

Chapter 5. Peer Region Comparisons

The Twin Cities transit system performance is assessed, in part, using data from the federal National Transit Database (NTD). The area’s performance is compared to the performance of a peer group of 11 urban area transit systems.

Summary

Peer Regions vs. Peer Transit Systems

For the purposes of a regional comparison, statistics for the Twin Cities and other regions are aggregated to include all providers in a region. Several regions extend across large areas spanning 30 to 40 miles. The ferry services in Seattle were not included. A separate comparison of major transit providers is included in Chapter 6.

Table 5-1. Peer Urban Areas Used in Transit Evaluation

Baltimore	Cleveland	Dallas	Denver	Houston	Milwaukee
Pittsburgh	Portland	San Diego	Seattle	St. Louis	

Appendix A includes an exhaustive list of transit providers for each region that were used for Chapters 5 and 6 of this report. Some of these providers have ceased reporting to the NTD directly, but they did so in previous years used for comparison purposes.

Peer Modes

Peer groups were originally established in 1996 and regions were selected that were similar both in size and in composition of transit service. Over the intervening years, changes in transit agencies, services provided, and regional demographics have led the Council to reevaluate the peer regions and their agencies. A region was added in the last report (San Diego) while other regions (Cincinnati and Buffalo) from past reports were eliminated.

As of 2008, all of the peers except Milwaukee had at least one mode in operation besides bus service.

The Twin Cities area’s first light-rail line became operational in June 2004. Other regions, including Houston, Pittsburgh, Denver, Portland, Seattle, and Dallas have added rail transit or have expanded their existing system in recent years.

All regions operate some form of bus service. The other modes operated as of the date of these statistics, the end of 2008, are shown in Table 5-2.

Table 5-2. Peer Region Transit Modes

	Bus	Heavy Rail	Comm. Rail	Light Rail	Van Pool	Other	Other, Description
Baltimore	X	X	X	X			
Cleveland	X	X		X			
Dallas	X		X	X	X		
Denver	X			X	X		
Houston	X			X	X		
Milwaukee	X				X		
Pittsburgh	X			X	X	X	Inclined Plane
Portland	X			X	X		
St. Louis	X			X	X		
San Diego	X		X	X	X		
Seattle	X		X	X	X	X	Trolley Bus, Monorail
Twin Cities	X			X	X		

Commuter rail generally travels longer distances connecting central cities to suburban and exurban sites. It typically operates on existing or abandoned freight rail tracks with longer distances between stations than heavy or light rail. In the Twin Cities, the Northstar commuter rail line is an example of such a technology. Heavy rail typically represents grade-separated rail operating in dense urban environments with shorter station spacing (often underground).

In addition, demand-response service to meet the requirements of the Americans with Disabilities Act is provided in all areas. In the Twin Cities, this service is provided primarily by Metro Mobility.

Statistics

Ridership

Annual ridership in the Twin Cities region has seen a dramatic increase in the last two years. Ridership in the Twin Cities area has surpassed 90 million for the first time since 1957. A 44-day transit driver strike in 2004 skewed ridership numbers that year, therefore the most recent four years provide the best trends in overall ridership figures.

Transit ridership in the Twin Cities has grown twice as fast as the peer region average.

Table 5-3. Twin Cities Region Annual Transit Ridership, 2005-2008 NTD

	Twin Cities Region Ridership	Peer Region Ridership (Average)
2005	81,021,762	84,532,155
2006	85,163,336	87,659,090
2007	88,767,752	88,767,752
2008	94,799,300	91,690,500

Twin Cities Ridership Change 05 - 08 (<i>Actual</i>)	13,777,538
Twin Cities Ridership Change 05 - 08 (<i>Percent</i>)	17.0%
Ridership Change Peer Group 05 - 08 (<i>Actual</i>)	7,158,345
Ridership Change Peer Group 05 - 08 (<i>Percent</i>)	8.5%

Spending for operating transit in the Twin Cities increased 18.1% between 2005 and 2008 as compared to 23.3% for peer regions. When adjusted for inflation, the real rate of increase for the peer regions was about 12.1%, nearly double the Twin Cities rate of 7.4%.

Peer regions transit spending outpaced the Twin Cities region spending from 2005 to 2008 when adjusted for inflation.

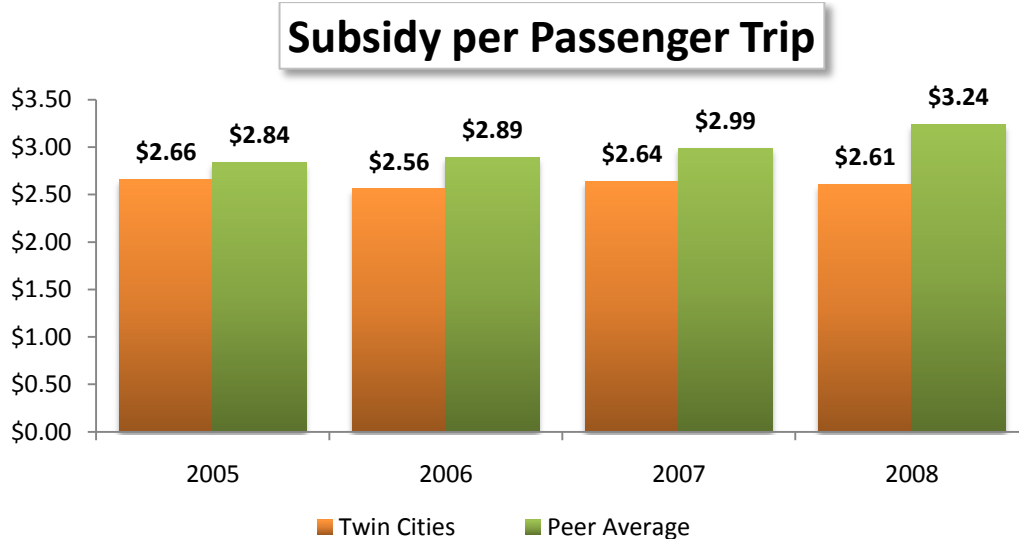
Table 5-4. Twin Cities Region Annual Transit Operating Costs, 2005-2008 NTD

	Actual	Inflation Adjusted
2005	\$293,753,084	\$293,753,084
2006	\$306,413,388	\$297,488,726
2007	\$325,944,116	\$307,494,449
2008	\$346,876,500	\$315,342,273
Percent Change 2005-2008		
Twin Cities	18.1%	7.4%
Average 11 Peer Regions	23.3%	12.1%
Average Annual Percent Change 2005-2008		
Twin Cities	5.7%	2.4%
Average 11 Peer Regions	7.3%	3.9%

Inflation adjustment reflects 2005 dollars using, *General freight trucking, local PPI Measure*

The measure *net government cost per passenger*, or subsidy, is the cost made up by government subsidies after user revenues are deducted. The source of this funding is a combination of federal, state, and local tax revenues as well as other revenues such as advertising. The Twin Cities net subsidy per passenger decreased slightly (by \$0.05) while the peer region subsidy increased dramatically, reaching an average of \$3.24. That is a \$0.40 or 14.1% increase over the 2005 subsidy per passenger. In 2008, the Twin Cities subsidy per passenger was 24.1% below that of peer regions.

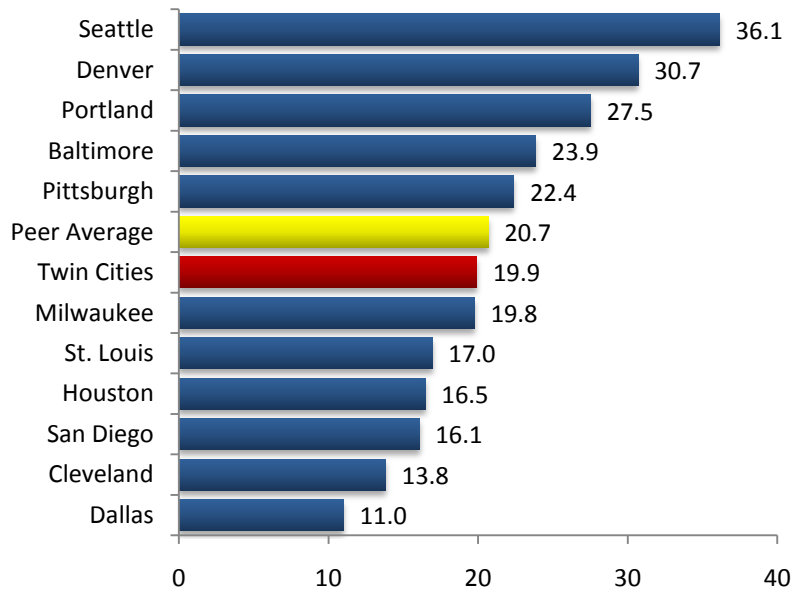
The region's subsidy per passenger decreased slightly over the last four years and continues to remain significantly lower than comparable regions.



The Twin Cities area has less transit service than other peer regions.

The number of miles of transit service provided in the Twin Cities is just below the peer average of regions. This is consistent with the level of funding provided for transit in the Twin Cities area.

Miles of Transit Service per Capita

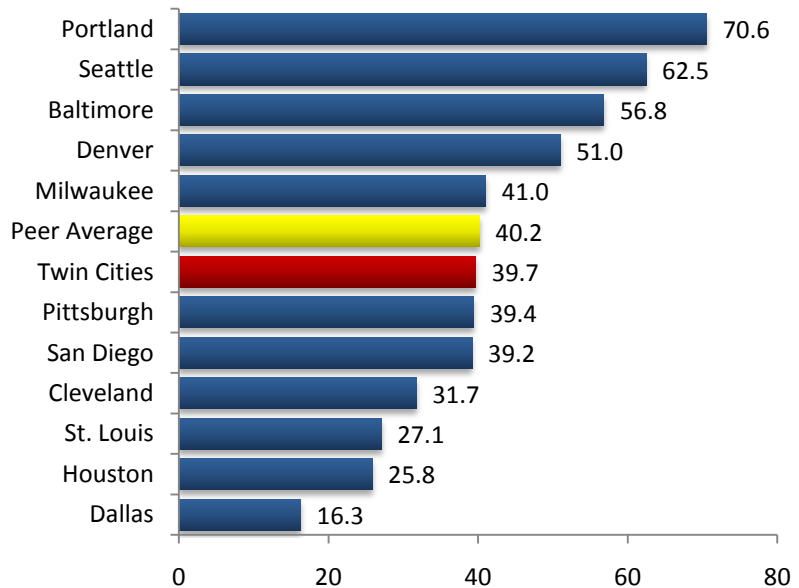


2008 NTD Regional Figures – Population is 2000 urbanized population

The Twin Cities area has slightly fewer rides per capita than the peer region average.

In 2008, the Twin Cities provided nearly 40 transit rides for every person in the region. This was 1.2% less than the peer average but 43.8% less than Portland, which has the highest ridership rate of any peer region. This is due to a number of factors. The availability of transit in the Twin Cities is less (see above graph). In addition, a larger-than-typical portion of the operating cost is recovered through fares, giving an economic disincentive to riders. The Twin Cities also has two downtowns to serve and, therefore, jobs are split between two locations rather than focused on one traditional downtown.

Passenger Trips per Capita

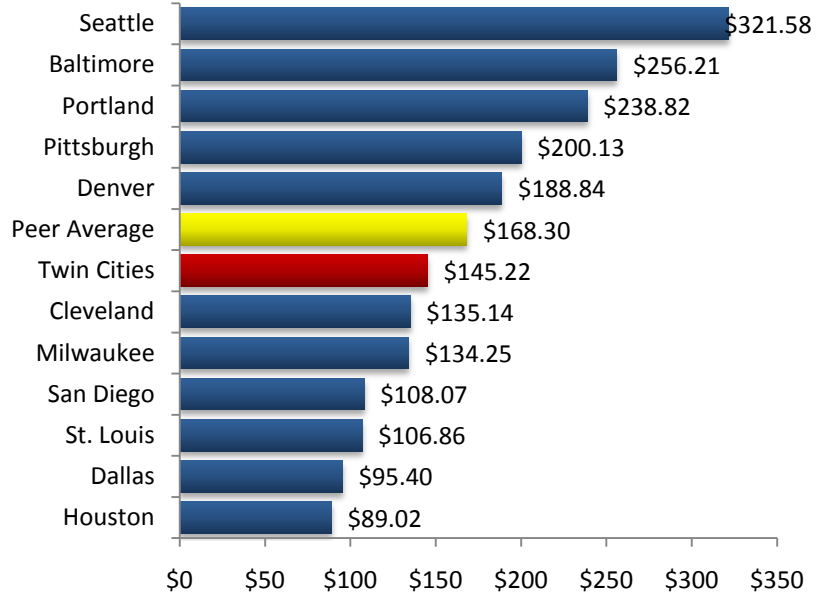


2008 NTD Regional Figures – Population is 2000 urbanized population

Overall, transit-operating funding is lower in the Twin Cities area than in other regions.

The overall level of transit funding determines how much transit service can be provided. The Twin Cities area provided \$145 per capita for transit service in 2008. This is compared to a peer average of \$168, or 15.9% more transit funding. The addition of light rail has increased this number in the Twin Cities in recent years. Seattle spends \$322, more than twice as much funding for transit as the Twin Cities region. Some regions, such as San Diego, provide more contracted service that has lower labor rates.

Operating Funding per Capita



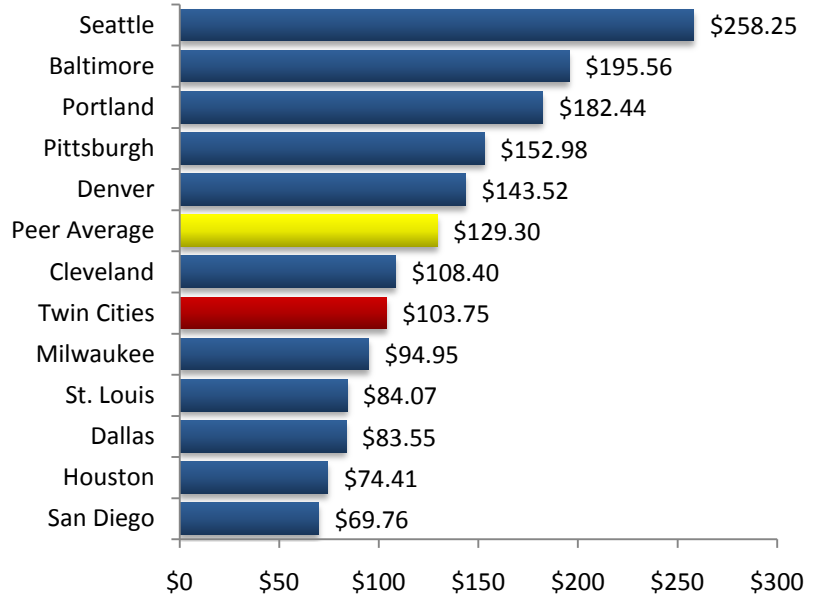
2008 NTD Regional Figures – Population is 2000 urbanized population

Subsidy per capita differs from operating cost by factoring in fare recovery.

Subsidy is calculated by taking the total cost of service and subtracting passenger fares. Subsidy can include state and local subsidies, federal grants, interest earnings, lease earnings, and other self-generated funds

The amount of subsidy provided for transit is below average in the Twin Cities area when compared to the peer regions. The Twin Cities

Operating Subsidy per Capita



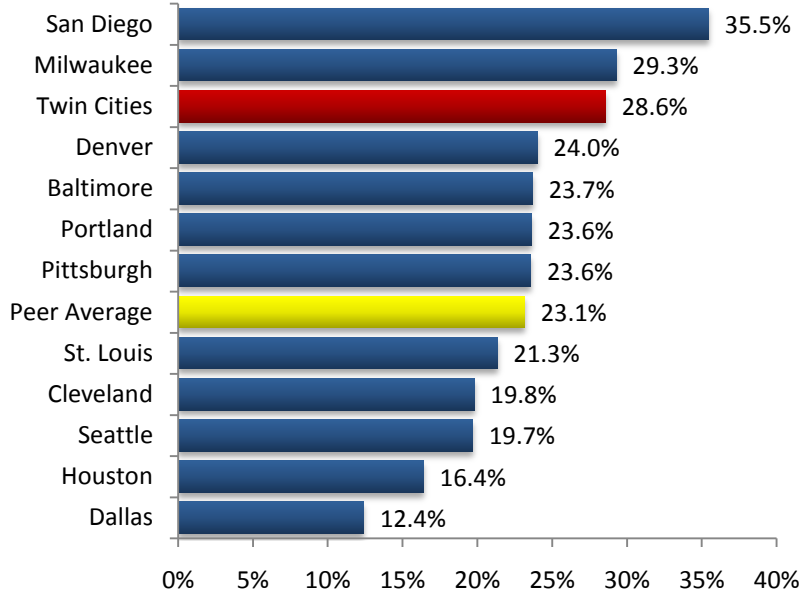
2008 NTD Regional Figures – Population is 2000 urbanized population

provides a subsidy of \$104 per capita for transit. The peer average is \$129, about 24% more than the amount provided in the Twin Cities. At a subsidy of \$258 per capita, Seattle provides over twice as much per capita.

Transit riders pay a larger percentage of operating costs than users in other areas.

The region ranks third in the peer group in terms of farebox recovery—the percentage of operating costs covered by passenger fares. Fares paid by the region’s transit riders cover 28.6% of transit operating costs compared to only 23.1% at the average region in the peer group. Farebox recovery rates for the Twin Cities dropped to a low of 23.8% in 2004, partly due to a transit driver strike. The farebox recovery rate recently increased to 26.7% in 2005 and 28.0% in 2007 with the addition of light rail and ridership increases.

Farebox Recovery Percentage

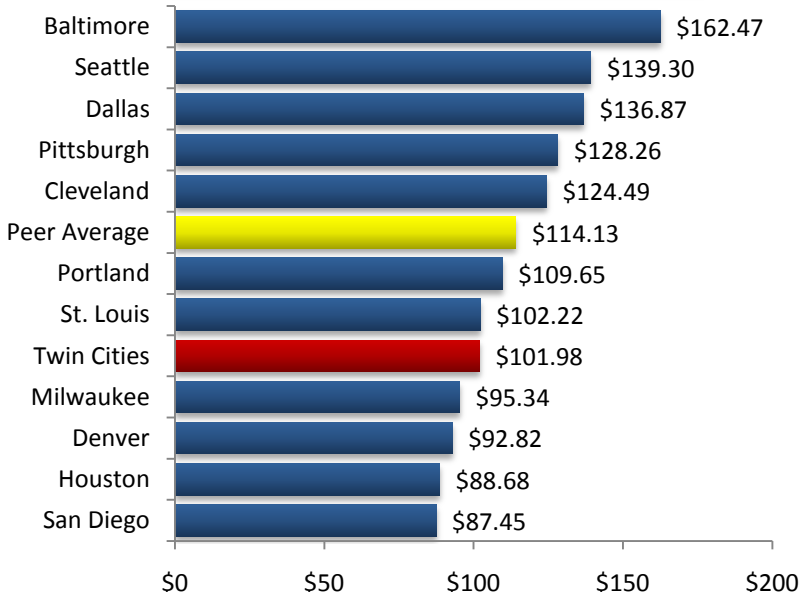


2008 NTD Regional Figures – Population is 2000 urbanized population

Twin Cities transit service costs less to provide than the peer region average.

The cost of providing transit service is less in the Twin Cities than most peer regions. This is due partly to lower labor rates, more efficient service and the variety of services provided. The next chapter will provide some insight on the costs of different service types by region.

Operating Cost per Revenue Hour



2008 NTD Regional Figures – Population is 2000 urbanized population

When operating and capital subsidy are combined, the Twin Cities provides less funding than peer regions.

Peer regions provide considerably more funding per capita than the Twin Cities. Over a five-year period, the peer average was 46% higher than the Twin Cities' average, even though this was the period during which Hiawatha light rail was built. Some other regions are building more transit, providing more transit, and creating fewer disincentives through fares. Seattle provided over three times more funding per capita for transit projects and operations than the Twin Cities.



Funding

The Twin Cities area’s major sources of funding for transit operating subsidies are the motor vehicle sales tax (MVST) and the state general fund. This is a fairly unusual funding source for transit; only two of the peer regions use MVST as a transit funding source. Seven of the 11 regions have a local sales tax as the primary source of transit funding, the most predominant method of funding transit.

Funding transit from state motor vehicle excise taxes is not a typical transit funding mechanism.

Table 5-5. Major Sources of Funding for 11 Peer Transit Systems

Local Sales Tax	7 of 11 systems
Property Tax	1 of 11 systems
Gas Tax	1 of 11 systems
Payroll Tax	1 of 11 systems
General Funds	4 of 11 systems
MVST	3 of 11 systems
Other Funds	1 of 11 systems

Of the 11 peer regions, eight have their major revenue source—and thus funding levels—under local rather than state control.

Most peer transit systems have local control of their major funding sources.

Table 5-6. Funding Source and Control for Each of 11 Peer Transit Systems

Region	Largest Source of Funding	Second Largest Source	Funding Control
Baltimore	Transportation Trust Fund (Gas Tax/MVST/Vehicle Registration Fees/Corporate Income/Federal Funds)	None	State
Cleveland	Local Sales Tax – 1% (7.75% total)	Federal Funds	Local
Dallas	Local Sales Tax – 1% (8.3% total)	Federal Funds	Local
Denver	Local Sales Tax – 1% (7.6% total)	Fares	Local
Houston	Local Sales Tax – 1% (8.25% total)	Federal Funds	Local
Milwaukee	State General Fund	Property Tax	State
<i>Phoenix¹</i>	<i>Transit Fund (Lottery, Sales Tax – 0.4%)</i>	<i>Federal Funds</i>	<i>State</i>
Pittsburgh	State Transit Fund	State and County General Funds	State
Portland	Local Payroll Tax - 0.6618%	State and Federal Grants	Local
San Diego	State Sales Tax – 0.25% (7.8% total)	Local Sales Tax - 0.167%	Local
Seattle	Local Sales Tax – 0.8% (8.8% total)	MVST – 0.3%, Rental Car Tax – 0.8%	Local
St. Louis	Local Sales Tax – 0.75% (6.1% total)	State General	Local
Twin Cities	State Motor Vehicle Sales Tax (MVST)	State General	State

¹ Phoenix, AZ, is not included in the peer region service analysis because its light rail service only became operational in late 2008. It will be included in future peer region analyses.