Transportation Committee

Business Item:
2010-276
Revised

Meeting date: September 13, 2010

Council meeting September 22, 2010

ADVISORY INFORMATION	
Date:	**September 8, 2010**
Subject:	**Adopt Proposed Regional Transit Policies and Procedures**
District(s), Member(s):	**All**
Policy/Legal Reference:	**Policy 1-3 Transportation Planning & Transit Services**
Staff Prepared/Presented:	**Arlene McCarthy, MTS Director (651-602-1217)** **Wes Kooistra, CFO (651-602-1567)** **Gerri Sutton, Assistant Director, Contracted Transit Services, MTS (651-602-1672)** **Chris Gran, Director of Procurement, Metro Transit (612-349-5060)** **John Levin, Director of Service Development, Metro Transit (612-349-7789)**
Division/Department:	**Metropolitan Transportation Services (MTS)**

Proposed Action

That the Metropolitan Council adopt the attached proposed regional transit policies and procedures:

- Regional Transit Policy and Procedures
- Fleet Management Procedures
- Procurement Procedures
- Facilities Ownership Procedures
- Regional Operating Revenue Allocation Procedures
- Regional Service Improvement Plan Procedures

Background

In the past several years, numerous changes and issues have arisen prompting the need for written policies and procedures between the Metropolitan Council and the Suburban Transit Association (STA) providers, including:

- Finding a balance between the STA providers' desire for autonomy and the Council's responsibilities as the recipient of federal and state funds and ensuring equity, efficiency and transparency in the regional transit system.
- The Council, as the direct recipient of federal funds, has oversight responsibility for all federal funds, including those passed through to STA providers and other organizations through subrecipient agreements. In the 2009 Triennial Review, the FTA found that the "Met Council does not conduct adequate oversight of its subrecipients and contractors……Met Council conducts some oversight of grant management and federally funded procurements by these contractors and communities, but does not have a comprehensive oversight plan to monitor all of the activities of the subrecipients to ensure compliance with applicable federal requirements…..There is also insufficient oversight of vehicle maintenance activities."

  In response, the Council agreed to develop and submit to the FTA an oversight and monitoring plan for subrecipients. The subsequent plan included Council-

provided training on all federal regulations to all subrecipients and increased monitoring.

- The new motor vehicle sales tax (MVST) funds available for regional transit as a result of the 2006 constitutional amendment. This funding is above the base MVST distributed to individual providers per state statute. To date, the new funds, known as Regionally Allocated MVST, have been used to preserve existing services and fund committed expansions such as Northstar commuter rail and Urban Partnership Agreement express services. However, it is anticipated these funds will be used in the future for expanding base bus services in the region. The 2030 Transportation Policy Plan adopted by the Council in January 2009 calls for the Council, with participation from the STA providers, to develop a Regional Service Improvement Plan to guide expansion investments.
- Need for clarification and consistency on regional transit fleet capital cost and maintenance responsibilities. The Council owns the buses and leases them to providers through a Master Lease Agreement with the Council, STA providers and private contractors each having certain fleet responsibilities. Fleet responsibilities, however, have been interpreted differently among providers leading to inconsistencies and confusion. The resulting issues made it difficult to plan capital expenditures in a fair and equitable manner.
- The Council is the recipient of state G.O. bonds with oversight and ownership responsibilities for those funds, including when they are passed through to other public entities. Issues of eligible uses and capital improvement ownership are becoming more frequent as the bonds are used on a larger number of projects and when more partners are involved.

These and other situations require coordination as well as a clear understanding of roles and responsibilities by the Council, the STA providers and other providers to 1) ensure equity and transparency, 2) avoid misunderstandings, inefficiencies and delays, and 3) ensure compliance with federal and state funding rules and requirements.

In late 2008, Council Chair Bell initiated a joint Council/STP Policy Advisory Committee to advise the Council on regional policies. These proposed policies and procedures recommended for adoption have been discussed by Council and STA staff and at Policy Advisory Committee meetings. All were revised in response to input from STA staff and policy members.

Rationale

The proposed *Regional Transit Policy and Procedures* statement provides the overarching policy and purpose which are to ensure high-quality, seamless and coordinated transit services; the equitable, efficient and transparent distribution and use of regional transit resources; and ensures compliance with federal and state laws, regulations and procedures.

The proposed *Fleet Management Procedures* address the following topics: vehicle selection and purchase; maintenance, repairs and inspections; vehicle transfer, replacement and disposal; Council funding of revenue and non-revenue vehicles; vehicle numbering and graphics, fleet management including spare ratio, scheduled standbys, state fair fleet, expansion buses and Metro Mobility fleet; vehicle equipment including fare collection equipment, standard bus configurations and ancillary equipment.

The proposed *Procurement Procedures* address procurements using federal funds that are passed through to subrecipients. These procedures provide for intergovernmental procurements agreements, joint procurements, “piggyback” procurements and sole

source procurements. They also outline Council review responsibilities and procedures on STP-led procurements.

The proposed *Facilities Ownership Procedures* provide for ownership of facilities by the STPs. The policy also outlines the routine operating and maintenance schedule which is funded by the owner's operating budget as well as long-term capital maintenance requirements which must be identified and programmed in the capital budgeting process.

The proposed *Regional Operating Revenue Allocation Procedures* establish equitable and transparent procedures to distribute regionally Allocated MVST (above the Base MVST distributed by state statute) among regional transit entities in a manner that best supports regional transit priorities.

The proposed *Regional Service Improvement Plan (RSIP) Procedures* is required by the Council's *2030 Transportation Policy Plan*. The RSIP will identify all short-term regional opportunities to increase transit service and identify priorities when funds to increase regional services are available. A regional Review Committee with representation from all suburban providers will recommend a proposed RSIP to the Council for its consideration.

The five procedures detail the roles and responsibilities for the various parties with the goal of improving federal compliance, simplifying federal and state compliance monitoring, streamlining work for all stakeholders, and creating efficiencies, equity and transparency in the regional transit system.

All proposed procedures defer to federal and state requirements and may be periodically reviewed and revised.

Funding

These proposed policies and procedures outline funding responsibilities for the Council as well as the STA providers, but do not impose a change to the Council's 2010 operating and capital budgets. The proposed 2011 capital budget reflects the Council's funding responsibilities for the regional fleet.

Known Support / Opposition

Individual STA providers have expressed varied concerns with various details within policies and procedures over the past two years. The STA most recently submitted its comments in an August 24, 2010 letter. Council staff response dated September 9, 2010 is attached.

Attachments:

1. August 24, 2010 STA Chair Furlong Letter to Transportation Committee Chair McFarlin
2. September 9, 2010 Chair McFarlin Letter to STA Chair Furlong
3. September 9, 2010 Council staff memo to Chair McFarlin
4. Regional Transit Policy and Procedures (September 2010)
5. Fleet Management Procedures (September 2010)
6. Procurement Procedures (September 2010)
7. Facilities Ownership Procedures (September 2010)
8. Regional Operating Revenue Allocation Procedures (September 2010)
9. Regional Service Improvement Plan Procedures (September 2010)

SUBURBAN TRANSIT ASSOCIATION

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August 24, 2010

Bob McFarlin, Chairman
Metropolitan Council Transportation Committee
390 Robert Street North
St. Paul, MN 55101-1805

Re: Suburban Transit Association comments on proposed policies

Dear Chairman McFarlin:

Thank you for the opportunity to more formally present comments and suggestions to the five proposed policies developed by Metropolitan Council staff.

As expressed at the Transportation Committee meeting on August 9th, we appreciate and participate in regional coordination. We understand the need for regional oversight, however, we believe these policies as currently drafted, are excessive and impinge upon the STA providers' reasonable expectation of autonomy.

We think it is important to step back and reflect upon the goals and principles that were recognized by the Policy Group, originally co-chaired by Peter Bell and Elizabeth Kautz:

- **Emphasize benefits of cooperation to achieve common goals** – *These policies and procedures do not emphasize the benefits of cooperation, but instead focus on the goal of providing maximum control by the Metropolitan Council.*

- **Recognize complicated nature of relationship [between the Metropolitan Council and STA providers]** – *For the most part these policies and procedures put aside the complicated nature of the relationship. Instead the policies and procedures imply a largely "top down" relationship between the Metropolitan Council and the STA providers.*

- **Accept the need for balance between autonomy and regional oversight** – *The STA providers feel the proposed policies go a long way toward micromanaging the operations of transit providers. The complexity of these policies and procedures are likely in the future to further restrict the ability of suburban transit providers to respond quickly, flexibly and responsibly to needed changes in their service, something which has been a hallmark of their success as transit providers.*

We feel it is important to consider that STA providers have customer satisfaction rates as high as 98%. They provide needed congestion mitigation by taking tens of thousands of vehicles off our highways. They have provided numerous innovations to the region including coach buses, use of Transit Oriented Development, driver assistance via satellite, double-decker express buses, etc. and have brought many national awards back to our region including awards for safety, emergency preparedness, and Provider of the Year in their class.

Fundamentally, STA does not agree with the need for these policies as drafted, and ask that the Metropolitan Council consider an approach to these topics that is less complex and less confusing. The policies are duplicative in some instances and lack detail in other areas. For example, there is already in place a Master Vehicle Lease Agreement with each suburban transit provider that covers many of the fleet issues. There is a ten page agreement for RTC capital grants, and CMAQ rules and regulations that are exhaustive.

In addition, there are Fare Reimbursement Contracts; (GFI) Farebox Service Contracts (draft form); National Transit Database (NTD) reports; Capital Financial Assistance Grants; SMARTCoM – Automated Vehicle Locator (AVL) Contracts (draft); and ongoing discussions regarding numerous Transitway Policies. That should be enough oversight.

Below are specific comments and questions regarding the five proposed policies (the sixth – Capital Expenditures Policy, has yet to be developed). We believe more work needs to be done on these policies and respectfully request that these policies be laid over until true agreement can be reached on their scope and language.

PROPOSED VEHICLE FLEET POLICY

Policy #1 Coach Bus Minimum Vehicle Life – Metropolitan Council Staff has recommended pushing out the depreciation/replacement schedule for the MCI coach vehicles from the originally programmed 12 year cycle to a 14 year cycle.

There is conflicting data and there hasn't been any solid justification for why just the MCI's are being recommended for a longer life cycle. Extending the life of the vehicles beyond twelve years will place added stress and costs on maintenance since the chance for failure increases each year of the vehicle's life.

As a result of prior discussions there will now be an APTA led peer review inspecting SouthWest's six coach buses purchased in 2000, in 2011 (11^{th} year) and making recommendations on the programmed 14 year coach bus life after the review.

Our request is that no change to the 12 year life cycle should be made. However, should the Metropolitan Council wish to consider the proposed change, we do not believe it should be made until after the peer review analysis has been completed.

Policy #2 item 2 Standardized Fleet – We would like this item stricken from the policy. The term "standardized" is meaningless unless it is defined, and in its current context it is open far too much to interpretation.

A one size fits all approach has proven to be unsuccessful and each provider should have some leeway to find a vehicle that best meets their local needs or situation. If cost is the real issue, we believe establishing a value per bus type would be a better alternative, with the option for a specific provider to exceed that amount with their own funding.

A "standard bus" is not a reality for transit as there are too many types, shapes and sizes that are dictated by route demands, cost and vehicle manufacturers, which play into purchasing and operations.

The same vehicle may no longer be available such has been the history of a "standard floor" bus that has given way to the new "low-floor" bus design that has been introduced and welcomed by the public. Options have changed greatly just in the past few years, such as the new BRT look that has been added. So other than having 6 tires (which will change soon also) and a driver of a rectangular shaped vehicle, there really is no such thing as a standard bus for transit.

Policy #3 Vehicle Ownership – Other than ultimate control, we see no rational reason why ownership of vehicles purchased with state and/or federal funding should not be assigned to a suburban transit provider. In the past both vehicles and facilities have been owned by suburban properties without issue. If the FTA required ownership by the Metropolitan Council they would have said ownership – but they didn't.

Policy #8 Vehicle Transfer – We would suggest that the Metropolitan Council also be subject to DOT vehicle inspections when transferring vehicles to other providers. We also feel that the Metropolitan Council should recognize that Metro Transit stops certain types of repairs when vehicles reach a certain age, which means that our providers have received used buses that require a host of repairs. We feel these costs should be eligible for reimbursement.

Policy #11 Maximum Funding per Vehicle Type – While this policy references "standardized" options, we contend there is no standard option – in addition to no standard vehicle. We feel this section needs additional work.

Policy #14B Schedule Standby Vehicles – We do not believe the number of scheduled standbys should be governed by policy. Too many factors such as proximity/distance from a maintenance garage, service frequency, vehicle age, and service factors such as weather and special events play a pivotal role to maintain service and schedules. This process is better slated to be addressed by each provider in their annual service plans and budget.

Policy #18 Ancillary Items – This policy states the Metropolitan Council will fund ancillary items. We would like clarification as to if security system means cameras. Also, in exactly which year's fiscal dollars are the maximum Metropolitan Council contribution amounts stated? This needs to be more specific.

Policy #19 Ancillary Items (continued) – The section entitled Standard Vehicle Configuration Exhibits is not helpful. This section should be deleted as discussed previously.

PROPOSED PROCEDURES FOR PROCUREMENTS

We believe this policy is fundamentally unnecessary as it correctly states, "the Suburban Transit Provider as the subgrantee is primarily responsible for meeting all applicable federal requirements associated with the receipt of federal funds including, without limitation, all federal procurement requirements," and goes on to state further, "the Council already has procedures in place for the monitoring of the subrecipient compliance with FTA requirements". Again, any additional procedures take Metropolitan Council staff time and money and suburban provider staff time and money to complete and for what benefit?

We recall Metropolitan Council Member Natalie Steffen's request of Metropolitan Council staff to identify in each of these policies what is required by the Federal Transit Administration (FTA) and what is not required by the FTA, this policy remains confusing. Although the title suggests it is for all procurements under a grant agreement with the Metropolitan Council, it goes back and forth between Federal Transit Administration (FTA) specific requirements and other uncited requirements. The Metropolitan Council already has procedures in place for monitoring FTA compliance by subrecipients.

The proposed policy also states that the suburban transit provider's follow the Metropolitan Council's Project Procurement procedures when issuing procurements involving FTA funds. We are unsure if this applies to only procurements involving federal funds or all procurements. This has not been clarified. Also, are the FTA worksheets to be used in addition to other required worksheets even when the funding source is RTC and no federal funds are used on the procurement? This has not been answered.

Piggybacking – As background, it is important to remember that suburban transit providers have been procuring fleets of vehicles including purchasing vehicles under the process known as "piggybacking" since 1994 without issues. Our members' procurement process includes legal review and oversight. We have consistent communications throughout the process with the Metropolitan Council and/or Mn/DOT.

Undertaking our own procurement process in the manner described above has allowed the procurement to move at a steady pace without compromising state and/or federal requirements. In addition, working directly with bus manufacturers allows on the spot decisions to be made quickly and efficiently by those who will ultimately operate the equipment.

Specifically we would like to see the following changes:

The policy should state that a piggyback assignment can be led either by an STA property, by the Metropolitan Council, or jointly as long as all federal requirements are met.

The STA does not object to Metropolitan Council oversight during the process, but the oversight should follow the federal "check list" and should not be burdensome nor time consuming.

What title-specific Metropolitan Council staff will be required to review the proposal? (legal, procurement, project manager)

Sole Source – A cost or price analysis must be completed for most federal procurements. Where is this mentioned in the other types of procurements?

Maximum Timelines – The process outlined in the draft policy gives the Metropolitan Council staff the ability to informally push the timeline out beyond the 30 day period outlined. This can be accomplished through a series of additional information requirements which is not identified in the policy. Is this only for federal procurements? We are proposing that, if this must remain, a bulleted list be added to the policy that specifically outlines what information is needed with specific time/days allowed for review, and that the countdown begins once all required information has been submitted.

Project Authorization – The document does not discuss what is needed from the subrecipient. What is the timeline on these activities? These, especially the grant agreement, can take months to receive.

Project Procurement – There is no discussion about the need for the subrecipient to have a procurement protest procedure. There should also be some discussion about the difference in the Office of Diversity and Equal Opportunity (ODEO) documents if it is a bid or proposal especially an A & E proposal submittal. Pricing cannot be shown on the usual DBE documentation.

When a solicitation is issued by a subrecipient, there is no discussion of the Metropolitan Council's participation, particularly ODEO's, in pre-proposal/pre-bid conferences for federal procurements. What about the response to questions?

There should be a cost/price analysis when a subrecipient submits a proposal or bid to the Metropolitan Council Project Manager who forwards them to ODEO for the DBE compliance check.

In regard to all contract amendments that require prior review and approval by the Metropolitan Council project manager, what about a step needed before contract amendment? Construction change orders are not discussed. Limits have applied on when the Metropolitan Council review and approval is needed on these contract amendments.

Post-Procurement – We suggest one hard copy and one electronic copy be sufficient as opposed to the subrecipient submitting four copies of each invoice packet, including the DBE documentation to the Metropolitan Council Project Manager. It may also be helpful to electronically submit the DBE paperwork separately to ODEO as soon as a provider receives the invoice so that any corrections, concerns or questions can be addressed and payment is not held up.

Miscellaneous Provisions – The Policy states that there may be other minimum requirements by the Metropolitan Council, is this only for buses procured under FTA rule? Where, when and how will the sub recipients learn about these requirements?

The cost of Metropolitan Council personnel time and materials being deducted from the amount of the grant award at the Metropolitan Council's discretion should be eliminated. If this were ever to occur, the grant award would need to be increased by the estimated amount of the time and materials or the subrecipient needs to know when preparing an application so that these costs are included at that time. A percentage of project costs, or a fixed dollar amount has not been disclosed to the transit providers.

PROPOSED FACILITIES POLICY

We request that all references to "Opt-Outs" be deleted and "Suburban Transit Providers" be inserted instead.

Under the conditions of Facility Ownership, we request the following changes be made:

- Delete the word "all" from the first line of item #2
- Delete "per the schedule below" from the item #4

We comment that the schedules under **Routine Operation and Maintenance**, as well as **Long-Term Maintenance and Capital Improvements** need more work and are not inclusive lists.

PROPOSED REGIONAL TRANSIT OPERATING REVENUE ALLOCATION POLICY

We don't believe that, at this point, the process for distributing what is termed "regionally allocated MVST" contained in this policy and the related Regional Service Improvement Policy (RSIP) adequately assure fairness and equity in the distribution of these funds.

We propose the following alternative approach:

We suggest a proportional share of the new MVST funding (amount over the initial 21.5%). This is consistent with the SIS Workgroup discussions, which was formed in

2007 to address the new MVST funding. Suburban transit providers would received 6.25% of MVST up from the current 3.74%

Operating Reserves – The suburban transit providers are governed by City Councils and Boards that set their own reserve levels. However, a Regional Reserve Policy is reasonable if the percentage factors in the differences between the providers. A 35% cap on reserves prior to being allowed to receive the 6.25 % fixed share of the MVST funds is reasonable. However, requiring each provider to share in deficiencies that aren't regional in nature or deficiencies resulting from labor disagreements is not reasonable and should not be paid for by all providers.

Additionally, the timelines on the information requested in item number one do not coincide with municipal budgeting timelines and some of the information is duplicative. There is no rationale for the conclusion that other revenue should be calculated at 1% of each transit entity's annual operating expenses. We also have concerns with locking in the percentage of market share. Providers cannot grow if they are not given the funding to grow.

PROPOSED REGIONAL SERVICE IMPROVEMENT PLAN POLICY (RSIP)

Simply put, the RSIP policy isn't ready to be adopted. Just like the other policies, there are too many questions remaining unanswered. For example, the makeup of the review committee isn't defined. Likewise, the criteria to be evaluated isn't defined.

Specifically, there should be a distance-based evaluation criterion such as miles per passenger in addition to subsidy to mile. Perhaps a tie into Mn/DOT's congested corridors report developing a cost to the region. Every single occupant vehicle (SOV) off the road during peak hours helps the region significantly both in terms of time to the commuter and by providing a higher quality of life. There should be a way to include these factors. They should be seriously considered, not summarily dismissed.

Additionally, the long distance routes cost more to operate than shorter routes. For example, compare a 20 mile long express route to a route that is 10 miles long. It will only take half the time to recycle the 10 mile long bus route and begin picking up paying passengers again. The shorter 10 mile trip also uses less fuel, reduced wear on the tires, as well as reduced maintenance related costs because the vehicle travels fewer miles.

Lastly, if STA providers receive a set amount of the new MVST, the RSIP policy would seem to be unnecessary and inapplicable. The STA providers all have elected boards and commissions that are in the process of reviewing and approving service plans.
Also, in order for any service to be retained after 18-months, it must meet performance measure standards. We believe preapproval of new service through the RSIP policy seems to be an overstepping of the regional oversight and further erosion of the STA providers autonomy.

As you can see we have many questions and concerns regarding these policies. We stand ready to work cooperatively in an effort to find workable policy solutions.

Sincerely,

Tom Furlong

Tom Furlong
Chairman
Suburban Transit Association

cc: Peter Bell
Arlene McCarthy

Metropolitan Council

September 9, 2010

Mayor Tom Furlong
Chairman, Suburban Transit Association
League of Minnesota Cities Building
145 University Ave. West, Suite 450
St. Paul, MN 55103

Dear Mayor Furlong:

Thank you for your letter of August 24, 2010, on behalf of the Suburban Transit Association offering input on the five regional transit policies and procedures that have been proposed by Metropolitan Council staff and administration. These staff proposals were first reviewed by the Metropolitan Council Transportation Committee August 9, 2010. I appreciate the extensive thought and effort the STA has given this issue recently and during the two-plus years of discussion and development.

Upon receipt of your letter, I forwarded it to Metro Council staff for their review and response. That response is attached, including a list of changes to the original proposals that resulted from STA input. Your letter, the staff response and the revised staff policy and procedure recommendations are being provided to the members of the Metropolitan Council Transportation Committee and made public today.

The Transportation Committee will consider the staff recommendations at its regular meeting Monday, September 13, 2010, at 3:30 p.m. at the Heywood Transit Office, 560 Sixth Ave. N., Minneapolis. I anticipate this business item being taken up by the committee at approximately 4:30 p.m. There will be a staff presentation to the committee followed by a limit of 30 minutes for public testimony and then committee discussion. I welcome and encourage STA participation in Monday's discussion. However, if the STA has comments and/or concerns about the staff response, I would strongly encourage you to forward those comments to Metro Council staff as soon as possible, so anything that possibly can be addressed prior to the committee meeting is done so.

Again, thank you for your participation in this important effort.

Sincerely,

Steven Rosenthal
for

Bob McFarlin
Chair, Transportation Committee

cc James Clark

Metropolitan Council

September 9, 2010

TO: Robert McFarlin, Chair
Transportation Committee

FROM: Arlene McCarthy, Director
Metropolitan Transportation Services

Re: Response to STA Comments on Proposed Regional Transit Policies and Procedures

As you have requested, this memorandum contains the Council staff's response to the comments and suggestions of the Suburban Transit Association (STA) concerning the five proposed regional policies and procedures that will be considered by the Transportation Committee on September 13, 2010.

Work began on the first of these procedures in April 2008 and has continued steadily to the present. In fact, at least 21 meetings totaling more than 50 hours have been dedicated by many people to developing these policies and procedures. Through this process, STA providers have offered numerous suggestions and many have been incorporated in the proposed policies. (A list is attached.)

Before responding to the STA's specific comments, I want to help all understand the purpose of these proposed policies and procedures. As Chair Bell has publicly indicated, the Metropolitan Council is the regional governing body for the Twin Cities metropolitan area and is responsible for ensuring:

1. That high-quality, seamless and coordinated transit service is provided throughout the region.
2. The equitable, efficient and transparent distribution and use of regional transit capital and operating resources.
3. Compliance with all federal and state laws, regulations and procedures governing the use of transit funds by the Council and all subrecipients, including suburban transit providers.

These proposed regional policies and procedures are intended to ensure that the Council fulfills these responsibilities**.** Below are examples of areas where issues have arisen, and where written policies and procedures would have been helpful:

Federal Compliance

- The Federal Transit Administration's 2009 Triennial Review Found that the Council does not conduct adequate oversight and monitoring of its subrecipients and contractors, and has insufficient oversight of vehicle maintenance.
- The FTA 2007 Financial Management Oversight Review found that the Council had inadequate oversight of subgrantee project management.

- In 2009, a suburban provider requested that its CMAQ grant for 10 expansion buses be advanced. A review of the provider's current fleet and service indicated a an existing spare factor in excess of 50%, as compared to the 20% maximum allowed by the FTA for fleets of 50 buses or more.

Regional Equity

- In 2009, a suburban provided treated its State Fair service as regular service rather than special event service, thus attempting to justify a larger regular fleet. Contacted by the FTA, the Council advised this provider that State Fair service is special event service and documented this in the Fleet Policy.
- In 2009, a suburban provided asked the Council to take back four small buses less than one year after they were delivered. The Council agreed to repaint these buses and transferred them to other regional providers, denying those providers the opportunity of selecting new vehicles of their own specification.

Regional Efficiency/Best Practices

- Council staff continually receives questions from all six STA providers on procedures and responsibilities associated with fleet transfer, fleet disposal, ancillary equipment, bus numbering, etc. Such questions are addressed most efficiently and uniformly in written policies and procedures as proposed here.
- In 2008, a suburban provider asked the Council to pay for mid-life overhauls, which is a bumper-to-bumper overhaul including automatically replacing major components (engine and transmission). The Council and Metro Transit, like the majority of the transit industry, have moved away from programmed mid-life overhauls because of the improved quality of buses. Instead, we program mid-life rehabs that are primarily cosmetic repairs and replace major components only when needed. This includes replacing components prior to failure based on diagnostics. Most buses do not need a major component replacement during their programmed life.
- Different providers have varying opinions on what should be included in a mid-life rehab. The fleet policy clarifies that mid-life rehabs include seat upholstery replacement, repair of uneven flooring, other interior hardware such as grab rails, privacy shields and seat frames, exterior paint, body work, lift overhauls, articulated joints and bus frames.
- When the engine failed on one of eight buses of a certain model, a suburban provider requested that the Council replace the engines on all eight of these buses, even though they were only two years away from scheduled retirement. Council staff refused, noting that the fleet policy provides for "preemptive" replacement of major components based on a diagnostic analysis.
- A suburban provider recently asked the Council to replace a broken rear axle. Council staff advised this provider that the Council is responsible only for replacing engines and transmissions in addition to planned mid-life rehabs. All other bus maintenance is the responsibility of the provider operating the bus.

Following are the *STA comments in italics* followed by the Council staff's response.

- ***Emphasize benefits of cooperation to achieve common goals*** *– These policies and procedures do not emphasize the benefits of cooperation, but instead focus on the goal of providing maximum control by the Metropolitan Council.*

- ***Recognize complicated nature of relationship [between the Metropolitan Council and STA providers]*** *– For the most part these policies and procedures put aside the complicated nature of the relationship. Instead the policies and procedures imply a largely "top down" relationship between the Metropolitan Council and the STA providers.*

- ***Accept the need for balance between autonomy and regional oversight*** *– The STA providers feel the proposed policies go a long way toward micromanaging the operations of transit providers. The complexity of these policies and procedures are likely in the future to further restrict the ability of suburban transit providers to respond quickly, flexibly and responsibly to needed changes in their service, something which has been a hallmark of their success as transit providers.*

Response: In response to the comments above as well as those made by Commissioner Will Branning at the August 9, 2010, Transportation Committee meeting, we have restructured the proposed policies and procedures into a high-level policy statement with supporting procedures. The policy statement acknowledges the benefits of cooperation, the complicated nature of the relationship between the Council and suburban providers, and the challenges in balancing suburban provider autonomy with Council regional responsibilities.

The Council staff is unaware of any of the procedures that restrict the ability of suburban transit providers to respond quickly, flexibly and responsibly. In fact, we believe that by clearly outlining the roles and responsibilities of all parties, efficiencies will be gained because we don't need to "reinvent the wheel" each time the same situation arises.

As the grantee for federal funds, the Council must exercise adequate oversight to ensure compliance with federal requirements and avoid putting large amounts of regional federal funding at risk.

The Council staff concurs that the relationship is complicated, and growing more so every day as the region develops transitways that cross provider boundaries, regional technologies are implemented and new funding sources are realized. We do not believe the policies and procedures are "top down;" rather they reflect the Council's regional responsibilities for the transit system. They also address many of the day-to-day routine operational matters that over the years have been frequently asked by various suburban provider staff. This has been a challenge given the turnover in both STA and Council staff, and the great difference in experience and knowledge by staff at the various STA organizations.

We feel it is important to consider that STA providers have customer satisfaction rates as high as 98%. They provide needed congestion mitigation by taking tens of thousands of vehicles off our highways. They have provided numerous innovations to the region including coach buses, use of Transit Oriented Development, driver assistance via satellite, double-decker express buses, etc. and have brought many national awards back to our region including awards for safety, emergency preparedness, and Provider of the Year in their class.

Response: The Council staff does not believe these policies and procedures will restrict innovation. In fact, changes to the documents have been made in response to STA suggestions to ensure they provide adequate flexibility for all providers to be innovative. For example, language was added to the Guiding Principles of New Vehicle Purchases that states: "This standardization does not preclude the procurement of innovative vehicles for a specific or demonstration purpose." It is this language that would have applied when Metro Transit

acquired the region's first three hybrid vehicles in 2002-2003 and that applies to SouthWest Transit's planned procurement of a double-decker bus.

Fundamentally, STA does not agree with the need for these policies as drafted, and ask that the Metropolitan Council consider an approach to these topics that is less complex and less confusing. The policies are duplicative in some instances and lack detail in other areas. For example, there is already in place a Master Vehicle Lease Agreement with each suburban transit provider that covers many of the fleet issues. There is a ten page agreement for RTC capital grants, and CMAQ rules and regulations that are exhaustive.

Response: As previously mentioned, these proposed procedures are intended to ensure compliance with federal and state requirements; ensure high-quality, seamless and coordinated transit in the region; ensure the equitable, efficient and transparent distribution of regional transit funds and be responsive to comments and questions received from STA providers over the years. In the past, the lack of written procedures has resulted in an inefficient use of staff time; inequitable treatment of transit customers and transit providers, and increased potential for violations of federal and state requirements.

The current Master Lease Agreement includes clauses pertaining to the maintenance of vehicles, but does not include many other items included in the Fleet Management Procedures. As discussed early in the review process with STA staff, if the proposed policy and procedures are adopted, the Master Lease Agreement will be amended or re-written to remove duplicative items from the body of the agreement and the more comprehensive Fleet Management Procedures will be attached as an exhibit to the Master Lease Agreement thereby eliminating duplication.

In addition, there are Fare Reimbursement Contracts; (GFI) Farebox Service Contracts (draft form); National Transit Database (NTD) reports; Capital Financial Assistance Grants; SMARTCoM – Automated Vehicle Locator (AVL) Contracts (draft); and ongoing discussions regarding numerous Transitway Policies. That should be enough oversight.

Response: All of the aforementioned agreements have a specific purpose, which demonstrates the growing complexity of the regional transit system. They address a specific regional technology or address fiduciary responsibilities for both the STA providers and the Council. The NTD reporting is a federal requirement, not a Council requirement.

Below are specific comments and questions regarding the five proposed policies (the sixth – Capital Expenditures Policy, has yet to be developed. We believe more work needs to be done on these policies and respectfully request that these policies be laid over until true agreement can be reached on their scope and language.

Response: Council staff has worked with the STA providers over the past two years seeking their input into these proposed policies and procedures. However, these regional policies and procedures are the ultimate and sole responsibility of the Council. While STA input and feedback is crucial and appreciated, it is not incumbent upon the Council that consensus be achieved. Notwithstanding the above, the significant agreement that has been reached on many issues has been incorporated into the proposed policies and procedures

FLEET POLICY

Policy #1 Coach Bus Minimum Vehicle Life *– Metropolitan Council Staff has recommended pushing out the depreciation/replacement schedule for the MCI coach vehicles from the originally programmed 12 year cycle to a 14 year cycle.*

There is conflicting data and there hasn't been any solid justification for why just the MCI's are being recommended for a longer life cycle. Extending the life of the vehicles beyond twelve years will place added stress and costs on maintenance since the chance for failure increases each year of the vehicle's life.

As a result of prior discussions there will now be an APTA led peer review inspecting SouthWest's six coach buses purchased in 2000, in 2011 (11th year) and making recommendations on the programmed 14 year coach bus life after the review.

Our request is that no change to the 12 year life cycle should be made. However, should the Metropolitan Council wish to consider the proposed change, we do not believe it should be made until after the peer review analysis has been completed.

Response: The purpose of the Fleet Management Procedures is to ensure equity in the regional fleet among all providers, ensure federal compliance and establish procedures for vehicle maintenance, reassignment and management.

No lifecycle for the MCI coach buses has previously been established by the Council, so 14 years is not a change. Rather, the proposed policy would establish for the first time a life cycle for coach buses. This issue was initially discussed in early 2008. A technical team with all STA providers invited developed the fleet document.

At the May 20, 2008, meeting, MVTA staff advised that MVTA had always planned on a 14-year replacement cycle for coach buses because of how they are made and how they are being used in this region (relatively low mileage). National research by Council staff supports a 14-year replacement life given the relatively low mileage the buses in this region accumulate. (See attached Transit Agency Summary for Coach Buses.)

In response to STA provider concerns, Council staff agreed to take the six oldest coach buses in the region, currently operated by SouthWest Transit (SWT), and operate them in Council service in their 13th and 14th years. The Council will monitor annual O&M costs in these latter years for comparison with earlier years. The Council also agreed to fund an APTA peer review of the region's coach buses in early 2011. In fact, the following language proposed by STA participants at the May 20, 2010, Policy Advisory Committee meeting was previously incorporated into the fleet procedures:

"Coach buses will be programmed in the Capital Improvement Program (CIP) for a 14-year replacement cycle (except for the six SouthWest Transit (SWT) 2000-year MCI coach buses). In the first half of 2011, the Council will conduct an APTA-led national peer review to inspect the six SWT 2000-year MCI coach buses in their 11th year and make a recommendation on the programmed 14-year coach bus life. If the outcome of the APTA peer review results in a programmed life of less than 14 years, the CIP will be revised to reflect the recommended program life. The six SWT year-2000 buses will be transferred to the Metropolitan Council to operate in their 13th and 14th years."

Policy #2 item 2 Standardized Fleet *– We would like this item stricken from the policy. The term "standardized" is meaningless unless it is defined, and in its current context it is open far too much to interpretation.*

A one size fits all approach has proven to be unsuccessful and each provider should have some leeway to find a vehicle that best meets their local needs or situation. If cost is the real issue, we believe establishing a value per bus type would be a better alternative, with the option for a specific provider to exceed that amount with their own funding.

A "standard bus" is not a reality for transit as there are too many types, shapes and sizes that are dictated by route demands, cost and vehicle manufacturers, which play into purchasing and operations.

The same vehicle may no longer be available such has been the history of a "standard floor" bus that has given way to the new "low-floor" bus design that has been introduced and welcomed by the public. Options have changed greatly just in the past few years, such as the new BRT look that has been added. So other than having 6 tires (which will change soon also) and a driver of a rectangular shaped vehicle, there really is no such thing as a standard bus for transit.

Response: This procedure is aimed at three objectives:

1. To comply with the Federal Requirements contained within 42 U.S.C. Section 2000d, also known as Title VI of the Civil Rights Act.
2. To assure that vehicles purchased meet minimum standards.
3. To create efficiencies and improve flexibility in the deployment/reassignment of vehicles to the extent feasible.

The Council staff concurs with the concept of establishing a value per bus. A list of "standards" by vehicle type is the basis for establishing this value. The standards found in the policy document are typical of components found on buses that operate in this region and reflect our climate and operating conditions. The Council staff understands the fluidity of the manufacturing industry and will modify the list of standards as the industry evolves.

The Council staff agrees one size does not fit all and respects the need for flexibility and provider choice, which is demonstrated by a current regional fleet with 81 different bus makes/models. This is further illustrated by allowing an additional 5% over the "standard" pricing to reflect individual provider preferences and needs.

Policy #3 Vehicle Ownership *– Other than ultimate control, we see no rational reason why ownership of vehicles purchased with state and/or federal funding should not be assigned to a suburban transit provider. In the past both vehicles and facilities have been owned by suburban properties without issue. If the FTA required ownership by the Metropolitan Council they would have said ownership – but they didn't.*

Response: Per FTA requirements, the Council must have "continuing control" over transit vehicles and demonstrate such to the FTA. This is best accomplished through ownership (holding of title) of the vehicles and leasing buses to the STA providers through the master lease agreement. Council ownership of the regional fleet also allows flexibility in quickly reassigning vehicles among providers, which has been to the primary benefit of STA providers in the recent past.

The FTA requires grantees to keep records of equipment purchased or used by subrecipients. Several years ago, when titles to buses where held by the suburban providers, the Council created a fleet database to more accurately track the fleet and ancillary equipment for more than 800 buses. Accuracy of the information was compromised because the Council did not possess documentation for many vehicles. It took Council staff more than two years to obtain accurate data from all providers and compile it in this database.

Furthermore, the Council is responsible for funding the regional fleet and maintaining the regional fleet database for FTA-reporting purposes. Accuracy is important to avoid repeating the past experience of replacing buses earlier than at the end of their programmed life because the existing fleet acquisition dates were not accurately recorded. Ownership of the fleet also helps the Council ensure compliance with the federal spare factor ratio, which also has been a problem.

As noted below, regardless of the involvement or even the primary control of a subrecipient, the recipient always has the primary responsibility to comply with federal laws and requirements, as noted in the following federal sections:

- Recipient's Primary Responsibility to Comply with Federal Requirements. Irrespective of involvement by any other entity in the project, the Recipient agrees that it, rather than any other entity, is ultimately responsible for compliance with all applicable Federal laws and regulations, the Grant Agreement or Cooperative Agreement for the project, this Master Agreement, in accordance with applicable Federal directives, except to the extent that FTA determines otherwise in writing. (FTA Master Agreement)

- Significant Participation by a Subrecipient. Although the Recipient may delegate any or almost all project responsibilities to one or more subrecipients, the recipient agrees that it, rather than any subrecipient, is ultimately responsible for compliance with all Federal laws and regulations, in accordance with applicable Federal directives, except to the extent that FTA determines otherwise in writing. (FTA Master Agreement)

- Monitoring by Grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that goals are being achieved [49 CFR part 18.40]

Compliance is much easier to ensure and report to FTA when the Council maintains ownership/title to the vehicles. Absent Council ownership, it would be difficult to meet FTA requirements for the following:

- Detailed equipment listings, with purchasing information, acquisition date, federal funding share, grant number, make, model, ID number, location, use and condition, vested title, and useful life, disposition.
- Reconciliation of inventory with equipment listing
- Requirements for transfer of rolling stock.
- Requirements for disposal of FTA-funded assets, including rolling stock
- Monitoring spare factor for the fleet
- Eligibility for preventative maintenance for rolling stock using capital funding

For purposes of financial reporting, the buses are considered a regional asset because they are regionally funded or federally funded through the Council. Since the expense comes from Council funds, the State Auditor expects to see the asset reflected on our balance sheet. Inconsistency in that practice among funding sources, etc. can lead to a finding on our external audit regarding the accuracy of reporting assets.

Policy #8 Vehicle Transfer *– We would suggest that the Metropolitan Council also be subject to DOT vehicle inspections when transferring vehicles to other providers. We also feel that the Metropolitan Council should recognize that Metro Transit stops certain types of repairs when vehicles reach a certain age, which means that our providers have received used buses that require a host of repairs. We feel these costs should be eligible for reimbursement.*

Response: MS 169.781 Subd. 1 (a) (2) exempts buses operated by the Metropolitan Council from annual commercial vehicle inspections. Buses operated by a private contractor, under contract to the Council and any suburban provider, are subject to the annual DOT inspection. The DOT only inspects for safety-critical items and the Council believes that the fleet management procedures allow for an inspection that exceeds safety standards. However, the Council is receptive to a DOT inspection being conducted on buses to be transferred to a STA provider if the STA provider advises the Council it wants this completed, is responsible for having the DOT inspection conducted and paying for it. A transferring provider will be responsible for repairing any items that do not pass the DOT inspection. The Fleet Management Procedures have been revised to incorporate these changes.

Council staff disagree with the STA statement that Metro Transit stops certain types of repairs when vehicles reach a certain age and are not aware of any situations to the contrary.

Policy #11 Maximum Funding per Vehicle Type *– While this policy references "standardized" options, we contend there is no standard option – in addition to no standard vehicle. We feel this section needs additional work.*

Response: See above response to Policy #2.

Policy #14B Schedule Standby Vehicles *– We do not believe the number of scheduled standbys should be governed by policy. Too many factors such as proximity/distance from a maintenance garage, service frequency, vehicle age, and service factors such as weather and special events play a pivotal role to maintain service and schedules. This process is better slated to be addressed by each provider in their annual service plans and budget.*

Response: The Council is responsible for funding the regional fleet, including scheduled standbys. This section ensures that providers do not have an "end run" around the FTA's spare factor ratio requirement and to ensure regional equity among providers. The proposed procedure allows one scheduled standby for every 50 peak buses or increment of 50 buses for each provider. Only Metro Transit, SWT and MVTA utilize scheduled standbys today. Metro Transit has one scheduled standby for approximately every 80 peak buses. Prior Lake, Shakopee, Plymouth and Council contracted routes do not utilize scheduled standbys. Maple Grove contracts its express service with Metro Transit, so its needs are covered by Metro Transit.

Because the Council funds the regional fleet, it must have some assurance for maximum fleet needs in its capital planning and budgeting process. Not having guidance around the maximum

fleet and leaving the number of scheduled standbys to each provider does not allow for reasonable budgeting by the Council. Given that most suburban provider service is destined for downtown Minneapolis, perhaps the suburban providers could work together to share scheduled standbys. This would be a more efficient use of the regional fleet than each small entity having its own.

Policy #18 Ancillary Items *– This policy states the Metropolitan Council will fund ancillary items. We would like clarification as to if security system means cameras. Also, in exactly which year's fiscal dollars are the maximum Metropolitan Council contribution amounts stated? This needs to be more specific*.

Response: Yes, security system means cameras. The prices have been updated to 2010 prices and, as indicated in the procedures, pricing indexes will apply in future years. The prices will also periodically be updated administratively.

Policy #19 Ancillary Items (continued) *– The section entitled Standard Vehicle Configuration Exhibits is not helpful. This section should be deleted as discussed previously.*

Response: There is no Policy #19 so we believe you are referring to Policy 18: Ancillary Items (continued). This section lists the ancillary items that the Council will fund up to a maximum amount. This section was previously edited to add more items (spare parts and diagnostic equipment) in response to STA providers input and has already been used by STA providers with recent bus procurements. This section directly addresses past questions from STA providers asking what ancillary items the Council will and will not fund.

PROCEDURES FOR PROCUREMENTS

We believe this policy is fundamentally unnecessary as it correctly states, "the Suburban Transit Provider as the subgrantee is primarily responsible for meeting all applicable federal requirements associated with the receipt of federal funds including, without limitation, all federal procurement requirements," and goes on to state further, "the Council already has procedures in place for the monitoring of the subrecipient compliance with FTA requirements". Again, any additional procedures take Metropolitan Council staff time and money and suburban provider staff time and money to complete and for what benefit?

Response: The purpose of the Procurement Procedures is to ensure federal compliance and clarify roles and responsibilities.

FTA Circular 4220.1F sets forth the procurement requirements when recipients and subrecipients use FTA funds. It states:

"For the purposes of this circular, 'recipient' also includes any subrecipient or subgrantee of the recipient. Furthermore, a recipient is responsible for assuring that each of its subrecipients complies with the applicable requirements and standards of this circular, and that each of its subrecipients is aware of the Federal statutory and regulatory requirements that apply to its actions as a subrecipient."

Clearly, the Council is responsible for assuring subrecipients comply with FTA requirements. Failure to meet this responsibility could jeopardize future FTA funding for this region. These proposed procedures for procurements specifically address the Council's concerns regarding STA provider procurements.

We recall Metropolitan Council Member Natalie Steffen's request of Metropolitan Council staff to identify in each of these policies what is required by the Federal Transit Administration (FTA) and what is not required by the FTA, this policy remains confusing. Although the title suggests it is for all procurements under a grant agreement with the Metropolitan Council, it goes back and forth between Federal Transit Administration (FTA) specific requirements and other uncited requirements. The Metropolitan Council already has procedures in place for monitoring FTA compliance by subrecipients.

Response: As stated in the proposed procedures, subrecipients (including Suburban Transit Providers) must comply with FTA procurement requirements contained in FTA Circular 4220.1F when using FTA funds. The circular should be consulted if there is a question as to what is or is not required. The procedures are not intended to restate the requirements of FTA Circular 4220.1F, but rather to provide procedures for the Council to monitor subrecipient compliance with FTA requirements.

The proposed policy also states that the suburban transit provider's follow the Metropolitan Council's Project Procurement procedures when issuing procurements involving FTA funds. We are unsure if this applies to only procurements involving federal funds or all procurements. This has not been clarified. Also, are the FTA worksheets to be used in addition to other required worksheets even when the funding source is RTC and no federal funds are used on the procurement? This has not been answered.

Response: The proposed procedures state that they apply to subrecipient (Suburban Transit Provider) purchases using FTA funds where the Council has passed through the funds. The procedures do not apply to other subrecipient purchases.

Piggybacking *– As background, it is important to remember that suburban transit providers have been procuring fleets of vehicles including purchasing vehicles under the process known as "piggybacking" since 1994 without issues. Our members' procurement process includes legal review and oversight. We have consistent communications throughout the process with the Metropolitan Council and/or Mn/DOT.*

Undertaking our own procurement process in the manner described above has allowed the procurement to move at a steady pace without compromising state and/or federal requirements. In addition, working directly with bus manufacturers allows on the spot decisions to be made quickly and efficiently by those who will ultimately operate the equipment. Specifically we would like to see the following changes:

The policy should state that a piggyback assignment can be led either by an STA property, by the Metropolitan Council, or jointly as long as all federal requirements are met.

Response: FTA Circular 4220.1F states: "Although FTA does not encourage the practice ("piggybacking"), a recipient may find it useful to acquire contract rights through assignment by another recipient." The reason that FTA does not encourage "piggybacking" is that the recipient is expected to limit its procurements to the number of vehicles required to meet its reasonably expected needs without adding excess capacity simply for the purpose of assigning contract rights to others at a later date. FTA cites joint procurements and intergovernmental procurements as more desirable approaches when using existing contracts.

There are times when a recipient may find that it has inadvertently acquired contract rights in excess of its needs. In such cases, piggybacking may be used. The Council staff has reconsidered its position on this and has revised the proposed procedure to allow a piggybacking assignment to be led by a STA provider, by the Council, or jointly.

The STA does not object to Metropolitan Council oversight during the process, but the oversight should follow the federal "check list" and should not be burdensome nor time consuming.

Response: The Council staff agrees with this statement.

What title-specific Metropolitan Council staff will be required to review the proposal? (legal, procurement, project manager)

Response: As stated in the proposed procedures, the subrecipient (Suburban Transit Provider) submits the required documents to the Council Project Manager, who is responsible for making sure the appropriate reviews occur.

***Sole Source** – A cost or price analysis must be completed for most federal procurements. Where is this mentioned in the other types of procurements?*

Response: FTA Circular 4220.1F requires that a cost or price analysis be performed in connection with every procurement action, including contract modifications. Cost or Price Analysis is one of the 54 Mandatory FTA Procurement Standards, which is provided as a checklist in the procedures. Each of these standards derives from FTA Circular 4220.1F. Cost Analysis Required (Sole Source) is also on the checklist.

***Maximum Timelines** – The process outlined in the draft policy gives the Metropolitan Council staff the ability to informally push the timeline out beyond the 30 day period outlined. This can be accomplished through a series of additional information requirements which is not identified in the policy. Is this only for federal procurements? We are proposing that, if this must remain, a bulleted list be added to the policy that specifically outlines what information is needed with specific time/days allowed for review, and that the countdown begins once all required information has been submitted.*

Response: The Maximum Timelines section of the proposed procedures state:

> "The maximum timelines for Council turnaround in reviewing procurement documents are listed below. The maximum times apply only to Council staff reviews and do not apply to actions needed by others such as FTA.
>
> Pre-Solicitation
> Review Subrecipient Contract Initiation Memo (SCIM), Independent Cost Estimate (ICE) and draft solicitation document including specifications and sample contract within ten (10) business days.
>
> Pre-Contract Execution
> Complete DBE compliance checks within ten (10) business days as a general rule. Certain projects may require additional time in order to complete the DBE checks due to a large number of proposers and/or the potential for reconsideration hearings.

Contract Administration
Review proposed contract changes within ten (10) business days.

Note that other procurement activities can proceed during these reviews, so that the overall procurement time is not necessarily increased by the number of business days stated above. The above times exclude non-Council actions by FTA, TAB or MnDOT and other parties which may have other timeline requirements."

The maximum timelines were established at the request of STA providers so that the providers would have an expectation of the time required by the Council to complete its reviews. The maximum timelines are not intended to give "staff the ability to informally push the timeline out beyond the 30 day period outlined." Council staff have followed up initial submittals with requests that complete information be provided.

STA requests a bulleted list that specifically outlines what information is needed with specific time/days allowed for review. That information is already stated in the procedures above: Subrecipient Contract Initiation Memo, Independent Cost Estimate, and draft solicitation document including specifications and sample contract, reviewed by the Council within 10 business days; DBE compliance checks (review of all bids or proposals) within 10 business days; and proposed contract changes (review of contract amendments) reviewed by the Council within 10 business days. The timelines begin once all the specified documents are completed and submitted to the Council.

As stated previously, the procedures apply to subrecipient (Suburban Transit Provider) purchases using FTA funds where the Council is the recipient.

Project Authorization *– The document does not discuss what is needed from the subrecipient. What is the timeline on these activities? These, especially the grant agreement, can take months to receive.*

Response: The word "application" will be added to clarify this section, so it will read: "The Council sends subrecipient the notification letter with **application and** monitoring requirements attached." Application in this context means the documents required for grant application to FTA through the federal grant application system.

Application and monitoring documentation required for each federal grant varies depending on the scope of the grant project(s). Therefore, it isn't possible to state exactly what the required documentation will be.

The timeline for submission of these documents also is dependent on the number and types of documentation needed. An environmental assessment or environmental exclusion document may take anywhere from days to weeks to complete. Execution of the interagency grant agreement is dependent on the amount of negotiation necessary and the changes to the standard grant agreement template the subrecipient requests. Every effort is made to complete these negotiations as quickly as possible so all parties can begin the project in a timely manner.

Project Procurement *– There is no discussion about the need for the subrecipient to have a procurement protest procedure. There should also be some discussion about the difference in the Office of Diversity and Equal Opportunity (ODEO) documents if it is a bid or proposal especially an A & E proposal submittal. Pricing cannot be shown on the usual DBE documentation.*

Response: Written Protest Procedures is one of the 54 Mandatory FTA Procurement Standards, which is provided as a checklist in the procedures. As stated in the procedures, the subrecipient submits a draft solicitation document to the Council for review. Questions about solicitation details can be discussed at that time.

When a solicitation is issued by a subrecipient, there is no discussion of the Metropolitan Council's participation, particularly ODEO's, in pre-proposal/pre-bid conferences for federal procurements. What about the response to questions?

Response: The Council's Project Manager coordinates ODEO's attendance at all pre-bid or pre-proposal conferences, which is required as part of the standard procurement process to ensure that all DBE requirements are clearly and accurately conveyed to bidder/proposers. If questions are raised regarding DBE issues or any other issues regarding the procurement, the subrecipient should have a procedure in place for providing written responses to questions submitted.

There should be a cost/price analysis when a subrecipient submits a proposal or bid to the Metropolitan Council Project Manager who forwards them to ODEO for the DBE compliance check.

Response: A cost or price analysis must be conducted prior to award to establish if the price is fair and reasonable. A cost or price analysis is not used as part of the DBE compliance check.

In regard to all contract amendments that require prior review and approval by the Metropolitan Council project manager, what about a step needed before contract amendment? Construction change orders are not discussed. Limits have applied on when the Metropolitan Council review and approval is needed on these contract amendments.

Response: As stated in the procedures, all contract amendments require prior review and approval. The procedures do not require that change orders receive prior review and approval.

***Post-Procurement** – We suggest one hard copy and one electronic copy be sufficient as opposed to the subrecipient submitting four copies of each invoice packet, including the DBE documentation to the Metropolitan Council Project Manager. It may also be helpful to electronically submit the DBE paperwork separately to ODEO as soon as a provider receives the invoice so that any corrections, concerns or questions can be addressed and payment is not held up.*

Response: Subrecipients work closely with the Council Project Manager to ensure that proper documentation is submitted. Subrecipients are encouraged to provide ODEO an electronic version of the DBE Progress/Project report for review and approval prior to submittal of the actual hard copy payment invoice; however, it is not mandatory. It is mandatory that primes submit a hard copy of the DBE Project/Progress report along with invoices for payment. ODEO must sign-off on all pay requests. No payments will be authorized or made without attachment of the said DBE report. Hard-copy documentation of invoices and DBE progress reports are required by various departments for file documentation. Having invoice packets provided by the subrecipient speeds the signature and approval process for ODEO.

Miscellaneous Provisions *– The Policy states that there may be other minimum requirements by the Metropolitan Council, is this only for buses procured under FTA rule? Where, when and how will the sub recipients learn about these requirements?*

Response: The procedures have been revised to clarify that the Council has minimum requirements for warranty, indemnification, insurance, liability and bonding for Council-owned assets.

The cost of Metropolitan Council personnel time and materials being deducted from the amount of the grant award at the Metropolitan Council's discretion should be eliminated. If this were ever to occur, the grant award would need to be increased by the estimated amount of the time and materials or the subrecipient needs to know when preparing an application so that these costs are included at that time. A percentage of project costs, or a fixed dollar amount has not been disclosed to the transit providers.

Response: The Council staff agrees that if the Council is to be reimbursed for staff time spent on the project, these costs need to be reflected in the STA provider's project budget. The Council has not in the past been reimbursed for its time, but reserves the right to do so and will notify the STA provider when it expects to be reimbursed on any specific project.

FACILITIES OWNERSHIP

We request that all references to "Opt-Outs" be deleted and "Suburban Transit Providers" be inserted instead.

Under the conditions of Facility Ownership, we request the following changes be made:

- *Delete the word "all" from the first line of item #2*
- *Delete "per the schedule below" from the item #4*

Response: The purpose of the Facilities Ownership Procedures is to ensure compliance with federal, state and Counties Transit Improvement Board funding requirements and to clarify use by various providers as well as operation and maintenance requirements.

All references have been changed to "Suburban Transit Providers." The Council staff does not concur with the first bullet because all transit facilities are funded with federal, state and regional transit funds and facility use, operation and maintenance should be consistent with all regional transit policies. The Council staff does not concur with the second bullet because the proposed procedure as written simply clarifies the facility owner's operation and maintenance responsibilities.

We comment that the schedules under ***Routine Operation and Maintenance****, as well as* ***Long-Term Maintenance and Capital Improvements*** *need more work and are not inclusive lists.*

Response: The lists were initially proposed by MVTA for the Apple Valley Transit Station with additions made by the Council. They have been available in draft form for STA comment since early 2009. At the February 23, 2009, Policy Committee meeting, the STA advised that the draft was generally accepted. The Council will consider any additional items if the STA provides specific suggestions.

REGIONAL TRANSIT OPERATING REVENUE ALLOCATION

We don't believe that, at this point, the process for distributing what is termed "regionally allocated MVST" contained in this policy and the related Regional Service Improvement Policy (RSIP) adequately assure fairness and equity in the distribution of these funds.

We propose the following alternative approach:

We suggest a proportional share of the new MVST funding (amount over the initial 21.5%). This is consistent with the SIS Workgroup discussions, which was formed in 2007 to address the new MVST funding. Suburban transit providers would received 6.25% of MVST up from the current 3.74%

Response: The purpose of the Regional Transit Operating Revenue Allocation Procedures is to ensure the equitable and transparent distribution of regional transit operating funds (above the base distributed by state statute) among all transit providers in a manner that best supports regional transit priorities.

The Legislature had the opportunity to earmark a proportional share of MVST growth to the suburban providers and chose not to do so. Instead, it assigned the Council the responsibility for allocating these funds and meeting future regional transit needs. The suburban providers are not frozen out of these funds; their proposals to expand service simply must compete against other regional transit needs. The suburban providers are receiving some of these funds today to maintain existing services.

Moreover, the STA does not indicate how its requested 6.25% proportional share of the new MVST (Allocated MVST) would assure regional fairness and equity. The Council staff believes it is critical that the distribution of Allocated MVST (funds above the Base MVST) be based upon a number of important factors, such as:

- A provider's need for funds to maintain existing transit services;
- Existing demand for transit service, future implementation of transitways;
- Changing demographic factors such as population and employment;
- Level of highway congestion;
- Number of transit-dependent individuals;
- Other factors that can impact transit demand.

A set formula that does not account for these changing factors will result in funding inequities across the region.

Currently transit providers operate in very different financial environments. Some providers have Base MVST funds adequate to fund their existing services while other providers must rely on Allocated MVST to maintain existing service and avoid service reductions. Some providers have service that is at or exceeding capacity that they are unable to address while other providers have more than adequate capacity. Future regional population and employment growth is not predicted to occur in the same areas and in the same proportions as it has occurred over the past decades. Regional transit equity would not be served by distributing future funding for transit expansion solely based upon a past history of transit operating property tax collections which no longer exist.

The fact is that the current proportionate share of statutorily mandated Base MVST that the STA providers receive is not even equitable or reflective of demand among the STA providers themselves. This is demonstrated by the fact that some STA providers continue to have operating reserves exceeding 200% and today are not using all of their Base MVST while others require $5 million in 2011 regionally Allocated MVST just to maintain existing services.

Council staff did convene a group of Council and STA staff, known as the Service Investment Strategy group or SIS, to begin discussing policies and procedures that would guide the distribution of the regionally Allocated MVST revenues for transit expansion purposes. The SIS staff group did reach preliminary consensus that a portion of the new MVST funds available for expansion purposes could be distributed to transit entities using a fixed formula. However, the duplication of transitway funding with any fixed formula funding had not been resolved and this concept was contemplated prior to a number of factors being known or considered, including:

- A budget analysis that showed some STA providers had adequate operating revenue provided through the base MVST distribution;
- A budget analysis showed that some STA providers had very high 2008 year-end operating reserves, ranging from 56% to 240% (97% average) and well in excess of reserve policy levels adopted by the individual STA provider organizations;
- The deterioration of the MVST revenues to a level where funds were only available for service preservation purposes, not expansion;
- General fund reductions that have occurred during the state budget deficit; and
- Lack of state funds being provided for new committed service.

As these activities were occurring, MVST revenues were in substantial decline statewide and it soon became apparent that the Base MVST plus the regionally Allocated MVST would not bring in nearly the amount of revenue originally anticipated. In fact, in fiscal years 2008 and 2009 (the first two years of the MVST dedication phase-in) the metropolitan transit share of MVST at 24% and 27.75% respectively, brought in approximately the same amount of revenue as was received in fiscal years 2006 and 2007 when the metropolitan transit share of MVST was at 21.5%.

As regional budget analyses were conducted in preparation for the 2009 legislative session, it became apparent that most of the new regionally Allocated MVST would need to be distributed to the transit entities (defined as the Council transit operating units and the Suburban Transit Providers) just to preserve existing transit service. In addition, the region had new operating commitments for services that were legally required to begin service, including UPA operations on Cedar and I-35W BRTs and Northstar commuter rail.

Operating Reserves – The suburban transit providers are governed by City Councils and Boards that set their own reserve levels. However, a Regional Reserve Policy is reasonable if the percentage factors in the differences between the providers. A 35% cap on reserves prior to being allowed to receive the 6.25 % fixed share of the MVST funds is reasonable. However, requiring each provider to share in deficiencies that aren't regional in nature or deficiencies resulting from labor disagreements is not reasonable and should not be paid for by all providers.

Response: Each transit provider likely experiences costs that are unique to that organization. Rather than establishing and seeking agreement to a comprehensive list of specifically defined disallowances, this proposed policy relies on uniform priorities, criteria, and fiscal guidelines as the framework for resource allocation. Ensuring meaningful compliance to a policy of

allowances and disallowances necessitates a cumbersome level of cost reporting that regional transit providers clearly want to avoid.

The intent of this policy is to govern the regional distribution of shared revenue using criteria that are reasonably fair and reasonably administered. Regardless of whether revenues are growing or declining, ineffective management by one regional provider wastes resources that would otherwise be available to other regional providers. It should be noted, however, that the priorities and fiscal guidelines are intentionally broad-based to avoid the pitfalls of line item cost reviews and arbitrary judgments on organizational decision-making. All regional providers have stressed the importance of balancing mutual accountability with organizational autonomy.

Additionally, the timelines on the information requested in item number one do not coincide with municipal budgeting timelines and some of the information is duplicative. There is no rationale for the conclusion that other revenue should be calculated at 1% of each transit entity's annual operating expenses. We also have concerns with locking in the percentage of market share. Providers cannot grow if they are not given the funding to grow.

Response: The Council's existing operating budget preparation schedule calls for developing a draft operating budget for the next calendar year in June/July of the current calendar year. The Council's budget preparation schedule is driven by the need to certify levies for public comment and hearings that take place in the fall. The policy recognizes that this schedule is well in advance of the STA providers' typical timing for developing operating budgets, which is generally in October/November of the current calendar year.

In recognition of this timing difference, the proposed policy allows STA providers the option of submitting in June either placeholder expense estimates for their preserve transit service budget for the next calendar year, or having Council staff inflate their current year preserve operating budget using Metro Transit's calculated inflationary rate. The operating budget developed in June/July is to give the Council a good planning estimate for the amount of Allocated MVST revenue that will need to be passed through to the STA providers to preserve existing transit service.

The policy then allows these expense estimates to be updated in October using actual budget figures from the STA providers developed during their budget preparation process. These updated figures will be used to adjust the regional preserve transit service revenue allocation model, update Allocated MVST amounts that will be passed through to the STA providers, and incorporate the new data into the Council's draft operating budget during the public comment phase, prior to final adoption of the budget in December.

This process was used this past summer to develop the CY2011 Draft Operating Budget and all suburban providers chose to submit estimated expenses rather than having their current year budget inflated. STA providers will be given the opportunity later this fall to adjust what was previously submitted.

The preserve transit service revenue allocation model includes inputs for both expected preserve expenses and revenues. On the revenue side, transit providers have very different sources of "other revenue." Some providers have significant income from advertising revenue, investment income or other types of contract income. Metro Transit has the largest "other income" as a percent of its total revenues with 3-4% of revenues provided from other source. The revenue allocation model uses Metro Transit's actual "other revenue" rather than the 1% assumption.

The 1% assumption is used for all other transit providers to provide a level playing field. If a provider is not allocated the 1%, the revenue allocation model would fill this gap using Allocated MVST. It does not seem fair to penalize providers who take the initiative to find "other" sources of revenue by using Allocated MVST for those that do not pursue these other sources. In addition, 1% is a very small amount of the total budget so that providers who cannot achieve this level of other funding are not overly penalized.

REGIONAL SERVICE IMPROVEMENT PLAN POLICY (RSIP)

Simply put, the RSIP policy isn't ready to be adopted. Just like the other policies, there are too many questions remaining unanswered. For example, the makeup of the review committee isn't defined. Likewise, the criteria to be evaluated isn't defined.

Response: The purpose of the Regional Service Improvement Plan (RSIP) Procedures is to comply with the *2030 Transportation Policy Plan* requirement to create a plan that identifies short-term regional transit expansion opportunities and prioritizes these opportunities for when additional operating funds are available.

The RSIP has been discussed in detail at five different meetings over the last year. Numerous revisions have been made in response to STA input. In general, based on STA input, the RSIP has been modified to be less quantitative and data intensive, resulting in a process that is more qualitative and will rely upon the cooperative efforts of the regional Review Committee. Now, contrary to previous input, the STA is suggesting that the RSIP be more specific and defined. As further explained in the following responses, the Council staff believes the current version adequately outlines the process to be used and will depend on the Review Committee to further refine the process and make recommendations to the Council.

The representation on the Review Committee is defined in the *Regional Transit Operating Revenue Allocation Procedure,* specifically that each STA provider is designated one representative in addition to two from Metro Transit (one bus and one rail) and one from MTS. This makeup of the Review Committee has been added to the RSIP.

The following evaluation factors are identified in the RSIP document: subsidy per passenger, passengers per in-service hour, congestion mitigation, capital facility and running way coordination, benefits for ADA community, service to minority and low income populations; local support and innovation. It is true that they are left in general terms and this was done so intentionally. As was stated at the July 20, 2010, Policy Advisory Committee meeting, the Council expects the Review Committee to refine these factors as they better understand proposed service improvement details. We believe the Review Committee needs to see the scope of proposed projects before deciding how best to establish specific measures that allow projects to be differentiated on the various evaluation factors. For example, all have agreed that express, urban local and suburban local service improvements should be considered, but that they should be evaluated differently within the broader evaluation factors. They cannot have apples-to-apples evaluations because they serve different markets. The Council will look to the cooperative input of all providers on the Review Committee to make recommendations for the region's priority service improvements.

Specifically, there should be a distance-based evaluation criterion such as miles per passenger in addition to subsidy to mile. Perhaps a tie into Mn/DOT's congested corridors report developing a cost to the region. Every single occupant vehicle (SOV) off the road during peak

hours helps the region significantly both in terms of time to the commuter and by providing a higher quality of life. There should be a way to include these factors. They should be seriously considered, not summarily dismissed.

Response: The Council staff has repeatedly responded to this suggestion by individual STA providers that we are open to discussion of other quantitative regional performance standards. Today, under the *2030 Transportation Policy Plan*, subsidy per passenger and passengers per in-service hour are the two regional performance standards. We have suggested that the proposer(s) of a new standard provide an explanation of how the proposed standard does a better job than the existing standards in measuring route performance, including a sensitivity analysis based on current route data. It is important to note that given the presence of large park and rides, use of larger vehicles, and availability of transit advantages such as MnPASS lanes and bus-only shoulders, many of the longer express routes in the system perform better than the shorter express routes as demonstrated by the 2008 data.

Regarding tying into Mn/DOT's congested corridors report, the originally proposed RSIP process contained a very specific process for measuring congestion benefit based on three factors: the number of congested segments the route serves, the level of congestion in those segments, and the new ridership expected from the project. However, feedback from the STA providers was that this was type of detailed analysis they wanted to avoid in the RSIP. The Council staff is comfortable with the Review Committee refining the evaluation factors to add this level of detail to the process.

Additionally, the long distance routes cost more to operate than shorter routes. For example, compare a 20 mile long express route to a route that is 10 miles long. It will only take half the time to recycle the 10 mile long bus route and begin picking up paying passengers again. The shorter 10 mile trip also uses less fuel, reduced wear on the tires, as well as reduced maintenance related costs because the vehicle travels fewer miles.

Lastly, if STA providers receive a set amount of the new MVST, the RSIP policy would seem to be unnecessary and inapplicable. The STA providers all have elected boards and commissions that are in the process of reviewing and approving service plans. Also, in order for any service to be retained after 18-months, it must meet performance measure standards. We believe preapproval of new service through the RSIP policy seems to be an overstepping of the regional oversight and further erosion of the STA providers autonomy.

Response: As noted earlier, in seeking a set amount of the regionally Allocated MVST above their statutory Base MVST, the STA has not communicated how that approach would be fair and equitable. Each provider has authority and autonomy to change its existing services; only expansion services explicitly selected and funded with regionally Allocated MVST through the RSIP process cannot be eliminated and reinvested autonomously by a provider.

Regarding retaining new service, the Regional Transit Operating Revenue Allocation procedures state that service will be retained as long as it meets regional performance standards and that "this determination will be made after the service has been in operation for at least 18 months" (underline added). In other words, 18 months is the minimum duration before new service will even be evaluated. We would look to the RSIP Review Committee to make recommendations to the Council on retaining service that does not meet performance standards after it has had adequate time to develop ridership.

In closing, it is important to recognize the STA staff and policy board members for their significant participation and contribution to the proposed regional policies and procedures. While there may not be agreement on all points, the dialogue has resulted in a better product.

cc: Metropolitan Council members
Tom Weaver

Attachments:
Policy and Procedure Changes in Response to STA Input
Transit Agency Summary for Coach Buses – February 2009

Changes to Proposed Regional Policies and Procedures

September 2010

Changes made to the proposed Regional Policies and Procedures in response to STA input include the following:

Regional Operating Revenue Allocation

- Removed Committed Service Expansion as being the third priority for investment of Allocated MVST funds, coming before service expansion. Also removed the entire section in the procedure to allocate funds for Committed Expansion. This was done at the request of the STPs to avoid having a situation where rail or transitway expansion would have a higher priority for Allocated MVST funding than would general bus expansion.
- Added a new section on Operating Reserves and allowed STP operating reserves to range from 25% - 35% of total operating revenues depending on whether the level of Allocated MVST allows for maintaining reserves at the higher level. (The result of this was to put funding of operating reserves as a higher priority than funding expansion.)
- In the section describing how Allocated MVST would be distributed for expansion purposes, removed the section that addressed maintaining the distribution based upon current market share.
- Added a section describing the budget timeline and when information was due for preparation of the preserve operations budget.
- Allowed STPs to submit draft information in June or to have the Council apply an inflationary factor in June to prepare the draft preserve operations budget for the next calendar year. Actual data is then due in October at which time the Council will revise the draft operating budget to reflect the newly submitted changes.

Fleet Management

- Agreed for Council to accept ownership of the six oldest MCI coach buses in the regional fleet, now operated by SouthWest Transit, at the end of their 12th year. The Council will operate them in 13th and 14th years.
- Agreed for Council to organize/fund an APTA peer review of the six oldest coaches in their 11th year and abide by the recommendations of that peer review in programming the life of coach buses.
- Added language to ensure ability to acquire unique buses for innovation and demonstration purposes.
- Adjusted the maximum Council contribution for ancillary items to reflect current prices.

Procurement

- Added maximum timelines for Council turnaround in reviewing procurement documents.
- Agreed to have STPs lead piggyback procurements.
- Clarified Council minimum contract requirements for Council-owned assets.

Regional Service Improvement Plan (RSIP)

- Developed the initial RSIP procedure with input from STPs, specifically responding to requests to minimize technical complexity and emphasize the multiple benefits of transit service.
- Added the establishment of a Review Committee representing all regional transit providers to review and score transit improvement projects.
- Added evaluation factor for “Innovation” to reflect desire of providers to try new service delivery models with expansion funding.

TRANSIT AGENCY SUMMARY FOR COACH BUSES

Summary of Research Conducted on Coach Buses used by Public Transit Agencies

February 2009

Transit Agency	Planned Replacement Cycle	Average Annual Miles	Number of Miles when Retired
Denver	12 Years Eligible with 500k miles	85k	Current fleet 726k-926k at 10 yrs. Will use 2-3 more years
Utah Transit Authority	14-16 years	50k – 60k	700k – 960k
Toronto – Go Transit	16-18 years	65k - 75k	1.0 M - 1.24 M
Seattle – Sound Transit	14 years	80k – 90k	1.1 M – 1.26 M
New York Transit	12 years	33k – 42k	400k -500k
Georgia Regional Transit Auth.	12 years	42k	500k
New Jersey Transit	Historically 14-15 years or longer 12 years minimum	80k Commuter Service 40k Inner City	769k average
Southwest Transit	14 years	27k	378k
Minnesota Valley Transit Auth.	14 years	27k	378k
Shakopee	14 years	19k	266k
Metro Transit	14 years	27k (expected)	378k (expected)
Prior Lake	14 years	32K	455K

Regional Transit Policy and Procedures

September 2010

Policy:

As the regional governing body for the Twin Cities metropolitan area, the Metropolitan Council is responsible for ensuring:

1. That high-quality, seamless and coordinated transit service is provided throughout the region
2. The equitable, efficient and transparent distribution and use of regional transit capital and operating resources.
3. Compliance with all federal and state laws, regulations and procedures governing the use of transit funds by the Council and all subrecipients, including suburban transit providers.

Purpose of the Policy:

As the grantee for federal and state transit funds, the Council is responsible for compliance with all federal and state funding requirements. The Council also levies and distributes regional transit capital funds. The Council is responsible for distributing all of the transit funds in a manner that ensures equitable and efficient use of these funds to provide quality, seamless and coordinated transit service throughout the region.

The metropolitan area has multiple transit providers, all of which are recipients of federal, state and regional transit funds. Given that the region's transit system and funding sources are increasing in complexity, the relationship between the Metropolitan Council and transit providers is becoming more complex. As a result, balancing autonomy for providers with the Council's regional responsibilities is a greater challenge.

This policy and supporting procedures recognize the benefits of cooperation among all providers. They also recognize cooperation is best attained when clear and transparent procedures provide clarity on individual roles, responsibilities and processes. This allows the Council and all transit providers to adequately plan and budget for fleet acquisition and replacement, operations, maintenance and other needs associated with delivering transit service.

Implementing Procedures:

To carry out this policy, the Council will provide clear and consistent procedures as they are needed. These procedures, which may be updated by the Regional Administrator, include but are not limited to procedures for:

1. Allocation of regional transit operating revenues
2. Regional service improvement planning
3. Vehicle selection, purchase, maintenance, transfer and management
4. Procurement
5. Facilities ownership

Metropolitan Council

FLEET MANAGEMENT PROCEDURES

SEPTEMBER 2010

Metropolitan Council

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INTRODUCTION

The procedures contained within this document are aimed at four objectives:

1. To facilitate compliance with all requirements as established by the Federal Transit Administration.
2. To facilitate compliance with federal requirements contained within 42 U.S.C. Section 2000d, also known as Title VI of the Civil Rights Act.
3. To assure that vehicles purchased meet minimum standards.
4. To create efficiencies and improve flexibility in the deployment/reassignment of vehicles to the extent feasible.

These procedures may be periodically reviewed and revised.

CONTENTS

SELECTION AND PURCHASE

Procedure 1: Selection of Vehicle Type Guidelines

Vehicle type should be determined and purchased according to service type and passenger loads. Interlined and start-up services may provide exceptions.

Vehicle type	Passenger Loads*	Service Type	Approx. GVW	Minimum Vehicle Life
Commuter Coach	Min: 30 Max: 57	Express with a one-way trip length of greater than 15 miles AND duration greater than 30 minutes		12 - 14 years**
Articulated Diesel Transit Bus	Min: 30 Max:58 (Express) Max:73 (Urban Local)	Express, Local		12 years
Articulated Hybrid Transit Bus	Min: 44 Max:73	Local		12 years
40’ Hybrid Transit Bus	Min: 29 Max: 48	Local		12 years
40’ Diesel Transit Bus	Min: 20 Max: 38 (express) Max:48 (local)	Express, local		12 years
30’ Transit Bus	Min: 13 Max: 26	Medium volume local; low volume express	> 26,000	12 years
Medium-Duty Transit Bus	Min: 13 Max: 26	Suburban circulator services with limited service window (e.g., peak only)	16,000-26,000	7 years
Heavier-Duty Small Bus	Min: 12 Max: 24	Limited stop or express with 4-6 weekday trips or dial-a-ride services	> 14,500	5 years
Light-Duty Small	Min: 2-4	Limited stop or express	< 14,500	5 years and:

Bus	pass./hr. Max: 6	with 4-6 weekday trips or dial-a-ride services		200,000 (diesel) 175,000 (gas)

*Peak loading pattern

**Coach buses will be programmed in the Capital Improvement Program (CIP) for a 14-year replacement cycle (except for the six SouthWest Transit (SWT) 2000-year MCI coach buses). In the first half of 2011, the Council will conduct an APTA-led national peer review to inspect the six SWT 2000-year MCI coach buses in their 11th year and make a recommendation on the programmed 14-year coach bus life. If the outcome of the APTA peer review results in a programmed life of less than 14 years, the CIP will be revised to reflect the recommended program life. The six SWT year-2000 coach buses will be transferred to the Metropolitan Council to operate in their 13th and 14th years.

Procedure 2: Guiding Principles of New Vehicle Purchases	All federally funded vehicles purchased under agreements not directly executed by the Council shall be purchased in accordance with the Council's Procedures for Suburban Provider procurements. Vehicles shall be purchased in accordance with these guiding principles: 1) Upon request by a suburban provider, the Council will include the provider in the development of bus specifications and coordinate the procurement to maximize quantity and leverage optimal pricing. 2) The regional fleet will be standardized to the greatest extent feasible in accordance with the Standard Vehicle Configurations (Exhibits A through F). This standardization does not preclude the procurement of innovative vehicles for a specific or demonstration purpose. 3) The Council will consider life-cycle costing. 4) The Council will consider commercial availability. 5) Hybrid Buses and Alternative Fuel Buses are appropriate in any vehicle type if: a) a complete life-cycle cost-benefit analysis suggests that they would represent a more effective use of capital or operating dollars, or; b) when broader public policy issues suggest a significantly higher than usual value of factors such as emissions, noise profiles and support of advanced technologies compared to traditional diesel buses. Rationale: The Council will create efficiencies, to the greatest extent possible and practical, by standardizing vehicle options upon purchase.
Procedure 3: Vehicle Ownership	Vehicles funded in whole or in part by the Council shall be owned by the Council. Fleet vehicle titles or Certificates of Origin shall be delivered to the Council within 15 days of vehicle acceptance. Rationale: It is important to establish a regional fleet comprehensive plan and effectively manage resources in a dynamic and unpredictable environment. Council ownership satisfies the Federal Transit Administration's requirement for *Satisfactory Continuing Control.*

MAINTENANCE, REPAIRS, INSPECTIONS **Procedure 4: Mid-life Rehab Costs**	Publicly funded vehicles with a useful life of 12 years or more per Council procedure will be eligible for planned mid-life rehabs to include seat upholstery replacements, repair of uneven flooring, other interior hardware such as grab rails, privacy shields and seat frames, exterior paint, body work, lift overhauls, articulated joints and bus frames. In the event of a capital funding shortfall, funding major component failures will be a higher priority than funding mid-life rehabs.

Procedure 5: Major Component Failures	For vehicles in which the Council holds the title or the Certificate of Origin, the Council will cover the cost of major component work, through the capital budget, that meet the following criteria: 1) Are not included in the manufacturer specified preventive maintenance items, and; 2) Have a cost of $5,000 or more (including the cost of labor) per unit. Major component work will be completed on an as-needed basis. "As needed" means that engines and transmissions and other items not included in the manufacturer's preventive maintenance schedule will be replaced or rehabbed on a preemptive basis based on technical criteria that indicates component failure is imminent. The Council's fleet manager will consider verifiable and substantive technical information for individual vehicles and, based on such information, may authorize replacement of major components prior to failure. Technical information to be considered in the decision making process includes but is not limited to: 1. Age of the vehicle. 2. Vehicles of the same make, model and year. 3. Expected remaining life on the engine or transmission. 4. History of that particular vehicle engine or transmission. 5. Type of engine or transmission and the typical lifespan of that particular model. 6. Type of service the vehicle is used for. 7. Results of oil analysis. 8. Results of compression test. 9. Oil consumption trend line. 10. Antifreeze in the oil. 11. Fuel consumption trend line. Rationale: An April 2007 study conducted by the FTA entitled *Useful Life of Transit Buses and Vans* states that only very large cities with "severe" service conduct planned mid-life overhauls. The majority of transit agencies across the U.S. invest in major repairs on an as-needed basis. Replacing items on an as-needed basis assures that funding is utilized as efficiently as possible.

Procedure 6: Preventative Maintenance Schedule	The Council and Lessees of Council-owned vehicles agree to comply with the manufacturer's preventive maintenance plan (or better) and will provide a written statement to the Council attesting to this agreement. Any deviation that reduces the level of maintenance from that prescribed by the manufacturer must be approved in advance and in writing by the Council. Rationale: The Council is obligated, as owner of the regional fleet vehicles, to ensure that these assets are being maintained and utilized in a manner that will maximize the vehicle life in an effective manner.
Procedure 7: Quality Assurance Inspections	The Council will conduct quality assurance inspections to ensure compliance with prescribed preventative maintenance schedules. 1. The Council will conduct, at its sole discretion, vehicle inspections to include fluid samples. 2. All inspections will be documented and retained on file at the Council. 3. Test results will be shared with the provider. 4. Failure to comply with the manufacturer-specified preventive maintenance schedule will result in the Council's right to deny payment of costs related to engine, transmission or lift failures. Rationale: The Council is obligated to ensure that all assets are being maintained and utilized in a manner most advantageous to the residents of the metropolitan area.
VEHICLE TRANSFER, REPLACEMENT AND DISPOSAL	
Procedure 8: Vehicle Transfer to Another Provider	The Council reserves the right to redeploy regional fleet vehicles to another provider within the region. When the transferor is subject to DOT vehicle inspections, vehicles transferred from that provider to another provider must pass a Department of Transportation (DOT) inspection prior to the transfer of such vehicle. The transferor shall arrange for the inspection and pay any relevant costs. Any deficiency identified by the DOT must be fully remedied at the expense of the transferor. The receiving provider reserves the right to conduct an inspection prior to transfer and any significant defects identified during that inspection shall be repaired by the transferor.

	When the vehicle is transferring from a provider that is exempt from DOT inspections, the receiving provider shall inspect the buses before transfer takes place, and any significant defects identified during that inspection shall be repaired by the transferor. The receiving provider must be given the opportunity to inspect the vehicle over a lift or maintenance pit provided by the transferring provider upon request. The transferee may also conduct a DOT inspection prior to transfer. The transferee shall notify the Council of their intent to do so and the transferee shall make all arrangements to conduct the DOT inspection. The transferee is also responsible for costs associated with the DOT inspection. The transferring provider is responsible for repairing any items that do not pass the DOT inspection. The transferring provider must provide the receiving provider with a copy of maintenance records of the bus being transferred. Rationale: Used buses must often be transferred to successor contractors at the beginning of a new contract term. Successor providers are entitled to receive vehicles that have been properly maintained and are in good working condition. All providers must be held accountable for the proper maintenance of vehicles up to the date of transfer.
Procedure 9: Vehicle Disposal	Vehicles that have met or exceeded their useful life, per the rules and guidelines established by the Federal Transit Administration, the State Department of Administration and Council procedure shall be eligible for disposal. Vehicles where the cost of repairs as determined by the Council Fleet Manager exceeds the remaining net book value will be considered eligible for disposal. 1. For unplanned removals, suburban and private providers must receive prior written or electronic approval by the Council's Manager of Fleet Services or designee in the Metropolitan Transportation Services Department before removing the vehicle from revenue service. Prior written or electronic approval or denial must be received within 14 calendar days of the request or it can be accepted as tacit approval. 2. Buses shall be sold either from the provider's site or shall be delivered to a site designated by the Council. 3. All ancillary equipment will be removed by the provider to include, but not limited to, fare collection equipment, AVL/APC equipment and bike racks unless otherwise approved in writing by the Council. 4. The provider shall deliver the vehicle to the designated site under its own power unless authorized in advance by the Council. 5. All vehicle graphics that are established by the Council (for example, regional striping and Council

	logos) shall be removed or covered with matching paint at the expense of the provider. 6. All vehicle graphics that were added by the provider shall be removed from the vehicle at the expense of the provider unless authorized in advance by the Council. 7. Any proceeds obtained through the disposal of a vehicle shall be transferred to the Council. 8. Proceeds obtained by the Council for the disposal of assets shall be deposited back to the capital fund. Rationale: All publicly funded assets shall be disposed of in a fashion that allows any interested party to have equal access to the retired asset. Logos, striping and other agency identifiers must be removed upon removal from service for security-related reasons and to protect the public image of all regional transit providers.
COUNCIL FUNDING **Procedure 10: Non-revenue Vehicles**	The Council will fund a reasonable number of non-revenue vehicles for use by Metro Transit, Metropolitan Transportation Services and the suburban providers.
Procedure 11: Maximum Council Funding per Vehicle Type	The Council will provide a maximum amount of funding per vehicle based on the price of the vehicle with "standardized" options (see Procedure 17) plus 5% to allow for modest upgrades to be determined by each provider. Any vehicle procurement shall include a pricing proposal for the standard vehicle in addition to a vehicle priced with the desired options. For regional fleet vehicles, the average cost of all ancillary items, excluding fare collection capital, will be included in the maximum Council funding. All costs in excess of the maximum Council funding will be the responsibility of the provider.

Rationale:
The Council should provide for a consistent and equitable allocation of available funds and equipment/vehicles to all passengers regardless of provider. Decisions made at the local level that inflate capital costs should not impact all other regional providers.

See also:
Procedure 18 on funding-eligible vehicle equipment and ancillary items.

VEHICLE IDENTITY

Procedure 12: Assignment of Bus Numbers

Bus numbers should be assigned to new vehicles based on the following schema:

Provider Name	Assigned Range of Numbers
Metro Transit	0-3999, 7100-9999
Minnesota Valley Transit Authority	4000-4999
South West Transit	5000-5999
Metro Mobility	6100-6599 OR 61000-63999 OR 64100-64199 OR 68000-68999
Scott County	64000-64099
Other Regional Providers: • Plymouth Metro Link • Maple Grove • Shakopee • Prior Lake • MTS contracts	Big Buses 6000-6099 OR 60000-60999 Small Buses 6600-6699 OR 64200-66999

Procedure 13: Vehicle Graphics

All vehicles funded by the Council shall be outfitted with the following graphics:

1. Small buses operated by dial-a-ride providers, shall display exterior graphics in compliance with the Council's adopted plan. The dial-a-ride public operator may include graphics that identify the local service in a manner that does not cover or interfere with the Council's graphics package.
2. Small buses that are operated by a private contractor under direct contract with the Council in a dial-a-ride mode shall display exterior graphics in compliance with the Council's adopted plan. The operator may include up to two private company logos incorporated with their DOT operator number that are no larger than 12" x 12" each and shall be placed in an area that does not interfere with the Council's graphics package. A county or counties that administer Transit Link dial-a-ride service may include graphics that identify the local service (for example, "Edina Dial-a-Ride") in a manner that does not cover or interfere with the Council's graphics package.
3. Large buses, operated by a private contractor under direct contract with the Council, shall display outward graphics in compliance with the Council's adopted plan. The operator may include up to two company logos that are no larger than 16" x 16" each and shall be placed in an area that does not interfere with the Council's graphics package.
4. U.S. DOT numbers must be displayed per U.S. DOT requirements.
5. Buses operated directly by the Council shall comply with the Council-approved graphics package.
6. Buses operated by suburban providers are not subject to this procedure, with the exception of regional transitways.

Rationale:
All vehicles that are linked to the regional transit system and that are funded by the Council should be readily identifiable as such by the general public. The Council's objective is to create a seamless service and consistent image to its riders.

See also:
Procedure 9, disposal terms numbers 6 and 7.

FLEET MANAGEMENT

Procedure 14a: Spare Vehicle Ratio

Regular-route and general public dial-a-ride transit service contracts should utilize the following service to spare ratio:

Number of Vehicles Needed to Deliver Service, by Vehicle Type*	Appropriate Number of Spare Vehicles
1-4	1
5-9	2
10-15	3
16-20	4
21-25	5
26-30	6
31-35	7
36-40	8
46-49	9

Active revenue fleets of 50 buses or more cannot exceed a 20% spare factor, per FTA.
*See Procedure 1: Selection of Vehicle Type.

Procedure 14b: Scheduled Standby Vehicles

As a general guideline, a maximum of one scheduled standby vehicle should be provided for every 50 peak buses.

Rationale: Strategically deployed scheduled standby vehicles maintain service quality and reliability, and are included in peak revenue-service fleet counts. Because the number of scheduled standby vehicles directly impacts both operating and capital costs, a guideline for scheduled standby to peak bus counts is provided.

Procedure 14c: State Fair Fleet

Vehicles to deliver service improvements for the Minnesota State Fair are not to be counted as part of the fleet to meet the annual maximum service requirement (vehicles operated in annual maximum service – VOMS)

Rationale: The Minnesota State Fair is an atypical or special event, per FTA guidance.

Procedure 14d: Expansion Buses	Operating funds for a minimum of three years are to be identified for any expansion fleet prior to initiating the procurement. A fleet management plan that identifies peak vehicle requirements and calculates spare ratio factor with the expansion vehicles must be provided with an expansion fleet request. Rationale: Most regional vehicles have a programmed life of 12 years or more. Identification of operating funds justifies the capital investment. The FTA requires a fleet management plan with grant requests for vehicle procurement.
Procedure 15: Metro Mobility Fleet Size	Metro Mobility's fleet size will be determined according to the maximum number of routes operated during the peak periods of March and October. Analysis will be conducted using March and October data to determine the maximum number of routes in operation during each period. The fleet size for each contractor shall be equal to the maximum number of routes at any time during those periods plus a 10-15% spare factor. Rationale: It is the Council's responsibility to provide resources to its Metro Mobility contractors so that all requested trips can be delivered both efficiently and effectively.
VEHICLE EQUIPMENT AND ANCILLARY ITEMS **Procedure 16: Fare Collection Equipment**	The Council will identify needs and purchase fare collection equipment for all regional providers using a capital account specifically designated for all regional fleet fare-equipment needs. The capital budget for fare collection system purchases will include the cost of installation labor. Rationale: The fare collection system is a regional responsibility and should be coordinated and funded by the Council.
Procedure 17: Standard Bus Configuration	Regional transit providers (suburban transit providers, MTS and Metro Transit) will review and determine standard bus costs and upgraded technology at least every two years. The Council will consider the following items, by vehicle type, as included in the base vehicle price:

Vehicle Type	Standard Options
Coach Bus	Exhibit A
Articulated Transit Bus	Exhibit B
Hybrid Transit Bus	Exhibit C
40’ Transit Bus	
30’ Transit Bus	Exhibit D
Medium-Duty Transit Bus	
Heavier-Duty Small Bus (GVW: >14,500)	Exhibit E
Light-Duty Small Bus (GVW: ≤14,500)	Exhibit F

The Council will fund buses built to the Council's standard bus configurations (Exhibits A through F). Modifications to these configurations may be approved by the Metropolitan Council’s Regional Administrator.

Procedure 18: Ancillary Items

The Council will fund ancillary items limited to those listed in the tables below and up to the maximum amount shown. The table below shows July 2010 pricing. Adjustments to these amounts for equipment purchases independent of regional equipment purchased by the Council shall be made according the change in the Producer Price Indexes as listed below, as published by the U.S. Department of Labor, Bureau of Labor Statistics Series ID:
Security System Hardware– PCU334310334310
Radio Hardware – PCU3342203342201
Bike Racks - PCU331210331210P

The maximum Council contribution for regional fare collection equipment, AVL and APC equipment will be adjusted to reflect actual purchase prices.

Expansion Buses: Included Ancillary Items

Vehicle/	30’/40’/Articulated/	*Small Buses Used for Fixed Routes	*Small Buses with No Regional Fare

Service Type	Commuter Coach		Collection Equip.
Covered Items	▪ Security System AND installation ▪ Radio system AND installation ▪ Fare system hardware installation ▪ Vehicle graphics AND installation ▪ Bike racks AND installation ▪ Regional AVL equipment AND installation ▪ Spare parts / diagnostic equipment	▪ Security System AND installation ▪ Radio system AND installation ▪ Fare system hardware installation ▪ Vehicle graphics AND installation ▪ Bike racks AND installation ▪ Regional AVL equipment AND installation ▪ Spare parts / diagnostic equipment	▪ Radio system AND installation ▪ Vehicle graphics AND installation ▪ Security System AND installation ▪ Spare parts / diagnostic equipment
Max. Council Contribution	**$43,500**	**$43,500**	**$10,000**
Optional Item	▪ APC equipment AND installation	▪ APC equipment AND installation	▪ AVL/MDC Equipment AND installation
Max. Council Contribution	**$5,000**	**$5,000**	**$5,000**

Procedure 18: Ancillary Items (continued)

Replacement Buses: Included Ancillary Costs

Vehicle/ Service Type	30'/40'/Articulated/ Commuter Coach	*Small Buses Used for Fixed Routes	*Small Buses with No Regional Fare Collection Equip./DAR Service
Covered Items	▪ Security System AND installation ▪ Radio system AND installation ▪ Fare system hardware And installation ▪ Vehicle graphics AND installation ▪ Bike racks AND installation ▪ Regional AVL equipment AND installation ▪ Spare parts / diagnostic equipment	▪ Security System installation ▪ Radio system installation ▪ Fare system hardware and installation ▪ Vehicle graphics AND installation ▪ Bike rack installation ▪ Regional AVL installation ▪ Spare parts / diagnostic equipment	▪ Radio system installation ▪ Vehicle graphics AND installation ▪ Security System installation ▪ Spare parts / diagnostic equipment
Max. Council Contribution	**$43,500**	**$6,000**	**$1,500**
Optional Item	▪ APC equipment AND installation	▪ APC equipment installation	▪ AVL/MDC equipment installation
Max. Council Contribution	**$5,000**	**$500**	**$500**

* Small buses, with replacement cycles of 5 or 7 years, are assumed to use existing ancillary equipment for two consecutive vehicle cycles. The cost covered shall use the Expansion Bus figures for every other replacement cycle to assure that ancillary equipment is used for at least 10 years before replacement.

STANDARD VEHICLE CONFIGURATIONS

Exhibit A:
45' Coach Bus

1. Engine Size/Type

The engine shall be designed to operate for not less than 500,000 miles without major failure or deterioration. The engine shall be designated as "Heavy Duty" for use in a mass transit application. The engine shall be sized such that performance and fuel economy are maximized and operating costs and capital costs are minimized.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls with a heavy-duty transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine. The diesel transmission shall be designed to operate for not less than 500,000 miles on the design operating profile without replacement or major service. Brand name and specs shall be compatible to the engine chosen.

3. Engine block heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure-type cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature. The cooling system will maintain a safe and operable temperature range during the most severe operations possible and in accordance with the engine and transmission manufacturers' cooling-system requirements. The cooling fan should engage when any fluid is above safe operating temperature.

5. Brakes

Service brakes shall be controlled and actuated by a compressed air system, and shall meet FMVSS 121 requirements. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material shall have a minimum overhaul or replacement life of 30,000 miles with a brake retarder on operating profile. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for at least 100,000 miles.

6. Suspension

The suspension system shall permit a minimum wheel travel of 3 inches jounce upward travel of a wheel when the bus hits a bump. Suspensions shall incorporate appropriate devices for automatic height control, so that regardless of load the bus height does not deviate more than ½ inch from center line. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Frame and Body

The preferred chassis material is stainless steel and the upper frame components may be stainless steel, corrosion-protected aluminum or corrosion-protected carbon steel. Exterior body panels shall be corrosion protected aluminum, composite material or stainless steel.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 MPH. The bumper shall be corrosion-resistant and withstand repeated impacts of up to 5 MPH without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame retardant undercoating to protect the undercarriage of the bus from any type of corrosion or fire that may result from road salt or variable weather or road conditions. Corrosion protection materials shall not require inspection or repair more often than bi-annually and should not require cleaning other than from a standard automated bus wash rack.

The following Items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA-compliant wheelchair lift or ramp
3. Seats and seat upholstery
4. Exterior body style
5. Flooring style and material

6. Exterior paint finish: Powder white is the standard; no clear coat
7. All interior signage to comply with ADA

Exhibit B:
60' Articulated Transit Bus

1. Engine Size/Type

The diesel engine shall be designed to operate for not less than 300,000 miles without major failure or deterioration. The engine shall be designated as "Heavy Duty" for use in a mass transit application and shall be sized such that performance and fuel economy are maximized and operating costs and capital costs are minimized.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls for use in a mass transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine and provide maximum performance and fuel economy. The transmission shall be designed to operate for not less than 300,000 miles on the design operating profile without replacement or major service. Brand name and specs shall be compatible to the engine chosen.

3. Engine Block Heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure type, cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature in accordance with the engine and transmission manufacturers' requirements.

5. Brakes

Service brakes shall be controlled and actuated by a compressed-air system. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material, shall have a minimum overhaul or replacement life of 30,000 miles with a brake retarder on operating profile. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for 100,000 miles.

6. Suspension

Suspensions shall incorporate appropriate devices for automatic height control. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Frame and Body

The preferred chassis material is stainless steel and the upper frame components may be stainless steel, corrosion-protected aluminum or corrosion-protected carbon steel. Exterior body panels shall be corrosion-protected aluminum, composite material or stainless steel.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 mph. The bumper shall be corrosion-resistant and withstand repeated impacts of up to 5 mph without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame-retardant undercoating to protect the undercarriage of the bus from any type of fire or corrosion that may result from road salt or from variable weather or road conditions. Corrosion-protection materials shall not require inspection or repair more often than bi-annually and should not require cleaning other than from a standard automated bus wash rack.

The following items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA compliant wheelchair lift or ramp
3. Seats and seat upholstery
4. Exterior body style
5. Flooring style and material
6. Exterior paint finish: Powder white is the standard; no clear coat
7. All interior signage to comply with ADA

Exhibit C:
40' Lowfloor Diesel Bus and Hybrid Bus

1. Engine Size/Type

The diesel and hybrid engines shall be designed to operate for not less than 400,000 miles without major failure or deterioration. The engines shall be designated as "Heavy Duty" for use in a mass transit application. The engines shall be sized such that performance and fuel economy are maximized and operating costs and capital costs are minimized.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls with a heavy-duty transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine. The diesel transmission shall be designed to operate for not less than 400,000 miles on the design operating profile without replacement or major service.

3. Engine Block Heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure-type cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature. The cooling system will maintain a safe and operable temperature range during the most severe operations possible and in accordance with the engine and transmission manufacturers' cooling-system requirements. The cooling fan should engage when any fluid is above safe operating temperature.

5. Brakes

Service brakes shall be controlled and actuated by a compressed air system, and shall meet FMVSS 121 requirements. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material, shall have a minimum overhaul or replacement life of 30,000 miles with a brake retarder on operating profile. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for at least 100,000 miles.

6. Suspension

The suspension system shall permit a minimum wheel travel of 3 inches jounce upward travel of a wheel when the bus hits a bump. Suspensions shall incorporate appropriate devices for automatic height control, so that regardless of load the bus height does not deviate more than ½ inch from center line. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Frame and Body

The preferred chassis material is stainless steel and the upper frame components may be stainless steel, corrosion-protected aluminum or corrosion-protected carbon steel. Exterior body panels shall be corrosion protected aluminum, composite material or stainless steel.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 MPH. The bumper shall be corrosion-resistant and withstand repeated impacts of up to 5 MPH without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame retardant undercoating to protect the undercarriage of the bus from any type of fire or corrosion that may result from road salt or variable weather or road conditions. Corrosion protection materials shall not require inspection or repair more often than bi-annually and should not require cleaning other than from a standard automated bus wash rack.

The following items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA compliant wheelchair lift or ramp
4. Seats and seat upholstery
5. Exterior body style

6. Flooring style and material
7. Exterior paint finish: Powder white is the standard; no clear coat
8. All interior signage to comply with ADA

Exhibit D:
30' Transit Bus and Medium-Duty Transit Bus

1. Engine Size/Type

The engine shall be designed to operate for not less than 300,000 miles without major failure or deterioration. The engine shall be designated as "Heavy Duty" for use in a mass transit application.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls with a heavy-duty transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine. The transmission shall be designed to operate for not less than 300,000 miles on the design operating profile without replacement or major service.

3. Engine Block Heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure-type cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature. The cooling system will maintain a safe and operable temperature range during the most severe operations possible and in accordance with the engine and transmission manufacturers' cooling-system requirements. The cooling fan should engage when any fluid is above safe operating temperature.

5. Brakes

Service brakes shall be controlled and actuated by a compressed air system and shall meet FMVSS 121 requirements. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material shall have a minimum overhaul or replacement life of 30,000 miles with a brake retarder on operating profile. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for at least 100,000 miles.

6. Suspension

Suspensions shall incorporate appropriate devices for automatic height control. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Frame and Body

The preferred chassis material is stainless steel and the upper frame components may be stainless steel, corrosion-protected aluminum or corrosion protected carbon steel. Exterior panels shall be corrosion-protected aluminum, composite material or stainless steel.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 MPH. The bumper shall be corrosion-resistant and withstand repeated impacts of up to 5 MPH without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame retardant undercoating to protect the undercarriage of the bus from any type of fire or corrosion that may result from road salt or variable weather or road conditions.

The following items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA compliant wheelchair lift or ramp
4. Seats and seat upholstery
5. Exterior body style
6. Flooring style and material
7. Exterior paint finish: Powder white is the standard; no clear coat
8. All interior signage to comply with ADA

Exhibit E:
Heavier-Duty Small Bus

1. Engine Size/Type

The engine shall be designed to operate for not less than 250,000 miles without major failure or deterioration. The engine shall be designated as "Heavy Duty" for use in a mass transit application.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls with a heavy-duty transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine. The transmission shall be designed to operate for not less than 250,000 miles on the design operating profile without replacement or major service. Transmission brand name and specs shall be compatible to the engine chosen.

3. Engine Block Heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure-type cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature. The cooling system will maintain a safe and operable temperature range during the most severe operations possible and in accordance with the engine and transmission manufacturers' cooling-system requirements. The cooling fan should engage when any fluid is above safe operating temperature.

5. Brakes

Service brakes shall be controlled and actuated by a hydraulic disc system. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material, shall have a minimum overhaul or replacement life of 30,000 miles. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for 100,000 miles.

6. Suspension

The suspension system shall permit a minimum wheel travel of 3 inches jounce upward travel of a wheel when the bus hits a bump. Suspensions shall incorporate appropriate devices for automatic height control, so that regardless of load, the bus height does not deviate more than ½ inch from center line. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Stainless Steel Where Practical

Stainless steel options should be provided during option selection. Possible uses for this type of material would be framing, skirting, lower body panels, rivets, screws and body detailing.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 mph. The bumper shall be corrosion-resistant and withstand repeated impacts of up to 5 mph without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame retardant undercoating to protect the undercarriage of the bus from any type of fire or corrosion that may result from road salt or variable weather or road conditions.

The following items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA compliant wheelchair lift or ramp
3. Seats and seat upholstery
4. Exterior body style
5. Flooring style and material
6. Exterior paint finish: Powder white is the standard; no clear coat
7. All interior signage to comply with ADA

Exhibit F:
Light-Duty Small Bus

1. Engine Size/Type

The engine shall be designed to operate for not less than 200,000 miles without major failure or deterioration. The engine shall be designated as "Heavy Duty" for use in a mass transit application.

2. Transmission

The transmission shall be multiple-speed, automatic shift with torque converter, retarder and electronic controls with a heavy-duty transit application. Gross input power, gross input torque and rated input speed shall be compatible with the engine. The transmission shall be designed to operate for not less than 200,000 miles on the design operating profile without replacement or major service. Transmission brand name and specs shall be compatible to the engine chosen.

3. Engine Block Heater

Special equipment or procedures may be employed to start the engine when exposed to temperatures less than 30°F, for a minimum of four hours without the engine in operation. All cold-weather engine-heating devices shall be of the type recommended by the engine manufacturer and approved by the procuring agency.

4. Cooling System

The engine shall be cooled by a water-based, pressure-type cooling system that does not permit boiling or coolant loss during normal vehicle operation. The system shall be of sufficient size to maintain all engine and transmission fluids and intake air at a safe, continuous temperature. The cooling system will maintain a safe and operable temperature range during the most severe operations possible and in accordance with the engine and transmission manufacturers' cooling-system requirements. The cooling fan should engage when any fluid is above safe operating temperature.

5. Brakes

Service brakes shall be controlled and actuated by a hydraulic disc system. A microprocessor-controlled ABS system shall be provided. The entire brake system, including friction material shall have a minimum overhaul or replacement life of 30,000 miles. Brakes shall be self-adjusting throughout this period. Wheel bearings and seals shall be replaceable and should not leak or weep lubricant for 100,000 miles.

6. Suspension

The suspension system shall permit a minimum wheel travel of 3 inches jounce upward travel of a wheel when the bus hits a bump. Suspensions shall incorporate appropriate devices for automatic height control, so that regardless of load, the bus height does not deviate more than ½ inch from center line. Shock absorbers shall be used to dampen bus motion and variable road conditions. Shock absorbers shall maintain their effectiveness for at least 50,000 miles.

7. Stainless Steel Where Practical

Stainless steel options should be provided during option selection. Possible uses for this type of material would be framing, skirting, lower body panels, rivets, screws and body detailing.

8. Bumpers

The bumpers shall provide impact protection for the front and rear of the bus. Bumper height shall be such that when one bus is parked behind another, a portion of the bumper faces will contact each other. The front and rear bumper shall not be damaged as a result of an impact of up to 5 MPH. The bumper shall be corrosion resistant and withstand repeated impacts of up to 5 MPH without sustaining damage.

9. Rust Proofing

The bus shall resist corrosion from atmospheric conditions and road salts. It shall maintain structural integrity and original appearance throughout its service life. All exposed surfaces and the interior surfaces of tubing and other enclosed members shall be protected with corrosion-resistant coatings. All joints and connections of different metals shall be corrosion-resistant and shall be protected from galvanic corrosion.

10. Undercoating

The underside of the bus shall be coated with an appropriate and flame retardant undercoating to protect the undercarriage of the bus from any type of fire or corrosion that may result from road salt or variable weather or road conditions.

The following items are specified to meet the manufacturer's standard:

1. Transit bus amenities to include grab rails, pull cords, destination headers, bus stop enunciators, placard holders (fixed-route buses only)
2. ADA compliant wheelchair lift or ramp
3. Seats and seat upholstery
4. Exterior body style
5. Flooring style and material
6. Exterior paint finish: Powder white is the standard; no clear coat
7. All interior signage to comply with ADA

PROCUREMENT PROCEDURES
September 2010

INTRODUCTION

The Metropolitan Council periodically passes through Federal Transit Administration (FTA) funds to replacement service providers established pursuant to Minnesota Statutes, section 473.388, commonly referred to as "Suburban Transit Providers." When FTA funds are passed through to a Suburban Transit Provider, the Suburban Transit Provider as the subgrantee is primarily responsible for meeting all applicable federal requirements associated with the receipt of federal funds including, without limitation, all federal procurement requirements. These responsibilities apply to all FTA-funded purchases including, without limitation, the procurement of rolling stock, architectural and engineering services, professional/technical services, construction services, and goods. FTA's contracting guidance is found in FTA Circular 4220.1F.

While the Suburban Transit Providers have the primary responsibility for meeting the described federal requirements, the Metropolitan Council as the initial recipient of the grant funds also has a continuing responsibility to monitor subgrantee compliance with applicable FTA requirements. The Council already has procedures in place for the monitoring of subrecipient compliance with FTA requirements. These procedures also apply to Suburban Transit Providers and are set out in this document.

It is important to note that despite the Council's monitoring activities under these procedures, the Suburban Transit Provider as a subgrantee of federal funds continues to have the primary responsibility for meeting all applicable federal requirements for procurement. As such, the Council strongly urges each Suburban Transit Provider to include relevant staff in development of procurement documents including, in particular, legal staff that represent the Suburban Transit Provider itself.

APPLICATION OF PROCEDURES

Suburban Transit Providers will follow the Council's Project Procurement procedures below when issuing procurements involving FTA funds.

There are other types of procurements where the full Project Procurement procedures would not apply. These are procurements (listed below) where Suburban Transit Providers do not solicit offers but which may be compliant with funding requirements. In these procurements, Suburban Transit Providers will forward the Subrecipient Contract Initiation Memo to the Project Manager and will discuss proper procedures with the Project Manager.

Piggybacking

"Piggybacking" is an assignment to existing contract rights to purchase supplies, equipment or services. Suburban Transit Providers must be able to determine that the contract to be piggybacked meets funding requirements. Particular attention must be given to the specific issues identified in the FTA Piggybacking Worksheet. A

piggybacking assignment can be led by a Suburban Transit Provider, by the Council, or jointly.

Intergovernmental Procurement Agreements

Suburban Transit Providers can utilize available state and local intergovernmental agreements for procurement of goods and services if all state requirements, required clauses, and certifications are met.

Joint Procurement

Several agencies may consolidate their requirements into one procurement. Suburban Transit Providers can participate in joint procurements if all federal requirements, required clauses, laws and certifications are followed and are included in the resulting joint solicitation and contract documents.

Sole Source

When the goods or services are available from only one source, documentation of the sole source purchase must include the justification and the authorization to award the sole source contract. A cost analysis must be performed to determine if the price is fair and reasonable.

MAXIMUM TIMELINES

The maximum timelines for Council turnaround in reviewing procurement documents are listed below. The maximum times apply only to Council staff reviews and do not apply to actions needed by others such as FTA.

Pre-Solicitation
Review Subrecipient Contract Initiation Memo (SCIM), Independent Cost Estimate (ICE) and draft solicitation document including specifications and sample contract within ten (10) business days.

Pre-Contract Execution
Complete DBE compliance checks within ten (10) business days as a general rule. Certain projects may require additional time in order to complete the DBE checks due to a large number of proposers and/or the potential for reconsideration hearings.

Contract Administration
Review proposed contract changes within ten (10) business days.

Note that other procurement activities can proceed during these reviews, so that the overall procurement time is not necessarily increased by the number of business days stated above. The above times exclude non-Council actions by FTA, TAB or MnDOT and other parties which may have other timeline requirements.

MONITORING PROCEDURES

Project Authorization

- The Council sends subrecipient the notification letter with application and monitoring requirements attached.

    - A-133 form, Certifications and Assurances, environmental documentation, and other application materials are retained in the Council's project file.
    - Once all application materials are received, Council's Grants Manager submits application to FTA.

- Federal notice of award received; Council's Grants Manager issues Notice of Grant Award to the Council's Project Manager.

- Council and subrecipient execute an interagency grant agreement to implement the project.

Project Procurement

- Procurements by subrecipients of $50,000 or more require review and approval by Council's Purchasing and Office of Diversity and Equal Opportunity (ODEO) prior to issuance for review of compliance with FTA requirements.

    - Subrecipient submits a Subrecipient Contract Initiation Memo (SCIM) and an Independent Cost Estimate (ICE) to the Council Project Manager, who forwards them to Council's Grants, Purchasing, and Office of Diversity and Equal Opportunity (ODEO) for review and approval.
    - Subrecipient submits a draft solicitation document to the Council Project Manager, who forwards to Council's Purchasing and ODEO for review and approval.
    - Solicitation is issued by subrecipient.
    - Subrecipient submits all proposals or bids received to the Council Project Manager who forwards them to ODEO for the DBE compliance check.
    - Copies of executed contracts are sent to the Council Project Manager who forwards a copy to Council Purchasing.
    - All contract amendments (financial and non-financial) require prior review and approval by Council Project Manager who will forward to Council Purchasing, and ODEO as appropriate.

Post-Procurement

- Subrecipient submits four copies of each invoice packet to Council Project Manager, who forwards copies to Council's Grants, ODEO, and Finance for review and approval.

- All subrecipient procurements are subject to Council audit and review to check for compliance with FTA requirements.

- Council Project Manager has primary responsibility for monitoring subrecipient compliance (Compliance Checklist for Mandatory FTA Procurement Standards attached)
- Council's Program Evaluation and Audits will conduct periodic random audit and review of subrecipient procurements

In addition, the Council has minimum requirements for warranty, indemnification, insurance, liability and bonding that must be included in contracts for Council-owned assets.

The Council will offer periodic training sessions for Suburban Transit Providers on FTA requirements, as well as assistance on an as-needed basis.

The cost of Council personnel time and materials may, at the Council's discretion, be deducted from the amount of the grant award or funding awarded to the subrecipient.

The following compliance checklist is provided for the convenience of subgrantees and contains only an outline of federal procurement requirements. The compliance checklist does not purport to contain all federal requirements to which a subgrantee may be subject as a subrecipient of federal grant funds. The subgrantee remains responsible for conforming its procurement processes to all applicable federal requirements for federal funds passed through from the Council, notwithstanding the Council's review above and the following compliance checklist.

Compliance Checklist

Mandatory FTA Procurement Standards

FTA Circular 4220.1F

No.	Element
1)	Written Standards of Conduct
2)	Contract Administration System
3)	Written Protest Procedures
4)	Prequalification System
5)	System for Ensuring Most Efficient and Economic Purchase
6)	Procurement Policies and Procedures
7)	Independent Cost Estimate
8)	A&E Geographic Preference
9)	Unreasonable Qualification Requirements
10)	Unnecessary Experience and Excessive Bonding
11)	Organizational Conflict of Interest
12)	Arbitrary Action
13)	Brand Name Restrictions
14)	Geographic Preferences
15)	Contract Period of Performance Limitation
16)	Written Procurement Selection Procedures
17)	Solicitation Prequalification Criteria
18)	Award to Responsible Contractors
19)	Sound and Complete Agreement
20)	No Splitting [Micro-purchase]
21)	Fair and Reasonable Price Determination [Micro-purchase]
22)	Micro-Purchase Davis Bacon
23)	Price Quotations [Small Purchase]
24)	Clear, Accurate, and Complete Specification
25)	Adequate Competition - Two or More Competitors
26)	Firm Fixed Price [Sealed Bid]
27)	Selection on Price [Sealed Bid]
28)	Discussions Unnecessary [Sealed Bid]
29)	Advertised/Publicized
30)	Adequate Solicitation
31)	Sufficient Bid Time [Sealed Bid]
32)	Bid Opening [Sealed Bid]
33)	Responsiveness [Sealed Bid]

34)	Lowest Price [Sealed Bid]
35)	Rejecting Bids [Sealed Bid]
36)	Evaluation [RFP]
37)	Price and Other Factors [RFP]
38)	Sole Source if Other Award is Infeasible
39)	Cost Analysis Required [Sole Source]
40)	Evaluation of Options
41)	Cost or Price Analysis
42)	Written Record of Procurement History
43)	Exercise of Options
44)	Out of Scope Changes
45)	Advance Payments
46)	Progress Payments
47)	Time and Materials Contracts
48)	Cost Plus Percentage of Cost
49)	Liquidated Damages Provisions
50)	Qualifications Exclude Price [A&E]
51)	Serial Price Negotiations [A&E]
52)	Bid Security [Construction over $100,000]
53)	Performance Security [Construction over $100,000]
54)	Payment Security [Construction over $100,000]

FACILITIES OWNERSHIP PROCEDURES

September 2010

INTRODUCTION

Transit facilities are necessary to deliver transit service. This includes passenger facilities such as park-and-rides, transit stations, and transit centers as well as support facilities such as garages and maintenance buildings. Some regional transit facilities are located in areas served by replacement service providers established pursuant to Minnesota Statutes, section 473.388, commonly referred to as "Suburban Transit Providers."

FACILITY OWNERSHIP

Transit facilities, including those that are part of a commuter rail, light rail, busway or bus rapid transit line, may be owned by a Suburban Transit Provider or other public entity such as a city or county with the following provisions:

1. State and federal law and regulations regarding ownership will always prevail. Ownership requirements or conditions associated with funding sources, such as Counties Transit Improvement Board funds, will prevail.
2. Facility use, operation and maintenance must be consistent with all regional transit policies including, but not limited to, regional transit fares, parking fees, allowing access to the general public, and allowing use by any regional transit provider.
3. The Council or other public transit entity may contract with another transit provider for transit services that serve a transit facility, including one located in a Suburban Transit Provider area. The Council or other public transit entity must coordinate with the facility owner to ensure coordinated operations. The facility owner may require a facility maintenance agreement when the other provider(s) services make up 25% or more of the trips serving the facility.
4. The facility owner is responsible for routine operation and maintenance per the schedule below, insurance and indemnification, unless agreed to otherwise.
5. If a facility is part of a rail transitway and not owned by the Council, the Council or transitway operator must have a rail platform operating lease agreement with the facility owner. This agreement must address the legal relationship between the operator and owner, operation and maintenance responsibilities, insurance and indemnification.
6. Standard regional transitway branding and advertising, if applicable as determined by the Council, must be incorporated into the facility.
7. Any "use" revenues generated under a facility lease, use contract or permit with a vendor, must first be applied to the routine operations and maintenance of the facility; any excess lease or use revenues shall be applied to transit operations (mandatory with CTIB capital or operating funding participation), or to the capital expansion and/or maintenance of the facility.

ROUTINE OPERATION AND MAINTENANCE SCHEDULE

A. Public Utilities – gas; electric; sewer/water/street lighting
B. Private Utilities – phone
C. Contracted Services (routine operational or minor maintenance type)
    1. Security monitoring and/or patrol
    2. Lawn care/landscaping
    3. Snowplowing and removal
    4. Waste removal
    5. HVAC repair
    6. Site/building lighting & electrical maintenance and repair
    7. Plumbing/mechanical maintenance and repair
    8. Site/parking deck sweeping
    9. Janitorial/pest control services
    10. Signage repair/installation
    11. Elevator maintenance and annual hydraulic test
    12. Glass replacement
    13. Annual parking structure wash down

LONG-TERM MAINTENANCE AND CAPITAL IMPROVEMENT SCHEDULE

1. Architectural/Engineering services (site/infrastructure inspections and recommendations)
2. Concrete & Asphalt roadway repair/rehabilitation/replacement
3. Concrete (parking) structure repair/rehabilitation/replacement
4. Building envelope (roof/windows/curtain wall/doors, etc.) & mechanical/electrical infrastructure repair/rehabilitation/replacement
5. Site improvements (development/landscaping/drainage, etc.)
6. Security improvements (site/parking deck/bus way lighting, CCTV installations, gates & fencing)

This procedure may be periodically reviewed and revised.

REGIONAL TRANSIT OPERATING REVENUE ALLOCATION

September 2010

I. Background and Purpose

Background

For many years the primary funding source for regional transit operations was a transit operating property tax levied by the Metropolitan Transit Commission (MTC) and later by the Metropolitan Council after the two agencies merged in 1994. The property tax provided approximately 65% of the revenues necessary to fund regular route bus operations with the remainder generated through passenger fares, the state general fund and other minor sources of revenue such as advertising. In 1984 legislation passed allowing communities to "opt-out" of the regional transit system (M.S. 473.388 Replacement Transit Service) and replace the regional transit service with transit service designed and operated by the community. Communities that elected to opt-out of the regional service kept 90% of the transit operating property tax generated by their community with the remaining 10% retained by the MTC/Council to fund transit costs that had system-wide, regional benefit. The provision allowing communities to opt-out was sunset in 1988 with the existing opt-out communities grandfathered in and allowed to continue providing transit service. Twelve opt-out communities currently run their own transit service or provide service through a consortium with other opt-out communities.

In 2001, the legislature eliminated the authority for the Council and opt-out communities to levy a transit operating property tax (beginning with calendar year 2002 property tax payments) and replaced it with what at the time was an equivalent amount of state Motor Vehicle Sales Tax (MVST) revenue. In fiscal year 2002 this was 20.5% of the statewide MVST receipts or about $125 M. The opt-out communities were guaranteed a percentage of MVST that was equivalent to the proportion of the transit operating property tax levied within their communities. This was about 17.15% of the total 20.5% in 2002. Very soon after the property tax was replaced with MVST, the MVST revenues began to decline (though the state forecasts continued to project growing revenues). In 2003, in part to offset this decline, the legislature increased the metropolitan transit share of MVST to 21.5%, with a reversion back to 20.5% scheduled for fiscal year 2008. Between FY2002 and FY2007, the amount of revenue generated by MVST was significantly less than that what would have been generated by the transit operating property tax. The split of these revenues between the Council and opt-out communities, or Suburban Transit Providers (STPs) as they are now known, remained at the traditional property tax based ratio.

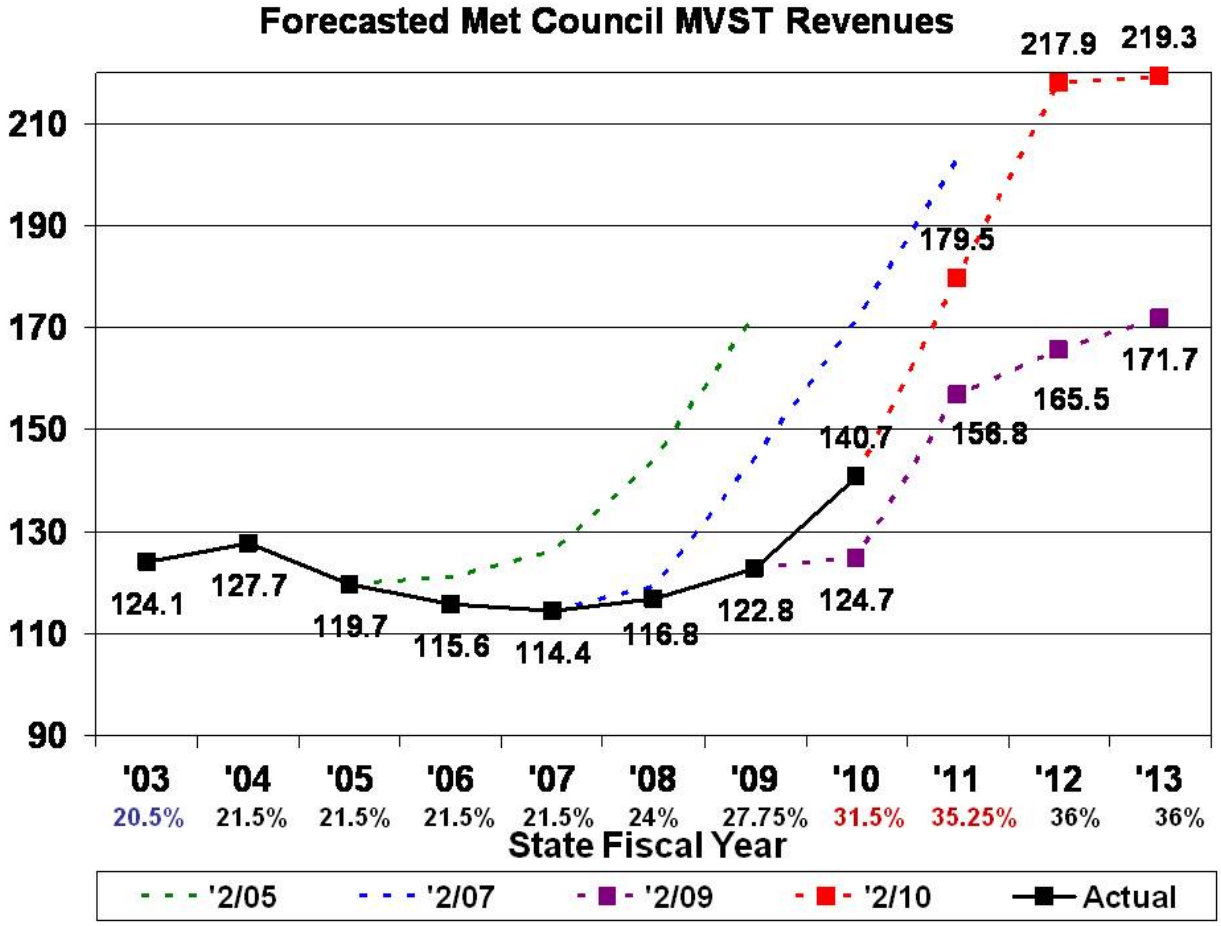
Driven by the need for additional funding for both transit and highway purposes, in 2006 the legislature authorized a constitutional amendment to be put on the November ballot asking voters to dedicate 100% of the MVST revenue to transportation purposes with not more than 60% dedicated to highway purposes and at least 40% to transit assistance. The amendment overwhelmingly passed and in the 2007 session the Legislature passed additional statutory language specifying how the dedication would be phased-in over a five year period and resulting in a final dedication in FY2012 of 60% to highway purposes and 40% to transit, with 4% for Greater Minnesota transit and 36% to metropolitan area transit.

Under the legislation, the base MVST funding (the original 21.5% of MVST for metropolitan area transit) is required to continue to be distributed among the Council and STPs using the historic property tax distribution, while the new MVST revenue (from the amount generated above 21.5%) was anticipated to be distributed for new, expanded transit services. The passage of the constitutional amendment and the dedication of these "new" revenues fundamentally changed the inter-relationship of the Metropolitan Council's and Suburban Transit Providers' (STPs) operating budgets by tying them to a similar new funding source. Prior to this time there was relatively little need for coordination of operating revenues between the Council and STPs because the revenue allocation was formulaic.

It was originally envisioned that the new transit revenues (the phased-in share of MVST from 21.5% to 36%, defined as "Regionally Allocated MVST" in this document) would be used for transit service expansion. The Council also at this time (in 2007) convened a group of Council and STP staff, known as the Service Investment Strategy group or SIS, to begin discussing policies and procedures that would guide the distribution of the Regionally Allocated MVST revenues for transit expansion purposes. The SIS group did reach preliminary consensus that a portion of the new MVST funds available for expansion purposes could be distributed to transit entities using a fixed formula. However, the duplication of transitway funding with any fixed formula funding had not been resolved and this concept was contemplated prior to a number of factors being known or considered including:

- A budget analysis that showed some STP had adequate operating revenue provided through the base MVST distribution;
- A budget analysis that showed that some STP had operating reserves well in excess of adopted policy levels;
- The deterioration of the MVST revenues to a level where funds were only available for service preservation purposes, not expansion (see below);
- General fund reductions that have occurred during the state budget deficit; and
- Lack of state funds being provided for the implementation of Transitways, most notably Northstar Commuter Rail and operations associated with the implementation of the Urban Partnership Agreement (UPA).

As these activities were occurring, MVST revenues were in substantial decline statewide and it soon became apparent that the base MVST plus the Regionally Allocated MVST would not bring in nearly the amount of revenue originally anticipated. In fact, in fiscal years 2008 and 2009 (the first two years of the MVST dedication phase-in) the metropolitan transit share of MVST at 24% and 27.75% of MVST respectively, brought in approximately the same amount of revenue as was received in fiscal years 2006 and 2007 when the metropolitan transit share of MVST was at 21.5%. (See figure of Forecasted Regional Transit MVST Revenues). As regional budget analyses were conducted in preparation for the 2009 legislative session, it became apparent that most of the new Regionally Allocated MVST would need to be distributed to the transit entities (defined as the Council transit operating units and STPs) just to allow for a continued level of existing transit service operations (preserve operations). In addition, the region had new operating commitments for services that were legally required to begin service including UPA operations on Cedar and I-35W BRTs and Northstar commuter rail among others.



Purpose

The factors described previously require that procedures be established to govern the regional distribution and administration of Regionally Allocated MVST revenues among the region's transit entities. This procedure sets the priorities for use of the Regionally Allocated MVST funds, establishes principles to guide the distribution of Regionally Allocated MVST and provides procedures for distributing the Regionally Allocated MVST to the regional transit entities for the identified priorities including, preserving each transit entity's existing level of transit service and distributing any remaining Regionally Allocated MVST for prioritized transit service expansion.

II. Priorities for Distribution of Regionally Allocated MVST

The regional priorities for the distribution and administration of Regionally Allocated MVST revenues in prioritized order are:

1. Preservation of transit service required to meet state and federal mandates.
2. Preservation of existing transit service that meets regional performance standards;

3. Prioritized transit service expansion.

Procedures for distributing the Regionally Allocated MVST to each of these priorities are described in Section IV of this document.

III. Principles Guiding the Distribution of Regionally Allocated MVST

A. General Guiding Principles

The following general principles will guide the procedures and decision-making regarding the distribution of Regionally Allocated MVST for operating purposes to transit entities within the region.

- The revenue allocation process will be transparent and information will be shared and open communication maintained among the transit entities to ensure that informed and equitable decisions are made and understood by all regional transit entities.

- Funds available for the operations of regional transit services are limited and should be allocated in a manner that to the extent possible allows all regional transit entities to preserve existing transit service and fund service expansion that brings the greatest value to the dollar invested. Uses of available funds that are not aligned with regional transit priorities represent lost resources and opportunities for all regional transit entities to preserve and improve transit services and performance.

- Regional transit funds available to expand transit services will be viewed as a regional opportunity with consideration to all transit entities and service areas. Recommendations regarding service expansion will be made to the Council by MTS Planning staff. The recommendations must consider input from a committee consisting of all regional transit entities. Regional funding deficits will be viewed as regional challenges that apply to all transit entities and service areas. When available resources are insufficient to support the preservation of existing service, solutions such as fare increases, service reductions and use of operating reserves will for the purposes of revenue allocation be assumed to be applied equitably.

- Due to federal and state mandates, ADA transit service will not be allocated a share of the regional deficit. Special Transportation Service provided above the state and federal requirements may be allocated a share of the regional deficit.

- New rail and bus rapid transit services will not be funded at the expense of preserving existing transit service. Funding sources and expenses for rail, bus rapid transit and bus operations will be identified and tracked separately in the revenue allocation process.

- Regionally Allocated MVST will be distributed first to transit entities to preserve existing transit services and to honor state and federal obligations. If a transit entity uses its available base MVST and fare revenues for capital purposes before funding preservation of existing

transit service, an equivalent amount of funding will be deducted from the entity's calculated distribution of Regionally Allocated MVST funds.

- Regionally Allocated MVST will be distributed among the transit entities that abide by the adopted Regional Transit Operating Revenue Allocation Policy, the Regional Capital Revenue Allocation Policy (to be developed), the Regional Fleet Policy and other regional policies.

B. Operating Reserves

In order to distribute the Regionally Allocated MVST in manner that is fair and equitable, transit entities must have operating reserve policies that are transparent, understood and implemented consistently across similar entities. The following principles will guide the adoption and use of transit entities' operating reserve policies:

- All transit entities will maintain an operating reserve. For transit entities that are receiving Regionally Allocated MVST funds, operating reserves may be used to cash flow approved capital projects, but are not available to fund capital projects. Capital reserves generated by sources of revenue other than MVST, fares and state general funds are available for capital projects.

- Operating reserve policy levels for Council transit entities shall be as follows[1]:
    - The Council will maintain a $15 M MVST reserve for cash flow purposes.
    - Metro Transit Bus and Metro Transit Rail will each maintain an 8.3% operating reserve.
    - Metro Mobility and MTS Contracted Transit & Planning will each maintain a 10% operating reserve.
    - When adequate Regionally Allocated MVST funds are available, Council reserves will increase to 12% for Metro Transit and 15% for Metro Mobility and Contracted Services.

- Reserves policy levels for STPs will be as follows:
    - Reserves may be maintained at 35% of operating expenses in years when funds are available to maintain this level of reserves while preserving existing service levels. Regionally Allocated MVST funds will not be made available for expansion purposes if this will cause operating reserves to fall below 35%.
    - When adequate Regionally Allocated MVST funds are not available to maintain this level of reserves, STP reserves may fall below 35%, but not below 25% in order to preserve existing service levels.

- If the preservation of existing service will cause STP reserve balances to fall below 25%, or for Council transit entities below adopted policy levels, service reductions would be allocated across all entities receiving Regionally Allocated MVST funds to maintain STP reserves at the 25% level and the Council transit entities at adopted policy levels.

- Transit entities may choose to maintain reserves above the established reserve policy levels but for the purposes of allocating MVST either to preserve or expand transit service, the amount above the policy level will be considered as available for operating expenditure for the purpose of determining an entity's need for Regionally Allocated MVST.
- Transit entities may choose to manage reserves at less than established operating reserve policy levels at times when there are regional transit operating deficits.

IV. Procedures for Distributing Regionally Allocated MVST

A. Procedure to Distribute Regionally Allocated MVST to Preserve Transit Operations

Metropolitan Council staff will develop and maintain a Preserve Transit Service Revenue Allocation Model for calculating and distributing Regionally Allocated MVST among the transit entities to preserve existing transit operations levels.

1. Annually by May of each year, the Metropolitan Council will request each transit entity to provide the following information to allow for the calculation of the amount of Regionally Allocated MVST necessary to preserve transit operations in the next calendar year:
    - Current Service Improvement Plan that documents service expansion plans, opportunities, and priorities.
    - Current operating reserve policy and an itemization of reserve uses in the prior year and uses planned for the current year.
    - Annual in-service hours (see definitions) in the previous calendar year, current calendar year and expected annual in-service hours to preserve service in the next calendar year;
    - Adopted operating expenses and fare revenue in the current calendar year, and expected preserve operations expenses and fare revenue in the next calendar year broken into four expense categories: salaries and benefits, provider contracts, fuel, and all other expenses.
    - If a transit entity chooses, in May the Council will use a standard inflationary rate to estimate a transit entity's preserve transit operations expenses for the next calendar year. This will provide for calculation of a preliminary distribution of Regionally Allocated MVST and allow the Council to adopt a draft operating budget in September. In October, each entity may submit actual proposed expenses for the following year. The model and calculation of Regionally Allocated MVST distribution will be adjusted for any new inputs and the results incorporated into the Council's final budget adoption. (See Section IV. D. Annual Schedule.)
    - A brief explanation of any expected year-over-year expense changes by expense category should be submitted either in May or October when actual proposed expenses for the next year are submitted. Annually the Council will provide each transit entity with regional benchmarks regarding anticipated expense increases (e.g. fuel increases). These benchmarks are provided as guidance and will not be available until after development of the draft operating budget, but will be available prior to development of the final operating budget. When expense increases vary from this guidance, additional documentation may be required.
    - Audited financial information from the previous calendar year should be submitted by July.

- The annual budget information submitted by each entity should exclude revenues and expense of service provided under contract to another transit entity (i.e. Metro Transit revenue and expense should exclude costs of providing service under contract to Maple Grove).

2. Metropolitan Council staff will convene a joint meeting with all transit entities to discuss the annual operating revenue allocation and model inputs. The budget information received from each entity will be reviewed, clarified if there are questions and input into the Preserve Transit Service Revenue Allocation Model. A generic copy of the model is shown in *Attachment A* indicating where information provided by each transit entity will be entered.

3. Model revenue inputs that will be calculated or estimated for each transit entity include:
   - Each transit entity's share of Base MVST, calculated based upon the previous February state forecast. 95% of this amount or an amount mutually agreed upon will be input to the model, with the remaining 5% available to add to an entity's reserve and used to offset revenue volatility throughout the calendar year.
   - State general fund appropriations for specific transit activities such as rail operations appropriations.
   - State general funds for general bus operations will first be distributed to required ADA services to assure that there will not be an operating deficit. The remaining state general funds will be distributed to Metro Transit and MTS Contracted Transit & Planning.
   - CTIB operating contributions will be estimated and distributed to the entity that will receive the CTIB grant (i.e. MTS will show the revenue and expense for Cedar Avenue and 35W BRT service that is contracted to MVTA or Metro Transit).
   - Other revenue, including all revenue other than fares, MVST, federal or general fund (such as investment income, advertising, commissions) will be calculated as 1% of each transit entity's annual operating expenses.

4. Council staff will input federal funds into the model as follows:
   - Federal NTD formula funds are primarily meant for capital purposes and are not required to be used in the operating budget for preventive maintenance or capital cost of contracting. Any use of federal formula funds for operating purposes will reduce that amount of funds available for capital purposes. If it is determined that it is desirable or necessary to utilize federal funds in the operating budget, the usage will represent a regional contribution of federal funds for operating purposes. For ease of administration, the federal funds will be shown as revenue in the operating budgets of the following transit entities: Metro Mobility and MTS Contracted Transit & Planning (representing capital costs of contracting) and Metro Transit (for preventive maintenance).
   - The amount of federal formula funds that will be used in the regional operating budget will be determined on an annual basis using a transparent process. The calculation will be based upon the balance of resources needed for preserving existing services, fleet, and facilities. Special federal funds available, such as the revenue received through the American Recovery and Reinvestment Act (ARRA),

will also be considered when making a determination regarding the use of federal formula funds in the operating budget.

- MTS Contracted Transit & Planning will include the following federal revenues:
  -- Anticipated federal Urban Planning Work Program (UPWP) funds (Mn/DOT is responsible for calculating and notifying the Council regarding its expected level of federal UPWP funds each year); and
  -- Federal 5311 funds expected to be available through Mn/DOT for dial-a-ride operating purposes.
- Each transit entity must include any federal funds awarded for operating purposes such as CMAQ or JARC and New Freedoms programs.

5. Revenues and expense data will be used to calculate a Projected Deficit for each entity as follows: Total Expenses - Subtotal of Revenues = Projected Deficit. Some transit entities may have a Projected Deficit of zero. This would include: ADA service consistent with state and federal law, rail operations when the state has provided the full 50% share of net operating funds; and any transit entity whose combination of fares, 95% of base MVST and other funds is adequate revenue to preserve its existing operations. Transit entities that show a Projected Deficit will be expected to use operating reserves to balance their preserve operations budget to the extent that reserves are available above the policy level as described in Section III. B. Operating Reserves.

6. A Deficit After Use of Reserves will then be calculated as follows: Projected Deficit – Use of Reserve = Deficit After Use of Reserves. A Total Regional Deficit After Use of Reserves is the sum of all of the transit entities' Deficit After Use of Reserves.

7. If the amount of revenue available from Regionally Allocated MVST is greater than the Total Regional Deficit After Use of Reserves, then each entity will be distributed an amount of Regionally Allocated MVST equal to its' Deficit After Use of Reserves.

8. Any Regionally Allocated MVST remaining after meeting each transit entity's preserve service level will be distributed to each transit entity in an amount necessary to bring its reserve level to the policy level described in Section III. C. Remaining Regionally Allocated MVST after meeting preserve service operations and maintaining reserve levels will be distributed through procedures described in Section IV. B.

9. If the amount of Regionally Allocated MVST is less than the Total Regional Deficit After Use of Reserves then a Regional Percent Deficit is calculated as follows: (Total Regional Deficit After Use of Reserves – Total Regionally Allocated MVST) / (sum of expenses for the transit entities that will be receiving Regionally Allocated MVST) x 100 = Regional Percent Deficit.

10. Each transit entity with a deficit will receive an equivalent Deficit as a Percent of Operating Expenses as the overall Regional Percent Deficit (i.e. if Regional Percent Deficit is 2%, each transit entity receiving Regionally Allocated MVST will have a 2% deficit).

B. Procedure to Distribute Regionally Allocated MVST for Transit Service Expansion

Remaining Regionally Allocated MVST, after funding the preserve transit operations budget and bringing each transit entity to the operating reserve policy level, will be used to expand the regional transit system. The intent of this distribution will be to fund high quality transit expansion projects to help the region accomplish the 2030 Transportation Policy Plan's overarching goal of doubling transit ridership within the region by 2030. The amount of Regionally Allocated MVST available for service expansion is not known until the Preserve Transit Service Revenue Allocation Model and distribution of Regionally Allocated MVST for service preservation is calculated. Because this occurs late in the calendar year, any Regionally Allocated MVST funds that will be made available for service expansion will not be included in a transit entity's adopted preserve operations budget but will be amended into adopted budgets throughout the year as service expansion decisions are made and Regionally Allocated MVST funds are distributed for expansion purposes. Funds allocated for service expansion then become part of a transit entity's preserve transit service operations budget in the following year.

As noted in the Principles section, service expansion funded with Regionally Allocated MVST in one year will become part of the preserve service base in future years as long as that service expansion continues to meet regional performance guidelines. (This determination will be made after the service has been in operation for at least 18 months.) In addition, service will only be expanded if state MVST forecasts indicate that funding for the service expansion will be sustainable for at least three years.

Recommendations on how to distribute Regionally Allocated MVST for transit service expansion will be made to the Council by MTS Planning staff. The recommendations must consider input from a regional staff committee composed of staff representatives from each of the transit entities including MTS Contracted Services, Metro Transit Bus and Rail and each of the STPs. The committee will be convened by the MTS staff upon a determination, as part of the annual operating budget process, that Regionally Allocated MVST funds are available for transit service expansion purposes. All input from the regional transit entity committee will be provided to the Council even if it is not incorporated into the transit service expansion recommendations. The recommendations on how to distribute Regionally Allocated MVST for service expansion will be based on three primary factors:

1. Consistency with the Transportation Policy Plan;
2. The service expansion plans identified in each provider's Service Improvement Plan (SIP) and in the Regional Service Improvement Plan (RSIP); and
3. Balancing of distribution of Regionally Allocated MVST across the region over time.

Each of these factors is described in more detail below. The recommendations regarding transit service expansion to be funded with Regionally Allocated MVST will be brought to the Council for approval and amendment into the annual transit operating budget.

This procedure does not preclude distributing Regionally Allocated MVST funds as a match for Congestion Mitigation Air Quality grants or similar grants when the region is in a service expansion period.

1. Consistency with Transportation Policy Plan (TPP)

All service expansion must be consistent with the policies and strategies in the Council's adopted Transportation Policy Plan. The policy plan requires transit entities to develop local service improvement plans and to submit the plans for inclusion in a Regional Service Improvement Plan. In addition proposed service should be consistent with the market service areas and regional design standards contained in Appendix G of the plan.

2. Regional Service Improvement Plan (RSIP)

The RSIP will be prioritized to identify the most promising projects first. (These are the projects that best address regional transit goals.) This prioritized list will be reviewed by the staff committee to identify the overall amount of new service that can be funded with available expansion funds. This will establish a cutoff level in the RSIP for funded projects. Only providers that have projects that achieve this level of priority within the RSIP will be considered for additional funding from Regionally Allocated MVST. The projects above the cutoff level will also set the cap for funding for each provider. No projects below the cutoff will be funded.

RSIP Prioritized Project

High priority • Provider 1 project • Provider 2 project
Medium priority • Provider 3 project • Provider 2 project
Low Priority • Provider 4 project • Provider 1 project

Funding cutoff

In the above example, providers 1, 2 and 3 will be eligible for funding. They will only be eligible for funding up to the level required to implement the projects listed above the cutoff level.

3. Balance in Distribution over Time

Since projects across the region will develop at different times, the distribution of Regionally Allocated MVST will need to be balanced over time. A provider may receive significant funding one year and less or none the next.

In any given year, the distribution of Regionally Allocated MVST will include a review of past of distribution of funds in addition to projects in the current RSIP. This review will include analysis of all Regionally Allocated MVST distribution, including that required for preserving existing

operations and for committed expansions to assure that the distribution is balanced and equitable across the region over time.

C. Annual Schedule

The generic schedule outlined below will guide the preparation of the Preserve Transit Service Revenue Allocation Model and adoption of annual transit operating budgets.

May – Council requests and transit entities submit information specified in Section IV. A.
Late May – Legislative session concludes, general fund appropriations and other funding information is known.
Early June – Council prepares Preserve Transit Service Revenue Allocation Model and calculates preliminary distribution of Regionally Allocated MVST for transit service preservation.
Late June/July – Transportation Committee and Council operating budget presentation and review.
September – Council adopts draft Annual Operating Budget
October – STPs adjust proposed preserve service expenditures for next calendar year and update operating reserve balance level.
November – Council adjusts the draft operating budget and Regionally Allocated MVST distribution based upon information submitted in October and based upon the November MVST forecast.
November – Council determines amount of Regionally Allocated MVST available for transit operating expansion or for transit capital expansion purposes and convenes a regional committee to give input regarding the distribution of Regionally Allocated MVST funds available for expansion purposes.
December – Council adopts final Annual Operating Budget.
Next Calendar Year On-going – Regionally Allocated MVST Funds for transit service expansion are amended into adopted operating and capital budgets.

Glossary of Terms

Base MVST: Base MVST is the amount derived by the first 21.5% of MVST dedicated to metropolitan transit purposes. Suburban Transit Providers (STP) as a group receives approximately 17.1% of the base MVST allocation. This is approximately equal to 3.74% of total statewide MVST multiplied by a market value adjustment for each year between 2002 and 2007. Base MVST is meant to represent the amount each transit entity was receiving from its transit operating property taxes prior to 2002.

Fares: Passenger fares are the revenues received from charging fares to transit customers in accordance with the regional fare policy or revenue received through the Regional Fare Allocation formula.

Expansion Transit Service: Include transit service or hours that was not being provided in the previous calendar year and that is proposed to be funded using Regionally Allocated MVST funds. This would include service hours added to address overloads.

Federal ARRA Funds: Federal ARRA funds are funds received by the region for transit purposes through the American Reinvestment and Recovery Act (ARRA). The funds are available for transit capital purposes. However, a potion of the funds may be brought into the region's transit operating budget for preventive maintenance costs and for capital costs of contracting. This region will be using $17.6 M of federal ARRA funds in the 2010 operating budget.

Federal CMAQ Funds: Congestion Mitigation Air Quality (CMAQ) funds are competitive federal funds allocated through the regional solicitation process. The process allocates the funds four years in advance of funding availability. The funds may be used for capital or operating purposes, but must be for transit expansion. CMAQ funds must be matched with 20% local funds. Providers awarded CMAQ funds for expansion of operations or for bus purchases must demonstrate the availability of operating funds for the expanded service of least three years. Metro Transit and Van*GO!* Receive an annual award of CMAQ funds for travel demand management activities.

Federal New Freedom and Job Access and Reverse Commute (JARC) Funds: New Freedom and JARC funds are awarded to the region by formula annually. The region is required to distribute the funds through a competitive solicitation process. New Freedom funds are to be used for transit services for disabled and elderly individuals and JARC funds must be used for job access or reverse commute transit service. The funds are available for both capital and operating purposes and must be matched with 20% local funds for capital and 50% local funds for net operating costs.

Federal NTD (Section 5307) Funds: These are federal funds earned annually by each transit entity based upon several factors including the amount of transit service operated and demographic statistics of the service area. MTS reports the service statistics for the STPs based upon information submitted by each provider. The funds received lag the service statistics by two years, i.e. funds received in 2009 are based upon 2007 reported service statistics. Federal NTD funds are allocated by the FTA for transit capital purposes but may also be used in a providers

operating budget for eligible capital costs (either capital cost of contracting for contracted service or preventive maintenance costs for directly provided service).

Federal UPWP: Unified Planning Work Program funds are federal funds received by the Council as the Metropolitan Planning Organization (MPO) for the region. The funds are used for long-range transportation/transit and land use planning. The Twin Cities region typically receives about $3.1 M in federal UPWP funds which must be matched 20% by local funding (typically SGF or base MVST).

Other Transit Revenue: Other Transit Revenue means revenue earned by a transit entity through various activities other than directly providing transit service to customers. Other Transit Revenue would include investment income, advertising revenue, revenue generated by transit oriented development and contract revenue.

Passengers per In-Service Hour: Passengers per in-service hour is calculated by the total number of passengers carried divided by the in-service time in hours.

Preserve Transit Service: Includes revenue hours that a transit entity operated in the previous calendar year using its preserve budget as approved through the regional operating revenue allocation process. Under the Operating Revenue Allocation policy 90% of a transit entity's preserve transit service must meet regional performance standards.

Regional Service Improvement Plan (RSIP): The Regional Service Improvement Plan incorporates the Service Improvement Plans of each transit entity and is prioritized to identify the most promising expansion projects that should be implemented should service expansion funding become available.

Regional Transit Performance Standards: Regional transit performance standards are used to evaluate the relative productivity and efficiency of transit service provided. The primary performance standards are Subsidy per Passenger and Passengers per In-Service Hour.

Regionally Allocated Motor Vehicle Sales Tax (MVST): Regionally Allocated MVST is the amount received by the region for metropolitan transit purposes above 21.5% of total statewide MVST revenues. By 2012 when the MVST dedication is fully phased-in at 36% for metropolitan area transit, Regionally Allocated MVST will total 14.5% of total statewide MVST revenues.

Service Hours: Service Hours are defined as – The amount of time a vehicle is specifically in transit agency service, including all time spent from the first point of the first trip to last point of the last trip (of a contiguous set of trips). Only hours deadheading to the first pick up and those from the last drop off to the garage are excluded.

State General Fund (SGF): SGF revenues are appropriated by the Legislature usually biennially for specific purposes. Metropolitan area transit currently receives SGF appropriations for bus operations and Hiawatha rail operations.

Subsidy per Passenger: Subsidy per passenger is the net cost of providing a transit service divided by the number of passengers using the service. Net cost is calculated as the difference between the total costs of the service minus fare revenue.

Transit Entities: Means a unit of the Council responsible for transit and the Suburban Transit Providers that are eligible to receive Regionally Allocated MVST. This includes the following entities:

- Metro Transit Bus
- Metro Transit Hiawatha Rail
- Metro Transit Northstar Commuter Rail
- MTS Contracted Transit & Planning (contracted fixed route, regional dial-a-ride service, VanGO!, regional planning)
- Metro Mobility
- Suburban Transit Providers
    - Minnesota Valley Transit Authority (MVTA)
    - SouthWest Transit (SWT)
    - Plymouth
    - Maple Grove
    - Shakopee
    - Prior Lake

Regional Service Improvement Plan (RSIP) Procedures

September 2010

I. Definition

The Regional Service Improvement Plan (RSIP) is a document that identifies all regional opportunities to increase transit service to maintain quality of service on existing routes and expand frequency, span and coverage to develop new transit markets. The RSIP is prioritized to identify those projects that have the highest likelihood of success in achieving regional goals for transit service.

II. Purpose

The *2030 Transportation Policy Plan* notes that the "regular route bus system will change and expand as population, congestion and the cost of travel increase, as the region implements rail transit and as customer needs change." Defining these changes to the bus system, and advocating for funding to implement the changes is an important role of the Metropolitan Council and all regional transit providers as well as other stakeholders including local government, businesses and residents.

The Regional Service Improvement Plan is an important tool to document and prioritize the region's opportunities to improve the transit system in the near term. There are two specific requirements that have bearing on the process for generating the RSIP and the content of the plan.

1. Transportation Policy Plan Requirement for RSIP

The RSIP is required by the *2030 Transportation Policy Plan* in Strategy 14c.

Policy 14: Transit System Operations and Management: The regional transit providers will promote innovation, efficiency, flexibility and greater diversity of options in operating and managing transit services.

Strategy 14c. Service Improvement Plan: Every two years, regional transit providers in consultation with customers and stakeholders, will prepare a short-term Service Improvement Plan that identifies their priorities for transit service expansion over the following two to four years. The plans will be submitted to the Council, which will prepare a regional Service Improvement Plan.

2. Use of RSIP to Support Distribution of Allocated MVST

The Regional Transit Operating Revenue Allocation Procedures includes use of the RSIP in the distribution of Regionally Allocated Motor Vehicle Sales Tax (MVST). The top priority for Regionally Allocated MVST will be to preserve existing service and to fund committed service expansion. Once these needs are met, remaining Regionally Allocated MVST will be used to expand the transit system by increasing service on existing routes to meet growing demand, improving service frequency, span and coverage to attract new riders and adding new routes. The RSIP is used as a screening tool for service expansion projects. Those providers that have projects that achieve a certain level of priority in the RSIP will be eligible for service expansion funding from Regionally Allocated MVST. For this purpose, the RSIP must rank projects to identify those that best support regional goals.

III. RSIP Procedure

Development of the RSIP will be a four step process:

1. Solicit two- to four-year Service Improvement Plans from all regional transit providers
2. Review and combine service improvement projects into a single regional list
3. Evaluate projects based on regional performance measures and other factors
4. Prepare a categorized and prioritized list of projects to guide planning work and funding allocation decisions

Step 1: Solicitation

Service Improvement Plans (SIPs) will be solicited by the Metropolitan Council from all regional transit entities that receive State General Fund and/or MVST funding through the Metropolitan Council and that are directly responsible for planning service to be implemented with that funding.

The individual provider SIPs should include a detailed list of all suggested service improvements for the next two to four years.

Each project should include the following detail information:

- Route number
- Brief description of the improvement including markets/destinations served and reason for the improvement.
- Description of any existing capital facilities or future capital investments that are planned with or required for the service change (e.g., park & ride, transit center, transitway, etc.)
- Any support for the service change, including relationship to regional and local plans
- Any opposition to the service change
- A map of the existing route with proposed change or a map of the new route

- Route type (urban local, suburban local, express)
- Proposed month and year of implementation

For weekday, Saturday and Sunday:
- Number of new bus trips to be provided
- Number of additional AM peak, PM peak and midday buses required
- Number of new in-service hours and platform hours required
- Current ridership per trip and total daily ridership (for existing routes)
- Estimated new ridership as a result of the service improvement
- Estimated total cost of service, estimated fare revenue and estimated subsidy. Include cost and revenue estimation factors used such as cost per hour, fare revenue per passenger, etc.
- Other secured or potential funding sources for the specific service (i.e. CTIB, CMAQ, JARC, private)
- Identification of impacts on required ADA service area and service levels.
- Calculated estimated subsidy per passenger and passengers per in-service hour

Step 2: Review and Combine Project Lists

Project Review

All SIP projects will be reviewed by a regional RSIP Review Committee convened by Metropolitan Council with one representatives from each suburban transit provider in addition to two from Metro Transit and one from Metropolitan Transportation Services. Particular attention will be paid to the service level and cost estimates for each project as well as the ridership projections. These elements have a significant influence on the factors that will be used to evaluate projects and compare them with one another. Any discrepancies or concerns with the SIP projects will be discussed with the individual transit providers so they can be resolved and the SIP submission adjusted if necessary.

Combined Project List

Metropolitan Council staff will combine all regional projects into a single list. Projects will be categorized by route type and project purpose.

Route Type
- Express
- Urban Local / Limited Stop
- Suburban Local (including transitway connections)

Project Purpose
- Increase capacity to meet growing demand
- Increase quality of service (frequency, span, speed)
- Improve network connectivity and coverage
- Develop new transit markets

Step 3: Project Evaluation

Projects will be evaluated by the Review Committee in order to support development of a prioritized service improvement project list. The evaluation factors will include a combination of both quantitative measures and qualitative assessments of the proposed service improvements. Each project will be assigned a score of High, Medium or Low for each evaluation factor and then an overall score based on the combination (but not necessarily mathematical average) of the individual factors.

The following table identifies the specific evaluation factors, applicable to the proposed service improvement, and the definition of High, Medium and Low scores.

Factor	**Measure**
Subsidy per Passenger	Measured in proportion to regional averages for service type: High = Better than the regional system average* for service type Medium = Better than 130% of regional route average* for service type Low = Worse than 130% of regional route average for service type
Passengers per In-Service Hour	Measured in proportion to regional standard for service type: High = Above regional system average for service and vehicle type Medium = Above regional average standard for service and vehicle type Low = Below regional average standard for service and vehicle type
Congestion Mitigation	High / Medium / Low = Assessment of level and length of congested freeway segments served by the route. Primarily associated with commuter express routes. This factor primarily applies to peak commuter service.
Capital Facility and Running Way Coordination	High = All necessary capital facilities planning, funded, and constructed in coordination with service change Medium = Facilities programmed, but funding and construction not yet secured Low = Required facilities not programmed
Benefits for ADA community	High / Medium / Low based on recommendation of project sponsor and assessment of review committee.
Service to Minority and Low Income Populations	High / Medium / Low = Level of overall transit service improvement to minority and low-income populations, including provision of reverse commute service. Consistency with Title VI requirements
Local Support	High / Medium / Low = Level of demonstrated local support for the service project, including identification in local plan, support from local government, businesses and residents, etc.
Innovation	High / Medium / Low based on recommendation of project sponsor and assessment of review committee.

* The “regional system average” for subsidy per passenger is calculated as the total subsidy across all routes divided by the total number of passengers. The “regional route average” is calculated as the sum of the subsidy per passenger values for each route divided by the total number of routes. Both statistics will be calculated across all routes within a given route type (i.e., urban local, suburban local, and express.)

Step 4: Prioritized List of Projects

Based on the evaluation, the overall project list will be organized into High, Medium and Low priority projects. The prioritized list will indicate which proposed service improvements have the greatest potential to meet regional goals of increasing transit ridership, operating efficient transit service, and growing the overall transit system. This summary will also include the resource requirements and costs of each project to allow for assessment of funding capacity during the allocation of regional transit operating funds.

Regional Transit Performance Standards
2030 Transportation Policy Plan, Page G-10

Transit Performance Standards

The primary performance standards to measure service performance are Subsidy per Passenger and Passengers per In-Service Hour. Performance standards are used to evaluate the relative productivity and efficiency of the services provided. To be responsible and dynamic, a transit system must consistently measure and adjust service in unproductive routes and address insufficient service in productive areas. The use of two regional performance standards provides better insight into the operational and financial performance of individual routes and services.

Revision of Transit Performance Standards

The Metropolitan Council will complete a review of these transit performance standards. Working with regional transit providers, the Council will review and potentially modify the standards listed below. Following this review and potential revision, all providers will review their transit service annually based on the regional transit performance standards. Providers will annually submit their performance reviews to the council for inclusion in a regional service performance review.

Table G-12: Passenger Subsidy

Threshold No.	Level of Subsidy per Passenger Performance	Monitoring Goal	Possible Action
1	20 to 35% over peer average	For Quick Review	Minor Modifications
2	36 to 60% over peer average	For Intense Review	Major Changes
3	More than 60% over peer average	For Significant Change	Restructure/ Eliminate

Subsidy per Passenger

Subsidy or net cost is the difference between the total cost of providing service minus revenue from passenger fares. Subsidy per passenger represents the net cost divided by the number of passengers using the service. This standard identifies services that are not operating within regional efficiency ranges and focuses corrective actions for those services. Subsidy thresholds are determined by calculating the non-weighted subsidy per passenger average within each service classification plus fixed percentage deviations from that average.

Table G-13: Passengers per In-Service Hour

Type of Service	Average Passengers per In-Service Hour	Minimum Passengers per In-Service Hour
Light Rail Transit	≥70	≥50
Big Bus Fixed Route – All Day	≥20	≥15
Big Bus Fixed Route – Peak Only	≥20	N/A
Small Bus Fixed Route	≥9	≥5
Small Bus Non-Fixed Route	≥3	≥2
Other/Rideshare/Shared Ride Taxi	≤2	N/A

Passengers per In-Service Hour

The passenger per in-service hour standard establishes a minimum threshold of performance for light rail transit, big bus fixed route service, small bus fixed route service and paratransit operations. Passengers per in-service hour represents the total passengers carried divided by the in-service time. This measure is most often calculated at the route level, but can also be used less formally at a route segment or trip level.

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