Today

• Context

• Charges for growth, and outcomes

• East Metro Strong

• Lessons
Context

Metro Transit Facts
THROUGH DEC. 31, 2014

84.5 million RIDES

80% BUS
20% RAIL

67.8 million RIDES
16.7 million RIDES

67.8 million RIDES
16.7 million RIDES

907 SQ. MILES

132 ROUTES

58 URBAN LOCAL
64* EXPRESS
7 SUBURBAN LOCAL
2 LIGHT RAIL
1 COMMUTER RAIL

* includes Maple Grove Transit routes operated by Metro Transit

= 289,000/day
Success story: Green Line LRT

• Connects downtown Minneapolis & Saint Paul

• Primary political driver: Success of LRT Minneapolis > MSP Airport

• Opened 2014; ridership already exceeding 2030 projections

• But it’s not enough.
Our competition is far ahead, and not waiting.

Source: McKinsey team analysis, following Bill Rankin.
We need transit to compete for workers
Transit makes possible a region that keeps & draws workers and jobs

“You can’t get a 25- or 35-year-old who has gone to the [University of Minnesota] and is used to an urban, downtown environment,” said Behrens, president and CEO of the company. “They want to use public transportation.”

- Finance and Commerce, 11.27.2015
Nationally, companies are moving to transit

Source: SGA, Core Values, 2015
A thriving region is a product we are making.

Transit is a necessary component.

If we put in too little, we’ll get a less competitive product.
How get business community support for more and better transit

• “In favor” of more transit.

But

• What transit?

• How pay for?

• How to make the case in business terms?
Four studies that led to business support for increased investment in regional transit
Would transit investment be worth it here?

Regional Transit System: Return on Investment Assessment
Three questions about regional transit investments

1. A built-out regional transit system would require substantial investment. *What would be the return on that investment?*

2. Investments can be made more or less quickly. *Would accelerating build out change the return on investment?*

3. Many communities with developing transit systems experience more growth near transit stations. *Would such expectations for growth change the return on investment?*
We compared four scenarios

1. **Base case**
   - Includes current transit options and assumes outstanding commitments are built out (including Central Corridor)

2. **2030 regional plan**
   - Assumes Metropolitan Council 2030 plan is executed, including expansion of bus service at 1% annually, nine arterial BRTs, four completed BRT corridors, and three new LRT lines

3. **Accelerated regional plan**
   - Accelerates the regional plan from scenario one to a 2023 completion

4. **2030 plan with growth near stations**
   - Proposes 2030 plan is built as in scenario one, but reallocates 25% of expected community growth to station areas (i.e., assumes station areas absorb more of future growth. Does not presume new growth)
Current Regional Transit System
Regional Transit System – 2030

A regional transit system in the Region area includes:

- 1% per year bus service expansion
- Addition of nine arterial BRTs
- Four BRT lines
- Total of five LRT lines

Mode and alignment for each corridor are still being determined.

Source: The Twin Cities Metropolitan Council's 2030 Transitway Plan, adapted by Chambers of Commerce.
We calculated six kinds of direct impacts

1. Vehicle operating costs
2. Travel times and travel reliability
3. Shippers and logistics costs
4. Emissions
5. Safety costs
6. Road pavement conditions

We worked with the Metropolitan Council to develop costs for each scenario: capital + operations & maintenance
The benefits of regional transit far outweigh the costs

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Investment</th>
<th>Total direct impacts</th>
<th>IRR*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2030 Regional Plan</td>
<td>$4,361</td>
<td>$6,571</td>
<td>$10,083</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>2 Accelerated Regional Plan</td>
<td>$5,289</td>
<td>$10,762</td>
<td>$16,516</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>3 2030 Plan with more growth near stations</td>
<td>$4,361</td>
<td>$9,082</td>
<td>$13,927</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Note: Benefits and operating and maintenance costs are calculated for 15-year period 2030-2045 for regional system, 2023-2045 for accelerated system. All are reported in 2010 dollars.

*IRR = Internal Rate of Return, the discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero.
### Direct impacts by category

<table>
<thead>
<tr>
<th>Category</th>
<th>Compared to base case 2010 $ Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Travel time savings and reliability</td>
<td>$4,643 - $11,429</td>
</tr>
<tr>
<td>2. Vehicle operating cost savings</td>
<td>$1,479 - $4,717</td>
</tr>
<tr>
<td>3. Shipper and logistics cost savings</td>
<td>$185 - $271</td>
</tr>
<tr>
<td>4. Reduction in emissions</td>
<td>$185 - $395</td>
</tr>
<tr>
<td>5. Safety benefits</td>
<td>$53 - $88</td>
</tr>
<tr>
<td>6. Pavement maintenance savings</td>
<td>$26 - $54</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,571 - $16,516</strong></td>
</tr>
</tbody>
</table>

**Note:** Benefits and operating and maintenance costs are calculated for 15-year period 2030-2045 for regional system or 2023-2045 for accelerated scenario. All are reported in 2010 dollars.
Transit build-out increases access to jobs

Building the regional transit system would put employers within a 30-minute commute of 500,000 more employees.

= a 25% increase.
Example: SW LRT

- K-Tel Drive Industrial Park: 3,500
- Methodist Hospital: 5,200
- Beltline Business Park: 6,000
- Excelsior & Grand Park Nicollet: 1,000
- East End Hopkins (Cargill, Supervalu): 5,000
- Golden Triangle Business Park: 18,000
- Highway 212 Corridor: 16,000

Jobs within ½-mile of station:

- Downtown Minneapolis: 147,000
- West Calhoun: 4,200

Transportation for SW: serves and connects job centers.
How should we pay for it?


Funding Study

Conclusions

No major untapped funding sources available

No financing techniques that will significantly, buy themselves, improve funding outcomes

Cannot build a competitive system with current revenue streams
How have Peer Regions done it?

1. All cities defined and developed a specific program of projects.

2. **All cities use sales taxes as the primary local funding source.**

3. All cities use sales taxes for transit and transitway capital & operations.

4. All cities use FTA New Starts funding

5. Several cities are implementing projects using all non-federal funds.

6. Most of the cities had to raise their sales tax rate to fund a Program of Projects.

7. Only two of the seven cities receive state funding.
Governor asked *Transportation Finance Advisory Committee* for recommendations

- Recommended ~$4.2 billion over 20 years.

- Recommendations sent to Governor *all include ½ cent local sales tax.*
  - Reliable
  - May allow reduced state funding
  - Successful in competitor regions
## What do voters think?

*Benefit From Expanded and Improved Public Transit System*

<table>
<thead>
<tr>
<th>Region</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hennepin/Ramsey</td>
<td>84%</td>
<td>13%</td>
</tr>
<tr>
<td>Collar</td>
<td>76%</td>
<td>22%</td>
</tr>
<tr>
<td>South</td>
<td>75%</td>
<td>21%</td>
</tr>
<tr>
<td>West-Northwest</td>
<td>74%</td>
<td>20%</td>
</tr>
<tr>
<td>Northeast</td>
<td>81%</td>
<td>16%</td>
</tr>
</tbody>
</table>
Minnesotans agree: Roads alone will not solve congestion.

“Building additional roads or highway lanes alone would solve the Twin Cities’ traffic congestion problems.”

**Statewide By Party**

- Republican (32%): 65%
- Independent (26%): 69%
- Democrat (40%): 78%

**Metro Region By Party**

- Republican (33%): 61%
- Independent (20%): 66%
- Democrat (45%): 82%

- Agree - Red
- Disagree - Black
Minnesotans say they would use transit if it were available and more convenient.

“I would like to use public transit such as rail or buses more often, but it is not convenient to or available from my home or work.”

Statewide
- Agree: 66%
- Disagree: 30%

Metro Region
- Agree: 67%
- Disagree: 30%
Strong support among Minnesota voters for making investments in transit.

“Would you support or oppose the state of Minnesota making additional investments in expanding and improving public transit, including buses, trains and light rail if it would ease traffic congestion and provide more transportation choices?”

Statewide:
- 83% Support
- 51% Strongly Support
- 15% Oppose

Metro Region:
- 84% Support
- 58% Strongly Support
- 14% Oppose
Results: Business on board

• All Metro-area Chambers of Commerce endorsed

• Specific map of projects

• Plan to pay for them: 1/2-cent increase in regional transit-dedicated sales tax.
Political results

• Governor proposed

• D-controlled State Senate passed

• R-controlled State House did not pass
Lessons

• Business support is necessary,

• Not sufficient
Extra slides for Schroeer

• For possible use during Q&A.
We lag in job access
And we have agreement that it matters

**MSP REGIONAL INDICATORS DASHBOARD 2015**

**AVERAGE NUMBER OF JOBS REACHABLE WITHIN 30 MINUTES BY PUBLIC TRANSIT OR WALKING**

17,651

Rank 7 of 12

**THIS REGIONAL INDICATORS DASHBOARD** is a set of shared metrics that will track the region’s change on critical economic, environmental, and social outcomes. Measuring change in the areas that matter most for continued long-term success will help improve our region’s economic competitiveness.
EAST METRO STRONG: Public – private partnership

Business

• Saint Paul Area Chamber of Commerce
• 3M
• Health East

Cities

• Saint Paul
• West Saint Paul
• White Bear Lake
• Woodbury

Counties

• Ramsey
• Dakota
• Washington

Philanthropy

• Saint Paul Foundation
GOAL: Catalytic transit investments in the East Metro

Help draw investment that creates great places

• More transit investment

• More economic development
MSP lags peers, East Metro lags West Metro

Jobs within 30 minutes by transit, averaged 7 – 9 AM

- 0 – 1,000
- 1,000 – 2,500
- 2,500 – 5,000
- 5,000 – 7,500
- 7,500 – 10,000
- 10,000 – 25,000
- 25,000 – 50,000
- 50,000 – 75,000
- 75,000 – 100,000
- 100,000 – 250,000
- 250,000 – 500,000
- 500,000 – 750,000
- 750,000 – 1,000,000
- 1,000,000 +

Source: UM Accessibility Observatory
How to support expanded transit investment in the East Metro?

1. Lead stakeholders to create a Vision

1. Support others in implementing that Vision

1. Work with others to educate / advocate
1. Vision
How to best serve East Metro growth?

Up to **300,000** new residents
Up to **190,000** new jobs

Planned Transitways
- Gold Line (Gateway)
- Red Rock
- Robert Street
- Riverview
- Rush Line
- Red Line extension
The Vision Area

Who’s here?

In these corridors:

- 598,000 persons / 1.1 million 3-county = 54%
- 305,000 jobs / 559,000 3-county = 54%
+ Room to grow at strategic locations

Greenfields

24% of area - 41 sq. miles

Major Assets

60 major asset centers
50% of area within ½ mi of asset
2. **Support** others in implementing that Vision and in other transit-supportive economic development

- East Metro Strong will *support* the institutions developing and advancing these projects for the East Metro

- Deliver technical assistance to East Metro projects / stakeholders who request it.

  - Lake Elmo
  - Red Rock Corridor
3. Support advocacy & education

1. Presentations like this
2. Support others in advocacy


Kramer, Weik: An urgent need in the East Metro: better transit
By Matt Kramer and Lisa Weik
Updated: 04/09/2015 05:53:15 PM CDT


Mary Giuliani Stephens: For the East Metro, House transportation bill would be the end of new transit
By Mary Giuliani Stephens
Updated: 05/12/2015 02:29:16 PM CDT

MINNPOST
Keep the Gold Line moving, so it can keep us moving
CTIB Transitway Vision Map

OPERATIONAL TRANSITWAYS
- BLUE LINE LRT
- GREEN LINE LRT
- RED LINE BRT
- NORTHSTAR COMMUTER RAIL

PLANNED EXPANSION
- BOTTINEAU LRT
  Blue Line Extension
- GATEWAY BRT
  Gold Line
- SOUTHWEST LRT
  Green Line Extension
- ORANGE LINE BRT
- RED LINE BRT

FUTURE TRANSITWAYS
- FUTURE TRANSITWAY