

## Summary of Meeting on Discussion of Transportation Policy

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

**Friday, January 16, 2009**

**Present:** Verne C. Johnson, chair; David Broden, Marianne Curry (by phone), Paul Gilje, Jim Hetland (by phone), Tim McDonald, Wayne Popham (by phone), and Clarence Shallbetter

**A. Context of the meeting:** The Civic Caucus has devoted several meetings to a discussion of state transportation issues. Today we're conducting an internal discussion on possible conclusions we might consider. We'll plan ask all electronic participants to comment on the summary of today's meeting, after which we are likely to prepare a position paper. Before we release any such position paper we'd first invite participants to suggest changes and, after approval by the Civic Caucus, to sign on in support before the position paper is officially distributed.

**B. Preliminary central conclusion--**To give the reader a context for the various comments appearing below, here's a summary of what appeared to be a central conclusion emerging from today's discussion:

**Minnesota is swamped by fragmented decision-making in transportation--**

Minnesota's future transportation path is becoming a laundry list of earmarked local investments, assembled by a host of different agencies, without fitting into an overall plan. We seem hopelessly swamped by fragmented decision making. Today's main transportation problem is not lack of revenue. It's leadership. We must have a statewide comprehensive transportation plan with priorities. Our challenge, with our fragmented system, is who is responsible for such a plan. That is the central need as we look ahead.

We should be guided by these principles:

- Recognizing that transportation leadership begins with the Governor.
- Establishing and following clear statewide transportation objectives
- Affirming that the future of the state's economy as a job-producer and sustainer is dependent upon efficient movement of goods and people
- Requiring a statewide plan for roads, rail, and buses that must be followed by all transportation agencies.
- Placing transportation revenue control in the Governor and Legislature

**C. Points related to the summary conclusion--**During the meeting the following points of concern on transportation policy were identified. These points are organized under four categories, Leadership, Structure, Priorities, and Revenue.

### 1. LEADERSHIP

**a. Importance of transportation to the economy of the state**--Transportation policy ought not be based on the sum total of all the projects favored by every agency or interest group. Transportation ought to be regarded for what it is--a central component in building the economy of the state--and be planned strategically. Is the need to bring raw materials to business and goods to markets, so essential for the state's economy, being overlooked in favor of the more popular need of moving people? Freight trains, trucks and barges play key roles.

**b. Importance of identifying specific objectives**--State policy on transportation needs to be expressed specifically, so that people throughout the state can clearly understand the purposes of major investments. The Interstate highway system started in the 1950s had clear federal objectives.

**c. Strategic leadership by the Governor and Legislature is essential**-- The Governor must reclaim transportation policy for the people of the state, with clear direction from the Legislature as to what is expected. It is essential that overall strategies be outlined, in sufficient detail to assure a framework for intelligent choices in an atmosphere of continuous surplus of needs and shortage of funds. Only at the state level, within the offices of Governor and the Legislature, is it possible to bring all aspects of transportation together in one place and produce any kind of coherent statewide policy.

## 2. STRUCTURE

**a. Current situation is much more serious than is widely accepted or understood**--We in Minnesota have established so many independent and overlapping governmental arrangements for planning, building, maintaining, and financing roads, buses, and rail systems that it is virtually impossible today to identify--let alone implement--goals. The problem is intensifying year-by-year as new structural and financing devices are added. Regrettably, the problem is not widely recognized. When it comes to competing with other states for economic development, we ought to be keenly aware that a strong transportation system can offset natural handicaps caused by our location.

**b. Multiple interests are present**--Decisions on rail, buses, and roads are parceled among many agencies and units of government, each with its own interest groups advocating expansion and claiming their own revenue sources. Struggles among rail, bus, and road interests, among different parts of the state and among different agencies and levels of government are inevitable, and might be desirable. These struggles assure that needs won't be overlooked. But an absence of overall direction means local and personal interests inevitably will triumph over the wider public interest.

The title of one agency, the Minnesota Department of Transportation, implies influence over all transportation, but its traditional assignment, highways, remains its

prime function. A State Planning Agency was abolished several years ago, although arguments are made that the state planning function was simply reassigned to other parts of state government. Nevertheless, state planning is clearly not acknowledged as a strategic part of state government today.

**c. Regional needs don't jibe with jurisdictional boundaries**--The Metropolitan Council's transportation responsibilities are largely limited to a seven-county area, even though the real metro area has extended at least to 11 counties and perhaps to as many as 19 counties.

### 3. PRIORITIES

**a. Demands by different interests are very influential**--Regardless of the importance of ranking projects by sober analysis and systematic rating, the demands expressed by units of government, associations of communities, and other affected interests appear very influential in setting priorities.

Setting priorities for capital improvements is an essential part of every public and private endeavor, and need not be different when it comes to transportation. Usually priorities can be clearly identified based on widely recognized measurements. While results of computer analysis are never accepted without question, but they can build much needed rationality into every system that weighs one need against another.

**b. Imbalance between new construction and rebuilding/maintenance**--Minnesota needs aggressive action on rebuilding and maintenance to preserve its substantial network of roads, buses and rails for years to come. Yet we are using capital earmarks for construction and too often giving insufficient attention to the resulting future operating and rebuilding expenses that will be incurred.

**c. Availability of federal matching dollars is distorting real needs**--In many cases it appears that certain projects are scheduled mainly because of availability of federal dollars, even though the state and localities might have higher priorities elsewhere.

If a clear federal purpose is not present--such as it was when the Interstate highway system was enacted in the 1950s--perhaps federal dollars could flow directly to the states, similar to the way federal Community Development Block Grants (CDBG) flow to cities. Or, maybe the federal gasoline tax could simply be returned to the states where the tax was paid.

**d. Questionable decisions on choice of modes**--Who decides that Bus Rapid Transit (BRT) rather than Light Rail Transit (LRT) is appropriate for the 35W corridor south of Minneapolis? If BRT is cheaper, why isn't that option considered in corridors with less travel demand than 35W? Why should higher priority be attached to transit systems whose vehicles are fixed to a new set of inflexible rights-of-way (rails) rather

than taking maximum advantage of vehicles that use existing, flexible, rights-of-way (roads)?

**e. High-demand, congestion-producing, job-related cross-town trips often seem to have lower priority than traditional downtown-oriented routes**--Fixed-route-based transit plans traditionally have succeeded economically with destinations of large concentrations of employment. But the Twin Cities area has a large majority, 85 percent or more, of its jobs outside the two downtowns. Cannot new means be devised to serve such locations?

The biggest need for workers and employers is that the workers have available a transportation system that gets them to work as efficiently as possible. A transit system that serves only those workers and employers who happen to be served by downtown-oriented fixed transit routes will touch barely a fraction of work trips--particularly in a metro area where trips resemble more a ball of yarn than spokes on a wheel.

**f. Groups with control over public funding sources have extraordinary influence on priorities**--The state constitution gives counties and cities exclusive use of a significant portion of state gasoline and motor vehicle license revenue. The constitution also prescribes which agencies shall have access to the sales tax on new and used vehicles.

State law has authorized metro counties to raise sales tax revenue that is specifically limited to rail and to bus ways. Moreover, each county essentially exercises veto power over how much of such revenue stays within the county. Almost forgotten is the fact that counties under the constitution are not home rule units of government. They are operating arms of the state.

**g. Officially, many projects in the state aren't subject to "earmarking"**--MnDOT, for example, makes decisions on priorities for most of its revenue for most state highways, except for an occasional federally-earmarked road or a project specified in the state bonding bill. Earmarking is much more common for bus and rail improvements. Even MnDOT can be subject to pressure from individual legislators and interest groups.

**h. Stated goals needed for setting priorities**--A few stated goals are needed, such as (a) maintaining the integrity of the existing system, (b) assuring the movement of goods throughout the state, (c) providing congestion relief, (d) lessening fragmented decision-making, and (e) not becoming subservient to federal earmarks.

**i. Using transportation policy to deliberately influence development needs a closer look**--Influencing the location of new residential and business development, not just easing congestion, is frequently cited as an objective, but no one knows who is supposed to make development decisions or whether such a strategy is sound or even will work. Moreover, development objectives frequently conflict with one another. Is the concept of discouraging urban sprawl a desirable development objective? If so, how is

long distance commuter rail extending to outlying counties consistent with such an objective?

We need to recognize that transportation is but one--and maybe not the most significant--factor affecting where, what kind, and how much residential and commercial development occurs. Developers and land investors, working with individual municipalities, are extremely important. Location and timing of construction of major sewers might be the most significant of public investments in directing development.

#### **4. REVENUE**

**a. Finding revenue sources outside the general fund--**The general revenue fund is in precious short supply for services like education and health and human services, which are poorly suited to be funded by other sources. Transportation can rely on user taxes and need not be supported with general revenues. However, transportation in Minnesota has tapped general revenue sources twice in the last three years.

**b. Decisions on paying for operating expenses are not being made at the same time as decisions on capital investments--**Today, financing for capital needs of rail, bus or roads is always considered first, with operating expenses assumed to be a later, lesser-important concern. Lawmakers should insist that every capital project for transportation be accompanied by arrangements to cover operating and maintenance expenses. With fare box revenue covering one-third or less of operating expenses, and with operating expenses escalating, even as riders increase, it is absolutely critical that operating and capital financing be arranged together, up front.

**c. Different kinds of vehicles might not be paying their proportionate share of transportation expenses, based on weight, distance traveled and time of day--**If certain vehicles aren't paying for the wear and tear they cause, their fees ought to be adjusted accordingly.

**d. Newer methods for financing transportation need to be evaluated--**Shortcomings of existing revenue sources that are dependent upon the price of vehicles and the price and usage of gasoline are clearly evident. But so many other options have yet to be implemented, such as having users pay according to weight of the vehicle, time of day, location, and length of trip. The state is hardly prepared for taxing energy used by electrically-powered vehicles.

**e. Avoid past practices of revenue allocation when new sources are implemented--**Lawmakers should no longer permit any one agency, level of government or mode of transportation be granted exclusive access to revenue sources, which has been a widespread practice for decades, and even has multiplied in recent years. If a new source is identified, the state itself should retain all rights for distribution of the funds. In no event should new revenues be allocated as are current

constitutionally-dedicated revenues. Nothing is perhaps more critical in implementing state transportation policy.

No operating agency for any purpose--transportation or otherwise--doesn't hope for a stable revenue source that isn't vulnerable to year-by-year decisions of elected officials. But elected officials must retain authority over revenues--to keep revenues in check and to preserve representative government. As has been clearly evident recently, revenues sometimes shrink, significantly. Elected officials ought not have to stand by helplessly as some agency continues to reap funds automatically because of a previously-approved statute or constitutionally approved revenue share.