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Study: For every dollar invested in transit, Twin Cities gets $2.90 in benefits

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A new study that aimed to calculate the return on investment for the planned build-out of the Twin Cities regional transit network found that every $1 spent on new transit connections will produce $2.90 in benefits.

METRO TRANSIT

A Metro Transit bus crosses the light rail tracks as it drives along Nicollet Mall in downtown Minneapolis.

It's not just a win for transit users, who save money when they leave the car in the garage (or go without a vehicle at all). The majority of benefits — 81 percent, according to the study — are realized by the people and businesses who spend less time fighting traffic, which delays shipments and adds precious minutes to commutes.

The study was released Thursday by East Metro Strong, a public-private partnership advocating for transit in Dakota, Ramsey and Washington counties, and the Minneapolis Regional Chamber.

Using data from the Metropolitan Council, the report estimates it will cost $3.1 billion to build and operate the transit system over two decades, a figure that includes capital costs for the build-out planned between 2025 and 2031 and operational costs through 2045. That timeframe doesn't capture the cost of the $2 billion Southwest Light Rail Transit project, the construction of a 14.5-mile Metro Green Line extension expected to open in 2023, and the study doesn't consider the 10 BRT lines Gov. Tim Walz recently proposed building over the next decade.

That $3.1 billion investment produces a $9.1 billion economic impact for the Twin Cities region over the same 20 year period, or a net benefit of nearly $6 billion through 2045, according to the report. Those benefits come in the form of savings on travel times, vehicle operating expenses and roadway maintenance, as well as improved safety and reduced greenhouse gas emissions.

Just driving less saves money, and the report argues that the nearly $3.9 billion saved on vehicle operating costs exceeds the cost of building out the system by $743 million.

But the impact extends far beyond the metro region. The entire state stands to gain in the form of the increased tax revenue produced by the people and businesses drawn to a transit-rich metropolitan area.

"A region in which you have more transportation choices is more attractive to businesses and residents," said Will Schroeer, executive director of East Metro Strong.

The report cites a recent study by Smart Growth America and Cushman & Wakefield that evaluated the relocation decisions made by 500 companies that moved their offices to places where employees could more easily walk, bike or take transit to work. The study included 11 Twin Cities companies that had recently moved to one of the two downtowns.

The study also cites data from CoStar that shows about half Minneapolis office space filled by relocating companies in the last four years has been companies moving from the suburbs to the downtown core.

The taxes new residents and businesses pay will add an estimated $143 million per year, on average, to state and local coffers, or a total of $2.86 billion over the two-decade period considered by the report. That those new revenues amount to more than 90 percent of the cost to construct all the transitways currently planned between 2025 and 2031 is a “particularly important” finding of the report, Schroeer said.

The report also considers the rise of autonomous vehicles, which increasingly factor into debates over transit policy. While some argue autonomous vehicles will reduce transit ridership, the report notes they’ll be competing for space on the same roads already clogged with congestion, and that they may actually boost transit use by linking people in hard-to-reach areas with transitways.

Minneapolis Regional Chamber President and CEO Jonathan Weinhagen described the new report as a sequel to a 2012 study produced by the Itasca Project. That earlier study calculated a $4.4 billion investment in regional transit between 2030 and 2045 would produce between $6.6 billion and $10.1 billion in benefits.

Weinhagen said the new report not only validates the 2012 study, it finds current transit use is exceeding the study’s most conservative estimates by 5.6 percent — despite slow progress on projects like Southwest Light Rail Transit, which has faced delays that drove up costs and delayed the opening. The earlier study also underestimated how much it would cost to operate a motor vehicle in the future, he said.

Schroeer added, “If transit ridership is higher than we forecast in 2012, then our study is both confirmed and, as it turns out, was quite conservative."

Click here to read the report.

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