

Faribault-Martin County Joint Transit Board – Executive Committee
Martin County Courthouse
201 Lake Avenue Fairmont, MN 56031
October 5, 2018

The meeting was called to order at 9:10 a.m. by Board Chair Tom Loveall.

Joint Transit Board Executive Committee members present were: Faribault County Commissioners Loveall and Groskreutz and Martin County Commissioners Belgard and Mahoney. Also present was Jeremy Monahan, Faribault – Martin County Transit Director and consultants Greg Strangeways and Melissa Kim from Nelson-Nygaard in Boston.

Board Chair started the meeting by asking for any additions to the agenda. None were requested.

Motion made by Commissioner Mahoney, seconded by Commissioner Groskreutz to approve the agenda as presented. Motion passed unanimously.

Monahan asked the Chair if he would mind having the agenda order modified so that the consultants who had limited time available go first to maximize their time. Once they are complete, the meeting could then proceed to the original order of the agenda. The chair agreed with no discussion from the other members.

Monahan did introductions of the Commissioners and Greg Strangeways and Melissa Kim of Nelson-Nygaard who are working as a consultant team hired by MnDOT and MPTA to complete 5-year plans for each Greater Minnesota Transit System throughout the state. Greg and Melissa are part of a group covering systems in Southeast Minnesota and they specifically are working on Prairie Lakes Transit and SMART from the counties east / northeast of our system. Monahan noted that he had a kick-off meeting in July with Greg and other members of the consulting team. It was at that meeting that Monahan stated a main priority for him is to have the plan find ways to grow and work towards maximizing the revenue for the system. This could be done either through increased ridership, potential advertising sales, or even reduction of operation costs. Monahan said he does not want to have many more, if any more, years where the 15 percent share is not met with the system's revenues. There are a number of other details he was interested in getting the consultants opinion on, but the number one priority is maximizing revenue to become revenue neutral in relation to relying on the member counties for funding. Monahan also noted that the consultants met with the Transit Advisory Committee in Blue Earth the previous day where Jean Meyer of MnDOT was also in attendance. The TAC members that were able to attend gave the consultants a number of desires, observations, and success stories along with a few shortcomings from the system which the consultants said would be very valuable in their effort.

Greg spoke for the consultants and summarized the effort that they are undertaking including creating some strategies and goals in terms of operations, service hours, capital needs, and others that would like to be completed in the next 5 years. He also gave a brief description of Nelson-Nygaard and their specialties. It was also noted that this firm, but not this staff, worked on the

feasibility study for the merger between Martin County Transit and Faribault County Prairie Express a number of years ago that pushed the merger forward. Greg asked the commissioners if there were any questions about what they are doing or if there was anything they would like to be sure is addressed in the plan.

Commissioner Belgard asked if the study will look at coordination with other transit systems to provide service to areas that are currently not served by Prairie Lakes Transit. In particular, trips to Mankato that has been desired by residents of both counties but has not been deemed feasible at this point in time.

Commissioner Groskreutz noted that he is involved in a number of boards where transportation is often discussed. He recalled a survey completed that noted many seniors and people with disabilities noted the availability of transportation is an important issue and can be a struggle for them often. He also noted that many of these people struggle with the physical aspect of boarding and departing the vehicles. The steps are so steep that perhaps having vehicles with hydraulics to lower the stairs for the first step could be helpful. Lastly groups like MRCI, where there are many locations that have their own transportation, would like to use public transit, like it is used so much in Fairmont, but encounter a number of complications and transfers creating sometimes just an unacceptable length of time for their trip.

Commissioner Loveall asked if this plan would be integrated into the Regional Transportation Coordination Council, which has been putting forth more of an effort recently to get organized and try to accomplish some of its goals. This would coordinate public and private transportation providers to be able to more efficiently service the population but also expand services available in terms of geography and time of day availability.

Commissioner Mahoney stated that a priority for the system is to increase revenue. However it occurs, it would be nice to get input from the study in ways to achieve that.

Commissioner Groskreutz noted for the consultants that our area is experiencing an aging and declining population and that the geography has many areas with very low population density. This can lead to a number of times when there are a low number of riders on the buses, like one or zero, which is very inefficient. The study would hopefully look at the needs of the population versus the efficient way to operate transit and find the middle ground. He continued to say that perhaps creating a Volunteer Driver network would be a great way to help serve the population that uses the buses inefficiently. Although that effort is becoming harder to accomplish with many rules that make volunteering a very unattractive option for people and less are coming forward to do it. He stated that a network could possibly be created with an adequate compensation structure for the volunteer drivers because that is not currently available or allowed.

Commissioner Loveall noted that if coordination with private enterprises was explored, either other transportation providers, or destinations such as medical complexes, to help coordinate and fund transportation services. He also noted, along with other commissioners, that perhaps if smaller vehicles like mini-vans were available to serve the population with public transit, it would be run more efficiently. Even though the driver costs the same and the fuel costs would

only be a little less, it would certainly create an image of trying to operate more efficiently than we currently do.

Greg asked if there were any other things, in particular regulations from MnDOT or the FTA that hinder the operations. Monahan said that the lag time for receiving funds can be troublesome and has already led to a few instances of cash-flow issues. For instance, money spent in January of a year is not funded by the state until early February, which is only about 66 percent of the 85 percent share not covered locally. The remaining 33 percent would likely not arrive until May or possibly June because it cannot be calculated until after the 1st Quarter ends in March, all the financial reports are compiled, submitted, and approved, and then a request for funds is sent for the federal share. So the money spent by the Board is almost like "floating a loan" to the state and federal share for anywhere from a month to 5 months. This is a long time to have to hope there is enough cash flow, especially when this system is not yet realizing a surplus of revenue and building a reserve fund and it does not have a County General Fund to tap into if needed. Monahan said he has had to approach each county to ask for temporary funding injections to avoid cash flow shortages and he feels fortunate the member counties are willing to help.

Commissioner Groskreutz noted that when the system is trying to modify their service design, usually in an effort to increase efficiency, the process to get approval from MnDOT can be extremely long. The latest effort that was only recently implemented at the beginning of October had been discussed for well over a year before implementation was possible. If that regulation could be considered for some sort of streamlining it might help efficiencies be enacted much quicker.

After some smaller anecdotes and conversation the consultants thanked the group and said to expect some Draft recommendations before the end of the year and they left the meeting.

Monahan produced an Unpaid Bills report totaling \$27,803.60 and as usual a number of the regular and recurring bills have not yet arrived and would need to be authorized for payment to avoid late fees. The D&R Repair bill for work completed in September was discussed. Monahan reported on the more costly repairs that had to be done, which this time primarily consisted of suspension issues on a number of buses. Again, many times repairs are made to the vehicle so that part is performing within the tolerances allowed to obtain the annual DOT safety inspection sticker.

Motion made by Commissioner Groskreutz, seconded by Commissioner Belgard to approve payment of the Unpaid Bills as presented and to approve giving the Transit Director authority to continue to pay other regular and recurring bills at the discretion of the Transit Director upon receipt. Motion passed unanimously.

Monahan produced Bank Statements for the Transit Board. It showed that as of September 28, 2018 the Transit Board had \$221,415.42 for a bank balance. The month of September did not have any noteworthy deposits or expenditures. It was pretty much business as usual for bills, payroll, taxes, and fuel tax refunds, and farebox revenue. Monahan said the farebox revenue was lower than the ideal of \$14,000 or more, but that amount is rarely reached. Monahan was asked if a revenue shortfall is expected for this year and he said at this time it could be between \$15K

and \$25K short at the end of the year based on projected expenditures and revenues. Monahan did note that he is working with Jean Meyer to avoid another overpayment by receiving our state funds and then not utilizing them, as was done in 2017 to assist with cash flow. Those overpayments will need to be paid back eventually and Monahan said he does not want to have more than one, especially one that large, hanging over the system. So Monahan and Meyer are looking at expenditure projections to see if the 4th Quarter payment can be reduced or even eliminated without having the system run out of funds before the 3rd Quarter Federal share or the 1st Quarter 2019 payments are received. The 4th Quarter 2018 Federal contribution will not arrive until the year's contract is closed in the spring of 2019 so the funds might arrive by May. Monahan will keep the Board apprised of that situation. It was asked and noted that the repayment for the 2017 contract overpayment of about \$180,000 repayment is not expected to be required until late 2019 at the earliest.

No action regarding the Bank Statement was needed it is for information purposed for the Board and for discussion purposes.

Discussion turned to Old Business. Monahan updated the Executive Committee on the status of the 2019 Operating and Capital/Vehicle Purchase contract applications. Monahan summarized again that Jean Meyer, MnDOT Project Manager, had returned the applications in August looking for some potential line item reductions. Monahan completed the updates and resubmitted both applications the last day of August. In mid-September Monahan received the letter from MnDOT awarding the 2019 Operations Contract. The budget had been reduced even further from the reworked resubmitted budget, with \$1,180,000 as the final amount awarded. Monahan contacted Meyer to ensure this was correct and she explained when looking at 2017 actual expenditures and 2018 projected expenditures after two-thirds of the year was complete, the reductions seemed reasonable and after discussions Monahan agreed. Commissioner Loveall asked if each line item will have a new budget amount and Monahan said he is working on that and it will be complete by the end of the year and available for review by the Board.

Monahan provided a quick update on the status of Bus #11, which was severely damaged in an accident in July. The bus has been in Albert Lea at the body shop since the accident and it was expected to be completed in September but a shipping mishap had caused another delay. The mishap has been cleared up and the bus is expected back by mid-October. Once it is returned, new graphics, including possible repairs to the United Hospital District exterior advertisement will be made and the bus will be put back in service after any annual inspections that are due are completed.

Discussion turned to New Business. Monahan reported that the Office of State Auditor had begun the process of conducting the 2017 system audit. A letter of engagement had been sent to Monahan for review and signature by him and the Board Chair. The OSA staff will again be assisting with creating some of the necessary documents and financial statements to complete the audit like they did for the initial system audit for 2016 however it is expected to take significantly less time due to many things already being set up that just need to be filled in now.

Monahan produced for the Executive Committee the forms for the annual performance review of the Transit Director. It was decided in 2017 to complete the annual review for the Transit

Director during the Full Board meeting prior to the December Full Board meeting when any salary adjustments are considered. The Executive Committee suggested that along with the blank form for the Board to fill out for the 2018 review, the completed 2017 review be included in the agenda packet for the October Board meeting for reference on progress towards goals. Monahan said he will include that in the packet.

Monahan noted that he had hired a new Transit Driver. He is an experience truck driver that we will assist in getting his Passenger endorsement on his CDL. The drivers name is Duane Anderson and Monahan asked for approval of the standard probationary hiring.

Motion made by Commissioner Belgard, seconded by Commissioner Mahoney to approve the hiring of Transit Driver Duane Anderson to probationary status. Motion passed unanimously.

Monahan produced the tables for system ridership. September showed the typical drop that has happened in previous years for the system as a whole. The main reduction from August's number comes in Martin County as the ridership on the Faribault County routes increased from August to September and continues to be steadily rising over previous years.

Discussion ensued trying to determine the reason for Martin County's stagnant or reduced ridership numbers. One theory Monahan stated was because September 2018 was the first month ever for Prairie Lakes Transit with 19 weekdays of operation. Most months have 21 to 23 weekdays of operations but with this year the dates for the weekends combined with the Labor Day holiday meant we had the lowest number of operational days ever. This combined with the severe storm on Thursday evening September 20th in Martin County, Fairmont in particular, the operational capacity and speed of the system was quite limited on Friday September 21st and ridership amounts likely suffered as a result.

The next Executive Committee meeting is planned for Wednesday will be November 7, 2018 at 9:00 a.m. at the Martin County Courthouse and that next Full Transit Board meeting is scheduled for Friday October 12th at 10:00 a.m. at the Prairieland Facility Conference Room following their Board meeting.

With no further business to wit the Board Chair adjourned the meeting at 10:45 a.m.

JOINT TRANSIT BOARD
FARIBAULT-MARTIN COUNTIES



Tom Loveall, Joint Transit Board Chair

ATTEST:



William Groskreutz Jr., Board Secretary