

STA SUBURBAN
TRANSIT
ASSOCIATION



Maple Grove Transit



Minnesota Valley Transit Authority



Plymouth Metrolink



Shakopee Transit



SUBURBAN TRANSIT ASSOCIATION 2009 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% since 1998 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 2009 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 rapidly expanding 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 2009 session include: a reliable operating funding source to meet existing and future ridership demands, ensure ownership of capital assets, authorize transit capital investments (regional bonding), and educating lawmakers on viable options to solve the transit taxing district limitations and challenges.

INITIATE

- A. RELIABLE OPERATING FUNDING TO MEET EXISTING AND GROWING DEMAND**
- B. OWNERSHIP OF CAPITAL ASSETS**
- C. STATUTORILY ENACT FORMULA FOR STA PROVIDERS**

SUPPORT

- A. REGIONAL BONDING FOR TRANSIT**
- B. 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 INSURE THE EXPANSION DOES NOT ADVERSELY AFFECT EXISTING SERVICE. IN ADDITION, ANY EXPANSION NEEDS TO INCLUDE A CORRESPONDING INCREASE IN REGIONAL TRANSIT BOND AUTHORITY.**

RELIABLE OPERATING FUNDING TO MEET EXISTING AND GROWING DEMAND

While demand for express bus service and all transit service continues to grow operating funding has plummeted. The Metropolitan area once again faces a critical shortfall in operating funding. Currently, there is a projected \$35 million dollar hole in available funding for fiscal year 2009. STA providers would like to see the Metro Area sales tax provide even more operating funding to help alleviate the operating funding shortfall. STA providers support the following proposals to help fill this shortfall.

- ❖ Increase in General Fund Dollars to Transit
- ❖ Provide for Property Tax Trigger to Make Up MVST Shortfalls

OWNERSHIP OF CAPITAL ASSETS

STA providers are governed by Transit Commissions comprised of locally elected officials (County Commissioners, Mayors, City Council Members) or in some cases directly by city councils. They provide safe, high quality service and help alleviate traffic by taking tens of thousands of cars off Minnesota highways. STA providers need to continue to own their capital assets (bus fleets and facilities).

STATUTORILY ENACT FORMULA FOR STA PROVIDERS

Currently, STA providers have a statutory allocation to reflect the base funding received under the previous funding formula. STA providers and other stakeholders have been meeting for over a year to establish the allocation of and criteria for the additional MVST funds that will be phased in by 2012. These recommendations should be placed in statute to allow for future planning with a high level of financial confidence.

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 are at a 22 year high and park and ride 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 2009:

- Provide a property tax "trigger" to continue adequate transit funding to offset the MVST shortfall
- Make allocation decisions that will maintain and grow the current bus system
- Use additional MVST funding primarily for transit operations, not capital expenditures

REGIONAL BONDING FOR TRANSIT

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. The STA strongly 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 2009 for transit capital projects. 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.

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. Also, given the demonstrated need, and prior history, the STA requests that the Metropolitan Council be required to issue the entire amount of bonding authorized by the legislature.

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. 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 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 45%
- MVTA 52%
- 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:

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

The STA is committed to working together with the Metropolitan Council and other interested parties in an effort to resolve this issue. 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, sustainable, 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.