Response to Questions Raised by the Governor's Blue-Ribbon Committee on the Metropolitan Council's Services and Structure

What are some of the innovations first developed or introduced to our region by the Suburban transit providers?

- Suburban providers have implemented the region's first micro transit services.
- Suburban providers have introduced Coach Vehicles to the region which have proven to be the most cost-effective vehicle for long haul commutes. Compared to an articulated bus (the only other option to provide high capacity seating) the coach has a useful life of 14 years versus 12 for the artic; the coach costs $250,000 less than an artic; the maintenance costs on a coach is less than on an artic; the coach handles better in the snow and ice than an artic; and a coach only has 5 fewer seats than an artic. The Coach bus has become the standard vehicle for express routes and is now used by every public provider in the metro area.
- Suburban providers have introduced public-private partnerships to the region with large employers (Amazon, Mystic Lake) and local jurisdictions to provide limited stop service on the suburb-to-suburb Route 495 express route, MVTA's fastest growing route.
- Suburban providers were the first in our region to offer Wi-Fi on buses and at stations.
- Suburban providers have a strong commitment to Reverse Commute services, providing access to thousands of jobs that had not been served prior to its inception.
- Suburban providers have been recognized for Preparedness Plans rolled out shortly after the 9-11 terrorist attacks and have been recognized by the Transportation Security Administration and Homeland Security, the Canadian Urban Transit Association, and multiple times by the American Public Transit Association.
- Suburban providers developed the region's first real-time transit app.
- Suburban providers have developed Transit-Oriented Developments; for example, SouthWest Station is not only home to SouthWest's largest park and ride with 1,000 dedicated transit parking stalls, but includes over 500 apartment units, 100,000 s.f. of commercial real estate, and will include the SW LRT Green Line operation in 2023.

- Suburban providers have installed plexiglass row separators and ion air purification systems on buses to reduce the transmission of COVID-19, and instill greater rider confidence in the safety of public transit.

Why do suburban providers (or opt outs as phrased in the question) 'beg' the Metropolitan Council for money?

The reality is that the suburban transit providers do not "beg" the Metropolitan Council for money. We are simply asking for our share of the funding spelled out in State Statute, and a portion of the additional funding for metropolitan area transit that has been allocated since 2008.

Prior to 2001, suburban transit, like all of transit in the Twin Cities metropolitan area, was funded by the property tax. During this period, fast growing suburban areas like those represented by members of the Suburban Transit Association generated enough funding to keep up with the expansion in households as well as businesses in their areas.

From the beginning, the Suburban Transit Providers have given up at least 10% of the funding generated in their communities to the regional transit system (Metro Transit and Metro Mobility). This trend continued when we transferred to MVST from Property Tax.

When the regional transit system transferred off the property tax and on to MVST, the suburban transit providers received 3.74% of the statewide MVST allocation, while the Metropolitan Council/Metro Transit received 17.76% (total of both equaled 21.5%).

In 2008 the total amount of MVST funding for metropolitan area transit increased from 21.5% to 36%. Since then, the funding for suburban transit has remained relatively flat, while Metro Transit/Metropolitan Council's transit services has seen an increase more than 14%.

Suburban transit providers rely solely on MVST and passenger fares for their operations. The Metropolitan Council/Metro Transit receive not only MVST, but State General Funding and funding from Hennepin County for rail operations.

Finally, the MVST funding generated from the suburban transit communities totals more than 10% of the statewide total. The suburban systems currently receive 4.3% of the amount collected in our communities for transit operations. The metropolitan area (minus the suburban transit communities) contributes 33% of the statewide MVST. Metro Transit and the Metropolitan Council receives 31.7% of the 33% their communities contribute.

Why were Suburban Transit Systems, formally known as opt-out providers, created in the first place?

- Until 2002, metropolitan area transit was funded through property taxes. Many suburban communities were not receiving anywhere close to the amount of service to justify the amount of tax dollars being collected in their communities. In 1982, the Legislature recognized this inequity and provided a window of opportunity for communities meeting specific criteria to opt out of the Metropolitan Transit services and receive up to 90% of the funding collected in their communities to establish their own transit systems. Justification:
  - Suburban communities had no control over the transit service they received.

        - Several suburban communities were paying into the transit system and not receiving ANY service, or at best only one or two trips per day.
    - Suburban Transit Providers are also closer to, and better understand the transit needs of their communities. Better than a large, centralized transit system ever could.
        - Suburban providers have received customer satisfaction ratings above 95% for over ten years.
        - Suburban providers have exceptional safety records.

Are suburban transit providers less efficient than Metro Transit?

As pointed out by the Legislative Auditor, this is a complicated question to answer. First you have the fact that not everyone is allocating costs in the same manner. As an example, one could examine the services contracted by Metro Transit. Labor costs are averaged/estimated and may not accurately reflect what it costs to operate the service. Expenses such as vehicle maintenance may be offset with federal funding. Other expenses such as facility/vehicle storage, deadhead, administrative support, testing and training, all seem to be underestimated relative to the cost allocation of other regional providers as well as what is occurring in their own operation.

To simplify, one only needs to look at things like wages (especially in the driver and mechanic ranks since this makes up the largest expense category), benefit packages and work rules, and things like employee-to-bus ratio (for mechanics), and the percentage of administrative costs to total budget. When doing this comparison, it would be difficult to concur that Metro Transit could operate the services provided by the suburban transit providers in a more cost effective/efficient manner.

The Metropolitan Council as well as some members of the Blue-Ribbon Committee want to center in on the subsidy per passenger as the way to determine cost effectiveness. Looking simply at this statistic fails to provide the complete answer. You need to examine and factor in things such as the distance of the trip (which are generally longer in the suburban markets), the number of times a bus can recycle during the productive peak periods (again because of the distance traveled), and the fare charged which is under the control of the Metropolitan Council. Quantifying express transit service to/from suburban communities should also take into consideration the value suburban express service brings to air quality and traffic mitigation. Suburban transit systems have performed well in both as evidenced in the past awards of federal Congestion Mitigation and Air Quality funding.

When looking at the express routes performed by Metro Transit and at their actual/fully allocated costs, they are not performing more efficiently than any suburban provider.

Finally, one metric that is commonly used by the Federal Transit Administration (FTA) to measure system efficiency is the Cost of Service Per Passenger Mile, which is a statistic used to account for the physical distance of service provided, as well as the time needed to operate those services. In 2018, the following Cost Per Passenger Mile statistics were reported to FTA's National Transit Database (NTD) for fixed route services:

- SouthWest Transit: $0.52
- Plymouth Metrolink: $0.65

- Minnesota Valley Transit Authority: $0.98
- Metro Transit: $1.20

The above statistics demonstrate that Suburban Transit Providers are indeed just as efficient, if not more efficient, than Metro Transit when one starts looking at the type of transit provided by the Suburban Transit Providers.

Are the suburban communities receiving Metro Mobility services, and are they paying for those service?

The communities represented by the suburban transit providers are receiving some level of Metro Mobility service. It should be noted however, Metro Mobility/ADA service is federally mandated, and triggered by having a system of local fixed transit service. Only a small number of the communities represented by the Suburban Transit Association fall under this federal mandate. The Metropolitan Council, who receives State General Funding as well as Health and Human Services to help off-set Metro Mobility expenses, has taken the position to provide the service beyond its federal requirement.