

Transportation Committee

Meeting date: November 9, 2009

Council Meeting: November 18, 2009

ADVISORY INFORMATION

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| Date: | November 2, 2009 |
| Subject: | Authorization to Execute 2010 Operating Funding Grant Agreements with SouthWest Transit and Minnesota Valley Transit Authority |
| District(s), Member(s): | 4-Craig Peterson, 15-Dan Wolter, 16-Wendy Wulff |
| Policy/Legal Reference: | 2010 Operating Budget |
| Staff Prepared/Presented: | Arlene McCarthy, MTS Director (651-602-1754) Amy Vennewitz, Deputy Director (651-602-1058) Sean Pfeiffer, Financial Analyst (651-602-1887) |
| Division/Department: | Transportation - Metropolitan Transportation Services |

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute grants in the amounts of \$1,025,000 with SouthWest Transit (SWT) and \$1,950,000 with Minnesota Valley Transit Authority (MVTA) to provide supplemental transit operating funding during CY2010.

Background

During preparation of the CY2010 transit operating budget, Council staff calculated the amount of regional Allocated MVST (MVST above the base 21.5%) that would be needed by the Suburban Transit Providers (STPs) to preserve their existing service levels in 2010. During this process, Council staff became aware of the high level of reserves held by some of the STPs. Since the Council's operating budget included, among other solutions, a use of any reserves in excess of our adopted policy, it was assumed that the STPs would similarly use some of their reserves to address their operating deficits. For the STPs, a reserve level of 25% of operating expenses was assumed an adequate level. Any amount of reserve above 25% was programmed to be available for operating purposes. (A joint group of STP and Council staff has been discussing this issue. The Council has requested of the STPs that if they believe a higher level of reserve is necessary, they should submit a request to the Council justifying a higher level of reserve.) After taking into account the assumed expenditure of reserves, the calculation indicated that both SWT and MVTA will need supplemental MVST funding during CY2010 to preserve their existing service levels.

Rationale

The region's projected transit operating revenues currently allow only for funding preservation of existing transit service levels and legally committed expansion service, such as Northstar and UPA operations. These requested 2010 grant funds are necessary for SWT and MVTA to preserve their existing service during CY2010.

Funding

The funding for these grants will be regional Allocated MVST. Allocated MVST funds are MVST funds received by the Council above the base 21.5% due to the 2006 constitutional amendment. The necessary contract amounts are included in MTS's draft 2010 Operating Budget.

Known Support / Opposition

Both MVTA and SWT support receiving these 2010 funds.