

# Planning to Succeed?

**An Assessment of Transportation and Land Use  
Decision-making in the Twin Cities Region**



Surface Transportation Policy Partnership  
Transit for Livable Communities  
Minnesota Center for Environmental Advocacy

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# Methodology

This report examines the institutional framework and decision-making process for transportation investment and associated land use in the Twin Cities metro. It assesses whether the current configuration of involved agencies — the Metropolitan Council (henceforth referred to as the Met Council), the Transportation Advisory Board (TAB), the Minnesota Department of Transportation (Mn/DOT), the Counties Transit Improvement Board (CTIB) and Metro Transit — is clear enough and effective enough to meet new challenges and opportunities facing the region and to compete effectively for a prosperous future.

Numerous studies, either underway or newly completed, are considering related issues: a Legislative Auditor's report on transit governance, a Met Council Technical Committee report on transitway development guidelines, a legislatively-directed Met Council study of transportation and land use strategies, a Minnesota Climate Change Advisory Group (MCCAG) report, and various other studies on regional economic competitiveness by the Brookings Institution, the Regional Council of Mayors, and the Itasca Project.<sup>1</sup>

The report draws its findings from government data sources, existing research and over two dozen interviews with a range of local leaders, including current and past federal, state, regional and local transportation and land-use planning staff, elected officials and stakeholders. The report's conclusions do not always match entirely the opinions of the individuals interviewed or their institutions. Rather, the conclusions were informed by an amalgam of all these sources.

This report suggests a possible new model for metropolitan governance. By articulating the perils and missed opportunities inherent in the present system that has failed to fully integrate transportation and land use, the report hopes to stimulate a lively discussion on how to improve the governance structure and, thus, how to better compete for future success and prosperity.

**FRONT COVER:** Hiawatha LRT traveling above the Crosstown Highway in Minneapolis

<sup>1</sup> See also Myron Orfield and Tom Luce, *Region: Planning the Future of the Twin Cities*, University of Minnesota Press, 2010

# Contents

<b>EXECUTIVE SUMMARY</b>	<b>2</b>
<b>INTRODUCTION</b>	<b>5</b>
Context: Building a metropolitan idea	5
A new and sobering challenge	6
The Twin Cities metro: an underachiever?	7
<b>CURRENT CONDITIONS</b>	<b>8</b>
Twin Cities metro population, development, jobs and governing structure	8
Transportation investment	8
New strategies, policies and goals	9
Varying concepts of 'metropolitan' and 'regional'	9
Regional governance components	10
<b>KEY FINDINGS</b>	<b>12</b>
<b>FINDING ONE:</b> Lack of accountability	12
Fragmentation	12
Who's accountable for success or failure?	13
Turf wars	13
Local vs. regional priorities	14
Transit governance and advocacy	15
<b>FINDING TWO:</b> Lack of vision	16
Why the limited vision?	16
Unclear benchmarks	17
Failure in job location	17
<b>FINDING THREE:</b> Lack of efficiency, sustainability and connectedness in transportation and land use	18
Current development patterns	18
A weak link	19
Peers outperform Minneapolis on LRT development	19
<b>FINDING FOUR:</b> Outdated funding mechanisms	20
Current spending trends	21
Washington sets the tone for transportation funding	21
Three local roadblocks	22
<b>NEW DIRECTIONS</b>	<b>23</b>
<b>ONE:</b> Structural reform, better accountability	24
<b>TWO:</b> Stronger vision	24
<b>THREE:</b> Link transportation and land use	25
<b>FOUR:</b> Update and realign funding	25
<b>CONCLUSION</b>	<b>26</b>
<b>APPENDIX</b>	<b>27</b>

# Executive Summary

## Twin Cities metro governance is not equipped to meet the challenges of a changing world; our prosperity may suffer as a result

Minneapolis-St. Paul's future prosperity is jeopardized by a metropolitan governance structure that is not prepared to meet the challenges and opportunities of a changing world, especially on issues of transportation and land use.

Make no mistake; the world is changing fundamentally. Big demographic shifts are altering the characteristics of our population. A great recession is restraining the pace and amount of new investment, both public and private. Concerns about energy, security, climate, sustainability and affordability are transforming the housing, jobs and transportation markets in important ways.<sup>2</sup>

Urban thinkers have called this period a "great reset," a time when the economy and lifestyles will adjust to new conditions, and when cities and suburbs will succeed or fail depending on how they respond.<sup>3</sup> Already these new realities are causing the federal government and many localities around the country to realign their transportation and land-use planning and funding mechanisms to better match the changing needs of the times.<sup>4</sup> Chief among those needs: *more variety in transport and more compactness and efficiency in land development.*

But the Twin Cities metro has not yet adapted. Despite some progress on transit, its basic governmental structures for imagining, planning, funding and implementing remain stuck in a passing era.

More and more, the Met Council, as presently constituted, is a relic. Its complex and unclear lines of authority and accountability give metro residents no direct stake in their destiny. With nearly all power for metro affairs in the hands of state officials, local elected officials are left with no incentive to think and act regionally.

One result is a relatively weak transportation system that rewards parochial wishes over strategic metro-wide needs. Another is the lack of a unified, proactive metropolitan vision, either for transportation or for the attendant economic growth. As a consequence, the Twin Cities metro lacks the strong regional identity and consensus required to compete and prosper in a new era.

Loose ends abound. Transit projects are not strongly linked to corresponding land uses. That, in turn, undercuts transit's potential to influence a more efficient, compact and competitive growth pattern. Inflexible and outdated funding mechanisms are a big part of the problem. They tip the balance too far in favor of road expansion, cars and maximum driving at a time when a mix of solutions is required. Again, the result is a decentralized development template that wastes money and resources, harms the environment and limits lifestyle choices for metro citizens.

Unless these structures are updated to match new conditions, the Twin Cities metro runs the risk of continuing to travel and develop in the same old way while competing regions with proactive policies overtake us.

Although this report criticizes various planning agencies for less than optimal regional outcomes, it also recognizes many accomplishments. These include: operating a productive (albeit relatively undersized) public transit system; funding and expanding a regional transitway system, including shepherding the Central Corridor LRT to the construction phase; adopting innovative, but limited programs that connect transit and land use, including the Met Council's Livable Communities program and the Twin Cities Community Land Bank; securing federal funds through the Urban Partnership Agreement, DOT/TIGER grants, FTA New Starts and other competitive sources; and authorizing metropolitan governance (i.e. Met Council) with its many tools and statutory responsibilities for advancing sustainable development patterns.

<sup>2</sup> See Transportation Performance in the Twin Cities Metropolitan Region, August, 2008, Surface Transportation Policy Partnership, Transit for Livable Communities, and the Minnesota Center for Environmental Advocacy

<sup>3</sup> Richard Florida, "The Great Reset," Harper, 2010, Joel Kotkin, "The Next Hundred Million," Penguin, 2010.

<sup>4</sup> See recent Sustainable Communities Initiative, <http://www.epa.gov/dced/partnership/index.html>

## Metropolitan regions — not states or cities — are the geographic units of the global economy; but to compete and prosper, metros must be proactive, efficient and unified

By now it's clear that metropolitan regions — not states, not individual cities — are the basic units of economic competition in a dynamic global economy. Talent congregates in attractive places. London competes for prosperity with New York, Berlin and Shanghai. Minneapolis-St. Paul competes with Denver, Calgary, Seattle and Jaipur, India. The Twin Cities metro is potentially a global player. Its gross metro product ranks 13<sup>th</sup> in the nation and 58<sup>th</sup> in the world.<sup>5</sup> It generates three-fifths of Minnesota's jobs and three-quarters of its wealth.<sup>6</sup> The state's future prosperity rides on whether the metro area is primed to compete in a changing world.

To assert that Minneapolis-St. Paul lags its competitors on transportation and land-use planning will surprise many. After all, we've been considered leaders in regionalism since founding the Metropolitan Council in 1967. Trouble is, our outcomes fall considerably short of our reputation.

A 2001 Brookings Institution study "Who Sprawls Most?," found that among the nation's top 20 metro areas, only Atlanta consumed land faster during the 1980s and '90s than Minneapolis-St. Paul. Not only that, the metro's density declined faster than all but three of its peers.<sup>7</sup> In other words, during two high-growth decades, the Met Council failed to prevent Minneapolis-St. Paul from becoming a national leader in far-flung, inefficient, decentralized development.<sup>8</sup>

One result is that the metro area has slipped into a role of underachiever among its peers. Indeed, the Twin Cities barely registers on the national consciousness when "hot" cities are discussed. "Emerging Trends in Real Estate," a 2010 report from the Urban Land Institute and PricewaterhouseCoopers, rates Minneapolis-St. Paul "moderately poor/poor" for investment and development prospects. The study recommends that investors consider the East and West Coasts, brainpower centers and active 24-hour cities with critical mass. But it doesn't list the Twin Cities as a prospect.<sup>9</sup>

Some business, civic and political leaders recognize the problem. The State Legislature has directed the Met Council to make its transportation and land use policies more compatible with current trends.<sup>10</sup> The Governor's Climate Change Advisory Committee has recommended

an array of new strategies on transportation.<sup>11</sup> New funding for transitways has been provided with a growing emphasis — at least in the abstract — on producing harmonious development that is both compact and affordable.

We are good at admiring our problems and good at suggesting impressive-sounding solutions. But in the real world we fall far short on execution and results. The Met Council has scaled back its affordable housing aspirations. Repeatedly it has rolled back its goals to expand the transit system. And despite best intentions its record on concentrating jobs and housing near transit is dismal (see table on page 17).

Some critics argue that nothing needs to change; market forces will eventually supply the transportation innovations and land use patterns that the region wants and needs. What they fail to recognize, however, is that it is not the free market that has caused our excessive driving and our sprawled development; rather, these habits are promoted by an embedded regime of government regulations and subsidies — tax laws, zoning ordinances, building codes, street design standards, pricing structures — all fostering maximum energy use and minimum efficiency.<sup>12</sup> Changing those rules to allow more choice, flexibility, variety and sustainability is now what's required.

How to proceed? This report aims to stimulate a lively discussion: How should we adapt metro transportation and land use policies to new conditions in a way that meets global challenges and secures growth and prosperity for the region and state? Here's a closer look at four basic problems and four new directions:

### FOUR KEY PROBLEMS:

#### LACK OF ACCOUNTABILITY

**PROBLEM ONE:** Lines of government authority and accountability for planning and executing transportation projects are confusing and are not favorably organized to benefit the metro area. By granting authority for metro decisions to state officials, local elected officials are left with no incentive to think and act regionally. As a result, transportation decisions tend to accommodate local, parochial interests rather than achieve strategic solutions that are best for the metro as a whole. This arrangement runs counter to both the letter and spirit of the federal law that governs transportation funding for metro areas. And it places the Twin Cities at a competitive disadvantage.

5 U.S. Conference of Mayors, U.S. Metro Economies (January 2010) <http://www.usmayors.org/metroeconomies/0110/report.pdf>, Tables 1 and 2; 2009 data for the Metropolitan Statistical Area

6 Ibid. Table 7: Gross Metropolitan Product as a Share of Gross State Product, page 54

7 Brookings Institution, Who Sprawls Most, William Fulton, Rolf Pendall, Mai Nguyen, and Alicia Harrison, July 2001

8 Ibid.

9 "Emerging Trends in Real Estate," a 2010 report from the Urban Land Institute and PricewaterhouseCoopers

10 Minnesota Laws 2009, Chapter 36, Article 3, Section 22

11 Minnesota Climate Change Advisory Group (MCCAG) Final Report: A Report to the Legislature, April 2008. MCCAG members were appointed by Governor Pawlenty.

12 See, for example, Jonathan C. Levine, Zoned Out: Regulation, Markets, and Choices in Transportation and Metropolitan Land Use, 2006

**NEW DIRECTION:** *Provide a more direct line of voter and local elected official accountability by revising the membership of the Met Council. While a directly-elected council has been considered in the past, this report proposes that the membership of the Met Council include a majority of local elected officials as well as certain heads of state agencies, and citizens, as designated by the Governor. This restructuring would follow the intent of the federal law. A truly advisory board composed of citizens and members of key interest groups would also be appointed. This new Met Council would clearly qualify as the official “metropolitan planning organization” in federal eyes, allowing the Transportation Advisory Board (TAB), now a kind of substitute conduit for federal money, to be abolished.*

## **LACK OF VISION AND MISSION**

**PROBLEM TWO:** The Met Council has not articulated the unified, credible and compelling vision for transportation and land use required of a competitive region. Rather than setting specific goals and clearly measuring progress, it employs a confusing array of procedures (18 policies and 83 strategies) to achieve three nebulous goals — mobility, safety and preservation. No one is held directly accountable for results. No metro-wide strategy for economic development is advanced. Instead, the council is content to accommodate the parochial interests of local jurisdictions by rubber stamping nearly every local comprehensive plan submitted. The result is a Twin Cities that is less than the sum of its parts, a region with a weak metro identity at a time when the opposite is required.

**NEW DIRECTION:** *Require the Met Council to forge a metro vision that clearly connects transportation investments to land use and economic growth. Set specific benchmarks, including goals for the location of housing and jobs near transit and goals for reducing trip length per capita and vehicle miles traveled per capita.<sup>13</sup> Track progress. Establish legislative review and other measures to hold the Council accountable for results.*

## **LACK OF EFFICIENCY, SUSTAINABILITY AND CONNECTEDNESS IN TRANSPORTATION AND LAND USE**

**PROBLEM THREE:** Transit projects are not strongly linked to corresponding land uses, thereby undercutting the potential for transit to influence more efficient development and employment patterns and greater access to destinations. Rather than employ its statutory authority to proactively shape metro development,

the Council mainly accommodates and reacts to local interests. The result is the continuation of old ways: a roads-heavy, decentralized approach that fails to anticipate future trends and needs.

**NEW DIRECTION:** *Metro citizens get their highest rate of return from transit investments by maximizing development opportunities near stations. Development adds value and variety to communities, provides riders for transit, and offers savings on energy, the environment and infrastructure. That’s why transit agencies in competing regions like Denver, Phoenix and Dallas have been so meticulous about tying their lines to compact clusters of jobs, housing and entertainment destinations. One way to do that is for transit agencies to have real estate offices with authority to assemble and market land for private development near stations. Revising tax increment financing (TIF) laws is another approach. Another is to require local governments to have suitable zoning ordinances, streetscape standards and other incentives available before stations are planned and built.*

## **OUTDATED FUNDING MECHANISMS**

**PROBLEM FOUR:** Inflexible and outdated funding mechanisms for transportation projects continue to emphasize roads far above other modes, thus encouraging decentralized development. That, in turn, exacerbates the need for longer-distance trips, limits travel mode choices, increases the cost of new infrastructure and under uses infrastructure already in place. It’s a funding structure that weds the metro area to the past and harms its ability to compete nationally and globally.

**NEW DIRECTION:** *Provide a broader, more flexible revenue base for transportation by seeking changes at the federal and state levels. First, at the federal level, expand the availability and flexibility of federal transportation funds for metro regions by supporting a multimodal metro mobility program as part of the reauthorization of the federal surface transportation act. Such a program would increase direct federal dollars to metro planning organizations — in our case, a newly constituted Met Council. Second, at the state level, adjust transportation funding mechanisms using population and economic data to ensure that state funds are fairly apportioned among the various jurisdictions and modes, with the metropolitan area receiving an equitable share.*

<sup>13</sup> Interestingly, the Met Council Regional Framework (pg 6) notes that transit-supportive land use can lead to “a significant reduction in vehicle trips and vehicle miles travelled”, but a goal of reduced travel per capita does not make it into the regional framework benchmarks.

# Introduction

## Context: Building a metropolitan idea

Looking back at the rapid and sometimes aimless growth of the post World War II era, Minnesota's civic and business leaders in the 1960s urged the state to forge a metropolitan governance structure to assure more orderly development of Minneapolis, St. Paul and their suburbs in the decades to follow. The result was the Met Council, launched in 1967.

The council's primary tool was the wastewater system; by controlling sewer line extensions, the council could spread development outward in orderly sequence while posing minimal danger to Minnesota's remarkable water resources. The council's authority was strengthened and expanded in 1974, 1976 and 1994 to cover comprehensive planning, mass transit, aviation, affordable housing and regional parks and trails. The governor appointed all members of the council including the chair and 16 others representing districts apportioned by population. To satisfy federal requirements that an official metro planning organization include directly elected members, a Transportation Advisory Board composed partly of elected local officials was formed to advise the Council on road and transit investments.

By 2000, however, it was plain to see that the Met Council, despite its best efforts and despite its stellar reputation for planning, had not lived up to its original promise. The Twin Cities had become one of the nation's most sprawled metro areas.<sup>14</sup> While the populations of the central cities had declined and turned poorer, the suburbs and exurbs had grown larger, wealthier and far roomier. Much of the growth had leapfrogged into "collar counties," just beyond the reach of the council's authority. No other major northern metro region had grown faster than the Twin Cities in the 1980s and '90s, but the growth had been overwhelmingly horizontal. A 2001 Brookings Institution study "*Who Sprawls Most?*" found that among the nation's top 20 metro areas, only Atlanta consumed land faster during the 1980s and '90s than Minneapolis-St. Paul. Not only that, the metro's population density declined faster than all but three of its' peers.<sup>15</sup>

This dispersed growth pattern spelled trouble. Traffic congestion, especially in the suburbs, grew faster than in any major metro area except Atlanta. By 2007, the average Twin Cities' rush hour commuter was stuck in traffic for 39 hours per year, resulting in a regional total of 39 million gallons of excess fuel being consumed.<sup>16</sup> And businesses began to complain about the unreliability of truck shipments through the metro region. The problem wasn't that the metro was growing; the problem was the way it was growing.

The Met Council's under-built bus system offered little help. While the Minnesota Legislature shunned light rail until 1998, competing cities like Portland, San Diego, Dallas, Denver and Salt Lake City moved ahead with modern systems, giving commuters a choice to drive or ride.<sup>17</sup> Some of those cities — most notably Denver and Portland — began also to forge closer ties between their transit systems and land development. The idea was not to replace the auto for everyone, but to offer a kind of *parallel lifestyle* in which people could reasonably choose greater convenience and lower cost while making a lesser impact on the environment and on energy supplies from unstable oil-rich countries.

Breakthroughs in the Twin Cities came finally in 2004 with the opening of a first light rail line and in 2008 with passage of a quarter-cent sales tax increase to expand transit. But, ironically, while the Met Council proposed new transit lines it opposed raising the tax revenues to pay for them. In land planning, too, it assumed a passive role, most often declining to exercise its land use powers. The Lake Elmo case is the only recent instance in which the Met Council has used its statutory powers to really confront a city that didn't want to align its local land use planning with the Regional Development Framework. In that case, it effectively acted to get Lake Elmo to accept more growth. The Met Council has not, to our knowledge, acted in a similar fashion to prevent growth, beyond that projected, in outlying areas.

14 Star Tribune, 4/14/10, *Who Sprawls Most? How Growth Patterns Differ Across The U.S.*, Fulton, W. et al, Brookings Institution,

15 Brookings Institution, *Who Sprawls Most*, William Fulton, Rolf Pendall, Mai Nguyen, and Alicia Harrison, July 2001

16 2009 Urban Mobility Report, Texas Transportation Institute, [http://mobility.tamu.edu/ums/congestion\\_data/tables/minneapolis.pdf](http://mobility.tamu.edu/ums/congestion_data/tables/minneapolis.pdf)

17 Federal Transit Administration, National Transit Database, Individual Profiles for Transit Agencies in Urbanized Areas.

Rather than antagonize the auto-dependent outer suburbs the Met Council served mainly as a rubber stamp for more sprawl. And despite the obvious spread of the metro area beyond the seven inner counties, the Legislature did not expand the Met Council's territory.

## A new and sobering challenge

It's against this backdrop that the Met Council now faces a world that's changing in ways that are more profound than at any time since its founding. With new challenges facing transportation and land use multiplying many fold, it's doubtful that the Council, with its current structure and outlook, is up to the task. Unless changes are made, the Twin Cities metro will be unable to meet the competition, thus jeopardizing the future prosperity of the region and state.

Make no mistake; the world is changing fundamentally. Big demographic shifts in age and ethnicity are altering the characteristics of our population. The U.S. expects to add 100 million people by 2050. The Met Council has planned for an additional million people in the region between 2000 and 2030.<sup>18</sup> Where shall they live and work? How best shall they get around?

These choices are complicated by a great recession and a high debt load that restrains the pace and amount of new investment, both public and private. Moreover, concerns about energy supply, environment, climate change, national security, sustainability and affordability are transforming the housing, jobs and transportation markets.

Urban thinkers have called this period a "great reset," a time when the economy and lifestyles will adjust to new conditions, and when cities and suburbs will succeed or fail depending on how they respond.<sup>19</sup>

Already these new realities are causing the federal government and many localities around the country to realign their transportation and land-use planning and funding mechanisms to better match the changing needs of the times. *Chief among those needs: more variety in transport and more compactness and efficiency in land development.*

Unfortunately, the Twin Cities metro has not adapted. Despite some progress on transit, its basic governmental structures for imagining, planning, funding and implementing remain stuck in a passing era.

More and more, the Met Council, as presently constituted, is a relic. Its complex and unclear lines of authority and accountability give metro residents no direct stake in their destiny. With nearly all power for metro affairs in the hands of state officials, local elected officials are left with no incentive to think and act regionally.

One result is a relatively weak transportation system that rewards parochial wishes over strategic metro-wide needs. Another is the lack of a unified, proactive metropolitan vision, either for transportation for the attendant land use and economic development. As a consequence, the Twin Cities metro lacks the strong regional identity, consensus and velocity required to compete and prosper in a new era.

Loose ends abound. Transit projects are not strongly linked to corresponding land uses. That, in turn, undercuts transit's potential to influence a more efficient, compact and competitive growth pattern. Inflexible and outdated funding mechanisms are a big part of the problem. They tip the balance too far in favor of roads, cars and maximum driving at a time when a mix of solutions is required. Again, the result is a decentralized development template that wastes money, energy and resources, harms the environment and limits lifestyle choices for metro citizens.

Unless these structures are updated to match new conditions, the Twin Cities metro runs the risk of continuing to travel and develop in the same old way while competing regions with proactive policies overtake us.

<sup>18</sup> Metropolitan Council, Regional Development Framework Interestingly, Minnesota is projected to "grow significantly faster than the Midwest region as a whole" Mn/DOT, Minnesota Comprehensive Statewide Freight and Passenger Rail Plan, Final Report, February 2010, pg 3-5

<sup>19</sup> Richard Florida, The Great Reset, Harper 2010

## The Twin Cities metro: an underachiever?

By now it's clear that metropolitan regions — not states, not individual cities — are the basic units of economic competition in a dynamic global economy. Talent congregates in attractive places. London competes for prosperity with New York, Berlin and Shanghai. Minneapolis-St. Paul competes with Denver, Calgary, Seattle and Jaipur, India. The Twin Cities metro is potentially a global player. Its gross metro product ranks 13<sup>th</sup> in the nation and 58<sup>th</sup> in the world.<sup>20</sup> It generates three-fifths of Minnesota's jobs and three-quarters of its wealth.<sup>21</sup> The state's future prosperity rides on whether the metro area is primed to compete in a changing world. To assert that Minneapolis-St. Paul lags its competitors on transportation and land-use planning will surprise many. After all, we've been considered leaders in regionalism and metro governance for more than four decades. Trouble is, our outcomes fall considerably short of our reputation.

As noted earlier, density in the Twin Cities region declined faster than all but three of its peers. In other words, during two high-growth decades, the Met Council failed to prevent Minneapolis-St. Paul from becoming a national leader in far-flung, inefficient, decentralized development.

One result is that the metro area has now slipped into a role of underachiever among its peers. Indeed, the Twin Cities barely registers on the national consciousness when “hot” cities are discussed. *“Emerging Trends in Real Estate,”* a 2010 report from the Urban Land Institute and PricewaterhouseCoopers, rates Minneapolis-St. Paul “moderately poor/poor” for investment and development prospects. The study recommends that investors consider the East and West Coasts, brainpower centers and active 24-hour cities with critical mass. But it doesn't list the Twin Cities as a prospect.<sup>22</sup>

Some business, civic and political leaders recognize the problem. The State Legislature has directed the Met Council to make its transportation and land use policies more compatible with current trends.<sup>23</sup> The Governor's Climate Change Advisory Committee has recommended an array of new strategies on transportation.<sup>24</sup> New funding for transitways has been provided with a growing emphasis — at least in the abstract — on producing harmonious development that is both compact and affordable.

Those measures illustrate that we are good at admiring our problems and good at suggesting impressive-sounding solutions. But in the real world we fall far short on execution and results. The Met Council has scaled back its affordable housing aspirations.<sup>25</sup> Repeatedly it has rolled back its goals to expand the transit system. And despite best intentions, its record on concentrating jobs and housing near transit is dismal.<sup>26</sup>

Some critics argue that nothing needs to change; market forces will eventually supply the transportation innovations and land use patterns that the region wants and needs. What they fail to recognize, however, is that it is not the free market that has caused our excessive driving and our sprawled development; rather, these habits continue to be promoted by an embedded regime of government regulations and subsidies — tax laws, zoning ordinances, building codes, street design standards, pricing structures — all fostering maximum energy use and minimum efficiency.<sup>27</sup> Changing those rules to allow more choice, flexibility, variety and sustainability is now what's required.

How to proceed? This report is drawn from government data sources, existing research and over two dozen interviews with a range of local leaders, including current and past federal, state, regional and local transportation and land-use planning staff, elected officials and stakeholders. The report's conclusions do not always match entirely the opinions of the individuals interviewed or their institutions. Rather, the conclusions were informed by an amalgam of all these sources.

This report aims to stimulate a lively discussion: How should we adapt metro transportation and land use policies to new conditions in a way that meets global challenges and secures growth and prosperity for the region and state?

Before discussing in detail a new transportation and land use structure and policy direction for the Twin Cities, it's useful to review current conditions.

20 U.S. Conference of Mayors, Metro Economies Report, January 2010, Tables 1 & 2, <http://www.usmayors.org/metroeconomies/0110/report.pdf>

21 U.S. Conference of Mayors, U.S. Metro Economies (January 2010) <http://www.usmayors.org/metroeconomies/0110/report.pdf> Table 7

22 “Emerging Trends in Real Estate,” a 2010 report from the Urban Land Institute and PricewaterhouseCoopers,

23 Minnesota Laws 2009, Chapter 36, Article 3, Section 22

24 Minnesota Climate Change Advisory Group

25 Tim Thompson, Housing Preservation Project, Minneapolis Star-Tribune, commentary, June 12, 2010

26 Regional Framework Benchmarks, <http://www.metrocouncil.org/planning/framework/benchmarks.pdf>

27 Jonathan Levine, Zoned Out, 2006

# Current Conditions

## Twin Cities metro population, development, jobs and governing structure

With an estimated 2009 population of nearly 3.3 million, Minneapolis-St. Paul is the 13<sup>th</sup> largest metro region in the nation.<sup>28</sup> Development is widely dispersed. The Twin Cities ranks 9<sup>th</sup> among 12 peer regions in urban area density (persons per square mile) and 3<sup>rd</sup> among 12 comparable regions in the extent of job sprawl.<sup>29</sup> Between 2000 and 2005 only two metro regions in the U.S. experienced greater flight to exurbia.<sup>30</sup> The continuing decentralization of housing and jobs leads to long commutes, greater demands for energy and higher transportation expenses for both the public and private sectors.<sup>31</sup>

## Transportation investment is tilted heavily toward driving

Given its spread out form, it should surprise no one that the Twin Cities invests heavily in roads. Measured in lane miles, the metro's trunk highway system is the eighth largest such system among the nation's 25 most populous metro areas.<sup>32</sup> Indeed, the Twin Cities has 10 percent more highway lane miles per person than Denver and 30 percent more than either Los Angeles or Portland, Oregon.<sup>33</sup> In contrast, the Twin Cities spends considerably less on transit and has fewer transit riders per capita than its peer regions.<sup>34</sup>

New transit capacity over the last twenty years has gone almost exclusively to three projects, Hiawatha LRT, Northstar Commuter Rail and I-35W and Cedar Avenue Bus Rapid Transit. The Metropolitan Council reports nearly \$774 million spent on transitway expansion from 2002 through 2008.<sup>35</sup> Attention to these large projects tended to mask the overall picture. During the same 2002-2008 period, the bus system shrank by 10 percent.<sup>36</sup> Meanwhile, road expansion expenditures exceeded \$2.5 billion, more than three times the amount spent on transit expansion.<sup>37</sup>

Interestingly, regions that invest more in expanding highway systems don't always see corresponding decreases in traffic congestion.<sup>38</sup> San Diego, Dallas, Baltimore and Houston, for example, each invests more per capita in highways than does the Twin Cities; but each also has a higher rate of congestion.

Given concerns about congestion and future revenue limitations, and given the experience of other cities, Mn/DOT and the Met Council are examining proposed highway capacity projects with an eye toward new strategies. A key assumption of the Metro Highway System Investment Study offers this important dose of realism: We "can't build our way out of congestion."<sup>39</sup>

28 US Census Bureau, Cumulative Estimates of Population Change for Metropolitan Statistical Areas and Rankings: April 1, 2000 to July 1, 2009 (CBSA-EST2009-07)

29 TLC Analysis of Brookings Institution report, Sprawl Revisited: The Changing Geography of Metropolitan Employment, 2006 comparing the Twin Cities with those 11 other peer regions closest in population. Met Council, 2009 Twin Cities Transit System Performance Evaluation, page 37 for urban area density peer comparison.

30 Star Tribune, 4/14/10

31 Metropolitan Council, Regional Development Framework, January 14, 2004, page 6-7. Urban Land Institute, 2010, Land Use and Driving: The role compact development can play in reducing greenhouse gas emissions, evidence from three studies. In the Twin Cities vehicles miles travelled per household is substantially less in the urban core than in outlying suburbs, see Met Council 2000 Travel Behavior Inventory.

32 TLC Policy Brief, data from FHWA Highway Statistics Table HM72.

33 Ibid.

34 By TLC analysis, using FTA National Transit Database, of 11 peer regions closest in population to the Twin Cities, the Twin Cities is 7<sup>th</sup> of 11 regions in terms of both investment and ridership per capita. The Met Council 2009 Twin Cities Transit System Performance Evaluation reaches similar conclusions.

35 \$774 million Transit expansion figure from Metropolitan Council, 2008 Capital Program and Budget, adopted December 12, 2007, pg 2-7, table 2. Same source for other years,

36 Met Council, Transportation Policy Plan, pg 97. Although the 2009 Transit Performance Evaluation, pg 48 shows a 3.5% increase in bus service (i.e. metro transit, opt-outs and MTS contracted regular route) between 2003 and 2008.

37 TLC calculation based on 2002-2008 TIPs. This is a conservative estimate since we only factored in projects that were over \$5 million and many bridge projects that include substantial increases in capacity (35W, Hastings, etc) are classified solely as preservation. Also, while the Met Council also calculates some additional spending for transit expansion beyond that cited for transitways, we don't include this since by their own reporting the total bus system, on whole, shrank by 10%.

38 See TLC Policy Brief on highway lane miles, www.tlcminnesota.org under Resources Tab, <http://www.tlcminnesota.org/pdf/Final%20Highway%20lane%20miles%20brief%202008%20data.pdf>

39 <http://www.metrocouncil.org/newsletter/transit2010/HwyInvStudyFeb10.htm>. Regarding the Metro Highway System Investment Study, Arlene McCarthy, director of transportation services for the Metropolitan Council, stated: "The era of expanding highways to address additional capacity needs is over."

## New strategies, policies and goals

And so, there is a germinating awareness that times are changing. One can see this in Mn/DOT and Met Council plans that the agencies are obliged to develop based on statewide goals defined in Minnesota statutes.<sup>40</sup>

For example, Mn/DOT's *Statewide Transportation Plan for 2009-2028* includes a number of prescient goals for the metro:

- 1 Maintaining infrastructure
- 2 Minimizing travel time delays through expanded highways and transitways
- 3 Expanding networks for safe biking and walking
- 4 Connecting to a national high-speed passenger rail network
- 5 Linking to cost-competitive national freight rail connections
- 6 Providing access to all persons and businesses, with no undue burden on one community
- 7 Maintaining consistency with the environmental and energy goals of the state

Likewise, the Met Council's *Regional Development Framework* emphasizes these goals:

- 1 Accommodate growth in a flexible, connected and efficient manner
- 2 Slow the growth in traffic congestion while improving mobility
- 3 Encourage expanded choices in housing locations and types

Indeed, this report, while criticizing various planning agencies for less than optimal outcomes, recognizes good intentions as well as many accomplishments. Among them: operating a productive (albeit relatively undersized) public transit system; funding and expanding a regional transitway system, including shepherding the Central Corridor LRT to the construction phase; adopting limited and innovative programs that connect transit and land use, including the Met Council's Livable Communities program and the Twin Cities Community Land Bank; securing federal funds through the Urban Partnership Agreement, DOT/TIGER grants, FTA New Starts and other competitive sources; and authorizing metropolitan governance (i.e. Met Council) with its many tools and statutory responsibilities for advancing sustainable development patterns.<sup>41</sup>

The current metro governance structure is not without aspirations for the region. In support of its Regional Framework, the Met Council prepares a 20-year Transportation Policy Plan (TPP) that describes 3 goals, 18 policies and 83 strategies.<sup>42</sup>

The larger point, however, is that goals are meaningless absent clear outcomes and accountability for results. *The TPP, for example, does not indicate how or whether progress toward goals should be monitored or how corrective steps might be employed if goals are not met. The Regional Framework references regional benchmarks, but these benchmarks are not very accessible, and rarely highlighted with policymakers.*

## Varying concepts of 'metropolitan' and 'regional'

Despite Mn/DOT's plan and the Met Council's Framework, it's not a simple matter to determine which government agency or agencies are responsible for transportation and land planning in the Twin Cities metro. Aside from the 188 cities and townships in the seven-county metro, there are at least seven definitions of the region that are relevant for transportation and land-use planning (See maps in sidebar, page 10).<sup>43</sup>

**The Metropolitan Statistical Area (MSA)** is the official federal designation employed by the U.S. Office of Management and Budget using Census Bureau data. MSA's have at least one urban area containing 50,000 or more people plus "adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties."<sup>44</sup> By federal definition, then, the Minneapolis-St. Paul MSA includes the 13 counties clustered around the two central cities — 11 counties in Minnesota (Hennepin, Ramsey, Anoka, Washington, Sherburne, Wright, Chisago, Isanti, Dakota, Carver and Scott) and two in Wisconsin (Pierce and St. Croix).

**The Met Council's seven-county area** is the smaller zone in which the council has planning authority over 188 cities and townships in Hennepin, Ramsey, Anoka, Dakota, Washington, Scott and Carver counties.

**MN/DOT's Metro District** includes the seven-county Met Council area plus Chisago County.

**The Counties Transit Improvement Board (CTIB)** is a five-county area (Hennepin, Ramsey, Anoka, Washington, Dakota) in which a one-quarter cent sales tax, approved in 2008, is dedicated to capital and operating investments in transitways.

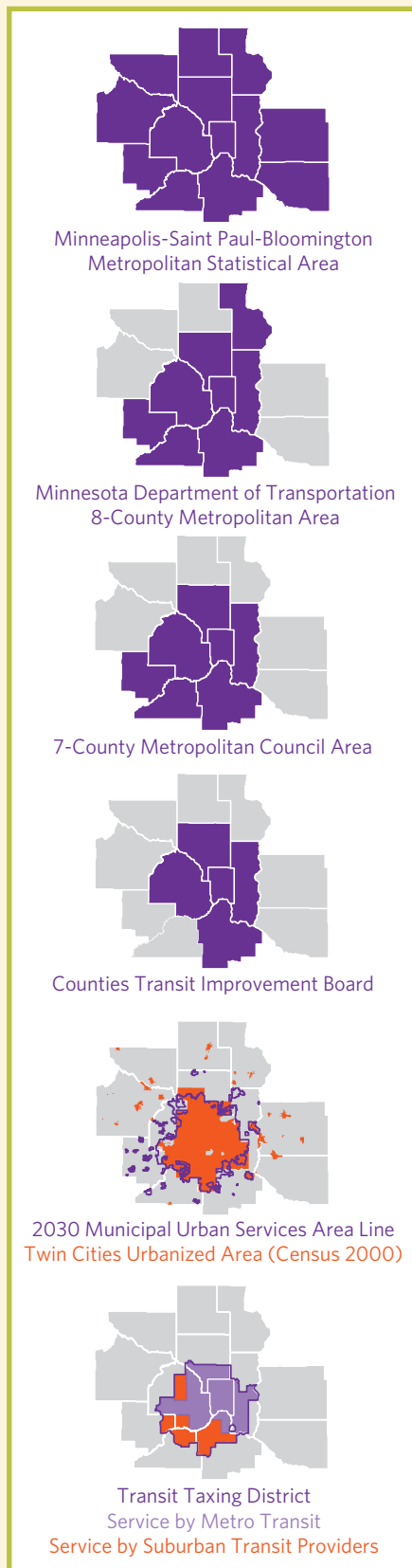
40 Minnesota Statutes Section 174.01, Subd. 2, enacted in 1976 Minnesota Session Laws, Chapter 166, Section 1, and 1991 Minnesota Session Laws, Chapter 298, Article 1, Section 1.

41 The Livable Communities program allocates between \$14 and \$25 million per year in grants, while the Twin Cities Community Land Bank has raised \$30 million "to advance neighborhood recovery in the region" (Twin Cities Corridors of Opportunity, Livable Cities, LOI).

42 Met Council, Transportation Policy Plan, pg. 2 The 3 goals are mobility, safety and preservation.

43 Met Council, Regional Development Framework, Foreword.

44 <http://www.whitehouse.gov/omb/assets/omb/bulletins/fy2009/09-01.pdf>



The federal DOT/Census Bureau definition for “urbanized area,” is the contiguous area that’s expected to become urbanized over a 20-year period. It’s the minimum territory for regional transportation planning activities.<sup>45</sup>

**Metropolitan Urban Service Area (MUSA)** is the territory within which the Met Council ensures that regional services (such as sewers and major highways) will be provided. The MUSA grows as local communities “request MUSA expansions.”

**Transit Taxing District** is an area slightly smaller than the inner seven metro counties in which a property tax is levied to fund transit capital and operating expenses.

## Regional governance components

Metro governance for transportation and land use is not neatly constructed. The state, counties, cities, Mn/DOT and various boards and commissions all have roles that sometimes overlap.

The **Met Council** is the most intentional body to deal specifically with the transportation-land use nexus.<sup>46</sup> For many years the Council made the Twin Cities a leader in addressing regional issues in ways that transcended existing governance. Over time, it gained roles both in planning and in operating major systems (see Appendix A for details), but its authority was never extended beyond the original seven “inner metro” counties.

With its members appointed by the governor, the Met Council is typically regarded as a subdivision of the governor’s office, with its chair a member of the governor’s cabinet. No local elected representative may serve on the Council.

By state statute, the Met Council is required to prepare a “statement of regional policies, goals and strategies” to plan – with its local partners – how best to deal with challenges of growth, community revitalization, economic opportunity and natural assets protection.

Additional responsibilities include planning and operating wastewater services, partially funding regional parks, providing support for affordable housing, and operating Metro Transit. The Council also coordinates transit service through several separate suburban transit providers, contracts some private fixed-route service, funds vanpools, and operates Metro Mobility, a service for mobility-impaired residents.

45 US Code 23, Section 134, e) Metropolitan Planning Area Boundaries.— (2) Included area.— Each metropolitan planning area— (A) shall encompass at least the existing urbanized area and the contiguous area expected to become urbanized within a 20-year forecast period for the transportation plan;

46 Metropolitan Land Planning Act, Minnesota Statutes, Chapter 473

The task of the **Transportation Advisory Board** is to allocate a portion of federal transportation funds (approximately \$80 million a year) that are assigned by federal law to the Twin Cities metro region. The TAB, which includes local elected officials, also offers advice to the Council on its Transportation Policy Plan (TPP), one of the major systems plans that the Council is obliged to produce.<sup>47</sup> The Met Council has final say on all TAB decisions.<sup>48</sup>

The TAB is made up of 33 members – 17 local elected officials and 16 representatives from various transportation stakeholders.<sup>49</sup> The Met Council must formally approve the stakeholder members and the TAB chair. The TAB is supported by a Technical Advisory Committee (TAC), drawn from the planning and engineering staffs of various agencies, including Mn/DOT, Metro Transit, and counties.

**Mn/DOT (the Minnesota Department of Transportation)** is responsible for building and maintaining all state highways and bridges. The agency’s Metro District covers the seven-county metro plus Chisago County. In 13 collar counties that are part of the 20-county regional travel shed, Mn/DOT is responsible for transit planning.<sup>50</sup> The agency’s projects undertaken within the seven-county metro must be approved by the Met Council.

**Metro Transit** is an operating unit of the Met Council and provides 84 percent of regular route bus and train service in the region.<sup>51</sup>

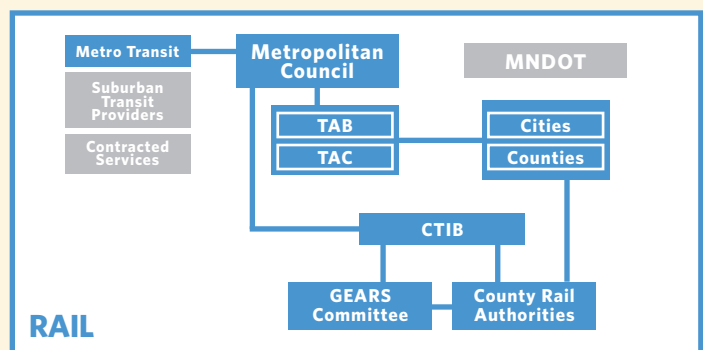
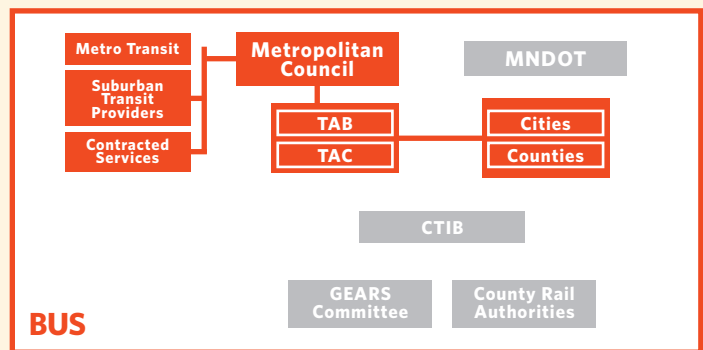
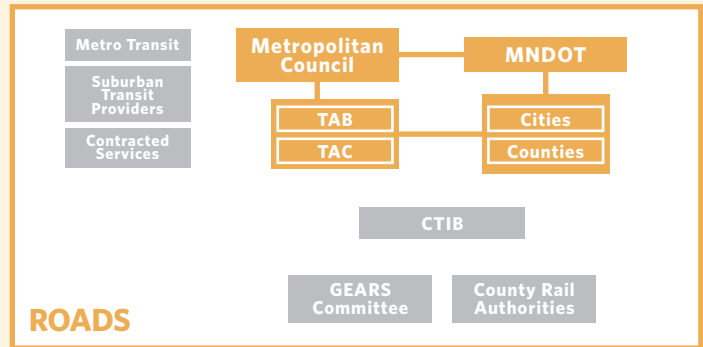
**CTIB (Counties Transit Investment Board)** consists of the chair of the Met Council and two commissioners from each of the five metro counties that voted in 2008 to impose a 1/4-cent sales tax to support regional transitways. Voting is weighted based on population and sales tax generation; funding is exclusively for transitways.<sup>52</sup>

**County rail authorities** in the inner seven metro counties acquire abandoned rail rights of way and plan and design transitway projects.

**Suburban transit and other providers**, including six transit providers, with funding from the MVST (motor vehicle sales tax), that offer service in twelve suburban communities.<sup>53</sup> Thirteen other organizations also contribute. Eleven are Met Council contracted transit services (nine for regular service, one for general public dial-a-ride and one for Metro Mobility dial-a-ride). Two are independent contracted services – the Northstar Corridor Development Agency’s Ramsey Star commuter coach and the University of Minnesota’s campus transit system.<sup>54</sup>

**Individual cities and counties** build and maintain local roads, bridges and bikeways. They have sole authority for land use regulations, although the Met Council is required to approve their comprehensive plans.

**Regional Governance by Transportation Mode**  
Agencies in grey are not involved with highlighted mode.



47 <http://www.metrocouncil.org/media/TABoverviewApr09.pdf>  
 48 Mn State Statute 473.146 (1974). Subd. 4. Transportation planning.  
 49 <http://www.metrocouncil.org/about/TAB.htm>  
 50 The 20-county commute shed is referenced in the Met Council’s 2005 Transportation System Performance Audit, Chapter 3, pg 4.  
 51 Met Council, 2009 Transit System Performance evaluation, pg 48 table 4-4.

TLC calculation of Metro transit bus and rail revenue hours as a percentage of all regular route service.  
 52 CTIB Annual report to the Legislature, available at [www.mnrider.org](http://www.mnrider.org). Transitways are defined as: “to include light rail transit, commuter rail, and bus rapid transit, and not to include arterial bus rapid transit” (pg 13).  
 53 See Metropolitan Council, 2009 Twin Cities Transit System Performance Evaluation, pgs 1-2.  
 54 Ibid.

# Key Findings

## The lack of accountability, vision, efficiency, connectedness and an up-to-date funding alignment weakens the transportation-land use link and hinders metro competitiveness

There is wide agreement that certain functions are best handled at a regional level, namely transportation, wastewater collection and treatment, parks and open space, and land use policy.<sup>55</sup> Local experts, with some disagreement about the urgency for change, identified four structural weaknesses in the transportation-land use nexus that impede the Twin Cities' competitiveness.

### **FINDING ONE: LACK OF ACCOUNTABILITY**

Regional decision makers have fragmented and at times conflicting responsibilities for planning and executing transportation projects. Not only are lines of authority and accountability confusing, they are not favorably organized to benefit the metro area's competitive position. By granting nearly all authority for metro decisions to state officials, for example, local elected officials are left with no incentive to think and act regionally. As a result, transportation decisions tend to accommodate local, parochial interests rather than achieve strategic solutions that are best for the metro as a whole. This arrangement runs contrary to both the letter and spirit of the federal law that governs transportation planning for metro areas. And it places the Twin Cities at a competitive disadvantage.

### **FRAGMENTATION: 'WHO'S THE MPO?'**

One point of confusion is about which entity fills the statutory role of the officially designated metropolitan planning organization (MPO) required by federal law for receiving and administering certain federal transportation funds. The Met Council's website offers three different definitions of the Twin Cities' MPO.<sup>56</sup>

State statute designates the Met Council as the MPO.<sup>57</sup> But the federal MPO statute intends for locally elected leaders — not state appointees — to be the focal point for metro transportation decisions.<sup>58</sup> This body of local officials

must develop the metro area's long-range plan for highway, transit, rail, bicycle and pedestrian systems and must approve its transportation investment program.

To comply with that requirement, the Minnesota Legislature authorized the Met Council in 1974 to create an advisory board — the TAB. Locally elected officials on the TAB would participate in developing the long-range transportation plan and capital program for transportation for the metro region. While the Met Council says that it takes the lead in the transportation planning process — with input from the TAB — it also says that the TAB “is the lead in federal MPO funding programming with council concurrence.”<sup>59</sup> That's hardly a clear picture.

The full scope of the federal law envisions that the designated MPO work in concert with the state transportation department, the regional transit agency and locally elected officials to forge a truly integrated, regional strategy. But in the Twin Cities the practice is for many planning entities to focus on particular interests, making integrated planning for highways, transit and bicycle/pedestrian difficult to accomplish. Mn/DOT focuses on state highways and bridges, CTIB on transitways, the Met Council and Metro Transit on the bus system and the TAB on local road networks. Cities and local park systems have a hand in bicycle and pedestrian links while overall planning for land uses is seen as a local responsibility with few incentives or regulations to advance regionally desirable outcomes. The inseparability of transportation and land use, when considered at all, is generally an afterthought.

This fragmentation of decision-making creates confusing and cumbersome relationships among agencies and sometimes fosters intramural turf wars.<sup>60</sup> The public is justifiably confused about who's in charge. One sign of this confusion is that many members of the TAB believe that the TAB, not the Met Council, is the designated MPO.<sup>61</sup>

55 “As noted by several communities, the case for increased density and intensity of development within the 494-694 beltway and along transit corridors needs to be made regionally.” Met Council, Land Use and Planning Resources Report, Progress Report to the Minnesota Legislature, April 15, 2010, pg 64, <http://www.metrocouncil.org/planning/LUPR/LUPRAprilReport.pdf>

56 TAB 101, Met Council website. It says the Council is the MPO, then it says the Council and the TAB are the MPO. The Transportation Planning page on the Met Council Website says the Met Council along with the TAB and the TAC are the MPO.

57 Mn State Statute 473.146 (1974). Subd. 4. Transportation planning.

58 See U.S. Code Title 23, section 134

59 Met Council Website, the role of TAB PowerPoint. Further, the TAB 101 PowerPoint on the Metropolitan Council website refers to an Annual Implementation Report produced by TAB, but only the 2007 report can be found on the website.

60 At the CTIB 4/21/10 mtg. members spent approximately 15 minutes trying to get their heads around this hybrid MPO decision-making structure. As one CTIB and TAB member put it, “TAB participation requires a long-term commitment as it takes a year to understand the process.”

61 Barb Thoman, Transit for Livable Communities, based on experience serving on the TAB

“Fragmentation [of land use and transportation decision making] exacerbates sprawl and decentralization. Research shows that increased fragmentation resulted in decreased shares of office space for central business districts, less centrality, longer commuting times, more edge cities, and more sprawl. In this connection, fragmentation not only inhibits coordinated planning to manage growth but spawns a sprawl inducing competition among the [region’s] multiple jurisdictions for desirable commercial, industrial, and residential tax base.”

—Bruce Katz, Brookings Institution, “What Comes Next for Our Metro Nation: The New Forces Driving Regionalism”, Remarks delivered to the Regional Policy Conference, Humphrey Center, University of Minnesota, September 2009

## If the Met Council is merely a local adviser, where’s the accountability for metro success or failure?

Because the governor, whose constituency is statewide, appoints the Met Council, it’s inherently difficult for the Council to fully represent the regional perspective. There may be partisan differences between the governor and many metro residents. Some governors may have more interest in metro affairs than others. Whichever is the case, the current arrangement doesn’t deliver optimal representation.

Concerns about this point have led Congress and the Minnesota Legislature to assign responsibilities to entities other than the Met Council. Perhaps the best such “bypass” example is CTIB, created by the Legislature to raise and spend revenues on planning and developing major transit corridors — transitways. Another example was Congress’ award of a pilot non-motorized program to a non-profit organization — Transit for Livable Communities — rather than to the Met Council.

Today, the Met Council is viewed by those interviewed for this report as more of a service provider to local governments than as a guiding force for a competitive regional economy. Indeed, the Met Council’s limited view of its own authority has reduced its ability to lead the region in maintaining its competitive economic edge.<sup>62</sup> An entity that sees itself mainly as an adviser and consultant for localized interests cannot rally the region to adjust to the realities of a changing world. It cannot reflect the highest aspirations and outcomes for the region as a whole. It cannot forge the strong metro identity required for tough competition.

The Met Council can — and sometimes does — point out serious deficiencies in metro outcomes. The dispersal rather than the clustering of jobs is one example. But it offers no corrective measures. In its current study of transportation and land use strategies, for example, it appears unwilling to assess, let alone implement, corrective strategies that

are regional in scope or non-voluntary.<sup>63</sup> Indeed, the Met Council’s extensive collaboration with Mn/DOT, as outlined in the new metropolitan highway system investment study (MHSIS), is unlikely to result in a cohesive regional approach to transportation without new funding for multi-modal strategies or without a realistic plan for new managed/priced highway lanes. As former Met Council Chair, Curt Johnson, often says, “we love to admire our problems but hate to actually solve them.”

## The potential for turf wars

As the Met Council’s view of its own authority has diminished, other agencies have stepped in to fill the vacuum. CTIB is probably the best example. Created by the Minnesota Legislature to bypass the Council’s reluctance to promote transit funding or to support a sales tax increase to expand transit, CTIB’s purposes are “to act within the Metropolitan Transportation Area to facilitate investment in transitways, to cooperatively plan and develop policies for transit investment, to advocate for state and federal funding and transportation policies supportive of transitways, and to provide for public education and information.”<sup>64</sup> Without question, CTIB has provided greater focus on transit. But, given that its annual revenues account for only a quarter of Metro Transit’s operating budget, CTIB cannot act alone to effectively advance a regional transit vision.

While it is essentially an independent body, its projects must be included in the Met Council’s Transportation Policy Plan. For best results, its’ projects must be coordinated with bus service overseen by the Met Council. CTIB, while enormously beneficial, serves to segregate rather than integrate regional transportation planning.

62 See, Met Council Website (no longer posted), 12 lessons learned by Met Council Chair Bell, “The Council can’t and shouldn’t become the region’s economic development arm.” Also Chair Bell notes that the Council is “Sticking to its’ knitting” rather than taking on expanded responsibilities of regionalism, see Regional Policy Conference, New Federal Role for the Urban/Regional Agenda, 9/23/09, at the Humphrey Institute of Public Affairs. Similarly, at a regional Transit Oriented Development workshop (4/19/10) Met Council Community Development staff commented: “How to get to regional policy? I don’t have the answer — locals could provide better answers. Density is good, but how we get to it, I would defer to the locals.”

63 Met Council, Land Use and Planning Resources Report, April 15, 2010, pg 2. “The purpose of producing a baseline air pollution estimate is to provide information, not to advocate strategies or mandate policies.” Use of an air pollution impacts tool is “intended to serve as a voluntary tool for communities to assess impacts of proposed development.” And pg 8, “Questions about funding sources for public transportation investments and the outlook for reinvigorated development are difficult to answer.”

64 Counties Transit Improvement Board, Annual Report to the Legislature 2010, pg 3

A multimodal and intermodal approach offers the promise of lower overall transportation costs, increased economic productivity and efficiency, congestion reduction, improved mobility, reductions in energy consumption, and a more sustainable transportation system.

—Minnesota Statewide Transportation Policy Plan, 2009-2028

The various suburban “opt-out” bus operators are another potential source of conflict within the metro governance structure (See Transit Governance and Advocacy section below). And the TAB presents a potential problem. Because the Met Council’s Regional Development Framework is so inexplicit, it’s hard to judge how closely the TAB follows the Council’s intent in selecting transportation projects.

**The state**, meanwhile, especially the governor, is another leading player in competing with the Council to shape metro priorities. Four of the five main participants in transportation planning and decision-making (Mn/DOT, Met Council, TAB and Metro Transit) are dominated by the state (CTIB is not).<sup>65</sup> Again, the intent of the federal statute is for local leaders to be the focal point for transportation decisions, not the state.

**Mn/DOT’s Metro District** plays an especially important role. It is responsible for building, maintaining and operating major roads in the metro region. It is the lead agency in selecting projects to be funded from several federal programs, including the National Highway System, Interstate Maintenance, a portion of the Surface Transportation Program and the Equity Bonus program. The Metro District also identifies projects to be funded with State Trunk Highway funds and participates in the TAB. Overall, Mn/DOT has the lead for project selection for 70 to 80 percent of the projected federal funding available to the region.<sup>66</sup>

One potential area of conflict involves prioritizing a “fix it first” philosophy for roads. The Met Council clearly lists preserving and managing roads ahead of expanding them. But Mn/DOT recently removed road preservation as its top priority and bunched it with mobility, safety and regional/community improvements.<sup>67</sup>

Aside from the road system, Mn/DOT incorporates transit through several statewide programs as well as through its addition of bus-only shoulder lanes on the freeway system.

It’s also responsible for transit planning in the metro collar counties and has involvement with bus rapid transit and commuter rail corridors.<sup>68</sup>

### Local vs. regional priorities

While the TAB is composed of a majority of locally elected officials, its makeup tilts heavily toward the developing suburbs, leaving the central cities and older suburbs under-represented. Hennepin County, for example, with a population of 1.1 million, has just one elected county official on the TAB, as does Scott County, with a population of 129,000. The same disproportional representation applies to cities.

One result of this skewed representation is that federal transportation money flows disproportionately to roads. In each of the three most recent solicitations, roads received at least twice that of transit.<sup>69</sup>

Another result is that new development on the metro edge is rewarded at the expense of infilling and reusing the lands and properties we already have. This skewed location strategy for TAB’s investments is consistent with the Met Council’s goal that only 30 percent of future development will occur in already developed areas. This low expectation for “infill” serves to fuel sprawl and to subsidize new and often less efficient development.<sup>70</sup> The Environmental Protection Agency’s *Residential Construction Trends in America’s Metropolitan Regions, 2010 edition*, examined the trend of residential building permits in 50 regions. In twelve of the fifty regions, residential building permits issued in the central city and core suburban communities exceeded 30%.<sup>71</sup>

One characteristic of this arrangement is that the TAB, as allocator of 20 percent of federal transportation funds bound for the metro, functions mainly as a grab bag for localized, parochial interests, most of them on the metro edge, rather than as a policy board interested in the holistic success of the metro region.<sup>72</sup>

65 We include TAB in this list because the Met Council (whose members are appointed by the Governor) must concur with TAB’s decisions.

66 Met Council 2010-2013 TIP, pg 59, Table 8. The TAB decides how to spend CMAQ, TE and STP-Urban Guarantee - totaling \$103 million in 2010. The total federal funding contribution to the region is \$525 million. Thus 103/525 equals 20%. If the four year period (2010-2013) is analyzed, the TAB share is 31%.

67 Mn/DOT, Statewide Transportation Plan, 2009-2028. Page 1-15

68 Mn/DOT was the lead on building the Northstar commuter rail and in the I-35 BRT/Urban Partnership Agreement project

69 TLC Policy Brief prepared by Barb Thoman, January 1, 2009, Met Council’s TAB SAFETEA-LU funding allocations for 2005-6, 2007-8, 2009-10 and 2011-12 solicitations.

70 Ibid.

71 U. S. Environmental Protection Agency, *Residential Construction Trends in America’s Metropolitan Regions, 2010 Edition*, [http://www.epa.gov/smartgrowth/pdf/metro\\_res\\_const\\_trends\\_10.pdf](http://www.epa.gov/smartgrowth/pdf/metro_res_const_trends_10.pdf)

72 Met Council 2010-2013 TIP page 59

“It ended up being kind of messy.  
If you were starting from scratch,  
you wouldn’t necessarily  
design a system like this.”

—Judy Randall, Minnesota Office of the Legislative Auditor

## Transit governance and advocacy

Transit governance is complicated in the Twin Cities.<sup>73</sup> While Metro Transit, a unit of the Met Council, provides the vast majority of bus service, nineteen other operators serve parts of the region. Meanwhile, the tasks of planning, building, operating and advocating for new rail lines are performed by a variety of entities: the county rail authorities (planning and advocating), CTIB (planning and advocating), the Met Council (planning and building), and Metro Transit (operating).

Critics contend that this balkanization of effort causes significant inefficiency in purchasing and operations. While fare policy and route information is centralized, each provider has its own branding, its own board of directors, and its own separate policies.

Some critics also consider it inappropriate for the Met Council to act as a regional transit planning agency while simultaneously operating Metro Transit, the region’s largest bus system. The Suburban Transit Association, for one, questions the fairness of competing with Metro Transit for various competitive funds, including federal CMAQ and state MVST, when the ultimate decision maker is the Met Council. On the other hand, Metro Transit and some urban legislators question the significant discrepancy showing that fare-box recovery rates are substantially stronger on local urban routes than on suburban express routes, and on Metro Transit vs. suburban provider express routes.

Tensions around geographic equity are growing. For example, a substantial portion (30 percent) of park-‘n’-ride transit customers don’t live in the transit taxing district or in the five-county sales taxing district.<sup>74</sup> These riders are, essentially, poaching on the system from outside the metro and leaning on metro taxpayers to subsidize their commutes.

Some critics also expect the Met Council, as operator of the metro’s largest transit provider, to be an advocate for expanded transit service. But that hasn’t happened. Instead, over the past decade, the Council has not supported increased funding, either with new revenues or by indexing its regional property tax to inflation. Indeed, the council supported shifting transit funding from the regional property tax to the motor vehicle sales tax (MVST), a move that destabilized transit operating funding and posed a deep irony: transit operations benefit when more cars are sold and taxed; but transit operations suffer when people buy fewer cars and seek alternate modes of travel.

### **FINDING TWO: LACK OF VISION**

The Met Council has not articulated the unified, credible and compelling vision for transportation and land use required of a competitive region. Rather than set a holistic plan for the region, the Council routinely approves local comprehensive plans.

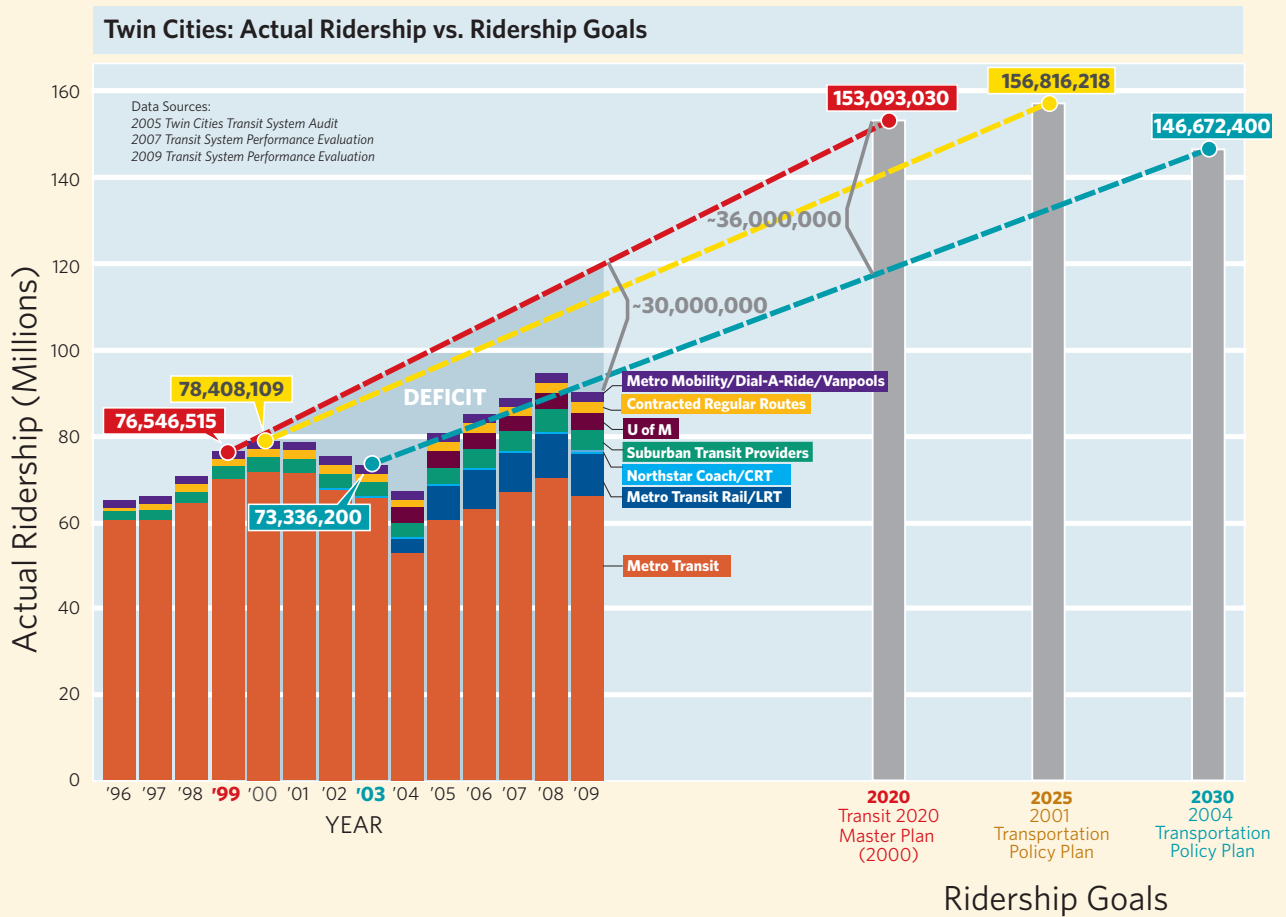
Rather than set specific goals in the Transportation Policy Plan with clearly measured progress, it employs a confusing array of policies and strategies to achieve three nebulous goals — mobility, safety and preservation. But no one is held directly accountable for results. No unified metro aspirations are pursued. No energy-efficient infrastructure investment strategy emerges. No metro strategy for economic development is advanced. The result is a Twin Cities that is less than the sum of its parts, a region with a weak metro identity at a time when the opposite is required.

<sup>73</sup> Both the Met Council, Transportation Policy Plan, pg 98 and the 2009 Twin Cities Transit System Performance Evaluation, pg 1, reach this conclusion. Also, the Minnesota Office of the Legislator Auditor has begun an evaluation of “Governance of Minnesota’s Transit Systems” with a key issue to address being: How is authority for governance, planning, management, operations, and funding of Minnesota’s transit system distributed among state and local governments.

<sup>74</sup> Met Council, 2009 Transit System Performance Evaluation, pg 96

### Diluted Transit Goals

As the chart at right depicts, the transit goals established by the Metropolitan Council have been seriously diluted over the past decade. First, the goal of doubling transit ridership has been pushed back from 2020 to 2030. Second, the latest goal re-sets the starting point at 2003 (when ridership dipped) rather than 2000. Third, in 2004 ridership data began including University of Minnesota Transit which had been in operation but hadn't previously been counted. As a result, in 2009 the region was 30 million transit rides per year below the goal set in 2000.



This lack of focus on meaningful outcomes reinforces old habits, namely the same auto-oriented development style that undermines long-term environmental and economic sustainability. One striking example involves buses and trains. The Met Council has repeatedly pushed back its long-term transit goals articulated in the Transportation Policy Plan. The 2001 goal was to double the transit system by 2020. The 2004 goal postponed that doubling to 2030. The 2009 goal was changed to a doubling of ridership (not service) by 2030. Another example involves the setting of far too modest goals for infill development, then celebrating if those goals are met.

Taken altogether, the Twin Cities' abundance of low-density suburban development (sprawl), deteriorating streams and lakes, and relatively small transit network suggest that this region's metropolitan governance could benefit from fine-tuning, if not overhaul.<sup>75</sup> Major metro regions with complex transportation systems require a strong focus on long-term interests. Local elected officials need a stake in the future of the entire region — beyond their individual communities — if the Twin Cities is to achieve a unified, broadly supported vision.

### Why the limited vision?

Growth and development in the Twin Cites has been driven more by a cacophony of local land use policies than by a clearly defined regional vision complete with balanced transportation investments and forward-looking development strategies that offer greater housing and transportation options.

Residents are missing a clear sense of what the region should be like in 2030. The Met Council's *Regional Development Framework* contains some laudable policies, but few specific strategies and little clarity about how they will be implemented.

There's a sense among some stakeholders that Met Council members have little interest in setting a strategic direction for the region. The Met Council has recently balked at acting as a clearinghouse for local transit-oriented development projects and strategies.<sup>76</sup> The chair, Peter Bell, says the Council should "stick to its knitting" rather than try to forge a stronger link between transportation and land use.<sup>77</sup> It's difficult to make strategic decisions on what to build and how to pay for it, or

<sup>75</sup> Sprawl, "In 2008, It (Twin Cities) was 18th of the 26 similar stand-alone urbanized areas (UAs)" in terms of persons per square mile, Met Council 2009 Twin Cities Transit System Performance Evaluation, pg 37. Growing pollution of regions streams and lakes, see Transportation Performance in the Twin Cities Region, TLC, STPP and MCEA, August 2008, pg 28. Transit system and peer regions, see TLC Policy Brief, the Twin Cities is 8th or 12 twin regions in ridership per capita based on the most recent (2008) date reported to the Federal Transit Administration.

<sup>76</sup> Met Council, Land Use Advisory Committee meeting (2009), the Committee rejected the idea of staff creating a clearinghouse of local transit-oriented-development projects and strategies.

<sup>77</sup> "12 lessons learned" by Met Council Chair Bell, Met Council Website (no longer posted), "The Council Can't and Shouldn't become the region's economic development arm."

## Good Intentions Don't Produce Good Outcomes

	Met Council Goal <sup>79</sup> (set in 2004)	Council Strategy	Outcome <sup>80</sup>
<b>Transit</b>	Double ridership by 2030	Unclear. The Transportation Policy Plan states that funding to achieve this goal has not been secured and recommends additional sales tax, additional state revenues, and new local sources as potential funding.	<p><b>Moderate success</b> as defined by the Met Council's declining expectations, but failure when measured by its earlier, more ambitious goals.</p> <p>Currently, on track to double ridership by 2030, but increases are due largely to projected population increases. Measuring outcomes by the Council's 2001 goals, transit ridership will be 30 million rides per year short by 2030. The Midwest Governor's Association and Congressman Oberstar suggest mode shift goals (10% shift to non-auto) that are eight times more ambitious than doubling ridership.<sup>81</sup></p>
<b>Housing density</b>	30% of new housing to be located in the developed area (2030 target)	Local comprehensive plans	<p><b>Meaningless success</b> 30% in developed area between 2001 and 2008.</p> <p>Essentially "same as it ever was" as the amount of land consumed continues at long-term historical trends.<sup>82</sup></p>
<b>Job density</b>	55% of new jobs to be located in developed communities (2030 target)  Direct growth to job centers <sup>83</sup>	Not Clear  Job centers are referenced but not clearly defined or linked to future transportation expenditures	<p><b>Failure</b> 5,543 jobs per year lost in developed communities between 2000 and 2008.</p> <p>Share of jobs located farther than 10 miles from downtown Minneapolis increased from 35 percent to 40.5 percent between 1998 and 2006.<sup>84</sup></p>

to develop new problem-solving tools when the "vision" is simply to accommodate whatever happens.<sup>78</sup>

### Unclear benchmarks and poor progress toward attainment

Generally, little progress has been made toward meeting the main transit and land use goals of the Met Council. In other cases, success is touted, but progress is so limited that it will have minimal impact in a real world that greatly values energy efficiency and maximum returns on infrastructure investment (see table above).

### Failure in job location

While it's a goal of the Met Council to encourage locating jobs in developed communities, the share of jobs located far away from downtown Minneapolis increased while jobs in and around downtown declined.<sup>85</sup> (See table above.) Overall, between 2000 and 2008, 9,600 net new jobs per year (55% of the total) were projected to be added in the region's 65 developed communities, but in fact 5,543 jobs per year were lost in those older areas. During the same time period, 7,200 net new jobs per year were projected to be created in newer, developing communities. That goal was nearly met, with 7,036 jobs created per year.<sup>86</sup>

78 Ibid.

79 Goals and outcomes from Met Council Regional Development Benchmarks unless noted otherwise

80 Ibid.

81 For comparison of goals see Surface Transportation Policy Partnership, *Transit for Livable Communities* and the Minnesota Center for Environmental Advocacy, *Transportation Performance in the Twin Cities Region* report, pg 5.

82 While the rate of land consumed for development was down slightly between 2000 and 2005, the rate of 7500 acres developed per year, was within "the long-term historical average for the region." Metropolitan Council, *Directions* newsletter, September-October 2006

83 Met Council, 2009 Transportation Policy Plan, pg 40.

84 *Job Sprawl Revisited: The Changing Geography of Metropolitan Employment*, Brookings Institute, Metropolitan Policy Program, April 2009

85 At the same time the TPP says there will be a reassessment of highway expansion projects, Mn/DOT (with the Council's blessing) made a TIGER application for the St Croix Bridge (which is considered preservation rather than expansion even though it would add significant new capacity).

86 For comparison purposes, over the 2000-2008 period, the Minneapolis-St. Paul Metropolitan Statistical Area (MSA) ranked 14th in its employment growth rate among the 25 largest U.S. Metropolitan areas.

“Minnesota’s current metropolitan development patterns and policies have reached their limits and are costing more than people may be willing to pay. The single greatest contributor to Minnesota’s current situation is state and regional policy encouraging low density, sprawling development.”

—University of Minnesota, Center for Transportation Studies,  
March 2003 newsletter,  
Transportation and Regional Growth Study

The result this past decade has been the opposite of what was intended; jobs have essentially met targets in communities most easily served by transit, bicycling and walking; jobs have exceeded targets in un-walkable places with the poorest transit service, with the greatest reliance on cars and where adding transit would be least productive.

The Twin Cities’ pattern of decentralization and lack of focus on revitalization poses a serious risk to the region’s ability to sustain economic prosperity in the years ahead. This challenge highlights the need, as in 1967, for a body of local and state leaders to forge a strong sense of regional identity and a collective willingness to join forces to achieve the larger gain.

### **FINDING THREE:**

#### **LACK OF EFFICIENCY, SUSTAINABILITY AND CONNECTEDNESS IN TRANSPORTATION AND LAND USE**

Transit projects are not strongly linked to corresponding land uses, thereby undercutting the potential for transit to influence more efficient development and employment patterns and greater access to destinations. Rather than employ its statutory authority to proactively shape metro development, the Council mainly accommodates and reacts to local interests. The result is the continuation of old ways: a high-cost infrastructure and a roads-heavy, decentralized approach that degrades the environment and fails to anticipate future trends and needs.

### **Current development patterns have reached their limit**

The Met Council is charged with overseeing the “orderly development of the metropolitan area, the efficient use of transportation infrastructure, and the provision of essential mobility and transportation options. . . . for the encouragement of alternatives to the single-occupant vehicle and for the development of transportation service designed to meet public needs efficiently and effectively.”<sup>87</sup>

But efficiency has not been its hallmark. Efficient land planning encourages development in or near developed areas in order to minimize infrastructure costs and foster travel options. Numerous national studies report that a 20 to 40 percent reduction in travel can be achieved by combining compact development, a mix of uses and enhanced walkability.<sup>88</sup> Yet, development patterns in the Twin Cities metro over the past several decades look less like the walkable ideal than like the wide open, energy-gulping patterns of Houston, which has no local zoning. That raises questions about the efficacy of Twin Cities’ growth-management strategies.<sup>89</sup>

There’s one major exception to this trend, and it should constitute a learning moment for the Twin Cities: Target Field. The Minnesota Twins’ new ballpark illustrates how a major attraction, drawing 3 million visitors a year can be co-located in a way that maximizes transit ridership, minimizes auto impact, and promotes walkable urban infill development. With two rail stations almost built into the ballpark, Metro Transit estimates that 20 percent of baseball fans choose to take light rail, commuter rail or buses to ballgames. As the economy improves, the city expects considerable housing, office and retail development close by.

Sadly, however, Target Field is a relatively rare example. If anything, the poor condition of the current economy accentuates the importance of seeking more Target Field-like projects in the future. Today, the quality of places and the nature of transportation infrastructure are increasingly important in attracting — and retaining — residents. In the long run, a region’s prosperity depends on its quality of place, its fiscal responsibility, and its environmental sustainability, as well as other strategic decisions that position it to compete in the world economy.

Research from the Brookings Institution makes a strong case that “unfettered and excessive decentralization remains a persistent drain on state and municipal finances as well as a threat to longer term competitiveness and sustainability.”<sup>90</sup> The current approach to development in

87 MN statute 473.145 & Y73.371

88 Growing Cooler: The evidence on urban development and climate change. Reid Ewing, et al.

89 2009 Twin Cities Transit Performance Evaluation, pg 37 and Twin Cities Urban Land Institute (ULI) presentation “Back to the Future”.

90 “What Comes Next for Our Metro Nation: The New Forces Driving Regionalism,” Remarks by Bruce Katz, Brookings Institution, delivered at the Regional Policy Conference, Humphrey Center, University of Minnesota, September 2009

the Twin Cities region undermines efficient integration of transportation, land use and wastewater. More efficient development patterns could save an estimated \$2-3 billion in infrastructure costs over a 30-year planning period, according to the 2005 Met Council development plan, while attracting higher quality private investments.<sup>91</sup>

## A weak link: transit and land use

The Metropolitan Land Planning Act requires that local comprehensive plans be consistent with the Met Council's Metropolitan System's Plan.<sup>92</sup> The Council recognizes the connection between land use and transportation investment in its Regional Development Framework, but doesn't consider the framework goals as foundational to the Metropolitan Systems Plans. In practice, however, the link between the Framework and the actual development activities of local governments is weak, with little meaningful direction for growth.

The Met Council's approach to transportation, land use and wastewater has focused on *accommodating* local land use plans rather than *integrating* the land use and transportation plans to provide for efficient investment that would add travel options and reduce overall capital requirements. This is evidenced by the region's poor performance in encouraging more dense, transit-supportive development patterns, and the Met Council's failure to actively pursue protection of natural areas as part of its statutory charge. This approach has created inconsistencies in the Framework. Few roadway projects proposed by Mn/DOT or the TAB, including the St. Croix Bridge, for example, have been deemed inconsistent with the Framework by the Council.

In addition, the Met Council's Metropolitan Urban Service Area (MUSA) — the boundary within which regional sewers and highways will be provided — has not been particularly effective in managing growth. In fact, 48% of the land that urbanized between 1986 and 2002 was outside the MUSA.<sup>93</sup> Further, it has generally not challenged local land use planning and zoning decisions that appear to be inconsistent with the Framework. The Council's policy of accommodation has led to new development classifications in rural areas aimed at skirting policy goals — such as no more than one housing unit per ten acres. Absent clear guidance on growth patterns, development tends to follow new road capacity and lead to low-density, auto-oriented land use patterns.

This ever-outward, decentralized trend continued in the first years of the new century with the adding of significant roadway capacity (\$2.5 billion between 2002 and 2008) in response to local development pressures and concerns about peak hour traffic congestion.<sup>94</sup>

Continuing this low-density trend undermines the potential for new transitways to shape more efficient development. As a result, transit ridership gains may not be fully realized, and hopes for reducing traffic congestion and energy use may not be fulfilled. To date, few regional/local leaders, including members of the Met Council and CTIB, have demonstrated a willingness to capitalize on proposed new transitway capacity by assertively advocating for transit-friendly zoning and land use plans.<sup>95</sup>

The Met Council's current Framework provides little guidance for directing growth and infrastructure investment to support transit. There is insufficient integration of transit and roadway planning in individual corridors, as seen in the expansion of Hwy. 212, in the I-494/TH 169 interchange near the Southwest light rail corridor, and in the proposed I-35E widening parallel to the proposed Rush Line transitway.

## Peer cities outperformed Minneapolis on LRT development

Meanwhile, local zoning ordinances and financing mechanisms fail to fully leverage new transit investment. For example, while development has occurred at a number of stations along the Hiawatha line, the amount is less than in peer cities. The Met Council reports that “since 2000, nearly 7,700 new housing units have been built along the line, with another 6,750 units planned (as of April 2009).”<sup>96</sup> Critics argue that most of the new development happened in downtown Minneapolis and would have happened without the rail line. Other critics note that large parcels of land adjoining three downtown stations (Metrodome, Nicollet Mall and Warehouse District/Hennepin Avenue) remain empty and undeveloped.

The 2010 edition of the Environmental Protection Agency's Residential Construction Trends in America's Metropolitan Regions shows the shifts underway in many regional real estate markets. The share of residential building permits issued in the central city and core suburban communities has risen dramatically in a number of peer regions. In 2008, over 30% of residential permits issued in San Diego, Dallas, Seattle, Portland and Denver were in the central

91 Met Council, 2000, Transit 2020: Regional Transit Master Plan, Part II, pg 3. Also Met Council 2002 Regional Development Framework Appendix, pg 9.

92 Metropolitan Land Planning Act, Minnesota Statutes, Chapter 473

93 Myron Orfield and Tom Luce, *Region: Planning the Future of the Twin Cities*, University of Minnesota Press, 2010, pg 67. “While the Met Council did successfully challenge a development plan within the MUSA in Lake Elmo, it has never challenged a predominately rural jurisdiction that creates land use plans with near suburban densities, and instead has simply changed its guidelines to reflect increasingly rural densities outside the MUSA.”

94 TLC Policy Brief, SAFTEA-LU funding allocations

95 Transitways investment are being primarily judged by federal not local standards. For an alternative approach see California law, SB 375 and Puget Sound Regional Council, Vision 2020, pg 1 “The growth strategy is built around the concept that additional transportation infrastructure and services will be provided to areas that are accepting an increased share of the region's growth.”

96 See Met Council Website, Hiawatha LRT. By comparison, similar LRT development in Denver and Dallas has led to far greater real estate activity. In Portland, an estimated \$1.9 billion in property development has occurred in the vicinity of the Portland Metropolitan Express system and \$3.5 billion (10,212 new housing units) has occurred within two blocks of the streetcar alignment. In Dallas, between 1999 and 2007, some \$4.3 billion in development projects along rail lines were attributed to the presence of DART (Dallas Area Rapid Transit).

## Portland / Twin Cities: A Tale of Two Regions

According to the Met Council's website, "The Twin Cities, along with Portland, OR, are the only metros in the nation with regional bodies that have significant planning and governing powers." Portland is known around the nation and world for its integrated transportation and land use planning. Portland Metro's mission of "People Places, Open Spaces" gives a clear picture of how the region hopes to grow. That is: to emphasize people over vehicles and places, not trips, and to aggressively protect open spaces by controlling where future development occurs. A combination of extensive investment in rail and bus, very limited highway expansion, high-density zoning and updated parking and roadway design standards have contributed to increased non-auto mode share, decreased greenhouse gas emissions, equitable development and protected natural areas.

The Met Council has goals similar to Portland's, but the vision is much less focused. The mission of "Together, Shaping Our Future" captures a process rather than an outcome. The goals of efficient land use, orderly growth and maximizing infrastructure investment are not robustly defined, leaving ample room for differing local interpretations. In contrast to Portland, the Twin Cities' regional planning occurs in the absence of state growth-management law. The Twin Cities' approach offers far greater deference to local decision-making. The Regional Framework emphasizes "learning from our partners," the 188 cities and townships, and "working with our neighbors," the 12-counties surrounding the seven-county metro area.

A clear example of the contrast in visions and accountability is the precision of planning for future growth. In Portland, growth centers are clearly articulated and a large share of future growth is directed to existing centers and along transit corridors. In the Twin Cities, growth centers are referenced but not clearly identified, and the amount of growth directed to the developed area is quite modest. While a less specific vision provides greater flexibility in an unpredictable economy going forward, it also necessarily limits collective efforts toward specific regional goals. If the region is to reduce energy consumption per unit of economic output and to advance quality of life amenities that attract footloose employers and workers, a proactive approach to regional planning and economic development is warranted.

The Twin Cities' pattern of decentralization and lack of focus on revitalization poses a serious risk to the region's ability to sustain economic prosperity in the years ahead. This challenge highlights the need, as in 1967, for a body of local and state leaders to forge a strong sense of regional identity and a collective willingness to join forces to achieve the larger gain.

city or core suburban communities. In Sacramento, which is implementing its comprehensive Blueprint plan, 27% of residential building permits were issued for the central city and core suburban communities in 2008, up from 9% for the period 1990-1995. In 2008, just 16% of residential permits in the Twin Cities were issued in the central cities or core suburban communities; on a par with Hartford, Tampa-St. Petersburg, and Atlanta.

Some developers blame Minneapolis' modest redevelopment numbers on zoning ordinances that limit building heights and density near stations. Others claim that the Met Council's unwillingness to fund land assembly or to prioritize transit investments inhibits transit-oriented-development. Still others point to the lack of strong eminent domain laws, insufficient funding sources (such as tax-increment financing), and technical assistance tools as the limiting factors. Whatever the case, the link between transit and real estate investment is not fully functioning.

### **FINDING FOUR: OUTDATED FUNDING MECHANISMS**

Inflexible and outdated funding mechanisms for transportation projects in the Twin Cities metro continue to emphasize road expansion above roadway maintenance and investment in other modes. Indeed, the majority of funding sources are targeted to benefit and promote driving at the expense of other options. The structure lacks transparency and flexibility. Its main effect is to encourage decentralized development, which, in turn, exacerbates the need for longer-distance trips, limits travel mode choices, increases the cost of new infrastructure and under-uses infrastructure already in place. It's a recipe that wedds the Twin Cities to the past and harms its ability to compete nationally and globally.

A cardinal rule of transparency and accountability is to be able to "follow the money." Currently, it is very difficult to track how transportation dollars are being spent in the metro area. Among the myriad Met Council and Mn/DOT documents, it is extremely challenging to find answers to basic questions such as: total public spending on transportation in the metro region, the relative share of spending on roads vs. transit, biking and walking, or road expansion vs. road maintenance, as well as trend data. A key finding of this report is the need for the Met Council to lead in providing this information in a user-friendly, and consistent, basis.

## Current spending trends

Decentralized development in the Twin Cities metro over the last several decades has generated high public infrastructure costs and high private transportation expenditures.<sup>97</sup> As the region continues to grow, low-density suburbanization adds to demands for costly highway expansion projects, such as the new Highway 610 (funded in part with federal stimulus dollars) and the expansion of the moderately-congested I-494/TH 169 interchange (funded in part with flexible federal funds).

The bulk of transportation funding in the region has been allocated to highways for a considerable period. Between 2002 and 2008, spending for new roadway capacity has been approximately \$2.5 billion compared to less than \$0.8 billion for new transit capacity.<sup>98</sup> Consequently, the region is falling further behind in maintaining its roadways and bridges, and is unable to invest adequately in transit capacity to absorb growth more efficiently.<sup>99</sup>

Historically, federal transportation funding has heavily favored roadways, not only in amount but in the ease in which projects can be approved.<sup>100</sup> The result has been an unlevel playing field. Most of the portion of federal funds for metro areas intended to be applied “flexibly” has been directed to roadway expansion in the Twin Cities. Add to that Minnesota’s constitutional dedication of state transportation dollars to “highway purposes” and you get an unbalanced, over-reliance on roadways in the metro region.

At the federal level, however, a shift toward a mode-neutral approach is emerging, as evidenced by the recent round of competitive TIGER grant funding and the principles guiding the new HUD/DOT/EPA Sustainable Communities initiative. Minnesota’s funding structure fails to align with the emerging trend. The state continues to segregate funding for each transportation mode, thus smothering creativity, flexibility and efficiency in the movement of goods and people — and in the kinds of communities being developed.

There is considerable public support for expanding transit. Those aspirations are reflected in regional plans. A 2008 Met Council survey found that “the number of commuters who are ‘very interested’ in taking transit is two times as large as the number who currently take buses or trains to work.”<sup>101</sup> Yet, roadways continue to get the vast majority of attention (Governor Tim Pawlenty characterized 2009 as “the largest road construction season ever”). One can only conclude that the public is far ahead of decision-makers on this point.<sup>102</sup>

The budget crises afflicting all levels of government make financial reform in this area more urgent. Mn/DOT and the Met Council’s ongoing Metro Highway System Investment Study acknowledges the diminishing returns from highway expansion and promotes, at least in theory, multi-modal approaches with supportive land uses. Yet the current fragmented funding system leads to an “all of the above” approach that is inefficient and needlessly complex.

## Washington sets the tone for transportation funding

Let’s take a closer look. The tone set by the federal structure has made a mode-neutral approach difficult to achieve. States buy into the federal structure because they rely so heavily on Washington for state highway money. Transit projects, on the other hand, rely far more on local sources, such as the optional sales tax and the property tax. Federal funding for roadway expansion is more plentiful and reliable than for transit expansion. The lower federal share for transit (50 percent vs. 80 percent for highways) makes highways more attractive for state and local governments. In the last federal transportation authorization, specific funding for new transitway capacity represented less than 5 percent of the federal program.<sup>103</sup> Funding eligible for new highway capacity represented 35% of the \$244 billion authorization.<sup>104</sup> This funding imbalance has helped to fuel exurban development, not only in the Twin Cities, but nationwide.

In contrast, federal funding for major transit capital expenses carries with it a number of drawbacks. Rather than simply flowing by formula to states and localities, federal funding for transit expansion is discretionary. Local governments have to choose it and compete for it. The two discretionary programs that are particularly important for the Twin Cities metro are the FTA New Starts — which

97 The Twin Cities has above average levels of car ownership per capita so personal expenditures on transportation are quite high. However, because of very high levels of labor market participation (and generally high incomes) compared with peer regions, the share of household expenditures on transportation has consistently been below the national average. <http://www.mncompass.org/transportation/key-measures.php?km=Transportationexpenses#7-253-g>

98 TLC Policy Brief SAFETEA-LU funding allocations

99 Mn/DOT 2009 Pavement Condition Executive Summary, page 13, [http://www.dot.state.mn.us/materials/pvmtmgmtdocs/execsumm\\_2009.pdf](http://www.dot.state.mn.us/materials/pvmtmgmtdocs/execsumm_2009.pdf). Also, Mn/DOT 2009, PowerPoint, Trunk Highway Pavement Condition Report to District Engineers, January 19, 2010

100 Edward Beimborn and Robert Puentes, Highways and Transit: Leveling the Playing Field in Federal Transportation Policy, Brookings Institution Series on Transportation Reform, December 2003.

101 Met Council, 2009 Metro Residents Survey, March 2010, pg ii

102 See Transportation for America, Future of Transportation (national survey). <http://t4america.org/resources/2010survey/>

103 [http://www.fta.dot.gov/documents/SAFETEA-LU\\_Funding\\_by\\_Program\\_by\\_Year.pdf](http://www.fta.dot.gov/documents/SAFETEA-LU_Funding_by_Program_by_Year.pdf) for new starts figure (\$7,416,080 + 600,000=\$8,016,080) and <http://www.fhwa.dot.gov/safetealu/summary.htm> for overall funding level (2005-2009) \$244.1 Billion. It’s \$286.5 when O4 is included. Calculation is based on 05-09 figures using authorized levels. 3.8% for New starts and Small Starts (fixed guideway investment) (8/244.1).

104 <http://www.fhwa.dot.gov/safetealu/summary.htm> and [http://www.fhwa.dot.gov/safetealu/safetea-lu\\_authorizations.pdf](http://www.fhwa.dot.gov/safetealu/safetea-lu_authorizations.pdf). Thirty-five percent derived from total authorization for three core programs — National Highway System, Surface Transportation and Equity Bonus.

provides capital for transitways — and the FTA bus and bus facility grant programs. The New Starts program, in practice, calls for a 50 percent local match as a result of heavy demand and competition. Until passage of the ¼-cent local option sales tax, funding to provide this match for the Twin Cities was very limited. Specific disadvantages for transit under this funding structure include:

- 1 Less predictability than the more stable, formulaic funding stream for highways.
- 2 More competition, with transit projects having to vie for federal approval on a national basis, whereas highway capacity investment decisions are made at the state level.
- 3 A slower and more arduous approval process for transit projects, especially in the New Starts program. The result is that local transitways tend to progress consecutively rather than simultaneously.

### Three funding roadblocks hurt the Twin Cities metro

Federal rules do give metropolitan regions considerable latitude in how they wish to spend federal transportation dollars. But three large barriers limit policymakers and the Twin Cities public from a more open and robust consideration of highway vs. transit priorities.

**Lack of Transparency.** Agency reports fail to show clear answers, supported by data, to fundamental questions, such as: What are the spending trends and differences between roads and transit? What are the comparative spending levels between road expansion and road maintenance? Which agencies have authority to allocate various funds? These examples of poor transparency illustrate that policymakers get little help in assessing past performance and identifying new priorities.

**Minnesota's constitutional inflexibility.** The state's constitution greatly limits flexibility in state transportation funding. It dedicates the largest transportation funding sources — the state gas tax and the motor vehicle registration fee — to highway purposes. The gas tax and TAB fees represent 88 percent of the major statewide transportation funding sources, and 34 percent of total spending by Minnesota public agencies on transportation.<sup>105</sup> The constitutional distribution of the highway user distribution fund among Mn/DOT (62 percent), counties (29 percent) and cities (9 percent) further limits flexibility. These funding structures place limits on location, mode choice and the choice between highway expansion and highway maintenance.

**Mn/DOT and Met Council inflexibility.** These agencies choose not to take advantage of the broad eligibility of federal funds. More than 70 percent of federal transportation funds flowing to the state could be spent for transit investments as well as for highways.<sup>106</sup> But because the demand for roads typically exceeds available funds, this flexibility is often overlooked. Decisions by Mn/DOT and the Met Council/TAB lead to only about 20 percent of total federal transportation funding bound for the region being treated as flexible across modes.<sup>107</sup> The Met Council/TAB, for example, chooses to consider transit expenditures in only two of seven available federal programs (the STP-Urban Guarantee, and the Congestion Mitigation and Air Quality)

The upshot is that Minnesota has designed a funding system that's tightly bound to the status quo. Loosening the knots to give the metro area more freedom to compete and prosper is a difficult proposition, but a necessary one.

<sup>105</sup> Minnesota Statewide Transportation Plan 2009-2028. The Motor Vehicle Fuel Tax and TAB fees account for \$1.16 billion in 2005 (pg 5.10). "In 2005, \$3.37 billion was spent on highway and transit capital and maintenance improvements in Minnesota by all public agencies. \$1.16/\$3.37 = 34%. 88% figure from pg 5.10, figure 5.4 which lists the gas tax, license tab fees, and MVST as Minnesota's primary transportation revenue sources.

<sup>106</sup> From the Margins to the Mainstream, Surface Transportation Policy Partnership, Table 3.4, page 34, [http://transact.org/PDFs/margins2006/STPP\\_guidebook\\_margins.pdf](http://transact.org/PDFs/margins2006/STPP_guidebook_margins.pdf)

<sup>107</sup> Met Council 2010-2013 TIP, pg 59

# New Directions

## Responding to a changing world: How to align and update the Twin Cities to new national policies and new opportunities for economic growth

A new policy direction and new funding priorities for transportation and land use are emerging at the national level in response to changing global realities. This new direction makes it all the more urgent that policies for the Twin Cities region are similarly realigned, especially the forging of a stronger link between transportation and land development as a way to foster economic vitality. Minnesota cannot afford to be left behind.

Among the components of the new national direction:

- 1 A Sustainable Communities Initiative** that joins three federal agencies (the Department of Transportation, the Department of Housing and Urban Development and the Environmental Protection Agency) into a singular mission: encouraging “livable communities” that link transportation with land use.
- 2 A federal transportation bill** likely to place greater emphasis on accountability, non-automobile travel modes and metropolitan area planning (MPO) reform.
- 3 New Department of Transportation TIGER grants** (Transportation Investment Generating Economic Recovery) that evaluate competitive transportation applications for federal funding in a mode-neutral manner and provide greater funding opportunities for localities.<sup>108</sup>
- 4 The possibility of a new energy policy** that heightens the importance of transitioning to a **clean energy economy** and reducing greenhouse gas and ozone emissions from the transportation sector.

The Sustainable Communities Initiative began in June 2009 when DOT, HUD and EPA formed an interagency partnership aimed at setting a new template for transportation and sustainable development.<sup>109</sup> Perhaps the over-arching message is the acknowledgement that policies for transportation, housing and the natural environment cannot (or should not) be separated from one another. The agencies agreed to support interdependent sustainability

goals that include these core principles:

- 1 Provide more transportation choices**
- 2 Promote equitable, affordable housing**
- 3 Enhance economic competitiveness**
- 4 Support existing communities**
- 5 Value communities and neighborhoods**

The Initiative will award competitive grants (\$100 million to start) to communities with “visions for building more livable, walkable, environmentally sustainable regions.”<sup>110</sup> Several large additional funding pots are planned through HUD’s new Office of Sustainable Housing and Communities. The Federal Transit Administration recently awarded grants for a Livability Bus Program (\$150 million) and Urban Circulator Grants (\$130 million) for streetcars or bus shuttles in support of existing communities.

As for passage of federal transportation reauthorization legislation, the timing is uncertain but the new direction is clear. House Transportation and Infrastructure Committee Chairman James Oberstar’s “transformative” bill calls for proportional voting for metropolitan planning organizations, a strong focus on livability, and increased attention to non-auto travel options, including bicycle, pedestrian, bus and rail. There are a several bills pending in the Congress that support sustainable communities, including the Livable Communities Act, Complete Streets Act of 2009 and the National Transportation Objectives Act.<sup>111</sup>

Federal legislation to reduce greenhouse gas emissions is pending. If adopted, this legislation could have a significant impact on transportation fuel costs, travel demand, transit funding and, ultimately, development patterns. The EPA’s announcement that it seeks to lower the non-attainment threshold for ozone-precursors in urban areas will also significantly affect regional transportation planning, particularly in regions such as the Twin Cities which are likely to fall below the new attainment threshold.<sup>112</sup>

<sup>108</sup> Ramsey County Rail Authority received the one TIGER grant allocated to a Minnesotan applicant. Ramsey County received \$35 million in a TIGER funds for Saint Paul’s Union Depot. For new EPA air quality standards see New York Time, Jan 7, 2010. <http://www.nytimes.com/2010/01/08/science/earth/08smog.html>

<sup>109</sup> <http://www.epa.gov/dced/partnership/index.html>

<sup>110</sup> [http://portal.hud.gov/portal/page/portal/HUD/program\\_offices/sustainable\\_housing\\_communities/grant\\_program](http://portal.hud.gov/portal/page/portal/HUD/program_offices/sustainable_housing_communities/grant_program)

<sup>111</sup> The Livable Communities bill (Sen. Dodd) proposes an additional \$4 billion for TOD/sustainable communities.

<sup>112</sup> Barb Thoman conversation with David Thornton, Minnesota Pollution Control Agency, June 2010.

“We’ll focus on creating more livable and environmentally sustainable communities. Because when it comes to development, it’s time to throw out old policies that encouraged sprawl, congestion, and pollution and ended up isolating our communities in the process. We need strategies that encourage smart development linked to quality public transportation, that bring our communities together.”

—President Barack Obama, Remarks to the U. S. Conference of Mayors at a White House gathering, January 2010

**NEW DIRECTION ONE:  
IMPROVE ACCOUNTABILITY BY RESTRUCTURING THE METROPOLITAN COUNCIL TO INCLUDE LOCALLY-ELECTED COUNTY AND CITY OFFICIALS**

The Twin Cities’ prospects for prosperity and success are hindered by confusing and unclear lines of government authority and accountability for planning and executing transportation programs and projects. Because authority for metro decisions is held by state officials, local elected officials are left with no incentive to think and act regionally. As a result, transportation decisions tend to accommodate local, parochial interests rather than achieve strategic solutions that are best for the metro as a whole. Under this arrangement the Twin Cities metro misses opportunities to increase value for state and local governments, businesses and individual households. This arrangement also runs counter to the letter and spirit of the federal law that governs transportation planning for metro areas. And it places the Twin Cities at a competitive disadvantage.

Several peer metro regions offer more direct relationships between citizens and local elected officials on these issues. A key element is that local elected officials have incentives to work together to benefit the entire region; that they feel “ownership” in the future of the region beyond their own communities.

Among these approaches are the Denver Regional Council of Governments, the statute-based Metropolitan Transportation Commission in the San Francisco Bay Area, and the elected regional body Portland Metro in Oregon.

Denver’s council is organized as a public corporation led by a 57-member board of local elected officials working to shape the region’s future. In addition to the local members, three representatives from state agencies and the Governor’s office serve as non-voting members.

Membership in the Bay Area’s Metropolitan Transportation Commission Board is established in California statute. Sixteen voting members represent local governments; three non-voting members are appointed by the secretary of the

state’s Business, Transportation and Housing Agency and, if they choose to weigh in, the federal secretaries of Housing and Transportation.

The seven-member Portland Metro is an elected regional government board responsible for land use planning, transportation planning, growth management, and several regional operations including the Oregon Zoo. Six members are elected from districts and the president is elected at-large.

**NEW DIRECTION:** *In order to provide a more direct relationship between the council members and voters, this report proposes that the membership of the Met Council include a majority of local elected officials, and citizens, appointed by the Governor. This change would allow the Council alone to fulfill the role of the Metropolitan Planning Organization as intended in federal law. The federal statute stipulates that the membership should include local elected officials, and representatives of agencies responsible for the major modes of transportation and appropriate state officials.<sup>113</sup> The regulations urge that “MPOs should increase the representation of local elected officials on the policy board and other committees as a means for encouraging their greater involvement in MPO processes.”<sup>114</sup> Changing the composition of the Met Council to include local elected officials would enable the creation of a true advisory board composed of citizens and members of key interest groups appointed by the Council. Under this structure, with the new Met Council acting as the Metropolitan Planning Organization in federal eyes, the current Transportation Advisory Board, now a kind of substitute conduit for federal money, could be eliminated.*

**NEW DIRECTION TWO:  
REQUIRE THE MET COUNCIL TO FORGE A CLEAR, SPECIFIC, UNIFIED VISION FOR SUSTAINABLE ECONOMIC PROGRESS IN THE METRO REGION, COMPLETE WITH GOALS, PERFORMANCE MEASUREMENTS AND ACCOUNTABILITY FOR OUTCOMES**

As discussed above, it is difficult for a metro region to remain competitive when strategic decisions about land use and transportation investments are based on a “vision” that calls

<sup>113</sup> 23 CFR 450.306

<sup>114</sup> 23 CFR 450.306

for simply accommodating whatever happens. Changing conditions require a more focused, proactive approach.

Regional entities in several peer metro areas offer sharper approaches that set goals, measure results and hold decision-makers accountable. The models include the **Regional Comprehensive Plan** for the San Diego region, which designates opportunity areas for efficient growth; Sacramento's **Metropolitan Transportation Plan** and its **Preferred Blueprint Scenario**, which links transportation and land-use planning to transportation investments; and Portland Metro's **Recommended Strategies for a Sustainable and Prosperous Region**, which proposes performance targets based specifically on the region's desired outcomes.

**NEW DIRECTION:** *Require the Met Council to forge a specific metro vision that sets the course for sustainable economic progress throughout the region. Set specific benchmarks, including goals for the location of housing and jobs near transit and in clearly identified growth centers, goals for reducing trip length per capita, goals for reducing vehicle miles traveled per capita, and goals for maintaining roads, adding transit service, increasing affordable housing and creating walkable communities. Track progress. Establish legislative review and other measures to hold the Council accountable for results.*

### **NEW DIRECTION THREE:**

#### **ESTABLISH A STRONG POLICY FOR CONNECTING LAND USE AND TRANSPORTATION**

As discussed above, transit projects in the Twin Cities metro are not strongly linked to corresponding land uses. This undercuts the potential for transit to influence more efficient development and employment patterns as well as provide greater access to destinations. The current council, rather than employ its statutory authority to proactively shape metro development, mainly accommodates and reacts to local interests. The result is the continuation of old ways: a roads-heavy, decentralized approach that fails to anticipate future trends and needs.

Several peer regions have made stronger linkages between transportation and land use. Denver's **Mile High Compact** is an agreement among metro cities and counties to manage growth by adhering to the region's Metro Vision, which includes a transit-land development link. Portland's **Growth Boundary** controls urban expansion into farm and forest lands, thus creating proximity for transit and development interests. The San Francisco Bay Area's Metropolitan Planning Commission has a **revolving loan fund** to finance land acquisition for affordable housing near selected rail and bus stations. Several transit agencies, including those in Denver, Dallas and Phoenix have **real estate arms** that assemble and market land close to transit stations.

**NEW DIRECTION:** *Metro citizens get their highest rate of return from transit investments when development is maximized near stations. "Transit oriented development" (T.O.D.) adds value and variety to communities, provides riders for transit, and offers savings on energy, the environment and*

*infrastructure. These compact clusters of jobs, housing and entertainment destinations offer valuable lifestyle choices to metro citizens and provide more "bang for the buck" on both transit and development projects. Strengthening and expanding the Livable Communities Act, with a special eye toward T.O.D. is one option to consider. Adding a Metro Transit real estate office and providing more technical assistance to local communities is another. Revising tax increment financing (TIF) laws is another approach. Last, local governments should have to show that they have suitable zoning ordinances, streetscape standards and other incentives available before transit stations are planned and built. Most importantly the Council should consider its policies and programs as a foundational part of its Metropolitan Systems Plans, so that its review authority can better integrate land use and transportation.*

### **NEW DIRECTION FOUR:**

#### **UPDATE AND REALIGN FUNDING MECHANISMS TO MATCH CHANGING CONDITIONS**

A number of financing barriers hinder the Twin Cities' flexibility in pursuing transportation investments. As the world shifts under demographic, fiscal, environmental and energy-related pressures, metro areas with flexible funding options have an obvious competitive edge.

California, for example, offers its metro areas maximum leeway in choosing how to invest transportation dollars. Through this sub-allocation authority, California statutes direct 75 percent of all federal and state transportation money intended for metro areas to be spent in ways determined by designated regional planning agencies. The money (after administrative reductions) can be used for roads, transit or other transportation purposes tailored to the specific goals of the region.

By comparison, Minnesota's constitution, laws and policies place the state in a straightjacket. The state has little choice but to direct the vast majority of metro transportation dollars to roads, whether or not that's the wisest course. The result is a metro area locked into a funding structure that benefits and promotes driving at the expense of other options that are, in most cases, more efficient and environmentally compatible. That, in turn, may lead the Twin Cities metro to keep developing and traveling in the same old way while competing metros readjust their strategies and improve their chances for prosperity.

**NEW DIRECTION:** *The state should update and realign its funding structure in ways that emphasize efficiency, variety and consumer choice. Changing the constitutional dedication of highway user funds is a tall order, but one worth discussing. Adjusting various funding formulas and choosing to use federal funds more flexibly should be considered. Providing legislators and other decision-makers clear, data-driven options on spending choices (roads vs. transit or road maintenance vs. new construction, etc.) could be easily accomplished.*

# Conclusion

Every major economic meltdown brings a reshuffling of the deck.<sup>115</sup> The Panic of 1873 gave rise to a burst of industrial innovation and a clustering of factories, jobs and housing in big cities. The Great Depression of the 1930s gave way to a vigorous expansion of suburbia and an unprecedented appetite for consumer goods. Each of those crises generated geographic winners and losers. Pittsburgh, Cleveland and Detroit emerged as winners after 1873 as the economy found its new direction. The spacious suburbs around Houston, Atlanta, Phoenix and other sprawling Sun Belt cities were big winners in the post-depression, post-war years as the industrial cities of the earlier boom lost out.

Now, in the midst of a third big economic slump, how should metro regions position themselves to benefit from the next recovery?

Given the concurrent crises in energy and environment and the sweeping changes in demographics just ahead, metropolitan regions hoping to compete should consider proactive policies to meet these changing conditions. A realignment of transportation and land use policies and governance structures will provide a competitive edge.

The purpose of this report is to launch a full discussion on these issues. The prosperity of the Twin Cities and Minnesota may hang in the balance.

<sup>115</sup> Richard Florida, *The Great Reset*, Harper, 2010; Joel Kotkin, *The Next Hundred Million*, Penguin, 2010.

# Appendix

- 1967** In separate bills, the Minnesota Legislature created the Metropolitan Transit Commission (MTC) and the Metropolitan Council. The Metropolitan Council was authorized to plan for “the orderly and economic development . . . of the metropolitan area.” MTC was authorized to “develop a plan for a complete, integrated mass transit system for the metropolitan transit area.” MTC had to cooperate with the Council but its plan had to represent its judgment of how transit would “best fit the needs of the area.”
- 1970** The Legislature authorized MTC to use eminent domain to acquire what was left of the bus system run by the Twin Cities Rapid Transit Company. In addition, MTC proceeded with planning for an integrated system of several transit modes known as the ‘family of vehicles’ approach.
- 1971** The Council approved MTC’s planning direction but began to be concerned about how MTC’s planning integrated into its own. The Legislature added a requirement that MTC “consult with and inform the Council as to the nature of its work” and “implement the transit elements of the transportation development program” in the Council’s development guide.
- 1972** The Council adopted a transit development program that relied on a bus-only approach. The MTC adopted its own plan based on its ‘family of vehicles’ approach. The Council refused to provide a finding that MTC’s plan was consistent with the Council’s transit development program.
- 1974** The Legislature modified the planning roles and responsibilities of the Council and MTC. The Council was designated as the metropolitan planning organization (MPO) for the Twin Cities region. MTC was subordinated to the Council which could appoint the commissioners of MTC although the chair remained the Governor’s selection. The Council was directed to prepare a long-range transportation policy plan which MTC had to use in preparing a detailed 5-year transportation development program by which MTC would implement the Council’s direction. Because the Council did not satisfy the federal requirements for MPOs, the Legislature authorized the Council to establish a Transportation Advisory Board that would consist of local officials and would advise the Council in its activities as MPO.
- 1975** The Legislature prohibited MTC from using transit property tax levies for any preliminary work on an automated fixed guideway system.
- 1976** The Legislature passed the Metropolitan Land Planning Act which expanded the Council’s planning roles and responsibilities. The Council was authorized to plan for metropolitan systems consisting of wastewater treatment, transportation, recreational open space, and airports. Communities in the Twin Cities region were required to prepare comprehensive land use plans that must be consistent with the Council’s metropolitan systems plans.
- 1980** The Legislature directed the Council to conduct a feasibility study of light rail transit in the Twin Cities region.
- 1982** A funding shortfall for MTC’s operations led to a study by the Council which found that MTC had adequate plans for existing operations but not for implementing the Council’s directions. The problem was most serious for MTC to meet the transit needs identified by the Council for the developing suburbs. The Legislature allowed suburbs who were not being adequately served by MTC to opt out of MTC’s operations and the property tax levies that supported them.
- 1984** The Legislature created the Regional Transit Board (RTB) to deal with the difficulties of MTC in planning to implement the Council’s long-range direction when it only had funding for its existing operations. RTB was subordinated to the Council which selected its members although the chair remained the Governor’s selection. RTB was directed to develop interim plans that would take the region from MTC’s existing operations to a build-out of the Council’s direction.
- 1985** The Legislature prohibited any expenditure of public funds on light rail transit.
- 1987** The Legislature removed the 1985 prohibition by giving counties acting as regional rail authorities the ability to study, plan, or design a light rail transit system. In addition, the Metropolitan Council was allowed to cooperate with the regional rail authorities in planning for light rail.
- 1988** The Legislature appropriated funds for regional railroad authorities to plan, design and construct light rail transit facilities. The Council revised the metropolitan development guide and its transportation policy plan.
- 1989** The Legislature required RTB to adopt a regional light rail plan and created a Joint Light Rail Transit Advisory Committee to assist RTB. The Advisory Committee consisted of members representing the counties acting as regional rail authorities, MTC, and the Minnesota Department of Transportation (MNDOT).

- 1991** The Legislature created a Light Rail Transit Joint Powers Board to implement light rail transit plans in corridors funded solely with federal and county funds. The Board consisted of members representing MTC, MNDOT, RTB, the Council, and the regional rail authorities for the seven counties in the Twin Cities region.
- 1994** The Legislature abolished RTB and MTC and assigned their duties and responsibilities for planning and operating a regional transit system to the Council.
- 1996** The Council identified a set of strategies for redesigning transit for the region and carried them forward into a new Regional Blueprint setting the Council's strategies for managing the growth predicted for the region through 2020 and a new transportation policy plan.
- 1998** The Legislature appropriated \$40 million for a light rail transit system for the Hiawatha Corridor. On May 22, 1998, Congress passed a transportation bill which allotted \$120 million for the Hiawatha Corridor. Congress also authorized an additional \$6 million for work on the North Star Corridor.
- 1999** The Legislature appropriated \$60 million for construction of a light rail transit system for the Hiawatha Corridor.
- 2000** Construction began on the Hiawatha Corridor.
- 2001** The Council adopted a new transportation policy plan that diluted the goals set in the Council's 1996 transit re-design because of a lack of adequate long-term funding for the region's transit system.
- 2004** Operation of a light rail transit system began in the Hiawatha Corridor. The Council adopted a new transportation policy plan that further diluted the goals set in the Council's 1996 transit re-design because of a lack of adequate long-term funding for the region's transit system.
- 2005** The Legislature approved \$37.5 million in bonding for a commuter rail transit system for the Northstar Corridor. In June 2005, Congress approved \$80 million for the Northstar Corridor in the federal transportation bill.
- 2006** The Legislature approved \$60 million for the Northstar Corridor. The public ratified a constitutional amendment that dedicated at least forty percent of motor vehicle sales tax to transit. The Council began planning for a light rail transit system in the Central Corridor.
- 2007** Federal funding is secured for the Northstar Corridor.
- 2008** The Governor's veto of the 2008 transportation funding bill is overridden and, as a result, the Counties Transit Investment Board is established to direct the spending of the proceeds of a quarter-cent sales tax for the construction and operation of transitways in the Twin Cities region. The Governor vetoed \$70 million allotted for Central Corridor in the 2008 bonding bill but it is restored in a supplementary bonding package.
- 2009** A record of decision is issued for a light rail transit system for the Central Corridor. The Council adopted a new transportation policy plan that further diluted the goals set by the Council's re-design because of a lack of adequate long-term funding for the region's transit system. Northstar commuter rail line opens.





**Hiawatha LRT: Reflections at Bloomington Central Station, October, 2010**

# Planning to Succeed?

## An Assessment of Transportation and Land Use Decision-making in the Twin Cities Region



**St. Paul: Robert Street's surface is removed between University Avenue and 12th Street, the first day of construction, September 7, 2010, on the Central Corridor LRT.**

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