

Faribault-Martin County Joint Transit Board  
Prairieland Facility Conference Room  
801 East 5<sup>th</sup> Street  
Truman, MN 56088  
Friday April 13, 2018 10:00 a.m.

The meeting was called to order at 10:15 a.m. by Board Chairman Tom Loveall

Joint Transit Board members present were: Faribault County Commissioners Loveall, Young, Warmka, Roper, and Groskreutz, Martin County Commissioners Schmidtke, Mahoney, Smith, and Belgard. Missing was Martin County Commissioner Flohrs. Also present was Jeremy Monahan, Faribault – Martin County Transit Director.

Commissioner Loveall asked if there were any other additions to the agenda. Motion made by Commissioner Schmidtke, seconded by Commissioner Groskreutz to approve the agenda. Motion passed unanimously.

Motion made by Commissioner Young, seconded by Commissioner Smith to approve the minutes from the February 21, 2018 Faribault – Martin County Transit Board Meeting. Motion passed unanimously.

Motion made by Commissioner Groskreutz, seconded by Commissioner Belgard to approve the minutes from the March 8, 2018 Executive Committee Meeting. Motion passed unanimously.

Motion made by Commissioner Mahoney, seconded by Commissioner Groskreutz to approve the minutes from the April 4, 2018 Executive Committee Meeting. Motion passed unanimously.

Discussion of Old Business ensued regarding the 2016 Transit System Audit being completed. Monahan noted the Office of State Auditor has completed the 2016 Audit. Nothing significant was found either financially or legal compliance wise. Each Board member and some key member county staff were emailed electronic copies, the report is available online, and Monahan has a printed copy he will keep in his office. There are some documents that Monahan will have to work on to update such as the Personnel Policy Manual and the Accounting Policies and Procedures Manual. These amended manuals will be worked on by Monahan and other staff with the help and guidance of the Executive Committee and presented to the Full Board for approval upon completion. Commissioner Smith noted Monahan should be commended for his effort and the other commissioners agreed.

The Transit System Design Modifications Request was submitted to MnDOT for approval to begin implementation of some recommendations and plans. Jean Meyer, MnDOT Project Manager, has denied approving implementation of the changes for a number of reasons, mostly due to lack of correct documentation, some clarification on proposed implementation procedures, and that more public input would be required. Part of this public input included a meeting of the Transit Advisory Committee, to get their opinions on the proposed changes.

A TAC meeting is scheduled for April 26<sup>th</sup> and it will not be cancelled this time due to low attendance as a number of other scheduled TAC meeting were in the past year. The meeting will be held with the members that can attend. Work with Meyer to ensure the proper procedure is followed to make the modifications to the system will continue as well along with a public meeting in Faribault County to be held in May.

Discussion turned to the upcoming Transit Facility Renovation Project for the building in Fairmont. Monahan reported the effort to transfer the title of the Transit Facility asset continues. The initial hurdles with the numerous state agencies have been cleared. Current work being done is on the local level between Martin County and the City of Fairmont to split the land parcel.

The initial cost estimate for the renovation project was slightly under \$250,000 but that was completed over a year ago. Discussions with the architect that completed the conceptual designs and cost estimate indicate that annual inflation of 5 to 7 percent might be expected on the project. This could raise the project's cost to \$265,000 approximately. The Transit Board would still be responsible for 20 percent of the total costs, which could be in excess of \$50,000 now. Based on the agreed upon share percentages Martin County would be responsible for about \$31,000 and Faribault County about \$19,000 according to latest estimates. It also needs to be noted that the contract would likely be reimbursable in nature, like the vehicle contracts and the Transit for the Future contract. So the Transit Board would have to pay for 100 percent of the costs for the renovation, and then would receive 80 percent back in reimbursement for the State's share.

Monahan reported that while future financial situations are not known at this time, it is not likely that the Transit Board will have cash on hand to fully fund neither the 100 percent of expenses ongoing, nor the 20 percent of expenses after reimbursement. Discussion regarding the member counties being responsible for funding the effort ensued. Discussion occurred regarding the cost of the project and possible reductions while maintaining State approval. There was discussion regarding timing and ability for the Transit Board to pay back the member counties while they fronted the money for construction. Concerns regarding the replacement building that would be needed in Martin County were discussed and the timing of the transfer and construction so Martin County would be able to design approve and construct their replacement for the space without overlap. Commissioner Smith noted that while it is a significant cost to the Transit Board and the Counties, it is a good idea to accept the 80 percent of funds provided by the state.

Discussion ensued regarding the prospects for cancelling the project due to costs. Commissioner Loveall said the Board could likely still bow out but warned that in a few years if another effort was started to complete this kind of construction it would likely not be considered as closely if at all by the State. Discussion ensued and the consensus among the Board was that cancelling the project was not ideal. Since a motion to agree to the project already passed months ago and there was not going to be an action to cancel the project, no action was needed.

Discussion turned to New Business. Monahan reported that the final totals for 2017 revenue and expenditures have been submitted to MnDOT for review. In 2017 the Transit Board had a budget of \$1,318,000 and spent \$1,093,027.47 in total. In 2016 the expenditures totaled \$1,042,298 which means a 5 percent increase in expenditures occurred.

Revenue from fareboxes and other sources totaled about \$149,004 which was a 10 percent increase over 2016's \$134,450 in revenue. The 2017 revenue is just under 14 percent of the total operational expenditures meaning a revenue shortfall of \$14,950.01 was experienced in 2017 due to not reaching 15 percent of expenditures.

As previously reported, there were 60,321 rides provided by Prairie Lakes Transit in 2017, a 7 percent increase over 2016 ridership. Rides in Martin County were 49,917 which was a 5 percent increase over 2016 and rides in Faribault County were 10,404 which was an 18 percent increase over 2016 ridership.

The 4<sup>th</sup> Quarter Federal Share of Operational funding has not yet been received and is expected to exceed \$94,000 based on the contract and calculations. Also it has been calculated that in 2017 MnDOT overpaid the Transit Board and those funds will need to be paid back to the state at the conclusion of the 2017 Operations Contract Audit. It should be noted that the 2016 Operations Contract Audit, which is predicted to show an underpayment from MnDOT, is not yet completed.

Commissioner Belgard noted that the overpayment could be as high as \$192,000 and that the 2016 underpayment was about \$33,000 and that these amounts, especially the overpayment, are significant amounts of money and would need to be taken care of when the time comes. Monahan said it still is a lot about the funding timing but the revenue shortfalls are what are causing the most issues with cash flow. Once the revenue shortfalls are eliminated and turned into surpluses, overpayments from MnDOT to pay back and drawing down from the reserves will begin to cease being an issue.

This led to discussion regarding the vehicle advertising effort. Monahan noted that a proven method to generate revenue for transit systems is to sell advertising to vendors to be displayed either on the outside of the vehicle via signs or window / vehicle wraps or on the interior via signs or on television monitors.

Last year, with funds from the Commuter Challenge Grant (100 percent funded by the State), 10 monitors were installed in fleet vehicles. The new vehicle that just arrived has a monitor as well. A plan to sell advertising that will run on those monitors through the day on each bus is in motion.

Exterior ads on transit vehicles, planned to cover the window portion only, are also being worked on. Most of the planning for installation and contract development for vendors has been completed. One vendor has already approached us and expressed interest in purchasing space(s) on the exterior of a bus.

Solicitation through a mailing effort to area vendors is being done to try and sell both types of ads. There is capacity to sell up to 100 ads for the interior television monitors and potentially 15 to 18 exterior ad spaces. Based on rates for the ad space, revenue for the transit system could increase significantly even in only a portion of the ad capacity is sold. If all space is sold, revenue could come close to doubling on a yearly basis, but that is not expected to happen in the near term.

Discussion ensued regarding whether a broker to complete this work would be better. Monahan said that procurement for a broker service had been attempted and failed in the past due to no bids being received. Discussion ensued regarding who would be doing the sales. Monahan said the initial mailing is out and they are waiting to see how effective it is. It was noted that the lease space for the sides of the buses is minor at around \$150 per month for what is essentially a rolling billboard compared to a small newspaper ad run for one week could easily cost more. Monahan noted that even if only 10 of the 18 external spots were sold, that could earn up around \$2,000 per month, or \$24,000 a year which would've erased the 2017 revenue shortfall and created an additional reserve that could be used for capital purchases. This was not even considering sales of interior ads which could possibly garner much more money if the right amount is sold. Commissioner Groskreutz noted that it would be wise to see how this initial mailing solicitation effort works before trying other methods of solicitation or reconsidering the attempt to procure a broker.

The Board was still wondering who would be doing this sales effort. Monahan said they are studying the possibility of hiring another part-time dispatcher to help fill in so the Operations Manager does not always have to take over dispatching when an employee misses work. Commissioner Roper noted that it would be wise to advertise that position with a desire to get somebody with marketing and sales skills and have the new person work on that effort when not dispatching. Monahan said he can definitely add it to the job description when advertising for the position.

Discussion regarding the system ridership report ensued. Monahan presented tables and data showing that March 2017 was the highest ridership month in the short history of Prairie Lakes Transit. In March of 2018, ridership came within 2 percent of that record month and became the second highest monthly ridership amount in Prairie Lakes Transit history.

February 2018 was also a strong overall month with Martin County routes experiencing a 14 percent increase over February 2017 and Faribault County routes experiencing a "correction" of ridership amounts over 2017's abnormally high amount and a 19 percent increase over 2016's February ridership amount. Monahan noted the overall ridership is growing for the system.

Certain routes are still underperforming and efficiencies are being analyzed, some of which are part of the proposed system design modifications. One of the best success stories is the Deviated Routes in Fairmont whose ridership is starting to increase quite a bit. From January through March of 2017 the Red Route averaged 806 riders per month. In 2018 during the same time period the Red Route averaged 1,149 riders per month which is a 30 percent increase. The Green Route averages increased from 524 per month in 2017 to 759 per month in 2018, a 31 percent increase. Other system routes are showing relatively flat growth or much more modest increases. It was noted by numerous commissioners that a 30 percent increase in 1 year is a nice achievement.

Monahan said a big goal of his is to reduce the large reduction of ridership that has been experienced in the months of June and July. Discussion regarding promotions for County Fairs or area swimming pools ensued. Monahan said they had already set up a number of weekly trips for groups to pools and other summertime destinations and that effort will continue.

Monahan presented the Bill Payment Report showing all bills paid since the Board meeting on February 21, 2018. He noted that the expenditures were very typical with nothing out of the ordinary or unexpectedly high. Commissioner Roper asked if the Transit Board Credit Card bill is being reviewed before payment is authorized. Commissioner Belgard noted that the Executive Committee is presented with the Credit Card statement and receipts monthly and all members initial it during the approval of the unpaid bills process.


Monahan noted that the next Executive Committee scheduled for March 2<sup>nd</sup> but that it is very early in the month if a change is desired. Some Executive Committee members noted that May 2<sup>nd</sup> may not be a viable option so it was decided to move the meeting to May 9<sup>th</sup> at 9:00 am at the Martin County Courthouse. The next Full Transit Board meeting is scheduled for June 20<sup>th</sup> at the Faribault County Courthouse Human Services Conference Room.

With no further business to wit, a motion was made by Commissioner Groskreutz, seconded by Commissioner Belgard to adjourn, the Board Chair adjourned the meeting at 11:30 a.m.

JOINT TRANSIT BOARD  
FARIBAULMARTIN COUNTIES

  
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Tom Loveall, Joint Transit Board Chair

ATTEST:

  
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William Groskreutz Jr., Board Secretary