

State of the Region Address

Peter Bell, chair of the Metropolitan Council

January 31, 2005 – Brooklyn Center

Mayor Kragness, members of the Metropolitan Council and honored guests...

I'd like to thank you for joining us today to spend some time thinking about the opportunities and challenges confronting the Twin Cities metropolitan area ... to reflect on where we've been as a region and where we'd like to go in the future.

In my two years in this job, I've discovered there is no shortage of people who enjoy taking political shots at the Metropolitan Council. It's good to be in the company of so many people who understand the need for taking a regional approach to solving problems that transcend municipal and county boundaries.

The Good Book tells us that "a faithful friend is the medicine of life." At the Met Council, we need all of this "medicine" we can get.

I think you would all agree that our region is blessed in many ways. We have a well-trained and productive work force ... a good educational system ... a leading research university ... a business community known for innovation ... and a quality of life that is second to none. With three majestic rivers, 950 lakes, abundant parks and woodlands, we are blessed with natural assets and recreational opportunities that few large urban areas can match.

Not surprisingly, our people like it here. In our 2004 survey of residents ... which we are releasing today ... 97% of the respondents said they believe the Twin Cities is a better place to live than other metro areas.

They especially appreciate our region's parks and open space, one of my top priorities ... as well as arts and cultural assets ... and abundant economic opportunities.

These findings were echoed by a similar survey conducted by the Gallup organization. According to Gallup, overall satisfaction with the Twin Cities as a place to live ranks well above their 50-city average and ahead of such cities as San Francisco, Phoenix and Houston.

I firmly believe that one reason for our region's success has been the quality of our local government leaders. I am continually impressed by their creativity and commitment to solving problems and making this a better place in which to live. I'm struck by the fact that I never can tell what political party they are aligned with. They have no time for petty partisanship – they simply want to get things done for their community.

We have a number of elected and appointed officials from local governments with us today. I would ask you to rise – so we can recognize you and extend our deepest thanks...

I would also like to recognize the members of the Metropolitan Council who are with us this morning. They also deserve our sincere thanks for all of their hard work on behalf of our region. If you would rise...

A healthy, growing region

Despite the economic challenges and budget shortfalls of recent years, the state of our region is indeed good. The Twin Cities metropolitan area ranks as one of the fastest growing urban areas in the northern tier of states. In the last three years, our region has grown by more than 98,000 people. That's the equivalent of plunking down the city of Duluth within the boundaries of the seven-county area. We are on pace to add nearly 1 million new residents by 2030.

Our region also has producing housing units at a brisk pace during the last several years, adding more than 20,000 units annually. This is up significantly from the 15,000 units a year that were produced throughout the '90s, and exceeds the number needed to keep pace with our region's projected growth.

We see continued reinvestment in our central cities and mature suburbs, including thousands of new housing units in the two downtowns and along their riverfronts. Much of this growth and revitalization is being driven by market forces and changing demographics ... as more and more "empty nesters" of my generation seek the simplicity of townhouse and condo living near restaurants, shops, theaters, transit and other urban amenities.

In the suburbs, we see obsolete industrial buildings such as the Excelsior Tech Center in Hopkins being renovated for office, manufacturing and warehouse uses ... and outdated strip malls such as one in Falcon Heights being transformed into a mixed-use center with new retail shops, town homes, senior housing and public spaces.

Projects such as these allow us not only to revitalize our communities, but also take advantage of costly roads, sewers and other infrastructure that are already in place.

A busy, productive year

For the Metropolitan Council, 2004 was an enormously busy and productive year, particularly in the field of transportation.

- Most notably, we opened the region's first light-rail line and carried more riders than anyone ever imagined. Ridership in the first six months was more than double the pre-construction forecast. It is generating not only new transit riders, but more importantly new enthusiasm for further investments in our transit system. Our ridership surveys tell us that more than one-third of these LRT customers are new transit riders who were lured out of their cars by light rail.

I would like to take a moment to salute the staff of Metro Transit and the Hiawatha Project Office for not only completing the line ahead of schedule, but also engineering one of the most successful light-rail openings in the country.

In addition, last year...

- We restructured bus routes in south Minneapolis and the southern suburbs to improve service and better integrate it with our new LRT line.
- We provided funds to help continue the planning of the Northstar commuter rail line, and we continued work on the Northwest and Cedar Avenue busways.

- We weathered a very painful 44-day bus strike, achieving major reforms that will slow the skyrocketing growth in health costs and help ensure continued, reliable bus service.
- And we completed work on a new Transportation Policy Plan that articulates the Council's vision for improved highways and transit in our region. I'll discuss that in greater detail in a few minutes.

In addition to our efforts in the field of transportation, the Council...

- Completed the construction of new incinerators at the Metro wastewater treatment plant. They will not only reduce air emissions, but also generate enough electricity to meet 25% of the plant's energy needs.
- We provided funds to begin acquiring land for the new 900-acre Doyle-Kennefick regional park in Scott County.
- We tightened our budget, refinanced bonds to take advantage of low interest rates and took other steps that enabled us to keep our property taxes flat for the second consecutive year.

A reasonable compromise

As most of you know, the Met Council has been involved in a protracted dispute in recent years with the city of Lake Elmo over its comprehensive plan. In spite of favorable court rulings, the Council has continued to negotiate with the city in an effort to achieve a reasonable compromise

I am exceedingly pleased to announce today that the Council and the city have indeed reached a compromise ... one that will preserve the rural character of Lake Elmo while ensuring the efficient use of our highways, sewers and other regional systems. I would like to acknowledge and thank Dean Johnston, the new mayor of Lake Elmo, and other city officials for their efforts in helping to resolve this difficult issue.

The court dispute with Lake Elmo was unfortunate because it obscured the very real efforts of the Met Council to build a more collaborative and cooperative relationship with our regional partners, both within and outside of the seven-county metro area.

One example of this spirit of collaboration was the Council holding more than a dozen public outreach meetings around the region as we worked to update our regional policy plans for our transportation, aviation, wastewater and regional park systems.

Several hundred local officials, community leaders and interested citizens attended these meetings, asked questions and gave us their input.

Tom Weaver, the regional administrator, and I held meetings with each of the seven metro county boards to discuss mutual concerns.

In addition, I held three meetings of our 14-member Mayors' Forum to exchange ideas and information.

We held our second meeting with officials from the counties immediately surrounding the seven-county metro area to discuss how we can work together more closely ... on a voluntary basis ... on issues of mutual concern.

And we joined with the McKnight Foundation and the Humphrey Institute to conduct a daylong conference on regional policy issues. It was attended by more than 150 people, many of them local officials.

Creative solutions to local problems

In a number of instances, we've joined with local officials to develop creative solutions to local problems. Let me tell you about a few examples:

- We worked with the city of Rosemount to upsize the new outfall pipe from our Empire wastewater treatment plant to accommodate the city's stormwater flows and save Rosemount about \$20 million.
- We approved a land exchange involving the Cottage Grove Ravine Regional Park that freed up 38 acres of parkland needed by Cottage Grove and Washington County for a new city-county service center. In return, we received 67 acres of higher-quality natural resource land for addition to the regional park.
- We made available a site for the construction of a new bus garage by the Minnesota Valley Transit Authority ... by providing a permanent easement for the building on excess land at our Seneca wastewater treatment plant in Eagan.

I'm gratified that the citizens of the metropolitan area appear to support the direction the Met Council is moving. In our annual residents' survey, 37% of the respondents said the Council is doing a "good" or "very good" job. That's the highest approval rating the Council has received in nearly a decade.

In contrast, only 20% of the respondents said the Council is doing poorly, which is down from 35% in 2000.

Refocusing our efforts

As we look to the future, the Council will seek new ways to work cooperatively with our regional partners ... to ensure that vital regional services are delivered in the most cost-effective manner ... and to be accountable for results.

Toward these ends, the Council has developed a package of initiatives designed to help us refocus our efforts and better address regional needs. Allow me to spend a few minutes describing them to you.

1. Drinking water

First, we propose to undertake new studies to plan for the wise use of the region's water resources and the orderly development of our water supplies to meet future needs.

Our abundant water supply has always been one of this region's major assets. But the supply is not infinite ... and it is not always located where it is most needed. Over the next 25 years, our region is expected to grow to more than 3.6 million people. This means

we will need 500 million gallons of water per day by 2030, an increase of more than 30% from today.

In order to meet our obligations to future generations, and ensure a sound regional economy for the 21st Century, the Council will make regional water supply planning a top priority. The Council will work closely with local governments and the multiple state agencies that regulate various aspects of water supply development.

Specifically, the Council and our regional partners will:

- Develop a base of technical information necessary for sound water supply decisions.
- Develop a regional master plan to provide guidance for local water supply systems and future regional investments.
- Develop recommendations for clarifying agency roles and responsibilities, and for streamlining and consolidating approval processes.

To assist in these tasks, we propose that the Governor appoint an advisory committee made up of representatives from state agencies, local governments and other organizations with interests and expertise in water matters.

Let me also make it clear what we do not propose. We do not propose that the Council get into the water utility business. Cities will continue to develop and operate their own water supply systems.

However, we do think there is a need for improved regional planning to deal with a vital issue that clearly transcends municipal and county boundaries.

2. Airport Planning

Our second initiative calls for eliminating aviation as a separate regional “system” for which the Council is directed to prepare a long-range comprehensive plan. Instead, aviation would be incorporated in the Council’s transportation system plan, which also includes highways, transit, freight and non-motorized modes of transportation.

This change would eliminate a certain amount of overlap and duplication between the work of the Council and the Metropolitan Airports Commission. The MAC is far better staffed to do detailed airport planning than the Met Council.

Under our proposal, the Council would retain the power to review MAC’s major capital expenditures as well as its long-range airport plans to ensure that they are consistent with the Council’s Regional Development Framework and system plans.

3. Service Delivery

Two of our new ideas are intended to ensure the most efficient delivery of services by our two large operating divisions – Metro Transit and our Environmental Services Division.

Metro Transit, which operates the region’s largest transit system ... and the Environmental Services Division, which operates the regional wastewater collection and treatment system will expand their use of “managed competition” and public-private partnerships to ensure the most cost-effective delivery of services.

Metro Transit will solicit competitive bids from private contractors to operate a package of existing, high-subsidy bus routes, which represent about 3 percent of the agency's total bus operations. It also will solicit proposals from both the Metro Transit staff and outside vendors in an effort to reduce the cost for cleaning, maintaining and repairing bus shelters.

It should be noted that nearly 25 percent of the region's transit services are already provided through private vendors and non-profit organizations. These services include express bus routes, Metro Mobility and community-based services in suburban and rural portions of the region.

Meanwhile, our Environmental Services Division will expand an existing contract with an outside vendor for processing wastewater solids at the Blue Lake Wastewater Treatment Plant and converting these materials into a fertilizer product. We believe we can achieve efficiencies in chemical usage and staffing levels by consolidating this work under one entity.

Our overriding goal is to assure that we are delivering vital transit and wastewater services in the most cost-effective manner possible.

4. Adjacent Counties

Finally, the Council will seek out opportunities to work cooperatively – on a voluntary basis – with counties adjoining the seven-county metro area on selected issues.

For years, urban growth has been spilling over the boundaries of the seven-county area, as anyone who has driven I-94 to St. Cloud can readily attest. More and more people are living in the adjacent counties and commuting to jobs in the metro area ... and vice versa. Watersheds and school districts overlap the boundaries of the seven-county area. And the list of inter-related issues goes on.

Clearly, the economic boundaries of our region have grown far beyond the seven-county area since the Met Council was first established in 1967. What occurs in the seven-county area can affect our neighbors in the adjacent counties ... and vice versa.

This is not just my view. Last September, a newspaper editorial called for improved planning and cooperation among the seven metro counties and the adjacent counties. It was published ... not by the Star Tribune, not by the Pioneer Press ... but rather by the Mille Lacs County Times.

We have no intention of seeking to expand the Council's jurisdiction. But we do hope to find opportunities to work more closely with our neighbors – on selected issues and on a voluntary basis.

Our No. 1 challenge: congestion

Of course, there are many other challenges facing the Council and the region – but none is bigger than that of traffic congestion.

While Twin Cities residents like it here, there is growing concern about the problem of congestion. In our annual survey, 37% ranked it as the single most important problem facing our region – more than crime, immigration, education financing and a host of other issues.

This problem will only grow worse in the future. The projected 1 million increase in the population of our region will add 4 million daily trips to our already-crowded transportation network.

In his book, “Stuck in Traffic,” Brookings Institution scholar Anthony Downs candidly advises Americans to “learn to enjoy congestion” because there are no solutions. I doubt any of us will ever learn to enjoy being stuck in traffic. But clearly there are no “silver bullets” that will eliminate the congestion. The best we can hope to do is slow its growth.

Council’s vision for transportation

The Transportation Policy Plan adopted last month by the Council is designed to do just that. Our plan calls for:

1. Encouraging mixed-use development in centers along transportation corridors, reducing the need for single-destination trips.
2. Focusing highway investments on maintaining and managing the existing system, relieving bottlenecks and adding capacity where possible.
3. Making more efficient use of the existing transportation system by encouraging flexible work hours, telecommuting and ride-sharing.
4. Expanding our existing bus system with the addition of new express bus routes, limited-stop routes, improved frequency, new park-and-ride lots and additional passenger amenities.
5. And developing a network of dedicated bus and rail “transitways.”

As you know, our region now has two transitways – the bus/HOV lanes in the I-394 corridor and the new light-rail line in the Hiawatha corridor. By 2020, we would like to add five more transitways, including two that would serve this part of the region ... the Northstar commuter rail line between Minneapolis and Big Lake ... and the Northwest busway from Minneapolis to Osseo, Dayton and Rogers.

Just last month, Governor Pawlenty cleared the way for the use of \$20 million in state bonding funds for the construction of the Northwest busway. And in his bonding package for 2005, the Governor included \$37.5 million for Northstar commuter rail and \$10 million for the Cedar Avenue busway.

These projects represent critical steps toward improving our region’s transit system. But existing revenues simply will not be adequate to keep pace with our region’s growth and finance the transportation improvements envisioned in our plan.

Obviously, we face challenges in the next biennium because revenues from the Motor Vehicle Excise Tax, one of our primary funding sources for transit, are falling short of projections.

But we’re encouraged by Governor Pawlenty’s transportation investment package. It includes dedicating 100% of the revenues from MVST to transportation – 60% for

highways and 40% for transit. When fully implemented, this plan would provide an additional \$100 million a year for transit.

For the first time, the Governor's proposal would provide a dedicated, reliable source of funding that would enable us to grow the system.

We want your feedback

In closing, I'd like to thank each of you who took the time to be here with us today. I'd invite you to pick up a copy of our annual report, a summary of our 2004 survey results and a copy of our regional economic indicators.

And I'd encourage you to share your ideas with us on how we can better address the challenges facing our region and meet the needs of your respective communities. Our contact information is listed in our annual report as well as on our Web site.

The powers and resources of the Met Council are limited. My colleagues and I recognize that our success ... and the success of our region ... hinges on our ability to work cooperatively and effectively with local communities, state agencies, nonprofit organizations, educational institutions and other regional partners.

Thank you.