

Faribault-Martin County Joint Transit Board – Executive Committee Emergency Meeting
Martin County Courthouse
201 Lake A venue Fairmont, MN 56031
June 29, 2016

The emergency meeting was called to order at 5:00 p.m. by Chairman Bill Groskreutz.

Joint Transit Board Executive Committee members present were: Faribault County Commissioner Groskreutz and Martin County Commissioners Mahoney and Belgard. Missing was Faribault County Commissioner Loveall who was replaced by Faribault County Commissioner Young in his stead. Also present was Scott Higgins, Martin County Coordinator, Terry Viesselman, Martin County Attorney, and Jeremy Monahan, Faribault – Martin County Transit Director.

There was no set agenda for this meeting due to it being called as urgent in nature.

The meeting consisted of making sure everyone was up to date on the latest facts. This situation began after concerns were expressed by Fairlakes Transportation of them going over their budget on a monthly basis. Monahan stated that after discussions with Fairlakes he had done analysis of their bid and found that they severely underbid the payroll portion of the contract due to a miscalculation somehow. The deficit would be a minimum of \$53,000 annually but that Fairlakes has stated that they have already lost \$50,000 through May, or about \$10,000 per month. They produced a letter of their desire to find a way out of the contract if no additional funding can be added to the existing contract. Their timeframe for doing so is as soon as possible or hopefully by the end of July.

It was discussed that MnDOT has informed Monahan that the Board has two options in this type of situation; rebid for a third party to operate the system, or bring the operation in house. Both options according to MnDOT could take 4 to 6 months to complete. Monahan said he will inform Fairlakes of that estimate, and let them know that he hopes to get it completed in about 3 months. Monahan also will tell Fairlakes that if they breach the contract and stop operations before the transition is completed, the transit system will be shut down entirely with all their staff having to be furloughed. It was the consensus that Fairlakes is not aware that the transition would take that much time.

There was discussion of whether or not any additional money should / could be given to Fairlakes to make their operations stop losing money on a monthly basis. The commissioners are aware that MnDOT's stance is that the executed contract cannot be modified for this particular reason causing them to need more money, i.e. a miscalculation in the bid. There was a sentiment that giving them more money due to the miscalculation isn't fair and ethical and would defeat the bidding process entirely.

There was discussion of the feasibility to hire Nancy Gunther as a "Transition Consultant" while work on the transition is being completed during the next couple of months. Her experience to help us complete what we need to do could prove to be very valuable and doing this would be done concurrently with Fairlakes continuing to run the system to prevent any shutdown or

reduction in service. This could help offset their losses as well. Monahan was instructed to inquire with MnDOT if this is a possibility and how it could work.

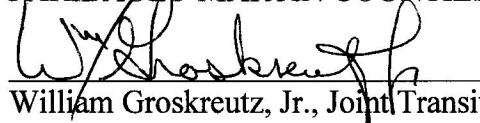
Monahan noted that his initial analysis of whether the in-house operation would be affordable under the existing 2016 Operations contract with MnDOT indicated that while it is an increase in costs over having Fairlakes conduct operations, it is still within the budget of the operations contract with MnDOT. Monahan noted that rebidding for a new third-party would reduce the amount of control the Board has over expenses and reminded the Board that the 2016 Operation Budget earmarked \$29 per service hour for a third-party operation and the only other bid received was for \$31 per service hour. Monahan was instructed to continue exploring the in-house operation and completing tasks necessary to complete this endeavor.

While Monahan was instructed to explore the in-house transition tasks, no official decisions or recommendations were made for the Full Board's consideration at this meeting.

It was decided that another meeting should be held the following week to get updates on what Monahan learns from MnDOT and to allow more possible solutions to be discussed. This meeting will be held Tuesday July 5th at 3:00 pm in the Faribault County Courthouse.

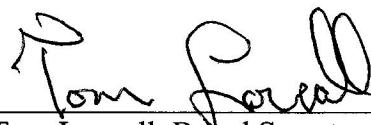
With no further business to wit, the Board Chair adjourned the meeting at 6:30 p.m.

JOINT TRANSIT BOARD
FARIBAULT-MARTIN COUNTIES



William Groskreutz, Jr., Joint Transit Board Chair

ATTEST:



Tom Loveall, Board Secretary