costs, which have risen in excess of the rate of inflation. Federal and state sources of funding have become less stable, leading to the potential risk of having to either cut transit service or raise transit fares. Both of these issues should be appropriately discussed in the Implementation Plan.

Light Rail Transit

The Implementation Plan anticipates funding this year to begin preliminary engineering studies for light rail transit. In 1985 the Metropolitan Council and the Regional Transit Board completed deliberation on transit alternatives in three Twin Cities areas: the University Avenue, Minneapolis Southwest and

Hiawatha Avenue corridors. The decision was made that University Avenue was the priority corridor for major capital improvements and that preliminary engineering should be pursued to answer more detailed questions prior to making an implementation decision. Subsequently, the Minnesota Legislature asked the Regional Transit Board to complete the Transit Service Needs Assessment, looking comprehensively at the needs of all areas of the Twin Cities, prior to conducting more detailed studies for University Avenue.

The Transit Service Needs Assessment discusses the transit needs of geographic "sectors" (corridors) in the Metropolitan Area. University Avenue (Central corridor) consistently rates high in terms of the transit indicators used, but is also high in terms of transit supply. These "sector" needs are not compared to the other "subareas" of the Metropolitan Area, so it is difficult to determine from the analysis where the University Avenue corridor stands relative to other parts of the region. The Metropolitan Council's Long-Range Transit Analysis, however, considered all possible corridors in the Area and ranked this central corridor as being in the highest priority category.

The legislative action in 1985 could be interpreted as a desire to see where the need for capital investments in the University Avenue corridor stand in importance relative to the service and investment needs of other parts of the region. If this is the case, neither the Transit Service Needs Assessment nor the Implementation Plan clearly answer the question.

The funding implications of pursuing LRT for the University Avenue corridor leave some short and long-term questions to be addressed. The first is the immediate need for \$3.5 million to conduct preliminary engineering studies for the corridor to answer key remaining questions on LRT. As a part of establishing priorities, the RTB should consider how preliminary engineering relates to maintaining existing services and implementing new service improvements. This would provide a basis for dealing with potential funding shortfalls. The longer term question is what the impact of LRT construction and operation would be on the ability to fund other transit improvements in future. This is an issue that could be appropriately addressed in preliminary engineering studies. Both questions, however, could be somewhat resolved if the priorities of the Regional Transit Board were made known and justified within the Implementation Plan.

Financial Plan

The Financial Plan is not required to be within the Implementation Plan, but was done so because of timing and the compatible contents. The Financial Plan needs to be consistent with the implementation plan and contain several elements that are included in the Consolidated Financial Report prepared by the Metropolitan Agencies' Financial Advisory Committee. It discusses the various funding sources and levels, trends policies and issues, and the 1987-88 Biennial Budget Request.

The RTB has established its funding levels on the basis of the following assumptions: stable federal assistance, modest growth in property tax contributions, modest increases in fare revenues due to ridership growth and reinstatement of the Motor Vehicle Excise Tax (MVET) for state funding. Recent experience would dictate that, particularly in the instance of the MVET, assuming a given level of funding availability entails risks. In the last biennium the MVET transfer to transit was cancelled to help balance the state budget. This year the likelihood of a similar cancellation increased with the

announced \$800 million state revenue shortfall. The Financial Plan would be enhanced by a more complete discussion of alternative funding scenarios. These could be further related to the implementation priorities of the RTB.

Table 10 of the Implementation Plan shows budget requirements of several cost categories. Many of these are not defined in the accompanying text. Definitions would enhance the clarity and understanding of the plan.

Future Directions

Ten major transit issues and activities are cited by the RTB as requiring attention during the immediate future. The associated studies will constitute the primary focus of the RTB work program. The activities/issues are:

- preliminary engineering for major corridor improvements and other corridor analyses
- development of performance and financial standards for all providers
- RTB fare policy development
- I-394 detailed planning and implementation
- capital planning programs completion
- Shared use of facilities by all providers
- taxicab planning and coordination
- competitive transit
- transit program evaluation
- social service transportation coordination
- transit providers insurance
- Metropolitan transit marketing and user information

Many of these activities are underway, some nearly completed. The magnitude of effort to effectively address each issue is significant. The RTB has identified several activities that, once completed, will likely result in service or capital investment decisions that would require Implementation Plan amendments. These include: University Avenue preliminary engineering, fare policy development, I-394 implementation, capital planning program, and shared facility use among others.

FINDINGS

- 1) The RTB enabling legislation requires the Implementation Plan to be prepared to implement the policy plan of the Metropolitan Council. The Council is authorized to require whatever information it deems necessary in the plan to determine its consistency with Council policy.
- 2) The RTB Implementation and Financial Plan only partially fulfills the requirements for an implementation plan as required by Appendix H of the Transportation Policy Plan and Minnesota Statutes 473.377.
- 3) The Implementation Plan is the legally recognized planning and programming document for the RTB and therefore it is appropriate that as much information is incorporated from the Transit Service Needs Assessment as is necessary to adequately justify services and facilities to be implemented.
- 4) The Implementation Plan, as submitted, does not link the goals and policies of the RTB with those of the Council. It also does not incorporate and discuss all of the relevant Council transit policies.

- 5) The Implementation Plan gives five year forecasts only for total operating costs and anticipated sources of revenues for each general transit service category (eg.-- regular route, small urban, ridesharing). It is difficult to properly interpret and assess the consistency of the Implementation Plan with Council policies without additional detail including:
 - Individual services and service areas
 - Ridership estimates
 - Service level (vehicle hour and/or vehicle mile) estimates
 - Operating and capital cost estimates
 - Sources of funding
 - Performance indicators
- 6) Priorities among planned improvements would enhance understanding of the rationale for the RTB's proposals and provide a means of responding to shortages in funding.
- 7) The rationale for assumptions regarding ridership and cost forecasts are unclear. More detail on the assumptions, as well as historical trends and forecasts, would enhance the Implementation Plan.
- 8) Although services and facilities proposed in the Implementation Plan appear to conform to the adopted Transportation Policy Plan, consistency can not be fully determined without the additional information discussed in findings #3 - #6.
- 9) Consistency with the geographic priorities of the Metropolitan Development and Investment Framework and Transportation Policy Plan can not be determined based on the aggregated levels of information proved in the Implementation Plan.
- 10) The Regional Transit Board needs to better coordinate its program of public participation to be more responsive to the needs of the affected communities. This includes more explicit identification of citizen involvement needs in its Implementation Plan.
- 11) The concept of competitive bidding of transit services is consistent with adopted Council Transportation Policies #22 and #11 supporting cost-effective transit service provision through both the public and private sectors, and the use of demonstration programs, respectively.
- 12) The concept of the test marketing program is consistent with the Transportation Policy #11, but insufficiently documented in the Implementation Plan. Additional detail on the geographic scope, reasons for selecting each test market, priority and timing for implementation, and evaluation program is necessary.
- 13) The RTB has not carried out the Council's directive for more thorough discussion of the accessible bus demonstration project, as called for in the Council's approval of the 1987 RTB Capital Budget.
- 14) The fares established for the Metro Mobility program are consistent with Policy #23 of the Transportation Policy Plan.

- 15) The physical improvements envisioned in the transit hubs project need to be described in greater detail. No determination can be made on the need for these facilities until a greater level of detail is provided on proposed service changes.
- 16) It is appropriate to identify targeted locations or general geographic areas for park and ride lots in an implementation plan.
- 17) The RTB is considering the vehicle needs of other providers and will be amending the regular route bus capital element. This is consistent with the action requested by the Metropolitan Council in its approval of the RTB capital budget.
- 18) Four projects are cited as being under consideration for possible addition to the Implementation Plan in the future. These projects are: Nicollet Garage, Mid-day Bus Storage Facility, Mega Mall Transit Station, and Capital Needs of Other Operators. The RTB will need to submit these projects as amendments to the Implementation Plan should they decide to implement any of them.
- 19) The Implementation and Financial Plan does not contain the RTB's fare policy and user charge schedule, which have yet to be formalized.
- 20) The consistency of the proposed fare schedule with the Transportation Policy Plan can not be determined until such a schedule is submitted as a part of the Implementation Plan.
- 21) It is appropriate for the RTB to address in the Implementation Plan the possibility of fare increases to offset transit operating cost increases or potential shortages in other funding sources.
- 22) It is not clear from the Transit Service Needs Assessment or Implementation Plan where the needs for preliminary engineering and investment in light rail transit are relative to the service improvement needs in other parts of the Metropolitan Area.
- 23) The Financial Plan assumes levels of funding from sources that have recently been unstable. Analysis of a range of funding options, including impacts on implementation decisions, would be an appropriate means of acknowledging the potential for funding shortfalls.
- 24) The results of planning activities to address major transit issues may result in the need for the RTB to amend its Implementation Plan.

RECOMMENDATIONS

That the Metropolitan Council:

- 1) Approve the Regional Transit Board Implementation Plan as in general conformance with the Metropolitan Development Guide and Metropolitan Development and Investment Framework and Transportation Policy Plan except as noted in these recommendations;

- 2) Direct the Regional Transit Board to resubmit its Implementation and Financial Plan to the Council by April 22, 1987 after making appropriate revisions to address the following deficiencies:
 - a) definition of relationship between Council goals and policies and Regional Transit Board goals and policies;
 - b) complete statement of Council transit policies;
 - c) document past trends and forecasts of ridership and performance;
 - d) document assumptions leading to forecasts of ridership and operating costs for the various transit services and service areas;
 - e) detailed description of the services and service areas of proposed transit service improvements, including detail by individual transit system;
 - f) document the relative funding priorities among existing and new services;
 - g) detailed description of the relationship between the proposed service improvements and the capital improvements for the transit hubs project;
 - h) inclusion of the completed fare policies
 - i) explicit statements of user charges for all services and service areas;
 - j) discussion of the role of user charges in alleviating potential funding shortfalls from other sources;
- 3) Direct the Regional Transit Board to submit an amendment to its Implementation Plan within thirty days of completing its capital planning program and prior to implementation of the results of the study;
- 4) Direct the Regional Transit Board to include in future capital programs the following information necessary for the Council to evaluate the effectiveness of proposed improvements as required by the Metropolitan Development and Investment Framework:
 - a) Regional objectives to be achieved
 - b) Regional population to be served
 - c) Alternatives considered and the cost-effectiveness
 - d) Recommended approach and the reasons for its selection
 - e) Performance criteria
 - f) Levels of expenditures and sources of funds

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