



Governance of Transit in the Twin Cities Region

Major Findings:

- The Twin Cities region’s transit system has performed well on most measures of efficiency, effectiveness, and impact in comparison with 11 peer regions.
- However, the governance of transit in the Twin Cities region is complex and fraught with distrust, and coordination among the many transit organizations in the region has been difficult.
- The Metropolitan Council’s role as the regional transit planner has been hampered by how members are appointed; as a result of its structure, the Council lacks adequate credibility and accountability among stakeholders.
- Additionally, there is no agreed-upon set of priorities for transitway development in the Twin Cities region, and existing Minnesota law prohibits consideration of all potential transitways in the region.
- Scarce resources for transit are likely to become scarcer as the state confronts a significant budget deficit.
- The Metropolitan Council and suburban transit providers have disagreed over the allocation of “supplemental” Motor Vehicle Sales Tax revenue in the region, increasing the distrust and tension between these groups.

Key Recommendations:

- The Legislature should restructure the Metropolitan Council so that it has a mix of appointed and elected Council members, all serving staggered terms.
- Given the current structure of the Metropolitan Council, we do not recommend eliminating other organizations involved with transit, such as the Counties Transit Improvement Board or the Transportation Advisory Board.
- We do not recommend eliminating the suburban transit providers, although there are opportunities for some consolidation.
- The Metropolitan Council should coordinate with stakeholders to prioritize potential transitways for future development based on the needs of the region.
- The Legislature should amend Minnesota law and allow consideration of the Dan Patch corridor.
- The Legislature should not commit capital funds to transitway development projects without ensuring that operating revenues for the first five to ten years have been identified.
- The Legislature should explicitly give the Metropolitan Council authority to allocate the “supplemental” revenue for transit in the region generated by the Motor Vehicle Sales Tax.

The region has made significant advances in transit in recent years, but the region’s transit governance structure is far from ideal.

The transit system in the Twin Cities region performed well relative to 11 peer regions around the country.

However, the region's governance structure has created challenges and conflicts.

Report Summary

Transit in the Twin Cities region includes several transit types, or “modes.” Our evaluation included four modes of transit: regular-route bus service, light rail transit, commuter rail, and bus rapid transit.¹ The Twin Cities region has recently added two modes of transit, bus rapid transit and commuter rail, and is developing two new light rail lines. Nevertheless, in 2009, regular-route bus service provided close to 90 percent of the transit rides in the region. Metro Transit, a division within the Metropolitan Council, is the primary provider of transit in the region and operates bus, light rail, and commuter rail services. Suburban providers offer bus service to 12 communities in the Twin Cities metropolitan area.

Several organizations have transit responsibilities in the region, including the Metropolitan Council, the Transportation Advisory Board (TAB), the Counties Transit Improvement Board (CTIB), county regional railroad authorities, and suburban transit providers. Many of these organizations were created to address perceived local transit needs. The structure of transit governance in the region has changed several times since the Council was created in 1967 and has gone through periods of fragmentation and consolidation.

In 2009, providers spent almost \$319 million on transit operations in the Twin Cities region. Since 2004, the region has spent more than \$1.7 billion on transit capital expenditures.

When compared with 11 peer regions around the country, transit in the Twin Cities region performed favorably.² For example, in 2008, the Twin Cities

¹ Our evaluation does not address dial-a-ride service, such as Transit Link and Metro Mobility.

² The 11 peer regions are: Baltimore, Cleveland, Dallas-Fort Worth, Denver, Phoenix, Pittsburgh, Portland, St. Louis, San Diego, Seattle, and Tampa.

region's transit system performed better than most of its peers on efficiency measures, including subsidy per passenger and operating costs per passenger. The Twin Cities region also compared favorably when evaluating service-use measures, such as passengers per hour and passenger miles per mile of service.

Our evaluation focused on governance of transit in the region. We considered the governance of transit to include: (1) planning for and identifying potential corridors for new transit; (2) developing and building transitways, including conducting analyses to determine optimal routes and transit modes; (3) providing transit; (4) generating revenue for transit, typically through imposing a levy or tax or collecting passenger fares; (5) allocating revenue for transit; and (6) measuring the performance of transit.

Governance of transit in the Twin Cities region is complex and made more difficult by the uneasy relationships among the various organizations involved with transit in the region.

Each transit organization serves a distinct but somewhat overlapping role for transit in the region. Each organization can operate independently to some extent but also must coordinate with others in the region. The complexity of the system makes it difficult to know which organization is accountable for which transit responsibility.

There is significant distrust between the Met Council and the other transit organizations in the Twin Cities region. This distrust makes coordination among the organizations difficult. The strongest example is the relationship between the Met Council and the suburban transit providers. In interviews we had with suburban transit providers and Council staff, and during joint meetings with representatives from the two organizations, the conflict and distrust between these two groups were evident.

Coordination among the many transit organizations involved in governance is difficult.

The relationship between the Met Council and the Counties Transit Improvement Board is also strained. For example, the two organizations disagree over the definition of “transitway,” which has led to tension regarding CTIB’s funding priorities.

Coordination among transit organizations in the region is time consuming and inefficient.

The suburban transit providers and Metro Transit coordinate their services effectively. However, coordination between the Met Council and the suburban providers has required significant time and energy from both Council and suburban provider staff, even though the suburban providers represent only about 6 percent of all rides in the region. The suburban providers and the Council have had innumerable staff and committee meetings, required approvals, e-mails, and shared letters. Staff on both sides of this relationship think the coordination efforts are inefficient and time consuming, and the lack of trust between these two groups makes it difficult to reach agreement on many transit-related issues.

Coordination between the Council and CTIB is also time consuming. Having both bodies make decisions about transit investments in the region leads to overlap and requires additional coordination.

The Metropolitan Council’s structure has created a lack of credibility among many stakeholders and transit organizations in the region.

The Met Council’s lack of credibility stems from the governance structure of the Council itself. Because Council members are appointed by the governor rather than elected, many stakeholders we interviewed did not think that Met Council members are sufficiently accountable for their decisions. Many stakeholders with whom we met believed that Council members represent the views of the governor and not the region as a whole or the district from which they were appointed. Because Met Council

members are appointed, local elected officials often question the legitimacy of Council decisions.

Transit resources have been unpredictable.

Transit providers spent almost \$319 million in 2009 on transit operations in the region. Motor Vehicle Sales Tax (MVST) revenues are the largest source of operating funds for transit in the Twin Cities region. However, these revenues have not grown as projected. The state’s May 2007 projections anticipated that more than \$169 million of MVST revenues would be allocated to transit in the Twin Cities region in fiscal year 2010; instead, \$140.7 million was allocated to transit in the region.

Minnesota statutes do not identify how “supplemental” Motor Vehicle Sales Tax revenue should be allocated for transit in the region.

In 2006, Minnesota voters passed a constitutional amendment to allocate additional Motor Vehicle Sales Tax revenue to transit. However, the Legislature has not clarified how this funding, known as “supplemental” MVST revenue, should be allocated within the region. Staff from the suburban transit providers told us that they had expected to receive a formula-based portion of the new funds. Instead, the Met Council created a procedure to distribute the supplemental MVST funds based on regional priorities.

There is no agreed-upon set of priorities for transit in the region, and state laws prohibit consideration of all potential transit corridors.

Because the process for developing transitways in the region relies on local initiatives and funding, there are multiple transit corridors being evaluated without a common understanding of the region’s transit priorities. Each community considers its transit project to be a priority, but the project may not be a priority for the *region*.

A central governance issue has been the Metropolitan Council’s lack of credibility with elected officials and other transit stakeholders.

With multiple entities involved in governance, the region has not achieved consensus on a set of priorities for transit.

Changing the composition of the Metropolitan Council is the first step in improving the governance of transit in the region.

Additionally, at one time organizations in the region had conflicting maps regarding potential transitways in the region. In its 2030 Transportation Policy Plan, the Met Council developed a map identifying potential transitways in the region. But, the Counties Transit Improvement Board developed a different map that did not include all potential transitways and indicated different modes for some potential corridors.

State statutes do not add clarity. The goals for transit identified in law are vague and are not prioritized. Furthermore, state law prohibits the consideration or study of the Dan Patch corridor (a potential commuter rail corridor between Minneapolis and Northfield) for development as a commuter rail line.³ The prohibition regarding the Dan Patch corridor has implications when planning other transitways in the region.

³ *Laws of Minnesota* 2002, chapter 393, sec. 85, subds. 2-4.

The Legislature should restructure the governance of the Metropolitan Council to increase its credibility, accountability, and effectiveness as the regional transit planner.

Many problems with the governance of transit stem from having the governor appoint members to the Met Council. In particular, the current governance structure has led to: (1) diminished accountability and credibility for the Council, (2) difficulty in building consensus across organizations in the region, (3) reduced effectiveness due to an increased need for coordination, and (4) multiple competing visions for transit.

We conclude that the structure of the Met Council must be addressed before other aspects of transit governance can be corrected. We present four governance options for the Metropolitan Council for the Legislature to consider; we recommend having a mix of appointed and elected Council members, all serving staggered terms.

Summary of Agency Responses

We received three response letters dated January 13, 2011. Metropolitan Council Chair Susan Haigh wrote that “the Council agrees that [the] transit governance structure should be thoroughly examined and discussed.” Chair Haigh also noted agreement with the report regarding the complexity of the region’s transit governance structure, the difficulty in coordinating regional transit service, and the unpredictable nature of transit resources. In disagreement with the report, Chair Haigh said, “The Council believes our agency has considerable credibility” with numerous regional, state, and federal transit organizations. Hennepin County Commissioner Peter McLaughlin, Chair of the Counties Transit Improvement Board (CTIB), wrote that “CTIB strongly supports the Report’s basic recommendation that the Metropolitan Council should be re-structured to include local elected officials.” However, Chair McLaughlin also wrote that the report “overstates the differences between the Metropolitan Council and CTIB’s priorities for transitway implementation” and does not acknowledge CTIB’s successful efforts for transit in the region. Chanhassen Mayor Tom Furlong, Chair of the Suburban Transit Association, acknowledged that “the administration of transit governance in the region is complex,” but also noted that “transit operations are well-coordinated among the regional providers resulting in seamless, high quality service to transit users.”

The full evaluation report, *Governance of Transit in the Twin Cities Region*, is available at 651-296-4708 or: www.auditor.leg.state.mn.us/ped/2011/transit.htm