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Transit Planning in the Twin Cities Metropolitan Area

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In 1984, a Minnesota legislative study commission on metropolitan transit¹ concluded that “the three functions of effective transit service—planning, arranging, and delivering—are misallocated among the various agencies and levels of government.” The commission believed that the region’s public bus operators, the Metropolitan Transit Commission (MTC), could not objectively plan new transit services to meet local needs. In addition, the commission was concerned about rising costs, declining ridership, and the lack of local involvement in transit planning.

The 1984 legislature established a transit planning structure, based on the commission’s recommendations, that is unique among large U.S. metropolitan areas. The legislature limited the MTC to transit operations and short-term planning and allowed the region’s metropolitan planning organization, the Metropolitan Council, to continue long-range transit planning and policy setting. In addition, the legislature established a third agency, the Regional Transit Board (RTB), to conduct mid-range planning, implement the policies and plans of the Metropolitan Council, and arrange for transit services.

This paper is a discussion of whether this organizational arrangement has worked as intended. Overall, although the 1984 changes improved service planning and increased attention to unmet service needs and the transit system’s cost-effectiveness, the RTB still needs to prove itself as an effective problem solver.

¹The Minnesota Office of the Legislative Auditor conducts program evaluations of state-funded agencies and activities. The office issued a report in January 1988 on metropolitan transit planning that evaluated legislative changes in the planning structure made in 1984.

INTRODUCTION

Some national observers have suggested that the Minneapolis–St. Paul region's transit planning structure is a model for other metropolitan areas. A relatively unique set of circumstances was probably responsible for the legislature's 1984 actions. The legislature's willingness to experiment with the transit planning structure resulted partly from the region's history of regional government, a regional transit crisis, and a transit financing system heavily dependent on local property taxes.

The Twin Cities have a history of active regional government. In 1967, the Minnesota Legislature created the Metropolitan Council as a regional policy-making body that would, among other things, provide direction to regional operating agencies, such as the MTC. Thus the legislature saw a need to split policy making from operations more than 20 years ago. The Metropolitan Council was also noteworthy in that it was formally accountable to the legislature, not local units of government. Although the legislature clearly expected the council to be responsive to local governments, it rejected the "council of governments" structure that many other metropolitan areas adopted. Indeed, the legislature later gave the council authority to reject or delay local plans and projects, in contrast with the merely advisory role of many councils of governments.

Despite the legislature's early support for strong regional governance, the creation of the RTB was partly a response to a breakdown in the regional transit system. In 1982, the MTC predicted an operating shortfall of \$40 million. The MTC was too busy operating a bus company to do enough planning, and it was unable to provide cost-effective service in some suburban areas. The working relationship between the MTC and the Metropolitan Council was not particularly good, and there was considerable legislative dissatisfaction with the MTC's chair. Meanwhile, the Metropolitan Council was being criticized for not focusing on the big issues of the region, so there was legislative reluctance to increase the council's involvement in detailed transit planning. Two studies—one by the Metropolitan Council and one by the Legislative Transit Commission—concluded that structural changes in the metropolitan transit planning system were needed.

The transit planning structure has also been shaped by the unique transit financing system in the Twin Cities. No large metropolitan transit system relies as heavily on property taxes as does the Minneapolis–St. Paul regional system about half of whose revenue is generated by property taxes. Some municipal officials have expressed concern that the transit service their cities get is worth less than their financial contribution to the overall system. In response, the 1982 legislature allowed certain cities to "opt out" of the MTC system, that is, use their local transit taxes to fund their own services. So far,

five cities have opted out. Starting in 1983, the legislature also authorized "tax feathering," which bases local transit tax contributions on service received. When the legislature created the RTB in 1984, it hoped that regional transit service planning could more closely involve local officials and be more responsive to local needs.

In sum, the creation of the RTB resulted from (a) a transit funding crisis, (b) two studies that recommended the structural separation of service planning from operations, (c) a history of regional government coupled with a reluctance to involve the Metropolitan Council in system details, (d) legislative dissatisfaction with the MTC chair, and (e) a financing system that demanded greater responsiveness to local needs.

RTB AGENDA, 1984-1987

The RTB faced major challenges when it first met in July 1984. Important policy issues and administrative responsibilities needed attention, but the agency had no staff. The 15-member board (which was reduced to 9 members a year later) had authority to hire 19 staff, and the initial hiring of professional staff was not completed until October 1985. The RTB's task was complicated because there were no models or similar agencies from which to learn. Also, the creation of a new agency meant that new institutional relationships had to be forged. Thus the creation of a new agency presented challenges separate from the difficult policy challenges the board faced. Some of the region's key transit issues during the past 4 years are reviewed in this section.

Light Rail Transit

The RTB's first major policy issue was light rail transit (LRT). The Metropolitan Council completed a study of light rail alternatives in late 1984, and the RTB and the council made recommendations to the 1985 legislature on the viability of LRT in various corridors. Concerned about the cost-effectiveness of LRT and about the extensive time RTB had devoted to it, the 1985 legislature prohibited additional RTB study or development of light rail alternatives until a full assessment of the region's transit needs was completed and an implementation plan developed. The legislature also restricted the RTB's future LRT planning to a single corridor connecting the downtowns of St. Paul and Minneapolis. The board initiated this planning in late 1987.

In 1987, the state's most populous county (Hennepin County, in which Minneapolis is located) sought legislative approval to proceed on its own with light rail planning. Because of this county's willingness to act quickly and with county property tax dollars, the legislature gave primary authority for light rail planning to rail authorities established by counties (there are seven

counties in the metropolitan area). The legislature lacked confidence in the RTB and did not even mention it in the 1987 LRT legislation, and the Metropolitan Council's role in LRT was relatively small.

Transit Service Improvements

The RTB conducted a year-long, \$500,000 transit service needs assessment to analyze potential transit markets in the Twin Cities metropolitan area. The study summarized existing demographic data and also provided findings from some survey research. The RTB found that central-city services were generally good, but suburban services were often inadequate. The study presented a lengthy list of potential transit strategies but did not suggest priorities. The study has proven to be a useful and necessary first step toward improved service, but it suffered from a lack of cost information. The study gave little indication of how much the services identified might cost and how they might be funded.

As required by law, the board also developed an implementation plan to indicate how it would implement the Metropolitan Council's transit policies. This document offered a potential opportunity for the RTB to set a clear agenda and priorities. However, because the needs assessment took longer than expected to complete, the implementation plan was rushed. The board has not used the plan as the key decision-making tool that it should be. Although the plan indicates some priorities for new service, it does not indicate them in much detail nor does it outline key decisions that the board will need to make before implementing service.

As of the end of 1987, the board had implemented no significant new services within the metropolitan transit taxing district, although there were plans to "test market" several new services in 1988. Curiously, although the creation of the RTB resulted partly from the need for better suburban service planning, the board did not discuss suburban service much between 1984 and 1987, and the implementation of new service was not a priority. Funding does not appear to have been an obstacle to some experimentation with new service during this time. The lack of new service raised increasing legislative concerns about the board's mission and effectiveness, and board members appeared to make service implementation a greater priority late in 1987.

Metro Mobility Restructuring

Metro Mobility is the Twin Cities region's primary transit program for disabled people. It provides 80,000 to 100,000 rides a month, about double the number of rides given before a major RTB program restructuring in October 1986. The RTB changed Metro Mobility to a "user choice" system in which

users arranged their own rides with providers instead of calling a central dispatching center. The increased ridership appears to be explained by (a) an increase in demand among existing riders, (b) a shift of social service agency clients from agency transportation services to Metro Mobility, and (c) expansion of Metro Mobility into more suburban areas.

The RTB's early discussions of possible Metro Mobility program changes were open and fair, and there was ample opportunity for public input. The board made some difficult and bold decisions after these initial discussions, and it deserves much credit for addressing problems with the previous Metro Mobility system. However, the board did not adequately involve users and providers in detailed implementation planning for the new system, and some issues (including some safety and training issues) were unresolved at the time the restructuring occurred.

In addition, the RTB did not adequately distinguish its own role from that of the Metro Mobility Administrative Center, established to oversee the program's day-to-day operations. As a result, there was confusion about which agency should monitor provider performance and which had authority to impose sanctions.

Competitive Bidding for Transit Service

In 1986, the RTB expressed interest in competitively bidding for certain transit routes, and it received a \$350,000 federal grant to explore competitive transit. Through 1987, the RTB had let two MTC routes (they were not bid as part of the federal study). The RTB let these routes before (a) establishing guidelines for the bidding process and (b) establishing a means of effectively resolving provider disputes. Subsequently, the legislature mandated that the RTB establish bidding procedures, and the federal government criticized the region's lack of a dispute resolution process.

During 1987, the RTB and MTC had a strained relationship, resulting partly from the board's interest in competitive transit. The MTC wanted a clearer indication of the routes that were eligible for bidding, because the RTB's federal grant application proposed an ambitious program of bidding. As of early 1988, the RTB had not developed a clear policy defining the routes eligible for bidding. RTB staff developed guidelines for competitive transit in late 1987, but the broader issue of which services to bid remained unsettled.

CHALLENGES FOR THE THREE-TIERED PLANNING STRUCTURE

The three-tiered transit planning structure of the Twin Cities appears to be unique. Most cities have a one-tiered system, in which the operator does all of

the planning, or a two-tiered system, with an operator and a separate planning agency. Some people distinguish the three Twin Cities transit agencies by the scope of their planning: the Metropolitan Council does long-range planning, the RTB does mid-range planning, and the MTC does short-range planning. However, the distinctions among these types of planning are not particularly clear, so it is probably easier to distinguish the three agencies by their chief functions: the Metropolitan Council sets the region's overall transit policies, the RTB arranges for transit service and implements council policy, and the MTC operates the main bus system.

Although the three tiers are a complicated structure, the Twin Cities system is even more complicated than it looks at first. Aside from the three agencies noted, the RTB contracts with two administrative agencies for Metro Mobility and ridesharing services. Also, the RTB has established advisory committees for Metro Mobility, ridesharing, transit providers, and competitive transit. And, as noted earlier, the legislature gave primary responsibility for light rail planning to county rail authorities.

Because of this complex structure, it is not surprising that interagency coordination, accountability, and communications have presented major challenges in the Twin Cities.

Coordination

Some of the RTB's most thorny problems during the past 4 years were coordination problems. For example, the RTB implemented a restructured transit program for disabled people before adequately clarifying responsibilities for provider oversight. The new program had 19 private transit providers, and there were some highly publicized accidents shortly after the restructuring occurred. The authority of the RTB and its Metro Mobility Administrative Center to respond was not clearly established, and provider contracts made no specific mention of sanctioning authority.

In addition, the RTB encountered coordination problems in transit station site planning along a newly constructed Interstate. Although the detailed design should have been the responsibility of the state department of transportation, the board wanted to incorporate an existing restaurant into one of the stations and directed staff to explore ways of doing this. There was also confusion about whether responsibility for holding public hearings on station sites lay with the RTB or the department of transportation.

There continue to be some "gray areas" of responsibility that the planning agencies need to resolve. For example, it is unclear what the respective roles of the Metropolitan Council and the RTB should be in encouraging the formation of transportation management organizations, and it is unclear whether the RTB should play a more active role in promoting ridesharing or

leave this activity to the rideshare administrative agency. It will be important for the agencies to reach formal understandings on their duties in the future.

However, it is doubtful that formal agreements can eliminate all of the gray areas. Some coordination dilemmas appear to be inherent in the planning structure. For example,

- Is it possible for the RTB to be a contract manager without getting involved in operations? The RTB holds about 40 contracts with transit providers in the region, and it is placing increasing emphasis on oversight and evaluation. The RTB has taken two approaches to contract management. In the case of services for the disabled, the RTB has an administrative center for day-to-day program monitoring. In the case of other services, the RTB deals with providers directly.

- Can an agency responsible for program design and implementation stay out of operations? When the RTB redesigned the Metro Mobility program, it made decisions about many program details. The line between planning and operations may also be blurred as the board considers how to implement light rail transit in the corridor connecting downtown Minneapolis and St. Paul.

- Who has policy-making authority for regional transit and for which issues? The legislature, the Metropolitan Council, and the RTB all play a role in setting policy for the regional transit system. However, the limits of authority of each have never been particularly clear. Some people have criticized the legislature for its willingness to set policy on operational issues (such as fares), and others think that the RTB has set policies that should be the responsibility of the council or legislature.

Accountability

The regional agencies are "independent special districts" and each is a separate political subdivision of the state. There has been concern during the past few years about the RTB's autonomy; some people think that it should be more closely scrutinized.

The RTB is formally accountable to the Metropolitan Council, but the council has not exercised aggressive oversight, nor has it provided particularly clear guidance. The council is responsible for setting the region's long-range transit policies, and it approves the RTB's implementation plan for these policies. However, until 1988, the transit policies of the council were very general and lacked performance measures. A revision of the policies is scheduled for mid-1988, and the draft policies developed so far provide the RTB with more specific guidance than does the existing plan.

One of the primary dilemmas faced by the council during its history has been how to strike a balance between policy leadership and management of its

regional agencies. At times, the council has spent so much energy overseeing the regional agencies that it has lost sight of the need for strong, creative regional policy leadership. Thus it is important that the council's more assertive oversight of the RTB not come at the expense of attention to the "big picture."

Communication

Since the 1984 legislature's creation of a three-tiered transit planning system, there have been more agencies, more advisory groups, and more important transit decisions than was previously the case. This has heightened the need for good public and interagency communication. The existence of an effective decision-making process may be as important to the success of such a system as the policies adopted.

When the RTB restructured the Metro Mobility program, users and providers thought that they were not adequately involved in implementation planning. For example, user safety and driver training issues were the subject of little public discussion until shortly before the restructuring occurred, and providers had little input to the contracts that were established with RTB. The RTB used a better decision-making process when it developed guidelines for competitive bidding procedures in 1987. The legislature mandated the establishment of a competitive transit advisory team made up of representatives from the MTC, its union, private providers, and others. Although the team did not agree on all issues, they had ample opportunity to air their views, and RTB staff accurately presented the views of the team to the board before the board acted on the guidelines.

CONCLUSIONS ON RTB PERFORMANCE AND THE TWIN CITIES TRANSIT STRUCTURE

The creation of the RTB was a bold legislative experiment, and many national observers point to the Minneapolis-St. Paul transit structure as a model for other cities. The 1984 changes occurred because of the legislature's belief that the existing structure was fundamentally flawed and because of its frustration with the performance of existing planning agencies. For the legislature to continue the present structure, it must be convinced that the RTB (*a*) has a fundamental reason for being and (*b*) is capable of performing its tasks.

Regarding the RTB's reason for being, there remains a clear need for an agency with a regional perspective to arrange for and evaluate transit service, although these tasks do not necessarily have to be carried out by a separate agency. The region's public transit agency, the MTC, cannot objectively perform these tasks because it has a stake in the outcome. In contrast, the

Metropolitan Council could perform these functions and conduct mid-range transit planning. It appears to be appropriate for the council to play a more active role in transit, which is quickly becoming one of the region's most pressing issues. On the other hand, many recent assessments of the council criticized its tendency to become immersed in program details. It is also unclear whether the council could devote enough time to transit, given its many other responsibilities. In sum, it is not structurally necessary to have a separate transit agency, but there may be practical reasons for assigning transit brokering and mid-range planning to an agency other than the Metropolitan Council.

However, for the legislature to maintain the current transit planning structure, the RTB's performance in achieving regional and legislative goals must improve. The RTB's short track record contains many mistakes and missed opportunities. This may not be unexpected for a new agency that is breaking new ground in transit planning, but the RTB needs to make several improvements.

First, the RTB must be more attentive to the process by which policies are implemented. The board needs a stronger implementation plan, one that it can use on a regular basis to guide its actions. The board spent too much time in its first 4 years responding to "brush fires" partly because key issues caught it by surprise and because its planning process did not include enough opportunities for outside participation.

Second, the RTB needs to be more of a forum for ideas. The board often gives chances to speak to advisory groups, local governments, and the general public, but it needs to encourage more public discussion and react less defensively to public criticism. The RTB's record of involving local governments in decision making is mixed and shows considerable room for improvement.

Third, the board needs to innovate. The board acted boldly when it restructured the Metro Mobility program, but the board was not aggressive in discussing and implementing suburban service improvements during its early history.

Fourth, interagency accountability must improve, and all RTB actions should be consistent with Metropolitan Council policy. During the past few years, the council has not been particularly assertive in its oversight of RTB actions. If the council's increased oversight and policy leadership do not adequately improve accountability, the legislature should consider making the RTB an agency of the council. Under this arrangement, the board would be staffed by the Metropolitan Council; all final policy-making authority would rest with the council, although the board could propose or implement policy.

Fifth, because many of its efforts have not been timely, the RTB should improve its internal oversight. The board must be better prepared to make

difficult decisions, and it should establish ad hoc committees to work with staff on major issues. Also, the board needs to monitor staff activities more closely, because staff activities have sometimes varied considerably from work plans.

Sixth, the RTB needs to formalize its relationship with other agencies on key responsibilities. During the past 4 years, the RTB sometimes assumed that the responsibilities of its advisory committees, the MTC, and the Metro Mobility Administrative Center were understood, when indeed they were not.

Overall, the RTB's record to date is mixed. It has improved the region's transit service planning, and it has given greater attention to the cost-effectiveness of the transit system. However, the RTB has not yet proven itself to be an effective problem solver, so it is unclear whether the legislature's 1984 experiment has been a success.

It would be premature to make major structural changes at this time. Such changes would be disruptive and would threaten progress currently being made by the RTB. Also, the RTB intends to implement some new suburban services and competitive transit demonstrations in 1988, and it should have the opportunity to do so. But the board needs to execute policies and implement programs more skillfully than it did during its first few years. The current structure can probably work, but it has been hindered by problems in agency coordination, accountability, communication, and decision making.

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