

# Understanding the History, Evolution, and Effectiveness of Transit System Governance in the Twin Cities



## Presentation by

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**UNDERSTANDING THE HISTORY AND  
EVOLUTION OF TRANSIT SYSTEM  
GOVERNANCE IN THE TWIN CITIES  
REGION AND ASSESSING THE  
EFFECTIVENESS OF TRANSIT SYSTEM  
GOVERNANCE POLICY AND PLANNING  
IN THE TWIN CITIES REGION**



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**PA 8991**

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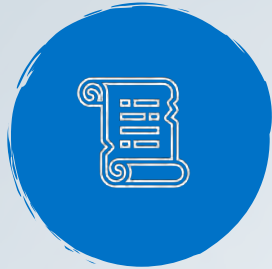
- To synthesize the history of suburban legislation and the intended goals of transit.
- To track the changes in funding history for suburban transit providers.
- To identify the impact of pandemic and its effect on future goals.

# Objectives

Literature review, stakeholder interviews, data analysis



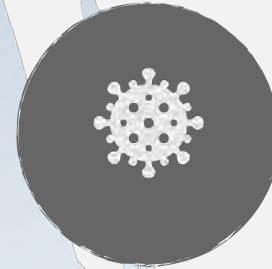
History of  
Suburban Transit  
Providers from  
1967 to Present



Twin Cities  
Transit Funding  
and Agency  
History from  
1967 to 2001



Financial and  
environmental  
sustainability  
and Equity and  
inclusion



Effect of  
Pandemic

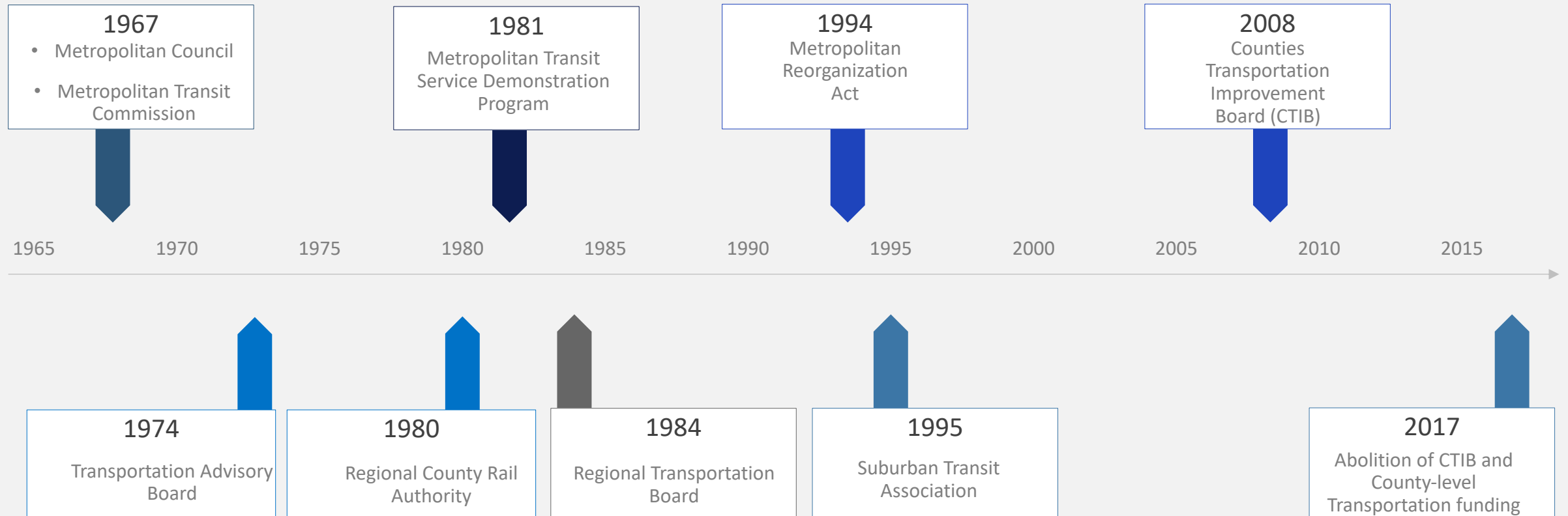


Future  
Recommendations

# LEGISLATIVE HISTORY

# History of Transit Legislation in the Twin Cities

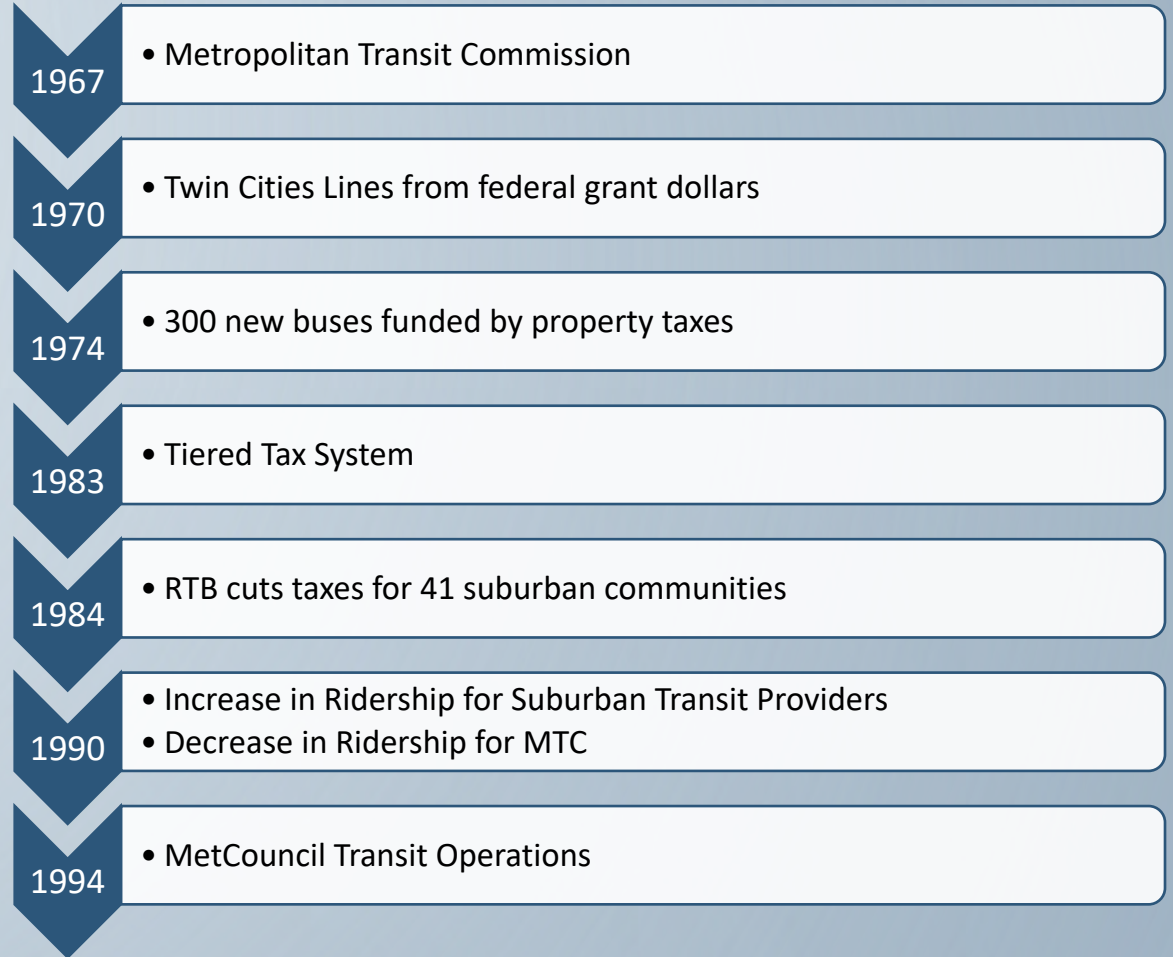
From 1960s to Present



# FUNDING HISTORY

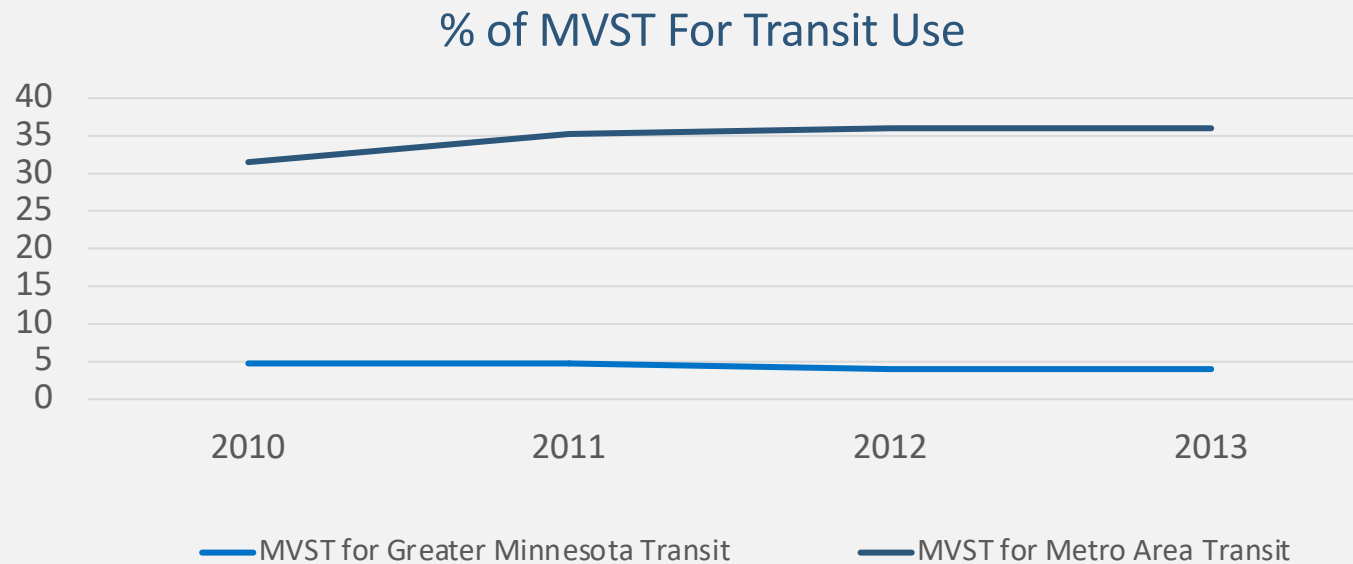
# Twin Cities Transit Funding and Agency History from 1967 to 2001

- From 1967 to 1994, the MTC stood alone as the sole public transit provider for the Twin Cities area and functioned as its own agency.
- In 1992, State funding for the MTC had increased by only 8% since 1984, whereas other state departments had increased funding by 30-50%.



# Analysis of Transit Funding Evolution from 2001 to Today

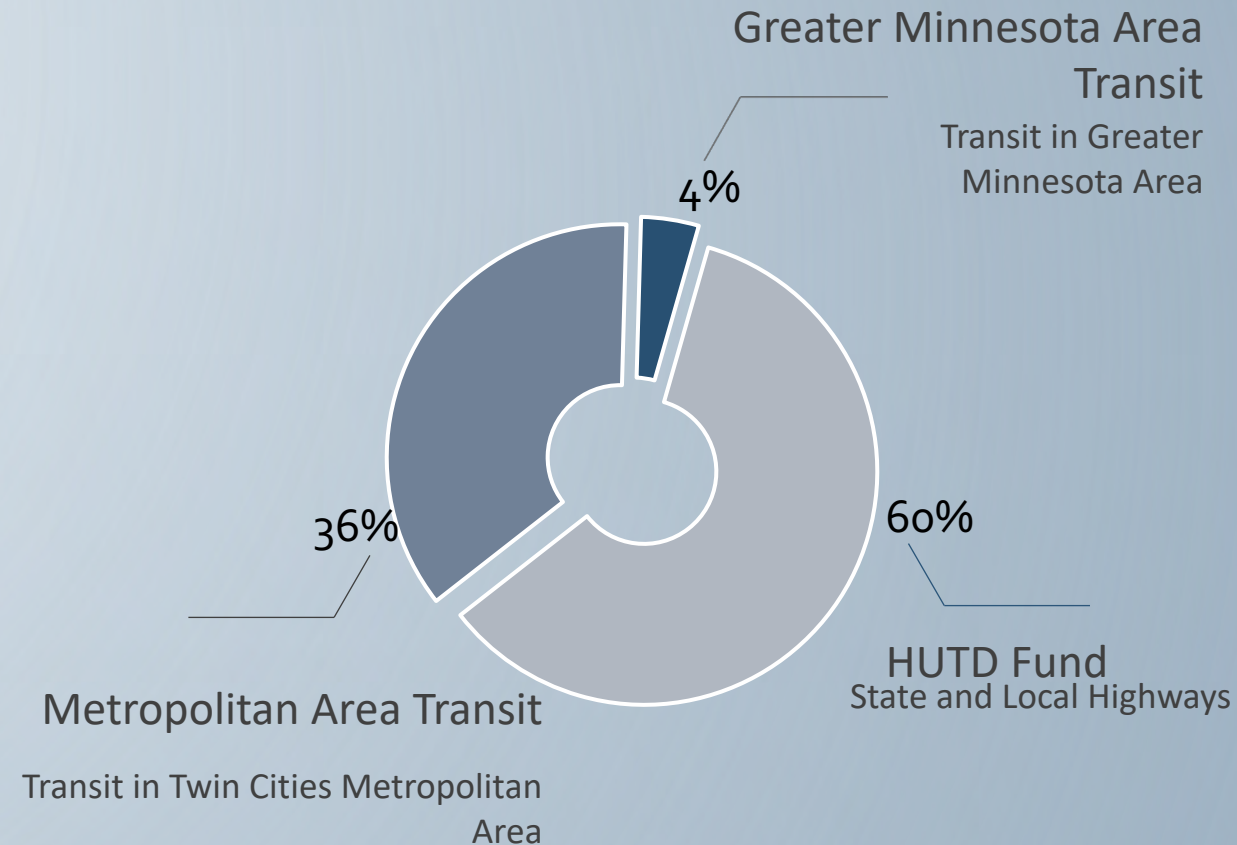
- 2001- Property Tax Purely Local Tax
- 2002- Increased share percentage of MVST for Transit Use
- 2006-Funding formula established



Year	MVST For Transit Use
2001	20.5
2002	21.5
2006	40

# Funding formula

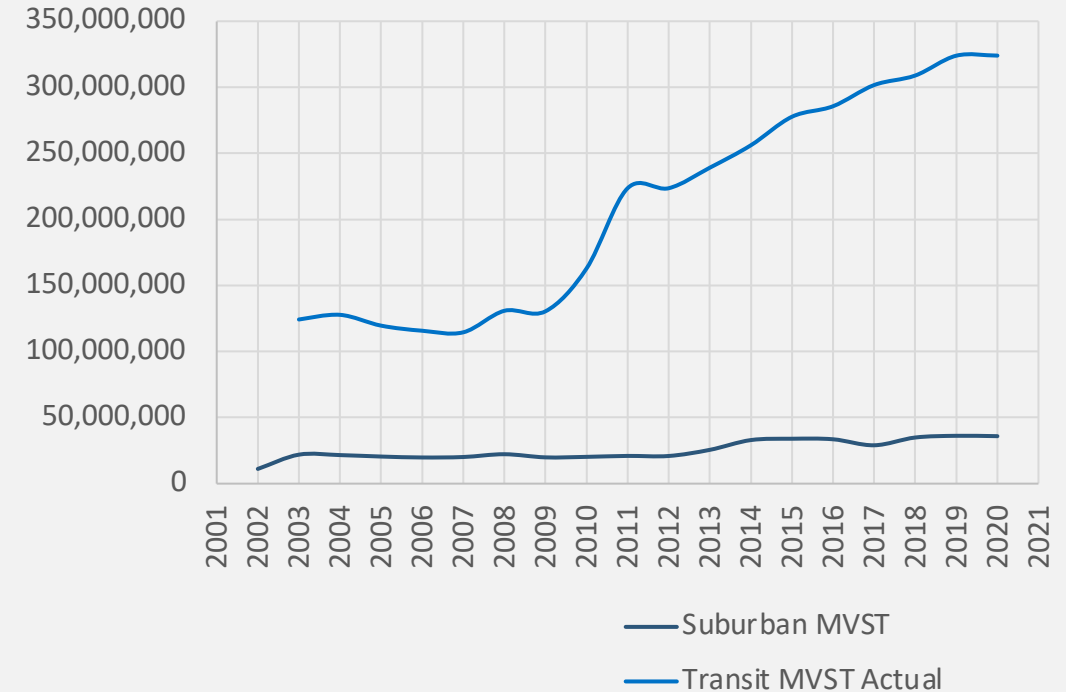
The funding formula is set and defined by the Minnesota Constitution, Article 14, Section 13, which states that: “The revenue... must be allocated for the following transportation purposes: not more than 60 percent must be deposited in the highway user tax distribution fund, and not less than 40 percent must be deposited in a fund dedicated solely to public transit assistance as defined by law.”



# Changes in funding

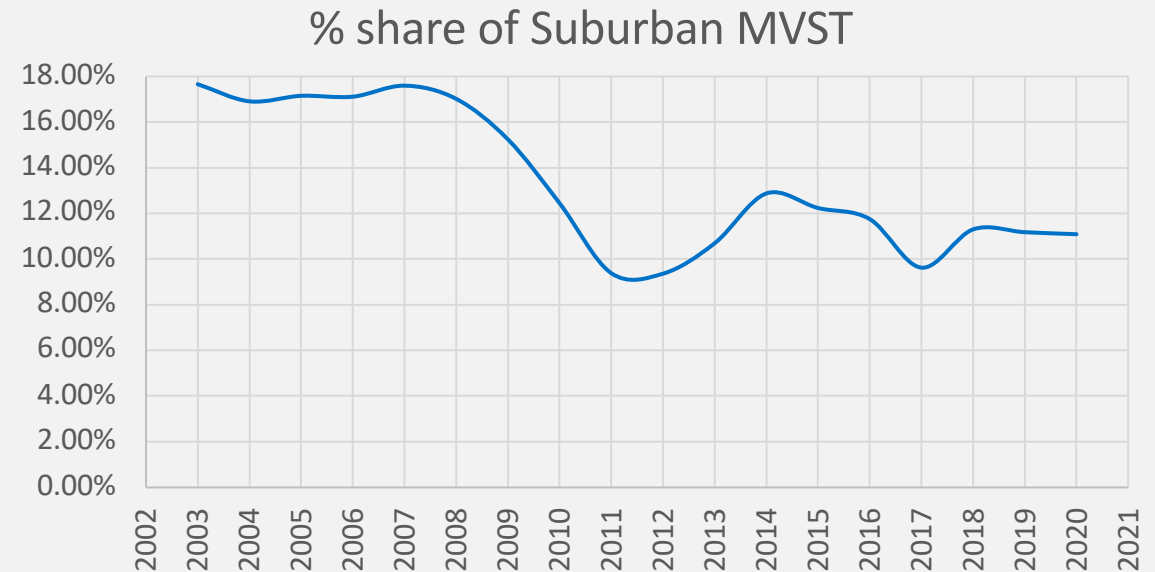
- The funding percentages of motor vehicle sales tax for transit in the Twin Cities region has grown over the past two decades.
- From 2003, the year in which motor vehicle sales tax as the primary funding mechanism for transit had fully phased in, to today, transit funding from motor vehicle sales tax has increased 5% per year.
- Discouragingly, for 7 out of 17 fiscal years, the percentage increase over the previous year did not beat inflation.
- 5 out of those 7 years, where the funding increase year over year did not beat inflation, were prior to the 2006 Minnesota State Constitutional Amendment.
- In general, total transit funding from motor vehicle sales tax has greatly expanded from \$124 million in 2003 to \$324 million in 2020. However, suburban transit funding allocation has barely increased from \$21 million in 2003 to \$35 million in 2020, as is shown in the graph.

Funding allotted



# Shrinking share of Suburban Transit funding

- Over the period between 2003 and 2020, suburban transit providers have lamented a shrinking share of overall transit funding in the region.
- Beginning in 2003, suburban transit providers (“opt-outs”) received \$21.5 million from motor vehicle sales tax (MVST), representing a 17.6% share of the overall transit portion of MVST, as shown in the graph.
- This share represents the largest share that has been sent to suburban transit providers over the past 17 years
- Growth of the suburban transit funding, at 2.3% average year over year, has been markedly lower than that of the overall transit percentage of MVST, at 5.1% average, year over year.
- Further, in only 7 of 17 years did the growth in transit funding for suburban transit beat inflation.
- The trends in funding for suburban transit providers demonstrate that the growth of transit funding for suburban transit providers is not commensurate with the overall growth of the MVST transit fund.



# Funding Share in 2020

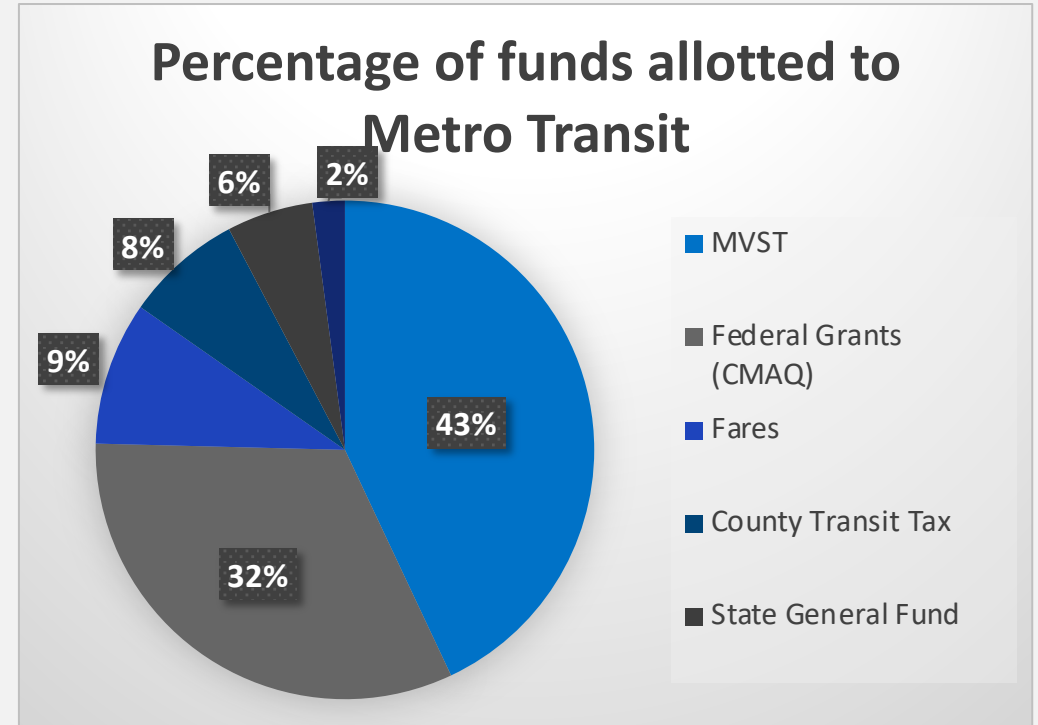
In 2020, Metro Transit's total revenue was \$451.9 million

Metro Transit receives funds from the

- Counties Transit Improvement Board level transit taxes
- Federal Grants, notably CMAQ (Congestion Mitigation and Air Quality Improvement), a Federal Highway Administration Program
- Passenger fares
- Federal grants
- State grants
- Contracted services.

## Impact of Pandemic

Congress passed the CARES Act, which provided 3.83% (\$17.3 million) in emergency funding for COVID-19 impact. The CARES Act Funding did not require any local match.



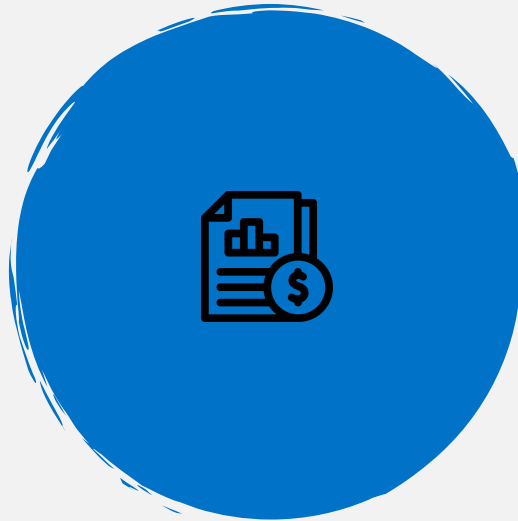
# SUSTAINABILITY

# Focus of Suburban Transit Providers on Sustainability

- Measures are being taken to include aspects of environmental and financial sustainability in their long-term planning.
- Studies related to waste-water usage, renewable energy sources, buildings to become more energy efficient being carried.



Environmental



Financial



Equity

# Inclusion of Emerging Trends

- Plans going on to include suburban transit providers in MetCouncil and Metro Transit's zero emissions plan.
- Proposal for EV charging stations in transit stations.
- Looking into electrification of fleets.
- Invitation to companies that uses shared EV vehicle to the transit station.
- Convincing public about driverless vehicles still long way to go.



# **EFFECT OF PANDEMIC**

# Impact of Pandemic on Suburban Transit Providers

*Maple Grove Transit, MVTA, Plymouth Metrolink and SouthWest Transit*

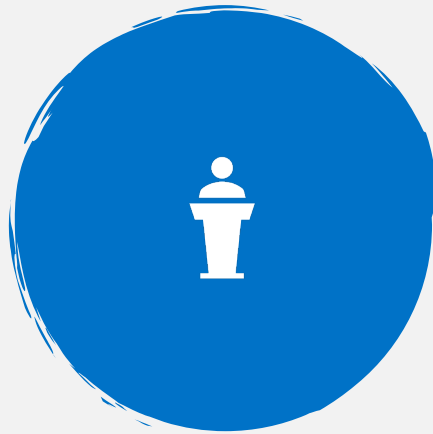


1. Ability to allocate more funds on local services
2. Ability to focus on micro-transit service to improve accessibility.
3. Growth and expansion of services (East-West service).

1. Loss of ridership
2. Speculation that ridership will peak on Tuesdays, Wednesdays and Thursdays rather than Mondays and Fridays
3. Labor Shortage



Suburban Transit  
Synergies



Funding



Impact of  
Pandemic

# Recommendations

Changes in short-term and  
long-term goals

# Suburban Transit Synergies

- Coordinating with all suburban transit providers to create synergies with potential for merger for better operation and coverage.
- In addition, transit providers could have more funding and flexibility to serve more desirable areas of the Twin Cities region.
- This would enable Suburban transit to expand their reach in their communities as well as surrounding areas that lack transit options, increasing ridership and lowering the carbon footprint of commuters in the region.
- East-West Transit Service in addition to Radial Service.

## Funding

- Restructuring of the funds allotted is necessary based on ridership, coverage area and services.
- A reliable/dedicated funding option is the current need to tackle uncertainties for Suburban Transit providers.
- Modification of Transitway policies.

## Modification of goals due to Pandemic

- Changes in operational model, giving importance to sustainability and equity.
- Giving more importance to on-demand transit.

Any Questions?

Thank you!



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