



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 24, 2011

The Honorable Kurt Zellers
Speaker of the House
State Office Building, Room 463
100 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, Minnesota 55155

Dear Mr. Speaker:

With this letter, I am vetoing and returning Chapter 49, House File 1140, the Transportation Finance Bill.

There are areas on which we agree. I greatly appreciate your inclusion of a new trunk highway economic development account. This tool builds on the success of previous initiatives for stimulating economic growth, and complements efforts to use transportation infrastructure for building a vital economy in Minnesota. I understand that the Legislature intends to also fund the Better Roads initiative, which I recently proposed. It is a very important program to improve pavements on the trunk highway system around the state. I look forward to working with you further on this program.

Your funding of many other transportation-related programs at the levels I recommended is also greatly appreciated. I remain optimistic that, with your leadership, the final budget will move closer to a more balanced perspective that invests in multimodal transportation programs so that we can continue to provide the quality transportation system Minnesotans expect.

However, in its current form, this bill would seriously underfund transit, resulting in drastic fare increases and cuts to services. It also fails to invest in our transportation future, including passenger rail and modernization of Driver and Vehicle Services.

I believe that providing comprehensive and reliable transit services, both in the Metro Area and in Greater Minnesota, are essential components of the transportation system in Minnesota. Transit services improve labor market efficiency, freeway performance, and air quality in the metro area, while sustaining economic viability in Greater Minnesota. The draconian cuts to transit in this bill are unacceptable to me.

My budget spared transit funding from cuts due to the critical nature of public transportation and its connection to jobs and the economy. This bill moves in a very different direction. This bill cuts \$109 million from the state's general fund commitment to Metro area transit for the biennium—an 85 percent reduction.

Cuts of this magnitude will fundamentally change the availability of transit services in the region. This cut would mean:

- An across-the-board fare increase of 50 cents (29% increase from base fare of \$1.75); resulting in the loss of 6.8 million rides, 8% of annual ridership; and
- Service reduction of 241 buses, 30% of the service on the street, resulting in the loss of 20 million rides, 23% of annual ridership.

Combined, the fare increase and service reduction would result in 27 million fewer rides a year, 31% of annual ridership, as well as the layoff of 610 Metro Transit employees, 22% of Metro Transit's workforce.

This bill includes options allowing the Metropolitan Council to reduce the bill's impact on transit. Unfortunately, the choices fall short of addressing the cuts and would shift the Metropolitan Council property taxes for essential and economically sensitive non-transit activities to transit.

The bill also cuts the general fund appropriation for Greater Minnesota transit by \$3.729 million per year. Transit plays an important role in many of the communities outside metro areas, providing a transportation option to people who are unable to drive. Transit in Greater Minnesota keeps people in their communities, in their homes, greatly improves their quality of life, reduces the cost of long-term care, and helps sustain viable communities across Minnesota.

This decrease in spending would result in a reduction of about 101,000 hours of service per year, approximately a 10% cut. That would result in the loss of about 50 jobs. It would lead to a loss of mobility for thousands of Minnesotans, making it much more difficult for them to get to work, medical services, school, and shopping. People who use local public transit are disproportionately elderly, disabled, or low income.

Additionally, the lack of an appropriation for passenger rail activities results in the elimination of the Mn/DOT Passenger Rail Office. If there were no state general funds for the Passenger Rail Office, federal funds for rail activities would be relinquished. Mn/DOT would obtain no federal funds for intercity passenger rail activities, and private sector jobs for the next steps on passenger rail would occur in other

The Honorable Kurt Zellers
May 24, 2011
Page 3

states. As a condition of receiving federal funding, Mn/DOT's Passenger Rail Office is required to administer and manage existing agreements, and ensure federal grant requirements are met. Mn/DOT is already under contract for several passenger rail activities. Additional activities that would end include discussions on a partnership with Wisconsin and Amtrak to establish a second, daily train service to Chicago, and grant applications for the next round of federal TIGER funds anticipated for this summer/fall.

Experience in other regions of the US, and other countries around the world, has demonstrated that people value passenger rail service. Investments in passenger rail development are an opportunity to leverage existing private investments with public investment to improve efficiency and capacity of both freight and passenger rail service in Minnesota. I think it is imperative that we find compromise to keep the rail office open and functioning.

I am disappointed at the failure to extend the Driver and Vehicle Services technology fee to 2015. This funding is essential to complete the Minnesota License and Registration System (MNLARS), the state's new information system for vehicle and driver's license-related records and transactions. MNLARS will be relied upon by the courts, law enforcement, automobile dealers, and various other stakeholders—as well as the public.

On top of the impacts listed above, the State Government bill, also includes items that impact transportation agencies negatively. A 15% reduction in personnel for Mn/DOT, in addition to the 400 employees taking early retirement in fiscal year 2011, will result in a potentially serious loss of institutional knowledge. It will have an unacceptable impact on service levels in key functions like engineering, highway maintenance, and delivery of construction programs of around \$1 billion per year.

The fleet management provision is likely to increase costs for Mn/DOT. Mn/DOT has a highly developed fleet management system, which is administered by certified fleet managers. It is very likely that purchasing fleet management from a central pool will only add additional overhead without additional efficiency.

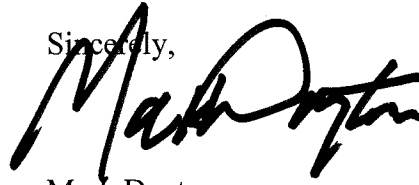
Finally, the information technology consolidation will cause unintended inefficiencies in agency operations, and will add cost to Mn/DOT IT functions. Mn/DOT has over 100 specialized information technology applications, such as traffic management systems and bridge design software. A previous consolidation of email service resulted in higher costs and reduced service levels for Mn/DOT. The consolidation of IT services, at the same time the agency is reducing staff, managing

The Honorable Kurt Zellers
May 24, 2011
Page 4

construction volumes of historically high proportions, and implementing a new, statewide accounting system will inevitably reduce efficiency and affect service delivery for Mn/DOT.

I trust we can work together to find a compromise solution.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton". The signature is fluid and cursive, with a large initial "M".

Mark Dayton
Governor

cc: Senator Michelle L. Fischbach, President of the Senate
Senator Amy T. Koch, Majority Leader
Senator Thomas M. Bakk, Minority Leader
Senator Joe Gimse
Representative Paul Thissen, Minority Leader
Representative Michael Beard
The Honorable Mark Ritchie, Secretary of State
Mr. Cal R. Ludeman, Secretary of the Senate
Mr. Albin A. Mathiowetz, Chief Clerk of the House of Representatives