Twin Cities Mass Transit Turning Point

Steven Dornfeld

In November 1969, the 1,050 members of Amalgamated Transit Union Local 1005 called a strike against Twin City Lines, the metropolitan area’s largest privately owned bus company. Most union members and patrons probably did not realize it at the time, but the 25-day strike would prove to be a critical turning point for mass transit in the Twin Cities, providing the opportunity for the public to acquire and improve the bus system.¹

The beleaguered bus company was on a downward slide, the victim of an aging fleet, increasing fares, and declining ridership. Eighty-six of its aging buses had been banned from the streets of Minneapolis, but the company continued to operate 71 of these buses in St. Paul. With spring-ride suspensions instead of air-ride, most of the buses rattled so violently that riders were in no danger of dozing off. The buses also lacked comfortable seating and air conditioning, and they belched fumes so noxious that motorists did not want to be caught behind them in traffic.²

The strike by Twin City Lines’ drivers and mechanics—waged primarily over pay—came at the start of the 1969 Christmas shopping season. The two downtowns still were the centers of retailing, with department stores like Dayton’s and Donaldson’s in Minneapolis, the Emporium and the Golden Rule in St. Paul, plus dozens of popular specialty shops. As the strike dragged on, Governor Harold LeVander and his administration came under increasing pressure from downtown retailers to intervene and help end it.

Some political insiders—both then and now—believe the owners of Twin City Lines triggered the strike in

Above: By the late 1960s, Twin City Lines buses belched fumes so noxious that motorists were loath to be caught behind them in traffic.
an effort to force public acquisition of the failing bus company. Indeed, the Twin Cities’ fledgling regional governing bodies were positioned to do just that. In 1967, the state legislature had created not only the Metropolitan Council—a planning agency for the seven-county area—but also the Metropolitan Transit Commission (MTC). That law gave the MTC broad powers to acquire and improve transit facilities in the region. Absent the passage of that law and the commission’s bold action to help settle the strike, the bus company likely would have collapsed, stranding thousands of transit-dependent patrons.³

For years, forces had been building for public ownership of the bus company. Its owners recognized that there were more lucrative areas of investment than transit. Union leaders believed that a public body would be easier to negotiate with than the tight-fisted owners of Twin City Lines. Downtown retailers and employers were desperate for a reliable transit system to serve their employees and customers. And then, an additional incentive emerged. In 1964, Congress passed the Urban Mass Transit Act, which authorized $375 million in grants to state and local governments for mass transportation. The new law included federal aid for up to two-thirds of the cost for acquisition, construction, reconstruction, and improvement of transit facilities.⁴

Across the country, the twin trends of suburbanization and auto ownership had accelerated since the end of World War II and transit ridership had experienced an inverse decline. To salvage transit systems, public ownership of transit was on the rise. Before the passage of the Urban Mass Transit Act, public ownership offered the opportunity to escape federal, state, and local taxes; the new law added the additional incentive of federal transit aid. From 1965 to 1974, the number of publicly owned transit systems in the United States rose from fewer than 60 to more than 300.⁵

The Twin Cities’ mass transit system has a long and colorful history dating back to the first horse-drawn streetcars in St. Paul starting in 1872, followed by Minneapolis in 1875. The two systems were controlled by Thomas Lowry, who converted them to electric power between 1889 and 1891, then merged them in 1891 to form Twin City Rapid Transit Co. (TCRT). For decades TCRT provided the region’s dominant mode of transportation. At its peak, the company operated more than 900 streetcars, owned 523 miles of tracks that stretched from Stillwater to Lake Minnetonka, and carried more than 200 million riders a year. But, like the national trend, ridership declined precipitously after World War II.⁶

Responding to these trends, TCRT embarked in 1951 on a program to convert from streetcars to buses, which were cheaper and more flexible to operate. The last trolley ran on June 18, 1954. Streetcars were sold or scrapped, and the steel rails they had run on were ripped from many streets. In the process, the company’s assets were looted by company president Fred Ossanna and his cronies. After a lengthy federal investigation, Ossanna, scrap iron dealers Harry and Fred Isaacs, and two others were convicted of mail fraud, conspiracy, and other charges in 1960. Years later, TCRT officials told stockholders that fraud and mismanagement during the conversion process had cost the company $6 million, plus another $5 million in lost tax benefits.⁷

In 1959, in the midst of the conversion scandal, a group of local business and civic leaders stepped in to take control of TCRT. The new president of the company was Daniel Feidt, a Minneapolis lawyer and Conservative (Republican) state senator. The board
of directors included Carl Pohlad, president of Marquette National Bank, who later gained greater prominence as the owner of the Minnesota Twins. This new leadership team very quickly concluded that more money could be made in areas other than public transit. By 1962, they had changed the name of TCRT to Minnesota Enterprises Inc. (MEI) and had embarked on a program of “diversification.” The bus company itself was renamed Twin City Lines.8

Over the next half dozen years, MEI acquired a 41 percent interest in Trans-Texas Airways, a regional carrier that in turn purchased the Tropicana Hotel in Las Vegas. Other MEI holdings included a charter air service, an Illinois bus company, a transit consulting company, interest in several banks, and a large investment portfolio—$16 million, according to MEI’s 1966 annual report. Meanwhile, the corporation purchased no new buses between 1954 and 1963 and made only “token efforts” to update its fleet between 1963 and 1966.9

MOMENTUM BUILDS FOR METRO TRANSIT AGENCY

Disenchantment with the bus service being provided by Twin City Lines and several suburban operators had been building for years. As early as 1950, a Minneapolis city official proposed the creation of a metropolitan transit agency “to regulate the industry in a manner to provide low fares consistent with reasonable service.” By the mid-1960s, bills to create such an agency had been introduced in multiple sessions of the Minnesota legislature, but none had been approved. The idea for a commission to improve regional transit gained momentum in 1965 when it was supported by two separate studies—one by a 31-member committee appointed by Governor Karl Rolvaag and the other by the Citizens League, a nonpartisan public policy research organization.10

Among the Citizens League’s findings: that bus service in the Twin Cities was too slow, too uncomfortable, and too infrequent and sparse in the suburbs, with no coordination between Twin City Lines and seven privately owned suburban bus lines. Noting that annual ridership had plummeted from 201 million in 1946 to just 60 million in 1964, the Citizens League recommended the creation of a metropolitan transit commission with regulatory, planning, and other powers, saying that “provision for adequate transit no longer can be left to chance.” But it stopped short of
recommending that the commission be given the power to acquire existing bus companies, as Rolvaag’s committee had done.11

When legislation to create a transit commission failed again in 1965, the Citizens League issued a supplemental report urging the metro region’s cities to create such a regional agency on an interim basis, using authority granted to them under a state law known as the Joint Powers Act. “The legislature will be meeting in a little more than one year,” the Citizens League said. “Establishment of a transit agency now would assure that the proper groundwork will be laid for action by the Legislature.” Minneapolis, St. Paul, and 21 other cities did just that, demonstrating broad support for a regional approach to transit planning and development.12

Supporters of this legislation returned to the capitol in 1967 in a much stronger position. William Kirchner, the Richfield house member who had sponsored the bill in 1965, had been elected to the senate. And he had been meeting before the session with members of the Joint Powers transit board to get the legislation in final form. Les Bolstad II, who served as vice chair of that board, recalls that those preparations “created the momentum” for success. In addition, LeVander, the new Republican governor, made the transit bill part of his legislative program, generating support among the Conservative (Republican) majorities in the house and senate.13

But the bill may have had an additional supporter behind the scenes—the management of MEI. They had lost interest in running the struggling Twin Cities bus company, and who else would buy it other than a public entity? A 1970 article in the Twin Citian magazine suggested that MEI president Dan Feidt, who had left the legislature in 1962, and the MEI board “passionately long[ed] to sell” the bus company and helped engineer the passage of the transit legislation. In a 2018 interview, Bolstad supported that view. “Nobody knew the influence that Dan Feidt had,” Bolstad said. “He was a former legislator and lobbyist. His law firm represented MEI. Dan Feidt was an undercurrent in everything. He was the ultimate lobbyist.”14
The bill proposed the creation of a transit commission—named the Metropolitan Transit Commission—to be composed of nine members, eight appointed by local governments in the seven-county area and a chair appointed by the governor. The measure stated that the existing bus system was “inadequate to meet the needs” of the public and directed the MTC to prepare a plan for “a complete, integrated mass transit system” for the metro area. The bill gave the MTC broad powers to acquire and improve existing transit facilities.

The original bill also gave the commission the power to acquire existing bus companies by condemnation (meaning that the value of such companies would be set by a court-appointed panel rather than negotiated with the owners). But that provision was stripped out by a senate committee. The Minneapolis Tribune reported that the condemnation authority was deleted from the bill after “an intensive lobbying effort by the officers of Twin City Lines.” Minneapolis Star editorial writer Harold Chucker agreed, saying that Feidt—a former member of the senate’s ruling elite—“did not testify on the measure. He didn’t have to. . . . He was able to make his influence felt on the shape of the legislation without too much difficulty.” The MTC bill passed in the house on May 4, 1967, with a vote of 124 to 5 and in the senate—without the condemnation provision—on May 20 with a vote of 63 to 0. With time running out on the session, the house approved the senate version of the bill the same day.15

Lacking the staff and expertise to undertake its mission, the fledgling MTC agency retained two respected transit consulting firms: Simpson & Curtin of Philadelphia to study existing bus service in the Twin Cities and recommend improvements, and Alan M. Voorhees & Associates of Washington, DC, to help develop a long-range transit plan. In its first annual report, the MTC signaled that it anticipated a larger public role in transit. “The idea that transit oper-
islature in 1969 to seek authority to acquire the bus company through “quick-take” condemnation—meaning that the agency could take control of the bus system as soon as a court-appointed commission set the price, even if the owners appealed that amount in the courts. This provision proved to be vitally important.

“The idea that transit operations can meet all their growing responsibilities solely with their own revenues (the so-called ‘folklore of the farebox’) must be abandoned.”

“[Richfield senator William] Kirchner was the one who pushed for condemnation authority and particularly the quick-take process,” Bolstad said. “I recall sitting in Kirchner’s office and that was the first time I heard the term quick-take. I didn’t know what it meant. It was clear that he wanted to be prepared.”

Governor LeVander had been reluctant to give the MTC the power to acquire a privately owned company, but agreed to support the legislation if included a provision requiring prior approval by the Metropolitan Council. David Durenberger, who was LeVander’s chief of staff and later served in the US Senate, said the governor was “totally unenthusiastic” about the idea of government “running the bus company,” much less acquiring it through condemnation. But he said LeVander had “total

FARE INCREASE FLASHPOINT

While pursuing additional statutory powers, the MTC was fighting the bus company and its corporate parent on another front. In December 1968, the bus company submitted a request to the state Public Service Commission for a five-cent increase in the Twin City Lines’ 25-cent bus fare. The MTC aggressively opposed the increase, joining the city of Minneapolis in opposition. “It was the first time we intruded in the whole [fare] process,” said David Doty, a Minneapolis lawyer who represented the MTC and later became a federal judge. “The city of Minneapolis opposed the fare increase, so we joined them.” Doty argued that the bus company already was making a “reasonable profit” and that the requested fare increase would drive away three to five million riders a year. Doty also signaled another issue he would raise—that Twin City Lines was diverting transit revenues to its corporate parent and thus negatively affecting the bus company’s financial results.

MEI’s program of investment “diversification” was not widely known among members of the general public. When it was disclosed in fare hearings held in February 1969 that Twin City Lines had loaned $4.3 million, interest free, to its corporate parent in 1968, it made front-page headlines. One Public Service commissioner asked, if that money had been used to update the company’s aging fleet at a rate of 50 buses a year, would that transfer have been as large? “No sir, it would not,” responded James Colome, the company’s comptroller.

After 27 days of hearings, the Public Service Commission issued a 48-page ruling on October 31, 1969, granting the nickel fare increase. But the commission also criticized MEI’s accounting methods and its practice of “transferring all cash to the parent company as soon as it is received.” The Public Service Commission found that the company had “not fully utilized the earnings of the transit operations in the interest of transit riders” and that it “must be required to initiate a definite program to improve
transit service.” The commission gave the company six months to submit a fleet improvement plan.22

Meanwhile, the bus company and its union had been pressing up against an October 31 deadline—the expiration of their contract. They had struggled through a 48-day strike in 1967 before reaching a settlement and were about to confront another. The union sought an immediate salary increase of 51 cents an hour, raising the pay of drivers to $4 an hour and mechanics to $4.16 an hour. The company’s final offer was 8.5 cents an hour for a six-month contract. That offer did not sound like a company that was planning to be in the transit business for much longer.

The parties failed to reach agreement and the union went on strike November 18.23

Looming over the contract negotiations was the issue of public ownership. In late October, in the last of nine reports, the MTC’s consulting firm of Simpson & Curtin chastised the Twin City Lines ownership for “a record of long-term neglect” and recommended public ownership over two alternatives—subsidizing Twin City Lines to provide improved service or jawboning the company to make improvements. A Minneapolis Tribune editorial supported the public ownership recommendation, saying that MEI clearly was “unable or unwilling to spend the money” needed to improve service.24

As the strike continued, Governor LeVander came under increasing pressure to intervene. In late November, LeVander met with business and community leaders to discuss possible solutions to the strike. His press secretary, Robert Hinckley, said their office had developed a “temporary solution” to the labor impasse. But if the plan ever was presented to the parties, it never was publicly disclosed.25

As the strike dragged on, the MTC dispatched Doty and the MTC’s executive director, John T. Doolittle Jr., to Washington, DC, to seek assurances that federal aid would be available to purchase Twin City Lines and that making the acquisition through condemnation would not be a problem. They reported that such assurances were provided.26

Finally, on December 10, LeVander summoned the parties for a 1:30 PM meeting in his office to “find out why the strike has not been settled and service restored to thousands of people suffering from a lack of public transit.” He said he had been prepared to intervene two weeks earlier but had been advised that the parties were “so close to agreement that my intervention would be inappropriate.” During a marathon meeting, Durenberger shuttled back and forth among the parties—the company, the union, and the MTC. Late in the night, the company agreed to an hourly raise of 11 cents. The MTC agreed to seek to acquire Twin City Lines through condemnation and to provide a retroactive raise of another 29 cents an...
hour upon acquisition. Members of the union ratified the contract by a vote of 447 to 150.27

“My sense, my feeling only—no knowledge—is that MEI wanted this [exit] to happen quickly,” Doty said later. “They wanted to get the hell out of there. As I described it to friends, Twin City Lines was like an airliner heading for the ground and it was coming very close to hitting the ground when we stepped in and caught them.”28

As this drama played out, Carl Pohlad appeared to play an increasingly powerful role behind the scenes. In 1968, Pohlad was listed in MEI’s annual report as a vice president of both MEI and the bus company, and chair of MEI’s investment committee. By 1972, Pohlad would be identified as chair of MEI’s board of directors. A 1970 Twin Citian article described Pohlad as “the man behind the financial throne” at MEI.29

Bolstad said later that he was aware of Pohlad’s role, “but he was very much behind the scenes. . . . The only time I was in Pohlad’s office, it was to meet with Don Benson,” the vice president of finance for both the bus company and its corporate parent. Bolstad said Benson would periodically excuse himself—presumably to consult with Pohlad—and then return to the room to continue their discussions. “I don’t know that I ever saw Pohlad in person that had anything to do with MEI [or the bus company],” Bolstad said.30

The MTC did not waste any time moving to acquire the bus company, filing its condemnation petition in Hennepin County District Court on December 26. To establish the value of the company, the court appointed a condemnation panel of three commissioners. The panel received evidence and heard arguments from the parties for seven months. MEI maintained that Twin City Lines was worth $15 million, while the transit commission argued that the company was virtually worthless—with the value of its aging fleet and real estate more than offset by its $7.4 million in unfunded pension liabilities and other debts. On August 19, 1970, the condemnation panel returned with an award to MEI of $6.51 million. Both parties appealed that award in the courts and the case was not settled until 1975, when the MTC agreed to pay MEI $7.5 million.31

Despite the long settlement process, the “quick-take” condemnation provision approved in 1969 really paid off. With the approval of the Metropolitan Council, the MTC was able to

Publicly, MEI officials professed surprise at reports that MTC was expected to start condemnation proceedings against Twin City Lines. Two weeks after this story appeared in the Minneapolis Star, Dec. 12, 1969, MTC moved to acquire.
take possession of the bus company on September 18, 1970, while the court battle over its value dragged on for another five years. Thanks to the work of its staff and consultants, the MTC already had in hand a 13-point bus improvement plan, as well as a federal commitment of $9.7 million to help fund the acquisition and the first phase of the improvement plan. The day the MTC assumed official ownership, the first buses rolled out of their garages at 5 AM sporting new decals with a large white T (for transit) encircled in red. As part of the rebranding effort, the company’s tricolored buses were repainted a solid brownish red. ATE Management and Services Co., a national transit management firm that had been retained by the MTC, took charge of bus operations.32

The most significant feature of the MTC’s service improvement plan was the purchase of 93 new, air-conditioned buses a year for five years, reducing the average age of the fleet from fourteen years to six years. Other elements included the installation of 135 waiting shelters, the establishment of a 24-hour-a-day bus information center, and the installation of bus-stop signs in some parts of the system. By 1975, the MTC also had acquired the operating rights of four suburban bus companies, launched the region’s first freeway express bus service, and instituted numerous other service improvements.33

**BEYOND BUSES**

During the period that the MTC had sought to acquire and upgrade the bus system, it also worked to develop a long-range plan to improve transit. As noted above, in early 1968, soon after its creation, the MTC had retained the consulting firm of Alan M. Voorhees & Associates to assist in that effort. Within a year, Voorhees recommended the development of a 93-mile rail transit system over the next four decades, with spokes jutting out to the suburbs from both downtowns. The estimated cost—$923 million in 1969 dollars. That plan subsequently was trimmed back to 71 miles of rail, with an estimated cost of $862 million (again, in 1969 dollars). The plan also called for improved express bus and local bus service.34

That plan initially was approved “in principle” by the MTC and a joint transportation committee, which included representatives of both the Metropolitan Council and the Minnesota Highway Department (later renamed the Minnesota Department of Transportation). But the rail plan quickly encountered resistance from state highway officials, who voiced fears that a rail plan could lead to a “raid” on state highway funds and would draw so few riders, relative to cost, that the return on investment would be “infinitesimally small.”35

In early 1971, the Citizens League produced another transit study—this one raising concerns about the rail plan and arguing that the Metropolitan Council, not the MTC, should be the lead agency for transportation planning in the region. The Citizens League also weighed in on rail: “It is very doubtful whether a costly fixed-rail system would make any significant contribution to alleviating transportation problems in the metropolitan area.”36

The year 1971 also brought the inauguration of a new Democratic-Farmer-Labor governor, Wendell Anderson. Anderson’s appointees at the MTC and the Metropolitan Council did not seem to work together as harmoniously as those of his Republican predecessor. The MTC, led by new chair J. Douglas Kelm, forged ahead with its rail transit plan, but trimmed it back to a 37-mile line running from Maplewood through the two downtowns of Minneapolis and St. Paul to Southdale Shopping Center and to Crystal. The rail line, approved by the MTC in October 1972 by a 7 to 1 vote, was part of a “family of vehicles” plan that also included express, feeder, and local buses and circulator vehicles in congested areas such as downtowns or campuses.37

Despite the vastly reduced length of proposed rail, the Metropolitan...
The Metropolitan Council and rail advocates did not get onto the same page until 1985

Council began to question the feasibility and cost of the MTC’s rail transit plan. With the aid of its own consultant, the Metropolitan Council prepared a plan calling for the existing bus system to be improved “as rapidly as possible” to make it more competitive with the auto. The plan also proposed building a network of dedicated transit rights-of-way that could be used in the future by buses or automated vehicles as technology evolved. That Metropolitan Council approved the plan in December 1972 by a vote of 13 to 1.38

The Metropolitan Council and the MTC headed to the legislature in 1973 with dueling plans for regional transit, and they remained at odds for most of the next decade, with lawmakers leaving the issue unresolved for several decades. The Metropolitan Council and rail advocates did not get onto the same page until 1985, when the council completed a study concluding that light rail transit was feasible in three corridors—Hiawatha, University Avenue, and Southwest. But another 13 years would pass before the legislature approved the first funding for light rail transit. Light rail lines ultimately were built on Hiawatha in 2004 and University Avenue in 2014, and as of 2019, the Southwest line is under construction.39

Looking back, it was critical for the Twin Cities area—and especially its transit-dependent population—that the state’s political leaders were able to agree on a bold plan to end the 1969 strike and rescue the region’s failing bus company. Achieving bipartisan consensus on long-range transit improvements, however, proved to be far more challenging, causing a decades-long delay in the implementation of rail lines and other transit improvements.

Notes

This article was made possible by the Arts and Cultural Heritage Fund through the vote of Minnesotans on November 4, 2008.

9. MEI annual reports, 1966, 1968, Gale Family Library, MNHS; Fred Johnson, “Expanding MEI Reaps Woe While Seeking Fare Rise,” Minneapolis


23. Kelly, “Bus Line Blames MTC.”


28. Doty interview.


30. Bolstad interview.


Photos on cover, p. 274, 279, 282, courtesy Metropolitan Council; p. 276, Hennepin County Library, Minneapolis Newspaper Photograph Collection; p. 277, Minnesota Legislative Reference Library, https://reflections.mndigital.org/catalog/lrl:1248. All other images from MNHS Collections.
Copyright of Minnesota History is the property of the Minnesota Historical Society, and its content may not be copied or emailed to multiple sites or users or posted to a listserv without the copyright holder’s express written permission: contact us.

Individuals may print or download articles for personal use.

To request permission for educational or commercial use, contact us. Include the author’s name and article title in the body of your message. But first--

If you think you may need permission, here are some guidelines:

Students and researchers
- You do not need permission to quote or paraphrase portions of an article, as long as your work falls within the fair use provision of copyright law. Using information from an article to develop an argument is fair use. Quoting brief pieces of text in an unpublished paper or thesis is fair use. Even quoting in a work to be published can be fair use, depending on the amount quoted. Read about fair use here: http://www.copyright.gov/fls/fl102.html
- You should, however, always credit the article as a source for your work.

Teachers
- You do not need permission to incorporate parts of an article into a lesson.
- You do need permission to assign an article, either by downloading multiple copies or by sending students to the online pdf. There is a small per-copy use fee for assigned reading. Contact us for more information.

About Illustrations
- Minnesota History credits the sources for illustrations at the end of each article. Minnesota History itself does not hold copyright on images and therefore cannot grant permission to reproduce them.
- For information on using illustrations owned by the Minnesota Historical Society, see MHS Library FAQ.