



Minnesota Regional Transit
Board: Records.

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MEETING OF THE REGIONAL TRANSIT BOARD
Tuesday, January 19, 1988
Metropolitan Council Chambers
4:00 p.m.

AMENDED AGENDA

1. Call to Order and Roll Call
2. Approval of Agenda
3. Approval of Minutes of December 21, 1987 Board Meeting and January 4, 1988 Board Meeting
4. Telephone System Purchase for New Space Hinze
5. REPORT OF THE POLICY COMMITTEE Doris Caranicas,
Chair
6. REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE Ruth Franklin,
Chair
7. REPORT OF THE AD HOC COMMITTEE ON COMPETITIVE BIDDING GUIDELINES George Isaacs,
Chair
8. OTHER BUSINESS
 - A. Chairman's Report *MUET Motion*
 - B. Members' Reports
 - C. Advisory Committee Reports
 - D. Staff Reports
9. PUBLIC COMMENT

Elliott Perovich
Chairman

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Matt Peterson
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REGIONAL TRANSIT BOARD
ROLL CALL AND ATTENDANCE SHEET

DATE: Jan 19, 1988
BOARD OR COMMITTEE Board

MEMBER NAME	PRESENT	VOTE	VOTE	VOTE	VOTE	VOTE
Chairman	✓					
Doris Caranicas	✓					
Ruth Franklin	✓					
Carole Faricy						
Alison Fuhr	absent					
Rochelle Graves	✓					
George Isaacs	✓					
Paul Joyce	✓					
Edward Kranz	✓					



270 Metro Square Building, Saint Paul, Minnesota 55101
612/292-8789

Minutes of the Meeting of the
REGIONAL TRANSIT BOARD
Metropolitan Council Chambers
January 4, 1988

BOARD MEMBERS PRESENT: Elliott Perovich, Chairman; Doris Caranicas; Carole Faricy; Ruth Franklin; Alison Fuhr; George Isaacs; Rochelle Graves; Paul Joyce; Ed Kranz

OTHERS PRESENT: Gregory Andrews, Tom Beaver, Mary Fitzgerald, Judy Hollander, Mike Kuehn, Ed Kouneski, Mark Ryan, Katie Turnbull, Regional Transit Board Staff; Natalio Diaz and Karen Lyons, Metropolitan Council; Steve Bertrand; United Handicapped Federation, Bob Rossman, Amalgamated Transit Union; Greg Failor, Metropolitan Transit Commission; Tom Todd; Bill Hopkins, Transportation Handicapped Advisory Committee

The meeting was called to order at 4:00 p.m. and roll taken. Caranicas moved approval of the agenda; Isaacs seconded the motion. Motion carried (Faricy, Graves and Kranz absent).

Joyce moved approval of the minutes of the November 30, 1987 Committee of the Whole meeting; Caranicas seconded the motion. The motion carried unanimously (Faricy, Graves and Kranz absent).

Isaacs moved approval of the minutes of the December 7, 1987 board meeting. Caranicas seconded the motion; motion carried unanimously (Faricy, Graves and Kranz absent).

CONSULTANT SELECTION FOR LIGHT RAIL TRANSIT PLANNING ANALYSIS, MIDWAY CORRIDOR

Turnbull reviewed the December 21, 1987 staff report. Isaacs moved and Caranicas seconded:

That the Regional Transit Board authorize the executive director to negotiate and execute a contract with BRW, Inc., in an amount not to exceed \$100,000 to conduct the Light Rail Transit Planning Analysis for the Midway Corridor.

Isaacs commented that staff did a fine job of setting out criteria. He arrived independently at the same conclusion. The only negative is the possible conflict of interest because BRW is working for the Hennepin County Regional Rail Authority. Joyce said the possible negative could also be a plus because working with the same group; there is less change of the tracks not meeting. The motion carried unanimously (Faricy, Graves and Kranz not present).

METRO MOBILITY EVALUATION REPORT

Ehlers introduced Robert Goble and Don Tudor of Carter Goble Associates, Inc. The January 4, 1988 draft executive summary was distributed and reviewed by Bob Goble. This presentation is for discussion only in order to seek direction from the board. (Faricy and Kranz arrived.) After today's discussion, Goble said the final report will be prepared with completion expected in early February.

Goble said this is a system to be proud of and the evaluation was a process of taking a hard look at a good system to see how it can be made even better.

Tudor said the January 4 summary is essentially the same as the one the board received in early December. "Metro Mobility Administrative Center" refers to the function rather than the particular agency. Isaacs said the computer at the Metro Mobility Administrative Center is coming on line and a place is needed to house and supervise employees until they get the system running. He would hesitate to start looking for a replacement until we give the new system a chance to work. The center has not yet had a fair trial. Tudor said the recommendation is tied to some other recommendations. In the program management section the report recommends that RTB have a direct relationship with MMAC rather than go through the MTC and that MMAC have the contractual relationship with providers. In response to Franklin's question, Tudor said the 11-person staff could be replaced or a new entity formed that is not a part of MTC. Franklin said all the equipment belongs to MTC and a separation and acquiring new equipment would be very difficult. Tudor agreed that it would be a major change, but in the interviews a constant problem appeared that users and providers do not know who runs things and at times even the staff is confused. There is a need to clarify relationships. At the time it was the correct and natural thing to contract with MTC and this is a further refinement. Providers have questions about what they are to do on a day-to-day basis. (Graves arrived.) RTB has the planning function and should provide oversight, but MMAC should be responsible for daily operation. Therefore, they should have the contractual relationship with providers. Caranicas pointed out that MTC is not now providing any Metro Mobility service so there is no conflict. Even though the contract is with the RTB, the MMAC is the administrator of the contract. Perovich said the contracts are explicit about what is required and it is the responsibility of RTB to execute the contracts. There was discussion about having the top administrator of MMAC be an RTB employee. Caranicas said that option was not chosen because it would join the functions. Joyce said the recommendations are major changes and if the issue is primarily confusion about who is running the store, that would seem to be a communications issue. We have a large public investment in this facility and improved education of providers and users is a better solution.

In discussing service options for the different densities of urban and rural areas, Tudor said the subsidy may have to be high in the rural area to recognize cost effectiveness. The chairman said a taxicab company cannot legally pickup and return outside the area. That issue would be difficult to deal with. He is concerned about whether a provider could afford the correct number of vehicles to provide service, which could result in more expensive service. Joyce said the original intent was more competition rather than monopolies. Tudor said there is a problem with cost and the question becomes, "Does the RTB want to continue trying to get multiple providers and does RTB want to look at productivity that would make the service price reasonable?" Four or five providers in the outer areas would create a high

price. One provider, linked to some service in the higher density area would be less expensive.

In discussing system integrity, Tudor said they found that a handicapped person with three friends riding along is a burden on the system. Providers may find a way to provide the rides more cheaply. Caranicas said a family wishing to go somewhere could find the cost prohibitive. There was discussion about the unique configuration of Amigo-type chairs, which are difficult to secure if the person wishes to ride in the chair. Caranicas said the manufacturer recommends that the user transfer to another chair and there are a few riders who have trouble transferring, but it is not a big problem.

Faricy asked how many users need special services. Tudor said they know how many were picked up at different rates and that about 40-percent use the lifts, but we have nothing showing door-to-door as opposed to curb-to-curb. Tudor said additional cost reimbursement for special services is not intended to limit the service. The chairman said the profit would be on the base fare, the additional services would be at cost. Tudor said curb-to-curb is the lowest common denominator and the add-ons would also help identify the volume of service provided.

Joyce asked if there is a policy about service benefiting the major institutions. The institution should be required to provide a significant amount of the funding. Hollander said Metro Mobility was excluded from the board's cost sharing policy pending the results of this evaluation. The chairman said we will have to work with the Legislature on where the financial responsibility will be for this service. Tudor said the Legislature should be aware that if transportation services are moved to the RTB, the social services will be spending the transportation funds on something else.

Franklin said there is merit to having some providers doing ambulatory or non-ambulatory service and that may also apply to group rides, but rates must be adjusted. Tudor said the board must ensure that it does not reduce the availability of service for any kind of ride. Standing orders are cost-effective, but if there is a large percentage of them the occasional users has no one to call. Perovich said the same problem exists with one provider in an area.

Faricy questioned the certification process. Tudor said the consultants did not discuss it because much of the program is defined by state and federal law and there is not much that could legally be changed. The elderly are not eligible unless they are also handicapped. Faricy said some users can use cabs and do not need lift-equipped vehicles. Tudor said the rate structure being considered would encourage people who can use taxicabs to do so. Caranicas said the certification card number indicates whether the user must use a lift-equipped vehicle or a cab and if the rider must be accompanied. One of the problems a year ago was that people had not been recertified when they could no longer use taxicabs.

In response to Graves' question about how to make certification easier for the users, Tudor said that was not within the scope of the study. Graves asked how to delineate what is the responsibility of the board and the function of the Metro Mobility Administrative Center. Perovich said we need a definite contract with MMAC and that is part of the day-to-day operation. Graves said the board is responsible for anything that happens. Tudor said the technical study includes recommendations on improving service.

Tudor asked the members to complete the blank chart on the last page and rank its options. Kranz said it appears there is a considerable amount of data on the cost of trips and if there is no reduction in the cost per trip the group loading might produce higher volume and profit. He asked if that is a significant factor. Tudor said some providers are making a profit, but some providers of single trips are losing money. Kranz said a few are catering to groups and asked if there is data on the number of trips. Tudor there a figures on how many trips but not what the trips consist of and how many people are transported at one time. Tudor said using the private sector makes them compete but at the same time the user must be served so the board must control through regulations. Kranz said the board needs additional information for the upcoming session.

Caranicas said members need time to study the report; however, curb-to-curb service is governed by state law.

Faricy said one-third of users have an income of \$5,000 a year or less and she asked what the recommendation would be if the Legislature does not provide additional funding. Tudor said that one option is that the fares would have to be raised and exceptions made for those who could not afford the increase.

Tudor said another recommendation to deal with productivity goes against having multiple providers by reducing the number, taking the best and encouraging them to function as well as possible. He asked for board to react. The chairman said the question is unfair without knowing what you gain and what you lose. If ridership increases to 1,500,000, the providers might be needed. Franklin said the board recognized that some providers might drop out, but only one has done so.

In response to Kranz's question, Tudor said the chart on the first page shows that the old system would not be as productive as the present system. Franklin said the better question is where the riders would be. The table indicates 25 percent fewer rides would be provided. The chairman said this will reappear on the agenda and the final report will be published sometime after February 1.

POLICY AND ADMINISTRATION AND FINANCE COMMITTEE REPORTS

There were no reports because the Policy Committee and the Administration and Finance Committee did not meet since the last board meeting.

REPORT OF THE NOMINATING COMMITTEE

Committee Chair Joyce reviewed the December 28 committee report and moved:

That the Regional Transit Board approve the appointment of the following officers, effective immediately:

Rochelle Graves, Vice Chair
Paul Joyce, Treasurer
Mary Fitzgerald, Secretary

Caranicas seconded the motion; the motion carried unanimously.

OTHER BUSINESS

Chairman's Report

Perovich said the Regional Transit Board Bylaws require that the chair appoint, and the board approve, committee chairs and members at the first meeting of each new year. He recommended that the chairs and membership of the Policy Committee and Administration and Finance Committee remain unchanged. Isaacs moved:

That the Regional Transit Board approve the appointment of committee chairs and members as recommended by the chairman.

Joyce seconded the motion; The motion carried unanimously.

Kuehn asked members to make first and second choices of this year's American Public Transit Association conferences and notify Fitzgerald.

Members Reports

Isaacs said the ad hoc committee on competitive transit meeting date will be set shortly and members will be notified.

Advisory Committee Reports

Hopkins said the last Transportation Handicapped Advisory Committee meeting was devoted to light rail transit. Rush hour loading and unloading of riders was discussed at a recent Minneapolis City Council meeting. It was clear that lift-equipped vehicles must be identified. Perovich said there has been comment made that drivers ought to be identifiable as well.

Staff Reports

Andrews said the final Legislative Audit Commission report went to the printer today and will be available by the end of next week. Members will receive their copies before the general release.

Public Comment

In response to Bertrand's question, Ehlers said the advisory committee will have many opportunities to comment on the consultant's report on Metro Mobility. Bertrand asked if providers could be reimbursed for providing rides to the upcoming caucuses. Ehlers said they cannot legally provide service at those late hours.

There being no other business; Caranicas moved and Graves seconded that the meeting be adjourned. The motion carried unanimously and the meeting was adjourned at 6:20 p.m.

Respectfully submitted,

Mary Fitzgerald
Secretary



270 Metro Square Building, Saint Paul, Minnesota 55101
612/292-8789

Minutes of the Meeting of the
REGIONAL TRANSIT BOARD
Metropolitan Council Chambers
December 21, 1987

BOARD MEMBERS PRESENT: Elliott Perovich, Chairman; Doris Caranicas; Carole Faricy; Ruth Franklin; Alison Fuhr; George Isaacs; Rochelle Graves; Paul Joyce; Ed Kranz

OTHERS PRESENT: Gregory Andrews, Tom Beaver, Kathy Christopherson, Mary Fitzgerald, Judy Hollander, Linda Ehlers, Mike Kuehn, Ed Kouneski, Mark Ryan, Katie Turnbull, Regional Transit Board Staff; Patrick Scully and Karen Lyons, Metropolitan Council; Steve Bertrand; Bev Auld, Lyle Frerichs and Greg Failor, Metropolitan Transit Commission; Joel Alter, Legislative Audit Commission, Bill Hopkins, Transportation Handicapped Advisory Committee

The meeting was called to order at 4:00 p.m. and roll taken. Joyce moved approval of the agenda; Caranicas seconded the motion. Motion carried (Graves absent).

STANDARDS, PROCEDURES AND GUIDELINES FOR COMPETITIVE TRANSIT

Mark Ryan reviewed the staff report dated December 15, 1987. The major issues raised at the public hearing and during the period when the record was held open for written comment were the need for clarification of bidding activities, prevailing wage, and the appropriate method of representing costs. He clarified the recommendations, noting that "100 percent" should be removed from Items 1 and 3. Legal counsel reviewed the document and advised that a default and a dispute resolution process should be added to the contract provisions section and that any reference to adequate insurance levels should be removed since RTB should not be in the position of recommending what those levels are.

In response to Fuhr's question, Ryan said the guidelines would go into effect immediately and be used when RTB or recipients of RTB funding competitively bid service. In March 1989 we will have some experience on some contracts and will review the guidelines again. Perovich said that if these are adopted, some contracts could be bid out in May or June of 1988 at the earliest, giving us seven or eight months to evaluate the guidelines. In response to Graves' question, the chairman said the fully allocated costs will have little impact on our budget projections. Andrews said we are talking about an equitable share of fixed expenses and the figures would not be very far apart. Graves asked if RTB will have to pick up replacement costs for companies that receive federal funds. Ryan said staff proposes we pay as we go for capital we use and not incur future debt for the Regional Transit Board.

Perovich said if the federal share goes below 80 percent the capital cost included in bids would have to increase. Franklin asked if all the transit systems are in the same position of 80/20 funding. A private company with no funding has paid for everything. How can it be compared to a company with

80/20 funding? The whole point was to ensure we could get more transit for dollars available and the board should be sure that is what this will accomplish. Ryan said MTC is the only provider with a 80/20 share; the others are financed with other sources. The staff's recommendation is similar to the way MTC prepared its bid for Southwest Metro. MTC was quite competitive, but did not seem to have an advantage; the guidelines acknowledge that. Franklin asked if it would be wiser to compare total capital costs regardless of who paid for them. Ryan said the result would be that MTC would have much higher bid prices and that they would not be as competitive as they otherwise would be.

In response to a question by Franklin, Andrews said we are seeing a reduction in federal funds and some of the the recent bus purchases were 100 percent local funding. In the short term you could take the position that the MTC service will be done with 100 percent local funds. MTC will have to include fully allocated capital costs in the bid and show the marginal costs. The board will have the capital plan in January and there may be a way to assure costs to build a sinking fund to reimburse them.

Faricy expressed concern about the issue of prevailing wage. Ryan said the guidelines currently do not specify what wages should be paid and staff is not recommending it. Isaacs said two issues cloud the bidding: one is the actual value of fully allocated costs as a criteria for bidding out and the other is prevailing wage. These items will be the source of conflict every time service is bid out. He asked who determines what the prevailing wage is and would like to see this based on business acumen of MTC and the private providers. The board can make a judgment on marginal cost. He is looking for simplification rather than building up the number of determinations staff must make. Being the final arbiter, RTB should look at the marginal costs.

Graves said the board's overall role is mid- to long-range planning and the responsible position would consider the cost to the public, which would include fully allocated costs. It is not appropriate for the board to be involved in the prevailing wages provided by the involved companies. Franklin said the board should not address prevailing wages in the document because the issue should be left open. The union wants it included, but under state law MTC can negotiate its contract to use part-time drivers and be as competitive as other providers.

A committee was appointed by the staff and reviewed by the board several months ago, Kranz said, which recommended that the board hold a public hearing. The board agreed to analyze separate issues and if a compromise was developed, hold a public hearing on the issues the advisory committee could not agree upon. The board has not had much discussion and he is surprised the board is now being asked to approve the guidelines. Action should be delayed and the issues should be referred back to an ad hoc committee that will report to either the Policy Committee or the Committee of the Whole. These are important issues and the board should act first on what is to be bid. The chairman said the board has worked on this for a year and it was understood that the board would act in December. The advisory committee went through a long process and it is time to move forward. The board may never agree on some of these issues. A public hearing was held and the record was kept open for additional comment for six weeks. It is unlikely any new information will be received and the chairman urged that the board move ahead.

In response to Fuhr's question, Andrews said terms must be clarified. For example, in discussing fully allocated costs, we should add "attributable to service being bid." MTC's marginal costs are "variable" costs. Some portion of overhead should be applied to the service. The provider of minimal service cannot build a garage for two buses.

Kranz said he has a series of questions and, because of time constraints, moved:

That the Regional Transit Board table action on the Standards, Procedures and Guidelines for Competitive Transit and refer the matter to an ad hoc committee.

Isaacs seconded the motion; motion failed (Perovich, Caranicas, Franklin and Joyce voted "nay;" Graves abstained).

In response to Joyce's question, Ryan said the guidelines require a great deal of information and documentation on an operator's ability to provide service, level of service, how it will be provided, and detail on pricing. The board might want to consider requiring information on the ownership of a corporation. Joyce said that as a public body, the board should know who is behind the provider. Faricy said the board will have to live with these guidelines for a long time and is not in agreement on major issues. If they are adopted, the staff will have to spend a great deal of time on them. Franklin said these are not policies set in stone, they are a starting point. The board has worked on them for a year and after they are reviewed the necessary changes can be made. Franklin moved and Caranicas seconded:

That the proposed standards, procedures and guidelines be adopted by the board with the following changes:

1. That providers receiving deficit funding from the Regional Transit Board be required to represent their proposed costs in accordance with the following guidelines:
 - 100 percent of all operating costs attributable to the service are to be included in the proposed price; plus
 - 100 percent of the local cost for any capital assets used in providing the service.
2. Providers that do not receive deficit funding from the RTB shall not be required to represent their fully allocated costs.
3. When providers receiving deficit funding from the Regional Transit Board submit proposals to an RFP issued by either the RTB or one of its recipients, the providers shall also separately submit to the RTB complete summaries of their fully allocated costs and their marginal costs. This information shall then be reviewed as part of the RTB's competitive transit study.
4. A section on Default and Dispute Resolution be added to the CONTRACT PROVISIONS section on Page 18.
5. On Page 20, the reference to \$200,000 and \$600,000 as adequate limits of insurance be deleted.

Motion failed (Faricy, Fuhr, Graves, Isaacs and Kranz voted "nay").

Franklin asked how the board can move ahead on competitive bidding. Fuhr said members should act in the next two weeks to bring the issue back to the board for action. Franklin said members feel strongly about some of these issues and are unlikely to change their positions. Nothing can be accomplished in an ad hoc committee. Perovich agreed and said it is a matter for the full board, which will decide whether or no we should move toward competitive bidding. There is service waiting and it cannot be bid without guidelines. The board has been criticized about suburban service. Faricy said some members are willing to compromise, but the board should be willing to discuss the issues. Isaacs said his vote to reject was on one issue only and a four-person committee could come to resolution. After discussing schedules, Fuhr moved that the issue be placed on the January 4, 1988 agenda of the board meeting. Kranz said January 4 is not a critical date and urged strongly that a committee be appointed now and return sometime in January. Fuhr offered a substitute motion, subject to Kranz' approval, that members who have concerns meet before the January 4 meeting and then place the issue on the agenda. Kranz said the board should review these issues in depth as an ad hoc committee. Vote was taken on the motion to establish an ad hoc committee; motion carried.

Kranz, Isaacs and Fuhr agreed to meet as a committee and make its recommendation to the board at the January 18 meeting.

REPORT OF THE POLICY COMMITTEE

Committee Chair Caranicas reviewed the report of the committee meeting of December 14, 1987.

FEDERAL GRANT RECIPIENCY REPORT

Caranicas moved and Franklin seconded:

1. That the Regional Transit Board adopt the Regional Transit Board Report on Federal Grant Reciprocity for Transit Operating and Capital Assistance in the Twin Cities Metropolitan Area, dated December 1987, and forward it to the Legislature;

The motion carried unanimously. Caranicas moved and Isaacs seconded:

2. That the Regional Transit Board recommend to the Legislature that the Metropolitan Transit Commission (MTC) remain the Metropolitan Area's designated Section 9 grant recipient; and

The motion carried unanimously. Caranicas moved and Fuhr seconded:

3. That the Regional Transit Board request the Legislature to clarify MS 473.393, Section 24, to allow the Regional Transit Board to receive some discretionary federal operating or capital assistance.

The motion carried unanimously.

1988 LEGISLATIVE PROGRAM

Caranicas moved and Graves seconded:

That the Regional Transit Board adopt the 1988 Legislative Program as outlined in the December 15, 1987 committee report.

The motion carried unanimously.

REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE

Committee Chair Franklin reviewed the report of the December 7, 1987 committee meeting.

FINANCIAL STATEMENTS - OCTOBER 1987

Franklin moved and Fuhr seconded:

That the Regional Transit Board receive the revised October 1987 financial statements and direct that they be placed on file.

The motion carried unanimously.

SALARY RANGES AND BENEFITS FOR 1988, RESOLUTION NO. 87-16

Franklin moved and Caranicas seconded:

That the Regional Transit Board adopt Resolution No. 87-16 establishing salary ranges and benefits for 1988.

Roll call vote was taken; the motion carried unanimously.

RECOMMENDATION FOR FINANCIAL AUDITOR

Franklin moved and Joyce seconded:

That the Regional Transit Board accept the proposal from Deloitte Haskins & Sells and authorize the executive director to enter into a contract for 1987 in an amount not to exceed \$12,600. Contract to be renewable for 1988 and 1989 audits.

The motion carried unanimously.

METROPOLITAN TRANSIT COMMISSION FEDERAL GRANT APPLICATIONS, RESOLUTION NO. 87-17

Franklin moved and Joyce seconded:

That the Regional Transit Board adopt Resolution No. 87-17, approving the Metropolitan Transit Commission's applications to the Urban Mass Transportation Administration for funding under the Section 9, Section 9(B) and Federal Aid Urban programs.

A roll call vote was taken; the motion carried unanimously.

AUTHORIZATION TO ENTER INTO CONTRACT WITH MTC FOR MINNESOTA RIDESHARE IN 1988

Franklin moved and Isaacs seconded:

That the Regional Transit Board authorize the executive director to enter into a contract for calendar year 1988 with the Metropolitan Transit Commission to provide ridesharing services through Minnesota Rideshare in an amount not to exceed \$633,512, with the understanding that this funding level is contingent on the results of the rideshare evaluation study.

The motion carried unanimously.

METRO MOBILITY ADMINISTRATIVE CENTER 1987 CONTRACT AMENDMENT

Franklin moved and Caranicas seconded:

That the Regional Transit Board amend the existing Metro Mobility Administrative Center contract amount from \$572,939 to \$592,689 (Contract No. 86-089-128).

In response to Kranz' question, Lyle Frehrichs said the computer is up and running on the registration process. The software has been modified and two-thirds of the in-house programs have been developed. The providers will be trained on the system in January. Graves asked what kinds of breakdowns will be available. Frehrichs said that once all the areas are operating information called be pulled up by each certification number. When providers are on line MMAC will get information on what trips are provided, in what area, and who is providing them. The chairman suggested that a report be given to the board when the system is fully functional. The motion carried unanimously.

METRO MOBILITY ADMINISTRATIVE CENTER 1988 CONTRACT APPROVAL

Franklin said this issue was reviewed by the Transportation Handicapped Advisory Committee on December 8. Ehlers said there were several language changes suggested, including clarification of the authority between MMAC and the Regional Transit Board. THAC also discussed a emergency service policy, reporting responsibilities, information on the severity of complaints, accident reporting regardless of fault and a generic process of complaint and appeal of decisions. Caranicas said this information highlights the value of the advisory committee. Franklin moved and Caranicas seconded:

That the Regional Transit Board authorize the executive director to enter into a contract for calendar year 1988 with the Metropolitan Transit Commission to provide Metro Mobility Administrative Center services in an amount not to exceed \$493,555.

Kranz cited an instance where a rider waited four hours for a ride and asked how that would filter back to the board as a recurring problem or an isolated incident. Hollander said staff follows up any complaint it receives to determine the scope of the problem. Graves said she assumes the THAC amendments are included in the final document. Vote was taken; the motion carried unanimously.

EXTENSION OF CONTRACT FOR ROUTE 25 SATURDAY SERVICE

Franklin moved and Joyce seconded:

That the Regional Transit Board authorize the executive director to extend the contract with Ryder Student Transportation Services to operate Route 25 Saturday service through April 30, 1988, in an amount not to exceed \$4,990.

The motion carried unanimously.

AUTHORIZATION TO DISTRIBUTE SPECIAL EXURBAN FUNDS

Franklin moved and Caranicas seconded:

That the Regional Transit Board authorize the executive director to distribute special exurban funds to Human Services, Inc. of Washington County in the amount not to exceed \$830 and to the City of Hastings in an amount not to exceed \$2,000 for special exurban projects in 1988.

The motion carried unanimously.

OTHER BUSINESS

CHAIRMAN'S REPORT

Providers Advisory Committee

Kranz moved and Faricy seconded:

That the Regional Transit Board refer the nomination of members to the Providers Advisory Committee to an ad hoc committee.

Isaacs said members could nominate and vote individually on candidates. The mover and seconder withdrew the motion. Kranz said there are two suburban representatives. One of those must be from a suburb with a community-based system. Nothing precludes both representatives coming from a community-based system. The chairman said the intent was to get a cross section of the various kinds of systems. After discussion, the following people were nominated:

Beverly Miller
Bill Dolan
Nathan Shaw
Dorothea Burns

Jim Johnson
Carolyn Hawkins
Bev Auld
Carolyn Rodriquez

Graves moved that the agreed-upon slate of candidates be approved; Fuhr seconded the motion. The motion carried unanimously.

The chairman discussed his legislative trip to Northwest Minnesota, where he and Mike Kuehn met with 11 legislators. He reported that people are very interested in transportation funding and non-metro legislators are interested in transit and light rail; there is a feeling that we need to get moving.

Caranicas said it was her understanding that the Metropolitan Council took over the Taxicab Advisory Committee. The chairman said the committee has not been meeting. Caranicas said some of the committee's issues are concerns of the City of Minneapolis and she regrets that the work did not continue.

Perovich reported on his lunch with Michael Ehrlichman and Dan Loritz from the Governor's Office about the whole spectrum of issues of the disabled community.

Paul Joyce has been asked to chair the nominating committee to select board officers and the chair will make recommendations on committee chairs at the first meeting in January.

Advisory Committee Reports

Ehlers said Bill Hopkins had to leave but wanted the board to know that THAC had a presentation by Hennepin County on light rail transit accessibility. This was the first step in a continuing dialogue.

Staff Reports

Andrews noted that members may now be offered an opportunity to participate in the group health plans.

There being no further business, Faricy moved and Joyce seconded that the meeting be adjourned. The motion carried unanimously and the meeting was adjourned at 6:15 p.m.

Respectfully submitted,

Mary Fitzgerald
Secretary

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101
292-8789

DATE: January 19, 1988
TO: Regional Transit Board
FROM: Carol Hinze, Purchasing Agent 
SUBJECT: Telephone System Purchase for New Space

SUMMARY

The purpose of this memorandum is to request authorization for the Executive Director to enter into contract with Fujitsu Business Communications, Inc. for the telephone system to be installed in the office at Park Centre.

BACKGROUND

The new Park Centre office space will be ready for occupancy by May 1, 1988. A phone system must be installed and operational by that date. Due to the complex nature of telephone systems now available, a consultant team--Mary D. Walters & Associates and International Telecommunications Consultants--were retained by the three agencies involved in the move to prepare a needs analysis, specifications, and to make recommendations for the new telephone system.

The new system will be shared by all three agencies to allow the most cost-effective system. Meetings were held in advance of the Request for Bid (RFB) and all agencies' needs were reviewed and included in the RFB. The RFB was very specific with what was expected of the successful bidder.

Advertisements were published on December 12, 1987. Plans and specifications were prepared and mailed on December 21, 1987 to twelve vendors. A pre-bid conference was held on December 22, 1987 and was attended by twelve vendors; the RFB was reviewed and questions answered. A walk-through inspection of the Park Centre facility followed the meeting for those interested.

The bid award of contract is based on several factors including cost, ease of expansion, service history, installation and maintenance. The 1988 RTB budget work program 88-15 approved an amount of \$25,000 for the telephone system.

Seven bids were received by the January 6, 1988 deadline. Fujitsu Business Communications, Inc. was the most responsible/responsive bidder at \$207,309 base cost. The attached comparison sheet shows base price and a ten-year present value cost for the three lowest bidders. The consultants contacted references regarding the reliability of the Fujitsu product and service; several letters of commendation were included in the recommendation from the

TELEPHONE SYSTEM
January 19, 1988
Page Two

consultants. This system has been manufactured since the mid 1970's and there are 9,000-10,000 installed in the USA. It has proven to be stable and reliable, and the manufacturer has continued to enhance the system keeping its technology and feature offerings up-to-date. It has the capability to provide whatever individual features the user would desire. The ratio of service technicians to telephones installed is 739 to 1.

The cost to each of the three agencies is based on the number of phones each agency will receive and what features are selected for each agency's system. The agencies will share the PBX, yet maintain separate consoles and direct dial to each. The RTB will receive 40 of the total 446 phones. At the bid price, each phone will cost an average of \$464.82.

The current phone system will be put on the market for resale and the best possible price will be obtained.

RECOMMENDATION

That the Regional Transit Board authorize the Executive Director to enter into contract with Fujitsu Business Communications, Inc. in an amount not to exceed \$19,000 for the purchase, installation and maintenance of the new telephone system at the Park Centre offices.

Attachment
AF1/19

TECHNOLOGY COMPARISON

	FUJITSU	UCS	TEL PLUS
1. Price/equipment	207,309	224,099	217,963
2. 10 year price	391,863	397,635	380,275
3. PBX-Technical	DELTA	PCM	PCM
A. DTMF provided	14	12	3
B. # inst. nationally	8-9,000		2,197
# inst. locally	4,438 (26)	13,201	38 (1)
C. MTBF	2 yrs.	1 yr.	1 yr.
D. Non-blocking	Yes	Yes	Yes
E. Tenant	Yes	Yes	No +2300
F. Expansion	+60	N/A	+442
4. MIS			
A. Inventory	N/A	N/A	Yes
5. Data			
A. Installed	2	N/A	1
6. Computer			
A. IBM compat.	Yes	Yes	No (pg. 1 of 36)
7. Voice Mail			
A. Digital link	Yes	No	Yes
B. Hrs. of storage	21	3.5	9
C. Ports	8	8	8
D. Grade of service	.01	.05	.02
E. Diagnostics	Yes	No	Yes
F. Local installations	5	N/A	10
G. Ease of use	+	+	+
H. Dial escape	Yes	Yes	Yes
I. Tutorial	Yes	Yes	Yes
8. T1	7,824	0 (?)	6,685
9. Lease rate	10%	20%	N/A
A. Factor	.02124	.02001	
10. CSR's #	1	N/A	1
11. Training	950	4,360	2,500
12. Service #			
A. Certified	6	5	2
B. Hourly rate	60	N/A	49
C. Ratio tech. vs. lines	739	2,640	15

Handout 1/19/88

RECOMMENDATION

That the proposed standards, procedures and guidelines be adopted by the board with the following changes:

1. That the following statement be added to the preface of the guidelines:

All contracts to be negotiated under these guidelines shall be in accordance with Minnesota Statutes 473.384, Subd. 7, MTC Impact Assessment.

2. That on page 11, under the Selection Criteria section, add a 9th bullet as follows:

Marginal costs of providing services can also be taken into consideration when properly justified.

3. That on page 12, under C. Full Allocation of Cost Policy, add the following sentence at the end of the first paragraph:

Other costs, such as MTC marginal costs, can also be taken into consideration when properly justified.

4. That the RTB not include a requirement to pay a prevailing wage in the competitive bidding guidelines.

(From Original Staff Recommendation)

5. That when a provider receiving deficit funding from the RTB submits a proposal to an RFP issued by either the RTB or one of its funding recipients, then the provider shall also separately submit to the RTB a complete summary of their fully allocated costs and their marginal costs. This information shall then be reviewed as part of the RTB's competitive transit study.
6. That a section on Default and Dispute Resolution be added to the CONTRACT PROVISIONS section on page 18.
7. That on page 20, the reference to \$200,000 and \$600,000 as adequate limits of insurance coverage be deleted.

1/19/88

TX2

JAZZ

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101
292-8789

Report of the
Regional Transit Board's Ad Hoc Committee

DATE: January 12, 1988

TO: Regional Transit Board

On January 8, 1988, the ad hoc committee formed by the Regional Transit Board met to discuss the proposed Standards, Procedures and Guidelines for Competitive Transit.

The following recommendations were adopted and are being sent to the full board for action:

1. That the following statement be added to the preface of the guidelines:

All contracts to be negotiated under these guidelines shall be in accordance with Minnesota Statutes 473.384, Subd. 7, MTC Impact Assessment.

2. That on page 11, under the Selection Criteria section, add a 9th bullet as follows:

Marginal costs of providing services can also be taken into consideration when properly justified.

3. That on page 12, under C. Full Allocation of Cost Policy, add the following sentence at the end of the first paragraph:

Other costs, such as MTC marginal costs, can also be taken into consideration when properly justified.

4. That the RTB not include a requirement to pay a prevailing wage in the competitive bidding guidelines.

George Isaacs, Chair

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101
292-8789

DATE: January 13, 1988
TO: Regional Transit Board

Enclosed is a report and the minutes from the ad hoc committee that met on January 8, to discuss the proposed Standards, Procedures and Guidelines for Competitive Transit.

George Isaacs, Chair

REGIONAL TRANSIT BOARD

Suite 270 Metro Square Building, Saint Paul, Minnesota 55101
292-8789

Minutes of the Meeting of the
AD HOC COMMITTEE

January 8, 1988

COMMITTEE MEMBERS PRESENT: George Isaacs, Chair; Edward Kranz, Carole Faricy,
Alison Fuhr

STAFF PRESENT: Greg Andrews, Mark Ryan

OTHERS PRESENT: Paul Buharin, Medicine Lake Lines; Bob Rossman, Amalgamated
Transit Union; Leonard Oppenheimer, Metropolitan Transit Commission

Chair Isaacs called the meeting to order at 5:08 p.m.

Fuhr asked several questions to help clarify the information in the
guidelines. The topics included:

- o What will fares be?
- o Pricing methods.
- o Clarify information on page 8.
- o Bid bonds and performance bonds.
- o Dispute resolution process (cost).
- o Schedules.
- o Regional logo.
- o Insurance.
- o Contract length.
- o Provider performance.

Kranz asked when these guidelines would be used and stated that this should be
addressed in the guidelines. Isaacs stated that he felt compliance with the
state law regarding MTC impact assessment should be more prominent in the
guidelines.

Isaacs distributed a handout that he had prepared before the meeting that
outlined three recommended changes to the guidelines. There was a consensus
that reference to MTC impact assessment legislation should be made in the
preface of the guidelines.

Faricy moved and Fuhr seconded the following:

That the following statement be added to the preface of the guidelines:

All contracts to be negotiated under these guidelines shall be in
accordance with Minnesota Statutes 473.384, Subd. 7, MTC Impact
Assessment.

Page 2
Ad Hoc Committee
January 8, 1988

Motion passed unanimously.

Faricy moved and Fuhr seconded the following:

That on page 11, under the Selection Criteria section, add a 9th bullet as follows:

Marginal costs of providing services can also be taken into consideration when properly justified.

Motion passed unanimously.

Faricy moved and Fuhr seconded the following:

That on page 12, under C. Full Allocation of Cost Policy, add the following sentence at the end of the first paragraph:

Other costs, such as MTC marginal costs, can also be taken into consideration when properly justified.

Motion passed unanimously.

Kranz stated that he felt there should be a positive statement on paying a prevailing wage included in the evaluation criteria. Discussion on the topic of prevailing wage followed.

Fuhr moved and Faricy seconded the following:

That the RTB not include a requirement to pay a prevailing wage in the competitive bidding guidelines.

Discussion followed.

Kranz suggested that there be a format, (similar to one used by St. Cloud MTC), to be followed by all providers that would list the wages and fringe benefits paid to drivers.

Kranz proposed the following amendment to the motion:

That providers be required to submit information on drivers' wages and fringe benefits with their proposals and that the information be submitted in the format used by the St. Cloud MTC.

After discussion, Kranz withdrew his amendment to the motion.

Vote was taken on the original motion made by Fuhr. Motion passed 3-1.

Page 3
Ad Hoc Committee
January 8, 1988

Kranz offered the following motion:

That providers be required to submit information on drivers' wages and fringe benefits as part of their response to the RFP and that the information be submitted in the format used by the St. Cloud MTC.

Discussion followed. Vote on the motion was 2-2; motion failed.

Bob Rossman asked about affirmative action requirements and suggested that the guidelines should require all providers to meet the MTC standards. Ryan stated that the guidelines require the affirmative action requirements of the RTB to be met for all contracted services.

Kranz congratulated Isaacs on the good job he did running the meeting.

Faricy moved and Fuhr seconded a motion to adjourn. Motion passed unanimously.

Meeting was adjourned at 6:11 p.m.

Respectfully submitted,

Mark Ryan

adhoc/txt2

Handout 1/10

PUBLIC STATEMENT ON THE LEGISLATIVE AUDITORS REPORT

The Regional Transit Board welcomed the opportunity to have our programs evaluated by the Legislative Auditor's Office. We feel it is always positive for government agencies to be assessed as to their performance, especially recently created agencies. The Regional Transit Board will be evaluating and discussing the recommendations of the Report. The purpose of such discussion would be to make some determinations as to which recommendations of the Legislative Auditor's Report would be appropriate for the Regional Transit Board to implement. A plan and schedule will be developed, including work program modifications, to implement the appropriate recommendations.

MK001A/TX3

I. COMMISSION BACKGROUND

app 1/3/88

The Transportation Finance Study Commission was created as part of the Transportation and Semi-States 1988-89 appropriation bill enacted in the 1987 legislative session. That legislation directed the Commission to study:

1. Present and future highway and transit needs.
2. The adequacy of existing revenue sources to meet those needs.
3. Methods of raising additional revenue.
4. Alternatives to raising revenue.
5. Alternative methods of distributing revenues among various levels of government.

The Commission was directed to report its findings and recommendations to the legislature by February 15, 1988.

The following members of the legislature were appointed to the Commission:

Senator Gary DeCramer	Representative Doug Carlson
Senator Keith Langseth	Representative Bob Jensen
Senator Marilyn Lantry	Representative Henry Kalis
Senator Lyle Mehrkens	Representative Bernie Lieder
Senator Clarence Purfeerst	Representative Art Seaberg

At the Commission's first meeting Senator Purfeerst and Representative Kalis were selected to serve as co-chairs.

II. COMMISSION ACTIVITIES

The Commission's first meeting was in the State Capitol and provided essential background on the developments which had led to the Commission's creation. Rep. Bob Vanasek, Speaker of the House, testified on the scope of the Commission's work, a subject also addressed in a statement provided by Senator Roger Moe, Senate majority leader, and Governor Rudy Perpich. Transportation Commissioner Leonard Levine spoke on the changes which the Department of Transportation were forced to make as a result of funding shortfalls after the 1987 legislative session. The next three meetings, also in the Capitol, focused on state and local highway and transit needs and also heard a report on the Legislative Auditor's study of county state-aid distribution.

The Commission then began a series of hearings at locations around the state in an attempt to obtain a sense of what the public expected and demanded of the legislature in terms of transportation service and willingness to finance that service. Meetings were held in Shakopee, Richfield, Two Harbors, Breezy Point, Mankato and Marshall. All these meetings were characterized by heavy attendance (several to the point of capacity) and public testimony from more than 150 persons. While the testimony covered a broad range of transportation subjects almost all of it spoke to the public's awareness of the importance of transportation to the state's economic health.

The specific points brought out most frequently in these hearings may be summarized as follows:

1. The motoring public is willing to pay for the support of highways as long as it can be sure that the money will actually go for highway improvements and maintenance.

2. The motor vehicle excise tax (MVET) is a highway user tax and should be treated like other highway user taxes -- that is, dedicated to transportation.
3. Throughout the state people have been waiting many years for highway improvements and are becoming impatient with what they see as endless delays.
4. In rural areas weight restrictions on highways are a serious impediment to economic growth and add significantly to the costs borne by many segments of the economy, particularly those related to agriculture and manufacturing.
5. Public transit is a subject of vital importance to a sizeable segment of the population, and there is strong support among these people for expanded use of MVET funds for transit as well as for highways.
6. Local elected officials are particularly appreciative of the local bridge bonding program and hope it can be continued.
7. People generally believe that Minnesota's highways are in fundamentally good condition but can and must be improved in areas of capacity and safety.

The Commission completed its work with an examination of the costs and benefits of credit financing for highways, then began its consideration of its final report.

III. SCOPE OF THE COMMISSION'S WORK

The overall charge given to the Transportation Finance Study Commission was an extremely broad one. If taken literally it would require several years of study, debate and public testimony to cover adequately. Given the limited amount of time available to the Commission it was necessary for us to concentrate primarily on the most pressing issues of transportation finance and to look specifically for recommendations to be made to the 1988 legislative session. This meant that we have been unable to formulate a plan for resolving transportation financing questions beyond the 1990-91 biennium.

This decision was not made easily. One of the major problems facing transportation today is the fact that many of its financing decisions have been made on a short-term basis which inhibits long-range planning and leads to public confusion and frustration. To the public the practice of scheduling highway projects and then cancelling them appears as bad management and bad planning when in fact it is the inevitable result of short-term decision making. Nonetheless we determined that our first responsibility in fulfilling the legislature's charge was to seek out the public's views on the kind of transportation system it wants and is willing to pay for. This concentration on learning what the public expects from the 1988 legislative session made it impracticable for us to conduct the kind of in-depth hearings necessary to formulating a long-term proposal.

Even with this limitation we believe that the recommendations in this report will provide a foundation on which a more permanent solution can be constructed.

IV. COMMISSION FINDINGS AND RECOMMENDATIONS

The Commission believes that the most immediate transportation needs facing the 1988 legislative session are:

- (1) the restoration of the Minnesota Department of Transportation's highway improvement program

for the 1988-89 biennium to its level before the August, 1987, project deferrals were announced, and

- (2) the restoration of state public transit assistance at least to its 1986-1987 level.

In both these areas the fundamental issue is one of commitment. The first responsibility of the legislature in financing transportation should be to avoid retreating on the state's commitment to a highway system adequate to sustain economic development in Minnesota and a transit system which provides a basic level of mobility for a substantial portion of the state's people. Both those objectives have been compromised by recent legislative actions. The reasons for those actions need not be debated here, but we feel that it is now time for the legislature to resolve, or at least alleviate, the problems raised by those actions. Only when the cutbacks of recent years in both highways and transit have been addressed can the legislature begin seriously to restore its full commitment to an adequate transportation system.

The magnitude of the cutbacks in the highway development program did not become fully apparent until August, 1987, when the Department of Transportation announced that 36 highway projects with a total cost of about \$96 million, originally scheduled for contract letting during the 1988-89 biennium, would be indefinitely postponed. These deferrals were made unavoidable when the 1987 legislature reduced from 50% to 5% the share of Motor Vehicle Excise Tax (MVET) revenues going to transportation in this biennium. This had the effect of reducing the Trunk Highway Fund's share of the MVET revenue from about 23% to about 2%, requiring a cutback in the highway improvement program. A failure to increase the share of MVET revenue going to transportation in the 1990-91 biennium beyond the 5% level (a 75% level was provided in the original MVET transfer legislation) will necessitate another round of project deferrals, amounting to approximately \$150 million, in that biennium as well.

The present level of state assistance to public transit is also characterized by cutbacks which, while perhaps less dramatic than those in the highway area, nonetheless are symptomatic of a declining state commitment to transit. Appropriations for transit assistance for the 1988-89 biennium were some \$500,000 less than actual state spending for the same purposes in the previous biennium, and some \$3 million below the original appropriation for that biennium. This continues a pattern of maintaining state support for transit at an essentially unchanged level throughout the 1980s, a pattern which when combined with flat farebox revenue and declining federal aid has made transit throughout the state increasingly dependent on property taxes to meet rising costs. The opportunity to attract new riders to transit and to make it more effective in meeting the transportation needs of rapidly-growing areas is being lost.

At a time when Minnesota is making major efforts to enhance economic development in all parts of the state a transportation program which is characterized by reductions, delays and uncertainties is clearly counterproductive. The first step toward making transportation part of the solution instead of part of the problem must be to take major steps toward restoring the cutbacks of the past year. To help accomplish this the Commission recommends the following actions:

Recommendation No. 1. The state gasoline tax should be increased by three cents per gallon, effective June 1, 1988.

The gasoline tax has been the foundation of state highway financing for over fifty years, and we believe it is an essential part of any highway financing package in 1988 as well. The gasoline tax is the one tax where payments for most taxpayers are most closely related to actual highway use, so that it is widely viewed not simply as another tax but as part of the overall cost of motoring. As long as the gasoline tax is dedicated solely to highway purposes it has widespread public acceptance, and we believe that the public is willing to pay such a tax as the price of improving the highway system to meet the demands of its users.

In increasing its gasoline tax (which has been unchanged since January 1, 1984) Minnesota would be following a clear national trend which has seen eighteen states increase their gasoline taxes since September 1, 1986. Among these states is Wisconsin, which in 1987 increased its tax to 20 cents per gallon. We expect that a number of other states will adopt increases in 1988, including possibly Iowa where the state Transportation Commission has proposed raising that state's 16 cent tax by three cents.

Recommendation No. 2. The share of Motor Vehicle Excise Tax revenues going to transportation should be increased from the present 5% to 35%.

As has been noted, many persons who testified before the Commission felt strongly that the excise tax on motor vehicles is as much of a highway user tax as are the gasoline tax and motor vehicle license taxes, and should be dedicated to highways just as those taxes are. We believe that this testimony is representative of a sizeable portion of public opinion. The fact that many people believe that the MVET was always dedicated to highways, and that the legislature in 1983 took it away from highways and has refused to give it back, reflects not so much an erroneous view of the legislative history of MVET as a deep-seated sense that an MVET dedication to highways is fair and equitable.

The Commission agrees with this public sense. Additional funds are needed if transportation is ever to become a stimulus for economic development, and the excise tax must be an essential component of a funding package. We recognize the strong feeling on the part of many members of the legislature that they cannot accept an increase in the gasoline tax without a substantial increase in the share of MVET going to highways.

We further believe that both sound policy and the necessity of public acceptance of any funding package require that the present division of MVET's transportation share between highways and transit (75% to highways, 25% to transit) be retained.

The excise tax is of particular importance as the legislature is faced with proposals to reexamine highway jurisdiction in Minnesota. Because it is free of constitutional requirements for its distribution among state and local governments the excise tax is the only potential highway user tax with the flexibility to finance transfers of highways among jurisdictions.

The additional 30% transfer would increase the total share of the excise tax going to transportation to 35%. The 30% figure was selected in order to keep the proposal within the realm of feasibility given the fiscal realities facing the next legislative session and also to provide a rough parity in the total package between MVET revenue and gasoline tax revenue.

Table I shows the anticipated revenue from the Commission's transportation financing proposal. The trunk highway share will be sufficient eventually to restore all the projects deferred from the current biennium's highway improvement plan and avoid more than 80% of the probable deferrals in the next biennium. While this package does not go as far as some of us would like in providing revenue for state highways we feel that it is the largest highway funding package which can realistically be presented to the legislature.

The total amount which the package will raise for statewide transit assistance over the next three years is about \$52.1 million, or an average of \$17.4 million per year. It will be up to the legislature to determine how much of this money will be used to augment present transit appropriations from the general fund and how much will be used to replace those general fund appropriations. The Commission recommends that whatever this decision is, the following financing objectives should be met:

1. The dedication of revenue from driver license fees which was used to supplement transit appropriations in the 1988-89 biennium should be repealed for fiscal 1989, and that money be provided from the new MVET revenues going into the transit assistance fund (the dedication is

scheduled to expire at the end of fiscal 1989). Driver license fee revenue should properly be used to finance the driver licensing system and ought not to be used permanently as a revenue-raising device. Repeal of this dedication will require about \$4.3 million in MVET funds for fiscal 1989.

2. The new MVET money should also be used to provide the additional funds needed to maintain the Metro Mobility program through the rest of the biennium at its present level of service. The increased demand for this service will force it to run out of money before the end of the biennium unless its appropriation is supplemented or service cut back. The amount which the Regional Transit Board is presently requesting for the Metro Mobility supplement is \$7.2 million.

These two objectives will require about \$11.5 million in fiscal 1989. The Commission hopes that the legislature will find it possible to use the remainder of the additional MVET revenues going to the Transit Assistance Fund as supplemental rather than replacement funds, so that the state can make a meaningful renewal of its commitment to transit as a vital public service.

While the Commission believes that this program will mark and end to a policy of retreat in the face of transportation problems and a start toward a permanent solution, it is by no means a complete plan. There is a need for a long-range plan to define Minnesota's real transportation needs and to formulate methods of meeting those needs, including long-term sources of financing. Our final recommendation calls for a process for developing such a plan.

Recommendation No. 3. The legislature should create a Transportation Study Board to prepare a long-range study of transportation needs and funding.

Such a board ought to consist of both legislators and a broad cross-section of the public, including representatives of business, labor, manufacturing, agriculture, tourism and other major highway users. It should be given sufficient time, staff and resources to make a thorough study of transportation needs both today and over the next twenty year and to develop a plan to meet those needs. Such a plan will necessarily be a compromise between the desires of all highway users and the ability of the state to make those desires a reality, but it is hoped that the board's studies will be aimed primarily at achieving a transportation system which will be a positive force for encouraging economic development and expanding public mobility.

Specifically, we recommend that as part of its studies the board should consider:

1. The possible use of tolls for financing major highway improvements.
2. The costs and benefits of further borrowing to finance highway and bridge improvements.
3. The role of town roads in the state's overall road system and the appropriate level of state highway user tax revenue which should go for town roads and bridges.
4. The possible restoration of the Minnesota Department of Transportation's exemption from the state sales tax, and the exemption from the Motor Vehicle Excise Tax previously enjoyed by both Mn/DOT and local units of government.
5. The use of wheelage taxes as a measure for financing local road and street improvements.
6. The desirability of amending the Minnesota Constitution to provide permanent dedication to transportation purposes of some portion of MVET revenues.
7. The abandonment of the present per-gallon basis for the gasoline tax and its replacement by a

tax indexed to fuel consumption, fuel prices, construction or maintenance costs or some other variable.

8. The feasibility and desirability of imposing a sales tax on motor fuel, either at the retail or wholesale level.
9. The future of financing major highway improvements through a sharing of the cost between public agencies and benefited economic development centers.
10. The use of the State Transportation Plan as a mechanism for guiding future transportation investment.

While the focus of the board's studies would be on transportation it is our intention that it consider transportation spending within a broader context of overall state spending. The events of recent years indicate that transportation spending, and particularly highway spending, can no longer be considered in a vacuum apart from other state programs and commitments. The sooner such a broad context is achieved the more likely it is that the present uncertainties and policy shifts can be replaced by the funding stability needed to carry out any long-range plan.

REVENUES FROM TRANSPORTATION FINANCE STUDY COMMISSION RECOMMENDATIONS

	1989	1990	1991	1990-91 Biennium
MOTOR VEHICLE EXCISE TAX (ADDITIONAL 30% TRANSFER)				
Total MVET revenue	221,800,000	231,559,000	241,748,000	473,307,000
30% of MVET revenue	66,540,000	69,467,700	72,524,400	141,992,100
Transit share	16,635,000	17,366,925	18,131,100	35,498,025
Metro	13,308,000	13,893,540	14,504,880	28,398,420
Non-metro	3,327,000	3,473,385	3,626,220	7,099,605
Highway share	49,905,000	52,100,775	54,393,300	106,494,075
Trunk Highway Fund	30,691,575	32,041,977	33,451,880	65,493,856
Co. State-Aid Fund	14,771,880	15,421,829	16,100,417	31,522,246
Counties	14,594,617	15,236,767	15,907,212	31,143,979
Towns	177,263	185,062	193,205	378,267
Mun. State-Aid Fund	4,441,545	4,636,969	4,841,004	9,477,973

3 CENT GASOLINE TAX INCREASE

Net per penny	20,682,706	20,663,588	20,583,882	41,247,471
Net from 3 cents	62,048,118	61,990,765	61,751,647	123,742,412
Trunk Highway Fund	38,159,592	38,124,320	37,977,263	76,101,583
Co. State-Aid Fund	18,366,243	18,349,266	18,278,488	36,627,754
Counties	18,145,848	18,129,075	18,059,146	36,188,221
Towns	220,395	220,191	219,342	439,533
Mun. State-Aid Fund	5,522,282	5,517,178	5,495,897	11,013,075

TOTAL ADDITIONAL REVENUE

Trunk Highway Fund	68,851,167	70,166,297	71,429,142	141,595,439
County State-Aid Fund	33,138,123	33,771,096	34,378,904	68,150,000
Counties	32,740,465	33,365,843	33,966,357	67,332,200
Towns	397,657	405,253	412,547	817,800
Mun. State-Aid Fund	9,963,827	10,154,147	10,336,900	20,491,047
Metro Transit	13,308,000	13,893,540	14,504,880	28,398,420
Non-Metro Transit	3,327,000	3,473,385	3,626,220	7,099,605
Total	161,726,240	165,229,560		165,229,560