



Minnesota Regional Transit  
Board: Records.

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6:30 Joint meeting.

MTC

Paulson

Mairs

Hartle

Christenson

Weaver

RTB

Wachman

Cairneias

Helay

Scheel

Higgins

Satter

Hunt

Franklin

Compo

Fress

Christenson

Andrews

Munyon

Others

Arnie Eutyel

Don Aheane

Delores Peterson.

Adjourned @ 8:40

Franklin

1. Rules and Responsibilities

Clarify roles and responsibilities

(Discussion paper developed)

Satter

2. Results of High Subsidy service meetings

3. Next meeting in November after a Board or Commission meeting.

Higgins

4. Defining MTC operating role vs private operators

5. Need clarification of Super Bowl finances (Special events criteria)

6. Inclusion of promotional fares in ridership #'s

10/7/92

Joint RTB/MTC Meeting  
Proposed Agenda

1. Agency roles and responsibilities
2. MTC Budget
3. Management Audit
4. Proposed Fare Increase
5. High Subsidy Service
6. Legislative Program

-oOo-

**DRAFT**

~~At the~~ <sup>A</sup> joint meeting between the RTB and MTC was held last evening at The Minneapolis Hilton. Our entire board was present as was MTC commissioners Mairs, Harle, Snower and Paulson. Christina Dean was out of town and unable to attend. Sherry Munyon, Mike Christenson and Tom Weaver were also present as was Don Ahern (St Paul Pioneer Press). Arnie Entzel (MTC union president) and Delores Peterson (MTC bus driver). Chair Christenson distributed an informal agenda to begin the discussion.

- Agency roles & responsibilities

- MTC Budget
- Management Audit
- Proposed fare increase
- High Subsidy service
- Legislative program.

~~Don~~

Q Respective agency roles and responsibilities discussion lasted about 45 minutes with a ~~result~~ final suggestion that roles need to be clarified at a joint November meeting. I distributed a House research paper that discusses that issue. Next discussion turned to <sup>MTC rider</sup> ~~customer~~ feedback at the recent high subsidy meetings and fare hearings. Board member Sather encouraged RTTC Commission members and staff to attend.

On recent ridership stats., board member expressed concern that promotional rides<sup>(free)</sup> should be separated when quoting ridership gains in the press. Also concern was expressed that passenger revenue had not kept pace with ridership. The whole subject of marketing including evaluation of promotions, coupons generated much discussion between boardmembers and commissioners.

Competitive contracting and MTC's <sup>role</sup> ~~role~~ private operators role at present and in the future needs to be clarified ~~in the~~ ~~to~~ preferably before the next legislative session.

Finally, everyone agreed that the recent editorials have not presented the two agencies in the best light and that we need to improve lines of communication between board members, commissioners and their staff. To that end, the next meeting will be held in November with a discussion of roles and responsibilities, final resolution of Super Bowl and legislative agenda.

POLL REGARDING

10/1

10/7 ~~DATE:~~ Joint Retreat

Mike Ehrlichmann  
O - 229-2701  
H - 339-1074

Y

Y

Maryann Campo (C)  
O - 896-3369 *e - not a phone*  
H - 822-3409 *N/A 9/16*  
Beeper - 659-5231 *9/16 3pm*

Y

Doris Caranicas (at large)  
H - 375-1851  
FAX Call first

Y

Y

Sharon Feess (E)  
O - 348-4600  
H - 566-0103  
FAX 348-6226

Y

Y

Ruth Franklin (F)  
O - 755-2880  
H - 421-1213 *LM 9/16*  
FAX 780-6464

Val M. Higgins (at large)  
H - 473-7550

Y

Y

*no 9/24 yes*

Sandra Hilary (D)  
O - 673-2203  
H - 529-3618 *LM 9/16 Am 9/16 Pm*  
FAX 673-3940

*no 9/24*

Ruby Hunt (A)  
O - 298-4145  
H - 699-2450  
FAX 292-6689

Y

Y

Donald G. Scheel (H)  
H - 436-2203  
O - 430-6003  
FAX - 436-1245

NO

Y

Thomas Sather (B)  
...O - 572-3922  
H - 633-7820  
...FAX - 572-8784

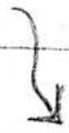
NO

Y

Tom Workman (G)  
H - 934-0343 *N/A*  
FAX

Y

4/27/92  
NOT FOR PUBLICATION



Mike Robertson

10/7  
Wed.

Hilton / Anchorage  
Ann Marie

331-1900

200 min for

- room charge —  
- meals 15<sup>95</sup> + 15%

7%

513

Sheraton - main floor - no. side

\$12<sup>95</sup> +

no room charge - min \$300

390

Seann

~~Rad~~

Holiday Inn - Metrodome 333-4646

— Room Charge — waived

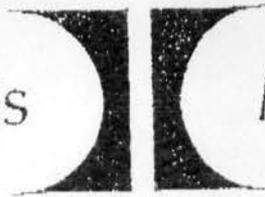
\$12<sup>95</sup> — 25<sup>95</sup>

10%

17<sup>00</sup>/<sub>100</sub> tip

space - available

Minneapolis



Metrodome

HILTON

FAX COVER SHEET

TO:

*Manfred Wald*

DATE

*9/22*

FROM:

*Carmy*

COMPANY

MINNEAPOLIS METRODOME HILTON

ADDRESS

1330 INDUSTRIAL BLVD.

CITY/STATE

MINNEAPOLIS, MN 55413

(612) 331-1900

FAX PHONE NUMBER ( )

FAX PHONE NUMBER 612-331-6827

Extension

ATTENTION:

REGARDING:

MESSAGE:

THIS IS FAX PAGE

*1*

OF A TOTAL OF

*3*

PAGES.

## DINNER ENTRÉES

**- ROAST PORK LOIN -**

Sliced Roast Pork Loin  
with an Apple Chutney Glaze  
\$14.95

**- LONDON BROIL -**

Sliced Marinated Sirloin  
in a Sherry Mushroom Sauce  
\$15.95

**- ROAST TURKEY BREAST -**

Prepared traditionally with  
Sage dressing, Hearty Mashed Potatoes  
and a home style Gravy  
\$13.95

**- GRILLED PORK CHOPS -**

Mesquite grilled Pork Chops served on a  
Mustard & Tarragon sauce and  
accompanied with a Baked Apple garnish.  
\$15.50

**- GRILLED TERIYAKI CHICKEN -**

Marinated Mesquite Grilled Chicken Breast  
served on a Pineapple wedge  
\$15.95

**- CHICKEN MARSALA -**

Boneless breast of Chicken  
Sautéed golden brown and topped  
with sliced mushrooms,  
then finished with  
Marsala wine sauce  
\$15.95

**- CHICKEN VERONIQUE -**

Baked Chicken breast  
in a Champagne Cream Sauce  
with fresh grapes  
\$16.95

**- CHICKEN FLORENTINE -**

Chicken Breast Stuffed with a  
Spinach Mousse and topped  
with a Champagne Cream Sauce  
\$16.95

**- FILET MIGNON -**

Mesquite grilled filet  
served with a Green  
Peppercorn Sauce  
\$20.95

**- NEW YORK STEAK -**

Mesquite grilled steak  
served with a maitre d'hotel butter  
\$20.95

**- RIB EYE STEAK -**

Mesquite grilled steak served with Bordelaise Sauce  
\$17.25

**- PRIME RIB OF BEEF -**

Slow roasted in garlic, cracked pepper  
and served in its own natural juices.  
House cut \$16.95  
Deluxe Cut \$19.95

**- FILET EN CROUTE -**

Filet Mignon wrapped in puff pastry,  
with Pine Nut, Mushroom and onion Duxelle Bordelaise  
\$24.95

\*Limited to groups of 50 or less.\*

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## GREAT COMBINATIONS

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**- FILET MIGNON & SCALLOPS -**

Petite Filet Mignon Served with  
Bacon wrapped scallops topped  
with a Hollandaise sauce  
\$21.95

**- FILET MIGNON & SHRIMP FOUR SEASONS -**

Petite Filet Mignon  
served with Shrimp broiled in  
garlic herb butter,  
placed atop Red & Green Peppers  
Mushrooms & Onions  
\$21.95

**- TERIYAKI CHICKEN BREAST & MESQUITE GRILLED SHRIMP -**

Tender boneless chicken and  
Gulf shrimp lightly marinated  
and Mesquite broiled, served on a  
fresh Pineapple wedge  
\$20.95

\*All of the above are subject to taxes and gratuity.

# ANCHORAGE CLASSICS

## - YELLOW FIN TUNA -

Fresh Tuna, Mesquite broiled to perfection,  
then topped with a zesty mint salsa  
\$22.95

## - MAHI MAHI -

Yellow Mahi Mahi, grilled and served  
with fresh Caribbean salsa  
\*Limited to groups of 50 or less.\*  
\$20.95

## - SWORDFISH DIJONNAISE -

Mesquite broiled swordfish steak served  
with a blend of butter, green peppercorns  
and Dijon mustard  
\$20.95

## - ATLANTIC SALMON -

Fresh Salmon, poached in a court bouillon,  
served with a delicate basil cream cheese sauce  
\$21.95

## - WALLEYE -

Fresh Walleye, dredged in seasoned flour,  
pan fried in butter, then smothered with tomatoes,  
sliced mushrooms, and leeks sautéed  
in garlic butter and white sauce  
\$20.95

*\*Dinner entrées include House Salad & choice of dressing  
Selection of Rice, Potato or Pasta; Chef's selection of vegetable  
Freshly baked Breads, Butter; Coffee, Tea or Milk*

# DINNER DESSERTS

Strawberry Cream Cheese Pie  
\$2.50

Mocha Kahlua Pie  
\$2.00

Turtle Cheesecake  
\$2.50

Assorted Mousses  
\$1.75

Mocha Mousse Brownie Torte  
\$2.50

Fresh Fruit Tart  
\$2.00

Selection of Miniature Desserts  
\$3.00

Raspberry Cheesecake  
\$1.75

*\*All of the above are subject to taxes and gratuity.*



**REGIONAL TRANSIT BOARD**

Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
229-2700

DATE: September 21, 1992  
TO: Chair and Members of the Regional Transit Board  
FROM: Gregory J. Andrews, Executive Director  
SUBJECT: Joint Meeting with Metropolitan Transit Commission

Please reserve time on your schedules for a dinner meeting with the members of the Metropolitan Transit Commission on October 7, 1992 from 5:30 to 7:30 p.m. A location has not yet been chosen.

mff  
Encl.

FAX TRANSMITTAL

TO: Mary Fitzgerald

FROM: Fiona Gibson

DATE: 9/22/92

RE: MEALS

Number of pages (including cover) 4

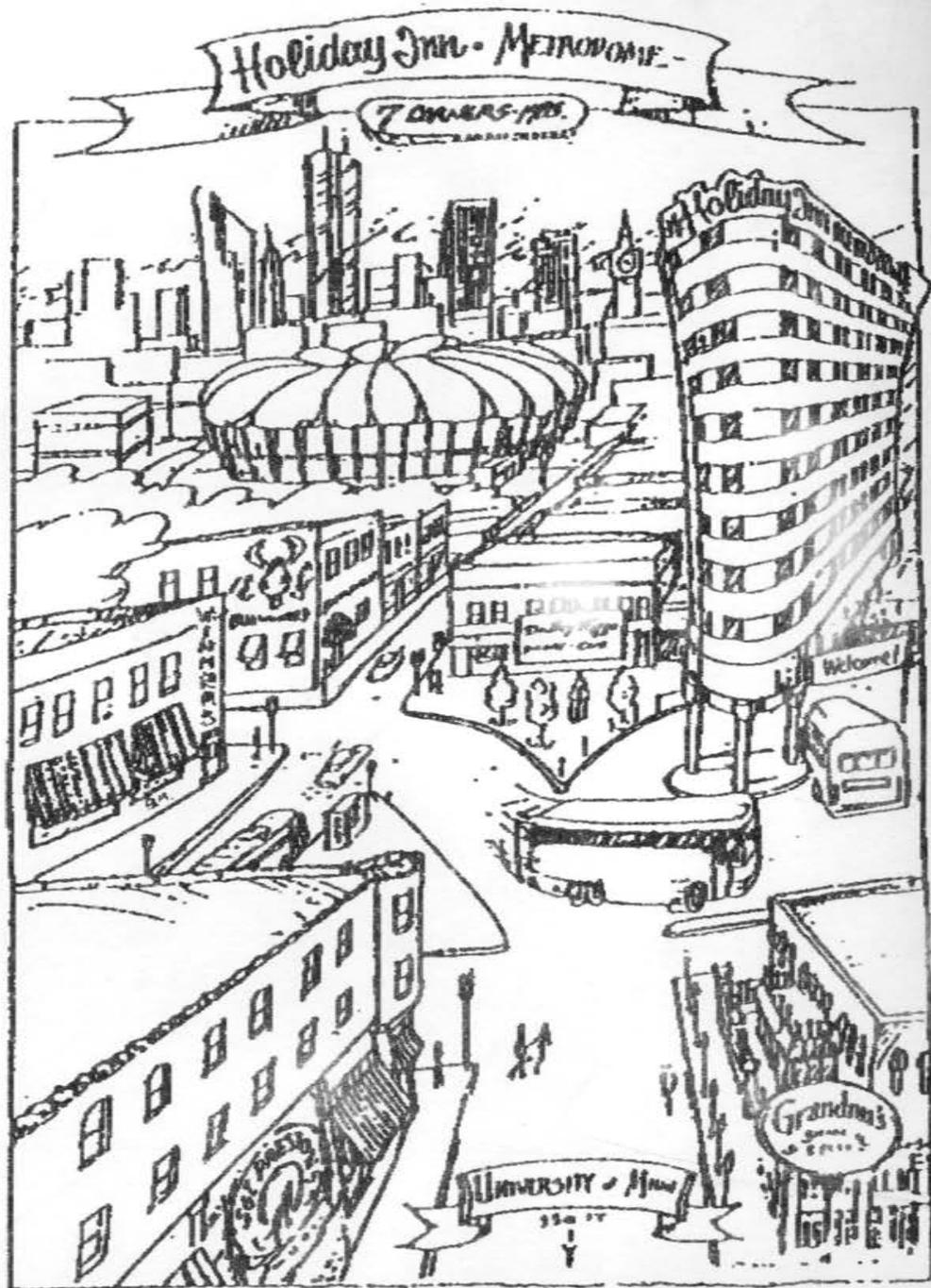
If all pages are not received or are unclear,  
please call (612) 333-4646, extension 666.

SPECIAL INSTRUCTIONS:

Mary/  
Nice to talk to you, if you have  
any questions, please feel free to call

Thanks  
Fiona

OUR FAX NUMBER (612) 338 - 4049



612 233 2739# 1

612 333 3810#

4:01PM

SENT BY: HOLIDAY INN METRODOME ; 9-22-92

## DINNER SELECTIONS

### SOUPS

Minnesota Wild Rice  
Vegetable Beef • Chicken Noodle • Tomato Florentine  
Clam Chowder • Beer Cheese  
Consomme En Croute' (add \$1.00)

### SALADS

Mixed Green Salad with choice of Dressing  
Caesar Salad  
Crisp Romaine Lettuce tossed with Cashews and Mandarin Oranges  
Fresh Fruit Trio, Canteloupe, Honeydew, Fresh Strawberries

### DINNER ENTREES

Dinner entrees include your choice of soup or salad, rolls and butter, dessert and beverage.  
Our chef will select appropriate fresh vegetables and potato or rice to accompany your entree.

New York Strip Steak .....	\$17.95
Served with herb butter.	
Prime Rib of Beef au Jus.....	\$16.95
Tender and flavorful.	
Filet Mignon .....	\$18.95
Butterflied and served with Bearnaise sauce.	
Mixed Grill .....	\$21.95
Tenderloin of beef, boneless breast of chicken, and shrimp scampi garnished with bearnaise sauce.	
Boneless Breast of Chicken Dijon .....	\$13.95
Ham, mozzarella cheese, dijon sauce.	
Minnesota Chicken Breast.....	\$13.95
Tender breast stuffed with creamy wild rice and cheddar cheese.	

Please submit your attendance guarantees 48 hours prior to your scheduled function.  
All prices subject to applicable tax, service charge, and gratuity.

**\* Holiday Inn®** METRODOME

1500 Washington Avenue South • Minneapolis, Minnesota 55454 • 612/333-4646

### DINNER ENTREES

Dinner entrees include your choice of soup or salad, rolls and butter, dessert and beverage.  
Our chef will select appropriate fresh vegetables and potato or rice to accompany your entree.

Rainbow Trout .....	\$14.50
Sautéed with lemon butter.	
Chicken Oscar .....	\$14.95
Breast of chicken covered with crab meat, tender asparagus spears, and Bearnaise sauce.	
Chicken and Shrimp Stir Fry .....	\$13.95
Tender chicken strips and baby shrimp sautéed with crisp vegetables, served on a bed of rice blend.	
Turkey Picatta .....	\$13.95
Sautéed with lemon caper sauce.	
Grilled Pork Chops .....	\$14.95
Grilled with apple butter sauce.	
Poached Salmon Filet .....	\$15.95
Served with shrimp Buerre Blanc.	
Walleye Pike Almondine .....	\$16.95
Broiled in butter with toasted almonds.	
Vegetarian Pasta .....	\$12.95
Fresh seasonal vegetables in a bed of pasta covered with your choice of Alfredo cream sauce or Marinara sauce.	

### DESSERT SELECTIONS

Fresh Strawberry Cheesecake	Baked Alaska
French Pastries	Fresh Strawberry Zabaglione
Raspberry Chambord Mousse	Chocolate Midnight Cake
Fresh Strawberry Harliquin	Seasonal Fruit Tarts

Please submit your attendance guarantees 48 hours prior to your scheduled function.  
All prices subject to applicable tax, service charge, and gratuity.

## DINNER BUFFET

(minimum 50 guests)

Dinner Buffet includes the listed starters, your choice of three entrees in each of the price categories, Chef's selection of fresh vegetables and potato or rice, rolls, butter, and dessert table.

### Starters

Mixed Garden Salad with choice of dressing  
Waldorf Salad  
Pasta Primavera Salad  
Fresh Fruit Mirror

### Entrees

Select three of your choice:  
Top Round of Beef Bordelaise  
Roast Pork Loin with Dijon Sauce  
Lemon Herb Breast of Chicken  
Seafood Pasta Ragout  
Baked Cod New England Style  
\$17.75 per person

Roast Prime Rib of Beef au Jus  
Walleye Pike Almondine  
Breast of Turkey Picatta with Lemon Caper Sauce  
Chicken and Shrimp Stir Fry  
Chicken Chasseur  
\$21.75 per person

Carved Beef Wellington  
Poached Salmon Filet  
Sautéed Shrimp Scampi  
Chicken Oscar  
Grilled Lamb Chops  
\$25.75 per person

### Dessert Selection

An array of assorted pastries, cakes, pies, tortes, and mousses will be displayed on a dessert table for your guests selection.

Please submit your attendance guarantees 48 hours prior to your scheduled function.

All prices subject to applicable tax, service charge, and gratuity.



REGIONAL TRANSIT BOARD  
Mears Park Centre, 230 East 5th Street  
St. Paul, Minnesota 55101  
229-2700

DATE: June 26, 1992  
TO: Regional Transit Board Members  
FROM: Gregory L. Andrews, Executive Director

We are looking forward to our retreat next Tuesday, June 30, at the Northland Inn. We hope to create a less formal atmosphere wherein board members can discuss with senior staff the answers to the following questions:

1. Why was the RTB created?
2. What are the roles and responsibilities of the RTB and what are its legislatively defined relationships with other agencies?
3. What has the RTB accomplished since its creation?
4. What is important about preserving the RTB and its functions?
5. What are the current organizational challenges facing the RTB?
6. Where do we go from here?

In order to better plan for the future, I feel that it would be helpful to have an understanding of the past as it relates to regional transit planning and program management. To aid in preparing for the discussion, I have attached a House Research paper that does an excellent job of summarizing the history of transit planning, roles and responsibilities.

We plan to get started at 2 p.m. and will be finished after dinner, no later than 8 p.m.

GLA/mf  
Encl.



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GLA/mf  
Encl.

Tom Todd, Legislative Analyst  
296-5048

# The Responsibilities of the Regional Transit Board

## A Summary of Legislative Policy

This information brief traces the development of legislative policy on the assignment of transit functions to the Regional Transit Board (RTB).

The brief attempts only to summarize the legislative treatment of the RTB's transit functions. It does not, therefore, deal with many matters related to transit—including transit finance, the functions of the Metropolitan Council and the Metropolitan Transit Commission (MTC), regional transit policies and plans, the internal structure and functioning of the RTB, and much law relating to particular programs, services, and modes of transit that does not alter the RTB's general authority or functions.

For information on a related topic, see: **Metropolitan Light Rail Transit: A Summary of Current Law and Procedure**, House Research, January 1989.

Contents	Page
A Summary of Current RTB Responsibilities .....	2
Trends in Transit Organization before the RTB .....	3
Conclusions of the Legislative Transit Study Commission, 1983-84 .....	4
The Transit Reorganization Act of 1984 .....	6
Changes in RTB Responsibility Since 1984 .....	8

# A Summary of Current RTB Responsibilities

## Service Planner and developer

- prepare transit implementation plan to accomplish the transit policies of the Metropolitan Council and the state
- encourage effectiveness and innovation in transit services
- encourage interest and participation in transit development
- provide technical assistance

## Service "broker"

- develop better services
- contract with operators, local authorities, and other providers for delivery of transit services
- assess the effect of service contracts on the MTC
- monitor and evaluate operators and services
- no authority to regulate or approve transit operators, except through control of public subsidy contracts
- no authority to own or operate transit services or facilities; must refrain from direct operational planning, administration, and management of specific services or facilities

## Financial manager

- prepare financial plans for the transit system
- prepare consolidated operating and capital budget for the system
- approve MTC budget
- receive and allocate state transit subsidies (except for LRT)
- approve all applications of political subdivisions for federal (but not state) transit funds
- levy and allocate metropolitan property tax for transit
- set fare policies and approve fares
- approve the issuance of metropolitan debt for transit (bonds by the Metropolitan Council, short-term certificates by the MTC)

# Trends in Transit Organization before the RTB

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In the late 1960s and early 1970s, metropolitan transit went through a period of expansion, consolidation of providers, and system integration.

Throughout the nation, public transit oligopolies or monopolies were established and large, centrally administered mass transit systems planned. This occurred in the Twin Cities as well.

The MTC was created in 1967. It was given the authority to regulate private bus lines, to acquire private bus companies, and to develop a publicly-owned mass transit system.

In the next decade, the MTC acquired Twin City Lines and several other private bus companies, dramatically expanded and consolidated service, proposed several versions of fixed-guideway transit, and began receiving increasing levels of public subsidy from a metropolitan property tax and state appropriations.

The late 1970s and early 1980s reversed or slowed the earlier trends. It was a period of contraction and diversification of providers.

Transit experts and suburban representatives began to argue that mass transit oriented on the downtowns would not serve the kind of multiple-centered suburban development occurring in metropolitan areas. The federal government began to promote "paratransit" services and to encourage diversity of providers and private ownership.

Locally, the MTC quit acquiring private lines. The Legislature began to sponsor experiments with paratransit and to subsidize private operators.

Minnesota courts, declaring that the MTC could not constitutionally own the dominant bus system and regulate its competitors, invalidated the law giving the MTC regulatory powers. Regulatory authority moved back to the state, where it settled in the Transportation Regulation Board (TRB).

The Legislature--perceiving the same conflict of interest at the MTC, and also becoming concerned about the rapid increase in state subsidies--attempted to manage metropolitan transit directly by stipulating fares, services, and other matters. The Legislature also turned increasingly to the state Department of Transportation (MnDOT) to develop, administer, and fund transit systems and providers, including the MTC.

Through all of this, the MTC retained its general system planning and development responsibility. But the agency had little incentive to plan new or different services which it could not deliver, and so increasingly occupied itself with running the bus system and coping with a series of fuel and financial crisis of the late 1970s and early 1980s.

*demo projects*

*micro mgmt.*

*32 million miles in 1980.*

# Conclusions of the Legislative Study Commission, 1983-84

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A legislative study commission, created in 1983 to evaluate metropolitan transit, recommended to the 1984 session that service should be diversified, government functions reassigned, and finance reorganized.

## 1. Diversity of services

The Commission found that the existing mix of transit services and providers was not sufficiently diverse and responsive to various community needs and user preferences:

- Some areas and populations were inadequately served.
- There were insufficient incentives to encourage new methods of service.
- New providers were discouraged from entering the market.
- Metropolitan transit plans focused on capital investment and neglected service development and funding policies.

The Commission concluded that government should encourage greater diversity and responsiveness in transit services, while protecting the integrity of the regional public bus system. Without impairing the viability of the MTC, the Commission wanted to develop alternatives to the existing system of line-haul, regular-route service oriented to the two downtowns.

## 2. Government agency responsibilities

The Commission found that defects in government organization were partly to blame for the service deficiencies:

- *Excessive state involvement in metropolitan transit management.* Both the Legislature and state agencies had inappropriate roles in metropolitan transit. The Legislature was ineffective in its proper role--setting and overseeing transit goals and performance--because it was mired in the details of transit operations and services. MnDOT and the TRB had come to play too large a role in metropolitan transit.
- *Agency fragmentation and overlap.* With the involvement of the TRB and MnDOT, executive responsibilities had become fragmented and inappropriately allocated. Too many agencies had a hand in transit, with conflicting and confusing lines of accountability the result.
- *Weak systems management.* As a consequence of agency fragmentation and overlap, no agency was clearly charged with the responsibility for developing and managing the metropolitan transit system as a whole.
- *Conflicting functions of the MTC.* The MTC's dual statutory responsibility--as a systems manager and as a provider--involved it in a conflict of interest that prevented it from doing either function properly.

- *Insufficient local participation.* This fragmented and unfocused governance system was also excessively centralized. Local governments and transit operators were largely excluded from participation.

The Commission recommended restructuring the responsibilities of government agencies, as follows:

- *Concentrate the Legislature on broad policy setting and oversight.* The Legislature should stop stipulating the details of transit and focus on policy, government structure, and performance evaluation.
- *Move responsibility from the state agencies to the metropolitan level.* Responsibility for developing, managing, and funding metropolitan transit should be reassigned from MnDOT and the TRB to a metropolitan agency.
- *Keep the Metropolitan Council focused on long-range policy.* The Metropolitan Council should continue as the long-range planner and over-all policy-setter for the region. The Council should, however, expand its transit plan beyond capital investment policy and place more emphasis on finance and service policies.
- *Consolidate system management in a new metropolitan agency, the RTB.* All systems development, management, and funding responsibilities--formerly in the TRB, MnDOT, the Council, and several other places--should be placed in the RTB. The RTB should replace MnDOT as the administrator of transit subsidies; and RTB service contracts should replace TRB regulation of fares and service areas. The TRB should retain only the responsibility to determine the operating fitness of providers other than then MTC.
- \* *Separate systems management and transit operations.* The MTC should be confined to owning and operating MTC services; all responsibility for systems development, management, and funding should be removed to the RTB, which should be devoid of operational entanglements.
- *Encourage active participation by diverse interests.* The RTB should not replace the MTC as a centralizing force in transit; it should rather encourage local governments, providers, and users to participate in designing and providing transit services.

### 3. Transit financing

The Commission found that defects in financing were partly to blame for the service deficiencies:

- *Deficit-based finance.* Transit finance was driven by deficits, not policies or formulas. The resulting uncertainty in funding created operational disincentives for innovation and produced instability and inefficiency in services.
- *Absence of financing policy.* Neither the Legislature, the Governor, nor a responsible metropolitan agency had ever articulated a financing policy.

The Commission recommended changes in financing of transit:

- *Move to formula-based financing.* The Commission recommended a formula to promote stability and efficiency, depending upon availability of funds.
- *Require more financial planning.* The Metropolitan agencies should articulate policies on finance--including such matters as: goals, fares, mix of revenues, and allocation of funds among subregions, service types, and providers.

# TRANSIT REORGAN

## Changes in Agency Functions

This chart outlines the major shifts in agency functions that were consolidated in the RTB in 1984.

FUNCTION	AGENCY	
	BEFORE	AFTER
LONG-RANGE POLICY CAPITAL INVESTMENT APPROVAL	Metropolitan Council	Metropolitan Council
SERVICE SYSTEM: PLANNING DEVELOPMENT	TRB MnDOT MTC	RTB
FINANCIAL MANAGEMENT: PLAN LEVY TAX RECEIVE SUBSIDY FUNDS ISSUE BONDS	MnDOT MTC	RTB
SERVICE "BROKER": CONTRACT WITH OPERATORS EVALUATE OPERATORS DISTRIBUTE FUNDS	MnDOT MTC	RTB
OPERATIONS	MTC	MTC

# ATION ACT OF 1984

## Original Functions of the RTB

---

The principal functions of the RTB in the 1984 enabling law were:

### 1. Service planning and development

The RTB was directed to:

- prepare a mid-range (two- to five-year) transit implementation plan, which would establish objectives and programs to accomplish the transit goals articulated in the Council's long-range transportation plan
- promote transit: conduct an annual regional transit conference; encourage new forms of transit; provide technical assistance; establish transit user groups and local advisory groups to plan transit for particular populations and subregions

### 2. Financial management

The RTB was authorized to:

- prepare the regional transit system's financial plan and annual operating and capital budget
- approve the MTC's annual budget
- receive federal and state subsidy funds for transit
- approve all applications of political subdivisions for federal transit funds
- levy the metropolitan property tax for transit
- issue metropolitan transit bonds and short-term certificates of indebtedness

### 3. Service "broker"

The RTB was authorized to:

- assume control of various transit funding and development programs located in other agencies, including: ridesharing, Metro Mobility, "opt out," and others
- arrange for transit services by transit operators and local authorities--that is, the RTB was to initiate, approve, monitor, and evaluate service contracts

The RTB was required to protect the core MTC regular route system from being nibbled to death by contracts with other providers.

The RTB was given no authority to regulate or approve transit operators, except indirectly through its control of public subsidy contracts. The TRB retained only the authority to certify the fitness of operators. General regulatory authority was eliminated.

# Changes in RTB Responsibility Since 1984

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## RTB purposes

The 1984 law did not contain a purpose section for the RTB. In 1987, the Legislature expressly stated the purposes of the RTB, as follows:

- to foster effective delivery of existing services
- to encourage innovation in services
- to prepare implementation and financial plans for the transit system
- to set policies and standards for implementing the transit policies of the state and the Council
- to conduct research and evaluation
- to administer state and metropolitan subsidies
- to arrange with others for the provision of transit services and facilities

[Minn. Stat. sec. 473.373, subd. 1a]

## RTB as transit planner/developer

**In various enactments since 1984, the Legislature has repeatedly reaffirmed this function and demanded more and better planning from the RTB.**

In 1986, the Legislature clarified the relationship between the transit plans of the Council and the RTB. This new arrangement becomes fully operational in 1990. Under it:

- The RTB and the Council both have stronger legislative direction to plan services and finance, as well as capital development.
- The Council's authority over the RTB's mid-range transit plan is increased: the plan must now implement the Council's policies, and the Council is entitled to force the RTB to change its plan to ensure this. (The RTB must also continue to get Council approval of its biennial transit financing plan.)
- The Council's authority over the RTB's annual capital program is reduced. The Council is expected, under the 1986 law, to control capital development at the planning stage, not at the project stage. (The RTB, as before, is free of Council review of its operating budgets.)

[Laws 1986, chap. 460; Minn. Stat. sec. 473.146; 473.161; 473.377; 473.38, subd. 2]

## RTB as service broker

The Legislature has also reaffirmed this RTB function since 1984, with some refinements.

The 1984 law required the RTB to enter into contracts with recipients of its subsidy funds (except for the MTC, over which the RTB has direct budgetary control). Since 1984, the Legislature has imposed *procedural "due process" requirements* on the RTB in its contracting role.

- In 1987, the RTB was told that it could competitively bid service only in accordance with formal standards and procedures adopted by the RTB following a specified public review process. [Minn. Stat. sec. 473.392]
- Also in 1987, similar formality and public consultation requirements were imposed on the RTB's administration of Metro Mobility. [Laws 1987, chap. 88; Minn. Stat. sec. 473.386]

As the basis of the subsidy contracts with providers, the 1984 law required an *MTC impact assessment*: a finding by the RTB that the contracts would not "impose an undue hardship on the ridership or financial condition of the commission, cause the dismissal of persons that are employed by the commission, or reduce the total level of service in the metropolitan area provided by the commission." The MTC "impact assessment" provision was weakened some in 1985, by eliminating the last standard, about preserving the total level of service provided by the MTC. [Laws 1984, chap. 654, art. 3, sec. 121, subd. 7; Laws 1985, 1st spec. sess., chap. 10, sec. 99]

## RTB's role in transit operations

The 1984 law was not explicit about the RTB's role in transit operations. The Legislature has been at considerable pains since 1984 to ensure that the RTB does not edge into transit operations.

The Legislature has evidently been concerned that operational entanglements could nullify the very reason for creating the agency: to separate system development and management from the ownership and operation of specific services.

The 1984 law contained no restriction on *the RTB's authority to own property*. Concern soon arose that the RTB technically had the authority actually to build and acquire transit systems, and might exercise it. Therefore, the Legislature has moved to prohibit RTB property ownership inconsistent with its management role:

- Under 1985 legislation, the RTB may not acquire or hold any permanent or temporary interest in real property, except for the rental or lease of its office space.
- In 1988, the Legislature added another prohibition: The RTB may not own transit services or acquire or hold any permanent or temporary interest in transit vehicles.

[Minn. Stat. sec. 473.375, subd. 4, subd. 18]

The Legislature also addressed the issues of *RTB operating authority* directly.

- In 1987, fearing that the RTB was enmeshed in an ambiguous position in running the Metro Mobility program, the Legislature directed the RTB to contract with an outside administrator for day-to-day operation of the services, confining itself to policy-setting, funding, and evaluation activities. [Minn. Stat. sec. 473.386, subd. 2]
- In 1987, in the RTB purpose section, the Legislature became quite pointed about its intentions: "The board shall arrange with others for the delivery and provision of transit services and facilities. The board shall avoid, to the greatest extent possible, direct operational planning, administration, and management of specific transit services and facilities." [Minn. Stat. sec. 473.373, subd. 1a]
- Also in 1987, the Legislature directed the RTB to contract with operators or local governments for route planning and scheduling services. The law now limits the RTB to approving operator routes and schedules for conformity to RTB plans and policies. [Minn. Stat. sec. 473.391]
- In 1988, the Legislature was even more direct: "The board may not own or operate transit services." [Minn. Stat. sec. 473.375, subd. 18]

## The RTB as financial manager

Since 1984, the Legislature has withdrawn its various stipulations on metropolitan transit fares, carrying out the intention of the Study Commission that the Legislature should turn direct fare setting over to the RTB.

The 1984 act did not repeal legislative controls on fares or define RTB authority over fares.

- In 1985, the Legislature: made explicit the RTB's authority to set fare policies and control the fares charged by providers; required the RTB to develop a uniform policy on fares; eliminated the statutory specification of the downtown fare; and suspended all other statutory fare restrictions until July 1, 1987. [Laws 1985, 1st spec. sess., chap. 10, 108, 109, 122, 123, subd. 1]
- In 1987, the Legislature strengthened the law requiring the RTB to state its fare policies in its plans and repealed all statutory fare restrictions. [Minn. Stat. sec. 473.377, subd. 4; Laws 1987, chap. 278, sec. 26]
- However in 1988, in a line-item appropriation, the Legislature again intervened, indirectly, into a specific fare policy. Regional agencies were considering raising one of the "social fares"--for seniors--to a quarter. Without directly setting the fare, the Legislature provided funds specifically earmarked to maintain the fare at a dime. [Laws 1988, chap. 684, art. 2, sec. 3 (c)]

[Minn. Stat. sec. 473.408]

(Of course, the Legislature determines fare revenue indirectly through legislative appropriations and property tax restrictions.)

## The Legislature has reassigned the authority to issue debt.

The 1984 legislation consolidated tax and bonding authority. It transferred from the MTC to the RTB the authority: (1) to levy a metropolitan property tax for transit, and (2) to

issue bonds. It also gave the RTB authority to issue short-term debt, and required that MTC short-term debt have RTB approval.

In 1985, the Legislature elevated the bonding authority to the Council, in an effort to consolidate metropolitan bonding. The Council cannot issue transit bonds without an RTB request. The 1985 law also eliminated the RTB's power to issue short-term debt, on the grounds that this function was more appropriate to an operating agency like the MTC. The MTC cannot issue short-term debt without RTB approval.

Under the current law, therefore, the RTB levies the transit tax and then allocates the proceeds to providers, as operating subsidies, and to the Council and the MTC for debt repayment. (The RTB has never been authorized to use the metropolitan tax for its own operation; the agency's operating expenditure is wholly funded by state appropriation.)

[Minn. Stat. sec. 473.39; 473.436; 473.446]

### **The Legislature has not delegated to the RTB complete authority to allocate state transit funds.**

The Legislature has continued its former practice of appropriating money by program, and occasionally by project or line-item, rather than by formula or block grant.

The 1984 law moved the administration of all state subsidies from MnDOT to the RTB; the goal was to consolidate this function at the metropolitan level. In 1988, the Legislature turned partly away from this policy, by designating MnDOT as the administrator of state subsidies for light rail transit (LRT).

[Laws 1988, chap. 684, art. 2, sec. 2(b), 4]

### **The Legislature has restricted the RTB's access to federal funds.**

The 1984 law directed the governor to designate the RTB as a recipient of federal funds. The Legislature has retreated from this policy, partly out of fear that it would lead the RTB into operational entanglements.

- The purpose statement for the RTB enacted in 1987 pointedly left out federal funds when describing the funding allocation function of the RTB. An appropriations rider in that year forbade the RTB to be a recipient of federal capital or operating assistance for transit--the idea being to confine the agency to planning funds. At the same time, the RTB was directed to report to the 1988 session on the effects, advantages, and disadvantages of transferring the authority to receive federal capital and operating funds to the RTB from the MTC. [Laws 1987, chap. 358, sec. 3]
- In 1988, the Legislature adjusted the prohibition slightly to allow the RTB to receive some forms of discretionary federal funding. The law now states that the RTB may not be a recipient of federal operating or capital assistance distributed by formula or block grant. [Laws 1988, chap. 675, sec. 15]
- Also in 1988, the Legislature adopted an even broader prohibition against RTB receipt of federal funds for LRT. The agency may not be a recipient of any federal capital grants--whether distributed by formula or by block or discretionary grant--for light rail and other fixed guideway transit systems. [Laws 1988, chap. 675, sec. 15]

[Minn. Stat. sec. 473.375, subd. 8]

## The RTB and LRT

**The Legislature has restricted the RTB's functions as they apply to LRT.**

The 1984 law was silent on the RTB's role in LRT. As a consequence of legislation since 1984, the RTB's current authority may be summarized as follows:

- The RTB may not construct, own, or operate LRT facilities.
- The RTB does not control the funds for LRT as it does other metropolitan transit.
- The RTB has no authority to disapprove LRT projects or to manage or regulate LRT development. The RTB may comment on CRRAs and must cooperate with CRRAs in planning CRRAs systems.
- If CRRAs were to contract with the MTC for the operation of LRT, the RTB would gain some indirect influence over the operation of CRRAs systems through its control of MTC operations.

(For a further explanation of the law on this subject, see **Metropolitan Light Rail Transit: A Summary of Current Law and Procedure**, House Research, January 1988.)

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# METROPOLITAN TRANSIT PLANNING

## Executive Summary

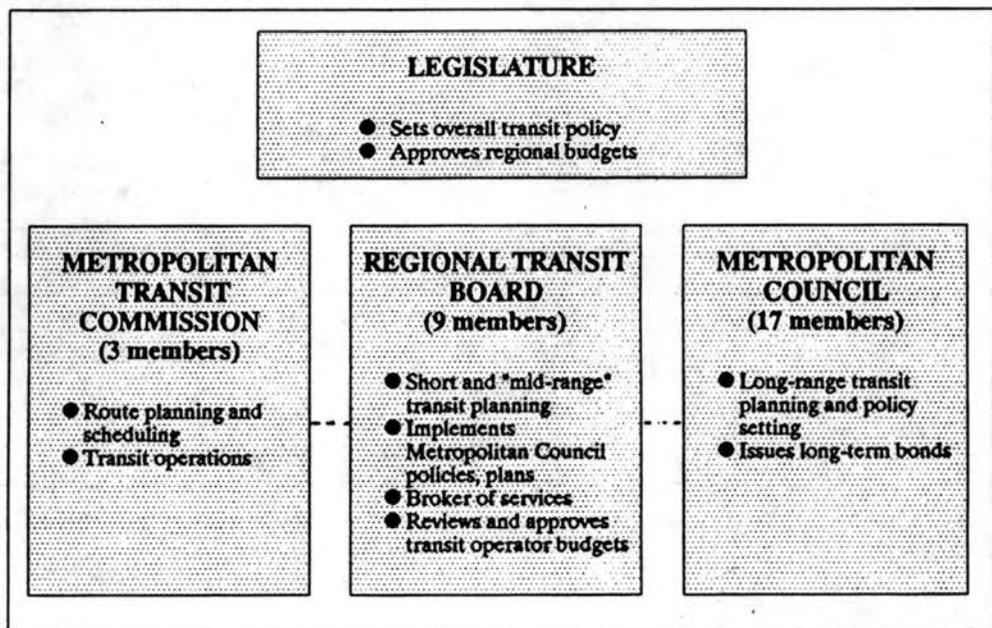
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In 1984, the joint Legislative Study Commission on Metropolitan Transit concluded that "the three functions of effective transit service--planning, arranging, and delivering--are misallocated among the various agencies and levels of government." The commission felt that the region's public bus operator, the Metropolitan Transit Commission (MTC), could not objectively plan new transit services to meet local needs. In addition, the commission was concerned about rising costs, declining ridership, and the lack of local involvement in transit planning.

Based on the commission's recommendations, the 1984 Legislature established a transit planning structure that is unique among large U.S. metropolitan areas. The Legislature limited the MTC to transit operations and short-term planning, and allowed the region's Metropolitan Council to continue long-range transit planning and policy setting. In addition, the Legislature established a third agency, the Regional Transit Board (RTB), to conduct mid-range planning, implement the policies and plans of the Metropolitan Council, and arrange for transit services.

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The Twin Cities' three-tiered transit planning structure is unique in the U.S.

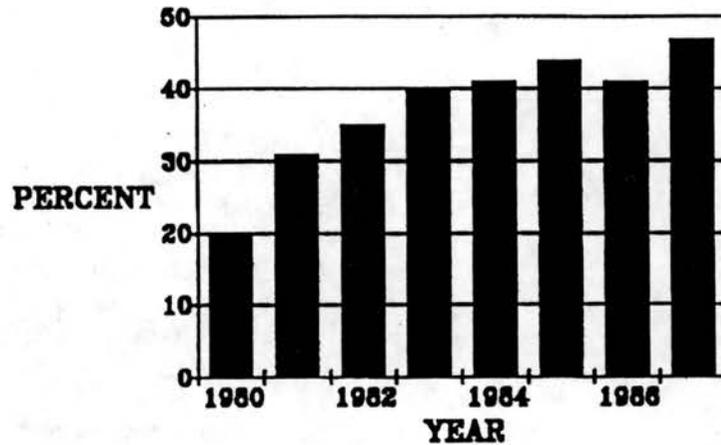


Twin Cities Regional Planning Structure

municipalities within the region's "transit taxing district" contribute between 1.25 and 2.0 mills to the regional transit system, depending on their level of service. Property taxes account for about half of transit revenues in the Twin Cities. We found that no other large U.S. metropolitan transit system relies on property taxes this much. According to a survey we conducted, 45 percent of this region's municipal officials think their city property tax contributions are reasonable, and 37 percent said they are not.

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The Twin Cities' transit system has become increasingly reliant on property taxes.



Source: Regional Transit Board.

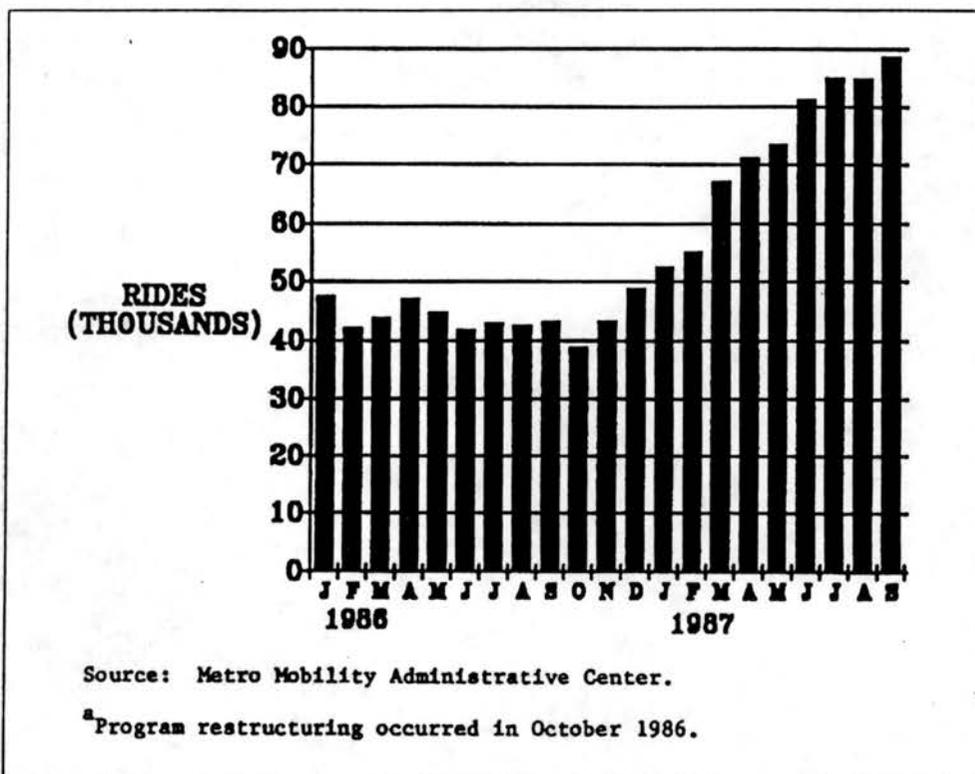
**Property Tax Revenues  
as a Percentage of Twin Cities Regional Transit Revenues  
1980-87**

The Regional Transit Board consists of eight members appointed by the Metropolitan Council and a full-time chair appointed by the Governor. The board spent much time during its first three years responding to "brush fires," partly because key issues caught them by surprise. In addition, it has taken some time for the RTB staff to gain a working knowledge of Twin Cities transit and their role in the decision-making process. The RTB's initial staff hirings were not completed until October 1985, and there was considerable turnover in top managerial staff during the agency's first two years.

Since 1984, the topic that the board discussed most frequently was Metro Mobility, the region's main transit program for the disabled. In contrast, some issues were the subject of relatively few board discussions, including ridesharing and new suburban transit services.

## THE RESTRUCTURING OF METRO MOBILITY

Metro Mobility is the Twin Cities region's primary transit program for disabled people. It provides 80,000 to 100,000 rides per month, about double the number of rides given prior to a major program restructuring by the RTB in October 1986. The RTB changed Metro Mobility to a "user choice" system in which users arranged their own rides with providers, rather than calling a central dispatching center. We reviewed the process the board used to plan and implement these changes and concluded that the board's early discussions of possible program changes were open and fair, and there was ample opportunity for public input. The board made some difficult and bold decisions following these initial discussions, and it deserves much credit for addressing problems with the previous Metro Mobility system.



Metro Mobility Monthly Ridership  
January 1986 - September 1987<sup>a</sup>

The public had more opportunity to advise RTB on the Metro Mobility program's overall design than on specific program details.

However, once the board outlined broad program changes in late 1985:

- The RTB did not effectively involve Metro Mobility user representatives and providers, and some key issues were unresolved at the time program changes were made.

As required by law, the RTB established an advisory committee for Metro Mobility, representing transit providers, the disabled, and social service agen-

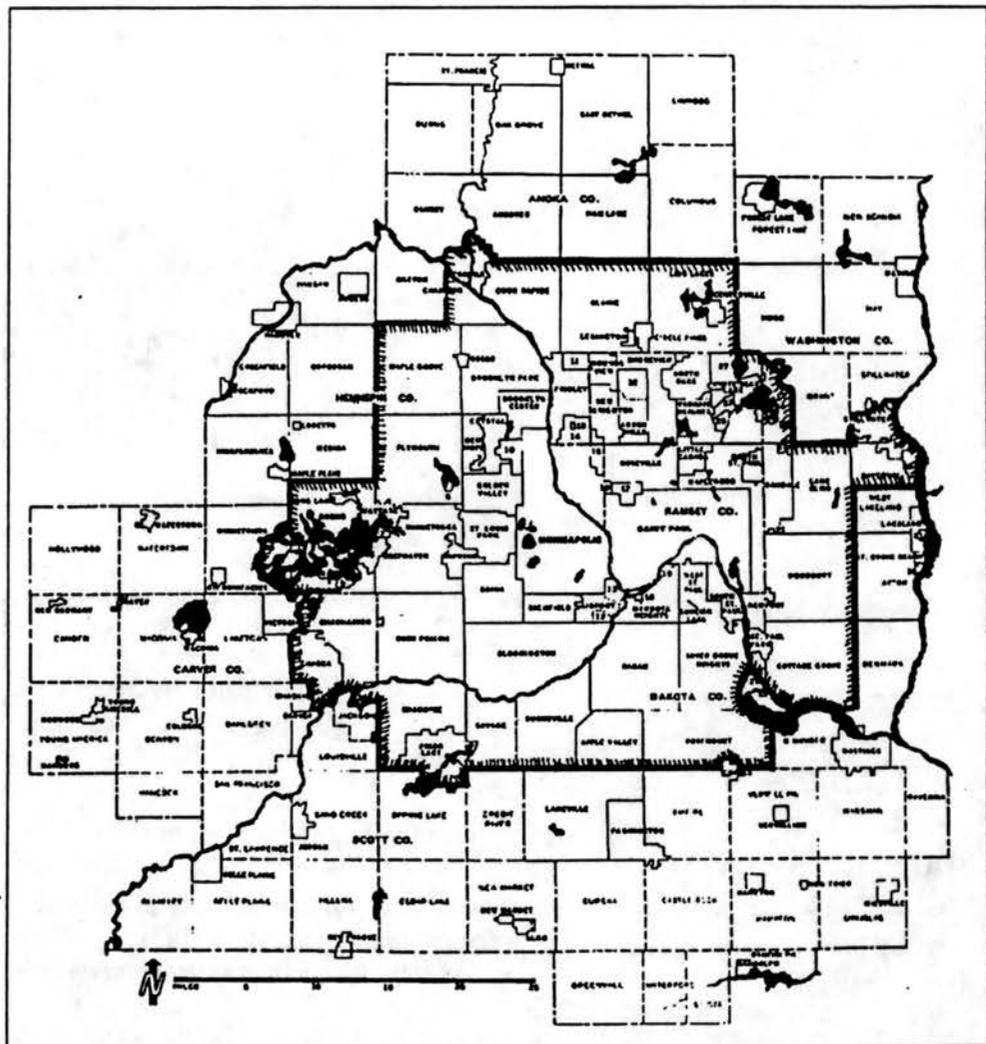
## LOCAL INVOLVEMENT IN TRANSIT PLANNING

The 1984 Legislative Commission on Metropolitan Transit concluded that service planning needed to be more responsive to local needs and that local governments should play a greater role in planning. We found that:

- **The formal mechanisms for involving local governments in transit planning are still weak. The RTB's record of involving local governments is mixed and shows considerable room for improvement.**

**RTB needs stronger links to local governments.**

The RTB has no ongoing advisory committee of local officials, and it rarely uses the Metropolitan Council's local advisory committee. The RTB effectively involved local officials in the development of the Transit Service Needs Assessment, but did not solicit enough local input for the Implementation and Financial Plan. About 53 percent of the region's cities with over 10,000 population reported at least one contact between RTB staff and city officials in the past year.



Metropolitan Transit Taxing District (outlined)

In particular, the council's proposed policies: (1) include corresponding strategies and performance measures, (2) outline necessary elements of the RTB's Implementation and Financial Plan, and (3) more closely integrate transit and highway decision making. However, the council's policies do not adequately address means by which the council may affect local land use, which strongly influences the effectiveness of transit.

## CONCLUSIONS AND RECOMMENDATIONS

The creation of the RTB in 1984 was a bold legislative initiative, and many national observers point to the Twin Cities' transit structure as a model for other cities. Although it is too early to make final judgements on many of the efforts undertaken in the past few years, we think there has been some progress toward the 1984 Legislature's goals. In particular, the RTB improved the region's transit service planning and took some steps toward making the transit system more cost-effective. However, we concluded that:

- **The RTB has not yet proved itself to be an effective problem solver, and it is unclear whether the Legislature's restructuring of transit planning has been a success.**

The Legislature should reassess the situation in two or three years to see if further progress has been made and RTB's performance has improved. We will be prepared to help the Legislature with such a reassessment.

The RTB plans to develop some new transit services in 1988, and we think it should have an opportunity to implement these and other programs before the Legislature determines whether to maintain a separate planning agency "between" the Metropolitan Council and transit operators.

In the meantime, the RTB needs to (1) do better implementation planning, (2) be a forum for ideas, (3) innovate, (4) be more accountable to the Metropolitan Council, (5) improve its internal oversight, and (6) formalize its relationships with other agencies on key responsibilities.

We recommend that the Legislature take the following actions:

- **Authorize the Metropolitan Council to approve or disapprove the plans of regional rail authorities, based on their consistency with council plans and policies. The council already has this authority over county and municipal plans.**
- **Authorize the RTB to: (1) participate in light rail planning throughout the region by repealing the portion of Minn. Stat. §473.398 that limits the RTB's LRT planning to the corridor between downtown Minneapolis and St. Paul, and (2) set regional LRT standards, with the assistance of an advisory team of local and regional officials.**

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**Although RTB's overall track record is mixed, it is premature to alter the transit planning structure now.**

**Legislature a brief summary of trends in its Transportation Policy Plan performance measures.**

- **Within one week of adopting policies or policy statements, the RTB should formally notify the Metropolitan Council's transit liaison. If there is any question about the consistency of RTB policy with council policy, the liaison should bring the matter to the council for its consideration.**
- **The RTB should take the lead role in clarifying responsibility for emergency services planning, transit station site planning, and quality assurance monitoring. It should also clarify the responsibilities of its advisory committees.**
- **As part of its new Transportation Policy Plan, the Metropolitan Council should clarify agency responsibilities for regional ridesharing and the encouragement of transportation management organizations. The council should help cities plan future land use development in ways that accommodate transit.**

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# REGIONAL TRANSIT PLANNING

## Executive Summary

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**T**he Twin Cities metropolitan area has a complex, multi-tiered structure for planning and implementing public transit improvements. Agencies involved include the Metropolitan Council, the Regional Transit Board (RTB), "opt-out" communities, and the Metropolitan Transit Commission (MTC) and other transit operators. In addition, the area's seven counties are responsible for acquiring right-of-way and planning for new light rail transit lines, and the Minnesota Department of Transportation (Mn/DOT) is involved in planning and constructing highway improvements which may include transit components.

In spite of this level of agency involvement, there have been continuing concerns about transit performance and the adequacy of transit planning. During the 1980s, the Twin Cities area has experienced a substantial decline in bus ridership, growing highway congestion, and only limited suburban transit expansions outside of opt-out communities. In addition, the area has been split by disagreement over the desirability of implementing light rail transit.

This report examines transit planning in the Twin Cities area and addresses the following questions:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**
- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

In general, we found a planning process which has been dominated in recent years by light rail transit to the exclusion of other transit options such as improved bus service and high-occupancy vehicle (HOV) lanes. In addition, the growing costs of Metro Mobility have made it difficult for the Regional Transit Board to expand suburban bus service.

Over the last year, however, the Metropolitan Council has taken steps to reorient the planning process and more vigorously oversee the work of the Regional Transit Board. The Council's new facilities plan and the RTB's new transit vision are steps in the right direction, although many of their details will need to be worked out in the next few years.

## REGIONAL TRANSIT BOARD

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**RTB's progress  
has been slow.**

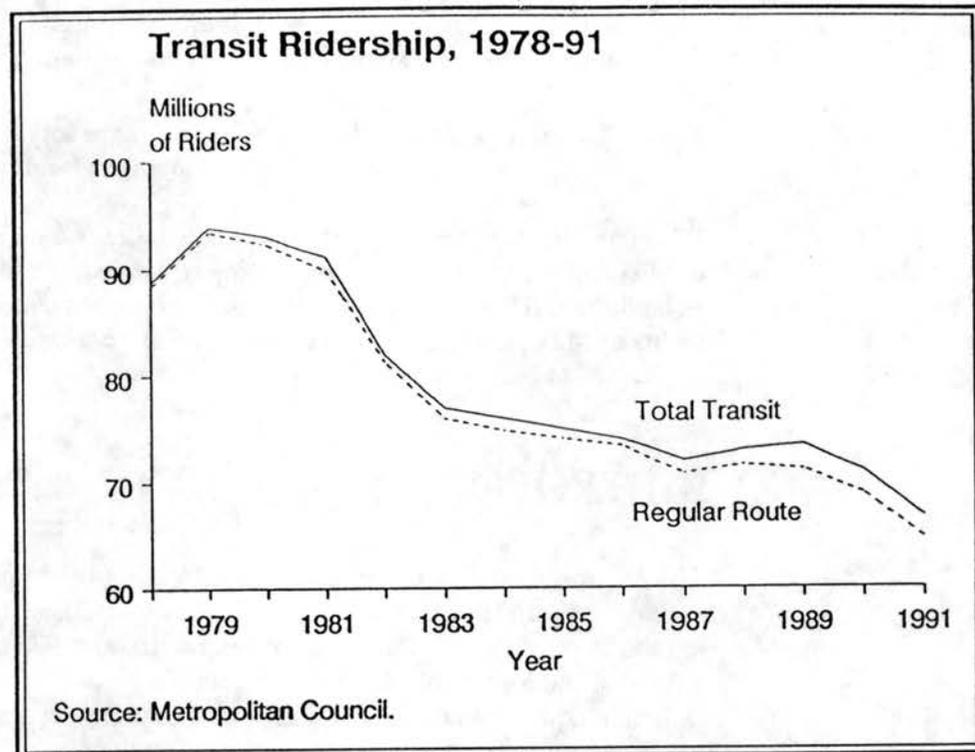
In 1984, the Legislature created the Regional Transit Board to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The Legislature wanted the RTB to control rising transit costs, respond to growing suburban transit needs, improve oversight of the Metropolitan Transit Commission (MTC), and more closely integrate transit into the region's highway planning. In a 1988 evaluation, we concluded that RTB had not yet proven to be an effective problem solver. Now, four years later, we conclude that:

- **Although creation of the Regional Transit Board was a good idea, the Board's progress has not lived up to expectations in several key areas.**
- **Progress in some key areas has been slow and problems remain, but there have been some encouraging signs recently.**

The major problems with RTB's past performance are:

- **There has been little progress in responding to growing suburban transit needs outside of opt-out communities.**
- **RTB has been slow to provide adequate oversight of the Metropolitan Transit Commission despite substantial declines in regular route ridership.**
- **RTB still does not have an adequate policy on competitive bidding of bus service and has allowed MTC to provide a significant amount of peak-hour express service outside MTC's exclusive service area despite significant questions regarding MTC's relative efficiency in providing that service.**
- **RTB has not provided needed leadership from a regional perspective on light rail transit, and has focused too much on expensive transit options and too little on relatively inexpensive solutions.**

**Bus ridership  
has declined  
significantly.**



In part, these problems have resulted from factors external to RTB. For example, state funding for transit has been relatively constant in recent years while Metro Mobility costs have grown significantly. The increase in costs has limited RTB's ability to fund service improvements for suburban areas and in the existing regular route system. Some of the increase in Metro Mobility costs is the direct result of RTB's decisions to expand and improve service. However, RTB did not anticipate much of the growth in ridership and costs. In addition, the planning process has been dominated by light rail transit (LRT) in recent years. Considerable staff and board time devoted to LRT has taken time and attention away from other issues.

However, factors within RTB's control have been at work as well. These include: 1) the board's promotion of LRT without adequate examination of the alternatives, 2) the board's attitude toward contracting transit services, 3) continuing internal tension due to the agency having both an executive director and a full-time chair, and 4) the board's unwillingness to control Metro Mobility costs, which led to an expenditure cap being imposed by the 1991 Legislature.

On the positive side, we found that:

- RTB recently adopted new plans which attempt to improve suburban transit service and control Metro Mobility expenditures.
- RTB is developing five transit hubs in suburban locations and has experimented with four new suburban services which are either circulators or general purpose dial-a-rides.

- **Despite turnover, RTB has a strong staff which has laid a good foundation for the future with the work it has done on various planning projects and in contract management.**
- **Since mid-1991, the Board has shown more interest in overseeing MTC as well as assisting it in improving ridership and efficiency.**

RTB recently completed a marketing study to determine reasons for the loss in MTC ridership and identify marketing strategies to address that concern. In addition, RTB's budget for 1992 includes funds to conduct management audits of MTC and funds for MTC to perform a comprehensive operations analysis of MTC routes.

## METROPOLITAN COUNCIL

The Metropolitan Council is responsible for long-range planning and policy making for both transit and highways in the Twin Cities area and for overseeing the work of the Regional Transit Board. In our 1988 evaluation, we were critical of the Metropolitan Council's relatively weak oversight of RTB and lack of adequate policy direction for transit and highways.

Since 1988, with adoption of a new transportation policy plan, the Council's planning work and policy direction gradually improved and, in the last year, improved dramatically. We found that:

- **Until last year, the Metropolitan Council did not provide adequate oversight of the Regional Transit Board.**
- **Until this year, the Metropolitan Council did not provide sufficient leadership in formulating a long-range vision for transit in the region.**

These recent improvements in Council oversight and leadership have come about in two ways:

- The Metropolitan Council and its staff provided significant oversight of RTB through the Council's review of the RTB's Five Year Plan in May 1991.
- The Metropolitan Council and its staff have provided significant leadership for future transit and highway improvements with the recent adoption of its Regional Transit Facilities Plan.

The plan is significant in that it recommends an even-handed approach to transit planning. While LRT has dominated planning in recent years, the Council's plan calls for service improvements, minor capital improvements, and major capital projects according to their effectiveness in solving transit and highway problems in various parts of the region.

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**The Metropolitan Council has begun to provide stronger leadership.**

The plan's specific recommendations for transit improvements should not, however, be viewed as definitive. In developing the plan, staff have not been able to analyze in detail all of the transit options in each highway corridor. For example, staff did not have time to fully analyze the benefits and costs of LRT compared to bus and other options in the Central Corridor between St. Paul and Minneapolis. However, the plan recommends a process -- an alternatives analysis -- through which this important consideration will be examined.

## MINNESOTA DEPARTMENT OF TRANSPORTATION

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**Mn/DOT has cooperated with transit planning agencies.**

The Minnesota Department of Transportation (Mn/DOT) plays an indirect, but important, role in transit planning. Many transit services and car pools utilize the highways which Mn/DOT is responsible for planning and constructing. As a result, Mn/DOT's cooperation with transit planning agencies is vital in helping them achieve their goals.

We found that:

- **Mn/DOT has been receptive to transit issues and has incorporated various transit options into its highway plans.**

Mn/DOT has worked with the Metropolitan Council in providing bus and car pool bypass ramps at freeway exits as called for in the Council's 1988 Transportation Policy Plan. Mn/DOT is currently working with MTC on MTC's "Team Transit" project to provide lane and ramp improvements which could help buses reduce their travel time and potentially increase their ridership. Finally, Mn/DOT has constructed high-occupancy vehicle lanes, park-and-ride lots, and transit stations in the I-394 corridor west of downtown Minneapolis and is analyzing HOV lanes, as well as light rail transit, in its planning process for improvements to I-35W from downtown Minneapolis south to the Minnesota River.

## RECOMMENDATIONS

### Legislature

We have five types of legislative recommendations, which address: 1) internal RTB structural problems, 2) LRT funding and governance, 3) financial disincentives for automobile use, 4) funding for transit improvements, and 5) the need for oversight of RTB. Regarding RTB's internal structure, we recommend that:

## RTB needs consistent internal direction.

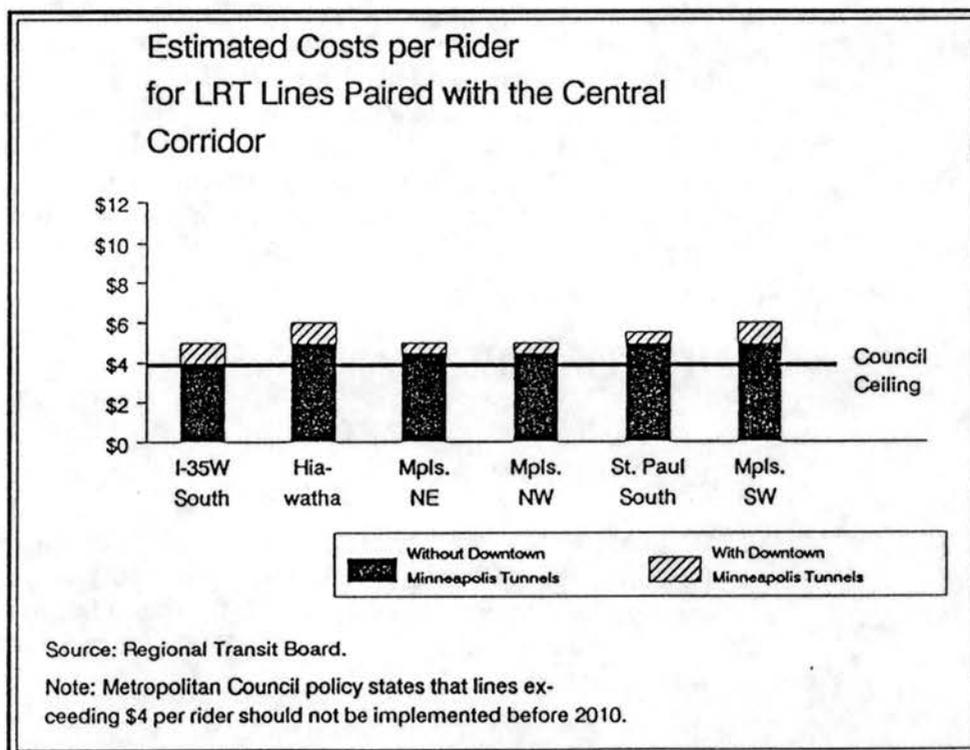
- **The Legislature should either make the position of RTB chair a part-time one or permit the chair to select the executive director with the board's approval.**

Since its inception, there has been internal tension at RTB because the agency essentially has two heads: an executive director and a full-time chair. This situation is not a viable one for an agency as small as RTB. It will continue to struggle to meet expectations unless it goes forward under strong and consistent leadership.

Second, we recommend that:

- **The Legislature should not fund construction of LRT in the Central Corridor until a satisfactory alternatives analysis has been prepared.**
- **The Legislature should change the governance structure for light rail transit planning to provide for more regional control of the process while continuing to involve county railroad authorities in a meaningful way.**

The Metropolitan Council's facilities plan shows that, within the next 20 years, only two LRT lines -- the Central Corridor and the I-35W South lines -- have the potential to be cost-effective under reasonable assumptions. Recent studies show that these two lines have a combined projected cost of just under \$4.00 per rider -- the maximum permitted by Metropolitan Council policy in order for a line to be considered for implementation before the year 2010.



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**Alternatives to LRT have not been adequately studied.**

Furthermore, it has yet to be determined how the benefits and costs of a Central Corridor LRT line -- the Council's highest LRT priority -- compare to those for all-bus and other alternatives. As a result, it is important that an alternatives analysis be conducted before more design work continues or construction work begins. An alternatives analysis will also improve the region's chances of maximizing the amount of federal "new start" money which can be received and used to reduce the region's costs of building the line.

The current governance structure for light rail transit planning is dominated by the region's counties and their rail authorities. Their only transit mission is to plan for light rail transit. Considering the new cost per rider estimates for LRT, the need for objective analysis of alternatives, and the need to use regional or state funding to implement LRT -- there is a need to reorient the governance structure to ensure that regional goals are met and that spending on additional lines is not continued. We are generally supportive of the Metropolitan Council's proposed governance structure. That proposal would place RTB in charge of the alternatives analysis, Mn/DOT in charge of design and construction, and MTC in charge of operations. However, given the counties' leadership on LRT issues, the Legislature should consider ways in which the counties can be given a meaningful role in the design and construction of LRT, while assuring regional control over important decisions.

We also recommend that:

- **The Legislature should examine options for increasing automobile user costs to better reflect the costs to the region of automobile travel.**

A modest increase in automobile user costs through additional gasoline taxes or other taxes or fees may help to limit future growth in automobile travel and would better reflect some of the regional costs of automobile use. It would also make sense to use a portion of any tax or fee increase to help fund transit improvements or relieve some of the current burden on property taxes. However, Constitutional limitations and budgetary constraints will affect the options available to the Legislature.

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**The details of new transit plans have not been worked out.**

If transit programs are allotted funds from a new funding source, it is essential that the Legislature retain control over transit funding and not provide transit agencies with an unlimited source of dedicated funding. Many of the recommendations in the Council's new facilities plan and RTB's new vision are conceptual and lack ridership estimates and other details which would help in determining their cost-effectiveness. Legislative oversight of these agencies' recommendations is needed before transit funding is substantially increased. The Legislature should take an incremental approach and fund some improvements while requiring the agencies to report back on their progress in developing more detailed plans and ridership estimates. We recommend that:

- **The Legislature should be generally supportive of the concepts contained in the Metropolitan Council's facilities plan.**

- However, the Legislature should require RTB and the Council to provide information on the potential cost-effectiveness of the recommended service improvements and transit hub projects.

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**The Council's oversight authority over RTB needs to be strengthened.**

We also recommend that the Legislature strengthen oversight of RTB in the following ways:

- The Legislature should require RTB to prepare an annual performance report for existing transit services and submit the report to the Metropolitan Council for its review and comment.
- The Legislature should require RTB to report at least annually on its progress in implementing its five-year plan and submit the report to the Metropolitan Council for its review and comment.
- The Legislature should give the Metropolitan Council authority to review and approve RTB's annual capital budget and review and comment on RTB's annual operating budget.

## Metropolitan Council

We recommend that:

- The Metropolitan Council continue the strong oversight and leadership it has shown over the last year.

In addition, even without specific legislative authorization, we recommend that:

- The Metropolitan Council should consider requiring RTB to prepare: 1) an annual transit performance report, 2) an annual progress report on plan implementation, and 3) cost per rider estimates for the new services and other mass transit improvements recommended in the Council's new plan and RTB's new vision.

Also, in formulating regional policy on highway and transit development, the Council should consider the extent to which automobile users are not directly paying the full costs of automobile use. We recommend that the Metropolitan Council: 1) determine the extent to which automobile users do not directly pay for the costs imposed on the region from automobile use, 2) examine the potential effect on automobile and transit use from raising automobile ownership and operation costs through additional taxes or other methods, and 3) study the impact which such action might have on future development patterns.

## Regional Transit Board

The Regional Transit Board has made only slow progress in achieving the goals envisioned when it was established. Improvement has been made since mid-1991, but it remains to be seen whether such improvement will be sustained. The RTB's Vision for Transit has conceptual appeal, but lacks important details. It is unclear at this point how much of the vision should be implemented. It is also unclear how the results of needs assessments and MTC's comprehensive operations analysis will affect the vision.

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**RTB needs to make progress in some key areas.**

Despite reservations, we believe RTB should continue to exist in its current form. The separation of planning and operations has had some desirable effects and remains a good concept. However, RTB needs to continue the progress of the last eight months and demonstrate to the Legislature that RTB can be an effective problem solver. RTB can best develop this trust by being a fair and objective planning agency. Advocacy on behalf of transit is best based on sound and thoughtful analysis.

Specifically, we recommend that:

- **RTB should adopt a competitive bidding policy which adequately addresses the costing method MTC should use when bidding to provide transit services outside its exclusive service area.**
- **RTB should undertake the proposed management audits of MTC and review the comprehensive operations analysis of MTC when completed. RTB should ultimately identify any resources which can be freed up to provide needed service improvements.**
- **RTB should examine the need for and potential cost-effectiveness of the service improvements and hubs recommended in the Metropolitan Council's facilities plan. Not all of the hubs and accompanying circulator and express routes may be cost-effective.**
- **RTB should prepare an annual performance report which provides performance statistics for each route and type of service funded by RTB.**
- **RTB should continue its recent efforts to work cooperatively with the opt-out providers and assist them in competitively bidding out transit services when their current contracts end.**
- **RTB should work with MTC to strengthen the region's efforts to encourage ridesharing or consider moving Minnesota Rideshare to the Minnesota Department of Transportation.**

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# INTRODUCTION

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**T**he 1970s saw an expansion of bus service in the Twin Cities metropolitan area along with a corresponding increase in transit ridership. However, transit costs also increased at a rate far exceeding the combined effect of inflation and service expansion. In addition to rising costs, the Legislature perceived a lack of responsiveness to growing suburban transit needs, a need to improve oversight of the Metropolitan Transit Commission, a need to separate transit operations from planning, and a need to more closely integrate transit into the region's highway planning.

As a result, in 1984, the Legislature created the Regional Transit Board (RTB) to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The creation of RTB gave the region a three-tier transit planning structure that was more complicated than the one- or two- tier systems used in other major metropolitan areas.

Despite RTB's creation, there have been continuing concerns about transit performance and the adequacy of transit planning. The 1980s have seen a substantial decline in bus ridership, growing highway congestion, limited suburban transit service expansions, and a fragmentation of planning responsibilities in some areas. In addition, the transit community, as well as the broader metropolitan community, has been split by disagreement over the desirability of implementing light rail transit.

Consequently, the Legislative Audit Commission directed our office to conduct a study of transit planning in the Twin Cities metropolitan area. This report updates and expands upon an earlier evaluation of RTB which we completed in 1988. The report addresses the following questions:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**

- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

To answer these questions, we conducted extensive interviews with people involved with transit and highway planning, operations, and policy direction. We reviewed a significant number and variety of local planning documents and studies, and also reviewed relevant literature available nationwide.

Chapter 1 of this report provides an overview of the transit and highway planning structure in the metropolitan area, reviews the region's transit budget and programs, highlights the challenges and problems faced by planners, and discusses the demographic trends which have created these challenges. Chapter 2 examines the adequacy of transit planning in the region. This chapter reviews the performance of the Regional Transit Board, the Metropolitan Council, and the Minnesota Department of Transportation. Chapter 2 also considers the need for structural changes in regional transit planning and examines the strengths and weaknesses of the new plans developed by the Metropolitan Council and the Regional Transit Board. Chapter 3 presents our recommendations for legislative and agency action.

**PRINCIPLES AND OPPORTUNITIES FOR  
METROPOLITAN TRANSIT**

**Prepared by the Staff of the  
Regional Transit Board**

**March 1989**

## Introduction

In his proposed 1990-91 budget, Governor Perpich recommended that metropolitan transit functions be restructured. Although existing transit functions--planning, programming, contract administration and policy-making--would be funded in 1990-91, it is proposed that the Regional Transit Board (RTB), the agency currently responsible for these functions, would be eliminated, and responsibility for these functions would be reassigned to other agencies.

Different approaches to structuring metropolitan transit responsibilities are currently being addressed by legislators, regional policy-makers and local officials. Based on its experience and expertise, the staff of the Regional Transit Board offers its ideas to the current discussion. This paper presents key principles and opportunities for improvement that we, as staff, believe will enable successful transit planning and provision of services regardless of a specific institutional format.

## Principles for Success

The creation of the Regional Transit Board sent a strong message to the region that transit is a critical element in maintaining the quality of life. During the past four years, the RTB has made numerous contributions to the metropolitan area in dealing with issues associated with mobility of area residents. The RTB:

- provided funding and technical support services to 40 contracted transit service providers;
- implemented a series of new services in the suburban areas serving Anoka, Blaine, Coon Rapids, New Brighton, St. Anthony, Maplewood, North St. Paul, Oakdale, Roseville, Shoreview, Falcon Heights, Little Canada, Lauderdale and Forest Lake;
- took steps to improve the Minnesota Rideshare program and promote travel demand management strategies to alleviate traffic congestion;
- expanded the Jobseekers program, which subsidizes transportation for the unemployed;
- made a number of changes to the Metro Mobility program to ensure that transportation for mobility disadvantaged persons is provided in a responsive manner;
- has been involved in planning for light rail transit; and
- served as a focal point in the political process to heighten awareness of the importance of transit.

The staff of the Regional Transit Board has been responsible for conducting many of these transit studies, analyzing and developing policy options and implementing service changes and improvements. In doing so, staff has worked closely with employers, developers, transit providers, community representatives, and representatives of other agencies such as the county regional railroad authorities, Metropolitan Council and the Minnesota Department of Transportation. Based on this experience, it is our belief that efforts to advance the development of transit services in the Twin Cities metropolitan area will be most successful when the responsible entity has the ability to:

1. ***Integrate transit into transportation planning.*** Transit and travel demand management strategies must be integrated as important elements of the transportation system. Major trends point to a period of stress for the region's transportation system and increasing travel needs of transit dependent persons. Transit can help to provide part of the solution to deal with many difficult transportation issues facing the region. Efforts over the past four years to conduct joint RTB work efforts with the Minnesota Department of Transportation and the Metropolitan Council have shown that working together can produce better integrated, more effective facilities and services. The presence of an organization, like the RTB, that strongly advocates transit, can ensure transit interests are considered.
2. ***Arrange a mix of services and providers.*** The diverse service needs of metropolitan area residents can best be satisfied through a variety of methods and modes, each designed to serve the needs of specific market groups. It is essential that efforts be maintained and expanded to ensure that a mix of services and providers is offered to meet user needs at reasonable costs.
3. ***Link planning and services.*** The linkage between planning, implementing and administering transit programs is essential. To successfully carry out any of these functions requires open and frequent communication and an acceptance of common goals among those planning, implementing and providing service. At the RTB, this strong linkage has been established through common reporting to a department head. In alternative situations, mechanisms to ensure common objectives and accountability in carrying out plans and programs should be ensured. The coordinated ability to implement plans, manage contracts and allocate financial resources help to carry out policies.
4. ***Separate policymaking from operations.*** One of the basic premises for creating the Regional Transit Board was the need to separate transit planning from transit operations. This principle still holds true. It is commonly agreed that the separation of these functions has helped to focus efforts of the MTC and the RTB on their major responsibilities.
5. ***Develop and implement policies that address pressing regional priorities.*** An integrated transit system provides a network for meeting the diverse needs of metropolitan area residents and coordinating transit services in an effort to maximize resources and minimize duplication.

6. **Encourage service effectiveness and innovation.** It is essential that the way transit services are planned and provided is constantly challenged to determine how it can be done more effectively and more responsively. The travel needs of area residents change over time; it is important that the region has the ability to anticipate changing needs in order to better provide service in the future.
7. **Develop and use a process for open public input and community participation.** Decisions on transit matters often impact affected parties in very different ways. It is important that all interest groups--providers, citizens, communities, special needs groups--have an opportunity to provide their opinions early in the planning process and that adequate time for responding with changes in plans be allowed. Successful planning, coordination, and funding of transit services in the metropolitan area are dependent on ownership of the process by all interested parties.
8. **Focus on consensus building and managing change.** A forum for the discussion of transit issues is essential. Although sometimes controversial, RTB decisions and activities have prompted greater attention to transit issues than in the past. Disagreement and conflict on issues among diverse constituencies are commonplace, but it should be possible to provide opportunities for all parties to present their points of view, find common areas of agreement, and develop policies and programs that have widespread acceptance. The consensus-building function must be an important component of transit planning and programming activities.

#### Opportunities for Improvement

Staff experience in working with providers, communities and special interest groups suggests that there are always opportunities for improvement. Listed below are areas identified that should be considered in restructuring current regional transit roles and responsibilities. RTB staff believes that change is needed, and to be most effective, each of these areas should be addressed:

1. **Clarify planning and operational functions in order to minimize conflicts.** Continuing efforts have been made, legislatively and administratively, to clarify planning and operational functions. Although clarifications have been helpful, there remain a few outstanding issues related to areas of responsibility for policy-making and implementation. Relations between the MTC and RTB have sometimes been strained because of differences in opinion about what constitutes "operations" versus what constitutes "planning." These differences in opinion have come up especially with regard to determining who is responsible for making policy decisions about certain transit issues. When the disagreement was not resolved to the satisfaction of both parties, policies, even when adopted by the RTB, were not always adequately implemented.

The processes for implementing policies and resolving governance issues should be built into the organizational structure, as is true in other cities.

2. **Clarify and establish appropriate responsibilities and authority.** It is important to either clarify or establish appropriate roles and responsibilities for a variety of specific issues. Planning for light rail transit, capital needs, opt-out transit services and service implementation during the past four years has pointed to the need for fine-tuning an understanding of "who does what." In each of these specific cases, the need for some type of regional coordination is readily apparent as attempts are made to allocate scarce resources and to set consistent service, development and investment policies.
3. **Improve linkages between elected and appointed officials.** The Regional Transit Board has sometimes lacked credibility in its decision-making on transit issues with local elected officials. This is especially true in the case of light rail transit where it is the counties who have the authority to collect tax revenues for payment of the project(s). Efforts to impose regional oversight are often viewed with distrust. However, jurisdictional differences arise also because of dissimilar objectives or concerns that the RTB was imposing requirements upon local officials that effectively diminished local authority.
4. **Better define and communicate roles of board and staff in order to strengthen their separate roles in setting policy and coordinating transit services.** When dealing with transit issues, it is often easier to focus in on specific operational issues than to step back to consider broad policy consequences of those issues. In recognition of this tendency, it is important to clearly outline the policy responsibilities of the decision-makers and the administrative and/or executive functions of the staff.
5. **Emphasize the need for building a consensus on major transit issues and managing change.** As suggested throughout this paper, the number of diverse constituencies who have a stake in transit issues, the importance of transit in the total transportation system, and development of the metropolitan area points to the need for a forum for all parties to come together and freely discuss their points of view when dealing with key transit issues. Organizational structures must recognize the need for special interest groups to have access to the discussion of transit issues that will impact them.

Although the RTB has frequently attempted to build consensus, success has not always occurred because of the lack of a shared strategy among board members and staff and because the amount of effort needed to build consensus on controversial subjects was underestimated. It should be expected that disagreement and conflict on issues among diverse constituencies will continue to be commonplace when there is an effort to make changes; however, organizational formats should provide for the opportunity to communicate openly and build consensus.

6. ***Emphasize the importance of the linkage between transit and land use and development.*** Nationally, there is recognition that transit organizations need to develop more influence on land use decisions and traffic impact issues in an effort to better combat congestion and mobility issues. Locally, the RTB experience shows that transit and travel demand management strategies can make a significant contribution in resolving these issues, but that transit needs to be considered early in development and land use decisions.
7. ***Provide more input and shared responsibility among transit planners, providers, government agencies and municipalities.*** More input and shared responsibility between transit planners, providers, and government agencies and municipalities are necessary. These groups should be working as partners to provide the best possible transit services in the metro area. In addition, greater effort should be made to communicate with all the organizations involved in transit. When information is exchanged freely and early in the process, there is little room for suspicion and a greater level of trust can develop.
8. ***Establish a common vision of transit for the future to ensure that services are responsive to the changing needs of the metropolitan community.*** Steps should be taken to conduct an "environmental scan" of the strengths and weaknesses of the transit market, and the needs of existing and potential users, providers and the community-at-large as a basis for the strategy of the future. The RTB's Implementation Plan is a useful document in which to convey this information. Specific priorities and direction should be established to inform and gain the support of the community for the timing and purpose of major efforts to be undertaken.

### Conclusion

Because of transit's importance to the continued vitality of the region, RTB staff hopes that the presentation of these principles for success and opportunities for improvement are helpful to decision-makers as they consider options for structuring metropolitan transit responsibilities. Regardless of structural changes that may result, we hope that any new arrangement will build upon the strengths and accomplishments of the RTB over the last four years and provide opportunities for planning and provision of transit services that are even more responsive to the needs of the residents of the metropolitan area.

Tom Todd, Legislative Analyst  
296-5048

# The Responsibilities of the Regional Transit Board

## A Summary of Legislative Policy

This information brief traces the development of legislative policy on the assignment of transit functions to the Regional Transit Board (RTB).

The brief attempts only to summarize the legislative treatment of the RTB's transit functions. It does not, therefore, deal with many matters related to transit—including transit finance, the functions of the Metropolitan Council and the Metropolitan Transit Commission (MTC), regional transit policies and plans, the internal structure and functioning of the RTB, and much law relating to particular programs, services, and modes of transit that does not alter the RTB's general authority or functions.

For information on a related topic, see: **Metropolitan Light Rail Transit: A Summary of Current Law and Procedure**, House Research, January 1989.

Contents	Page
A Summary of Current RTB Responsibilities .....	2
Trends in Transit Organization before the RTB .....	3
Conclusions of the Legislative Transit Study Commission, 1983-84 .....	4
The Transit Reorganization Act of 1984 .....	6
Changes in RTB Responsibility Since 1984 .....	8

# A Summary of Current RTB Responsibilities

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## Service Planner and developer

- prepare transit implementation plan to accomplish the transit policies of the Metropolitan Council and the state
- encourage effectiveness and innovation in transit services
- encourage interest and participation in transit development
- provide technical assistance

## Service "broker"

- develop better services
- contract with operators, local authorities, and other providers for delivery of transit services
- assess the effect of service contracts on the MTC
- monitor and evaluate operators and services
- no authority to regulate or approve transit operators, except through control of public subsidy contracts
- no authority to own or operate transit services or facilities; must refrain from direct operational planning, administration, and management of specific services or facilities

## Financial manager

- prepare financial plans for the transit system
- prepare consolidated operating and capital budget for the system
- approve MTC budget
- receive and allocate state transit subsidies (except for LRT)
- approve all applications of political subdivisions for federal (but not state) transit funds
- levy and allocate metropolitan property tax for transit
- set fare policies and approve fares
- approve the issuance of metropolitan debt for transit (bonds by the Metropolitan Council, short-term certificates by the MTC)

## Trends in Transit Organization before the RTB

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In the late 1960s and early 1970s, metropolitan transit went through a period of expansion, consolidation of providers, and system integration.

Throughout the nation, public transit oligopolies or monopolies were established and large, centrally administered mass transit systems planned. This occurred in the Twin Cities as well.

The MTC was created in 1967. It was given the authority to regulate private bus lines, to acquire private bus companies, and to develop a publicly-owned mass transit system.

In the next decade, the MTC acquired Twin City Lines and several other private bus companies, dramatically expanded and consolidated service, proposed several versions of fixed-guideway transit, and began receiving increasing levels of public subsidy from a metropolitan property tax and state appropriations.

The late 1970s and early 1980s reversed or slowed the earlier trends. It was a period of contraction and diversification of providers.

Transit experts and suburban representatives began to argue that mass transit oriented on the downtowns would not serve the kind of multiple-centered suburban development occurring in metropolitan areas. The federal government began to promote "paratransit" services and to encourage diversity of providers and private ownership.

Locally, the MTC quit acquiring private lines. The Legislature began to sponsor experiments with paratransit and to subsidize private operators.

Minnesota courts, declaring that the MTC could not constitutionally own the dominant bus system and regulate its competitors, invalidated the law giving the MTC regulatory powers. Regulatory authority moved back to the state, where it settled in the Transportation Regulation Board (TRB).

The Legislature--perceiving the same conflict of interest at the MTC, and also becoming concerned about the rapid increase in state subsidies--attempted to manage metropolitan transit directly by stipulating fares, services, and other matters. The Legislature also turned increasingly to the state Department of Transportation (MnDOT) to develop, administer, and fund transit systems and providers, including the MTC.

Through all of this, the MTC retained its general system planning and development responsibility. But the agency had little incentive to plan new or different services which it could not deliver, and so increasingly occupied itself with running the bus system and coping with a series of fuel and financial crisis of the late 1970s and early 1980s.

*slow projects*

*micro mgmt.*

*32 million miles in 1980.*

# Conclusions of the Legislative Study Commission, 1983-84

A legislative study commission, created in 1983 to evaluate metropolitan transit, recommended to the 1984 session that service should be diversified, government functions reassigned, and finance reorganized.

## 1. Diversity of services

The Commission found that the existing mix of transit services and providers was not sufficiently diverse and responsive to various community needs and user preferences:

*Suburban needs*

- Some areas and populations were inadequately served.
- There were insufficient incentives to encourage new methods of service.
- New providers were discouraged from entering the market.
- Metropolitan transit plans focused on capital investment and neglected service development and funding policies.

The Commission concluded that government should encourage greater diversity and responsiveness in transit services, while protecting the integrity of the regional public bus system. Without impairing the viability of the MTC, the Commission wanted to develop alternatives to the existing system of line-haul, regular-route service oriented to the two downtowns.

## 2. Government agency responsibilities

The Commission found that defects in government organization were partly to blame for the service deficiencies:

- *Excessive state involvement in metropolitan transit management.* Both the Legislature and state agencies had inappropriate roles in metropolitan transit. The Legislature was ineffective in its proper role--setting and overseeing transit goals and performance--because it was mired in the details of transit operations and services. MnDOT and the TRB had come to play too large a role in metropolitan transit.
- *Agency fragmentation and overlap.* With the involvement of the TRB and MnDOT, executive responsibilities had become fragmented and inappropriately allocated. Too many agencies had a hand in transit, with conflicting and confusing lines of accountability the result.
- *Weak systems management.* As a consequence of agency fragmentation and overlap, no agency was clearly charged with the responsibility for developing and managing the metropolitan transit system as a whole.
- *Conflicting functions of the MTC.* The MTC's dual statutory responsibility--as a systems manager and as a provider--involved it in a conflict of interest that prevented it from doing either function properly.

- **Insufficient local participation.** This fragmented and unfocused governance system was also excessively centralized. Local governments and transit operators were largely excluded from participation.

The Commission recommended restructuring the responsibilities of government agencies, as follows:

- **Concentrate the Legislature on broad policy setting and oversight.** The Legislature should stop stipulating the details of transit and focus on policy, government structure, and performance evaluation.
- **Move responsibility from the state agencies to the metropolitan level.** Responsibility for developing, managing, and funding metropolitan transit should be reassigned from MnDOT and the TRB to a metropolitan agency.
- **Keep the Metropolitan Council focused on long-range policy.** The Metropolitan Council should continue as the long-range planner and over-all policy-setter for the region. The Council should, however, expand its transit plan beyond capital investment policy and place more emphasis on finance and service policies.
- **Consolidate system management in a new metropolitan agency, the RTB.** All systems development, management, and funding responsibilities--formerly in the TRB, MnDOT, the Council, and several other places--should be placed in the RTB. The RTB should replace MnDOT as the administrator of transit subsidies; and RTB service contracts should replace TRB regulation of fares and service areas. The TRB should retain only the responsibility to determine the operating fitness of providers other than then MTC.
- **Separate systems management and transit operations.** The MTC should be confined to owning and operating MTC services; all responsibility for systems development, management, and funding should be removed to the RTB, which should be devoid of operational entanglements.
- **Encourage active participation by diverse interests.** The RTB should not replace the MTC as a centralizing force in transit; it should rather encourage local governments, providers, and users to participate in designing and providing transit services.

### 3. Transit financing

The Commission found that defects in financing were partly to blame for the service deficiencies:

- **Deficit-based finance.** Transit finance was driven by deficits, not policies or formulas. The resulting uncertainty in funding created operational disincentives for innovation and produced instability and inefficiency in services.
- **Absence of financing policy.** Neither the Legislature, the Governor, nor a responsible metropolitan agency had ever articulated a financing policy.

The Commission recommended changes in financing of transit:

- **Move to formula-based financing.** The Commission recommended a formula to promote stability and efficiency, depending upon availability of funds.
- **Require more financial planning.** The Metropolitan agencies should articulate policies on finance--including such matters as: goals, fares, mix of revenues, and allocation of funds among subregions, service types, and providers.

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# TRANSIT REORGAN

## Changes in Agency Functions

This chart outlines the major shifts in agency functions that were consolidated in the RTB in 1984.

FUNCTION	AGENCY	
	BEFORE	AFTER
LONG-RANGE POLICY CAPITAL INVESTMENT APPROVAL	Metropolitan Council	Metropolitan Council
SERVICE SYSTEM: PLANNING DEVELOPMENT	TRB MnDOT MTC	RTB
FINANCIAL MANAGEMENT: PLAN LEVY TAX RECEIVE SUBSIDY FUNDS ISSUE BONDS	MnDOT MTC	RTB
SERVICE "BROKER": CONTRACT WITH OPERATORS EVALUATE OPERATORS DISTRIBUTE FUNDS	MnDOT MTC	RTB
OPERATIONS	MTC	MTC

# ATION ACT OF 1984

## Original Functions of the RTB

The principal functions of the RTB in the 1984 enabling law were:

### 1. Service planning and development

The RTB was directed to:

- prepare a mid-range (two- to five-year) transit implementation plan, which would establish objectives and programs to accomplish the transit goals articulated in the Council's long-range transportation plan
- promote transit: conduct an annual regional transit conference; encourage new forms of transit; provide technical assistance; establish transit user groups and local advisory groups to plan transit for particular populations and subregions

### 2. Financial management

The RTB was authorized to:

- prepare the regional transit system's financial plan and annual operating and capital budget
- approve the MTC's annual budget
- receive federal and state subsidy funds for transit
- approve all applications of political subdivisions for federal transit funds
- levy the metropolitan property tax for transit
- issue metropolitan transit bonds and short-term certificates of indebtedness

### 3. Service "broker"

The RTB was authorized to:

- assume control of various transit funding and development programs located in other agencies, including: ridesharing, Metro Mobility, "opt out," and others
- arrange for transit services by transit operators and local authorities—that is, the RTB was to initiate, approve, monitor, and evaluate service contracts

The RTB was required to protect the core MTC regular route system from being nibbled to death by contracts with other providers.

The RTB was given no authority to regulate or approve transit operators, except indirectly through its control of public subsidy contracts. The TRB retained only the authority to certify the fitness of operators. General regulatory authority was eliminated.

# Changes in RTB Responsibility Since 1984

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## RTB purposes

The 1984 law did not contain a purpose section for the RTB. In 1987, the Legislature expressly stated the purposes of the RTB, as follows:

- to foster effective delivery of existing services
- to encourage innovation in services
- to prepare implementation and financial plans for the transit system
- to set policies and standards for implementing the transit policies of the state and the Council
- to conduct research and evaluation
- to administer state and metropolitan subsidies
- to arrange with others for the provision of transit services and facilities

[Minn. Stat. sec. 473.373, subd. 1a]

## RTB as transit planner/developer

**In various enactments since 1984, the Legislature has repeatedly reaffirmed this function and demanded more and better planning from the RTB.**

In 1986, the Legislature clarified the relationship between the transit plans of the Council and the RTB. This new arrangement becomes fully operational in 1990. Under it:

- The RTB and the Council both have stronger legislative direction to plan services and finance, as well as capital development.
- The Council's authority over the RTB's mid-range transit plan is increased: the plan must now implement the Council's policies, and the Council is entitled to force the RTB to change its plan to ensure this. (The RTB must also continue to get Council approval of its biennial transit financing plan.)
- The Council's authority over the RTB's annual capital program is reduced. The Council is expected, under the 1986 law, to control capital development at the planning stage, not at the project stage. (The RTB, as before, is free of Council review of its operating budgets.)

[Laws 1986, chap. 460; Minn. Stat. sec. 473.146; 473.161; 473.377; 473.38, subd. 2]

## RTB as service broker

The Legislature has also reaffirmed this RTB function since 1984, with some refinements.

The 1984 law required the RTB to enter into contracts with recipients of its subsidy funds (except for the MTC, over which the RTB has direct budgetary control). Since 1984, the Legislature has imposed *procedural "due process" requirements* on the RTB in its contracting role.

- In 1987, the RTB was told that it could competitively bid service only in accordance with formal standards and procedures adopted by the RTB following a specified public review process. [Minn. Stat. sec. 473.392]
- Also in 1987, similar formality and public consultation requirements were imposed on the RTB's administration of Metro Mobility. [Laws 1987, chap. 88; Minn. Stat. sec. 473.386]

As the basis of the subsidy contracts with providers, the 1984 law required an *MTC impact assessment*: a finding by the RTB that the contracts would not "impose an undue hardship on the ridership or financial condition of the commission, cause the dismissal of persons that are employed by the commission, or reduce the total level of service in the metropolitan area provided by the commission." The MTC "impact assessment" provision was weakened some in 1985, by eliminating the last standard, about preserving the total level of service provided by the MTC. [Laws 1984, chap. 654, art. 3, sec. 121, subd. 7; Laws 1985, 1st spec. sess., chap. 10, sec. 99]

## RTB's role in transit operations

The 1984 law was not explicit about the RTB's role in transit operations. The Legislature has been at considerable pains since 1984 to ensure that the RTB does not edge into transit operations.

The Legislature has evidently been concerned that operational entanglements could nullify the very reason for creating the agency: to separate system development and management from the ownership and operation of specific services.

The 1984 law contained no restriction on *the RTB's authority to own property*. Concern soon arose that the RTB technically had the authority actually to build and acquire transit systems, and might exercise it. Therefore, the Legislature has moved to prohibit RTB property ownership inconsistent with its management role:

- Under 1985 legislation, the RTB may not acquire or hold any permanent or temporary interest in real property, except for the rental or lease of its office space.
- In 1988, the Legislature added another prohibition: The RTB may not own transit services or acquire or hold any permanent or temporary interest in transit vehicles.

[Minn. Stat. sec. 473.375, subd. 4, subd. 18]

The Legislature also addressed the issues of *RTB operating authority* directly.

- In 1987, fearing that the RTB was enmeshed in an ambiguous position in running the Metro Mobility program, the Legislature directed the RTB to contract with an outside administrator for day-to-day operation of the services, confining itself to policy-setting, funding, and evaluation activities. [Minn. Stat. sec. 473.386, subd. 2]
- In 1987, in the RTB purpose section, the Legislature became quite pointed about its intentions: "The board shall arrange with others for the delivery and provision of transit services and facilities. The board shall avoid, to the greatest extent possible, direct operational planning, administration, and management of specific transit services and facilities." [Minn. Stat. sec. 473.373, subd. 1a]
- Also in 1987, the Legislature directed the RTB to contract with operators or local governments for route planning and scheduling services. The law now limits the RTB to approving operator routes and schedules for conformity to RTB plans and policies. [Minn. Stat. sec. 473.391]
- In 1988, the Legislature was even more direct: "The board may not own or operate transit services." [Minn. Stat. sec. 473.375, subd. 18]

## The RTB as financial manager

Since 1984, the Legislature has withdrawn its various stipulations on metropolitan transit fares, carrying out the intention of the Study Commission that the Legislature should turn direct fare setting over to the RTB.

The 1984 act did not repeal legislative controls on fares or define RTB authority over fares.

- In 1985, the Legislature: made explicit the RTB's authority to set fare policies and control the fares charged by providers; required the RTB to develop a uniform policy on fares; eliminated the statutory specification of the downtown fare; and suspended all other statutory fare restrictions until July 1, 1987. [Laws 1985, 1st spec. sess., chap. 10, 108, 109, 122, 123, subd. 1]
- In 1987, the Legislature strengthened the law requiring the RTB to state its fare policies in its plans and repealed all statutory fare restrictions. [Minn. Stat. sec. 473.377, subd. 4; Laws 1987, chap. 278, sec. 26]
- However in 1988, in a line-item appropriation, the Legislature again intervened, indirectly, into a specific fare policy. Regional agencies were considering raising one of the "social fares"--for seniors--to a quarter. Without directly setting the fare, the Legislature provided funds specifically earmarked to maintain the fare at a dime. [Laws 1988, chap. 684, art. 2, sec. 3 (c)]

[Minn. Stat. sec. 473.408]

(Of course, the Legislature determines fare revenue indirectly through legislative appropriations and property tax restrictions.)

**The Legislature has reassigned the authority to issue debt.**

The 1984 legislation consolidated tax and bonding authority. It transferred from the MTC to the RTB the authority: (1) to levy a metropolitan property tax for transit, and (2) to

issue bonds. It also gave the RTB authority to issue short-term debt, and required that MTC short-term debt have RTB approval.

In 1985, the Legislature elevated the bonding authority to the Council, in an effort to consolidate metropolitan bonding. The Council cannot issue transit bonds without an RTB request. The 1985 law also eliminated the RTB's power to issue short-term debt, on the grounds that this function was more appropriate to an operating agency like the MTC. The MTC cannot issue short-term debt without RTB approval.

Under the current law, therefore, the RTB levies the transit tax and then allocates the proceeds to providers, as operating subsidies, and to the Council and the MTC for debt repayment. (The RTB has never been authorized to use the metropolitan tax for its own operation; the agency's operating expenditure is wholly funded by state appropriation.)

[Minn. Stat. sec. 473.39; 473.436; 473.446]

### **The Legislature has not delegated to the RTB complete authority to allocate state transit funds.**

The Legislature has continued its former practice of appropriating money by program, and occasionally by project or line-item, rather than by formula or block grant.

The 1984 law moved the administration of all state subsidies from MnDOT to the RTB; the goal was to consolidate this function at the metropolitan level. In 1988, the Legislature turned partly away from this policy, by designating MnDOT as the administrator of state subsidies for light rail transit (LRT).

[Laws 1988, chap. 684, art. 2, sec. 2(b), 4]

### **The Legislature has restricted the RTB's access to federal funds.**

The 1984 law directed the governor to designate the RTB as a recipient of federal funds. The Legislature has retreated from this policy, partly out of fear that it would lead the RTB into operational entanglements.

- The purpose statement for the RTB enacted in 1987 pointedly left out federal funds when describing the funding allocation function of the RTB. An appropriations rider in that year forbade the RTB to be a recipient of federal capital or operating assistance for transit--the idea being to confine the agency to planning funds. At the same time, the RTB was directed to report to the 1988 session on the effects, advantages, and disadvantages of transferring the authority to receive federal capital and operating funds to the RTB from the MTC. [Laws 1987, chap. 358, sec. 3]
- In 1988, the Legislature adjusted the prohibition slightly to allow the RTB to receive some forms of discretionary federal funding. The law now states that the RTB may not be a recipient of federal operating or capital assistance distributed by formula or block grant. [Laws 1988, chap. 675, sec. 15]
- Also in 1988, the Legislature adopted an even broader prohibition against RTB receipt of federal funds for LRT. The agency may not be a recipient of any federal capital grants--whether distributed by formula or by block or discretionary grant--for light rail and other fixed guideway transit systems. [Laws 1988, chap. 675, sec. 15]

[Minn. Stat. sec. 473.375, subd. 8]

## The RTB and LRT

The Legislature has restricted the RTB's functions as they apply to LRT.

The 1984 law was silent on the RTB's role in LRT. As a consequence of legislation since 1984, the RTB's current authority may be summarized as follows:

- The RTB may not construct, own, or operate LRT facilities.
- The RTB does not control the funds for LRT as it does other metropolitan transit.
- The RTB has no authority to disapprove LRT projects or to manage or regulate LRT development. The RTB may comment on CRRA plans and must cooperate with CRRAs in planning CRRA systems.
- If CRRAs were to contract with the MTC for the operation of LRT, the RTB would gain some indirect influence over the operation of CRRA systems through its control of MTC operations.

(For a further explanation of the law on this subject, see *Metropolitan Light Rail Transit: A Summary of Current Law and Procedure*, House Research, January 1988.)

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# REGIONAL TRANSIT PLANNING

## Executive Summary

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**T**he Twin Cities metropolitan area has a complex, multi-tiered structure for planning and implementing public transit improvements. Agencies involved include the Metropolitan Council, the Regional Transit Board (RTB), "opt-out" communities, and the Metropolitan Transit Commission (MTC) and other transit operators. In addition, the area's seven counties are responsible for acquiring right-of-way and planning for new light rail transit lines, and the Minnesota Department of Transportation (Mn/DOT) is involved in planning and constructing highway improvements which may include transit components.

In spite of this level of agency involvement, there have been continuing concerns about transit performance and the adequacy of transit planning. During the 1980s, the Twin Cities area has experienced a substantial decline in bus ridership, growing highway congestion, and only limited suburban transit expansions outside of opt-out communities. In addition, the area has been split by disagreement over the desirability of implementing light rail transit.

This report examines transit planning in the Twin Cities area and addresses the following questions:

- What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?
- Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?
- Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?
- Has transit planning become too fragmented and are structural changes needed to improve planning?
- What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?

In general, we found a planning process which has been dominated in recent years by light rail transit to the exclusion of other transit options such as improved bus service and high-occupancy vehicle (HOV) lanes. In addition, the growing costs of Metro Mobility have made it difficult for the Regional Transit Board to expand suburban bus service.

Over the last year, however, the Metropolitan Council has taken steps to reorient the planning process and more vigorously oversee the work of the Regional Transit Board. The Council's new facilities plan and the RTB's new transit vision are steps in the right direction, although many of their details will need to be worked out in the next few years.

## REGIONAL TRANSIT BOARD

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### RTB's progress has been slow.

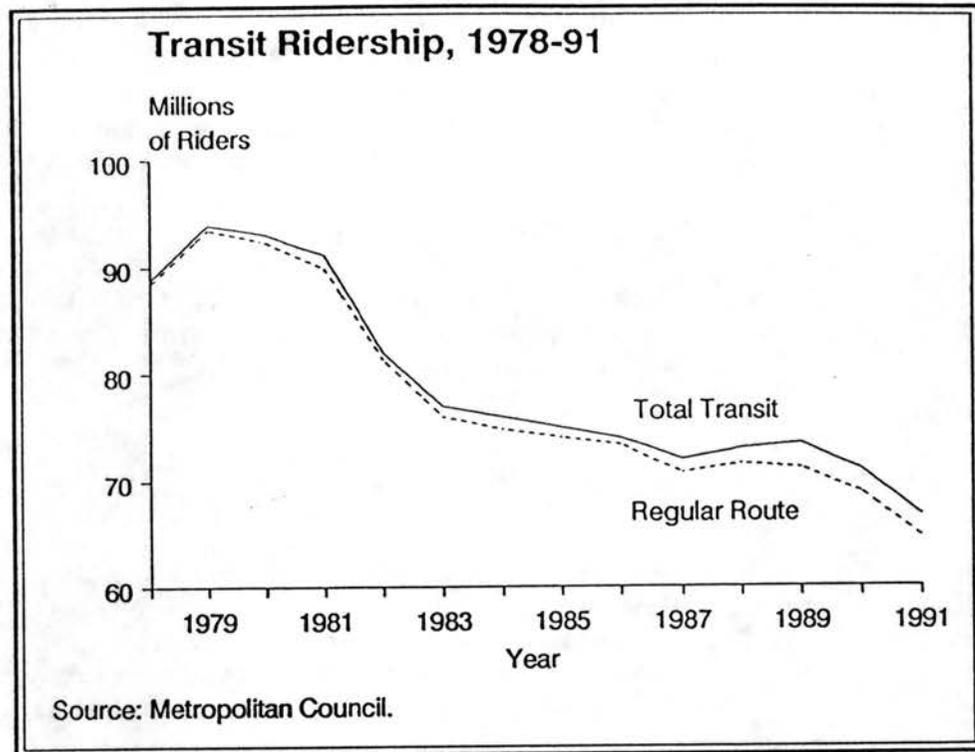
In 1984, the Legislature created the Regional Transit Board to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The Legislature wanted the RTB to control rising transit costs, respond to growing suburban transit needs, improve oversight of the Metropolitan Transit Commission (MTC), and more closely integrate transit into the region's highway planning. In a 1988 evaluation, we concluded that RTB had not yet proven to be an effective problem solver. Now, four years later, we conclude that:

- **Although creation of the Regional Transit Board was a good idea, the Board's progress has not lived up to expectations in several key areas.**
- **Progress in some key areas has been slow and problems remain, but there have been some encouraging signs recently.**

The major problems with RTB's past performance are:

- **There has been little progress in responding to growing suburban transit needs outside of opt-out communities.**
- **RTB has been slow to provide adequate oversight of the Metropolitan Transit Commission despite substantial declines in regular route ridership.**
- **RTB still does not have an adequate policy on competitive bidding of bus service and has allowed MTC to provide a significant amount of peak-hour express service outside MTC's exclusive service area despite significant questions regarding MTC's relative efficiency in providing that service.**
- **RTB has not provided needed leadership from a regional perspective on light rail transit, and has focused too much on expensive transit options and too little on relatively inexpensive solutions.**

**Bus ridership  
has declined  
significantly.**



In part, these problems have resulted from factors external to RTB. For example, state funding for transit has been relatively constant in recent years while Metro Mobility costs have grown significantly. The increase in costs has limited RTB's ability to fund service improvements for suburban areas and in the existing regular route system. Some of the increase in Metro Mobility costs is the direct result of RTB's decisions to expand and improve service. However, RTB did not anticipate much of the growth in ridership and costs. In addition, the planning process has been dominated by light rail transit (LRT) in recent years. Considerable staff and board time devoted to LRT has taken time and attention away from other issues.

However, factors within RTB's control have been at work as well. These include: 1) the board's promotion of LRT without adequate examination of the alternatives, 2) the board's attitude toward contracting transit services, 3) continuing internal tension due to the agency having both an executive director and a full-time chair, and 4) the board's unwillingness to control Metro Mobility costs, which led to an expenditure cap being imposed by the 1991 Legislature.

On the positive side, we found that:

- RTB recently adopted new plans which attempt to improve suburban transit service and control Metro Mobility expenditures.
- RTB is developing five transit hubs in suburban locations and has experimented with four new suburban services which are either circulators or general purpose dial-a-rides.

- **Despite turnover, RTB has a strong staff which has laid a good foundation for the future with the work it has done on various planning projects and in contract management.**
- **Since mid-1991, the Board has shown more interest in overseeing MTC as well as assisting it in improving ridership and efficiency.**

RTB recently completed a marketing study to determine reasons for the loss in MTC ridership and identify marketing strategies to address that concern. In addition, RTB's budget for 1992 includes funds to conduct management audits of MTC and funds for MTC to perform a comprehensive operations analysis of MTC routes.

## METROPOLITAN COUNCIL

The Metropolitan Council is responsible for long-range planning and policy making for both transit and highways in the Twin Cities area and for overseeing the work of the Regional Transit Board. In our 1988 evaluation, we were critical of the Metropolitan Council's relatively weak oversight of RTB and lack of adequate policy direction for transit and highways.

Since 1988, with adoption of a new transportation policy plan, the Council's planning work and policy direction gradually improved and, in the last year, improved dramatically. We found that:

- **Until last year, the Metropolitan Council did not provide adequate oversight of the Regional Transit Board.**
- **Until this year, the Metropolitan Council did not provide sufficient leadership in formulating a long-range vision for transit in the region.**

These recent improvements in Council oversight and leadership have come about in two ways:

- **The Metropolitan Council and its staff provided significant oversight of RTB through the Council's review of the RTB's Five Year Plan in May 1991.**
- **The Metropolitan Council and its staff have provided significant leadership for future transit and highway improvements with the recent adoption of its Regional Transit Facilities Plan.**

The plan is significant in that it recommends an even-handed approach to transit planning. While LRT has dominated planning in recent years, the Council's plan calls for service improvements, minor capital improvements, and major capital projects according to their effectiveness in solving transit and highway problems in various parts of the region.

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**The Metropolitan Council has begun to provide stronger leadership.**

The plan's specific recommendations for transit improvements should not, however, be viewed as definitive. In developing the plan, staff have not been able to analyze in detail all of the transit options in each highway corridor. For example, staff did not have time to fully analyze the benefits and costs of LRT compared to bus and other options in the Central Corridor between St. Paul and Minneapolis. However, the plan recommends a process -- an alternatives analysis -- through which this important consideration will be examined.

## MINNESOTA DEPARTMENT OF TRANSPORTATION

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**Mn/DOT has cooperated with transit planning agencies.**

The Minnesota Department of Transportation (Mn/DOT) plays an indirect, but important, role in transit planning. Many transit services and car pools utilize the highways which Mn/DOT is responsible for planning and constructing. As a result, Mn/DOT's cooperation with transit planning agencies is vital in helping them achieve their goals.

We found that:

- **Mn/DOT has been receptive to transit issues and has incorporated various transit options into its highway plans.**

Mn/DOT has worked with the Metropolitan Council in providing bus and car pool bypass ramps at freeway exits as called for in the Council's 1988 Transportation Policy Plan. Mn/DOT is currently working with MTC on MTC's "Team Transit" project to provide lane and ramp improvements which could help buses reduce their travel time and potentially increase their ridership. Finally, Mn/DOT has constructed high-occupancy vehicle lanes, park-and-ride lots, and transit stations in the I-394 corridor west of downtown Minneapolis and is analyzing HOV lanes, as well as light rail transit, in its planning process for improvements to I-35W from downtown Minneapolis south to the Minnesota River.

## RECOMMENDATIONS

### Legislature

We have five types of legislative recommendations, which address: 1) internal RTB structural problems, 2) LRT funding and governance, 3) financial disincentives for automobile use, 4) funding for transit improvements, and 5) the need for oversight of RTB. Regarding RTB's internal structure, we recommend that:

## RTB needs consistent internal direction.

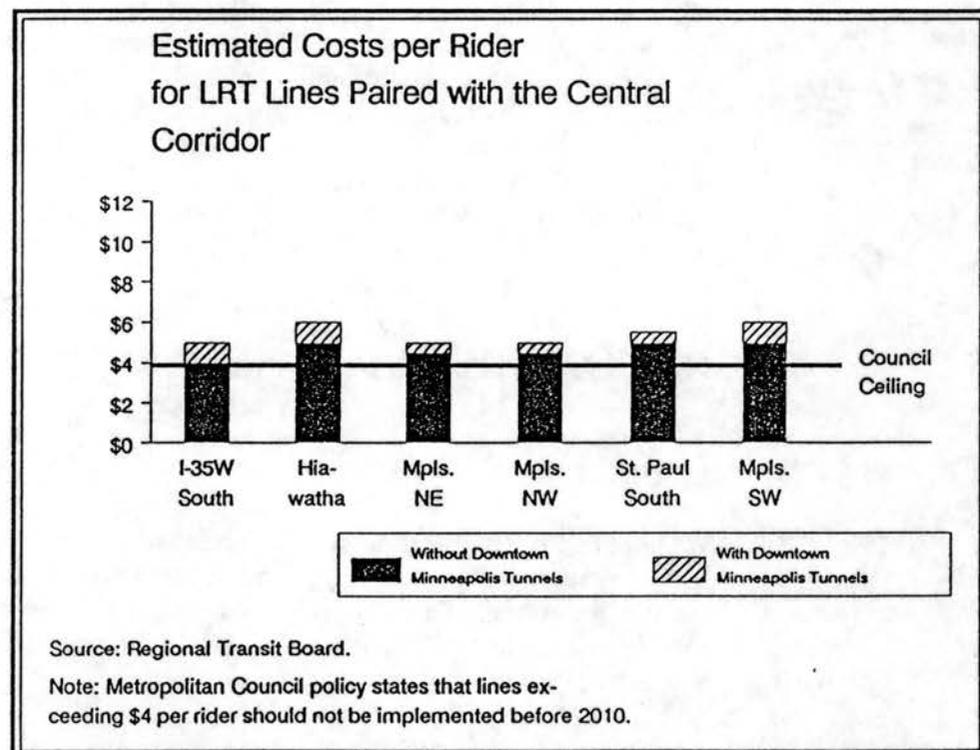
- **The Legislature should either make the position of RTB chair a part-time one or permit the chair to select the executive director with the board's approval.**

Since its inception, there has been internal tension at RTB because the agency essentially has two heads: an executive director and a full-time chair. This situation is not a viable one for an agency as small as RTB. It will continue to struggle to meet expectations unless it goes forward under strong and consistent leadership.

Second, we recommend that:

- **The Legislature should not fund construction of LRT in the Central Corridor until a satisfactory alternatives analysis has been prepared.**
- **The Legislature should change the governance structure for light rail transit planning to provide for more regional control of the process while continuing to involve county railroad authorities in a meaningful way.**

The Metropolitan Council's facilities plan shows that, within the next 20 years, only two LRT lines -- the Central Corridor and the I-35W South lines -- have the potential to be cost-effective under reasonable assumptions. Recent studies show that these two lines have a combined projected cost of just under \$4.00 per rider -- the maximum permitted by Metropolitan Council policy in order for a line to be considered for implementation before the year 2010.



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**Alternatives to LRT have not been adequately studied.**

Furthermore, it has yet to be determined how the benefits and costs of a Central Corridor LRT line -- the Council's highest LRT priority -- compare to those for all-bus and other alternatives. As a result, it is important that an alternatives analysis be conducted before more design work continues or construction work begins. An alternatives analysis will also improve the region's chances of maximizing the amount of federal "new start" money which can be received and used to reduce the region's costs of building the line.

The current governance structure for light rail transit planning is dominated by the region's counties and their rail authorities. Their only transit mission is to plan for light rail transit. Considering the new cost per rider estimates for LRT, the need for objective analysis of alternatives, and the need to use regional or state funding to implement LRT -- there is a need to reorient the governance structure to ensure that regional goals are met and that spending on additional lines is not continued. We are generally supportive of the Metropolitan Council's proposed governance structure. That proposal would place RTB in charge of the alternatives analysis, Mn/DOT in charge of design and construction, and MTC in charge of operations. However, given the counties' leadership on LRT issues, the Legislature should consider ways in which the counties can be given a meaningful role in the design and construction of LRT, while assuring regional control over important decisions.

We also recommend that:

- **The Legislature should examine options for increasing automobile user costs to better reflect the costs to the region of automobile travel.**

A modest increase in automobile user costs through additional gasoline taxes or other taxes or fees may help to limit future growth in automobile travel and would better reflect some of the regional costs of automobile use. It would also make sense to use a portion of any tax or fee increase to help fund transit improvements or relieve some of the current burden on property taxes. However, Constitutional limitations and budgetary constraints will affect the options available to the Legislature.

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**The details of new transit plans have not been worked out.**

If transit programs are allotted funds from a new funding source, it is essential that the Legislature retain control over transit funding and not provide transit agencies with an unlimited source of dedicated funding. Many of the recommendations in the Council's new facilities plan and RTB's new vision are conceptual and lack ridership estimates and other details which would help in determining their cost-effectiveness. Legislative oversight of these agencies' recommendations is needed before transit funding is substantially increased. The Legislature should take an incremental approach and fund some improvements while requiring the agencies to report back on their progress in developing more detailed plans and ridership estimates. We recommend that:

- **The Legislature should be generally supportive of the concepts contained in the Metropolitan Council's facilities plan.**

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**The Council's oversight authority over RTB needs to be strengthened.**

- However, the Legislature should require RTB and the Council to provide information on the potential cost-effectiveness of the recommended service improvements and transit hub projects.

We also recommend that the Legislature strengthen oversight of RTB in the following ways:

- The Legislature should require RTB to prepare an annual performance report for existing transit services and submit the report to the Metropolitan Council for its review and comment.
- The Legislature should require RTB to report at least annually on its progress in implementing its five-year plan and submit the report to the Metropolitan Council for its review and comment.
- The Legislature should give the Metropolitan Council authority to review and approve RTB's annual capital budget and review and comment on RTB's annual operating budget.

## Metropolitan Council

We recommend that:

- The Metropolitan Council continue the strong oversight and leadership it has shown over the last year.

In addition, even without specific legislative authorization, we recommend that:

- The Metropolitan Council should consider requiring RTB to prepare: 1) an annual transit performance report, 2) an annual progress report on plan implementation, and 3) cost per rider estimates for the new services and other mass transit improvements recommended in the Council's new plan and RTB's new vision.

Also, in formulating regional policy on highway and transit development, the Council should consider the extent to which automobile users are not directly paying the full costs of automobile use. We recommend that the Metropolitan Council: 1) determine the extent to which automobile users do not directly pay for the costs imposed on the region from automobile use, 2) examine the potential effect on automobile and transit use from raising automobile ownership and operation costs through additional taxes or other methods, and 3) study the impact which such action might have on future development patterns.

## Regional Transit Board

The Regional Transit Board has made only slow progress in achieving the goals envisioned when it was established. Improvement has been made since mid-1991, but it remains to be seen whether such improvement will be sustained. The RTB's Vision for Transit has conceptual appeal, but lacks important details. It is unclear at this point how much of the vision should be implemented. It is also unclear how the results of needs assessments and MTC's comprehensive operations analysis will affect the vision.

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**RTB needs to make progress in some key areas.**

Despite reservations, we believe RTB should continue to exist in its current form. The separation of planning and operations has had some desirable effects and remains a good concept. However, RTB needs to continue the progress of the last eight months and demonstrate to the Legislature that RTB can be an effective problem solver. RTB can best develop this trust by being a fair and objective planning agency. Advocacy on behalf of transit is best based on sound and thoughtful analysis.

Specifically, we recommend that:

- **RTB should adopt a competitive bidding policy which adequately addresses the costing method MTC should use when bidding to provide transit services outside its exclusive service area.**
- **RTB should undertake the proposed management audits of MTC and review the comprehensive operations analysis of MTC when completed. RTB should ultimately identify any resources which can be freed up to provide needed service improvements.**
- **RTB should examine the need for and potential cost-effectiveness of the service improvements and hubs recommended in the Metropolitan Council's facilities plan. Not all of the hubs and accompanying circulator and express routes may be cost-effective.**
- **RTB should prepare an annual performance report which provides performance statistics for each route and type of service funded by RTB.**
- **RTB should continue its recent efforts to work cooperatively with the opt-out providers and assist them in competitively bidding out transit services when their current contracts end.**
- **RTB should work with MTC to strengthen the region's efforts to encourage ridesharing or consider moving Minnesota Rideshare to the Minnesota Department of Transportation.**

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# INTRODUCTION

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**T**he 1970s saw an expansion of bus service in the Twin Cities metropolitan area along with a corresponding increase in transit ridership. However, transit costs also increased at a rate far exceeding the combined effect of inflation and service expansion. In addition to rising costs, the Legislature perceived a lack of responsiveness to growing suburban transit needs, a need to improve oversight of the Metropolitan Transit Commission, a need to separate transit operations from planning, and a need to more closely integrate transit into the region's highway planning.

As a result, in 1984, the Legislature created the Regional Transit Board (RTB) to do short- and mid-range transit planning, contract for transit services, and review and approve transit budgets. The creation of RTB gave the region a three-tier transit planning structure that was more complicated than the one- or two- tier systems used in other major metropolitan areas.

Despite RTB's creation, there have been continuing concerns about transit performance and the adequacy of transit planning. The 1980s have seen a substantial decline in bus ridership, growing highway congestion, limited suburban transit service expansions, and a fragmentation of planning responsibilities in some areas. In addition, the transit community, as well as the broader metropolitan community, has been split by disagreement over the desirability of implementing light rail transit.

Consequently, the Legislative Audit Commission directed our office to conduct a study of transit planning in the Twin Cities metropolitan area. This report updates and expands upon an earlier evaluation of RTB which we completed in 1988. The report addresses the following questions:

- **What progress has the Regional Transit Board made in planning for and implementing cost-effective transit service improvements, as well as providing oversight of existing transit operations?**
- **Has the Metropolitan Council provided adequate long-range planning and policy direction for transit and highway improvements?**
- **Has the Minnesota Department of Transportation appropriately integrated transit into its highway planning and construction activities?**

- **Has transit planning become too fragmented and are structural changes needed to improve planning?**
- **What are the strengths and weaknesses of the Metropolitan Council's new Regional Transit Facilities Plan and the Regional Transit Board's new Vision for Transit?**

To answer these questions, we conducted extensive interviews with people involved with transit and highway planning, operations, and policy direction. We reviewed a significant number and variety of local planning documents and studies, and also reviewed relevant literature available nationwide.

Chapter 1 of this report provides an overview of the transit and highway planning structure in the metropolitan area, reviews the region's transit budget and programs, highlights the challenges and problems faced by planners, and discusses the demographic trends which have created these challenges. Chapter 2 examines the adequacy of transit planning in the region. This chapter reviews the performance of the Regional Transit Board, the Metropolitan Council, and the Minnesota Department of Transportation. Chapter 2 also considers the need for structural changes in regional transit planning and examines the strengths and weaknesses of the new plans developed by the Metropolitan Council and the Regional Transit Board. Chapter 3 presents our recommendations for legislative and agency action.