Regional Council of Mayors

March 11, 2013

TRANSIT PRESENTATIONS

Transit Return on Investment

There seems to be little disagreement that a balanced transportation system—with more transit than currently exists—is essential to the economic growth of the Twin Cities region. But the details of just what investment in such a system would bring are often anecdotal or simply comparisons with other regions.

The potential benefits are quantifiable, however, and the Itasca Project set out to determine just what it would mean to the region in four different scenarios of transit investment, said Jay Cowles, co-chair of the Itasca Project Transportation Committee.

Over 15 years, with investment of $4.4 billion to $5.2 billion in additional transit—including operating and maintenance costs, the direct impacts on the regional economy can range from $6.6 billion to just under $14 billion.

Cambridge Systematics, experts in transportation and economic analysis, was hired by the Itasca Project to determine the return on investment, using relatively conservative assumptions. “It’s part of the style of the Itasca Project to be conservative,” Cowles said. This meant that the scenarios do not look at induced economic growth, nor do they include jobs created to construct the transit systems. The return on investment (ROI) numbers include savings in:

- Vehicle operating costs.
- Travel times and travel reliability.
- Shippers and logistics costs.
- Emissions.
- Safety costs.
- Road pavement conditions.

The costs don’t assume federal matching funding, which would almost certainly be available for part of the transit system construction. “If a portion is federal dollars, the state and local ROI becomes much greater,” Cowles said.

The four scenarios studied were:

- The base case. Current transit options, plus the completion of outstanding commitments, including the Central Corridor LRT.
- The 2030 regional plan. This case assumes that the Metropolitan Council 2030 plan is followed, with expansion of bus service by 1 percent each year, nine arterial BRTs, four completed BRT corridors and three new LRT lines. This would require investment of $4.361 billion, with total direct impacts of $6.571 billion to $10.083 billion.
- An accelerated regional plan. This accelerates the 2030 regional plan so that it's completed in 10 years rather than 15. This would require the highest investment of the scenarios: $5.289 billion, with direct impacts of $10.762 billion to $16.516 billion. The greater investment is caused by operating and maintenance costs over a longer period of time.
- Growth near stations. The 2030 plan over 15 years, but with areas around transit stations absorbing 25 percent of expected community growth. Like the 2030 plan scenario, this would require $4.361 billion investment, but the direct impacts would be from $9.082 billion to $13.927 billion.

"Transportation and transportation infrastructure is one of the top three considerations for where businesses will locate," Cowles said. "Other regions—Denver, Salt Lake City and Dallas—are making commitments to a more complete transit system than we have."

For a summary of the ROI study, click here.

Transit Support Letter

A letter supporting a sales tax to support investment in the region's transit system (a goal of Gov. Mark Dayton) has been drafted for mayors to sign if they agree. The letter is not the position of the Regional Council of Mayors, but rather of the individual mayors who choose to sign. The letter cites the findings of the Itasca Project report and states: "By investing in our regional transit infrastructure, the Governor's plan will help maintain our region's economic competitiveness and allow our towns and cities to thrive."

Infrastructure for Economic Development

Elizabeth Ryan of the Family Housing Fund encouraged mayors to support a proposed bill at the Minnesota Legislature that would facilitate Transit Oriented Development. The bill would grant authority to Transit Improvement Areas, allow use of government funds for land banking, allow special assessments to be deferred on developed property until they are redeveloped, allow pooling of TIF funds for development in a transit area, allow joint powers boards.

"We looked at what tools we need to create the optimal development," Ryan said. "Then we looked at what was most impactful and politically feasible."

OTHER PRESENTATIONS

Legislative Agenda

A lot of issues important to cities are swirling at the Minnesota Legislature so far this year, said Patricia Naumann and Gary Carlson of the League of Minnesota Cities. “It’s fair to say that this legislative session has the particular feel that every issue is getting open heart surgery,” said Naumann. “It’s kind of formless.”

Naumann said priority issues include:

The business-to-business tax proposed by Gov. Mark Dayton, which has already been dropped. But that means less money available for other proposals by the governor.

Local Government Aid. The governor proposed $80 million, with a larger share for the Metro area than has been the case recently, but that “doesn’t sit well with outstate Minnesota.”

Transit sales tax. The governor initially proposed a .25-cent local sales tax increase in the seven-county metro area; it’s now a .5-cent local sales tax. A key issue is governance of those funds, Naumann said. It could be the Metropolitan Council, CTIB or a new entity. If the collection and dispersal of funds is managed by the Met Council or another seven-county entity, cities would not have to pay this additional tax, but if the state manages it, cities would have to pay the tax on their purchases.

Street improvements. The League of Minnesota Cities helped initiate a bill that would allow cities to create street improvement districts so cities can collect fees from property owners to do maintenance and construction.

TIF. The League supports using TIF for Transit-Oriented Development.

Livable Communities Program. One bill provides a separate affordable housing component for the Livable Communities Program; the League is opposed to it. “We think the current program addresses this issue,” Naumann said.

Services to nonprofits. Carlson said a bill considered “pretty serious” would exempt nonprofit organizations from paying any city serve charges, but it probably would not be heard in the Senate.

For updates on legislative activity impacting cities, you can check the League’s Legislative Action Center http://www.lmnc.org/page/1/legislative-action-center.jsp and subscribe to the League’s Bulletin http://www.lmnc.org/page/1/cities-bulletin-newsletter.jsp.

Fix the Debt

A bipartisan/nonpartisan group called The Campaign Fix the Debt is urging Congress to come up with a plan to fix America's debt, said Eagan Mayor Mike Maguire, a member of the Minnesota chapter of the group. He asked mayors, as individuals of their cities, to get involved with the campaign.

Fix the Debt doesn't have a specific plan for reducing the nation's debt, Maguire explained, but the organization says that any plan must be bipartisan, reforms to all areas of the budget should be included and the plan should:

- Reform Medicare and Medicaid, improve efficiency in the overall health care system and limit future cost growth.
- Strengthen Social Security so that it is solvent and will be there for future beneficiaries.
- Include comprehensive and pro-growth tax reform, which broadens the base, lowers rates, raises revenues and reduces the deficit.
- Look at frameworks for a bipartisan solution, such as the recommendations of the Simpson-Bowles Commission.
- Be conducive to long-term economic growth, protect the vulnerable, include credible enforcement mechanisms to ensure that the debt reduction is achieved and leave the next generation better off.

Former U.S. Rep. Martin Sabo, a Democrat, and Chuck Slocum, former chair of the Minnesota Republican Party, are both active in the campaign. "We think that fixing the debt is a national priority and it's time for all the participants to negotiate," said Sabo. "The way you negotiate is to not have things off the table."

Slocum, who called himself a "post-partisan Republican," said, "This is about looking at revenue and taxes and spending in a new way."

Maguire urged mayors to look at the organization's website www.fixthedebt.org and to contact him if they want to join the local steering committee.

EXECUTIVE DIRECTOR'S REPORT

Greater MSP Ahead

Other regions seem to have a shared voice about who they are, said Caren Dewar, ULI Minnesota executive director. An all-day session on Friday, April 19, will give Minneapolis Saint Paul regional leaders an opportunity to develop one as well.

Greater MSP Ahead (initially called Reality Check 2020) is a visioning exercise to build regional consensus around investment. ULI Minnesota is hoping to bring together 300 leaders—or more—to look at scenarios for the region's development. "This is the opportunity for your voice to be reflected in how we talk about the region," Dewar said. A follow-up meeting in late May will begin mapping out specific action steps This kind of process has been used in several regions of the country to look at where and how it makes sense to encourage and support growth.

(For more information, go to http://www.uli.org/programs/local-programs/reality-check-regional-planning-sustainable-development/.)

Dewar said ULI is making an aggressive push to make sure that the attendees in the April 19 session reflect the next generation, inviting a number of young leaders to attend.

Greater MSP Ahead is free for attendees. For details for yourself or others you think should be in the room, contact caren.dewar@uli.org.

COMING UP

The next RCM meeting will be held on Monday, April 8, 2013 from 11:30 am to 1:30 pm. The meeting will focus largely on housing issues. RCM meetings are held on the second Monday of every month at Dorsey & Whitney.

Mayors are encouraged to email caren.dewar@uli.org with their suggestions for topics to add to the agenda.

ATTENDEES

The following individuals were in attendance on March 11, 2013:

Mayors

Jim Adams, City of Crystal; Jerry Faust, City of St. Anthony; Mary Giuliani Stephens, City of Woodbury; Kathi Hemken, City of New Hope; Jim Hovland, City of Edina; Tim Hultmann, City of Long Lake; Jeff Jacobs, City of St. Louis Park; Mike Maguire, City of Eagan; Sandy Martin, City of Shoreview; Gene Maxwell, City of Hopkins; Lili McMillan, City of Orono; R.T. Rybak, City of Minneapolis; Brad Tabke, City of Shakopee; Nancy Tyra-Lukens, City of Eden Prairie; Ken Willcox, City of Wayzata; Gene Winstead, City of Bloomington; Scott Zerby, City of Shorewood

Guests

Bake Baker, McGough Development; Cecile Bedor, City of St. Paul; Gary Carlson, League of Minnesota Cities; Rick Carter, LHB; Mark Casey, City of St. Anthony; Matt Clark, US Bank; Ethan Fawley, Fresh Energy; Jenna Fletcher, Trust for Public Land; Tom Harmening, City of St. Louis Park; Curt Johnson, Citistates Group; Mike Logan, Comcast; Ahna Minge, Family Housing Fund; Patricia Naumann, Envision Minnesota; Jenn O’Rourke, City of Minneapolis; Guy

Peterson, Metropolitan Council; Danyelle Pierquet, SEH; Cathy Polasky, City of Minneapolis; Irene Quarshie, Target; Kathy Schmidlkofer, Greater MSP; Will Schroeer, Minneapolis and St. Paul Chambers of Commerce; Luke Weisberg, Lukeworks, U.C.;

ULI Minnesota Staff

Caren Dewar, Cathy Bennett, Katie Anderson, Linda Picone