



SUBURBAN TRANSIT ASSOCIATION 2010 LEGISLATIVE AGENDA

Since their inception, provided for in MSA 473.388, STA providers have been very successful at attracting and retaining large and growing numbers of suburban riders. Ridership has increased over 100% in recent years for the five STA service providers. This success has not come without challenges. STA providers are frequently faced with overcrowded buses and overflowing park-and-ride lots, with many of these riders coming from outside the transit taxing district.

The 2010 Legislature must continue its efforts to reduce the growing traffic congestion in the suburban and metropolitan areas. Congestion in Minnesota costs metropolitan residents at least \$1.35 billion each year in lost time, delays and added fuel consumption. Investments in bus transit operations and capital will be necessary to make a significant impact on congestion mitigation in the region. Further, the bus system will remain the core of transit service as evidenced by the Metropolitan Council's 2030 Transportation Policy Plan, "bus system will remain the foundation of future transit services."

Regarding this effort, the key STA legislative initiatives for the 2010 session include: a reliable operating funding source to meet existing and future ridership demands, support changes to the role of the Metropolitan Council, authorize transit capital investments (regional bonding), and educating lawmakers on viable options to solve the transit taxing district limitations and challenges.

INITIATE

- ❖ **STATUTORILY ENACT A FUNDING FORMULA WITH PROPORTIONAL INCREASES FOR STA PROVIDERS**

SUPPORT

- ❖ **SUPPORT THE SEPARATION OF THE METROPOLITAN COUNCIL'S DUAL ROLE OF REGIONAL TRANSIT PLANNING AND OPERATION**
- ❖ **SUPPORT REGIONAL BONDING FOR TRANSIT**
- ❖ **SUPPORT EXPANSION OF TRANSIT TAXING DISTRICT BOUNDARIES ONLY IN CONJUNCTION WITH NEW FUNDING FOR OPERATION. WHEN EXPANDING THE TRANSIT TAXING DISTRICT THE LEGISLATURE NEEDS TO ENSURE THE EXPANSION DOES NOT ADVERSELY AFFECT EXISTING SERVICE. IN ADDITION, ANY EXPANSION NEEDS TO INCLUDE A CORRESPONDING PROPORTIONAL INCREASE IN REGIONAL TRANSIT BOND AUTHORITY.**

INITIATE

- ❖ **STATUTORILY ENACT A FUNDING FORMULA WITH PROPORTIONAL INCREASES FOR STA PROVIDERS**

Currently, STA providers have a statutory allocation to reflect the base funding received prior to the passage of the MVST Constitutional Amendment. STA providers and the Metropolitan Council have been meeting for two years to establish the allocation of and criteria for the additional MVST funds that will be phased in by 2012. The legislation should allow for future planning with a high level of financial confidence and should include a reliable funding increase for STA providers.

This allocation of funding over 21.5% of MVST must adequately reflect the demand for service in suburban communities:

- ❖ Ridership figures in the metropolitan area have grown significantly and capacity has expanded 177% since 1999. In addition, park and ride usage has grown by a whopping 223% during the same timeframe.
- ❖ There are currently two dozen park and rides at or over capacity and another four are at 90% capacity.

In addition, the following items regarding MVST should be addressed by the legislature in 2010:

- Add the sales tax on leased vehicles into the MVST account
- Make allocation decisions that will maintain and grow the current bus system

- Use additional MVST funding primarily for transit operations, not capital expenditures unless the operating funding is identified
- Support separate line items in the Metropolitan Council budget for bus operations, light rail operations and commuter rail operations

SUPPORT

❖ SUPPORT THE SEPARATION OF THE METROPOLITAN COUNCIL'S DUAL ROLE OF REGIONAL TRANSIT PLANNING AND OPERATION

The STA providers support the continued legislative discussions regarding how the Metropolitan Council is structured to help ensure a responsive and supportive council in the future. We also encourage the Legislative Auditor to look at other successful programs in our state such as the Solid Waste Management Coordinating Board as a part of the metropolitan transit governance study.

The STA supports separating the operation of transit service from the Metropolitan Council's mission. Currently, the Metropolitan Council acts as a regional planning agency, distributor of regional funds, MPO and the region's largest operator of transit service. These multiple roles creates an inherent conflict of interest and is especially problematic in these times when funding is scarce and providers are competing for dollars.

❖ SUPPORT REGIONAL BONDING FOR TRANSIT

The STA supports significant regional transit bonding authority to provide basic transit investments such as bus fleet replacement, garage facilities, construction of park and rides, transit hubs and other passenger facilities. Regional bonding authority refers to bonds issued by the Metropolitan Council and backed by the property tax within the transit taxing district.

The Metropolitan Council will be seeking approximately \$34 million in regional bonding authority in 2010 for transit capital projects. While the STA supports the Metropolitan Council's request for regional bonding, we believe this request is inadequate to meet the demand for current needs, let alone future capital needs. However, service expansion should only occur if there are reliable new operating dollars identified. Also, given the demonstrated need, and recent history, the STA requests that the Metropolitan Council clearly identify which projects will be funded when presented to the legislature. Additionally, STA projects need to be included on the list after meaningful consultation with STA providers.

By way of historical reference, the Legislature authorized \$54 million of bonds in 2002, \$45 million in 2003, and \$0 in 2004. In 2005, the legislature passed \$64 million in regional bonding authority in large part to make up for the lack of any regional bonding appropriation in 2004. Soon after the legislature approved the \$64 million in regional bonding, the Metropolitan Council indicated that they were unwilling to issue the entire \$64 million because it would result in a property tax increase.

In 2006, the legislature approved regional bonding authority in the amount of \$32.8 million. As a result of the 2007 Omnibus Tax bill being vetoed by the Governor, there was no additional authority granted to the Metropolitan Council for regional transit bonding in 2007. As a result the legislature approved approximately \$66 million dollars in regional transit bond authority in 2008.

In addition, the STA supports granting a biannual authority to the Metropolitan Council for regional transit bonding. This would allow for more strategic planning of capital needs.

❖ **SUPPORT EXPANSION OF TRANSIT TAXING DISTRICT BOUNDARIES ONLY IN CONJUNCTION WITH NEW FUNDING FOR OPERATION INDICATING APPROPRIATE SERVICE LEVELS. WHEN EXPANDING THE TRANSIT TAXING DISTRICT THE LEGISLATURE NEEDS TO ENSURE THE EXPANSION DOES NOT ADVERSELY AFFECT EXISTING SERVICE. IN ADDITION, ANY EXPANSION NEEDS TO INCLUDE A CORRESPONDING PROPORTIONAL INCREASE IN REGIONAL TRANSIT BOND AUTHORITY.**

While recognizing existing demand within the Transit Taxing District is increasing, there is also a significant demand for express service from individuals outside the taxing district. These riders contribute to over-crowded buses and overfilled park and ride lots, however they contribute very little to the capital costs, because they do not pay the property tax levied within the transit taxing district.

The problem is significant and highlighted by recent park and ride studies showing the percentages of passengers coming from outside the current taxing district boundaries:

- Maple Grove 38%
- MVTA 33%
- Plymouth Metrolink 20%
- SouthWest Transit 23%

Increased congestion and higher gas prices have led to an increased demand for express service. This problem will only be exacerbated over the next 10 years due to significant growth in the metropolitan area. During the next ten years, STA communities will increase in population an average of 30%, increase households by 40% and see increases of 32% in employment. There are currently two dozen park and rides at or over capacity and another four are at 90% capacity.

Further, very little expansion of existing freeway infrastructure is scheduled to take place that would provide meaningful congestion relief in these areas within the next 10 years. Additional investments are needed to meet the express service demand, particularly to address transit needs from the following areas:

- Albertville
- Carver
- Farmington
- Northfield
- Rogers
- St. Michael
- Victoria
- Waconia

The STA is committed to working together with the Metropolitan Council and other interested parties in an effort to resolve this issue. However, expanding boundaries of the Transit Taxing District without increasing funding will compound the existing difficulties due to a greater expectation of service. Expansion should only occur if there are reliable, new operating dollars identified for the increased service. There should be no leap frogging of existing services and all providers in the vicinity should be at the table to discuss who would be the most appropriate provider of the new service.

STA HISTORY AND GUIDING PRINCIPLES

The Suburban Transit Association (STA) was established in 1995 to provide a voice at the Minnesota Legislature for the suburban communities that provide transit service to their constituents and others within the region. These communities have opted to establish either their own transit services, contract with Metropolitan Council/Transit or contract with a private provider. These cities sought legislative authority because it was more efficient and effective for them to provide service. Operating as independent entities, in some cases since 1984, the Suburban Transit Association providers work as partners with Metro Transit to provide seamless service throughout the metropolitan area.

Currently, there are eleven cities that comprise the Suburban Transit Association: Apple Valley, Burnsville, Eagan, Rosemount, Savage, Maple Grove, Plymouth, Eden Prairie, Chanhassen, Chaska and Shakopee. These communities belong to five separate transit service providers: Minnesota Valley Transit Authority, Maple Grove Transit, Plymouth Metrolink, SouthWest Transit and Shakopee Transit.

The Suburban Transit Association provides flexible transit services through a variety of programs, including: express and reverse commute services, regular route services, and dial-a-ride services.

Demand for service within the metro area is rapidly growing. As a result of the reductions and unpredictability in MVST funding, resources have been strained, thus jeopardizing continued service. As a result, legislators should be aware that:

- 1) the recently passed MVST Constitutional Amendment will not provide enough dedicated reliable funding for future transit demands and needs, and current funding is not sufficient to address the existing demand;
- 2) the demand for service (primarily express) both inside and outside of the Transit Taxing District is significant and creating an increasing burden.

Prior to casting a vote on transit or transportation funding, the STA asks legislators to consider the following principles:

- Transit funding policies adopted by the Legislature should ensure transit service the stability to plan for the future with a high level of financial confidence.
- Efforts by the Legislature to alleviate growing traffic congestion should include comprehensive transit service and transit highway advantages as an integral component.
- Demand for service (specifically express) is growing rapidly in suburban communities. Any serious discussion of growth in transit funding should include adequate resources for express service.