



Smart Growth America
Making Neighborhoods Great Together

Minnesota

Smart Transportation:
Save Money and Grow the Economy



Keep Minnesota Moving in the Right Direction

Save Money by Taking Better Care of What You Have

1. Dedicate more to maintain and repair existing roads and bridges.

Grow the Economy by Making Your Investments More Strategic

2. Fund the biggest job creator: public transportation.
3. Spark innovation and cost-savings through a competitive transportation solutions program.
4. Revisit near-term spending decisions and long-term project selection to improve transportation outcomes, add jobs, and grow Minnesota's economy.





Smart Transportation: Save Money and Grow the Minnesota Economy

Minnesota's state budget and economy face significant challenges. These challenges also create the opportunity – indeed the imperative – to revisit existing programs and ask if Minnesota is really getting everything it can from them.

Right now, voters do not think the current approach is working. Polling nationwide shows people are dissatisfied with the economy and believe the nation is on the wrong track. People do not trust their state with their money. Only 10% of voters think the government spends money wisely while fully 86% think their state does a fair or poor job.

Moving forward, Americans do think there is a better way. In a recent survey by Hart Research Associates, 68% of those polled believe “now is the time for the state to invest in transportation because if done right these investments will create new jobs and attract new businesses.” Voters are clear about their hopes for their state, and Smart Growth America has practical solutions to help make that vision a reality.

In the following pages we outline an innovative, yet common sense approach to transportation spending that cuts costs, creates jobs, attracts businesses, and clearly shows that the state is responding to the fiscal and economic crisis with strong leadership that is not satisfied with a system that makes fair or poor use of taxpayer dollars.

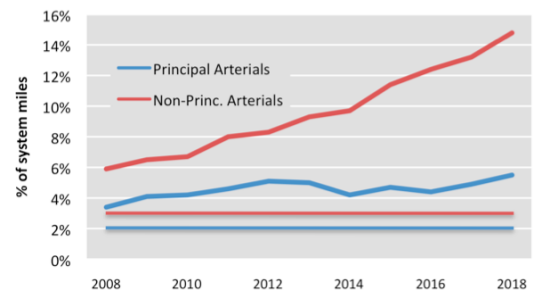
The Need:

Minnesota faces some hard realities.

- The state's Accountability web site shows that Minnesota has not met its own standards for

pavement quality since 2002, and does not plan to meet them.

Predicted miles of "poor" pavement



- The current Statewide 20-year Highway Investment Plan expects to triple the number of state highway miles with pavement in poor condition, from about 600 miles today to more than 1,600 miles by 2018. (Shown in the chart above.)

The transportation system isn't ready to support Minnesota to compete in the 21st century. Minnesota travelers and businesses need more choices to avoid congestion, avoid volatile gas prices, and create places that draw investment.

Carrying on business as usual will result in a deteriorated road network, inadequate transit network, and a six- to ten-fold increase in repair costs resulting from neglect and deferred maintenance.

The Smart Solution:

By making fiscally responsible choices about the state's transportation priorities, Minnesota can save money and create jobs, help preserve the transportation system, and create a more welcoming business climate.

1. Dedicate more to maintain and repair existing roads and bridges

Minnesota’s roads are deteriorating. Deferring maintenance will have large fiscal consequences.

According to the American Association of State Highway and Transportation Officials (AASHTO), every \$1 spent to keep a road in good condition avoids \$6-14 needed later to rebuild that road once it has deteriorated. In addition, poor roads add an average of \$335 to the annual cost of owning a car – in some cities an additional \$740 more – due to damaged tires and suspensions, and reduced fuel efficiency.

We calculated annual repair needs for Minnesota based on current road and bridge conditions as reported in FHWA 2008 Highway Statistics, and nationalized estimates for preventative maintenance and major rehabilitation. The results show that Minnesota has been significantly under-spending for state-of-good-repair (SOGR).

To maintain Minnesota’s roads in the current below-standard condition would cost \$1.1 billion per year. To bring roads and bridges to a state of good repair, and maintain them – that is, to truly return Minnesota to a fiscally responsible path – would cost \$1.2 billion/year.

While there will have to be strategic investments in new facilities to improve connectivity with the existing road network, prioritizing system preservation will save Minnesota taxpayers hundreds of millions of dollars, while slowing the deterioration of roads and bridges. Maintaining infrastructure will also pay off in job creation. Numerous studies find that maintenance and repair creates more jobs than building new roads.

To put Minnesota DOT spending on a fiscally responsible track, *spending on new highway capacity should decrease and be shifted to create jobs, maintain and improve pavement quality, and get Minnesota ready for a future with a smaller percentage of drivers and higher energy prices.*

Without a renewed commitment to system maintenance and repair, the state ensures a network of declining quality – with attendant safety problems,

additional cost to Minnesota families for car repairs, and a loss of economic competitiveness as businesses target states with better freight access.

Repair Costs for Road and Bridge Network

Mn/DOT major roads (lane miles) ¹	29,159
Mn/DOT lane miles in “poor” condition ²	1,705
“Structurally deficient” bridges ¹	1,177 (9%)
Total annual cost to <i>maintain</i> roads and bridges ²	\$1,153,710,329
Annual <i>major rehabilitation</i> needs for “poor” and “deficient” roads/bridges ²	\$73,878,882
Total annual road/bridge repair need²	\$1,227,589,211
Past Mn/DOT annual investment in repair (2004-2008) ^{1,3}	\$229,778,153

¹ Source: 2008 FHWA Highway Statistics Report

² As calculated by Smart Growth America based on data available from FHWA. “Poor” and “deficient” road/bridge rehabilitation costs were annualized over 20 years.

³ Mn/DOT’s road/bridge repair spending increased in 2009 and 2010 due to the American Recovery and Reinvestment Act (ARRA).

\$1 billion spent on fixing existing highways creates **16%** more person-years of construction jobs than new road construction.

51% of voters believe fixing roads and bridges should be **the** top priority for the state (33% chose expanding transit and other choices, 16% chose expanding roads).

Most voters – **59%** – believe that the government has a duty to make sure that roads and bridges are safe and reliable.

2. Fund the biggest (by a lot) job creator: public transportation

Historically, public transportation investments create 31% more jobs per dollar than road investments. **In the recent stimulus, investments in public transportation created almost twice the jobs that highways did and are now helping others get to their jobs, as well as attracting private sector investment, creating still more jobs.** Minnesota should invest strategically in public transportation, both in the metropolitan region and the rest of the state in a couple of key ways.

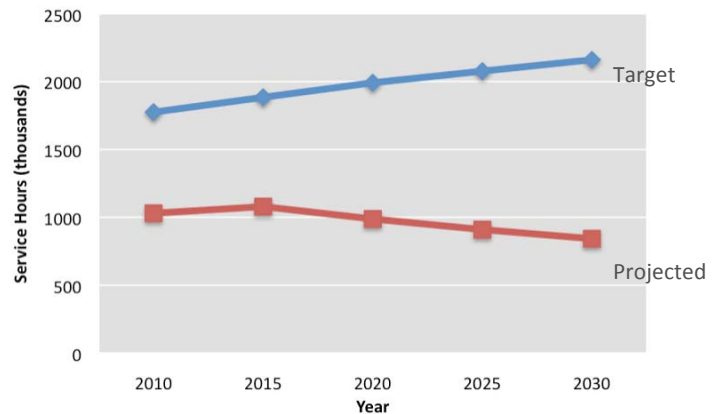
Shift existing resources to maintain and expand service and hold the line on fares statewide. When people use public transportation they save money. Maintaining and increasing those savings is a critical part of cost-effectively improving Minnesota's transportation system. But instead of going forward, Minnesota is going backward:

- The metro region bus system has shrunk since 2000.
- Agencies in nearly all Minnesota counties outside the Twin Cities metro area that have transit service have raised fares and/or cut service in the last two or three years — some during periods of record ridership. Residents of small towns and rural communities in particular are increasingly stuck without transportation options to get to work and services as agencies cut back on rural Minnesota service. Mn/DOT projects rising needs and falling service through 2030 (see chart).

These service cuts disproportionately hurt low-income workers. Funding public transportation will enable workers to get to their jobs.

Fund the timely build-out of metro region public transportation. There has long been agreement that the Twin Cities metropolitan region should make investments to double transit ridership. The regions that the Twin Cities compete with for jobs generally have better public transportation than we do. The Dayton Administration, focused on jobs, can accelerate expansion of regional public transportation.

Greater Minnesota Transit Bus Service Hours, 2010-2030



Public transportation is popular with voters

November 2010 National Poll by Hart Research Associates:

73% of those polled rated “the number of jobs created in the long term that would remain in [my] community” as the most important factor in developing the state transportation plan.

61% regardless of their party affiliation (and 57% of Independents) said they would feel more positively about a governor who favors a plan that “provides more choices such as buses, carpools, light rail, van service, and commuter rail.”

64% said “buses, carpools, light rail, van service, and commuter rail were a good or very good value for the cost.”

March 2010 National Poll by Public Opinion Strategies and Fairbank, Maslin, Maullin, Metz & Associates:

66% of respondents agreed they would like more transportation options available to them.

69% agreed their community would benefit from an expanded and improved public transportation system.

3. Spark innovation and cost-savings through a competitive transportation solutions program

There are many ways to solve transportation problems. The Transportation Policy Plan moves toward smaller projects, but does not take full advantage of low-cost, under-used options.

- **Pricing**—corridor pricing, parking cash-out, pay-as-you-drive insurance, and parking pricing
- **Demand management**—telecommuting, alternate work schedule, employee commute programs, and car- and bike-sharing
- **Coordinated land use investment**—bringing grocery stores to underserved areas, and transit-oriented development
- **Biking and walking networks**—connections that provide simple, low cost solutions for many of the short trips people take every day

Among transportation professionals it is widely acknowledged that these techniques are quite often cheaper and more effective than either a road or a transit solution. It is also true that most governments underutilize these low-cost strategies, leaving significant benefits on the table.

Leverage state funds to spur local innovations. From the funding the state has available for new capacity, **the state could set aside a portion for places that want to pursue innovative least cost solutions to their transportation needs.** A state program similar to the federal TIGER (Transportation Investment Generating Economic Recovery) grant program would enable Minnesota communities to put their best ideas forward. The widest range of projects should be eligible and they could be judged against criteria such as job creation, private sector investment, and other criteria emphasizing “returns on investment.”

Letting people travel for less stretches Mn/DOT dollars. Transit ridership, walking and cycling rates, eWorkPlace participation, and polls all tell the same story: people want more choices and will use them when made available. The good news for Mn/DOT is that most of the options they want cost much less than building new roads, are safer, and create more jobs.

Build on cost-saving Minnesota programs

eWork can get more Minnesotans to work for less

Minnesota DOT recognizes that it is much cheaper to accommodate peak period demand with wires than lane miles. MnDOT’s eWorkPlace program serves employers ranging in size from 20 to 8,000 employees, 18% of whom participate. eWorkPlace reports a reduction of more than 30% in peak period trips, and a VMT reduction of more than 46%.

Employers reported increased productivity, better retention, and reduced absenteeism. Fairview Health Services, for example, documented less stress, better well-being, higher expectations, and improved relationships for both managers and employees. In short, the program is business-friendly, and the cheapest, safest way to accommodate demand.

Safe Routes to School (SRTS): the most popular, cost-effective, and safety-enhancing transportation program in the country

In addition to significant safety benefits, SRTS reduces rush hour traffic. Minnesota has a good Safe Routes to School program, but the vast majority of state communities do not yet enjoy its benefits. Mn/DOT met just 9% of recent SRTS requests.

Walking and biking moves Minnesotans for less

Walking and biking is the least costly transportation, for both infrastructure and operations. When provided options, Minnesotans use them: the Minneapolis Nice Ride bike-share program, launched in 2010, generated more than 100,000 bike trips in its first five months. Nearly 20% of Nice Ride users now use the system instead of driving for many trips.

Not pursuing these kinds of programs aggressively generates congestion that doesn’t need to be there and increases MDOT’s costs and need for taxes and fees.

4. Continue revising near-term spending decisions and long-term project selection to improve transportation outcomes, add jobs, and grow Minnesota's economy

Minnesota's economy and transportation revenue situation demand that investment decisions made prior to the recession get revisited.

The Mn/DOT Statewide 20-year Highway Investment Plan (HIP) is admirably clear about the gap between revenue and Mn/DOT's ability to meet pressing needs. But while the HIP emphasizes repair and maintenance, it still proposes to fund a variety of new capacity additions, while almost 1000 miles of pavement fall into "Poor" condition. In short, Mn/DOT proposes to build roads that it will not be able to maintain. The HIP also leaves \$385 million in safety needs unmet.

Clearly, the State HIP is the product of difficult decisions. But as Minnesota continues to search for jobs and ways to save money, the 20-year plan needs to be re-examined, and each project should meet today's need for higher return on investment. Closely examining these spending decisions will show Minnesotans that new leadership is responding immediately to current economic and fiscal realities.

Re-evaluating near term decisions to move those of highest value to the front can serve as the first step in a broader initiative to produce greater transparency, performance, and accountability.

In Minnesota, voters are skeptical of the state's ability to use their money well. Making clear that projects are selected on the basis of clear and transparent criteria would help to address this credibility gap. It would also show that the new leadership is willing to break with past practices to get better returns on investment.

Possible criteria include:

- Impact on mobility, access, and transportation choices

- Ability to create jobs in the near term and jobs and economic health in the long term
- Affect on long term system costs and tax burden

With these smart transportation approaches, the leaders of Minnesota can demonstrate to voters the ability to be fiscally responsible while growing the economy.

In 2008, McKinsey & Company evaluated potential transportation investments in Metro Atlanta, finding:

\$220 million invested in demand management would create **\$40 billion** in incremental benefits.

Better coordination with development (deemed to be **virtually cost-free**) would create **\$39 billion** in incremental benefits.

\$26 billion in road investments would create **\$40 billion** in incremental benefits.

"It is of particular importance in these times of severe fiscal constraint that we invest scarce public resources more wisely and efficiently, in order to maximize the reach and impact of what we spend... Otherwise we will continue to get the same results: deteriorating infrastructure marked by unacceptable compromises to safety as well as worsening performance, especially growing congestion."

— Bipartisan Policy Center's National Transportation Policy Project and the National Surface Transportation Infrastructure Financing Commission



Smart Growth America advocates for people who want to live and work in great neighborhoods. We believe smart growth solutions support thriving businesses and jobs, provide more options for how people get around and make it more affordable to live near work and the grocery store. Our coalition works with communities to fight sprawl and save money. We are making America's neighborhoods great together.

Smart Growth America is the only national organization dedicated to researching, advocating for, and leading coalitions to bring smart growth practices to more communities nationwide. Visit us online at www.smartgrowthamerica.org.

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