Priority:

Increase investment in regional transit

William Schroeer
Transportation systems and job growth

Legislators: Join chambers of commerce, city councils in support of LRT line

By Todd Klingel, Matt Kramer, Arrie Larsen Manti, Bruce Nustad and Pat MulQueeny

Here’s a remarkable situation: Part of Minnesota is poised to create 60,000 new private-sector jobs, but lacks the transportation to let people get to those jobs. The communities in the area have developed a plan that will be 90 percent funded by money that cannot be spent on roads, and half of which would not come to Minnesota at all if we don’t spend it on this need.

We are talking of course about Southwest Light Rail Transit, a solution to a problem any state or region would love to have: lots of new jobs are coming.

The solution is practical, and clearly nonpartisan. It has been endorsed by all the chambers of commerce and all the city councils on the line, in communities of all political stripes. On the flip side, the alternatives are clearly bad. If we don’t add this transportation option, one or both of two things will happen:
1. Many jobs will go elsewhere in the country.
2. Some of those jobs will come anyway, adding to our already bad traffic congestion. At that point, we might try to add more roads, but doing so will take highway money away from places in Greater Minnesota that really can only be served with roads.

Everyone agrees we need more transportation capacity available transportation options in Minnesota, using money that can only go for new transportation. To unlock $1.125 billion in federal and county transit funds, the state needs to invest only 10 percent of that: $125 million. Of that, $25 million is needed this year to keep the project on track.

Legislators in both parties have said they are looking for the maximum leverage from the state’s investments, and there is nothing else in either the House or Senate bonding bill that gives the 9-to-1 return on state money that SW LRT would give.

In sum, a state investment in SW LRT does exactly what bonding projects are supposed to do: contribute to the wealth and welfare of the whole state, leverage other dollars and do so in a way supported by citizens and businesses of all political stripes.

As the House and Senate work to reconcile their bonding proposals, we urge them to add their bi-partisan support to ours and fund this project so we can reduce congestion and continue to add jobs.

Todd Klingel is president of the Minneapolis Regional Chamber of Commerce. Matt Kramer is president of the Saint Paul Area Chamber of Commerce. Arrie Larsen Manti is president of the Edina
Transit gets people to work

• 80% of riders going to work or school

• 40% of downtown Minneapolis
  – US Bank: 50%
  – Ameriprise: 60%
Transit makes possible a world-class city

*September 2*

Twins (40,000) + Vikings (62,000) + “Wicked” 104,000
+ State Fair 155,000
+ rush hour for two downtowns 175,000
+ Eds & meds (U of M + colleges + medical) 67,000
= 501,000

Only a system including transit can serve these numbers.
Transit lets us prosper

Lack of transit capacity limits job growth in downtowns and suburbs.

Major HQs in downtowns and suburbs say:
“We need transit to add substantial jobs.”
We need transit to compete for workers
Transit makes possible a region that draws workers and jobs

Companies are recruiting and targeting the next generation of talented workers, the Generation Y/millennials...

who increasingly prefer urban lifestyles with mass transit.”

— Urban Land Institute

Transit moves commerce
We need more transit to serve job centers

Neither more roads nor more buses work in this case.
We need more transit to support job growth

Comcast “Customer Loyalty Center”
• Could go anywhere in the country
• Workforce needs transit

United Health
• 4 new towers
• 6,600 new employees

Southwest:
2000: 210,000 jobs
2030: 270,000 jobs
Other regions know this
Our competitors are far ahead

Source: Adapted from Fresh Energy, 2012
Our competitors are far ahead

- Denver: “largest simultaneous transit build-out in U.S. history”

- Dallas: Largest light-rail system in North America
...And benefitting from their investments

  - $440 million economic impact over 5 years
  - $90,000 average salary

- Chosen over other regions because of
  #1. Transit
  - Then, Quality of Life
...And benefitting from their investments

Denver:

#1 Destination for Millennials, 2008-2010

Minneapolis: #39

Mayor Hancock: “They’re coming for transit.”
Summary of our need

A thriving region is a product we are making.

Transit is a necessary component.

If we leave it out, or put in too little, we’ll get a different, less competitive, product.
Regional Transit System: Return on Investment Assessment
Itasca Project

An employer-led civic alliance focused on:

▪ Building a thriving economy and quality of life in the Minneapolis-Saint Paul Metropolitan region

▪ Reducing and eliminating socio-economic disparities

Cross-sector community leaders from Minneapolis-Saint Paul:

▪ Private sector CEOs

▪ Public sector leaders:
  the Governor,
  the Mayors of Minneapolis and St. Paul, Chair of the Metropolitan Council, the leaders of the University of Minnesota and MnSCU

▪ Leaders of major foundations and United Way
Itasca asked 3 questions about regional transit investments

1. A built-out regional transit system would require substantial investment. What would be the return on that investment?

2. Investments can be made more or less quickly. Would accelerating build out change the return on investment?

3. Many communities are interested in focusing more growth near transit stations. Would such actions, regionally, change the return on investment?
We compared four scenarios

- **Base case**
  - Includes current transit options and assumes outstanding commitments are built out

- **2030 regional plan**
  - Assumes Metropolitan Council 2030 plan is executed, including three new LRT lines, four completed BRT corridors, and nine arterial BRTs

- **Accelerated regional plan**
  - Accelerates the regional plan from scenario one to a 2023 completion

- **2030 plan with focused growth near stations**
  - Proposes 2030 plan is built as in scenario one, but reallocates 25% of expected community growth to station areas.
We calculated six kinds of direct impacts

A few well-established metrics focused on transportation, safety, and health were incorporated as direct impacts:

1. Vehicle operating costs
2. Travel times and travel reliability
3. Shippers and logistics costs
4. Emissions
5. Safety costs
6. Road pavement conditions

We worked with the Metropolitan Council to develop costs for each scenario: capital + operations & maintenance
# Direct Benefits – Results

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Investment</th>
<th>Total direct impacts</th>
<th>IRR*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>2030 Regional Plan</td>
<td>$4,361</td>
<td>$6,571</td>
<td>$10,083</td>
</tr>
<tr>
<td>Accelerated Regional Plan</td>
<td>$5,289</td>
<td>$10,762</td>
<td>$16,516</td>
</tr>
<tr>
<td>2030 Plan with focused growth near stations</td>
<td>$4,361</td>
<td>$9,082</td>
<td>$13,927</td>
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Note: Benefits and operating and maintenance costs are calculated for 15-year period 2030-2045 for regional system, 2023-2045 for accelerated system. All are reported in 2010 dollar

*IRR = Internal Rate of Return, the discount rate often used in capital budgeting that makes the net present value of all cash flows from a particular project equal to zero
We interviewed regional businesses about how they view transit.

Transit is important to employers’ ability to attract employees.

“Improved transit provides greater efficiency to attract employees, enables them to connect with labor groups.”

“Our younger workers show a higher level of interest in transit.”

“60% of our downtown employees have a Metropass. We want to support that.”

“Transit comes up in every HR conversation with new employees.”

“Transit is important to attracting workers. Without it, working downtown would be very difficult.”

“We have a company priority to be green and socially-responsible. Supporting transit is important. We find that it gets a very positive reaction within our younger employees.”

“We worry about future commuting costs, as gas could be significantly more expensive.”

Source: Focus groups with HR and facilities leaders from leading companies in Minneapolis-St. Paul Metro area. Interviewed companies include: Target, UnitedHealth, US Bancorp, Xcel Energy, and Plymouth/Center National Bank.
Summary

• The benefits of implementing a regional transit system far outweigh the costs
  
  – Building the 2030 regional plan = $6.6 – 10.1 billion in direct benefits, on a $4.4 billion investment.
  
  – Accelerating the system build-out would increase direct benefits: $10.7 – 16.5 billion on a $5.3 billion investment
  
  – Focusing more community growth near transit stations would increase return on investment by an additional $2 - $4 billion

• A comprehensive transit system is critical to attract and retain employees
# Itasca Project

## Transportation Task Force

<table>
<thead>
<tr>
<th>Name</th>
<th>Company</th>
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<tbody>
<tr>
<td>Jay Cowles, Chair</td>
<td>Unity Ave</td>
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<tr>
<td>Mike Erlandson</td>
<td>SUPERVALU</td>
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<td>David Freed</td>
<td>Xcel Energy</td>
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<td>Restor Johnson</td>
<td>UnitedHealth</td>
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<td>Richard Murphy</td>
<td>Murphy Warehouse</td>
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<td>Judi Nevonen</td>
<td>US Bancorp</td>
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<td>Duane Ring</td>
<td>Century Link</td>
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<td>Lee Sheehy</td>
<td>McKnight Foundation</td>
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<td>David Sparby</td>
<td>Xcel Energy</td>
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<td>John Stanoch</td>
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<td>Richard Varda</td>
<td>Target</td>
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<td>Charlie Zelle, Chair</td>
<td>Jefferson Lines</td>
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Public wants more transit

Statewide

69% agree “Minnesota would benefit from having an expanded and improved public transportation system, such as rail and buses.”

76% agree “I would like to use public transportation such as rail or buses more often, but it is not convenient or available from my home or work.”

7-county metro

67% say public transportation has a positive impact on our ability to attract businesses to the Twin Cities region.

73% say public transportation has a positive impact on jobs.

71% say public transportation has a positive impact on the quality of life in Minnesota.

74% say public transportation has a positive impact on the amount of traffic congestion.

Survey conducted in January 2012 by FM3 and POS for Minneapolis and Saint Paul Chambers.
How to fund regional transit?

1. Is it possible:
   - To even complete our vision given *current funding practices* and policy?
   - To build our shared vision more quickly given *current funding practices*?

   No

2. How have other cities accelerated their building?

3. What might work in our region? What are our options?
Other regions

Are investing more

<table>
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<th>Sales Tax Dedicated to Transit</th>
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<td>Seattle</td>
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Adapted from TLC, 2011