

State of the Region Address

Peter Bell, Chair of the Metropolitan Council

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

I'd like to thank you for joining us this morning to spend some time reflecting on the progress we have made in our region ... and to talk about where we plan to go in the next four years.

For the Metropolitan Council, this is a particularly appropriate time for reflection and introspection: 2007 marks the 40th anniversary of the Council's creation by the Minnesota Legislature. The legislation establishing the Council was passed in May of 1967, and the first Council was appointed by Governor Harold LeVander that August.

For the past four years, I have had the privilege of serving as Council chair. But after all of the transit funding challenges we've been through ... there are days when I feel like I've had this job for all 40 years!

As many of you know, the Metropolitan Council was established by the Legislature for two major purposes:

- First, to plan for the orderly and economical development of the seven-county metro area,
- And second, to coordinate the delivery of certain services that could not be effectively provided by any one city or county.

The drive for the Council's creation was led by the Citizens League, the Metropolitan Section of the League of Minnesota Municipalities and others. They saw the need for a regional body to deal with issues that transcended the boundaries of nearly 300 separate local units of government in our metropolitan area.

At the time of its creation, the Council was viewed nationally as a bold experiment in regional planning and governance. Shortly after its creation, commentator John Fischer – writing in Harper's Magazine – suggested that Minnesota may have “come up with an invention which will be as significant to American cities as the Wright Brothers' first plane was to aviation.”

Looking back, I'm not sure the Council has succeeded in “revolutionizing flight” for American cities. And while there has been a certain amount of turbulence along the way, thankfully the Council hasn't crashed and burned!

This morning, we have with us several of the former chairs who have helped chart the course for the Council during the last four decades and have contributed so much to the progress in our region. Please join me in recognizing them.

We are indebted to each of you for your years of leadership and service. As part of our 40th Anniversary observance, we have created a photo gallery with all of our former chairs on the

back wall of our new Council chambers. So in future years, Council visitors will know exactly who to thank ... or, for that matter, who to blame!

At the time of the Council's creation, our region faced serious problems:

- We had a very real sewer crisis. Backyard septic systems were failing in many suburban communities, and inadequately treated wastewater was being dumped into our lakes, rivers and streams.
- The region's privately owned bus system was rapidly deteriorating – a victim of rising fares, declining ridership and an aging fleet.
- And growth was rapidly consuming undeveloped land – threatening natural areas that were better suited for preservation as parks and open space.

The Met Council initially was conceived as strictly a planning and coordinating agency. The Legislature created separate boards to operate the transit and sewer systems. In 1994, the Legislature eliminated those boards and gave their operating responsibilities to the Met Council.

Over the last four decades, much has been accomplished to strengthen our regional planning process ... improve our transit and wastewater systems ... and develop a system of regional parks and trails that is the envy of other urban areas. I'd like to spend the next few minutes talking about the progress that has been made and our plans for the next few years.

Protecting our environment

One of the Council's earliest and most significant achievements was gaining legislative approval of the Metropolitan Sewer Act in 1969. At the time, the old municipal sewage system operated by Minneapolis and St. Paul was inadequate to meet the needs of developing suburbs. Newer suburbs that could not gain access were struggling to build waste treatment plants of their own or relied on backyard septic systems – many of which were failing.

The new metro area wastewater system inherited 33 municipal treatment plants, only four of which were capable of providing adequate treatment. Within a decade, 21 of these plants were closed and four new plants were built.

Today, we have a system of eight modern treatment plants and 600 miles of regional sewers that provide service to more than 100 communities. This system regularly wins national environmental awards while helping to maintain rates 25 percent below those of comparable systems.

General Manager Bill Moore and his staff are not ones to rest on their laurels. They constantly are working to improve the system and protect our environment. Within the last several years:

- They have put into operation three new, state-of-the-art incinerators at our Metro Plant that have reduced air emissions of most pollutants by more than 90 percent ... while recovering enough heat to reduce energy costs by \$4 million annually.
- They instituted new treatment processes that have cut our total phosphorus discharges by nearly 50 percent.
- And they joined with the Minnesota Dental Association to establish a program under which most dental offices now filter mercury from their wastewater before it enters the system.

Over the last several years, our Environmental Services team also developed an innovative program designed to reduce the amount of clear water entering our system through what is called Inflow and Infiltration, or I/I. This clear water seeps into the system through cracks in pipes, or enters from sump pumps or foundation drains that are illegally connected to our sewer system. I/I takes up capacity in our wastewater system that will be needed to serve future growth.

Under the program we put in place, communities with I/I problems could either pay a special surcharge to help solve the problem or commit to a plan of action to correct it themselves. The response from our communities could not have been better. All of the communities either submitted a reduction plan or passed a resolution that commits them to taking action in 2007. This program will save our region nearly \$1 billion that otherwise would be needed to enlarge our wastewater collection and treatment system.

Improving our transit system

Our transit system also has come a long way. In 1970, at the time Twin City Lines was acquired by the public, 75% of the company's 635 buses were 15 years of age or older. Eighty-six of the buses were so old that they were banned from the streets of Minneapolis!

Having been raised in St. Paul, I remember those old buses very well: they rattled so loudly you couldn't hear yourself think ... and you did NOT want to get stuck behind them in traffic and be subjected to their noxious fumes!

After acquiring the company, the Metropolitan Transit Commission put its logo on the fleet and quickly instituted a transit improvement program. It included the purchase of 465 air-conditioned buses, the installation of 135 bus shelters and the establishment of a 24-hour bus information center.

Today, Metro Transit has a fleet of 830 buses operating on 113 routes, with 900 passenger shelters and more than 100 park-and-ride lots. In the last five years alone, we have tripled the number of park-and-ride spaces – increasing the total to nearly 20,000 spaces.

This summer, our Hiawatha light rail transit line will begin its fourth year of operation. This line has been so successful that we are in the process of adding three new light rail cars to help accommodate our ridership, which already has achieved the level predicted for the year 2020!

In 2005-06, we were forced to both raise transit fares and reduce service to help erase a budget shortfall. However, General Manager Brian Lamb and his staff rode out the financial storm and focused on providing the best possible service with the resources available.

Their efforts were rewarded in 2006, when Metro Transit enjoyed a banner year. Our buses and trains provided 73.8 million rides – a 5.9% increase over 2005 and the highest ridership totals in 22 years!

At Metro Transit, we are committed not only to providing consistent, quality service ... but also being good environmental stewards. In 2005, we began fueling all of our buses with ultra-low sulfur fuel in anticipation of a 2006 federal mandate.

Last year, we launched our "Go Greener" initiative.

- We began fueling all of our buses with "B-5" – a fuel with 5% biodiesel fuel made from soy. We hope to double the biodiesel content of our fuel supply to 10% by mid-2007, and we are testing a 20% blend.

- We also made plans to add 150 hybrid electric buses to our fleet over the next five years, as well as purchase 164 standard diesel buses with the latest engine technology.

With this “Go Greener effort, we expect to reduce emissions by 168 tons a year ... and replace 1.23 million gallons of non-renewable fuel a year with soy-based fuel and hybrid technology. This initiative is good not only for the environment, but also for our bottom line. We estimate it will reduce our fuel costs by more than \$650,000 a year!

We also are committed to making our transit system as safe and secure as it can be – for our customers and employees alike.

In 2006, I am pleased to report that Metro Transit achieved an accident rate of just 4.17 accidents per 100,000 miles. This rate exceeded our safety goal for the year, and was the envy of many of our peer systems in the northern tier of states.

Also in 2006, the number of police incidents reported on our system declined by 7.5%.

As we enter a new year, we intend to continue our aggressive efforts to maintain the safety of our transit system. These efforts will include:

- Hiring four more full-time transit police officers – starting today,
- Hiring three new Community Service Officers,
- Adding three new police dogs,
- Increasing the number of on-board recording cameras, and most importantly
- Increasing the on-board presence of our police officers by 150%.

Life on our buses and trains reflects life on the streets. We will make full use of police expertise and technology to ensure a positive riding experience for our customers.

Preserving our natural areas

I often say that our system of regional parks and trails is one of the jewels of the Twin Cities metropolitan area. After several unsuccessful attempts, the Legislature approved its creation in 1974.

This legislation designated 31,000 acres of existing city and county parks as part of the regional system, and authorized up to \$40 million in bonds for park land acquisition and development.

The Council’s first regional open space plan identified 12 “immediate action sites” for acquisition. These sites included what is now the 2,200-acre Lake Elmo Regional Park. At the time, this land was being considered as a possible location for a regional shopping center or a landfill. What a tragic mistake that would have been!

Today, the system consists of 48 regional parks and park reserves, 22 regional trails and six special recreational features – such as the Como Park zoo and conservatory. This 53,000-acre system provides opportunities for walking, biking, swimming, boating and many other forms of active recreation. It attracts more than 33 million visitors a year.

But our regional park system does much more. It also protects and preserves irreplaceable natural features such as lakes and wetlands, hardwood forests and native prairies for future generations.

Our residents like it here

Residents of the metro area obviously regard our parks and trails as one of the essential elements of our prized quality of life. In our annual residents' survey – which we are releasing today – 34% rate our parks, trails and natural areas as our region's most attractive feature.

Once again, our survey indicates that our residents like it here: 97% rate the Twin Cities metro area as a better place to live than other metro areas.

We are indeed blessed to have a growing and prosperous region, as reflected by our latest regional indicators. Among the 25 largest metropolitan areas, our region ranks:

- 1st in workforce participation,
- 1st in home ownership,
- 4th in the percentage of adults with a college education,
- 6th in employment growth, and
- 6th in per capita income.

During the first five years of this decade, our population grew by 168,000 people, or 6.4%. That's the equivalent of two Bloomingtons being added within the boundaries of our seven-county metropolitan area. We are on pace to add nearly 1 million people to our population between 2000 and 2030.

In our survey, a significant minority of our residents expresses concern about the pace of growth: 36% said they feel their community is growing "too fast," while 57% said the pace of growth is "about right."

For those of you who share such concerns, I have some encouraging news. Between 2000 and 2005, development consumed land at a rate of about 7,500 acres per year. That's down from a rate of 9,200 acres per year in the 1990s, a decade in which population grew at about the same rate we are now experiencing. In addition, the amount of land committed for park and recreation use increased by an average of 3,700 acres annually during the last five years.

In our *2030 Regional Development Framework*, the Council set a goal of trying to accommodate at least 27% of the region's growth in the central cities and developed suburbs, where streets, sewers and other costly infrastructure already are in place. So far we are meeting that goal.

The region's next LRT line

In our 2006 survey, transportation and traffic congestion again ranked as one of the top concerns of metro area residents ... along with crime and the pace of growth.

At the Met Council, one of our primary areas of focus in the next four years will be continuing to improve our transit system, and developing a network of rail and bus "transitways." With the strong support of Governor Pawlenty, we are making significant strides toward securing the state and federal resources needed to implement our plan.

Late last year, we received federal approval to enter into preliminary engineering on an 11-mile light rail transit line in the Central Corridor along University Avenue between downtown St. Paul and downtown Minneapolis.

This new line will provide improved access to employment, educational and economic opportunities in the two downtowns, as well as the University of Minnesota, Midway area and State Capitol complex. It also will support and encourage the revitalization already taking place along University Avenue.

It has the potential to be even more successful than our Hiawatha LRT line. We project that the Central Corridor line will attract 38,000 riders per weekday by 2020 and more than 43,000 riders by 2030.

Preliminary engineering will take about two years. After that, we hope to obtain federal approval to complete the final design, with construction beginning in 2010 and ending by 2014.

As planning proceeds, we will make every effort to consult with community, business and ethnic groups within the corridor and involve them in the planning process. We recognize they are concerned about such issues as station placement and design, traffic, parking, safety and construction impacts.

However, we must balance very legitimate community concerns with the need to control costs and meet the Federal Transit Administration's cost-effectiveness requirements ... so we can obtain federal matching funds needed for construction. This requirement means that the project's \$930 million cost will have to come down.

At the end of the day, I cannot promise that every community want and need will be met. But my colleagues and I will make certain everyone is heard and their views are seriously considered.

Northstar rail line on track

As many of you know, we are even farther along toward the development of a commuter rail line in the Northstar Corridor between downtown Minneapolis and Big Lake. By fall, we hope to secure a full-funding grant agreement from the FTA and begin construction on the \$300 million project, which will take about three years.

This 40-mile line will utilize existing railroad track – which greatly reduces the cost. It will feature stations in Big Lake, Elk River, Anoka, Coon Rapids and a new multi-modal station in downtown Minneapolis ... connecting there with the Hiawatha LRT line and ultimately the Central Corridor line. Our hope is that this line someday will extend all the way to St. Cloud.

The Northstar line will offer a new transportation alternative in one of our region's fastest growing and most congested corridors. It will provide a predictable, 43-minute commute downtown without the stress of traffic and the hassles of parking.

Over the next several years, we also will move forward with bus rapid transit in the Cedar Avenue Corridor ... between the Mall of America and Lakeville

Most of the funding is in place for the \$31-million, first phase of the project. It includes the development of bus-only shoulder lanes, signal improvements that give buses a travel-time advantage and new transit facilities in Eagan, Apple Valley and Lakeville.

This project will help ease congestion in a rapidly growing corridor where traffic volumes already exceed 100,000 vehicles per day at the Minnesota River bridge. It also will feature clean-fuel buses, reducing emissions of carbon monoxide and other harmful pollutants.

Ultimately, our long-range transportation plan envisions the development of five bus and rail transitways by 2020 – and three more by 2030. In addition, our plan calls for improving our bus system, adding new express routes, limited stop routes, park-and-ride lots and other passenger amenities. Even with the addition of light rail and commuter rail lines, bus service will remain the backbone of our transit system in the years ahead.

We are in a stronger position to achieve this vision ... thanks to voter approval last fall of the constitutional amendment dedicating 100% of the revenue from the Motor Vehicle Sales Tax to transportation. For the first time, transit will have a dedicated revenue source, albeit a somewhat volatile source.

But MVST alone will not be sufficient to meet all of our transit operating and capital needs in the coming years. We will need continued federal and state support if we are to achieve our goals: to build transit ridership, slow the growth in traffic congestion and improve mobility for everyone.

New funding for parks

Another priority of the Council over the next few years will be seeking funding from private sources to accelerate the acquisition of land needed for our system of regional parks and trails.

Our 2030 Regional Parks and Open Space Plan calls for:

- Expanding our regional parks system from 53,000 acres today to nearly 70,000 acres, and
- Quadrupling our network of regional trails from 177 miles today to 877 miles.

This expansion is needed to keep pace with the projected 35% increase in our region's population by 2030. It will preserve our region's last, best natural areas and provide outdoor recreation opportunities for our children and grandchildren.

Our great challenge will be obtaining the resources needed to implement our plan while the lands are still available and affordable. Recognizing that regional parks must compete with many other worthy programs for state funding, we have been exploring the idea of creating a "Friends of the Regional Parks Foundation" to supplement the public funds we now receive for land acquisition.

For the last several months, we have joined with the Trust for Public Land in conducting a feasibility study with the help of a \$75,000 grant from the McKnight Foundation. This study will be completed by the end of this month. A number of state and local park agencies around the country have used such foundations to raise funds from private sources, and I firmly believe this idea can work here, too. My goal is to ultimately raise \$100 million to accelerate our land acquisition efforts.

Seeking new energy sources

Still another priority in the next few years will be collaborating with the University of Minnesota on research aimed at developing new sources of renewable energy.

As Governor Pawlenty said in his State of the State Address, “Renewable energy is an important part of Minnesota’s future. Our great nation’s sad addiction to foreign oil exposes the country to a reckless amount of economic and national security risk.”

As I have described, Metro Transit already has significantly reduced its dependence on foreign oil – making use of biofuels and hybrid technology.

Through our collaboration with the University, we intend to pursue new ideas for alternative fuels and energy savings. The idea is to marry the theoretical knowledge of university researchers and the practical experience of our operating staffs to produce innovation.

Our respective staffs have identified a number of potential projects. One of the most promising involves our wastewater collection and treatment system. We will explore and test the idea of using the waste products from both wastewater and air emissions to produce a high-oil content biofuel. Our wastewater has the potential to produce 100 times more energy per acre than corn, soybeans and other agricultural products.

We also will work with university researchers in the development of alternative fuel and power technologies, using Metro Transit vehicles as a testing platform. This effort has the potential to further reduce our dependence on fossil fuels as well as our air emissions, while achieving greater operational efficiencies.

New web-based tools

Finally, within the next few months, we plan to launch a redesign of the Council’s website. The goal of this redesign is to make our site more user-friendly and better service the needs of our key stakeholders – local officials, legislators, businesses and citizens.

As a part of this redesign, we will be providing new interactive tools that will enable users to map, chart, integrate and compare data about their community. This will include information about population, demographics, land use and infrastructure. The new tool should be enormously helpful to planners and policymakers, citizens and scholars.

Partnerships for progress

Despite the best efforts of many of you here today, the Metropolitan Council has not always been the most understood and appreciated of our governmental institutions. I have often joked that 90% of our residents don’t have any idea what we do, while the other 10% go to bed worrying about our every move.

Over the last four years, we have tried very hard to develop a more_collaborative working relationship with the communities in the seven-county area – and I believe our efforts are paying off.

In our 2006 survey of metro area residents, 42% of our residents rated the Council’s performance as “good” or “very good,” while only 15% gave the Council unfavorable marks. This is the highest approval rating the Council has received since we started asking this question a decade ago.

This approval rating represents a lot of very hard work on the part of my 16 colleagues on the Metropolitan Council. I would like to ask them to stand and be recognized...

Over the years, one of the keys to progress in our region has been the strong partnerships we have built with the cities and counties in the metropolitan area:

- We plan for orderly, economical growth of our region in partnership with the 189 cities in the metro area.
- We plan for the acquisition and development of our regional parks and trails in partnership with 10 city and county park agencies.
- And now we're planning the development of our transitways in partnership with the counties and their rail authorities.

In the years ahead, we know we also must build closer relationships with local officials in the counties immediately adjacent to the seven-county area. For years, urban growth has been spilling over the boundaries of the seven-county area into the adjacent counties.

In five of the counties to the north and east of us, 40% or more of the employed residents commute to jobs in the metro area. And significant numbers of metro area residents do just the opposite. In addition, school districts, watershed districts and aquifers all overlap the boundaries of the seven-county area.

Clearly, the economic boundaries of our metropolitan area have grown far beyond the seven counties since the Council was established four decades ago. No one is proposing that the Council's jurisdiction be expanded. However, we must find ways to work cooperatively with our neighbors – on a voluntary basis – on transportation, wastewater, parks and other growth-related issues. The Northstar Commuter Rail Line is a dramatic illustration of what can be accomplished when we reach across geographical boundary lines and we work together.

Marking our anniversary

Before I conclude, I want to tell you about several special activities we are planning in the coming months to help remind the public why the Council was created ... and to focus attention on some of the opportunities and challenges facing us in the years ahead. These activities will include:

- Posting a 40th Anniversary timeline on the Council's website, offering an easy way for citizens to learn more about the important milestones in our region's history. This new feature will go live today on our website.
- Collaborating with Twin Cities Public Television to produce a half-hour documentary on the Council and the problems that led to its creation.
- And joining with several groups in sponsoring a regional policy conference to discuss where we are going as an agency and a region. The conference will be held in June, about the same time that our documentary will be aired on public television.

Thank you for taking the time to join us this morning. I will now to happy be respond to questions. Afterward, I invite you to join us in the lobby for refreshments, and to visit with Council members and staff.

Questions?