

March 22, 2017

Senator Scott J. Newman, Chair
Senate Transportation Finance and Policy Committee
95 University Avenue W., Room 3105
St. Paul, MN 55155

Dear Senator Newman and Members of the Senate Transportation Finance and Policy Committee:

In advance of your committee mark-up of SF 1060, I would like to share with you my concerns about the bill regarding metropolitan area transit.

The funding provided in SF 1060 will leave an approximately \$65 million budget shortfall in the FY2018-2019 biennium. Facing this shortfall, Metro Transit will be forced to cut service and increase fares. Even with a fare increase of 25 cents, we estimate that SF 1060 will force Metro Transit to cut regular route service by nearly 17 percent by January 1, 2018. The forced service cuts and fare increases will result in at least a 17 percent loss in ridership.

While SF 1060 retains the base general fund appropriation for the Metropolitan Council, this level of funding does not address the growing costs of Metro Mobility. Metro Mobility is federally-mandated ADA service that also has a legislatively established service footprint beyond ADA requirements. Under the American with Disabilities Act and state law, Metro Mobility cannot refuse rides to qualified riders. While Metro Mobility has been rated as one of the most efficient services of its type in the nation, the service is still very expensive, with an average trip subsidy of over \$23 per ride.

As I shared with your committee on February 1, 2017, Metro Mobility service demand is growing about 8 percent annually. This demand, coupled with inflation, means that the cost of Metro Mobility results in a \$24 million shortfall for metropolitan area transit in the FY2018-2019 biennium. When the service exhausts its source of state funding in 2019, Metro Transit will be forced to cut regular bus service even further to continue funding Metro Mobility. This occurs because the mandated Metro Mobility service area cannot be reduced to federally-mandated service levels due to the legislatively-imposed footprint.

Additionally, I have some concerns regarding the policy provisions in Article 5.

Article 5, Section 1 would allow metropolitan cities and towns to apply for replacement service provider assistance. As noted by the 2011 Office of the Legislative Auditor's Report on transit which recommended that some out-out providers consolidate, adding to the number of providers may lead to redundancies and inefficiencies.

Article 5, Section 2 ends the state's commitment to fund 50 percent of operation expenses for future light rail transit lines. The Metropolitan Council and our partners on the Southwest Light Rail Transit and Bottineau Light Rail Transit projects have relied on state law as the

projects were developed over the course of several years, which provides that the state will pay for 50 percent of light rails operating costs after federal money and fares are used. Eliminating this commitment jeopardizes the project's future, and this has real impacts on the state. For Southwest, a \$700 million civil construction package has been put out for bid on the project. This investment will bring federal dollars back into the state, and help the region remain competitive with peer regions in attracting talent. The project will create contracting opportunities for businesses and thousands of jobs for residents across the state, resulting in \$350 million in payroll.

Article 5, Section 3 creates a Metro Mobility Enhancement Task Force. While the Metropolitan Council welcomes innovative ideas to address the impacts of growing Metro Mobility demand, the Council has some concerns with the make-up of the task force that we would like to work on with the committee as the bill moves forward. Specifically, we believe it is important that the task force members have knowledge of paratransit service and applicable laws. Additionally, there are potential conflict of interest issues with providers of transportation network companies serving on the task force that would advising on the topic of the Metro Mobility program partnering with those companies.

I continue to support the Governor's proposal to provide a stable and reliable funding source for transit that supports long-term planning and allows for accelerated expansion of the entire system. The proposed ½ cent metro area sales tax would relieve the state of operating and capital costs while providing \$3 billion over ten years for transit. By 2040, the population of the metropolitan region is expected to grow by 800,000, and 1 in 5 people will be 65 or older. To retain and attract young talent and adequately serve the region's residents in the coming years, we must provide an efficient and accessible transit system.

I am available to discuss these concerns with you and committee members at your convenience.

Regards,

A handwritten signature in black ink, appearing to read 'Adam Duininck', with a stylized flourish at the end.

Adam Duininck
Chair, Metropolitan Council