Minnesota Regional Transit Board: Records.

REGIONAL TRANSIT BOARD
Mears Park Centre, 230 East 5th Street
St. Paul, Minnesota 55101
229-2700

Meeting of the
REGIONAL TRANSIT BOARD
Mears Park Centre Chambers
July 5, 1994
4:00 p.m.

AMENDED AGENDA

1. **CALL TO ORDER AND ROLL CALL**

2. **APPROVAL OF THE AGENDA**

3. **APPROVAL OF MINUTES**

   A. Regional Transit Board Meeting, June 6, 1994

   B. Administration and Finance Committee Meeting, June 13, 1994

4. **CHAIR'S REPORT**

5. **MEMBERS' REPORTS**

6. **EXECUTIVE DIRECTOR'S REPORT**

   A. Metro Mobility Update

   B. Metro Mobility Vehicle Lease

7. **REPORT OF THE POLICY COMMITTEE**
   (Val Higgins, Chair)

   A. Budget Carryover Fund for Replacement Programs: Policy Issues

8. **OTHER BUSINESS**

9. **PUBLIC COMMENT**

Sally Evert
Chair

mff
7/5/94

REGIONAL TRANSIT BOARD

ROLL CALL AND ATTENDANCE SHEET

DATE: 7/5/94

Member Name	Present	Vote	Vote	Vote	Vote	Vote	Vote	Vote	Vote
ISSUE									
Michael Beard - A	✓								
Sharon Feess - A	✓								
Ruth Franklin, Chair - A	✓								
Morgan Grant - P	—								
Val M. Higgins, Chair - P	✓								
James Hovland - P	✓								
Gary Humphrey - P									
Ruby Hunt - P	✓								
Harry Mares A	✓								
District D - A									
Sally Evert	✓								

Visitors

E Navarre
Robin Alexander
Pat Lang
D Wolfe + Mary Hill Smith

Staff

S.H.
fh mf
ff R-S.

mff

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

REPORT OF THE POLICY COMMITTEE

At its meeting of June 27, 1994, the committee approved the following recommendations:

BUDGET CARRYOVER FUND FOR REPLACEMENT PROGRAMS: POLICY ISSUES

> That the opt-out programs shall be allowed to spend or program their allocated carry-over property tax fund dollars before being required to spend or program their current year available funds.

OTHER BUSINESS

The committee tabled consideration of the proposed change to the public participation process for high-subsidy, regular route service and the subsidy of per passenger performance standards until its next meeting.

The next regularly scheduled meeting of the Policy Committee will be July 25, 1994, but a special meeting may be scheduled before that date.

Val Higgins
Chair

mff
6/27/94

REGIONAL TRANSIT BOARD
Mears Park Centre, 230 East 5th Street
St. Paul, Minnesota 55101
229-2700

Minutes of the Meeting of the
REGIONAL TRANSIT BOARD
June 6, 1994

MEMBERS PRESENT: Sally Evert, Chair; Michael Beard; Sharon Feess; Ruth Franklin; Morgan Grant; Val Higgins; Gary Humphrey; Harry Mares

MEMBERS EXCUSED: James Hovland and Ruby Hunt

OTHERS PRESENT: Mary Hill Smith, Esther Newcome, Dede Wolfson, Metropolitan Council Members; Joyce Doerfler, Handicabs, Inc.; Diane Harberts, Southwest Metro Transit; Arnie Entzel, Amalgamated Transit Union, Local 1005; Judy Hohmann and Karen Lyons, Metropolitan Council Staff; Malcolm Diggs, Metro Mobility Service Center; Tom Sather, Metropolitan Transit Commission (MTC); Dan Hibbert, ATE; Don Ahern, St. Paul Dispatch; Gregory L. Andrews, Mark Fuhrmann, Judy Hollander, Jan Rosenthal, Clarence Shallbetter, Suzanne Hanson, Mary Fitzgerald, RTB staff

CALL TO ORDER AND ROLL CALL

Chair Evert called the meeting to order at 4:00 p.m. and roll was taken.

APPROVAL OF AGENDA

Beard moved and Feess seconded that the agenda be approved. The motion carried unanimously.

APPROVAL OF MINUTES

A revised copy of the board minutes of May 16 had been mailed. Grant moved and Beard seconded:

> That the Regional Transit Board approve the following minutes:
>
> > Administration and Finance Committee Meeting, May 9, 1994
> > Regional Transit Board Meeting, May 16, 1994

The motion was unanimously approved.

CHAIR'S REPORT

The chair said questions were raised at the last meeting as to whether the board should continue to approve contracts. Mary Hill Smith, Chair of the Metropolitan Council's Transportation Committee, offered to come to this meeting to give direction on how the work should be approached. Hill Smith said the Metro Council members will hold a retreat on June 10, which should provide more direction. In a discussion last week of reporting relationships, the council decided that RTB should continue the review of MTC's budget. The council will conduct the public hearings in December. Covering all these issues surrounding the assimilation of three agencies in a short time is a monumental task. Metro Mobility is a major issue before the council, and Hill Smith said there should be regular communication between RTB and the council to ensure that everyone understands the issues. Until October 1, RTB is legally responsible for the program. She expressed the council's appreciation of the time and work the board members are putting into this transition.

Evert said RTB and ATE staffs were asked to continue their efforts. Some staff people have resigned and everyone is working under duress. The board's goal is to keep everything on track and have paratransit service working well by October 1.

Metro Mobility

At this point, Fuhrmann said, we are four weeks away from the final date of the transition. The second provider, Metro Ride, is now fully operating its own portion of the service. When Fuhrmann visited the Metro Ride office on the first day of service at 5:00 a.m., there were 923 passenger trips scheduled that day. The trip cancellation rate was 15 percent--very high--possibly due to customer testing. In general, the service functioned properly during the morning peak hours. Standing order trip reservations made by ATE had been reviewed for incorrect data and approximately 75-percent of the reservations were verified in up to five attempts to contact the rider. In some cases incorrect information had been provided and there were some difficulties in scheduling those trips. Traffic was moving very slowly that first day because of heavy fog, particularly in the southern section of the metro area, which is Metro Ride's service area. The phones were very busy during the morning because people wanted to check on their rides or cancel them, which resulted in some busy signals. Action has been taken to address those problems. Grant explained there may be more cancellations on sunny days because some riders prefer to use their wheelchairs or regular route service whenever the weather is clement.

EXECUTIVE DIRECTOR'S REPORT

The Transportation Committee and the Metropolitan Transit Commission will meet jointly on June 7. A similar meeting is being arranged with this board at a later date. On June 8 staff will present an overview of the budget and Metro Mobility to the Transportation Committee.

REPORT OF THE COMMITTEE OF THE WHOLE

Transition Agreement with ATE Management and Service Company, Inc.

Andrews reviewed the June 3 memorandum containing additional information requested by the committee at its May 31 meeting. Responding to Grant's question on how many mobile data terminals (MDTs) have been installed and whether the $184,859 shown for them includes installation costs, Andrews said the contract with Gandalf is for $202,750 for installation and testing of the equipment on 150 vehicles. Fuhrmann said all 150 units have been installed, but only the first 25 were tested by Handicabs in an operational setting. He said the objectives of purchasing the terminals were to help verify actual information on the street on pick-up and drop-off times, and vehicle hours. During the day the dispatcher could assign unrouted passengers or enter changes electronically via the terminals to the vans and direct them to make those pick-ups.

Joyce Doerfler, President of Handicabs, Inc., had been invited to discuss the field testing of the terminals by her organization. She reported that for the most part the terminals were unsuccessful, but there were some positive effects. There was no miscommunication and the dispatcher could determine the location of vehicles without voice communication. However, the most negative experience was with trying to transmit voice-overs in emergencies. The fastest communication took between 10 to 15 minutes and the longest delay was 40 minutes. Also, if the driver scans ahead and the dispatcher gives him or her a new trip, when he went back it did not appear on the terminal. There was no record if the drivers were loading or unloading. Humphrey said in police communications the voice and electronic functions are totally separate. Andrews said ATE is working with Gandalf to make the system work. Because efforts should be focused on ensuring that dispatch and schedule functions work smoothly at the three locations, staff was directed to concentrate on that activity and put Gandalf integration with PASS on hold. He recommended that the board stay with Gandalf because the units have been installed, RTB owns them, and there would be very little legal basis for canceling them. This purchase was part of the ATE proposal as requested in the Request for Proposal. Gandalf has extensive experience with MDTs in taxicabs, but this situation is slightly different because the entire manifest has to be transmitted. ATE was confident they could make the system work and had made significant progress toward that goal.

The key question is whether there are any guarantees from Gandalf. Korstad said the decision on whether to pay for the MDTs is based on whether what was contracted for has been provided, which is driven by the contracts between ATE and Gandalf. While he is not familiar with their contracts, he assumes there are very few guarantees and RTB would have to rely on implied warranties. This is outside the scope of the transition agreement, but should be clarified as soon as possible. The question that needs to be answered is whether RTB will have any rights to pursue any kind of guarantees or will they have to be pursued through ATE.

Andrews said Article 7 of the draft transition agreement assigns the Gandalf software to the RTB. The draft was given to ATE for review and they agreed that RTB will have the same rights as ATE would have. Korstad said that is an agreement between ATE and RTB, but it does not affect Gandalf's rights. RTB would have to become part of the relationship between ATE and Gandalf. It would be prudent to put that relationship to rest. He asked if there is more money owed to Gandalf.

Grant said RTB should seek whatever means possible to get out of the contract because the equipment is probably not what it was advertised or billed for this application. Taxpayers' money should not be spent on this equipment because it has not met expectations. Since RTB is assuming ATE's rights under the contract with Gandalf, Humphrey asked if it is known whether Gandalf was paid and what their standing is. Andrews said his understanding is that ATE paid the entire amount of approximately $202,000 for the delivered units. In reading the contract between ATE and Gandalf, his interpretation is that by making full payment ATE is stating that the units are working. There are warranties in the contract providing that Gandalf will continue to work on them. There is a demonstration program in Winston-Salem, which is another reason for delaying implementation here.

Higgins said this is à termination agreement and RTB is being asked to buy this equipment. It is implicit in sales law is that if you buy something, it must do whatever you bought it to do. Franklin asked what the ramifications would be to not approving the recommendation. Korstad said that the agreement between ATE and RTB was that ATE was to continue to operate the system for a certain period of time and amortize the equipment costs. If the time was shortened at RTB's direction, RTB would reimburse ATE for the unamortized portion of the equipment costs that ATE incurred for doing work RTB hired them to do. With a premature termination, RTB is obligated and would be in breach of the initial contract with ATE. He recommended compliance with the contract. There is a separate issue on the MDTs as to whether ATE was right in incurring the expenses and whether the manner ATE spent the money was proper under the obligation to provide the service at a particular quality level. The question then becomes whether RTB can second-guess those decisions on the day-to-day business of the service center. RTB exercised substantial influence but the decisions were made by ATE. RTB would be directing ATE to exercise contract rights of warranty on the software and telling them certain expenditures were not authorized under the contract. RTB has some ability to do that, but it is substantially limited because that is part of the judgment to hire ATE.

The chair asked legal counsel to put together some options for the board. She asked if some monies can be held back until the terminals are operational. The members may wish to delay consideration of this issue until another meeting because the board wants to know how many other issues will arise from the contract.

The board's hands may be tied in this instance, Beard said, but the financial projections by Ulrich indicate that RTB has spent more than $3 million to date and he questioned this additional expenditure of $1,620,588 to ATE. Andrews explained that ATE provided monthly breakdowns of expenditures in the early months when more resources had to be committed to try to get the program on line. In the first few months ATE spent $206,000 per month over their budget to get back on course. The $3.1 million 1994 deficit includes the transition costs associated with purchasing new computers, staff training, and setting up phone systems. In effect, this is a second transition. Mares said he has serious reservations about approving an expenditure for units that have never been operational. Korstad said the board is asked to pay transition expenses and Mares' point on whether those should have been paid in the first place is where the quality/warranty issue applies, regardless of whether the contract is canceled. It would be difficult to raise an issue of quality of service because that was merged into the global settlement of the class action lawsuit and RTB cannot not now effectively assert claims. Whether or not the selection of that equipment was an error is a matter of "quality of service."

Responding to Humphrey's questions about leasehold improvements, Andrews said those costs were billed to RTB on a 60-month depreciation schedule. Staff is researching the options in an effort to reduce the costs.

Evert said Jim Hovland had raised several legal issues at the last meeting. Since then he has communicated with legal counsel and resolved his questions. Beard moved and Humphrey seconded:

> That the Regional Transit Board authorize the executive director to execute a transition agreement with ATE Management and Service Company, Inc. in an amount not to exceed $1,620,588 for operating expenses for the period October 2, 1993 through July 4, 1994 and $591,961.36 for capital assets, excluding revenue vehicles. The source of funding is the Metro Mobility fund.

Beard said it is his intention to direct staff to preserve any warranty rights. Higgins said it is preferable to withhold payment for equipment rather than hope to resolve problems later through the warranty. RTB is not a party to the warranty. Korstad said RTB cannot assert a quality defense against ATE since the lawsuit has been settled.

Grant recommended that the issue be tabled until the board has more information about the MDTs, particularly with the problem of the voice communication. Vote was taken and the Beard motion carried (Mares and Grant opposed).

Beard moved and Grant seconded:

> That the Regional Transit Board direct the executive director to execute the transition agreement for capital assets in such a fashion as to preserve any warranty rights that may exist on the mobile data terminal units.

The motion was unanimously approved.

Approval of Metro Mobility Transition Consultant Contract

Franklin and Grant moved:

> That the Regional Transit Board authorize the executive director to enter into a contract with Ecosometrics, Inc. for an amount not to exceed $41,211 for the purpose of providing consulting services during the implementation of the restructuring of the Metro Mobility program.

Mares said he will vote against the motion because he questions whether this is needed right now. Evert said the funds will come from a federal grant for planning, not from the Metro Mobility program. Beard said the trauma of the original start-up in October might have been avoided if this had been done last fall. Humphrey agreed, saying staff needs the assistance of a resource pool of people with paratransit experience.

Members discussed the method of conducting committee and board meetings. Higgins said several people indicated to him they would not attend the meeting because they could not address the board until the "Public Comment" portion of the agenda, after the board took action on business items. The chair said that item is an opportunity to discuss items not on the agenda. People in the audience who indicate a desire to speak are usually given that opportunity during consideration of a business item. Franklin called the question; the motion was approved (Humphrey and Higgins opposed).

Extension of Mediation Center Ombudsman Contract

Franklin moved and Feess seconded:

> That the Regional Transit Board authorize the executive director to extend the contract with the Mediation Center to provide ombudsman services for the Metro Mobility program in an amended amount not to exceed $59,704 through December 31, 1994.

In response to Mares' question, Fuhrmann said the Mediation Center has two people assigned to this function. The ombudsman is using slightly more than half his time and his supervisor fills in the rest of the time. Last week's report included 45 cases over a ten-day period. The customer is to call Customer Service at the service center first with a complaint. If satisfaction is not achieved, the service center refers the customer to the Mediation Center. The motion was unanimously approved.

OTHER BUSINESS

Approval o 1994 RTB Messenger Contract

At its meeting of May 31, the Committee of the Whole reviewed the staff recommendation to approve a $28,364 contract with Morgan Williams and Associates for four issues of eight-page newsletters, but took no action. Fitz reviewed the May 26, 1994 staff report containing additional information requested by board members. Staff still supports its original recommendation. The staff Communications Transition Team, composed of representatives from all the metro agencies, has been discussing how to communicate with stakeholders during the transition. They agreed that one publication cannot meet the various needs. Approval of this contract does not commit RTB to publishing all four issues. The design firm furnished an estimate for $15,900 for four 4-page newsletters, but in the past staff found a great deal of information had to be deleted in a publication limited to four pages. Mares moved and Feess seconded:

> That the Regional Transit Board authorize the executive director to enter into a contract with Morgan Williams and Associates not to exceed $28,364 for the design, layout, production and printing of four 8-page newsletters. The agency would not be committed to producing four newsletters and would only pay for the costs of newsletters produced.

The motion was unanimously approved.

Regional Transit Board Priorities

The chair said she would like some endorsement from board members in her discussions with Metro Council members and staff. Andrews distributed and reviewed the June 6 staff report. Harberts asked if the providers will have an opportunity to add to the list of priorities and make comments. Evert said the "Summary of Agency Priorities, Activities and Issues" will be sent to all RTB advisory committees. Mares moved and Higgins seconded:

> That the Regional Transit Board transmit the "Regional Transit Board's Summary of Agency Priorities, Activities and Issues," dated June 6, 1994, to the Transportation Committee of the Metropolitan Council.

The motion was unanimously approved.

There being no other business, Beard moved and Mares seconded that the meeting be adjourned. The motion was unanimously approved and the meeting was adjourned at 6:00 p.m.

I hereby certify that the foregoing constitutes a true and accurate record of the Regional Transit Board's meeting of June 6, 1994, 1994.

Respectfully submitted,

Mary Fitzgerald
Secretary of the Board

Approved by the Regional Transit Board on this fifth day of July 1994.

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

Minutes of the ADMINISTRATION AND FINANCE COMMITTEE
June 13, 1994

<u>MEMBERS PRESENT</u>: Ruth Franklin, Chair; Michael Beard; Sharon Feess; Harry Mares; Sally Evert

<u>OTHERS PRESENT</u>: Esther Newcome and Patrick Leung, Metropolitan Council Members, Nacho Diaz and Karen Lyons, Metropolitan Council staff; Beverley Miller, Minnesota Valley Transit Authority; George Bentley, Opt-Out Communities; Arnie Entzel, Amalgamated Transit Union, Local 1005; Gregory L. Andrews, Judy Hollander, Mark Fuhrmann, Ron Soderberg, Dave Schleicher, Paul Colton, Dale Ulrich, Jan Rosenthal, Dave Schleicher, Dave Jacobson, Mary Fitzgerald, RTB staff

CALL TO ORDER

The chair called the board meeting to order at 4:00 p.m. in Chambers at the above address. Roll was taken.

APPROVAL OF THE AGENDA

Franklin recommended that the order of the agenda be changed, moving Item 9 to follow Item 5. With that amendment, Feess seconded the motion and it was unanimously approved.

FINANCIAL STATEMENTS--APRIL 1994

Schleicher reviewed the April 1994 financial statements and pointed out that there is an unfavorable budget variance in the Metro Mobility accounts. Mares moved and Beard seconded:

> That the Regional Transit Board receive the April 1994 unaudited financial statements and direct that they be placed on file.

The motion was unanimously approved.

CORRECTION OF CONTRACT AMENDMENT--WHITE BEAR AREA TRANSIT

Brown reviewed the June 6, 1994 staff report. At its meeting on May 19 the board approved a staff recommendation to authorize a contract amendment that contained a typographical error. Action is requested to approve a revised recommendation showing the correct amount of the contract subsidy, $185,230.

Ulrich noted that the words "...from the fund balance" should be deleted from the motion. With that correction, Beard moved and Mares seconded:

> That the Regional Transit Board authorize the executive director to amend the White Bear Area Transit contract (Contract Number 93/16/08-14) by an amount not to exceed $14,750, of which $11,150 is for the purchase of service and $3,600 is for the marketing plan, for a total contract subsidy not to exceed $185,230.

The motion was unanimously approved.

ANOKA COUNTY TRAVELER 1994 CONTRACT AMENDMENT

Brown reviewed the May 23, 1994 staff report. Mares moved and Feess seconded:

> That the Regional Transit Board authorize its executive director to amend Anoka County Traveler's 1994 Transit Funding contract (Contract Number 93/15/11-24) by $191,119, from $635,943 to $827,062.

Mares asked how this compares with the last six months of 1993. Brown said any comparison would be invalid since Anoka County Traveler did not begin providing paratransit service until October 1993. The motion was unanimously approved.

CAPITAL FUNDING REQUEST FROM CARVER COUNTY

Brown reviewed the staff report dated June 6, 1994. Feess moved and Beard seconded the staff recommendation. Ulrich suggested that the recommendation be amended to include the words, "...not to exceed 80 percent and up to $68,800." Mover and seconded accepted the amendment.

> That the Regional Transit Board approve capital funding for Carver County for the purchase of two small buses. The board will fund 80-percent of the project costs, not to exceed $68,800.

The motion, as amended, was unanimously approved.

HUMAN SERVICES, INC., (HSI) TRANSPORTER 1994 CONTRACT AND DAKOTA AREA RESOURCES AND TRANSPORTATION FOR SENIORS (DARTS) 1994 CONTRACT

Hollander said last week both HSI and DARTS asked for additional funding. Staff has not had time to analyze the requests. Mares moved and Feess seconded:

> That consideration of the Human Services, Inc., (HSI) Transporter 1994 Contract and Dakota Area Resources and Transportation for Seniors (DARTS) 1994 Contract be continued until the committee's July meeting to allow time for staff analysis.

The motion was unanimously approved.

Beard said last fall the DARTS representatives became concerned and alerted the RTB that the figures used in the RTB legislative request were too low, but for some reason the lower figures were used in the legislative request. He asked how this request impacts the budgetary shortfall.

MINNESOTA VALLEY TRANSIT AUTHORITY (MVTA) SERVICE PLAN AND BUDGET

Hollander introduced Ron Soderberg, the new senior project administrator. He reviewed the June 3 staff report. In 1992 the board established the Budget Carryover Fund for opt-out programs, which uses the unspent portion of the annual 90-percent of available property tax. The fund was intended to give opt-out programs the opportunity to use the unexpended funds to plan and demonstrate new service initiatives and/or fund identified service needs based on the growth of the transit system. The fund is structured so that any unexpended funds below the 90-percent of available property tax in a given year for an individual opt-out program are carried over and made available for use in the following year by that opt-out program. If the program does not expend or program the first-year carryover, the dollars will carry over for a second year into a general opt-out fund where any opt-out program may apply for use of the funds. Those funds not spent or programmed from the second-year carryover revert back to the RTB general fund. Very often, when formulating policy, there is a concept behind the policy and later other alternatives are found. The initial policy that created this situation was somewhat inconsistent. It is the board's choice how the policy, which has never been used, is interpreted. Franklin asked if the board would be setting a precedent in approving the request from MVTA. Soderberg said the choice is generic to the fund and the other opt-out programs would expect to be treated in a similar fashion.

Mares said the board's action would make new policy and the long-range issues should be considered. The board's action will carry over to the Metropolitan Council in October. Further, would RTB save $1,003,357 if the money is taken from current funding? Ulrich said in 1995 the other opt-outs the resources would be available in 1995 for other opt-outs to apply for to supplement their resources. At the end of the year the money would become available to regular route service. In effect, no money would move to the second or third year of that cycle.

Feess asked if the board would save that money for three years and draw interest on it. Ulrich said the fund balance is equity. The way the state funds it, RTB can only have funds when it has no other resources. These are not liquid funds. Franklin said these are part of the ending fund balance of $2 million.

Hollander said the staff recommendation ensures the money is allocated for opt-outs and does not eventually become available to other programs, which is not what the RTB expected to happen. Everyone should understand the implications of this action. Franklin said the board decided the opt-out money could be carried over. Earlier, if funds were not used, they reverted back to regular route. Ulrich commented that the legislation is unclear. Until late 1993 the money did not stay in the opt-out fund, but transferred at year-end to regular route.

Beard said he appreciates staff taking care that opt-out taxes remain available to the opt-out communities. Ulrich said the issue is whether to spend new money first or take funds from the savings account. At the end the total net worth is the same.Bentley said the RTB actually made the policy in 1992; this request implements that policy. It is only now that applications for that fund will begin to appear. The primary reason for the fund being requested was that the opt-out communities do not know what property tax collections are for a given year. By August the programs must complete their budgets, nearly a year before they know what their income will be.

Evert said the board does not have to take action at this time if members have reservations about this policy implementation. The action would have the effect of locking up funds ad infinitum so they would never revert to the regular route fund. Franklin said the board had decided it was appropriate for funds to revert to regular route service because opt-out riders also use regular route service. Feess said there was a desire to make dollars available to the other opt-out services, which do not have access to excess funds, in the second year. She would like more time to ensure the opt-outs are protected. Mares moved and Franklin seconded:

> That the Regional Transit Board refer the request from Minnesota Valley Transit Authority to the Policy Committee for its consideration.

Franklin said the board could authorize MVTA to spend the $1,033,357 and refer the policy questions to the committee. Miller said MVTA needs to move forward quickly on its I-35W work and would be comfortable with Franklin's suggestion. Mares moved and Feess seconded:

> That the Regional Transit Board approve Minnesota Valley Transit Authority's proposed service plan and budget, and authorize Minnesota Valley Transit Authority to spend $1,003,357.
>
> That the committee refer the policy issues relating to the Budget Carryover Fund for opt-out programs to the Policy Committee.

The motion was unanimously approved. The chair said this item will be on the agenda of the June 27 Policy Committee and progress to the full board at its meeting on July 5.

CAPITAL FUNDING REQUEST FOR MAPLE GROVE TRANSIT SYSTEM TO REPAIR TWO PARK-AND-RIDE LOTS

Beard moved and Mares seconded:

> That the Regional Transit Board authorize capital funding for improvements to two Maple Grove Transit System park-and-ride lots in an amount not to exceed $36,000.

The motion was unanimously approved.

<u>OTHER BUSINESS</u>

Ulrich distributed the June 13 staff memorandum regarding budget assumptions. Under the new metro governance structure, it may be feasible for the agencies to share working capital and revise the fund balance policy to permit a lower balance. The resources of Metropolitan Waste Control Commission might serve as a safety net before property taxes become available. The deficit for Metro Mobility is slightly lower. Franklin said the committee may need a special meeting in June. Ulrich said the Legislature did not repeal the Truth in Taxation legislation, but the process falls in November, which will place it under the aegis of the Metropolitan Council.

There being no other business, Feess moved and Beard seconded that the meeting be adjourned. The motion was unanimously approved and the meeting was adjourned at 5:58 p.m.

I hereby certify that the foregoing constitutes a true and accurate record of the Regional Transit Board's Administration and Finance Committee meeting of June 13, 1994.

Respectfully submitted,

Mary Fitzgerald
Secretary of the Board

Approved by the Regional Transit Board on this 5th day of July 1994.

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE: June 20, 1994

TO: Chair and Members of the Policy Committee

FROM: Judith Hollander, Director of Planning and Programs
Ron Soderberg, Senior Project Administrator R.S.

SUBJECT: Budget Carryover Fund for Replacement Programs: Policy Issues

SUMMARY

The Administration and Finance Committee is requesting that the Policy Committee consider policy issues in the Budget Carryover Fund for replacement (opt-out) programs. Committee action is requested to resolve these policy issues.

DISCUSSION

On June 13, 1994, the Administration and Finance Committee considered a request from Minnesota Valley Transit Authority (MVTA) to approve spending $1,003,357 of their programs' 1993 carryover property tax funds to implement a service plan and budget in addition to their 1994 Management Plan and Budget. During the course of the Committee's discussion of MVTA's request, issues arose concerning the Budget Carryover Fund. The Committee voted to forward the issues to the Policy Committee for action since the issues were of a policy nature and their resolution will set precedent for the allowable uses of carryover property tax funds by all opt-out programs.

The January 16, 1992 staff memorandum accompanying the Policy Committee vote to create the Budget Carryover Fund is attached.

- ***Policy issue # 1: Should opt-out programs be required to spend down their available resources before being allowed to spend carryover property tax funds?***

MVTA's request is representative of this issue. At the same time that MVTA is seeking RTB approval to spend $1,003,357 in carryover 1993 property taxes to fund their service plan and budget, it is estimated that MVTA has $1,234,815 in available and unencumbered 1994 operating resources. This $1,234,815 represents the difference between MVTA's approved 1994 RTB operating subsidy of $3,065,185 and their projected 1994 net property tax collections of $4,300,000.

The 1994 portion of MVTA's service plan and budget requires $391,141. MVTA could fully fund the 1994 portion and still have an unencumbered 1994 resource fund balance totaling $843,674. Funding of the 1995 portion of MVTA's service plan and budget requires $612,216. MVTA's 1995 available property tax proceeds will be at least

$4,300,000, plus growth. MVTA can fund the 1995 portion of their service plan and budget within their regular 1995 Management Plan and Budget without jeopardizing their existing programs and services, or MVTA's long-range financial integrity.

- ***Policy Issue # 2: Over what time period should opt-out programs be allowed to program and spend carryover property tax funds ?***

The Budget Carryover Fund language, as adopted when the Fund was created in 1992, is inconsistent in providing an answer to this policy issue.

The following language is contained in the 1992 staff memorandum when the board voted to approve the Fund, "... any unspent funds below the 90 percent of available property tax in a given year for a (sic) individual opt-out program would be carried over and made available <u>for use in the following year</u> by that program." This language suggests that it was Board's intention to require opt-out programs to spend their carryover property taxes in the year immediately following their accumulation.

Elsewhere in the memorandum, this language appears, "If the opt-out program does not <u>spend or program</u> the first-year carryover, the dollars would carryover for a second year into a general opt-out fund where an opt-out program may apply for use of those funds." The phase, "spend or program", suggests the Board's intention was to allow opt-out programs to use their program's carryover funds over a multi-year time frame.

FINDINGS AND CONCLUSIONS

- Allowing an opt-out program to spend their carryover property taxes before spending their current operating year unencumbered resources has the effect of creating a perpetual carryover fund for the exclusive use of that opt-out program. This approach will minimize carryover funds generated by a specific program from reverting to the general opt-out fund or to the regular route fund in future years. MVTA's current request is instructive. If MVTA is allowed to spend their 1993 carryover property taxes to fund their service plan and budget, the estimated $1,234,881 that MVTA currently has in unencumbered 1994 resources will become MVTA's 1995 carryover property tax fund. It can be expected MVTA will be back next year with a service plan and budget to spend this carryover.

- Allowing an opt-out program to program and spend carryover property tax funds without any time limit also has the effect of minimizing opt-out funds generated by a specific program from ever reverting to the second year general opt-out fund or the regular route fund in year three. Predictably, opt-out programs will try to maximize encumbrance of carryover property tax funds so as to not lose these funds to the other opt-out programs or the regular route programs in subsequent years. That they can achieve this goal by programming their carryover funds over an unlimited time frame will become the predominant mode of operation unless this policy is clarified and changed. Also, allowing carryover funds to be programmed over an unlimited time frame creates difficulties from a program management perspective. Attempting to assess the out-year cost-effectiveness of proposed services and/or demonstration projects several years hence will be a formidable, if not impossible, task with any degree of certainty.

ALTERNATIVES

The options for resolving the policy issues surrounding the Budget Carryover Fund are many, from allowing opt-outs to spend their carryover funds without having to spend any of their current available resources, to requiring opt-out programs to fully spend their available current resources before being allowed to spend any carryover funds. The options relative to limiting the time for programming and spending carryover funds range from no time restriction, to the operating year following their accumulation.

Middleground options are also available on both issues. For example, the policy issue on what should be spent first, available resources or carryover funds, could be resolved by requiring that a certain percentage (e.g., 50%) of an individual opt-out program's current resources be applied before spending carryover funds. The time frame (ranging from the following year to no limit) for programming and spending carryover funds could be compromised to require carryover funds be programmed and spent by a date certain (e.g. within two operating years following their accumulation.)

The policy implications of the various available options also are to be are considered. If the policy were to require the opt-out programs to spend current resources first, a predictable response would to spend all available money in the current year, since to have unencumbered resources would mean relinquishing some or all of their carryover funds to other opt-out or regular route programs. To ensure cost-effectiveness of the opt-out programs' service plans and budgets, approval of plans and compliance with RTB performance standards would be required, however.

Similarly, a policy restriction on the allowable time for spending carryover funds may stimulate a desire to maximize the amount of available carryover funds that an opt-out program receives. To that end, opt-outs' requested service plans and budgets for carryover funds may be adjusted to accommodate the allowable time for spending these funds, with proposed programs and services designed to maximize the funds they receive. The required approval and compliance noted above also apply here.

As with all public policy issues, resolving the issues implicit in the Budget Carryover Fund requires balancing competing needs and constituencies. In this instance, the needs and interests of individual opt-out programs and their citizens must be balanced against the needs and interests of people served by the other opt-outs and regular route programs.

RECOMMENDATIONS

That the Regional Transit Board amend the Budget Carryover Fund for Replacement (opt-out) Programs by adding the following policies:

- opt-out programs must fully spend their program's current year available resources before being authorized to spend carryover property tax funds, and
- opt-out programs shall only be allowed to spend their program's carryover property tax funds in the year following these funds being accumulated, with exception of opt-outs' 1993 carryover property taxes which may be spent in the two calendar years (1994 &1995) following their accumulation.

Attachment

REGIONAL TRANSIT BOARD

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

DATE: January 16, 1992

TO: Chair and Members of the Policy Committee

FROM: Len Simich, Senior Project Manager
Michael Opatz, Transit Analyst

SUBJECT: Working Capital and Budget Carryover Funds for Opt-out Programs

SUMMARY

This memorandum presents a staff recommendation to establish: 1) a Restricted Working Capital Fund equal to 15 percent of the annual contract amount, and 2) a Budget Carryover Fund consisting of the unspent funds under the annual 90 percent property tax levy for Replacement (Opt-out) programs.

DISCUSSION

In recent months, RTB and the opt-out program staff have been mutually working to resolve issues related to the establishment of a working capital fund and budget carryover fund. At the December 1991, Policy Committee meeting, staff presented a conceptual model of a working capital fund and budget carryover fund for the opt-out programs. Since that time, many of the administrative details regarding these two funds have been researched and analyzed. In addition, opt-out program staff is supportive of the administrative manner in which the two funds are proposed to be implemented.

Restricted Working Capital Fund

The purpose of the Restricted Working Capital Fund would be to ensure that the opt-out programs have sufficient cash on hand to pay current liabilities, as well as ensure operational integrity, service continuity and fiscal stability. The RTB would establish a working capital fund for each opt-out program equal to 15 percent of their annual contract amount. Eight percent of the fund would be directly advanced in cash to the opt-out programs. The remaining seven percent would be retained by the RTB, yet available to the opt-out programs, upon request, if it is demonstrated that additional funding is required to keep the program financially viable. This fund would replace the cash advancement policy used in prior years, and, if not spent, would rollover at the end of each year. For those opt-out programs, whose expenditures are at or near the annual 90 percent of the available property tax and need to spend a portion or all of the eight percent working capital fund at the end of the year, the fund will be re-established at the beginning of the next year using the new annual contract amount.

If approved, the Restricted Working Capital fund would be established as soon as possible based on the 1992 contract. The objective of this fund is to maintain on a monthly basis, the eight percent cash balance. As a result, the opt-out programs will account for the eight percent cash on their monthly operation reports based on their monthly expenditures and revenues. The monthly reimbursement to the opt-out programs will be adjusted accordingly to maintain the eight percent cash balance.

Under this arrangement, total annual payments would be within the 90 percent of the local available property tax for the jurisdiction served by the individual opt-out programs. The 15 percent Restricted Working Capital Fund would be recalculated annually based upon the new contract amount.

The working capital fund does not allow opt-out programs to exceed their annual contract amount for program expenditures or fund future service initiatives. If a budget amendment is required, the standard amendment process would be followed with the working capital fund adjusted to reflect the amended contract amount.

Budget Carryover Fund

The opt-out programs have also requested the establishment of a Budget Carryover Fund that utilizes the unspent portion of the annual 90 percent of available property tax. The purpose of this fund is to provide opt-out programs the opportunity to use the unspent funds to plan and demonstrate new service initiatives, and/or to fund services needed based on the growth of the transit system. In addition, this fund creates an incentive for opt-out programs to save funds, as well as provides to those opt-out programs who are currently at the 90 percent of available property tax, the opportunity for future growth.

Due to the manner funds are programmed by the RTB, this fund would be established in 1994 using dollars saved in 1993. Under this arrangement, any unspent funds below the 90 percent of available property tax in a given year for a individual opt-out program would be carried over and made available for use in the following year by that program. The budget carryover fund would be retained on RTB financial records. The program may access those funds if a need is demonstrated.

If the opt-out program does not spend or program the first-year carryover, the dollars would carryover for a second year into a general opt-out fund where any opt-out program may apply for use of those funds. Those funds not spent or programmed from the second-year carryover would revert back to the RTB general fund. In the event that more than one opt-out program requests use of the second-year funds, the RTB will make a determination on the allocation of those funds based upon the most critical need. Opt-out programs that annually spend the 90 percent of available property tax will not have any budget carryover to access the first year. However, in the second year, these programs may apply for the unspent carryover generated by the other programs in the first year.

Southwest Metro Transit staff has requested that the amount of interest earned on the Budget Carryover Fund be calculated and allocated to this fund. Due to the manner in which the RTB and other government agencies account for funding due, but not yet received, it is recommended that interest on these funds not be calculated or added to the Carryover Fund.

For example, during several months of the year, the RTB reimburses the opt-out monthly request for funds out of its general fund. This is due to property tax appropriations being sent to the RTB twice annually; June and December. In this situation, the RTB does not charge the opt-out programs interest on these general funds used to reimburse them. Further, the RTB is not entitled to any interest from the State Department of Finance. To save on administrative time and effort, these types of interest debits and credits are not calculated, because they would likely balance out.

RECOMMENDATION

That the Regional Transit Board authorize the executive director to establish a Restricted Working Capital Fund and Budget Carryover Fund for the Replacement (Opt-out) programs as described in this memorandum.

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE June 3, 1994

TO: Chair and Members of the Administration and Finance Committee

FROM: Mark Fuhrmann, Programs Manager
Ron Soderberg, Senior Project Administrator

SUBJECT: Minnesota Valley Transit Authority's Service Plan and Budget Request

SUMMARY

This memorandum transmits a request from Minnesota Valley Transit Authority (MVTA) for RTB approval of a service plan and budget in addition to their 1994 Management Plan and Budget. MVTA is requesting to fund their proposed service plan and budget with \$1,003,357 in 1993 carryover property tax funds. Committee action is requested to approve the service plan and budget.

BACKGROUND

In 1992, the RTB established a Budget Carryover Fund for replacement (opt-out) programs that utilizes the unexpended portion of the annual 90 percent of available property tax. The purpose of this fund is to provide opt-out programs the opportunity to use the unexpended funds to plan and demonstrate new service initiatives, and/or to fund identified service needs based on the growth of the transit system.

The Budget Carryover Fund is structured so that any unexpended funds below the 90 percent of available property tax in a given year for an individual opt-out program are carried over and made available for use in the following year by that opt-out program. If the opt-out program does not spend or program the first-year carryover, the dollars carryover for a second year into a general opt-out fund where any opt-out program may apply for use of the funds. Those funds not spent or programmed from the second-year carryover, revert back to the RTB general fund.

DISCUSSION

Minnesota Valley Transit Authority has submitted a service plan and budget requesting to spend \$1,003,357 of their program's \$1,060,881 in total available 1993 carryover property tax. MVTA is further requesting that it be allowed to program this \$1,003,357 in both the current 1994 operating year when \$391,141 would be spent, and forward through calendar year 1995 when \$612,216 would be spent. This approach using prior year opt-out carryover funds as the source of funding for present and future year programs will minimize any opt-out carryover funds generated by a specific program reverting to the general opt-out fund or to the RTB general fund in future years.

Seven new and expanded program initiatives would be implemented with MVTA's proposed service plan and budget. Attached is a summary of MVTA's proposed service plan and budget.

FINDINGS AND CONCLUSIONS

- The RTB is required to approve MVTA's proposed service plan and budget prior to implementation by MVTA.
- MVTA's proposed service plan and budget are consistent with the RTB's Vision '97, Transit Service and Capital Plan.
- Approval of MVTA's proposed service plan and budget will (1) reduce congestion and minimize traffic delays during the I-35W third lane construction project, (2) increase the number of persons utilizing the I-35W high occupancy lane when this lane opens in fall, 1994, and (3) decrease long-term congestion on I-35W through the provision of attractive alternative modes of transportation including buses, vanpooling, carpooling, convenient park-and-ride facilities and preferential downtown parking.

ALTERNATIVES

MVTA's request to spend $1,003,357 in carryover 1993 property tax is one option available to fund their proposed service plan and budget. A second option would have MVTA spend down their 1994 surplus to fund the 1994 portion of their proposed service plan, and fund the 1995 portion within their regular 1995 Management Plan and Budget.

MVTA's 1994 surplus is projected to be $1,234,815, representing the difference between their approved 1994 RTB operating subsidy of $3,065,185 and their projected 1994 net property tax collections of $4,300,000. This surplus amount exceeds the $391,141 needed to fund the 1994 portion of MVTA's proposed service plan and budget by $843,674. Funding for the 1995 portion requires $612,216. MVTA's 1995 available property tax proceeds will be at least $4,300,000, plus growth. MVTA can fund the 1995 portion within their regular 1995 Management Plan and Budget without jeopardizing their existing programs and services, or MVTA's long-range financial integrity.

RECOMMENDATION

That the Regional Transit Board approve MVTA's proposed service plan and budget, and authorize MVTA to spend $1,003,357 in 1993 carryover property tax.

Attachment

ATTACHMENT

SUMMARY OF MINNESOTA VALLEY TRANSIT AUTHORITY'S PROPOSED SERVICE PLAN AND BUDGET

TOTAL PROPOSED BUDGET: $1,227,629, of which $1,003,357 would be funded from 1993 carryover property tax, or in the alternative, spending down MVTA's 1994 surplus for the 1994 portion and including the 1995 portion in MVTA's 1995 Management Plan and Budget.

PROPOSED SERVICE PLAN: MVTA's proposed service plan includes the following program components and RTB subsidies:

#1. Expand existing bus service on I-35W by adding two additional morning and two additional afternoon trips to existing route 35M or 35N, starting 9/24/94.
RTB SUBSIDY: 1994- $20,086; 1995- $75,027; Total program subsidy- $95,113.

#2. Divert traffic from I-35W by adding two morning and two afternoon trips to existing route 37W which travels to downtown Minneapolis via Hwy. 77 and Hwy. 62, starting 9/24/94 .
RTB SUBSIDY: 1994- $16,023; 1995- $50,705; Total program subsidy- $66,728.

#3. Increase running times on Routes 35 M/N/R's morning and afternoon trips (29 trips total) by 10 minutes starting 3/12/94 to allow for detour and traffic delays with I-35W construction and beyond.
RTB SUBSIDY: 1994- $155,019; 1995- $194,925; Total program subsidy- $349,944.

#4. Part A - Guaranteed ride home program starting 10/1/94 for bus, carpool and vanpool patrons, with a maximum $25 reimbursement limited to twice per year, per individual.
RTB SUBSIDY: NONE (program's $32,100 cost to be funded by Mn Dot.)

Part B - Enhance rideshare program participation starting 7/1/94 by procuring capabilities to allow residents to register and form spontaneous ridesharing arrangements. The equipment to be procured includes interactive kiosk, computer hardware and software, and touch screen monitors. Personnel will also be hired, and a trailer rented until office built.
RTB SUBSIDY: 1994- $103,960; 1995- none; Total program subsidy- $103,960.

#5. Alternative service for Prior Lake and Savage through a new small bus and/or vanpools service into downtown Minneapolis, starting 9/24/94. These routes will be detoured from I-35W by taking Hwy. 18 to I-394 to downtown.
RTB SUBSIDY: 1994- $15,553; 1995- $172,559; Total program subsidy- $188,112.

#6. Subsidized parking program ($110 per month) for carpool and vanpool participants. MVTA will utilize the City of Minneapolis' 11th Street facility for this program, and Minneapolis has agreed to reserve 50 spaces for MVTA.
RTB SUBSIDY: 1994- $27,500; 1995- $66,000; Total program subsidy- $93,500.

#7. Marketing program by direct mailing to <u>all</u> MVTA area residents information on MVTA's new programs initatives (items #1-6) Two comprehensive mailings are planned.
RTB SUBSIDY: 1994- $53,000; 1995- $53,000; Total program subsidy- $106,000.

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE: June 30, 1994

TO: Regional Transit Board Members

FROM: Sally Evert

SUBJECT: Vehicle Capital Depreciation Policy

I asked Ron Soderberg to commit to written word the impact of the present policy on vehicle capital depreciation which was discussed at Monday's Policy Committee. A copy is enclosed for your information, and may be of use in analyzing policy options of the opt out communities budget carryover funds.

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE: June 30, 1994

TO: Sally Evert, RTB Chair

FROM: Ron Soderberg R.S.

SUBJECT: Opt-Out Carryover Funds: The impact of the 1992 policy on vehicle capital depreciation expenses.

At your request, this memorandum analyzes the effect of the 1992 policy on vehicle capital depreciation expenses on opt-out carryover funds. The policy removed vehicle capital depreciation expenses from the public and private providers' contracted service rates that opt-outs paid, leaving opt-outs responsible for paying only the operating costs. The policy change was adopted in February, 1992, one month after the creation of the Budget Carryover Fund for opt-out programs in January, 1992.

Before the 1992 policy change, vehicle capital depreciation expenses were charged as part of the providers' contracted service rates, and paid by opt-out programs as part of their regular RTB operating subsidy (e.g. 90 percent property tax collections). Subsequent to this change, vehicle capital depreciation expenses were: (1) for private providers, separately paid for with a new RTB vehicle capital payment subsidy funded by regional bond proceeds, and (2) for MTC, vehicle capital depreciation expenses no longer were allowed to be collected from the opt-outs. This meant that MTC no longer had these payments as revenues to offset overall system costs as they had done in past years.

Presented below is an analysis of how this policy change effected one opt-out program, Minnesota Valley Transit Authority (MVTA)[1]. MVTA's 1994 budget is analyzed, and by extension, MVTA's property tax carryover funds. The year 1994 was selected because this is the first year that the vehicle capital depreciation expense policy was fully effective for MVTA. The analysis compares MVTA's 1994 and 1993 budgets to show how the policy enhanced MVTA's financial standing and property tax carryover fund balance .

Analysis Highlights

- MVTA's 1994 budget <u>increased by 19.83%</u> over the prior year 1993 budget, a year to year spending increase equivalent to seven (7) times the rate of inflation.

- MVTA's local property tax support (RTB operating subsidy) for their 1994 budget <u>decreased by $137,217 or 4.28%</u> from the level of local property tax support in 1993.

[1]The budgetary and carryover fund impacts of the 1992 vehicle depreciation expense policy on the other opt-out programs are likewise positive. See Appendix Table 1 for 1994 impacts by opt-out program.

- The 1992 policy change on vehicle capital depreciation expenses "saved" MVTA $869, 890 in local property tax support (RTB operating subsidy) for their 1994 budget.

- Had not the 1992 policy change on vehicle capital depreciation expenses been implemented, MVTA's 1994 current unencumbered resources would be a projected $364,925. Because of the policy change, MVTA's 1994 unencumbered resources, which will be their 1994 carryover funds as of January 1, are an estimated $1,234,815 ($869,890 + $364,925).

MVTA BUDGET COMPARISON

	1993 Contract	1994 Contract	Dollar Variance	Percent Variance
Total Expenses	$4,301,195	$5,154,152	$ 852,957	19.83%
Funding Sources				
RTB Subsidy				
• Operating (Property tax)	$3,202,402	$3,065,185	$-137,217	-4.28%
• Vehicle Capital Payment*	34,833	39,372	4,539	13.03%
• Vehicle Capital Credit*	0	830,518	830,518	100.00%
Fares	1,063,960	1,219,077	155,117	14.58%

* Prior to 1992 policy change with vehicle capital depreciation expenses these items were paid for out of RTB operating subsidy (e.g. 90% local property tax funds) and rider fares. The vehicle capital credit (MTC) change did not become effective for MVTA until 1994.

Source: MVTA's 1995 Management Plan

Appendix Table 1 (attached) shows the 1994 impacts of the 1992 policy change on vehicle capital depreciation expenses for the five opt-out programs. Given are each opt-out program's total dollar impact (e.g. local property tax savings) from the policy change, each program's estimated 1994 property tax carryover, and the percent that dollar impact of the 1992 policy change represent of each program's estimated 1994 carryover. For all five opt-out programs together, the local property tax savings from the 1992 policy change is more than their combined estimated 1994 property tax carryovers.

cc: Greg Andrews
Judy Hollander

APPENDIX
TABLE 1

OPT-OUT CARRYOVER ANALYSIS
BASED ON 1994 MANAGEMENT PLANS AND BUDGETS

	1992 CAPITAL POLICY IMPACTS			CARRYOVER	
	PUB. VEH. CREDIT	PRIV. VEH SUBSIDY	TOTAL	1994 EST. CARRYOVER	1992 POLICY AS A % OF CARRYOVER
MVTA	$830,518	$39,372	$869,890	$1,234,815	70.45%
SMTC	$167,995	$248,000	$415,995	($1,107)	-37578.59%
PLYMOUTH	$137,999	$80,280	$218,279	$315,662	69.15%
MAPLE GROVE	$291,268	$8,904	$300,172	$280,337	107.08%
SHAKOPEE		$68,817	$68,817	$14,964	459.88%
TOTAL	$1,427,780	$445,373	$1,873,153	$1,844,671	101.54%

Harlant 6/20

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE: June 17, 1994

TO: Chair and Members of the Regional Transit Board

FROM: Mark W. Fuhrmann Mark W. Fuhrmann
Acting General Manager, MMSC

SUBJECT: Metro Mobility Vehicle Lease

SUMMARY

This memorandum recommends approval for RTB to acquire one-hundred and fifty (150) Metrotrans Classic Paratransit buses through a tax exempt Lease and Option Agreement with LaSalle National Bank.

BACKGROUND

Serving as the Metro Mobility System Coordinator, ATE Management and Service Company, Inc., issued vehicle specifications and purchased one-hundred fifty (150) Metrotrans Classic Paratransit buses for use in the Metro Mobility system. The $6.76 million vehicle acquisition was financed with a taxable lease at a rate of 7.25 percent over a 48 month term. The monthly lease payment of $172,646 is secured by RTB.

Prior to the 1994 Minnesota Legislative Session, RTB was not permitted to acquire or hold any permanent or temporary right, title or interest in transit vehicles. The legislature amended this prohibition in the 1994 session that permits RTB to acquire and hold title to the 150 vehicle Metro Mobility fleet.

DISCUSSION

Pursuant to the Board's approval of the ATE Transition Agreement calling for contract termination and the legislature's action, RTB staff have pursued financing options for the acquisition of the Metro Mobility fleet. Application of a tax exempt municipal lease to finance the remaining value of the vehicles is the most attractive. This financing mechanism allows for lower rates than the existing 7.25 percent rate due to the tax exempt nature of the paper. Present rates being quoted are at least 1.25 percent less than the existing 7.25 percent rate. However, given the short term of the financing with only 38 monthly payments remaining, the monthly payment would decrease to approximately $169,300 for a total savings of $106,850 over the duration of the lease.

ALTERNATIVE

The primary alternative to generate additional savings would be stretching out the payments over an extended term. While this would reduce lease payments for the next 38 months, it would create new vehicle lease obligations beginning in October 1997 for the existing fleet of vehicles.

RECOMMENDATION

That the Regional Transit Board authorize the executive director to acquire one-hundred and fifty (150) Metrotrans Classic Paratransit buses and execute a tax exempt Lease and Option Agreement with LaSalle National Bank.

Handout 6/20

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

DATE: June 17, 1994

TO: Chair and Members of the Regional Transit Board

FROM: Mark W. Fuhrmann Mark W. Fuhrmann
Acting General Manager of the MMSC

SUBJECT: Approval of Metro Mobility Service Center Office Lease

SUMMARY

This memorandum recommends approval for executing an office lease with the GMT Corporation for the existing Metro Mobility Service Center office space located at 245 East Sixth Street, St. Paul.

DISCUSSION

ATE Management and Service Company, Inc. identified a location for the Metro Mobility Service Center at 245 East Sixth Street in Lowertown St. Paul with RTB staff concurrence last year. This facility is located in the core of the Metro Mobility Service Area as well as on many regular route bus lines. ATE executed a three-year lease for the property at $5,145.83 per month for 6,495 square feet or $9.51 per square foot.

With ATE's contract termination effective July 4, 1994, RTB staff has been negotiating a lease for use of the same space for continued use as the Metro Mobility Service Center. Given the compressed time frame to transition to the semi-centralized Metro Mobility system, it is critical to seek to retain the same space that is equipped with necessary cabling and radio antennae. Staff has negotiated lease terms consistent with the ATE lease of $5,145.83 per month for 6,495 square feet for a three-year term. The rate includes all utilities and building services.

ALTERNATIVE

Do not execute a lease with GMT Corporation for the existing MMSC space and seek out alternative facilities. This would disrupt the ongoing transition process to the point of delaying for months Mayflower and RTB's ability to effectively execute their new responsibilities.

RECOMMENDATION

That the Regional Transit Board authorize the executive director to execute an office lease agreement with GMT Corporation at the rate of $5,145.83 per month for a term of three years.

MWF:jmo

Haulout 6/20

REGIONAL TRANSIT BOARD

Mears Park Centre
230 East Fifth Street, St. Paul, Minnesota 55101
292-8789

Tabled to 6/27

DATE: June 17, 1994

TO: Chair and Members of the Regional Transit Board

FROM: Mark W. Fuhrmann
Acting General Manager, MMSC

SUBJECT: Metro Mobility Provider Contract Amendments

SUMMARY

This memorandum recommends approval of Metro Mobility provider contract amendments with Mayflower Contract Services, Inc., Metro Ride, Inc., and Handicabs, Inc. to include new responsibilities of reservation taking, scheduling and dispatching for Metro Mobility.

BACKGROUND

ATE Management and Services Company, Inc., in its role as Metro Mobility System Coordinator, issued a Request for Proposals for provision of Metro Mobility service on May 28, 1993. Proposals were received July 14, 1993. Mayflower Contract Services, Inc. provider contract was executed with ATE and RTB September 2, 1993. After a bid protest, a contract was executed with Metro Ride, Inc., ATE and RTB on January 1, 1994 and executed with Handicabs, Inc., ATE and RTB also on January 1, 1994. Effective July 4, 1994, ATE will no longer be a party to the provider contracts as its services under contract to RTB will be terminated.

The Regional Transit Board approved the service concept for improving Metro Mobility service on March 28, 1994 by assigning a specific geographic service area and reservation, scheduling and dispatching functions directly to each of the three providers. During April and early May, the Regional Transit Board approved letter agreements with each provider to fund their start-up activities to prepare for their new responsibilities.

RTB staff has been renegotiating each provider contract to reflect their new responsibilities and associated costs.

The incremental cost increase for each provider is shown below.

Provider	Remainder of: Year 1	Year 2	Year 3	Year 4
Mayflower	$390,214	$1,455,257	$1,503,304	$1,553,049
Metro Ride	321,385	795,204	843,330	503,951
Handicabs	59,762	113,367	114,552	67,548
Total	$771,361	$2,363,828	$2,461,186	$2,124,548

The majority of the additional costs are due to additional labor expenses for reservationists who will schedule passenger trips onto routes as they have the person on the phone, dispatchers and support staff. Additional operating expenses are primarily related to computer maintenance and support, telephone expenses and insurance.

The new contracts do set forth a number of performance goals for each provider. Each performance criteria will be measured for each provider each month for the next six months. Some goals may be adjusted based on actual results as each provider's service area will have its own operating characteristics. Performance bonuses and liquidated damages will be assessed against each performance goal effective January 1, 1995.

ALTERNATIVES

The primary alternatives to the semi-centralized Metro Mobility system are either fully centralized, as was attempted with ATE functioning as the system coordinator, or a fully decentralized system where each provider operates without accountability to the funding agency. Neither of these alternatives are feasible at this time.

RECOMMENDATION

That the Regional Transit Board approve:

- A contract amendment with Mayflower Contract Services, Inc., in amounts not to exceed $390,214 for the one-quarter year remaining in year one, $1,455,257 for year two, $1,503,304 for year three, and $1,553,049 for year four ending September 30, 1997.

- A contract amendment with Metro Ride, Inc. in amounts not to exceed $321,385 for the time remaining in year one, $795,204 for year two, $843,330 for year three, and $503,951 for year four ending June 30, 1997.

- A contract amendment with Handicabs, Inc. in amounts not to exceed $59,762 for the time remaining in year one, $113,367 for year two, $114,552 for year three, and $67,548 for year four ending June 30, 1997.