



Minnesota Regional Transit
Board: Records.

Copyright Notice:

This material may be protected by copyright law (U.S. Code, Title 17). Researchers are liable for any infringement. For more information, visit www.mnhs.org/copyright.



REGIONAL TRANSIT BOARD

Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101
612/292-8789

MEETING OF THE REGIONAL TRANSIT BOARD

Monday, July 10, 1989
Mears Park Centre Chambers
4:00 p.m.

AMENDED AGENDA

1. Call to Order and Roll Call
2. Approval of Agenda
3. Approval of Minutes of June 19, 1989
4. Schedule of Board Meetings
5. **REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE**
Ruth Franklin, Chair
 - ✓ A. Approval of Committee Minutes of June 19, 1989
 - ✓ B. Financial Statements, April 1989
 - C. 1988 Audited Financial Statements
 - ✓ D. Approval to Enter into Cost Sharing Agreement for University of Minnesota's Route 52 Express Service
 - E. RTB 1989 Budget Amendment
6. **REPORT OF THE POLICY COMMITTEE**
Doris Caranicas, Chair
 - A. Approval of Committee Minutes of May 15, 1989
 - B. Approval of Committee Minutes of June 13, 1989
7. **OTHER BUSINESS:**
 - A. Chairman's Report
 - B. Members Reports
 - C. Advisory Committee Reports
 - D. Staff Reports
 - E. Public Comment

Elliott Perovich
Chairman

Note: At 5:30 p.m. the public hearing for the purpose of receiving comment on the Regional Transit Board's Draft Five-Year Transit Plan will be convened.



MEETING OF THE REGIONAL TRANSIT BOARD

Monday, July 10, 1989
Mears Park Centre Chambers
4:00 p.m.

AMENDED AGENDA

1. Call to Order and Roll Call
2. Approval of Agenda
3. Approval of Minutes of June 19, 1989
4. Schedule of Board Meetings
5. **REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE**
Ruth Franklin, Chair
 - A. Approval of Committee Minutes of June 19, 1989
 - B. Financial Statements, April 1989
 - C. 1988 Audited Financial Statements
 - D. Approval to Enter into Cost Sharing Agreement for University of Minnesota's Route 52 Express Service
 - E. RTB 1989 Budget Amendment
6. **REPORT OF THE POLICY COMMITTEE**
Doris Caranicas, Chair
 - A. Approval of Committee Minutes of May 15, 1989
 - B. Approval of Committee Minutes of June 13, 1989
7. **OTHER BUSINESS:**
 - A. Chairman's Report
 - B. Members Reports
 - C. Advisory Committee Reports
 - D. Staff Reports
 - E. Public Comment

Elliott Perovich
Chairman

Note: At 5:30 p.m. the public hearing for the purpose of receiving comment on the Regional Transit Board's Draft Five-Year Transit Plan will be convened.

**REGIONAL TRANSIT BOARD
ROLL CALL AND ATTENDANCE SHEET**

Date: July 10

BOARD OR COMMITTEE: Bd

| <u>Member Name</u> | <u>Present</u> | <u>Vote</u> | <u>Vote</u> | <u>Vote</u> | <u>Staff Present</u> |
|--------------------|----------------|-------------|-------------|-------------|------------------------|
| Chair | ✓ | | | | <u>sh</u> <u>ht</u> |
| James Brimeyer | ✓ | | | | <u>ez</u> <u>bs</u> |
| Doris Caranicas | ✓ | | | | |
| Ruth Franklin | ✓ | | | | |
| Carole Faricy | ✓ | | | | |
| Rochelle Graves | | | | | |
| George Isaacs | ✓ | | | | |
| Paul Joyce | ✓ | | | | |
| Ed Kranz | ✓ | | | | |

Visitors:

Weaver + Koutel
Amy Varnawich
Roger Huss
Amil Erdogah
Mr. Laughlin



REGIONAL TRANSIT BOARD
Mears Park Centre, 230 East 5th Street
St. Paul, Minnesota 55101

Minutes of the Meeting of the
REGIONAL TRANSIT BOARD
Mears Park Centre, Chambers
June 19, 1989

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

OTHERS PRESENT: Dirk deVries, Metropolitan Council; Greg Korstad, legal counsel; Dean Johnson; Neil Bakkenist and Roger Huss, University of Minnesota; Ed Robinson and Mike Newman, Deloitte Haskins and Sells; Emil Brandt, Transportation Advisory Board; Gregory Andrews, Judy Hollander, Mary Fitzgerald, Ed Kouneski, Howard Blin, Becky Scudder Mike Kuehn, Dale Ulrich, Clete Luberts, Assata Brown, Bob Dietrick, Regional Transit Board Staff

The chairman called the meeting to order at 4 p.m. Isaacs moved and Caranicas seconded approval of the agenda. The motion was unanimously approved.

Franklin moved and Joyce seconded approval of the minutes of the May 8, 1989 board meeting. The motion was unanimously approved.

Report on the Six City Opt-Out Study

Dean Johnson, Director of Community Development and Coordinator of the Study, reviewed the findings of the study evaluating replacement service for Apple Valley, Burnsville, Eagan, Prior Lake, Savage and Rosemount, which was funded by a \$50,000 grant from the Regional Transit Board, with technical assistance provided by staff. The cities decided it is in their best interest to opt-out and they are presently preparing a transit service replacement application. Copies of the report are available upon request. He thanked the board for its support and acknowledged the commitment and support they received from the staff. Ed Kranz and Paul Joyce attended a number of meetings and presentations to city officials in order to respond to questions. Currently the cities are working with Ed Kouneski and in the past received a great deal of assistance from Katie Turnbull and Howard Blin. No action was taken.

REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE

Committee Chair Franklin said the committee did not meet since the last board meeting, but a meeting will be convened immediately after this meeting adjourns.

REPORT OF THE POLICY COMMITTEE

Committee Chair Caranicas reviewed the report of the May 22 and June 13, 1989 meetings.

Regional Coordination Study Final Report

Caranicas moved and Isaacs seconded:

That the Regional Transit Board accept the Regional Transit Operations and Transit Information Study Final Report, dated March 31, 1989 and direct that its recommendations be incorporated into the Regional Transit Board's Five-Year Transit Plan.

The motion was unanimously approved.

Regional Transit Board's Draft Five Year-Transit Plan

Caranicas moved and Franklin seconded:

That the Regional Transit Board approve the draft Five-Year Transit Plan for the purpose of receiving public comment during the 30-day period between June 20, 1989 and July 19, 1989; and that a public hearing on the document be set for July 10, 1989 at 5:30 p.m.

The motion was unanimously approved.

I-35W Travel Demand Management (TDM) Program

Caranicas moved and Isaacs seconded:

That the Regional Transit Board endorse the following I-35W Travel Demand Management Program recommendations for the purposes of public discussion:

1. Implement an "Immediate Action TDM program" during the next three months that will include the following elements for the overall corridor and/or specific I-35W commuter markets:
 - * Appoint a corridor manager and establish a I-35W interagency team to coordinate all I-35W improvements and TDM elements
 - * Establish public information and marketing programs for:
 - Traffic management changes
 - High Occupancy Vehicle (HOV) bypass ramps
 - Carpooling and related incentives
 - Transit service and related incentives
 - * Enforce proper usage of HOV bypass lanes
 - * Establish a downtown Minneapolis Transportation Management Organization (TMO)
 - * Expand "Improve 494" TMO to include I-35W TDM recommendations
 - * Expand employer-based transit and rideshare promotional activities
 - * Continue Highway Helper program
 - * Accident Investigation Sites
 - * Radio announcements
 - * HOV bypass ramp enforcement
 - * Temporary changeable message signs
 - * Design of selected metering at HOV ramps
 - * Study of transit service improvements
2. Develop estimated costs and an implementation schedule for the following mid-range TDM actions:

- * Expand public information and marketing programs
- * Enforced HOV bypass ramps and selected metering of HOV ramps
- * Temporary and permanent changeable message signs
- * Accident Investigation Sites
- * Expand Highway Helper
- * Expand and improve transit service
- * Expand transit and rideshare incentives (instant matching, transit passes, reduced parking fees, etc.)
- * Provide technical support to TMOs (downtown, fringe, I-494)

(Graves arrived) The motion was unanimously approved.

REPORT OF THE AD HOC COMMITTEE ON LIGHT RAIL TRANSIT

Committee Chair Isaacs reviewed the items discussed at the committee meeting of June 1, 1989. Since a quorum was not present, the committee took no action. He expressed displeasure over changes made to the LRT brochure. In the next printing, those changes will be removed. When he attended the APTA conference he distributed a number of brochures and APTA is now planning to publish a national brochure based on work done by RTB. He said staff should be commended.

OTHER BUSINESS

Chairman's Report:

The chairman said the Transportation Study Board will meet on Monday, June 26. He will report on the impact of new legislation and Hollander will make a presentation on the Implementation Plan.

Members' Reports:

Joyce, who is liaison to the Rideshare Advisory Committee, said that the committee members have been concerned about their future role and value of the committee. They have expended a lot of effort and question whether they have an impact. They feel the program has not had support from the community and wonder what impact they have through the board.

Isaacs reported on the APTA rapid transit conference in Pittsburgh where a light rail system is being built. He said the system is over-built and not run productively. The technical sessions were geared to the theme of "keep it simple, you can always add on later." Pittsburgh has no proof of payment system; passengers pay when they board each car. Because of the platform arrangement, they cannot operate enough trains. A lot of money was spent on signaling, which tends to slow things down; however, people like the system.

Graves reported on the last MTC meeting. MTC still thinks a strike can be averted. She reported on the public hearings MTC held on route changes. Work on the Nicollet Garage is underway and people are removing asbestos from the facility.



REGIONAL TRANSIT BOARD

Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101

REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE

At its meeting of June 19, 1989, the committee discussed and approved the following recommendations:

FINANCIAL STATEMENTS - APRIL 1989

6K That the Regional Transit Board receive the April 1989 financial statements and direct that they be placed on file.

APPROVAL TO ENTER INTO COST SHARING AGREEMENT FOR UNIVERSITY OF MINNESOTA ROUTE 52 EXPRESS SERVICE

That the Regional Transit Board:

- 1) Authorize the executive director to enter into a cost sharing agreement with the University of Minnesota to fund 50 percent of the operating deficit for Route 52 express service during the period August 14, 1989 through June 30, 1991 in an amount not to exceed \$847,896; and
- 2) Direct staff to arrange transfer reciprocity and convenience fare revenue recognition agreements with the MTC for the University service.

REGIONAL TRANSIT BOARD 1989 BUDGET AMENDMENT

That the Regional Transit Board approve the staff recommendation to amend the Regional Transit Board 1989 Work Program and Budget operating expenses to \$84,955,450, capital expenses to \$335,178 and Total Source of Funds to \$95,726,410, as summarized in Exhibit I.

1988 FINAL AUDITED FINANCIAL STATEMENTS

Draft copies of the following reports were distributed by representatives of Deloitte, Haskins & Sells at the committee meeting:

1. Financial Statements for the Year Ended December 31, 1988 and Independent Auditors' Report
2. Auditors' letter on Reportable Conditions
3. Federal Financial Assistance Schedule for the Year Ended December 31, 1988 and Reports of Independent Auditors

Staff was directed to research and report on the issues concerning debt service. Upon the recommendation of the auditor, action was deferred until the above mentioned reports are in final form.

The board is asked to approve the following recommendation:

That the Regional Transit Board approve the following audited financial statements and direct that they be placed on file:

1. Financial Statements for the Year Ended December 31, 1988 and Independent Auditors' Report
2. Auditors' letter on Reportable Conditions
3. Federal Financial Assistance Schedule for the Year Ended December 31, 1988 and Reports of Independent Auditors

OTHER BUSINESS

The committee reviewed the budget assumptions for the 1990 RTB Budget. No action was taken.

Ruth Franklin
Chair

RF/mff
6/21/89



REGIONAL TRANSIT BOARD

Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101
612/229-2700

Minutes of the meeting of the
ADMINISTRATION AND FINANCE COMMITTEE
Mears Park Centre Chambers
June 19, 1989, 1989

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

OTHERS PRESENT: Dirk deVries, Metropolitan Council; Greg Korstad, legal counsel; Dean Johnson; Neil Bakkenist and Roger Huss, University of Minnesota; Ed Robinson and Mike Newman, Deloitte Haskins and Sells, Emil Brandt, Transportation Advisory Board; Gregory Andrews, Judy Hollander, Mary Fitzgerald, Ed Kouneski, Howard Blin, Becky Scudder, Mike Kuehn, Dale Ulrich, Clete Luberts, Assata Brown, Bob Dietrick, Randy Rosvold, Regional Transit Board Staff

Committee Chair Franklin called the meeting to order at 4:30 p.m. and roll was taken. Caranicas moved and Isaacs seconded approval of the agenda. The motion was unanimously approved.

Isaacs moved and Joyce seconded approval of the minutes of the May 8, 1989 committee meeting. Caranicas noted that she had not been present at that meeting. The minutes, with that correction, were unanimously approved.

FINANCIAL STATEMENTS - APRIL 1989

The chair introduced Clete Luperts, who was recently promoted to the accountant's position, replacing Lori Yager. He reviewed the financial statements, noting that there will be a budget amendment for Item 89-22. Caranicas moved and Joyce seconded:

That the Regional Transit Board receive the April 1989 financial statements and direct that they be placed on file.

The motion was unanimously approved.

1988 AUDITED FINANCIAL STATEMENTS

Ed Robinson and Mike Newman distributed the following draft statements and reviewed them.

- A. Financial Statements for the Year Ended December 31, 1988 and Independent Auditors' Report
- B. Auditors' letter on Reportable Conditions
- C. Federal Financial Assistance Schedule for the Year Ended December 31, 1988 and Reports of Independent Auditors

Robinson said that while the accounting procedures are appropriate, the board must make some policy decisions regarding debt service. There was discussion of which agency, the Metropolitan Council, RTB or MTC, should show debt on their statements. The chair asked that the question be placed on the board agenda on July 10 without recommendation.

The North Suburban Lines' audit is near conclusion and work is still to be done in resolving the facts on the Medicine Lake Lines' audits. There was discussion of the Medicine Lake Lines' audits that the Minnesota Department of Transportation has not completed.

AGREEMENT FOR UNIVERSITY OF MINNESOTA ROUTE 52 EXPRESS SERVICE

For the purpose of discussion, Caranicas moved and Isaacs seconded:

That the Regional Transit Board:

- 1) Authorize the executive director to enter into a cost sharing agreement with the University of Minnesota to fund 50 percent of the operating deficit for Route 52 express service during the period August 14, 1989 through June 30, 1991 in an amount not to exceed \$847,896; and
- 2) Direct staff to arrange transfer reciprocity and convenience fare revenue recognition agreements with the MTC for the University service.

Kouneski reviewed the staff report dated June 13, 1989.

Perovich reviewed the intent of the new legislation regarding impact assessment on cost-shared service. It was clear in conference committee that the intent was to remove barriers and allow the University to contract with whatever provider they choose for Route 52. In response to Kranz' questions, Kouneski said the audits would be done differently--the main audit would be of service. The University will probably rebid the service every two years. Joyce said there will be a new board in 30 days and he suggested that the matter be tabled to allow the new board to deal with the issues.

In response to Graves' question, Bakkenist said the University has been apprised of the audit questions but feels the conflict is between Mn/DOT and Medicine Lake Lines. Regarding the suggestion to table, he said the University would be very concerned over that action because it could not provide continuing service. Franklin said the members have studied this problem for a year and it would be unfair to the incoming board to turn this over to them since a decision must be made before September. She urged the board to take action today.

Bakkenist thanked the MTC staff for their professionalism and their help during the last month.

Isaacs agreed that the board should continue to face the issues and take action on them. Vote was taken and the motion was approved (Kranz, Graves and Joyce voted nay).

Brimeyer suggested that members work on developing a procedure to obtain information from providers. Andrews said the contracts in question were negotiated by Mn/DOT and later assumed by the RTB.

REGIONAL TRANSIT BOARD 1989 BUDGET AMENDMENT

Ulrich said the members were mailed a revised memorandum, dated June 15. Assuming the staff recommendation is approved, pages 4 and 5 will be placed in the original budget document. Isaacs moved and Caranicas seconded:

That the Regional Transit Board approve the staff recommendation to amend the Regional Transit Board 1989 Work Program and Budget operating expenses to \$84,955,450, capital expenses to \$335,178 and Total Source of Funds to \$95,726,410, as summarized in Exhibit I.

The motion was unanimously approved.

1990 RTB BUDGET ASSUMPTIONS

Ulrich reviewed the preliminary budget assumptions in his June 19 memorandum (Exhibit D). No action is requested at this time.

OTHER BUSINESS

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

Respectfully submitted,

Mary Fitzgerald

Approved by the board on _____, 1989.



REGIONAL TRANSIT BOARD
Mears Park Centre, 230 East 5th Street
St. Paul, Minnesota 55101

Minutes of the Meeting of the
POLICY COMMITTEE
Mears Park Centre Chambers
May 15, 1989

Members Present: Doris Caranicas, Chair; James Brimeyer; Carole Faricy, Ruth Franklin; George Isaacs; Rochelle Graves; Paul Joyce

Members Absent: Ed Kranz and Elliott Perovich

Others Present: Gregory Andrews, Judy Hollander, Mary Fitzgerald, Bob Dietrick, Becky Scudder, Dave Jacobson, Len Simich, Ed Kouneski, Suzanne Hanson, Julie Opsahl, Dale Ulrich, Regional Transit Board staff; Natalio Diaz, Metropolitan Council; Arnie Entzel, Amalgamated Transit Union; and Len Oppenheimer, Metropolitan Transit Commission (MTC)

The chair called the meeting to order at 4 p.m. Isaacs moved and Graves seconded approval of the agenda; the motion was unanimously approved.

Caranicas moved and Faricy seconded that the minutes of the meeting of December 19, 1988 be approved. The motion was unanimously approved.

The minutes of the May 1 board meeting, scheduled for inclusion in the board meeting packet to be mailed May 16, were handed out for the members' reference since the action taken at that meeting to retain the Opperman, Heins, Paquin firm had attracted a great deal of interest. Franklin, Graves and Joyce made editorial changes to their copies of the minutes. (The changes were included in the minutes mailed May 16 and approved May 22 without further amendment.)

DISCUSSION OF KEY IMPLEMENTATION PLAN ELEMENTS--POLICIES, SERVICE STRATEGIES AND BUDGET ASSUMPTIONS

Hollander reviewed the staff report dated May 10, 1989. Staff is asking for the board's approval to take the major elements through the public review and comment process. Approval would not constitute approval of the plan.

Although it is not a standing committee, Isaacs questioned whether the Ad Hoc Committee on Light Rail Transit should be included in the Organization section in Chapter I.

In response to Brimeyer's question on how the process was developed, Hollander explained staff's development of the proposal's areas of emphasis. Brimeyer said it is important that the board concur with the staff's statement, which is virtually a mission statement.

Blin reviewed Chapter III, Transit Directions. Isaacs said RTB's transit information program is lacking in terms of a person being able to approach a bus and find information on the routes and availability of service. That information would be useful for people who use the system and for people who are not now using it. In Europe it is possible to travel easily on the public transit systems without knowing the language. Blin said one of the major projects in the plan is making the system more convenient to understand and use.

Isaacs said some special fares should be coordinated with the 25-cent increments the MTC established as part of the Fare Simplification Program. Joyce agreed--it took a long time to get to this point and the policies should be consistent. The board might be required to consider the fare box recovery rate of 35-percent and the increments adjusted accordingly.

Franklin said the newspapers reported that MTC is cutting back main line accessible bus service. She questioned whether the board should have been notified and discussed the issues before service was reduced. Isaacs said the report was presented at the last Transportation Handicapped Advisory Committee (THAC) meeting. Members can obtain a copy of their survey. Franklin said the board should also have received a report. Isaacs said the THAC response was that the accessible bus service had a fair trial. Franklin said she is not surprised at the results, but there are procedural issues involved. Isaacs said the report is available from MTC. Hollander said RTB can ask MTC to present an update on the program.

Graves said Aaron Isaacs made a report to the commission several weeks ago and she asked MTC to make an appointment to report to the board.

Regarding bilingual drivers for some routes, Isaacs said the Strategies section on Page 21 may present problems since the routes are assigned by seniority. This may constitute interference in MTC's operations. Graves said there is also an operational issue if there is a majority of riders for whom the drivers cannot provide appropriate services. Isaacs said emphasis should be on the informational programs because there is no way to determine who will attempt to use the system. Caranicas commented that maps are user-friendly and international. Joyce said people should be encouraged to learn the language of the country of their choice. Graves said Minnesota is projected as a regional center and resources should be made available to visitors. Joyce said this is a union contract issue.

Regarding Item 4, Page 22, Dispute Resolution Process, Isaacs said RTB had a policy that marginal cost would be acceptable. Current service is not mentioned. Hollander said this proposal needs board discussion. Recent UMTA correspondence indicates we must define when marginal costs will be considered. RTB needs to provide more guidance and define the situations in which marginal costs can be considered. Caranicas agreed the current language is too vague. Isaacs said the board had trouble establishing a uniform contract for all providers and concluded that one standard contract does not fit every circumstance..

Regarding exurban guidelines, Blin said they were adopted a year ago by the board after a long period of discussion.

Isaacs said the board has a continuing obligation to educate through the LRT brochure and packet for the Legislature. This effort will have to continue for years since there is still a lot of objection to light rail. That element should be included in the plan. Regarding strategy, he asked if there was consideration of evaluating the effectiveness after a period of time. Surveys might be appropriate. Blin said the theme is providing more transit options for the disabled community.

Referring to Item 1, Page 38, Graves said members have been getting feedback on who uses Metro Mobility and were told services for the general population, including service for elderly and disabled persons were to be focused on regular route and not Metro Mobility. Hollander said many elderly and disabled passengers are carried by regular route and that may not be reflected. Graves said as liaison to MTC she is hearing discussion of lifts for regular route vehicles, the suit in the U.S. Appeals Court, and its potential effect. The cost will be very high. The board should discuss the potential problem of targeting funds in that area and not dealing with other areas. Hollander said the issue of funds drives the options. In looking at the shortfall in Metro Mobility funding, it is clear transportation must be provided in the most cost-effective manner. Staff wants to look at other options to meet some of the needs of the population, which is consistent with the concerns expressed by Member Graves.

In response to Faricy's question (Page 38, Item 4) Hollander said there have been discussions with the Metro Mobility Administrative Center (MMAC) about the possibility of assuming responsibility for a central information source for disabled people. MMAC is interested in providing that service. To a certain extent they are already providing information on transit options, but staff would like to give them additional responsibility for providing information about some of the other options available.

Franklin said Item 3 is a great statement, but if lifts are installed on buses, could Metro Mobility continue to be offered? Hollander said no one thinks all service in five years will be accessible, but

we must not lose sight of the vision. If we give up on it, in the long term there will be no plan for relief for Metro Mobility in the event of a funding shortfall. Staff has struggled with the issue and is very interested in feedback. Hollander said if LRT is to be accessible and the buses are not, the board will encounter policy issues. Caranicas said Metro Mobility service will still have to be maintained. In a sense, Metro Mobility vehicles would be feeders to the light rail system.

Kouneski said Page 39, Item 9 deals with the shortfall of \$5 million in the biennial request. To achieve additional revenues, RTB is trying to obtain additional federal revenue through the Department of Human Services. It would be necessary for DHS to adjust the budgets of their various agencies. The inclusion of that statement was intended to elicit reactions. Responding to the Graves' question, Kouneski said the DACs are consuming the largest portion of service. Their clients are developmentally disabled. With training, some of them may be able to use regular route service. The Department of Jobs and Training should advance that. These trips are coming from one facility, they are standing orders and guaranteed trips and are arranged by the agency. In the past, DHS provided the service if everyone arrived at the same time, grouped on the same vehicle. When staff presented the data on agency transportation, the only agencies that qualified as high volume were the DACs. The other agencies were not consuming a disproportionate share of service. Transportation is still a line item in the DHS budget. At one time they budgeted on a "per trip" basis. Caranicas added that only DHS is eligible to apply for federal support.

Blin said staff is taking a conservative approach to the impact of alternative fuel sources. Graves said MTC will need storage facilities for fuel and will have to convert buses to use it, which will be very expensive. Isaacs moved and Graves seconded:

That the Regional Transit Board approve the distribution of draft elements of the RTB's Five-Year Transit Plan to constituents and organizations who will be affected by the plan only for the purpose of prompting discussion on what should be included in the plan.

The motion was unanimously approved. During the next two weeks staff will meet with various groups and document their reactions to the plan for the board, incorporate those comments, and present them to the members. A special Policy Committee meeting has been planned because of conflicts with other transit conferences.

OTHER BUSINESS

Isaacs said he has prepared a list of tasks required for the light rail vehicle demonstration project at Lake Harriet August 24 through September 10.

Brimeyer distributed a white paper he wrote two years ago in connection with I-394, saying the members may find it helpful in understanding the philosophy of the new member.

There being no other business, Joyce moved and Faricy seconded that the meeting be adjourned. The motion carried unanimously and the meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Mary Fitzgerald,
Board Secretary

Approved by the committee on _____, 1989.

File Copy - minutes

REGIONAL TRANSIT BOARD
St. Paul, Minnesota

Financial Statements for the
Year Ended December 31, 1988
and Independent Auditors' Report

4300 Norwest Center
90 South Seventh Street
Minneapolis, Minnesota 55402-4150
(612) 344-0200
ITT Telex: 4995620
FAX: (612) 339-6202

Regional Transit Board
Mears Park Centre
230 East 5th Street
Saint Paul, Minnesota 55101

April 28, 1989

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Regional Transit Board for the year ended December 31, 1988, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted and described in Exhibit I, following this report, certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Regional Transit Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the conditions described in Exhibit I are, in our judgment, material weaknesses.

We also submit our comments concerning certain administrative and operating matters and our recommendations concerning such matters. These recommendations resulted from our observations made in connection with our audit of the Company's financial statements for the year ended December 31, 1988 and are not based on a special study. Our comments are presented in Exhibit II.

Exhibit III contains a follow-up on comments made in our management letter issued in connection with the 1987 audit.

This report is intended solely for the information and use of the board, the finance committee, management, and others within the organization.

We wish to take this opportunity to express our sincere appreciation for the cooperation and assistance received from the officers and employees of Regional Transit Board. The constructive manner in which comments and suggestions made throughout the year are received by the Board is worthy of commendation.

Yours truly,

Deloitte Haskins & Sells

REPORTABLE CONDITIONS

INTERNAL CONTROL

Observation

We noted that a Regional Transit Board employee has the ability to wire transfer money without management authority or approval. Employees have the ability to transfer monies to any account for any amount without prior approval as long as they have the correct security and access codes the bank requests.

Recommendation

The Regional Transit Board should consider establishing additional policies and procedures regarding wire transfers of funds to provide better control and guidelines for handling such transactions. Items to consider should include the following:

- . Limitations on accounts, and possibly amounts, involved in such transfers.
- . Use of callback procedures, whereby the bank, trustee, or investment company would be required to call a specific person in the Regional Transit Board other than the individual requesting the transfers.
- . All financial institutions utilized should be informed of the Regional Transit Board's guidelines and should be requested to strictly comply with them.
- . A process to provide for an independent review of all electronic fund transfers.
- . Use letters to establish or add new accounts to which funds can be transferred. Letter requests should require two authorized signatures.

Management Response

The accounts to which wire transfers can be sent are limited to the Regional Transit Board's payroll account and a transfer account for the benefit of the Metropolitan Transit Commission, except the investment process which is described in the next item. In addition, all wire transfers require a repeat code by management before they are executed.

Observation

Investing activities are performed by an employee without prior approval by management. Investing activities are only approved on the basis of the investment list presented to the board with the monthly financial statements. The investment list shows only the composition of investments at month-end and does not indicate the investments purchased and sold during the month. In addition, all bank confirmations are sent directly to this employee.

Recommendation

All investing activity should be approved by management and included on the investment list that is presented with the monthly financial statements. Bank confirmations should be sent to and reconciled by someone other than the one who initiates the activity.

Management Response

Six banks and brokerages through which investments can be purchased have been authorized. Upon maturity, all amounts are automatically deposited into the main operating account. Accordingly, all investment transactions are subject to the wire transfer process described in the preceding observation. The monthly financial reports now include a listing of investments purchased and sold.

OTHER ADMINISTRATIVE AND GENERAL MATTERS

PROPERTY

Observation

Some property items owned by the Regional Transit Board have not been tagged and logged in the property record as required by Regional Transit Board policy.

Recommendation

An inventory of all Regional Transit Board assets should be performed. While this is done all items should also be tagged and logged into the property records. On an annual basis a physical inventory of all items should be conducted.

Management Response

An inventory will be completed by June 30, 1989 to locate new acquisitions, identify items from which the tags may have been removed, identify any missing items, and update inventory records.

INSURANCE

Observation

The Regional Transit Board's insurance policy covering employee bonding has a policy limit of \$500,000. The Regional Transit Board has grown over the years and employees now have access to amounts greater than the policy limits.

Recommendation

The policy covering employee bonding should be updated to provide adequate coverage.

Management Response

A review of employee bonding will be completed by June 30, 1989.

INTERNAL CONTROL

Observation

Due to the limited size of the Regional Transit Board's office staff, it is not always possible to provide for complete segregation of duties, a basic attribute of good internal control. However, this situation does not result in a material weakness of internal control because of the role of the Board in reviewing the financial statements and approving the annual budget.

Recommendation

Board members should continue to be alert to the importance of their role in approving the annual budget and reviewing financial statements.

FOLLOW-UP ON PRIOR YEAR COMMENTS

Cash Disbursements:

Supporting documentation and initialed approval of all payment documents either by the Comptroller or the Executive Director were attached to all check copies supporting cash disbursements. This procedure was implemented by the Regional Transit Board during the second quarter of 1987, with 1988 being the first full year of implementation, in response to a recommendation made by us in a prior year.

Control of Checks:

During 1988, Regional Transit Board started tracking all checks by maintaining an independent log of all used and unused checks.

Board Minutes:

In last year's report, we noted that the secretary's name appears at the end of the minutes, but they were not signed by the secretary. During 1988, we noted that some, but not all, of these minutes have been signed.

REGIONAL TRANSIT BOARD

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITORS' REPORT | |
| GENERAL PURPOSE FINANCIAL STATEMENTS: | |
| COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP | 1 |
| COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES | 2 |
| COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES | 3 |
| NOTES TO FINANCIAL STATEMENTS | 4 - 11 |
| COMBINING AND INDIVIDUAL FUND STATEMENTS: | |
| SPECIAL REVENUE FUNDS: | |
| COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS | 12 |
| COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS | 13 |
| STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE: | |
| REGULAR ROUTE | 14 |
| METRO MOBILITY | 15 |
| OPT OUT | 16 |
| RURAL/SMALL URBAN | 17 |
| LIGHT RAIL TRANSIT | 18 |
| NEW SERVICES/TEST MARKETING | 19 |
| AGENCY FUNDS: | |
| COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS | 20 |

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional Transit Board:

We have audited the accompanying general purpose financial statements of the Regional Transit Board as of December 31, 1988 and for the year then ended, listed in the foregoing table of contents. These financial statements and the combining and individual fund statements discussed below are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the Regional Transit Board as of December 31, 1988 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining individual fund statements listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such supplemental information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

Deloitte Haskins + Sells

April 28, 1989

REGIONAL TRANSIT BOARD

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
DECEMBER 31, 1988

| | General Fund | Special Revenue Funds | Agency Funds | General Fixed Assets | Totals (Memorandum Only) |
|---|---------------------|-----------------------------|------------------|----------------------------|-----------------------------|
| ASSETS: | | | | | |
| Cash | \$ 80,530 | \$ 171,436 | \$ 7,581 | \$ - | \$ 259,547 |
| Investments | 2,170,758 | 24,941,984 | - | - | 27,112,742 |
| Accrued interest receivable | 14,536 | 157,334 | - | - | 171,870 |
| Property taxes receivable | - | 2,431,879 | 377,194 | - | 2,809,073 |
| Due from other funds | 1,524 | - | - | - | 1,524 |
| Due from other governmental units: | | | | | |
| State of Minnesota | - | 3,409,000 | - | - | 3,409,000 |
| Federal Government | 209,131 | 274,936 | - | - | 484,067 |
| Other | 450 | - | - | - | 450 |
| Furniture and equipment | - | - | - | 415,837 | 415,837 |
| Other assets | 42,594 | 222,677 | 98,461 | - | 363,732 |
| TOTAL ASSETS | \$ 2,519,523 | \$31,609,246 | \$483,236 | \$415,837 | \$35,027,842 |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 91,310 | \$ 241,000 | \$ - | \$ - | \$ 332,310 |
| Accrued payroll liabilities | 84,651 | - | - | - | 84,651 |
| Due to other governmental units | 220,410 | - | 4,520 | - | 224,930 |
| Due to Metropolitan Transit Commission | - | 16,743,976 | 380,255 | - | 17,124,231 |
| Due to other providers | - | 1,674,643 | - | - | 1,674,643 |
| Due to other funds | - | 1,524 | - | - | 1,524 |
| Deferred revenue | - | 1,777,682 | - | - | 1,777,682 |
| Deferred compensation funds held for participants | - | - | 98,461 | - | 98,461 |
| TOTAL LIABILITIES | 396,371 | 20,438,825 | 483,236 | - | 21,318,432 |
| FUND EQUITY: | | | | | |
| Investment in general fixed assets | - | - | - | 415,837 | 415,837 |
| Fund Balance (unreserved and undesignated): | 2,123,152 | 11,170,421 | - | - | 13,293,573 |
| Total fund equity | 2,123,152 | 11,170,421 | - | 415,837 | 13,709,410 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 2,519,523 | \$31,609,246 | \$483,236 | \$415,837 | \$35,027,842 |

See accompanying notes to financial statements.

REGIONAL TRANSIT BOARD

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1988

| | Governmental Fund Types | | Totals (Memorandum Only) |
|---|-------------------------|-----------------------------|-----------------------------|
| | General Fund | Special Revenue Funds | |
| BEGINNING FUND BALANCES | \$ 4,471,739 | \$ 3,731,205 | \$ 8,202,944 |
| REVENUES: | | | |
| Property taxes | - | 40,614,939 | 40,614,939 |
| Intergovernmental: | | | |
| State of Minnesota: | | | |
| Homestead credit | - | 7,774,542 | 7,774,542 |
| Tax feathering | - | 2,156,398 | 2,156,398 |
| State grants and appropriations | 1,100,000 | 25,534,000 | 26,634,000 |
| Federal grants | 425,183 | 361,000 | 786,183 |
| Interest | 228,095 | 807,794 | 1,035,889 |
| Miscellaneous | 34,208 | 122,500 | 156,708 |
| Total revenues | <u>1,787,486</u> | <u>77,371,173</u> | <u>79,158,659</u> |
| EXPENDITURES: | | | |
| Current operations: | | | |
| Salaries and benefits | 1,033,181 | 31,150 | 1,064,331 |
| Per diem | 34,800 | - | 34,800 |
| Travel | 90,594 | 4,788 | 95,382 |
| Professional and technical services | 661,092 | 348,794 | 1,009,886 |
| Occupancy | 71,108 | - | 71,108 |
| Metropolitan Council chargebacks | 210,115 | - | 210,115 |
| General and administrative | 42,427 | - | 42,427 |
| Supplies | 21,379 | - | 21,379 |
| Equipment rental and maintenance | 76,459 | - | 76,459 |
| Printing and publishing | 69,599 | 61 | 69,660 |
| Insurance | 85,966 | - | 85,966 |
| Miscellaneous | 7,069 | - | 7,069 |
| Capital expenditures | 270,030 | - | 270,030 |
| Transit provider expenditures: | | | |
| Metropolitan Transit Commission | - | 57,399,443 | 57,399,443 |
| Other providers | 32,754 | 13,577,221 | 13,609,975 |
| Total expenditures | <u>2,706,573</u> | <u>71,361,457</u> | <u>74,068,030</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(919,087)</u> | <u>6,009,716</u> | <u>5,090,629</u> |
| Transfers - Budget amendment | <u>(1,429,500)</u> | <u>1,429,500</u> | <u>-</u> |
| ENDING FUND BALANCES (unreserved and undesignated) | <u>\$ 2,123,152</u> | <u>\$11,170,421</u> | <u>\$13,293,573</u> |

See accompanying notes to financial statements.

REGIONAL TRANSIT BOARD

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | General Fund | | | Special Revenue Funds | | | Totals (Memorandum Only) | | |
|---|--------------|--------------|----------------------------------|-----------------------|--------------|----------------------------------|--------------------------|--------------|----------------------------------|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| FUND BALANCES - BEGINNING OF YEAR | \$ 4,471,739 | \$ 4,471,739 | \$ - | \$ 3,731,205 | \$ 3,731,205 | \$ - | \$ 8,202,944 | \$ 8,202,944 | \$ - |
| REVENUES: | | | | | | | | | |
| Property taxes | - | - | - | 41,691,645 | 40,614,939 | (1,076,706) | 41,691,645 | 40,614,939 | (1,076,706) |
| Intergovernmental: | | | | | | | | | |
| State of Minnesota: | | | | | | | | | |
| Homestead credit | - | - | - | 7,700,000 | 7,774,542 | 74,542 | 7,700,000 | 7,774,542 | 74,542 |
| Tax feathering | - | - | - | 2,156,000 | 2,156,398 | 398 | 2,156,000 | 2,156,398 | 398 |
| State grants and appropriations | 1,100,000 | 1,100,000 | - | 24,063,000 | 25,534,000 | 1,471,000 | 25,163,000 | 26,634,000 | 1,471,000 |
| Federal grants | 530,200 | 425,183 | (105,017) | 361,000 | 361,000 | - | 891,200 | 786,183 | (105,017) |
| Interest | 100,000 | 228,095 | 128,095 | 250,000 | 807,794 | 557,794 | 350,000 | 1,035,889 | 685,889 |
| Miscellaneous | 50,000 | 34,208 | (15,792) | 100,000 | 122,500 | 22,500 | 150,000 | 156,708 | 6,708 |
| Total revenues | 1,780,200 | 1,787,486 | 7,286 | 76,321,645 | 77,371,173 | 1,049,528 | 78,101,845 | 79,158,659 | 1,056,814 |
| EXPENDITURES: | | | | | | | | | |
| Current operations: | | | | | | | | | |
| Salaries and benefits | 1,003,224 | 1,033,181 | (29,957) | 95,000 | 31,150 | 63,850 | 1,098,224 | 1,064,331 | 33,893 |
| Per diem | 40,000 | 34,800 | 5,200 | - | - | - | 40,000 | 34,800 | 5,200 |
| Travel | 108,856 | 90,594 | 18,262 | 2,500 | 4,788 | (2,288) | 111,356 | 95,382 | 15,974 |
| Professional and technical services | 775,000 | 661,092 | 113,908 | 1,530,000 | 348,794 | 1,181,206 | 2,305,000 | 1,009,886 | 1,295,114 |
| Occupancy | 125,000 | 71,108 | 53,892 | - | - | - | 125,000 | 71,108 | 53,892 |
| Metropolitan Council chargebacks | 237,600 | 210,115 | 27,485 | - | - | - | 237,600 | 210,115 | 27,485 |
| General and administrative | 24,090 | 42,427 | (18,337) | - | - | - | 24,090 | 42,427 | (18,337) |
| Supplies | 22,500 | 21,379 | 1,121 | - | - | - | 22,500 | 21,379 | 1,121 |
| Equipment rental and maintenance | 50,000 | 76,459 | (26,459) | - | - | - | 50,000 | 76,459 | (26,459) |
| Printing and publishing | 82,500 | 69,599 | 12,901 | 2,000 | 61 | 1,939 | 84,500 | 69,660 | 14,840 |
| Insurance | 100,000 | 85,966 | 14,034 | - | - | - | 100,000 | 85,966 | 14,034 |
| Miscellaneous | 65,030 | 7,069 | 57,961 | - | - | - | 65,030 | 7,069 | 57,961 |
| Capital expenditures | 316,270 | 270,030 | 46,240 | - | - | - | 316,270 | 270,030 | 46,240 |
| Transit provider expenditures: | | | | | | | | | |
| Metropolitan Transit Commission | - | - | - | 58,465,527 | 57,399,443 | 1,066,084 | 58,465,527 | 57,399,443 | 1,066,084 |
| Other providers | - | 32,754 | (32,754) | 15,854,873 | 13,577,221 | 2,277,652 | 15,854,873 | 13,609,975 | 2,244,898 |
| Total expenditures | 2,950,070 | 2,706,573 | 243,497 | 75,949,900 | 71,361,457 | 4,588,443 | 78,899,970 | 74,068,030 | 4,831,940 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,169,870) | (919,087) | 250,783 | 371,745 | 6,009,716 | 5,637,971 | (798,125) | 5,090,629 | 5,888,754 |
| Transfers - budget amendment | (1,429,500) | (1,429,500) | - | 1,429,500 | 1,429,500 | - | - | - | - |
| FUND BALANCES - END OF YEAR | \$ 1,872,369 | \$ 2,123,152 | \$ 250,783 | \$ 5,532,450 | \$11,170,421 | \$ 5,637,971 | \$ 7,404,819 | \$13,293,573 | \$ 5,888,754 |

See accompanying notes to financial statements.

REGIONAL TRANSIT BOARD

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1988

1. PURPOSE AND NATURE OF ORGANIZATION

The Regional Transit Board (RTB) operates under the authority of Minnesota Statutes 473.146.

The RTB directs, coordinates, and prioritizes transit services in the Twin Cities Metropolitan Area through needs assessment, policy development, distribution of public funds, facilitation of the implementation of programs and research, and demonstration projects. This is accomplished within the direction of the Legislature and the long-range transportation policy planning role of the Metropolitan Council. The RTB facilitates the implementation of transit service programs, recognizing the transit operating role of the Metropolitan Transit Commission (MTC) and other transit service providers, and the need for continuous involvement of local units of government and the public.

The RTB's financial statements include all funds and account groups over which the RTB exercises oversight responsibility. In applying the entity definition criteria of the Governmental Accounting Standards Board, it is the opinion of the RTB that it is neither a component unit of the Metropolitan Council nor is the Metropolitan Transit Commission a component unit of RTB.

Metropolitan Council

The Metropolitan Council selects RTB board members but not its management. The Council has only limited authority over RTB budgets and no authority over its contracts, hiring, properties, or in resolving matters affecting recipients of RTB services. The geographic area and populations served by both entities are substantially the same. However, the Council does not provide funding to RTB, nor does it have responsibility for funding any RTB deficits or guaranteeing any RTB debt, nor can it use the RTB fund balances.

The RTB authorities, funding sources, and functions over which the Council has limited or no oversight responsibility lead to the conclusion that the RTB is not a component unit of the Council.

Metropolitan Transit Commission

The RTB selects commission members of the MTC but cannot designate its management. RTB reviews and approves MTC budgets but does not approve its outside contracts, control its properties, or resolve matters affecting recipients of MTC services. The RTB is not required to fund any MTC operating deficit. The MTC may pledge the taxing power of the RTB only with approval of the RTB and only for a one-year period for any issue of debt. RTB does not hold title to MTC assets and does not have authority for general audits of MTC operations. RTB's geographic service area is larger than that of MTC, and includes significant areas served by other transit providers.

1. PURPOSE AND NATURE OF ORGANIZATION

The Regional Transit Board (RTB) operates under the authority of Minnesota Statutes 47A.12A.

The RTB directs, coordinates, and performs transit services in the Twin Cities Metropolitan Area through transit systems, policy development, distribution of grant funds, facilitation of the implementation of programs and services, and demonstration projects. This is accomplished within the direction of the Metropolitan Council. The RTB facilitates the implementation of transit services programs, recognizing the transit operating role of the Metropolitan Council, Commission (MTC) and other transit service providers, and the need for continued involvement of local units of government and the public.

The RTB's financial statements include all funds and account groups over which the RTB exercises oversight responsibility. In applying the entity definition criteria of the Governmental Accounting Standards Board, it is the opinion of the RTB that it is neither a component unit of the Metropolitan Council nor is the Metropolitan Transit Commission a component unit of RTB.

Metropolitan Council

The Metropolitan Council selects RTB board members but not its management. The Council has only limited authority over RTB budgets and no authority over its contracts, hiring, personnel, or its receiving services affecting recipients of RTB services. The geographic area and population served by both entities are substantially the same. However, the Council does not provide funding to RTB, nor does it have responsibility for funding any RTB deficits or guaranteeing any RTB debt, nor can it use the RTB bond balances.

The RTB authorizes funding sources and functions over which the Council has limited or no oversight responsibility based on the conclusion that the RTB is not a component unit of the Council.

Metropolitan Transit Commission

The RTB selects Commission members of the MTC but cannot designate its management. RTB reviews and approves MTC budgets but does not approve its outside contracts, control its personnel, or receive services affecting recipients of MTC services. The RTB is not required to fund any MTC operating deficits. The MTC may pledge the taxing power of the RTB only with approval of the RTB and only for a one-year period for any issue of debt. RTB does not have title to MTC assets and does not have authority for general assets of MTC operations. RTB's geographic service area is larger than that of MTC, and includes alignment areas served by other transit providers.

While a number of the MTC authorities, funding sources and functions are dependent on the RTB, the significance of those that are not leads to the conclusion that MTC is not a component unit of RTB.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The accounts of the RTB are organized on the basis of a general fund, six special revenue funds, three agency funds, and a general fixed asset account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The General Fund is the general operating fund of the RTB. Special Revenue Funds are used to account for property tax revenue and other revenues that are legally restricted for various specified transit provider services.

The Agency Funds are used to account for and administer resources held by the RTB as an agent for others. These funds are custodial in nature and do not involve measurement of results of operations. The Agency Funds account for debt service taxes levied for the MTC and the Metropolitan Council and the deferred compensation plan available to RTB employees.

The General Fixed Assets Account Group is used to account for the RTB's property and equipment. Fixed assets used in governmental fund type operations (general fixed assets) are recorded at historical cost. No depreciation has been provided on general fixed assets.

B. Basis of Accounting

RTB funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, not exceeding 60 days.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

With a number of the RTB activities, leading sources and locations are dependent on the RTB. The significance of these items and leads to the conclusion that RTB is not a component unit of the RTB.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Fund Accounting

The accounts of the RTB are organized on the basis of a general fund, six special revenue funds, three agency funds, and a general fixed asset account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues, and expenditures, as appropriate. Government revenues are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The General Fund is the general operating fund of the RTB. Funds are used to account for property tax revenue and other revenue that are legally restricted for various specified transit project activities.

The Agency Funds are used to account for and administer revenues held by the RTB as an agent for others. These funds are established in order to account for the management of certain operations. The Agency Funds account for debt service taxes levied for the RTB and the Metropolitan Council and the related compensation plan available to RTB employees.

The General Fixed Asset Account Group is used to account for the RTB's property and equipment. Fixed assets used in governmental fund type operations (general fund assets) are recorded at historical cost. Depreciation has been provided on general fixed assets.

B. Basis of Accounting

RTB funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Liabilities are recognized when the current period or soon enough thereafter to be used to pay liabilities of the current period, not exceeding 90 days.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

C. Budgets and Budgetary Accounting

The RTB follows these procedures in establishing the budgetary data reported in the financial statements:

- . Prior to August 1, the RTB staff submits to the Board a proposed operating budget for the year commencing on January 1. The operating budget includes anticipated revenues and expenditures for the ensuing year and the amount necessary to be raised from ad valorem tax levies.
- . Public hearings are conducted to obtain taxpayer comments before August 15.
- . The budget is adopted by the Board on or before December 15.
- . The budget is prepared for individual funds on a basis consistent with generally accepted accounting principles. The annual adopted budget is not legally binding.

D. Cash and Temporary Cash Investments

Deposits: In accordance with Minnesota Statutes, the RTB maintains deposits at national or state banks within the state as authorized by the Board. As required by statute, RTB deposits are protected by \$100,000 of federal depository insurance and pledged collateral. The market value of pledged collateral must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged).

At December 31, 1988, the carrying amount of the RTB's demand deposits was \$259,547, with total bank balances of \$336,596.

Investments: The RTB also invests idle funds as authorized by Minnesota Statutes, as follows:

1. Direct obligations or obligations of its agencies guaranteed by the United States.
2. Shares of investment companies registered under the Federal Investment Company Act of 1970 and whose only investments are in securities described in (1) above.
3. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
4. Commercial paper issued by United States corporation or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
5. Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000 primary reporting dealers in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The RTB's investments are categorized in the following table to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the RTB or its agent in the RTB's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the RTB's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the RTB's name.

Balances at December 31, 1988:

| Securities Type | Credit Risk Category | | | Carrying Amount |
|-------------------------|----------------------|------|--------------|--------------------|
| | 1 | 2 | 3 | |
| Bankers' acceptances | \$ - | \$ - | \$ 195,144 | \$ 195,144 |
| Commercial paper | - | - | 26,917,598 | 26,917,598 |
| Total investments | \$ - | \$ - | \$27,112,742 | \$27,112,742 |

All RTB investments are classified in risk category 3 as the investments are either held directly by the purchasing agent or by a third-party in the name of the purchasing agent. In addition, the carrying amount approximates the market value.

E. Accumulated Unpaid Vacation and Sick Pay

The RTB compensates all employees upon termination for unused vacation up to a maximum based upon length of service. Such pay is accrued as an expenditure when it is earned.

RTB employees are entitled to sick leave at a defined rate for each period of service. Employees are not compensated for unused sick leave upon termination. Sick pay is recorded as an expenditure when it is paid.

F. Property Taxes

Property tax levies are set by the RTB in October each year, and are certified to the counties for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The counties generally provide tax settlements to the taxing districts four times per year, in February, April, June, and November.

The RTB's investments are categorized in the following table to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the RTB or its agent in the RTB's name. Category 2 includes insured and unregistered investments for which the securities are held by the RTB's agent or dealer's trust department or agent in the RTB's name. Category 3 includes unregistered and unregistered investments for which the securities are held by the RTB's agent or dealer, or by the trust department or agent but not in the RTB's name.

Balance as December 31, 1988

| Category | Investments | Equities | Fixed Income | Other | Total |
|----------|-------------|-------------|--------------|-------|-------------|
| 1 | \$1,112,742 | \$1,112,742 | | | \$2,225,484 |
| 2 | \$1,112,742 | \$1,112,742 | | | \$2,225,484 |
| 3 | \$1,112,742 | \$1,112,742 | | | \$2,225,484 |
| Total | \$3,338,226 | \$3,338,226 | | | \$6,676,452 |

All RTB investments are classified in this category 1 as the investments are either held directly by the purchasing agent or by a third party in the name of the purchasing agent. In addition, the carrying amount approximates the market value.

The RTB compensates all employees upon termination for unused vacation up to a maximum based upon length of service. Such pay is accrued as an expenditure when it is earned.

RTB employees are entitled to sick leave at a defined rate for each period of service. Employees are not compensated for unused sick leave upon termination. Sick pay is recorded as an expenditure when it is paid.

Property tax levies are set by the RTB in October each year and are levied on the counties for collection in the following year. In Minnesota, counties set collection agents for all property taxes.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The counties generally provide tax certificates to the taxing districts four times per year, in February, April, June, and November.

The RTB levied upon all taxable property within the Metropolitan Transit Taxing District the amount of \$51,004,463 payable in 1988 and \$55,141,281 payable in 1989 for use by the RTB for payment of the expenses of operating transit and paratransit services. This represents a two (2) mill levy on all taxable property within the Metropolitan Transit Taxing District payable in 1988, except that the levy on taxable property located in certain communities is reduced by specific amounts to reflect lower levels of transit services available. For taxes payable in 1989, this tax represents the prior year tax levy multiplied by the percentage increase in total market value of taxable property. In addition, the RTB levied upon all taxable property within the Metropolitan Transit Area, but outside the Metropolitan Transit Taxing District, an amount of \$543,201 payable in 1988 and \$605,264 payable in 1989.

At December 31, 1988, \$13,640,000 of MTC and \$22,660,000 of Metropolitan Council long-term general obligation certificates of indebtedness were outstanding for which RTB levies the property taxes necessary to meet principal and interest maturities. RTB levied \$4,288,255 payable in 1988 and \$6,356,182 payable in 1989 for these purposes. Funds are transferred to the MTC and the Metropolitan Council as necessary to enable the payments to be made. These taxes, but not the related debt or debt service, are accounted for in agency funds of the RTB.

The counties spread all levies over taxable property. Such taxes become a lien on January 1 and are recorded as taxes receivable by the RTB at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

3. CHANGES IN GENERAL FIXED ASSETS

| | Balance January 1, 1988 | Additions | Disposals | Balance December 31, 1988 |
|-------------------------|-------------------------------|-----------|-----------|---------------------------------|
| Furniture and equipment | \$176,402 | \$270,031 | \$30,596 | \$415,837 |

4. RETIREMENT PLANS

All full-time employees and certain part-time employees participate in one of two pension plans administered by the Minnesota State Retirement System (MSRS): the general (defined benefit) or the unclassified service (defined contribution) pension plans.

A. DEFINED BENEFIT PLAN - General Plan

Plan Description

Requirements for normal retirement benefits for members of the general plan are as follows:

When age 55 and the individual has 5 years of allowable service, an annuity reduced from age 65 is payable.

The RTB levied upon all taxable property within the Metropolitan Taxing District the amount of \$11,000,000 payable in 1988 and \$11,000,000 payable in 1989 for use by the RTB for payment of the expenses of operating transit and paratransit services. This represents a two (2) mill levy on all taxable property within the Metropolitan Taxing District payable in 1988 and 1989. The RTB levied upon all taxable property located in certain communities in 1988 and 1989 to reflect lower levels of transit services available. For taxes payable in 1988, this tax represents the prior year tax levied by the percentage increase in total market value of taxable property. In addition, the RTB levied upon all taxable property within the Metropolitan Taxing District, not outside the Metropolitan Taxing District, an amount of \$14,000,000 payable in 1988 and \$14,000,000 payable in 1989.

On December 31, 1988, \$11,400,000 of RTB and \$11,400,000 of Metropolitan Council long-term general obligation certificates of indebtedness were outstanding for which RTB levies the property taxes necessary to meet principal and interest maturities. RTB levied \$1,100,000 payable in 1988 and \$1,100,000 payable in 1989 for these purposes. Funds are transferred to the RTB and the Metropolitan Council as necessary to enable the payments to be made. These taxes, but not the related debt or debt service are accounted for in agency funds of the RTB.

The council spent all levies over taxable property. Such taxes were also on January 1 and are recorded as taxes receivable by the RTB at that date. Revenues are accrued and reported in the year collectible, not by delinquencies. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

CHANGES IN GENERAL FUND ASSETS

| Balance December 31, 1987 | Disposals | Acquisitions | Balance January 1, 1988 |
|---------------------------|-----------|--------------|-------------------------|
| \$412,957 | \$20,188 | \$270,632 | \$170,401 |

RETIREMENT PLANS

All full-time employees and certain part-time employees participate in one of two pension plans administered by the Minnesota State Retirement System (MSRS): the General (defined benefit) or the Unfunded (defined contribution) pension plan.

A RETIRED EMPLOYEES PLAN - GENERAL PLAN

Plan Description
 Requirements for normal retirement benefits for members of the general plan are as follows:
 . When age 55 and the individual has 5 years of allowable service, an annuity reduced from age 62 is payable.

- . When age 62 and the individual has 30 years of allowable service, full unreduced normal annuity is payable.
- . Only one year of allowable service is needed if employed to age 65 or later to receive the full unreduced normal annuity.
- . An employee age 55 or over as of December 31, 1986, whose age plus length of service credit as of December 31, 1986 equals 85 or more, receives full benefits if the employee has filed a valid annuity application and has retired before July 1, 1987.

The fund also provides various death and disability benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined as defined by the fund.

Contributions Required and Made

Covered employees are required by State statute to contribute a fixed percentage of their gross earnings to the pension plan. The RTB makes annual contributions to the pension plan equal to the amount required by State statutes. Current contribution rates for the plan are 3.73% for employees and 3.90% for the employer. Total contributions made during fiscal year 1988 amounted to \$47,696, of which \$23,321 was made by employees and \$24,375 was made by the RTB.

Funding Status and Progress

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MSRS's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among Public Employee Retirement Systems and employers. The MSRS does not make separate measurements of assets and pension benefit obligation for individual employers.

The pension benefit obligations of the MSRS as of June 30, 1988 were as follows (in millions):

| | |
|---|---------|
| Total pension benefit obligations | \$1,775 |
| Net assets available for benefits at market | 1,725 |
| Unfunded pension benefit obligation | \$ 50 |

The actuarial calculations of annual contributions include amounts that would be required to achieve full (100 percent) funding by the year 2011.

The measurement of the pension obligation is based on an actuarial valuation as of June 30, 1988. Net assets available to pay pension benefits were valued as of June 30, 1988.

When age 65 and the individual has 10 years of eligible service...

...the employee age 65 on or after 12/31/1988, whose age plus length of service credit as of December 31, 1988 equals 85 or more...

...The fund also provides various death and disability benefits...

...Contributions Required and Rate...

...Covered employees are required by State statute to contribute a fixed percentage of their gross earnings to the pension plan...

...The RTB's total payroll and the contributions relating to this plan in 1988 were not material. All contributions were made as required by State statute.

5. DEFERRED COMPENSATION PLANS

The RTB offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all RTB employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the RTB (without being restricted to the provisions of benefits under the plan), subject only to the claim of the RTB's general creditors. Participants' rights under the plans are equal to those of general creditors of the RTB in an amount equal to the fair market value of the deferred account for each participant.

The RTB has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor. The RTB believes that it is unlikely that it will use plan assets to satisfy the claims of general creditors in the future.

The RTB's contribution for the period ended June 30, 1988 to MSRS's plans represented approximately 0.06% of total contributions required of all participating entities.

Ten-year historical trend information is presented in MSRS's Comprehensive Annual Report for the year ended June 30, 1988. This information is useful in assessing the pension plan accumulation of sufficient assets to pay pension benefits as they become due.

Related-Party Investments

During 1988 and as of June 30, 1988, MSRS held no securities issued by the RTB or other related parties.

B. DEFINED CONTRIBUTION PLAN - Unclassified Service

Plan Description

Four RTB employees participate in the MSRS Unclassified Service plan. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate from date of employment. Participating employees are required by State statute to contribute 4% of their gross earnings to the pension plan, and the RTB is required to contribute an amount equal to 6% of such earnings. The RTB's contributions for each employee and allocated investment earnings are fully vested immediately.

The RTB's total payroll and the contributions relating to this plan in 1988 were not material. All contributions were made as required by State statute.

5. DEFERRED COMPENSATION PLANS

The RTB offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all RTB employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the RTB (without being restricted to the provisions of benefits under the plan), subject only to the claim of the RTB's general creditors. Participants' rights under the plans are equal to those of general creditors of the RTB in an amount equal to the fair market value of the deferred account for each participant.

The RTB has no liability for losses under the plans but does have the duty of due care that would be required of an ordinary prudent investor. The RTB believes that it is unlikely that it will use plan assets to satisfy the claims of general creditors in the future.

The RTB's contribution for the period ended June 30, 1988 to RTB's plan is approximately 5.5% of total contributions reported of all participating entities.

For year historical trend information is presented in RTB's Comprehensive Annual Report for the year ended June 30, 1988. This information is useful in assessing the position plan accumulation of contributions made to pay pension benefits as they become due.

During 1988 and as of June 30, 1988, RTB held no securities issued by the RTB or other related parties.

2. DEFINED CONTRIBUTION PLAN - Unfunded Pension

The RTB's Unfunded Pension Plan is a defined contribution plan. The plan is funded by contributions from RTB employees and RTB. The plan is subject to the provisions of ERISA. The plan is a qualified plan under Section 408(a) of the Internal Revenue Code. The plan is a profit-sharing plan. The plan is a defined contribution plan. The plan is a qualified plan under Section 408(a) of the Internal Revenue Code. The plan is a profit-sharing plan. The plan is a defined contribution plan. The plan is a qualified plan under Section 408(a) of the Internal Revenue Code. The plan is a profit-sharing plan.

The RTB's total payroll and the contribution relating to the plan in 1988 were not material. All contributions were made as required by ERISA statute.

3. DEFERRED COMPENSATION PLAN

The RTB offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are available to all RTB employees, part-time or full-time, who have a certain number of years of service. The deferred compensation is not available to employees until termination, retirement, death, or disability.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the RTB (without being restricted to the provisions of benefits under the plan), subject only to the claim of the RTB's general creditors. Participants' rights under the plan are equal to those of general creditors of the RTB in an amount equal to the fair market value of the deferred account for each participant.

The RTB has no liability for losses under the plan nor does have the duty of due care that would be required of an ordinary prudent investor. The RTB believes that it is unlikely that it will use plan assets to satisfy the claims of general creditors in the future.

6. LEASE COMMITMENTS

RTB has entered into a lease commitment beginning in 1988 to lease building space from an unrelated entity. Minimum annual rental commitments under this operating lease are as follows:

| | |
|-------------------|--------------------|
| 1989 | \$ 104,271 |
| 1990 | 162,913 |
| 1991 | 178,849 |
| 1992 | 190,098 |
| 1993 | 194,785 |
| 1994 through 1998 | <u>1,094,073</u> |
| | <u>\$1,924,989</u> |

Rental expense for 1988 was \$71,108.

REGIONAL TRANSIT BOARD

COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 1988

| ASSETS | Regular Route | Metro Mobility | Opt Out | Rural/Small Urban | LRT Engineering | New Services/ Test Marketing | Total |
|--|---------------------|---------------------|-------------------|----------------------|---------------------|------------------------------------|---------------------|
| Cash | \$ 5,921 | \$ 33,004 | \$ 800 | \$ 10,226 | \$ 67,512 | \$ 53,973 | \$ 171,436 |
| Investments | 18,920,576 | 1,341,555 | 368,860 | 518,702 | 1,715,000 | 2,077,291 | 24,941,984 |
| Receivables: | | | | | | | |
| Property taxes | 2,296,292 | - | 9,118 | 126,469 | - | - | 2,431,879 |
| Accrued interest | 116,684 | 9,224 | 2,459 | 3,019 | 11,763 | 14,185 | 157,334 |
| Due from State of Minnesota | 2,359,000 | 250,000 | - | - | - | 800,000 | 3,409,000 |
| Due from Federal Government | 274,936 | - | - | - | - | - | 274,936 |
| Other assets | 172,677 | - | - | 50,000 | - | - | 222,677 |
| TOTAL ASSETS | \$24,146,086 | \$ 1,633,783 | \$ 381,237 | \$ 708,416 | \$ 1,794,275 | \$ 2,945,449 | \$31,609,246 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 241,000 | \$ - | \$ 241,000 |
| Due to Metropolitan Transit Commission | 16,561,554 | 182,422 | - | - | - | - | 16,743,976 |
| Due to other providers | 166,442 | 1,004,341 | 321,641 | 173,405 | - | 8,814 | 1,674,643 |
| Due to other funds | - | - | - | - | 1,524 | - | 1,524 |
| Deferred revenue | 1,747,692 | - | - | 29,990 | - | - | 1,777,682 |
| TOTAL LIABILITIES | 18,475,688 | 1,186,763 | 321,641 | 203,395 | 242,524 | 8,814 | 20,438,825 |
| FUND BALANCES | | | | | | | |
| Reserved for encumbrances | - | - | - | - | - | - | - |
| Unreserved | 5,670,398 | 447,020 | 59,596 | 505,021 | 1,551,751 | 2,936,635 | 11,170,421 |
| Total fund balances | 5,670,398 | 447,020 | 59,596 | 505,021 | 1,551,751 | 2,936,635 | 11,170,421 |
| TOTAL LIABILITIES AND FUND BALANCES | \$24,146,086 | \$ 1,633,783 | \$ 381,237 | \$ 708,416 | \$ 1,794,275 | \$ 2,945,449 | \$31,609,246 |

REGIONAL TRANSIT BOARD

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | Regular Route | Metro Mobility | Opt Out | Rural/Small Urban | LRT Engineering | New Services/ Test Marketing | Total |
|---|------------------|-------------------|-----------|----------------------|--------------------|------------------------------------|--------------|
| FUND BALANCES - BEGINNING OF YEAR | \$ 1,535,916 | \$ 192,714 | \$ 33,605 | \$ 278,583 | \$ 95,331 | \$ 1,595,056 | \$ 3,731,205 |
| REVENUES: | | | | | | | |
| Property taxes | 37,691,066 | - | 2,448,711 | 475,162 | - | - | 40,614,939 |
| Intergovernmental: | | | | | | | |
| State of Minnesota: | | | | | | | |
| Homestead credit | 7,710,807 | - | - | 63,735 | - | - | 7,774,542 |
| Tax feathering | 2,156,398 | - | - | - | - | - | 2,156,398 |
| State grants and appropriations | 13,105,500 | 10,250,000 | - | 730,000 | 200,000 | 1,248,500 | 25,534,000 |
| Federal grants | 361,000 | - | - | - | - | - | 361,000 |
| Interest | 429,863 | 94,520 | 25,991 | 34,706 | 89,213 | 133,501 | 807,794 |
| Miscellaneous | - | - | - | - | 122,500 | - | 122,500 |
| Total revenues | 61,454,634 | 10,344,520 | 2,474,702 | 1,303,603 | 411,713 | 1,382,001 | 77,371,173 |
| EXPENDITURES: | | | | | | | |
| Current operations: | | | | | | | |
| Salaries and benefits | - | - | - | - | 31,150 | - | 31,150 |
| Travel | - | - | - | - | 4,788 | - | 4,788 |
| Professional and technical services | - | - | - | - | 348,794 | - | 348,794 |
| Printing and publishing | - | - | - | - | 61 | - | 61 |
| Transit provider expenditures: | | | | | | | |
| Metropolitan Transit Commission | 56,814,044 | 585,399 | - | - | - | - | 57,399,443 |
| Other providers | 1,499,287 | 9,504,815 | 1,455,532 | 1,077,165 | - | 40,422 | 13,577,221 |
| Total expenditures | 58,313,331 | 10,090,214 | 1,455,532 | 1,077,165 | 384,793 | 40,422 | 71,361,457 |
| Excess (deficiency) of revenues over expenditures | 3,141,303 | 254,306 | 1,019,170 | 226,438 | 26,920 | 1,341,579 | 6,009,716 |
| TRANSFERS: | | | | | | | |
| Budget amendment | - | - | - | - | 1,429,500 | - | 1,429,500 |
| Statutory authorization | 993,179 | - | (993,179) | - | - | - | - |
| Net transfers | 993,179 | - | (993,179) | - | 1,429,500 | - | 1,429,500 |
| FUND BALANCES - END OF YEAR | \$ 5,670,398 | \$ 447,020 | \$ 59,596 | \$ 505,021 | \$ 1,551,751 | \$ 2,936,635 | \$11,170,421 |

REGIONAL TRANSIT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - REGULAR ROUTE
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--------------------------------------|---------------------|---------------------|--|
| FUND BALANCE - BEGINNING OF YEAR | \$ 1,535,916 | \$ 1,535,916 | \$ - |
| REVENUES: | | | |
| Property taxes | 38,691,645 | 37,691,066 | (1,000,579) |
| Intergovernmental: | | | |
| State of Minnesota: | | | |
| Homestead credit | 7,700,000 | 7,710,807 | 10,807 |
| Tax feathering | 2,156,000 | 2,156,398 | 398 |
| State grants and appropriations | 12,434,500 | 13,105,500 | 671,000 |
| Federal grants | 361,000 | 361,000 | - |
| Interest and miscellaneous | 350,000 | 429,863 | 79,863 |
| Total revenues | <u>61,693,145</u> | <u>61,454,634</u> | <u>(238,511)</u> |
| EXPENDITURES: | | | |
| Transit provider expenditures: | | | |
| Metropolitan Transit Commission | 57,950,972 | 56,814,044 | 1,136,928 |
| Other providers | 1,407,723 | 1,499,287 | (91,564) |
| Total expenditures | <u>59,358,695</u> | <u>58,313,331</u> | <u>1,045,364</u> |
| Excess of revenues over expenditures | <u>2,334,450</u> | <u>3,141,303</u> | <u>806,853</u> |
| TRANSFERS: | | | |
| Statutory authorization | - | 993,179 | 993,179 |
| FUND BALANCE - END OF YEAR | <u>\$ 3,870,366</u> | <u>\$ 5,670,398</u> | <u>\$ 1,800,032</u> |

REGIONAL TRANSIT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - METRO MOBILITY
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| Account | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|------------|----------------------------------|
| FUND BALANCE - BEGINNING OF YEAR | \$ 192,714 | \$ 192,714 | \$ - |
| REVENUES: | | | |
| Intergovernmental - State | 10,250,000 | 10,250,000 | - |
| Interest | - | 94,520 | 94,520 |
| Total revenues | 10,250,000 | 10,344,520 | 94,520 |
| EXPENDITURES: | | | |
| Transit provider expenditures: | | | |
| Metropolitan Transit Commission | 514,555 | 585,399 | (70,844) |
| Other providers | 10,447,845 | 9,504,815 | 943,030 |
| Total expenditures | 10,962,400 | 10,090,214 | 872,186 |
| Excess (deficiency) of revenues over expenditures | (712,400) | 254,306 | 966,706 |
| TRANSFERS: | | | |
| Budget amendment | - | - | - |
| FUND BALANCE (DEFICIT) - END OF YEAR | \$ (519,686) | \$ 447,020 | \$ 966,706 |

REGIONAL TRANSIT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - METRO MOBILITY
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| Account | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|------------|----------------------------------|
| FUND BALANCE - BEGINNING OF YEAR | \$ 192,714 | \$ 192,714 | \$ - |
| REVENUES: | | | |
| Intergovernmental - State | 10,250,000 | 10,250,000 | - |
| Interest | - | 94,520 | 94,520 |
| Total revenues | 10,250,000 | 10,344,520 | 94,520 |
| EXPENDITURES: | | | |
| Transit provider expenditures: | | | |
| Metropolitan Transit Commission | 514,555 | 585,399 | (70,844) |
| Other providers | 10,447,845 | 9,504,815 | 943,030 |
| Total expenditures | 10,962,400 | 10,090,214 | 872,186 |
| Excess (deficiency) of revenues over expenditures | (712,400) | 254,306 | 966,706 |
| TRANSFERS: | | | |
| Budget amendment | - | - | - |
| FUND BALANCE (DEFICIT) - END OF YEAR | \$ (519,686) | \$ 447,020 | \$ 966,706 |

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OPT OUT FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| Budget | Actual | Variance (Favorable/Unfavorable) |
|-----------|-----------|----------------------------------|
| 33,605 | 33,605 | - |
| 2,500,000 | 2,448,711 | (51,289) |
| - | 25,991 | 25,991 |
| 2,500,000 | 2,474,702 | (25,298) |
| 1,502,378 | 1,455,532 | 46,846 |
| 997,622 | 1,019,170 | 21,548 |
| - | (993,179) | (993,179) |
| 1,031,227 | 59,596 | (971,631) |

REGIONAL TRANSIT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OPT OUT FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|--------------|-----------|----------------------------------|
| FUND BALANCE - BEGINNING OF YEAR | \$ 33,605 | \$ 33,605 | \$ - |
| REVENUES: | | | |
| Property taxes | 2,500,000 | 2,448,711 | (51,289) |
| Interest | - | 25,991 | 25,991 |
| Total revenues | 2,500,000 | 2,474,702 | (25,298) |
| EXPENDITURES: | | | |
| Transit provider expenditures: | | | |
| Other providers | 1,502,378 | 1,455,532 | 46,846 |
| Excess (deficiency) of revenues over expenditures | 997,622 | 1,019,170 | 21,548 |
| TRANSFERS: | | | |
| Statutory authorization | - | (993,179) | (993,179) |
| FUND BALANCE (DEFICIT) - END OF YEAR | \$ 1,031,227 | \$ 59,596 | \$ (971,631) |

REGIONAL TRANSIT BOARD

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - LIGHT RAIL TRANSIT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|--------------------|---------------------|--|
| FUND BALANCE - BEGINNING OF YEAR | \$ 95,331 | \$ 95,331 | \$ - |
| REVENUES: | | | |
| Intergovernmental - State | 200,000 | 200,000 | - |
| Interest | - | 89,213 | 89,213 |
| Miscellaneous | - | 122,500 | 122,500 |
| Total revenues | <u>200,000</u> | <u>411,713</u> | <u>211,713</u> |
| EXPENDITURES: | | | |
| Current operations: | | | |
| Salaries and benefits | 1,629,500 | 31,150 | 1,598,350 |
| Travel | - | 4,788 | (4,788) |
| Professional and technical services | - | 348,794 | (348,794) |
| Printing and publishing | - | 61 | (61) |
| Total expenditures | <u>1,629,500</u> | <u>384,793</u> | <u>1,244,707</u> |
| Excess of revenues over expenditures | <u>(1,429,500)</u> | <u>26,920</u> | <u>1,456,420</u> |
| TRANSFERS: | | | |
| Budget Amendment | <u>1,429,500</u> | <u>1,429,500</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 95,331</u> | <u>\$ 1,551,751</u> | <u>\$ 1,456,420</u> |

REGIONAL TRANSIT BOARD

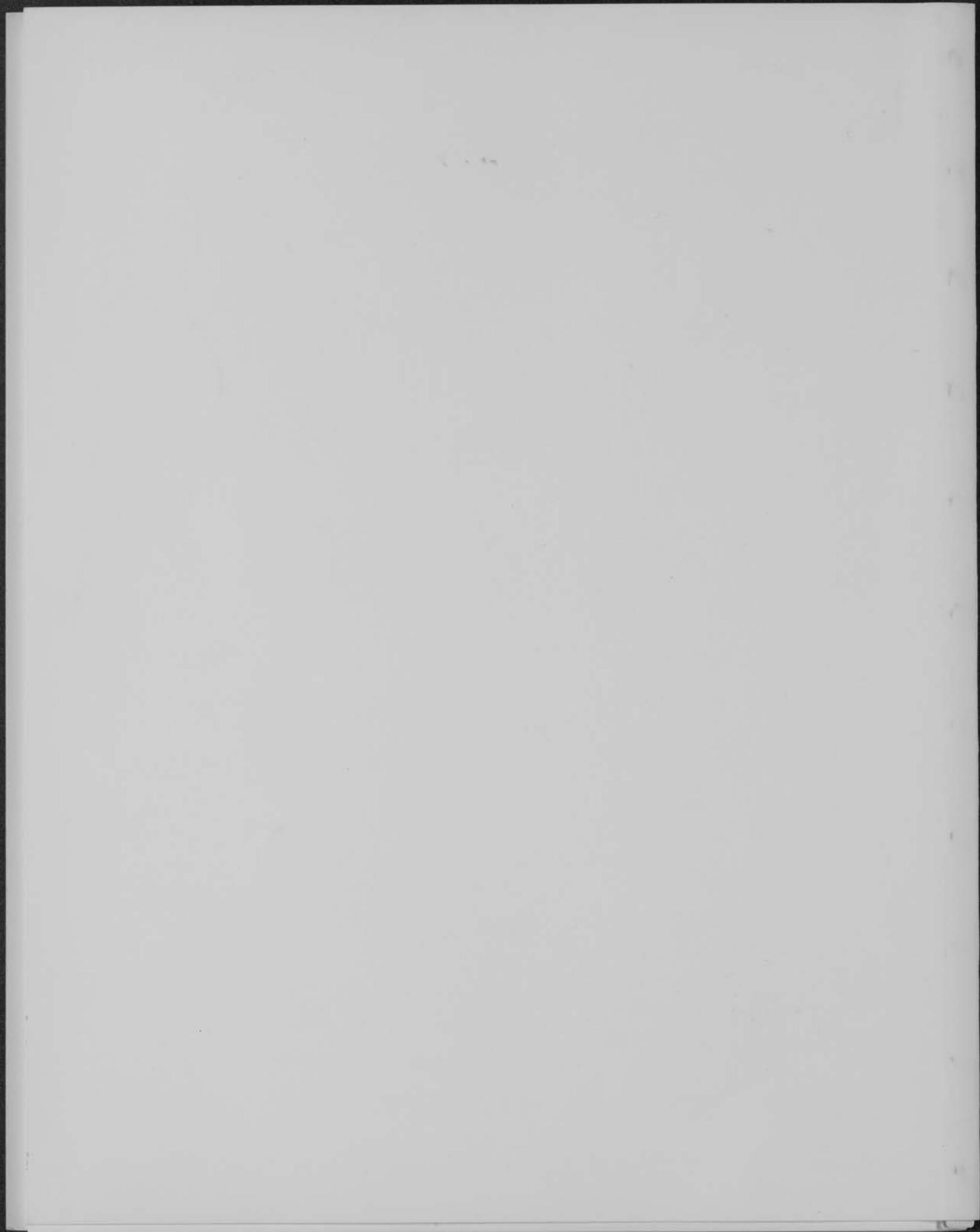
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - NEW SERVICES/TEST MARKETING
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------------|---------------------|--|
| FUND BALANCE - BEGINNING OF YEAR | \$ 1,595,056 | \$ 1,595,056 | \$ - |
| REVENUES: | | | |
| Intergovernmental - State | 448,500 | 1,248,500 | 800,000 |
| Interest | - | 133,501 | 133,501 |
| Total revenues | 448,500 | 1,382,001 | 933,501 |
| EXPENDITURES: | | | |
| Test marketing | 1,370,300 | 40,422 | 1,329,878 |
| Excess (deficiency) of revenues over expenditures | (921,800) | 1,341,579 | 2,263,379 |
| FUND BALANCE - END OF YEAR | \$ 673,256 | \$ 2,936,635 | \$ 2,263,379 |

REGIONAL TRANSIT BOARD

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1988

| | Balance January 1, 1988 | Additions | Deductions | Balance December 31, 1988 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| <u>Metropolitan Transit Commission Fund</u> | | | | |
| ASSETS: | | | | |
| Cash | \$ 27,442 | \$ 4,365,538 | \$ 4,389,920 | \$ 3,060 |
| Property taxes receivable | 73,264 | 4,296,455 | 3,992,525 | 377,194 |
| Due from other funds | 390,000 | - | 390,000 | - |
| TOTAL ASSETS | \$ 490,706 | \$ 8,661,993 | \$ 8,772,445 | \$ 380,254 |
| LIABILITIES: | | | | |
| Due to Metropolitan Transit Commission | \$ 490,706 | \$ 4,296,455 | \$ 4,406,907 | \$ 380,254 |
| <u>Other Governmental Agency Funds</u> | | | | |
| ASSETS: | | | | |
| Cash | \$ - | \$ 33,305 | \$ 28,785 | \$ 4,520 |
| Property taxes receivable | 231,843 | - | 231,843 | - |
| TOTAL ASSETS | \$ 231,843 | \$ 33,305 | \$ 260,628 | \$ 4,520 |
| LIABILITIES: | | | | |
| Due to Metropolitan Council | \$ 231,843 | \$ 33,305 | \$ 260,628 | \$ 4,520 |
| <u>Deferred Compensation Fund</u> | | | | |
| ASSETS: | | | | |
| Other assets | \$ 57,375 | \$ 41,149 | \$ 63 | \$ 98,461 |
| LIABILITIES: | | | | |
| Deferred compensation funds held for participants | \$ 57,375 | \$ 41,149 | \$ 63 | \$ 98,461 |
| <u>Total - All Agency Funds</u> | | | | |
| ASSETS: | | | | |
| Cash | \$ 27,442 | \$ 4,398,843 | \$ 4,418,705 | \$ 7,580 |
| Property taxes receivable | 305,107 | 4,296,455 | 4,224,368 | 377,194 |
| Due from other funds | 390,000 | - | 390,000 | - |
| Other assets | 57,375 | 41,149 | 63 | 98,461 |
| TOTAL ASSETS | \$ 779,924 | \$ 8,736,447 | \$ 9,033,136 | \$ 483,235 |
| LIABILITIES: | | | | |
| Due to Metropolitan Transit Commission | \$ 490,706 | \$ 4,296,455 | \$ 4,406,907 | \$ 380,254 |
| Due to other governmental agencies | 231,843 | 33,305 | 260,628 | 4,520 |
| Deferred compensation funds held for participants | 57,375 | 41,149 | 63 | 98,461 |
| TOTAL LIABILITIES | \$ 779,924 | \$ 4,370,909 | \$ 4,667,598 | \$ 483,235 |





REGIONAL TRANSIT BOARD
Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101

Minutes of the Meeting of the
POLICY COMMITTEE
Mears Park Centre Chambers
June 13, 1989

Brimeyer
COMMITTEE MEMBERS PRESENT: Doris Caranicas, Chair; Carole Faricy, Ruth Franklin,
~~Alicia Fuhr~~, George Isaacs; Rochelle Graves; Ed Kranz; Elliott Perovich

COMMITTEE MEMBERS ABSENT: Paul Joyce

OTHERS PRESENT: Arnie Entzel, Amalgamated Transit Union; Natalio Diaz, Emil Brandt, and Karen Lyons, Metropolitan Council; Doug Ewald; Gregory Andrews, Judy Hollander, Howard Blin, Suzanne Hanson, Randy Rosvold, Dale Ulrich and Len Simich, RTB Staff

The meeting was called to order at 4:10 p.m. and roll taken. Isaacs moved and Faricy seconded that the agenda be approved; the motion was unanimously approved.

REGIONAL TRANSIT BOARD'S DRAFT FIVE-YEAR TRANSIT PLAN

Hollander said staff is asking the board to accept the draft plan with a 30-day review period to start on June 20. A great many meetings have been held with constituent groups and staff received excellent input from them. Some changes have been made to respond to those comments and comments by board members. Blin noted the major changes that were made to the earlier version of the plan.

In response to Brimeyer's question, Blin said the transit hub approach has been used since 1984. Other communities have also used it with varying degrees of success. Isaacs said he supports the hub approach, but much better signage is needed. RTB staff must push the providers to improve it. Brimeyer asked, after reviewing the Travel Demand Management and Market Survey, what the response was of other constituencies. Blin said the central cities wish that it be stressed more in the future--up until now this has been mainly a suburban approach.

Referring to Section 3, Page 3, Competitive Procurement, Kranz asked for a staff analysis of the concept of total allocated cost as opposed to marginal cost on competitive bidding. Strgar-Roscoe-Fausch (SRF), the consultant used for the six-city opt out study, recommended use of marginal cost for the bidding process, which is totally different from what RTB has been discussing. They do not recommend using fully allocated costs in new service. Blin said that issue received a great deal of discussion. SRF tried to quantify what the actual cost to the six cities would be. Hollander said the recommendation was written to be responsive to UMTA directives. Andrews said Page 6 states it is RTB's decision when fully allocated costs should be used. Isaacs added that the board approved a policy written to allow the board to use its judgment. UMTA's directions were not clear. Hollander said subsequent correspondence from UMTA was more specific. Other providers have been concerned about the problem of when it would be appropriate to use or not use fully allocated costs. The new legislative language directs the RTB to be more specific. Joyce said UMTA was directed by Congress to stay out of local process. Andrews said new language could be added citing the requirements of the legislation. Franklin moved and Isaacs seconded:

That the Regional Transit Board approve the draft Five-Year Transit Plan for the purpose of receiving public comment during the 30-day period between June 20, 1989 and July 19, 1989; and that a public hearing on the document be set for July 10, 1989 at 5:30 p.m.

The motion was unanimously approved. Hollander acknowledged the efforts of the entire RTB staff and thanked them, particularly Ed Kouneski, Howard Blin and Suzanne Hanson, for the many long nights spent on the plan. Franklin said the staff has functioned very well through all the disruptions. Caranicas said this is a fine document and reflects the staff's high quality work.

I-35W TRAVEL DEMAND MANAGEMENT (TDM) PROGRAM

Hollander reviewed the staff report of June 7, 1989 and reviewed the variations. Joyce moved and Graves seconded:

That the Regional Transit Board endorse the following I-35W Travel Demand Management Program recommendations for the purposes of public discussion:

1. Implement an "Immediate Action TDM program" during the next three months that will include the following elements for the overall corridor and/or specific I-35W commuter markets:
 - * Appoint a corridor manager and establish a I-35W interagency team to coordinate all I-35W improvements and TDM elements
 - * Establish public information and marketing programs for:
 - Traffic management changes
 - High Occupancy Vehicle (HOV) bypass ramps
 - Carpooling and related incentives
 - Transit service and related incentives
 - * Enforce proper usage of HOV bypass lanes
 - * Establish a downtown Minneapolis Transportation Management Organization (TMO)
 - * Expand "Improve 494" TMO to include I-35W TDM recommendations
 - * Expand employer-based transit and rideshare promotional activities
 - * Continue Highway Helper program
 - * Accident Investigation Sites
 - * Radio announcements
 - * HOV bypass ramp enforcement
 - * Temporary changeable message signs
 - * Design of selected metering at HOV ramps
 - * Study of transit service improvements
2. Develop estimated costs and an implementation schedule for the following mid-range TDM actions:

- * Expand public information and marketing programs
- * Enforced HOV bypass ramps and selected metering of HOV ramps
- * Temporary and permanent changeable message signs
- * Accident Investigation Sites
- * Expand Highway Helper
- * Expand and improve transit service
- * Expand transit and rideshare incentives (instant matching, transit passes, reduced parking fees, etc.)
- * Provide technical support to TMOs (downtown, fringe, I-494)

The motion was unanimously approved.

There being no further business, Joyce moved and Franklin seconded that the meeting be adjourned. The motion carried unanimously and the meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Mary Fitzgerald
Secretary

Approved by the members _____, 1989

Please note the following changes to the information in this packet:

The Board minutes for May 22 are included, but are not listed on the agenda. The Policy Committee minutes for May 22 are listed on the agenda, but are not included in this packet. They will be delivered at a later date. Also, the Administration & Finance Committee agenda item number 8 has been removed from the agenda. We are sorry for any inconvenience this may cause.



REGIONAL TRANSIT BOARD

Mears Park Centre
230 East 5th Street
St. Paul, Minnesota 55101

DATE: June 28, 1989
TO: Regional Transit Board
FROM: Gregory L. Andrews, Executive Director
SUBJECT: Schedule of Board Meetings

At the board meeting of June 19 the board adopted a July meeting schedule and approved the draft Five Year Transit Plan for public comment and a public hearing on the plan on July 10, 1989. In order to meet the requirements of the public hearing process, it will be necessary to hold a second hearing on July 24. Accordingly, the board is requested to approve the following action:

RECOMMENDATION:

That the Regional Transit Board set an additional public hearing on July 24, 1989 at 4:00 p.m. in Mears Park Centre, Room A, to receive comment on the draft Five-Year Transit Plan.

GLA/mff