Today’s agenda

1 Why does the business community care about transit?

2 How does MSP compare to competing Metro areas?

3 Is a regional transit system a good investment?
The vision

An *aligned, integrated,* and *comprehensive* transportation system to drive economic competitiveness and quality of life
Why Transit?

Transit gets people to work

80% of riders going to work or school
40% of downtown Minneapolis takes transit to work

- US Bank: 50%
- Ameriprise: 60%
Transit supports job growth

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

“We need transit to add jobs.”
-Major HQs in downtowns and suburbs
We need more transit to serve growing job centers

Neither more roads nor more buses work in this case.

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

United Health
- 4 new towers
- 6,600 new employees
Transit is required to attract the human capital we need

Companies are recruiting and targeting the next generation of talented workers, the Generation Y/millennials who increasingly prefer urban lifestyles with mass transit.”

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

“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 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.”

Source: Focus groups with HR and facilities leaders from leading companies in Minneapolis-St. Paul Metro area
Today’s agenda

1. Why does the business community care about transit?

2. How does MSP compare to competing Metro areas?

3. Is a regional transit system a good investment?
How does MSP compare?

Twin Cities current transit way network
How does MSP compare?

Our competition is ahead of Greater MSP

Minneapolis: 52 miles of LRT/BRT/commuter rail completed, 21 miles under construction

Denver: 57 miles completed, 86 miles under construction

Salt Lake City: 88 miles completed, 56 miles under construction

Dallas: 111 miles completed, 17 miles under construction

Source: Bill Rankin c 2006; McKinsey team analysis (updated 2012)
Today’s agenda

1. Why does the business community care about transit?

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3 Is regional transit a good investment?

The Regional Transitway System – Met Council 2030 Plan

A regional transitway system in the Minneapolis – St. Paul Metro area includes:
- Five LRT lines
- Four BRT lines
- Addition of nine arterial BRTs

Mode and alignment for each corridor are still being determined.

Source: The Twin Cities Metropolitan Council's 2030 Transitway Plan featuring commuter rail, light rail, bus rapid transit and improved bus corridors.
Itasca Project 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 with developing transit systems experience more growth near transit stations. *Would such expectations for growth change the return on investment?*
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 and maintenance.
### Direct Impacts – Results

#### Compared to base case scenario

<table>
<thead>
<tr>
<th>Scenario</th>
<th>2010 $ Millions</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>
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<tr>
<td>1 2030 Regional Plan</td>
<td></td>
<td>$6,571</td>
<td>$10,083</td>
<td>7.8 – 14.8%</td>
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<tr>
<td>2 Accelerated Regional Plan</td>
<td></td>
<td>$10,762</td>
<td>$16,516</td>
<td>11.2 – 18.0%</td>
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<tr>
<td>3 2030 Plan with growth near stations</td>
<td></td>
<td>$9,082</td>
<td>$13,927</td>
<td>13.0 – 20.9%</td>
</tr>
</tbody>
</table>

**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.
Enables employers to access more potential employees

Working-age population accessible to employers within 30 minute commute (Millions)

Building the regional transit system would enable employers in the region to access 500,000 more employees within a 30 minute commute, a 22 – 25% increase

* With build-out of the 2030 regional plan
Building a regional transit system also creates short-term economic impact

$4.3 billion in construction impacts –
Economic activity created over the construction period

30,000 full-time equivalent jobs –
Construction job-years tied to build-out of the transit system

Is regional transit a good investment?
Why does the business community care about transit?

- To enable job growth and attract and retain talent

How does MSP compare to competing Metro areas?

- MSP is behind our competitors and at risk of falling further behind

Is a regional transit system a good investment?

- Yes, the region can expect a robust return on investment from the build-out of the regional transit system

How might MSP fund a regional transit build-out?

- Most regions use a local sales tax option and that is what TFAC has recommended
### How does MSP compare?

Transit Investment: Chicken or the Egg?

<table>
<thead>
<tr>
<th>Prioritized Transit Investment</th>
<th>Limited Transit Investment</th>
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<tbody>
<tr>
<td>Denver</td>
<td>Dallas</td>
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<td>+</td>
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- Above the nation
- Below the nation

1. Gross Regional Product, 10 year growth
3 Is regional transit a good investment?

We compared four scenarios

- **Base case**
  - Includes current transit options and assumes outstanding commitments are built out (including Central Corridor)

- **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 growth near stations**
  - Proposes 2030 plan is built as in scenario one, but reallocates 25% of expected community growth to station areas (i.e., assumes station areas absorb more of future growth though does not presume new growth)
## Direct impacts by category

<table>
<thead>
<tr>
<th>Category</th>
<th>Compared to base case 2010</th>
</tr>
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<tbody>
<tr>
<td>Travel time savings and reliability</td>
<td>$4,643 - $11,429</td>
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<tr>
<td>Vehicle operating cost savings</td>
<td>$1,479 - $4,717</td>
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<tr>
<td>Shipper and logistics cost savings</td>
<td>$185 - $271</td>
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<tr>
<td>Reduction in emissions</td>
<td>$185 - $395</td>
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<tr>
<td>Safety benefits</td>
<td>$53 - $88</td>
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<tr>
<td>Pavement maintenance savings</td>
<td>$26 - $54</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$6,571 - $16,516</strong></td>
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*Note: Benefits and operating and maintenance costs are calculated for 15-year period 2030-2045 for regional system or 2023-2045 for accelerated scenario. All are reported in 2010 dollars.*
Methodology and key assumptions

- The analysis estimates future benefits arising from transportation system user benefits, sustainability benefits, state-of-good repair benefits and wider economic development benefits.

- Utilizes output from Metropolitan Council’s regional travel demand model; population estimates based on Met Council.

- Discount rate is 2.8 percent, as recommended by MnDOT.

- The SW Corridor is assumed to commence operation in 2018; for regional assessment, all corridors are assumed to operational in 2030 and impacts from 2030-2045 are estimated and reported.

- The price of fuel used in the travel demand and mode choice models is $3.41 per gallon ($2.59 in 2000$ based on the CPI) to reflect the average cost of fuel in the region on October 26, 2011.
Thank you to Technical Advisory Committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Mary Richardson</td>
<td>CTIB</td>
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<tr>
<td>Mary Kay Baily</td>
<td>Corridors of Opportunity</td>
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<tr>
<td>Katie Walker</td>
<td>Hennepin County</td>
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<tr>
<td>David Lawless</td>
<td>Hennepin County</td>
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<tr>
<td>Lee Sheehy</td>
<td>McKnight Foundation</td>
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<td>Eric Muschler</td>
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<tr>
<td>Arlene McCarthy</td>
<td>Metropolitan Council</td>
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<td>Guy Peterson</td>
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<td>Mark Filipi</td>
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<td>John Kari</td>
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<tr>
<td>Will Schroeder</td>
<td>Minneapolis Regional Chamber of Commerce and Saint Paul Area Chamber of Commerce</td>
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<tr>
<td>Jim Erkel</td>
<td>Minnesota Center for Environmental Advocacy</td>
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<tr>
<td>Kate Johansen</td>
<td>Minnesota Chamber of Commerce</td>
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<tr>
<td>David Levinson</td>
<td>University of Minnesota</td>
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<tr>
<td>Laurie McGinnis</td>
<td>University of Minnesota</td>
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<tr>
<td>Caren Dewar</td>
<td>ULI MN and Regional Council of Mayors</td>
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<tr>
<td>Ted Schnoenecker</td>
<td>Washington County</td>
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Over the past two years, regional partners have come together in new and exciting ways to drive job growth in Minneapolis - Saint Paul. Lead initiatives include:

- **Innovation/Entrepreneurship**
  - Higher education strategy
  - EB – 5 initiative
  - MOJO Minnesota

- **Talent**
  - DEED / MnSCU / MN Chamber Workforce alignment

- **Transportation/Land Use**
  - Transit ROI study
  - Corridors of Opportunity

- **Strategic Growth**
  - Greater MSP
  - Regional Cluster Initiative
  - Housing Initiative
  - Reinvesting the Region Action Plan
  - Reality Check 2.0
  - Infrastructure for Economic Development Initiative

**NOT EXHAUSTIVE**