

Transit Kickoff 2/4/19

Attendees: Tori Nill, Megan Neeck, Mark Nelson, Sara Dunlap, Jack Larson, Paul Smith, Paula Mastey, Cathleen Amick, Tiffany Collins, Deb Brisk, Kelly Hagen,

Online: Chris Belden, LuAnn Bleiler, Jerry , Jeremy Monahan, Randy Jenkins, Cindy Pic, Lori Van Beek, Gary Ludwig

1. The Role of the Advisory Committee-Defining the Challenge Tori Nill

After introductions, OTAT Office Director Tori Nill began by laying out the challenge and objective of this newly formed Advisory Committee. MnDOT's policy on Greater Minnesota Transit Account Balance states that The Greater Minnesota Transit Account should be programmed to maintain an undesignated, unreserved account balance of:

- Not less than 10 percent of the total annual Transit Assistance Fund balance forward, and
- Not more than 20 percent of the total annual Transit Assistance Fund balance forward.

The balance at the end of the calendar year is \$17,686,155, above the 20% Having a higher fund balance than policy dictates can send the wrong message to policymakers and potentially put future funding at risk. There is no doubt that the need exists. We have to do a better job of getting these funds to the providers to address these needs in a timely manner.

OTAT's short term response was to conduct a second solicitation focused on funding vehicle replacement and investment in facilities. Through that, OTAT has awarded an additional \$6M for 2019, drawing the uncommitted fund balance down to \$11M

The second short term response will be to amend the 2019 operating grants to increase state share such that:

- Those grants that required a 15% local share will now require a 5% local share
- Those grants that required a 20% local share will now require a 10% local share

This will immediately reduce the uncommitted fund balance by another \$5M.

Discussion.

- It was clarified that this change is for 2019 only.
- The change will be applied beginning with the first quarterly billing.
- There are no stipulations regarding the use of the local share savings. Providers are encouraged to address immediate needs as identified in the five year plans and the transit development plans. Any expenditure that would require additional ongoing support beyond Calendar Year 2019 would be cautioned against at this point. As indicated, this advisory committee will be looking at funding levels and setting priorities for the next few years.
- The transit systems are encouraged to send their feedback on these issues to Tori.

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- To clarify. All systems receive an operating grant and will get a state share increase of 10%. The budget stays the same, we are just reimbursing 10% more. What the transit systems does with the realized savings in local share, is up to their organization and boards. MnDOT is not monitoring it.

2. A Proposed Multi-Year Programming Framework, Mark Nelson

Mark began by explaining that his background is in the development of the Statewide Multimodal Plan and the Minnesota State Highway Investment Plan. On the highway side, there are long range plans (20 years) as well as 10 year and 4-year programs of projects. The transit side has only the long range plan and annual solicitations. Developing a four year program has the potential to:

- Improve the transparency of investment decisions
- Establish multi-year funding certainty for transit providers
- Allow for a more collaborative decision making process. Include transit service providers in the establishment of funding priorities based on discussion of trade-offs over a multi-year period
- Better align investments with Five Year Investment Plans (5311) and Transit Development Plans (5307)

How would it work? Break it down into 4 funding categories, establish eligibility requirements, and estimate needs statewide. Then determine funding levels by category and solicit for projects, documenting both met and unmet needs. The proposed categories are;

- Operations
- Asset Management
 - Vehicles
 - Facilities
- Service Expansion
- Enhancements

In developing a four-year program, the first step would be to hold operations grants harmless for multiple years. Establish baseline operations budgets for all service providers for the 2020-2023. Budgets would be based on current year plus inflation. Eliminate annual solicitation for operations. Make operations the highest priority, holding it harmless over the four years to the extent that revenue is available. Baseline operations budget would only be modified if new services are added or existing services are reduced.

It was pointed out that in recent years transit providers have frequently left an unspent balance at the closeout of the annual operations grant. This is a contributing factor to the transit account balance. The Advisory Committee was asked whether a multi-year contract would alleviate this issue.

Discussion.

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- It seems that there is a concern about what the next year will bring. Internally managing the transit systems and committing anything to their employees past 1 year is hard. If they knew going out 2-4 years, it would allow them to plan farther out, staffing issues would decrease.
- It often takes longer than a year to get initiatives off the ground. There is shortage of drivers and administrative staff. If grants were multi-year one would expect decline in unspent funds going forward.
- A good amount of staff time is spent on budgeting and working with the county boards, etc. this multi-year program would save a lot of leg work on the transit systems end.
- Mark pointed out that we needs to consider how this would all work on the State's side. For example, FTA funds are awarded annually but don't necessarily require an annual solicitation. There will be more to come on this.
- MnDOT's economist provide the annual inflation estimate. , which would be applied to each year.
- It was asked whether operations budgets would increase if there was system expansion. The answer was yes. The Advisory Committee will be asked to help us think through how we address system expansion along with other changes to operations.
- Mark shared a slide showing projected funding for transit by state and local sources for the years 2020 to 2023 (see slide #13)
- There were several questions about the funding sources. It was explained that the FHWA STP funds were committed to Transit by MnDOT at the statewide level This was the funding source that was previously used for transit at the discretion of the Area Transportation Partners (ATP's)
- It will be the job of OTAT to continue to advocate for at least maintaining the current level of funding if not increasing it in the future.
- There was a question as to whether providers would have to wait for future years to expand service. There would be a frustration to not expand until the next year because of the funding. They were encouraged to work with their Transit Project Managers if the need is immediate.
- It was pointed out that opportunities to add service come up during the year and they would not want to have to wait for a future year to expand. Typically in the past if they wanted to add service (Not added buses) they would have had to eat the costs. They want a quick reaction time, there is a term called "transit creep" that happens very fast if they can't keep up with changes. The systems need to have flexibility to allow for this. Want to come to an agreement that would come up with some new ideas that would close the gap to the ridership decline.
- There clearly has to be a more in depth discussion of service expansion and fairness. This will be one of the points of discussion at the next meeting.
- In the past, the trends have restricted their systems to not grow as fast as they want.
- Multi-year planning would be a new way of thinking and they need some time to get used to it.
- In one instance, expanding service by a little would increase the ridership.
- For the small urbans, some issues are competing for local share at the city level. Looking for a 4 years ahead would help them show the commitment. In some instances, services are not done by drivers in house and systems are experiencing large cost increases when they go back out to bid. A multi-year commitment would provide more certainty that the funding would be there for more than just that the next year.

After a break the conversation switched to what solicitations would look like for the other investment categories beyond operations. Slide 17 asked (proposed) the following.

- Vehicles: 2-4 years?
- Facilities: 4 years?
- Enhancements: Annual?
- Service Expansion: Annual?
- It was asked how “facilities” was defined. \$5K or more is capital, but we need to know what is included in facilities. This is still to be discussed and need to work together to get this flushed out. Further discussion will happen at the following meeting.
- ADA accessibility is a facilities issue. The placement for the shelters and the concrete to and from the shelters is getting expensive. This may be a hot topic.
- It was asked whether the categories would be split up into smaller categories. The response was that we have to define the terms first and then build from there.
- We will need to define all of this better before we can really discuss the appropriate frequency of solicitations.
- Vehicle types are needing to be discussed too, would MnDOT open up their criteria for funding different type of vehicles (vans, buses, etc.)?
- Vehicles and facilities could both be 4 years – 5307’s are already doing this for inclusion in the TIPS.
- There are differences between 5311’s and 5307’s and it might not be possible to do vehicles 4 years for the 5311’s as easy as it might be for the 5307’s.
- Are we telling MnDOT what we need each year, or is it set every 4 years?
- It’s all about need and what you think you will need each year. If you put in your plans that you need 2 buses in 2021, then they would not be ordered until you were certain that the need is still relevant that year.

QUESTIONS

1. Should we split it out between 5311’s and 5307’s?
2. How should we define enhancements?

5311’s & 5307’s

The Advisory Committee was first asked whether it would make sense to split out and address multi-year programming together as one or split by rural and small urban.

- It would be nice to discuss the 5307’s separately but procure together possibly
- There are pros and cons for both,
- Keep in mind that they ALL lobby together at the legislature, don’t want to compete within themselves.
- There may be a lot to learn from each other,
- Mark expressed concern that 5307’s also manage their own Federal grant program without MnDOT. It is a different conversation, 5311’s all the funding flows through MnDOT. MnDOT plays a different roll for both types of systems.

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- 5307's do a lot off of the STIP, but for the 5311 it seems to be harder for the 4 year program at least prior to their developing 5 year plans. Splitting up by funding might not really reflect where the needs are from year to year.
- It would be nice to sync the solicitations between the 5307's and 5311's

General consensus: Keep the groups together

Enhancements – Defining

Mark handed out a document “Defining Public Transit Innovations and Enhancements”. The intent was to spur discussion of what should be added or changes to the strawman definition.

Discussion:

- Improve facilities – to decide if they build or rent (economically feasible) they are looking at hiring a consultant to figure this out. There are a lot of steps that need to happen before building, but some small systems might not be able to foot the bill before getting to that spot.
- It was proposed that “Enhancements” be redefined as “Betterments” or “Improvements” as enhancements has a very specific definition on the highway side.
- System improvement planning and rebranding to marketing (mergers, etc.).
- Engineering and architecture services
- FTA rule changes, this is something that we should discuss. We need to be able to make changes in response to rule changes.
- Ergonomic improvements for staff.
- First mile-last mile solutions: ex. Some of the larger urbans will do bike share/scooters for residents to and from jobs. It may be an enhancement at bus stops to put in bike racks. ADA compliant shelters and sidewalks.
- Real time application – We should consider either working with Lyft and Uber or emulating their applications..
- Solar panels, etc. to bring down operating costs. Make investments that will decrease the operating costs long term. Make the buildings more efficient (possibly under facilities).

Upcoming Meetings.

Meeting #2 – February 26

Meeting #3 – March, Date TBD

Meeting #4 – April, Date TBD

Spring Workshop – May 7 & 8