

SOUTHWEST TRANSIT COMMISSION AGENDA

Thursday, April 28, 2022

East Creek Station – 2120 Chestnut St. N.
Chaska, MN 55318

Commission Meeting – 6:00 pm

Work Session – At conclusion of meeting

Meeting: Hybrid – In-Person or via Zoom

Using a Computer (allows viewing of presentation and guests)

Join Zoom Meeting

<https://us06web.zoom.us/j/84777339589?pwd=U2xoeHJDdmV3K2ZDOWhHVjdWMHZ6UT09>

Meeting ID: 847 7733 9589

Passcode: 447143

COMMISSION MEMBERS

Mike Huang – Chair, City of Chaska
PG Narayanan – Vice Chair, City of Eden Prairie
Jerry McDonald – Secretary/Treasurer, City of Chanhassen
Elise Ryan– City of Chanhassen
McKayla Hatfield – City of Chaska
Mark Freiberg – City of Eden Prairie
Bob Roepke- At-Large Commissioner
Joy McKnight– Ex Officio City of Carver

GENERAL COUNSEL

Joshua Dorothy - Attorney

EXECUTIVE STAFF

Matt Fyten – Interim CEO/Chief Operating Officer
Len Simich – Special Advisor to the Commission
Maria Mancilla-Diaz – Chief Administrative Officer
Tony Kuykendall – Maintenance Director
Daniel LeGuen-Schmidt - HR Director
Souriyong Souriya – Finance Director
Al Halaas – First Transit Director/GM

COMMISSION MEETING AGENDA

Commission Meeting will precede work session

- I. PUBLIC COMMENT**
- II. APPROVAL OF AGENDA**
- III. PAYMENT OF CLAIMS** (Rollcall Vote)
- IV. CONSENT**
 - A. Approval of Minutes of March Commission Meeting
 - B. Approval of Financial Statements
 - C. Policy Updates – Le Guen-Schmidt
 - D. Website Redesign – J. Simich
 - E. CTS Generator – Kirsch
 - F. Garage Door Replacement – Dartt
 - G. Ridership Summary – Schuler
 - H. FTA Grant Applications – Fyten
 - I. Bus Rehabs - Kuykendall
- V. NEW BUSINESS**
 - A. Annual Financial Audit – Souriya/Mancilla-Diaz
 - B. 2022 Budget Amendment – Fyten/Mancilla-Diaz/Souriya
 - C. Electric Vehicle Purchase – Kuykendall/Fyten
 - D. Mower/Machine Purchase – K. Simich
 - E. Dump Truck Purchase – K. Simich
 - F. Door Controller Replacement – Kirsch
 - G. Cellular Router Replacement/Addition – Kirsch
 - H. Contractor Access Securement System – Kirsch
- VI. LEGISLATIVE UPDATE**
- VII. UPDATES**
 - A. Commissioner Updates
 - B. Staff Updates
- VIII. ADJOURNMENT**

WORK SESSION

Topic – Strategic Initiatives & CEO Search

Payment of Claims

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
9362	ACE SECURITY TECHNOLOGIES	Service Call	3/18/2022	\$ 1,074.00
9362	ACE SECURITY TECHNOLOGIES	Service Call	3/18/2022	\$ 1,093.00
9363	ALLSTATE PETERBILT	Fleet Parts	3/18/2022	\$ 368.64
9364	CDW GOVERNMENT	Spare Monitors	3/18/2022	\$ 1,363.68
9365	COMCAST BUSINESS - CABLE	Internet Service	3/18/2022	\$ 374.64
9366	DACOTAH PAPER CO.	Building Supplies	3/18/2022	\$ 264.63
9367	EPIC EVENT RENTAL	Building Supplies	3/18/2022	\$ 100.29
9368	GRAINGER	Building Supplies	3/18/2022	\$ 203.38
9369	HOTSY MINNESOTA	Service Call	3/18/2022	\$ 1,058.87
9370	JOHNSON CONTROLS, INC.	JCI EMS Update Project	3/18/2022	\$ 7,383.25
9371	LINDSTROM RESTORATION	Service Call - Bus Fire	3/18/2022	\$ 120,000.00
9372	MEDIACOM	Internet Service	3/18/2022	\$ 384.55
9373	MENARDS	Building Supplies	3/18/2022	\$ 23.94
9373	MENARDS	Building Supplies	3/18/2022	\$ 118.12
9374	MY CABLE MART LLC	IT Supplies	3/18/2022	\$ 16.23
9375	O'REILLY AUTOMOTIVE, INC.	Fleet Parts	3/18/2022	\$ 453.80
9375	O'REILLY AUTOMOTIVE, INC.	Shop Supplies	3/18/2022	\$ 184.13
9376	PRIORITY COURIER EXPERTS	Postal Service	3/18/2022	\$ 54.75
9377	SEON SYSTEMS SALES INC.	Camera System	3/18/2022	\$ 12,019.00
9378	SHANE BACHMANN-CHASKA MENS SOFTBALL	Sponsorship	3/18/2022	\$ 750.00
9379	SOCIAL INDOOR	Advertising	3/18/2022	\$ 2,000.00
9380	SSI MN TRANCHE 3	Solar Subscription	3/18/2022	\$ 374.90
9381	SUBURBAN CHEVROLET	Fleet Parts	3/18/2022	\$ 659.11
9382	SYNCB AMAZON	Fleet Parts	3/18/2022	\$ 64.68
9383	THE AFTERMARKET PARTS COMPANY	Fleet Parts	3/18/2022	\$ 1,911.38
9384	UNIFIRST CORPORATION	Drivers Uniforms	3/18/2022	\$ 554.65
9384	UNIFIRST CORPORATION	Uniforms	3/18/2022	\$ 86.94
9385	WALSER CHRYSLER JEEP DODGE	Fleet Parts	3/18/2022	\$ 210.04
9386	ZIEGLER INC.	Oil Samples	3/18/2022	\$ 1,271.07
9387	FIRST TRANSIT, INC.	Feb Operations	3/18/2022	\$ 289,804.46
9388	KAREEM MCCOY	3.18.22 Payroll	3/18/2022	\$ 619.47
9389	SSI MN TRANCHE 3	Solar Subscription	3/18/2022	\$ 2,958.67
9390	ABC BUS COMPANIES	Fleet Parts	3/24/2022	\$ 995.52
9391	ALLSTATE PETERBILT	Fleet Parts	3/24/2022	\$ 571.93
9392	FACTORY MOTOR PARTS COMPANY	Battery Core Credit	3/24/2022	\$ (120.00)
9392	FACTORY MOTOR PARTS COMPANY	Fleet Parts	3/24/2022	\$ 786.92
9393	GRAINGER	Building Supplies	3/24/2022	\$ 338.95
9393	GRAINGER	Building Supplies	3/24/2022	\$ 29.26
9394	HERITAGE GLASS COMPANY	Service Call	3/24/2022	\$ 568.07
9395	MENARDS	Shop Supplies	3/24/2022	\$ 81.98
9396	METROPOLITAN FORD OF EDEN PRAIRIE	Battery Core Credit	3/24/2022	\$ (50.00)
9396	METROPOLITAN FORD OF EDEN PRAIRIE	Fleet Parts	3/24/2022	\$ 142.49
9397	NAPA AUTO PARTS	Shop Supplies	3/24/2022	\$ 18.90
9398	O'REILLY AUTOMOTIVE, INC.	Shop Supplies	3/24/2022	\$ 467.86
9398	O'REILLY AUTOMOTIVE, INC.	Fleet Parts	3/24/2022	\$ 699.79
9398	O'REILLY AUTOMOTIVE, INC.	Fleet Parts Credit	3/24/2022	\$ (47.74)
9398	O'REILLY AUTOMOTIVE, INC.	Shop Supplies	3/24/2022	\$ 15.96
9399	PRIORITY COURIER EXPERTS	Postal Service	3/24/2022	\$ 45.46
9400	ROYAL TIRE INC.	Tires	3/24/2022	\$ 436.76
9401	SYNCB AMAZON	Shop Tools	3/24/2022	\$ 116.28
9402	THE AFTERMARKET PARTS COMPANY	Fleet Parts	3/24/2022	\$ 782.21
9403	UNIFIRST CORPORATION	Drivers Uniforms	3/24/2022	\$ 479.45
9403	UNIFIRST CORPORATION	Drivers Uniforms	3/24/2022	\$ 86.94
9404	USS MN VII MT LLC	Solar Subscription	3/24/2022	\$ 430.13

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
9405	WINTHROP & WEINSTINE, PA	Legislative Service	3/24/2022	\$ 4,000.00
9406	XCEL ENERGY	Utility Electric	3/24/2022	\$ 5,229.60
9407	ABC BUS COMPANIES	Fleet Parts	3/31/2022	\$ 1,761.00
9409	CENTURYLINK	Internet Service	3/31/2022	\$ 254.04
9411	CITY OF CHASKA UTILITY BILLING	Utility Electric	3/31/2022	\$ 2,101.61
9413	FACTORY MOTOR PARTS COMPANY	Fleet Parts	3/31/2022	\$ 576.32
9413	FACTORY MOTOR PARTS COMPANY	Shop Supplies	3/31/2022	\$ 100.84
9415	FIDELITY SECURITY LIFE INSURANCE CO.	Vision Insurance April 2022	3/31/2022	\$ 161.80
9417	MADISON NATIONAL LIFE INS CO, INC	LTD Insurance	3/31/2022	\$ 395.34
9419	MVEC, MINNESOTA VALLEY ELECTRIC COOP	Utility Electric	3/31/2022	\$ 2,319.70
9421	O'REILLY AUTOMOTIVE, INC.	Fleet Parts	3/31/2022	\$ 91.80
9421	O'REILLY AUTOMOTIVE, INC.	Shop Supplies	3/31/2022	\$ 13.98
9423	POPP COMMUNICATIONS	Phone Bill	3/31/2022	\$ 2,287.53
9425	ROYAL TIRE INC.	Tire Disposal	3/31/2022	\$ 62.00
9425	ROYAL TIRE INC.	Tires	3/31/2022	\$ 448.88
9427	SUBURBAN CHEVROLET	Fleet Parts	3/31/2022	\$ 523.38
9429	U.S. BANK EQUIPMENT FINANCE	Copier Lease	3/31/2022	\$ 699.00
9431	WALSER CHRYSLER JEEP DODGE	Fleet Parts	3/31/2022	\$ 177.60
9432	BRITTANY MARTIN	Tuition Reimbursement	3/31/2022	\$ 1,000.00
9433	CENTURYLINK	Phone Bill	3/31/2022	\$ 453.04
9434	COMCAST BUSINESS - CABLE	Internet Service	3/31/2022	\$ 433.14
9435	FASTENAL COMPANY	Shop Supplies	3/31/2022	\$ 48.80
9436	KL2 CONNECTS LLC	CEO Search	3/31/2022	\$ 10,863.00
9437	METRO SALES INC.	Copier Lease	3/31/2022	\$ 284.79
9437	METRO SALES INC.	Copier Maintenance	3/31/2022	\$ 641.38
9438	NCPERS MINNESOTA	Voluntary Life Insurance	3/31/2022	\$ 64.00
9439	OSI ENVIRONMENTAL, INC.	Used Absorbent Pad Disposal	3/31/2022	\$ 100.00
9440	REPUBLIC SERVICES #894	Trash Service	3/31/2022	\$ 1,741.97
9441	SCHINDLER ELEVATOR CORP.	Service Call	3/31/2022	\$ 5,767.56
9442	SW NEWS MEDIA	Advertising	3/31/2022	\$ 37.95
9443	UNIFIRST CORPORATION	Drivers Uniforms	3/31/2022	\$ 471.98
9443	UNIFIRST CORPORATION	Drivers Uniforms	3/31/2022	\$ 89.59
9444	ABC BUS COMPANIES	Fleet Parts	4/7/2022	\$ 380.08
9445	BOYER FORD TRUCKS-PARTS DIST	Fleet Parts	4/7/2022	\$ 91.20
9446	CENTERPOINT ENERGY	Utility Gas	4/7/2022	\$ 447.49
9446	CENTERPOINT ENERGY	Utility Gas	4/7/2022	\$ 8,998.74
9447	CENTURYLINK	Phone Bill	4/7/2022	\$ 0.90
9448	CITY OF CHANHASSEN	Utility Water	4/7/2022	\$ 1,117.17
9449	CITY OF EDEN PRAIRIE	Utility Water	4/7/2022	\$ 1,214.26
9450	CLEARSOFT WATER CONDITIONING	Building Supplies	4/7/2022	\$ 661.50
9451	CUMMINS SALES AND SERVICES	Shipping Service	4/7/2022	\$ 10.00
9452	CURVED GLASS DISTRIBUTORS	Fleet Parts	4/7/2022	\$ 1,800.00
9453	HAY DOBBS	EPG expansion - Front Gate	4/7/2022	\$ 775.00
9453	HAY DOBBS	EPG expansion - Front Gate	4/7/2022	\$ 1,197.50
9454	ECOLAB	Building Supplies	4/7/2022	\$ 393.71
9455	FACTORY MOTOR PARTS COMPANY	Fleet Parts	4/7/2022	\$ 576.32
9455	FACTORY MOTOR PARTS COMPANY	Fleet Parts Credit	4/7/2022	\$ (90.00)
9456	FRANZ REPROGRAPHICS	Advertising	4/7/2022	\$ 207.50
9457	GRAINGER	Building Supplies	4/7/2022	\$ 167.04
9457	GRAINGER	Building Supplies	4/7/2022	\$ 70.68
9458	GREGERSON, ROSOW, JOHNSON & NILAN, LTD	Legal Fees	4/7/2022	\$ 6,525.95
9459	HOME DEPOT CREDIT SERVICES	Building Supplies	4/7/2022	\$ 23.60
9460	ISPACE ENVIRONMENTS, INC.	Office Furniture	4/7/2022	\$ 3,604.14
9461	JOHNSON CONTROLS, INC.	EMS Cloud Hosting	4/7/2022	\$ 659.08

SouthWest Transit
3/18/2022 Thru 4/21/2022

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Check Number	Vendor Name	Description	Check Date	Check Amount
9462	KREMER SERVICES	Service Call	4/7/2022	\$ 167.94
9462	KREMER SERVICES	Service Call	4/7/2022	\$ 386.40
9463	KREPELA PAINTING	SWS Ramp Painting	4/7/2022	\$ 38,500.00
9464	MENARDS	Building Supplies	4/7/2022	\$ 55.32
9464	MENARDS	Building Supplies	4/7/2022	\$ 441.96
9464	MENARDS	Shop Supplies	4/7/2022	\$ 129.17
9464	MENARDS	Building Supplies	4/7/2022	\$ 127.68
9466	MINUTEMAN PRESS	Printed Marketing Materials	4/7/2022	\$ 137.10
9467	MPLS DOWNTOWN COUNCIL	Annual Membership	4/7/2022	\$ 1,275.00
9468	OFFICE DEPOT	Office Supplies	4/7/2022	\$ 174.41
9469	OPG3	Laserfiche Repository	4/7/2022	\$ 3,662.00
9470	O'REILLY AUTOMOTIVE, INC.	Battery Core Credit	4/7/2022	\$ (22.00)
9470	O'REILLY AUTOMOTIVE, INC.	Fleet Parts	4/7/2022	\$ 399.30
9470	O'REILLY AUTOMOTIVE, INC.	Fleet Parts Credit	4/7/2022	\$ (47.17)
9471	PHMG	Marketing	4/7/2022	\$ 1,037.67
9472	ROYAL TIRE INC.	Tire Disposal	4/7/2022	\$ 28.00
9473	RSM US PRODUCT SALES LLC	IT MSP Contract	4/7/2022	\$ 1,090.00
9473	RSM US PRODUCT SALES LLC	IT MSP Services	4/7/2022	\$ 643.45
9473	RSM US PRODUCT SALES LLC	Office 365 Sub	4/7/2022	\$ 1,004.85
9474	BEN SCHULER	ScreenConnect Annual License	4/7/2022	\$ 1,176.00
9475	SIEMENS INDUSTRY, INC.	Service Call	4/7/2022	\$ 2,328.00
9476	DAVE SIMONEAU	Prof Fee - In House Drivers	4/7/2022	\$ 1,375.00
9477	SPORTWORKS NORTHWEST, INC.	Fleet Parts	4/7/2022	\$ 189.45
9478	SUBURBAN CHEVROLET	Fleet Parts	4/7/2022	\$ 582.86
9479	SYNCB AMAZON	Building Supplies	4/7/2022	\$ 256.92
9479	SYNCB AMAZON	Building Supplies	4/7/2022	\$ 951.98
9479	SYNCB AMAZON	Building Supplies	4/7/2022	\$ 961.59
9479	SYNCB AMAZON	Building Supplies	4/7/2022	\$ 36.66
9480	THYSSENKRUPP ELEVATOR	Service Call	4/7/2022	\$ 2,916.20
9481	T-MOBILE	Bus Wi-Fi Service	4/7/2022	\$ 4,787.59
9482	U.S. BANK EQUIPMENT FINANCE	Copier Lease	4/7/2022	\$ 148.00
9483	UNIFIRST CORPORATION	Drivers Uniforms	4/7/2022	\$ 486.37
9483	UNIFIRST CORPORATION	Drivers Uniforms	4/7/2022	\$ 130.23
9484	A TO Z RENTAL CENTER	Building Supplies	4/14/2022	\$ 64.40
9485	ABC BUS COMPANIES	Fleet Parts	4/14/2022	\$ 1,566.56
9486	ALLSTATE PETERBILT	Battery Core Credit	4/14/2022	\$ (625.00)
9486	ALLSTATE PETERBILT	Fleet Parts	4/14/2022	\$ 3,658.36
9487	BA SERVICES LLC	Capital Cost for Repairs	4/14/2022	\$ 16,599.49
9488	CENTERPOINT ENERGY	Utility Gas	4/14/2022	\$ 762.86
9489	COMCAST BUSINESS - CABLE	Internet Service	4/14/2022	\$ 374.44
9490	COMCAST BUSINESS	Internet Service	4/14/2022	\$ 1,237.57
9491	DACOTAH PAPER CO.	Building Supplies	4/14/2022	\$ 173.42
9492	MICHAEL DARTT	Building Supplies	4/14/2022	\$ 44.86
9493	DIESEL COMPONENTS INC.	Fleet Parts	4/14/2022	\$ 426.38
9494	FACTORY MOTOR PARTS COMPANY	Fleet Parts	4/14/2022	\$ 576.32
9495	FAIRCHILD EQUIPMENT	Fleet Parts	4/14/2022	\$ 436.90
9496	FEDEX	Shipping Charge	4/14/2022	\$ 32.68
9497	FLYNN MIDWEST LP	Capital Cost for EPG Roof	4/14/2022	\$ 772,207.50
9498	GILLIG LLC	Fleet Parts	4/14/2022	\$ 53.64
9498	GILLIG LLC	Fleet Parts Credit	4/14/2022	\$ (26.82)
9499	GRAINGER	Building Supplies	4/14/2022	\$ 29.73
9500	GUARDIAN PEST SOLUTIONS, INC.	Pest Control	4/14/2022	\$ 71.50
9501	HOGLUND BUS COMPANY	Fleet Parts	4/14/2022	\$ 161.74
9501	HOGLUND BUS COMPANY	Fleet Parts	4/14/2022	\$ 8.00

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
9502	LEAGUE MN CITIES INS. TRUST	2nd Ins. Installment	4/14/2022	\$ 83,647.00
9503	LINDSTROM RESTORATION	Bus Fire Service Call	4/14/2022	\$ 33,694.39
9504	MENARDS	Building Supplies	4/14/2022	\$ 16.41
9505	MPCA	Permit	4/14/2022	\$ 400.00
9506	MINUTEMAN PRESS	Advertising	4/14/2022	\$ 196.00
9507	NAPA AUTO PARTS	Fleet Parts	4/14/2022	\$ 24.49
9507	NAPA AUTO PARTS	Shop Supplies	4/14/2022	\$ 12.46
9508	NORTH CENTRAL BUS	Fleet Parts	4/14/2022	\$ 1,461.67
9509	O'REILLY AUTOMOTIVE, INC.	Shop Supplies	4/14/2022	\$ 325.91
9509	O'REILLY AUTOMOTIVE, INC.	CREDIT	4/14/2022	\$ (28.57)
9509	O'REILLY AUTOMOTIVE, INC.	Fleet Parts	4/14/2022	\$ 866.93
9510	OSI ENVIRONMENTAL, INC.	Used Oil Disposal	4/14/2022	\$ 150.00
9511	POPP COMMUNICATIONS	Phone Bill	4/14/2022	\$ 2,311.65
9512	ROYAL TIRE INC.	Tire Disposal	4/14/2022	\$ 36.00
9512	ROYAL TIRE INC.	Tires	4/14/2022	\$ 425.34
9513	RSM US PRODUCT SALES LLC	AV and Encryption Sub	4/14/2022	\$ 362.25
9514	SUBURBAN CHEVROLET	CREDIT	4/14/2022	\$ (364.36)
9514	SUBURBAN CHEVROLET	Fleet Parts	4/14/2022	\$ 603.95
9515	SUMMIT COMPANIES	Service Call	4/14/2022	\$ 134.00
9516	SYNCB AMAZON	Marketing Materials	4/14/2022	\$ 199.94
9516	SYNCB AMAZON	Shop Equipment	4/14/2022	\$ 126.99
9516	SYNCB AMAZON	Shop Supplies	4/14/2022	\$ 36.99
9517	TASC	Health Savings Account Maintenance	4/14/2022	\$ 22.58
9518	THE AFTERMARKET PARTS COMPANY	Fleet Parts	4/14/2022	\$ 9,214.62
9518	THE AFTERMARKET PARTS COMPANY	Fleet Parts Credit	4/14/2022	\$ (1,069.03)
9519	UNIFIRST CORPORATION	Drivers Uniforms	4/14/2022	\$ 474.53
9519	UNIFIRST CORPORATION	Drivers Uniforms	4/14/2022	\$ 86.94
9520	LONNIE VANEPS	Tool Box Reimbursement	4/14/2022	\$ 1,079.50
9521	VIDEOTRONIX INCORPORATED	Blank Access Cards	4/14/2022	\$ 919.00
9522	ZAHL PETROLEUM MAINTENANCE CO.	Fuel Treatment	4/14/2022	\$ 490.05
9523	VICTORIS VICS BASEBALL CLUB	Three Year Sponsorship	4/19/2022	\$ 1,500.00
9524	BRUCE BJORKLUND	Building Supplies	4/19/2022	\$ 80.00
9525	DANIEL LE GUEN-SCHMIDT	Notary Certification	4/19/2022	\$ 327.90
9526	ENVIRONMENTAL EQUIPMENT & SERVICES INC.	Fleet Parts	4/19/2022	\$ 23.13
9527	FIRST TRANSIT, INC.	March Operations	4/19/2022	\$ 350,980.26
9528	JOHN HAGGENMILLER	Mileage Reimbursement	4/19/2022	\$ 138.88
9529	LHB INC.	Sustainable Action Plan	4/19/2022	\$ 1,107.50
9530	MICRO CENTER	IT Supplies	4/19/2022	\$ 153.69
9531	MINNESOTA LIFE INSURANCE COMPANY	Employee Life Insurance	4/19/2022	\$ 803.00
9532	MINUTEMAN PRESS	Advertising	4/19/2022	\$ 432.10
9533	NATE REINHARDT (MNGFOA 2020 TREASURER)	MNGFOA Membership Renewal - M. Simich	4/19/2022	\$ 70.00
9534	NEIL BORSETH	9.17.2021 Payroll	4/19/2022	\$ 214.00
9535	PHMG	Advertising	4/19/2022	\$ 1,612.91
9536	DAVE SIMONEAU	Prof Fee - In House Drivers	4/19/2022	\$ 1,425.00
9537	SPOK, INC.	Paging Service	4/19/2022	\$ 164.65
9538	SYNCB AMAZON	Building Supplies	4/19/2022	\$ 7.75
9539	THE WINDSHIELD DOCTOR REPAIR KIT	Shop Supplies	4/19/2022	\$ 101.38
9540	ULINE ATTN: ACCOUNTS RECEIVABLE	Building Supplies	4/19/2022	\$ 234.74
9541	WALKER CONSULTANTS	Capital Construction EPG Roof	4/19/2022	\$ 7,775.00
9541	WALKER CONSULTANTS	Capital Construction EPG Roof	4/19/2022	\$ 8,250.00
9541	WALKER CONSULTANTS	Capital Construction EPG Roof	4/19/2022	\$ 4,475.00
9542	XCEL ENERGY	Utility Electric	4/19/2022	\$ 1,776.07
9542	XCEL ENERGY	Utility Electric	4/19/2022	\$ 3,117.02
9543	ALLSTATE PETERBILT	Fleet Parts	4/21/2022	\$ 221.31

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
9544	CENTURYLINK	Internet Service	4/21/2022	\$ 124.72
9545	ENV. SYSTEMS RESEARCH INST., INC.	Desktop Maintenance	4/21/2022	\$ 1,249.00
9546	FEDEX	Shipping Service	4/21/2022	\$ 275.00
9547	GRAINGER	Building Supplies	4/21/2022	\$ 16.65
9548	MADISON NATIONAL LIFE INS CO, INC	LTD Insurance	4/21/2022	\$ 395.34
9549	MENARDS	Building Supplies	4/21/2022	\$ 41.26
9550	MINNESOTA UNEMPLOYMENT INSURANCE	MN Unemployment Insurance	4/21/2022	\$ 17,809.41
9550	MINNESOTA UNEMPLOYMENT INSURANCE	MN Unemployment Insurance	4/21/2022	\$ 25.00
9551	NAPA AUTO PARTS	Fleet Parts	4/21/2022	\$ 82.97
9552	GINA MARIA'S INC.	Driver Appreciation Event	4/21/2022	\$ 476.45
9553	PPG ARCHITECTURAL FINISHES	Building Supplies	4/21/2022	\$ 367.49
9554	PUMP AND METER SERVICES, INC	Building Supplies	4/21/2022	\$ 243.92
9555	SD PROMOTIONS	Marketing Materials	4/21/2022	\$ 825.00
9556	SOCIAL INDOOR	Advertising	4/21/2022	\$ 2,000.00
9557	SSI MN TRANCHE 1 LLC	Solar Subscription	4/21/2022	\$ 3,675.72
9558	SSI MN TRANCHE 3	Solar Subscription	4/21/2022	\$ 729.57
9559	SUBURBAN CHEVROLET	Fleet Parts	4/21/2022	\$ 843.18
9560	SYNCB AMAZON	Building Supplies	4/21/2022	\$ 267.30
9560	SYNCB AMAZON	Building Supplies	4/21/2022	\$ 1,202.35
9561	THE AFTERMARKET PARTS COMPANY	Fleet Parts	4/21/2022	\$ 1,658.24
9562	UNIFIRST CORPORATION	Drivers Uniforms	4/21/2022	\$ 474.53
9563	USS MN VII MT LLC	Solar Subscription	4/21/2022	\$ 505.37
9564	VERIZON WIRELESS	Phone Bill	4/21/2022	\$ 105.03
9565	XCEL ENERGY	Utility Electric	4/21/2022	\$ 2,870.73
		TOTAL		\$ 1,947,180.48
	ACH Withdraws			
55	CARVER COUNTY	SWV FIBER INTERNET	3/18/2022	\$ 1,080.00
56	HOGLUND BODY & EQUIPMENT, INC.	Body Damage Repair	3/18/2022	\$ 5,294.71
56	HOGLUND BODY & EQUIPMENT, INC.	Body Damage Repair	3/18/2022	\$ 4,474.23
57	WAYTEK INC.	Shop Supplies	3/18/2022	\$ 30.41
59	LUBE-TECH & PARTNERS, LLC	Oil	3/25/2022	\$ 7,408.68
64	CARVER COUNTY	Internet Service	4/8/2022	\$ 1,080.00
65	GUARDIAN MECHANICAL SERVICE INC.	Service Call	4/8/2022	\$ 4,000.00
66	LOCAL GOVERNMENT INFORMATION SYSTEMS	Software License	4/8/2022	\$ 1,483.00
67	PREVOST CAR INC.	Fleet Parts	4/8/2022	\$ 689.62
69	BEST VERSION MEDIA	Advertising	4/15/2022	\$ 990.91
70	HOGLUND BODY & EQUIPMENT, INC.	Body Damage Repair	4/15/2022	\$ 1,715.79
	ACH ORIGATION	Bank Fee	3/31/2022	\$ 40.00
	Mansfield Oil PAYMENTS 1644246	Bus Fuel	3/23/2022	\$ 7,390.47
	Mansfield Oil PAYMENTS 1644494	Bus Fuel	3/25/2022	\$ 18,367.53
	Mansfield Oil PAYMENTS 1644671	Bus Fuel	3/28/2022	\$ 3,490.04
	Mansfield Oil PAYMENTS 1646117	Bus Fuel	4/11/2022	\$ 21,181.02
	Mansfield Oil PAYMENTS 1646729	Bus Fuel	4/15/2022	\$ 14,961.25
	Mansfield Oil PAYMENTS 1646889	Bus Fuel	4/18/2022	\$ 8,378.88
	MET COUNCIL RETAILSALe CPOS SW	Go To Card Reimbursement	3/18/2022	\$ 1,316.50
	MET COUNCIL RETAILSALe CPOS SW	Go To Card Reimbursement	3/25/2022	\$ 1,930.50
	MET COUNCIL RETAILSALe CPOS SW	Go To Card Reimbursement	4/1/2022	\$ 1,220.50
	MET COUNCIL RETAILSALe CPOS SW	Go To Card Reimbursement	4/8/2022	\$ 1,481.00
	MET COUNCIL RETAILSALe CPOS SW	Go To Card Reimbursement	4/15/2022	\$ 1,450.00
	POSITIVE PAY	Bank Fee	3/31/2022	\$ 25.00
	STOP PAYMENT FEE	Bank Fee	4/13/2022	\$ 25.00
		TOTAL		\$ 109,505.04

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
Payroll				
	Paylocity	Payroll	3/31/2022	\$ 95,711.37
	Paylocity	Payroll	4/14/2022	\$ 93,441.99
		TOTAL		\$ 189,153.36
Monthly Reimbursement included in payroll totals				
	Justin Ambroz	Cell Phone Allowance		\$ 50.00
	Jon Christenson	Cell Phone Allowance		\$ 75.00
	Mike Dartt	Cell Phone Allowance		\$ 75.00
	Connor Froemming	Cell Phone Allowance		\$ 50.00
	Matt Fyten	Cell Phone Allowance		\$ 50.00
	John Haggenmiller	Cell Phone Allowance		\$ 75.00
	Kyle Jackels	Cell Phone Allowance		\$ 50.00
	Jason Kirsch	Cell Phone Allowance		\$ 50.00
	Tony Kuykendall	Cell Phone Allowance		\$ 50.00
	Daniel LeGuen-Schmidt	Cell Phone Allowance		\$ 50.00
	Steve Michael	Cell Phone Allowance		\$ 75.00
	Nicholas Peters	Cell Phone Allowance		\$ 50.00
	Evan Rozelle	Cell Phone Allowance		\$ 50.00
	Ben Schuler	Cell Phone Allowance		\$ 50.00
	Jake Simich	Cell Phone Allowance		\$ 75.00
	Kory Simich	Cell Phone Allowance		\$ 75.00
	Len Simich	Cell Phone Allowance		\$ 85.00
	Mike Simich	Cell Phone Allowance		\$ 50.00
	Souriyong Souriya	Cell Phone Allowance		\$ 50.00
	Joe Townsend	Cell Phone Allowance		\$ 50.00
	Matt Vieth	Cell Phone Allowance		\$ 50.00
	Len Simich	Car Allowance		\$ 712.00
	Kevin Berg	Tools Allowance		\$ 100.00
	Ben Green	Tools Allowance		\$ 100.00
	Dave Huddleston	Tools Allowance		\$ 100.00
	Kyle Jackels	Tools Allowance		\$ 100.00
	Edwin Nama	Tools Allowance		\$ 100.00
	Bradley Peters	Tools Allowance		\$ 100.00
	Jordan Roske	Tools Allowance		\$ 100.00
	Lonnie Van Eps	Tools Allowance		\$ 100.00
	Matt Vieth	Tools Allowance		\$ 100.00
	Steve Michael	Tools Allowance		\$ 100.00
		TOTAL		\$ 2,947.00
		GRAND TOTAL		\$ 2,245,838.88
Voided Checks - Due to Printer Error				
9408	Brittany Martin	Tuition Reimbursement	3/31/2022	\$ 1,000.00
9410	CenturyLink	Phone Bill	3/31/2022	\$ 453.04
9412	Comcast business	Internet Service	3/31/2022	\$ 433.14
9414	Fastenal Company	Shop Supplies	3/31/2022	\$ 48.80
9416	KL2 Connects LLC	CEO Search	3/31/2022	\$ 10,863.00
9418	Metro Sales Inc.	Copier Maintenance	3/31/2022	\$ 926.17
9420	NCPERS Minnesota	Voluntary Life Insurance	3/31/2022	\$ 64.00
9422	OSI Environmental Inc.	Used Absorbent Pad Disposal	3/31/2022	\$ 100.00
9424	Republic Service	Trash Service	3/31/2022	\$ 1,741.97
9426	Schindler Elevator Corp.	Service Call	3/31/2022	\$ 5,767.56

SouthWest Transit
3/18/2022 Thru 4/21/2022

Meeting Date: 3/24/2022

Payment of Claims

Check Number	Vendor Name	Description	Check Date	Check Amount
9428	SW News Media	Advertising	3/31/2022	\$ 37.95
9430	Unifirst Corporation	Driver Uniforms	3/31/2022	\$ 561.57
9465	Minnesota Life Insurance Company	MN Unemployment Insurance	4/7/2022	\$ 17,809.41
9465	Minnesota Life Insurance Company	Employer Life Insurance	4/7/2022	\$ 803.00
		TOTAL		\$ 40,609.61

Consent

SOUTHWEST TRANSIT COMMISSION MINUTES

Thursday, March 24, 2022

Work Sessions– 6:00 pm

Commission Meeting – Following Work Session approx. 6:30 pm

COMMISSION MEMBERS

Mike Huang – Chair, City of Chaska
PG Narayanan – Vice Chair, City of Eden Prairie
Jerry McDonald – Secretary/Treasurer, City of Chanhassen
Elise Ryan – City of Chanhassen
McKayla Hatfield – City of Chaska
Mark Freiberg – City of Eden Prairie
Bob Roepke – At-Large Commissioner
Joy McKnight – Ex Officio City of Carver

GENERAL COUNSEL

Joshua Dorothy, Attorney

GUESTS

Kristen Joyner
Robert Babbitt

EXECUTIVE STAFF

Len Simich – Special Advisor to the Commission
Matt Fyten – Interim CEO/Chief Operating Officer
Maria Mancilla-Diaz – Chief Administrative Officer
Tony Kuykendall – Maintenance Director
Daniel LeGuen-Schmidt – HR Director
Souriyong Souriya – Finance Director
Al Halaas – First Transit Director/GM

I. PUBLIC COMMENT

The meeting was called to order by Chair Huang at 6:35 pm. All members were present but Commissioner Ryan. There was no public comment.

II. APPROVAL OF AGENDA

Interim Chief Executive Officer Fyten requested that the Agenda be amended as indicated:

V. NEW BUSINESS

- A. CEO Search Recommendation
- B. Regional Solicitation Applications

VI. LEGISLATIVE UPDATE

Motion: Narayanan motioned, seconded by Roepke to approve the Agenda as amended. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Freiberg, yes; Roepke, yes. The motion carried 6-0-0.

III. PAYMENT OF CLAIMS

Motion: Roepke motioned, seconded by Freiberg to approve the Payment of Claims. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Freiberg, yes; Roepke, yes. The motion carried 6-0-0.

IV. CONSENT

- A. **Approval of 2/24/2022 Minutes**
- B. **Approval of Financial Statements**
- C. **Agency Sustainability Action Plan**
- D. **East Creek Preventative Maintenance**
- E. **Emergency Preparedness Plan**

Motion: McDonald motioned, seconded by Narayanan to approve the Consent Agenda. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Freiberg, yes; Roepke, yes. The motion carried 6-0-0.

V. NEW BUSINESS

A. Chief Executive Officer Search Update

Chair Huang introduced Kristen Joyner and Robert Babbitt from KL2.

Discussion continued regarding the CEO selection process. To date, the Budget and Personnel Committee has reviewed five candidates; two appeared to come to the top, but one has withdrawn.

Commission agreed to continue the process of searching for additional candidates to interview, with the goal being to find an individual who fits the criteria determined by the Commission.

Discussion only. No motion required.

B. Regional Solicitation Applications

Interim CEO Fyten introduced Senior Systems and Operations Analyst Ben Schuler. Schuler stated that staff is proposing submitting applications to the Transportation Advisory Board (TAB) for two projects.

SW Prime North Service – This application would allow for the SW Prime microtransit service to be expanded north to the communities of Minnetonka, Hopkins, Edina, Excelsior, St. Louis Park, and select business/industrial areas of Plymouth. This project will seek funding for both operations and vehicles.

Golden Triangle Mobility Hubs – This application would provide for mobility hubs including added SW Prime service, bike/scooter share, and a Golden Triangle bus transfer station in the eastern portion of the Golden Triangle. The hubs would be located around planned LRT stations in Eden Prairie. This project will seek funding for both operations and capital (SW Prime vehicles, bikes and scooters).

Motion: Narayanan motioned, seconded by Freiberg to adopt Resolutions 22-08 and 22-09 authorizing the Interim CEO to submit two separate Regional Solicitation grants to the Metropolitan Council for the following grant applications:

- Resolution 22-08 – Regional Solicitation Transit Expansion Grant for SW Prime North Expansion for a total request of \$7 million
- Resolution 22-09 – Regional Solicitation Transit Expansion Grant for a Golden Triangle Mobility Hubs project for a total request of \$6 million

Roll Call Vote: Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Freiberg, yes; Roepke, yes. The motion carried 6-0-0.

VI. LEGISLATIVE UPDATE

Chair Huang requested feedback from the Commissioners as to meetings/discussions they had with key Legislators and/or local elected officials regarding SWT's Legislative priorities. Each City's Commissioners provided updates. Meetings will continue. Updates will be provided at each Commission meeting,

Discussion only. No motion required.

VII. UPDATES

VIII. CLOSED SESSION

Motion: Narayanan motioned, seconded by Freiberg to move to Closed Session for purposes as stated in the Agenda. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Frieberg, yes; Roepke, yes. The motion carried 6-0-0. Commission moved to Closed Session at 8:37 p.m.

IX. REOPEN CLOSED SESSION

Motion: Narayan motioned, seconded by Freiberg to close the Closed session and return to Open session. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Frieberg, yes: Roepke, yes. The motion carried 6-0-0. Commission returned to Open Session at 8:57 p.m.

X. ADJOURNMENT

Motion: Freiberg motioned, seconded by McDonald to adjourn. **Roll Call Vote:** Huang, yes; Narayanan, yes; McDonald, yes; Hatfield, yes; Frieberg, yes: Roepke, yes. The motion carried 6-0-0. The meeting was adjourned at 8:58 p.m.

March 24, 2022 SouthWest Transit Commission Minutes

Prepared By: Linda Spevacek

Approved by: _____

Date: _____



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission
FROM: Souriyong Souriya – Finance Director
DATE: April 28, 2022
SUBJECT: SWT Financial Statements

REQUESTED ACTION:

That the SWT Commission approve the audited December 2021 and February 2022 Financial Statement, March 2022 Investments and Pledged Securities.

BUDGET IMPACT: This action has no budget impact.

BACKGROUND:

Attached to this memo are the following financial statements:

- Audited financial review for the year ended December 31, 2021, and February 28, 2022, Financial Statement for General Fund Operating and Capital Projects Funds.
- The investment of SWT funds into certificates of deposits (CDs) and rate of return from 0.30%-0.750%.
- Five institutions provided the pledged securities for collateral beyond the FDIC insured.

RECOMMENDATION:

That the SWT Commission approve the audited December 2021 and February 2022 Financial Statement, March 2022 Investments and Pledged Securities.



Commission Meeting date 04.28.2022

Balance Sheet for All Funds December 2021 - Final Audited

Fund Name					
Balance Sheet Category	General Fund	Capital Improvement Fund	EPG Roof Replacement Fund	SWS Development Capital Fund	Total
Assets					
Cash & Investments	\$ 8,018,397	\$ 2,692,919	\$ 1,950,666	\$ 6,088,469	\$ 18,750,451
Accounts Receivable	1,157,846		-	2,217	1,160,063
Other Assets	382,725	-	-	-	382,725
Total Assets	9,558,968	2,692,919	1,950,666	6,090,686	20,293,239
Liabilities					
Accounts Payable	664,894	-	-	-	664,894
Other Liabilities	-	-	-	-	-
Total Liabilities	664,894	-	-	-	664,894
Fund Balances					
Beginning Fund Balance-January 2020	7,522,658	2,897,009	-	6,035,120	16,454,787
Net Change in Fund Balance	1,371,416	(204,090)	1,950,666	55,566	3,173,558
Total Fund Balances	8,894,074	2,692,919	1,950,666	6,090,686	19,628,345
Total Liabilities & Fund Balances	\$ 9,558,968	\$ 2,692,919	\$ 1,950,666	\$ 6,090,686	\$ 20,293,239



SouthWest Transit
 Revenue and Expenditures for All Funds
 Monthly Financial Report
 YTD December 2021 - Final Audited

Commission Meeting date 04.28.2022

Dec=100.0%

General Fund 100	Amended Budget	Current Month Actual	2021 YTD Actual	2021 YTD Balance	% YTD Budget
Revenues					
Passenger Fares	\$ 405,000	\$ 50,176	\$ 521,820	116,820	128.8%
Contract Revenue	33,600	10,316	56,504	22,904	168.2%
CMAQ Grant Revenue	69,000	-	20,542	(48,458)	0.0%
5307 NTD Funding	682,629	21,985	348,607	(334,022)	51.1%
MVST Revenue	8,735,000	692,146	9,045,479	310,479	103.6%
RAMVST Revenue	1,632,000	129,221	1,656,215	24,215	101.5%
CRRSA Section 5307	2,072,432	-	2,072,432	-	0.0%
Investment Income	10,000	6,815	15,480	5,480	154.8%
Other Local Revenues	324,500	31,907	260,988	(63,512)	80.4%
Total Revenue	\$ 13,964,161	\$ 942,565	\$ 13,998,066	\$ 33,905	100.2%
Expenditures					
Administration	\$ 1,464,112	\$ 237,202	\$ 1,481,579	(17,467)	101.2%
Operations	4,871,040	981,475	4,876,852	(5,812)	100.1%
Vehicle Maintenance	1,594,350	205,492	1,494,877	99,473	93.8%
Facility Maintenance	1,385,680	193,998	1,286,426	99,254	92.8%
Total Expenditures	9,315,182	1,618,167	9,139,734	175,448	98.1%
5307 NTD Schedule	682,629	-	348,607	334,022	51.1%
Capital Cost Of Operating	1,273,745	543,592	1,346,229	(72,484)	105.7%
	1,956,374	543,592	1,694,836	261,538	86.6%
Total Expenditures & Capital Cost of Operating	11,271,556	2,161,759	10,834,570	436,986	96.1%
Excess of Revenues Over (Under) Expenditures	2,692,605	(1,219,194)	3,163,496	(470,891)	
Other Financing Sources					
Insurance Recoveries		166,962	174,324	(174,324)	0.0%
Transfers In	-	33,595	33,595	(33,595)	0.0%
Transfers (Out)	(2,000,000)	-	(2,000,000)	-	100.0%
Total Other Financing Uses	(2,000,000)	200,557	(1,792,081)	(207,919)	89.6%
Net Change in Fund Balance	\$ 692,605	\$ (1,018,637)	\$ 1,371,416		
Fund Balance, January 1			\$ 7,522,658		
Fund Balance, End of Current Period			\$ 8,894,074		
Months of Operating Expenditures			9		
Fund Balance as a % of the Expenditure Budget			82%		



SouthWest Transit
 Revenue and Expenditures for All Funds
 Monthly Financial Report
 YTD December 2021 - Final Audited

Commission Meeting date 04.28.2022

Dec=100.0%

All Other Funds	Amended Budget	Current Month Actual	2021 YTD Actual	2021 YTD Balance	% YTD Budget
Capital Improvement Fund 270					
Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures	-	207,230	207,230	-	0.0%
Transfer In (Out)	2,863,415	2,900,149	2,900,149	(36,734)	101.3%
Net Change in Fund Balance	\$ 2,863,415	\$ 2,692,919	\$ 2,692,919		
EPG Roof Replacement Fund 280					
Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures	-	1,000	49,334	(49,334)	0.0%
Transfer In (Out)	2,000,000	2,000,000	2,000,000	-	100.0%
Net Change in Fund Balance	\$ 2,000,000	\$ 1,999,000	\$ 1,950,666		
SWS Development Capital Fund 360					
Revenue	\$ 45,000	4,351	53,862	\$ 8,862	119.7%
Expenditures	-	-	-	-	0.0%
Transfer In (Out)	-	-	-	-	0.0%
Net Change in Fund Balance	\$ 45,000	\$ 4,351	\$ 53,862		



Commission Meeting date 04.28.2022

Balance Sheet for All Funds February 2022

Fund Name					
Balance Sheet Category	General Fund	Capital Improvement Fund	EPG Roof Replacement Fund	SWS Development Capital Fund	Total
Assets					
Cash & Investments	\$ 8,057,656	\$ 2,692,919	\$ 1,950,666	\$ 6,092,233	\$ 18,793,474
Accounts Receivable	792,747		-	-	792,747
Other Assets	386,224	-	-	-	386,224
Total Assets	9,236,627	2,692,919	1,950,666	6,092,233	19,972,445
Liabilities					
Accounts Payable	36,040	-	-	-	36,040
Other Liabilities	-	-	-	-	-
Total Liabilities	36,040	-	-	-	36,040
Fund Balances					
Beginning Fund Balance-January	8,894,074	2,692,919	1,950,666	6,090,686	19,628,345
Net Change in Fund Balance	306,513	-	-	1,546	308,059
Total Fund Balances	9,200,587	2,692,919	1,950,666	6,092,232	19,936,404
Total Liabilities & Fund Balances	\$ 9,236,627	\$ 2,692,919	\$ 1,950,666	\$ 6,092,232	\$ 19,972,444



SouthWest Transit
 Revenue and Expenditures for All Funds
 Monthly Financial Report
 YTD February 2022

Commission Meeting date 04.28.2022

Feb=16.7%

General Fund 100	Adopted Budget	Current Month Actual	2022 YTD Actual	2022 YTD Balance	% YTD Budget
Revenues					
Passenger Fares	\$ 548,800	\$ 58,897	\$ 106,289	(442,511)	19.4%
Contract Revenue	72,000	5,465	5,465	(66,535)	7.6%
CMAQ Grant Revenue	30,000	-	-	(30,000)	0.0%
5307 NTD Funding	705,000	-	-	(705,000)	0.0%
MVST Revenue	7,591,000	605,743	1,258,045	(6,332,955)	16.6%
RAMVST Revenue	1,417,300	113,090	234,872	(1,182,428)	16.6%
Investment Income	10,000	616	821	(9,179)	8.2%
Other Local Revenues	224,000	5,024	10,869	(213,131)	4.9%
Total Revenue	\$ 10,598,100	\$ 788,835	\$ 1,616,361	\$ (8,981,739)	15.3%
Expenditures					
Administration	\$ 1,751,388	\$ 151,435	\$ 240,199	1,511,189	13.7%
Operations	6,069,100	149,787	582,685	5,486,415	9.6%
Vehicle Maintenance	1,859,100	115,666	200,647	1,658,453	10.8%
Facility Maintenance	1,446,210	123,354	209,051	1,237,159	14.5%
Total Expenditures	11,125,798	540,242	1,232,582	9,893,216	11.1%
5307 NTD Schedule	705,000	-	-	705,000	0.0%
Capital Cost Of Operating	1,452,500	18,083	80,883	1,371,617	5.6%
	2,157,500	18,083	80,883	2,076,617	3.7%
Total Expenditures & Capital Cost of Operating	13,283,298	558,325	1,313,465	11,969,833	9.9%
Excess of Revenues Over (Under) Expenditures	(2,685,198)	230,510	302,896	(2,988,094)	
Other Financing Sources (Uses)					
Insurance Recoveries	-	1,094	3,617	(3,617)	0.0%
Transfers In	-	-	-	-	0.0%
Transfers (Out)	-	-	-	-	0.0%
Total Other Financing Sources (Uses)	-	1,094	3,617	(3,617)	0.0%
Net Change in Fund Balance	\$ (2,685,198)	\$ 231,604	\$ 306,513		
Fund Balance, January 1			\$ 8,894,074		
Fund Balance, End of Current Period			\$ 9,200,587		
Months of Operating Expenditures			8		
Fund Balance as a % of the Expenditure Budget			69%		



SouthWest Transit
 Revenue and Expenditures for All Funds
 Monthly Financial Report
 YTD February 2022

Commission Meeting date 04.28.2022

Feb=16.7%

All Other Funds	Adopted Budget	Current Month Actual	2022 YTD Actual	2022 YTD Balance	% YTD Budget
Capital Improvement Fund 270					
Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures	-	-	-	-	0.0%
Transfer In (Out)	-	-	-	-	#DIV/0!
Net Change in Fund Balance	\$ -	\$ -	\$ -		
EPG Roof Replacement Fund 280					
Revenue	\$ -	\$ -	\$ -	\$ -	0.0%
Expenditures	-	-	-	-	0.0%
Transfer In (Out)	-	-	-	-	#DIV/0!
Net Change in Fund Balance	\$ -	\$ -	\$ -		
SWS Development Capital Fund 360					
Revenue	\$ -	1,546	1,546	\$ 1,546	#DIV/0!
Expenditures	-	-	-	-	0.0%
Transfer In (Out)	-	-	-	-	0.0%
Net Change in Fund Balance	\$ -	\$ 1,546	\$ 1,546		

SouthWest Transit					
Pledged Securities Accounts - March 2022					
Security Description	Safekeeping Agent	Maturity Date	Pledged Date	Book Value	Pledged Value
Flagship Bank Minnesota					
Treasury	United Bankers Bank	9/30/2024	3/7/2021	\$ 2,050,479.40	\$ 2,000,000.00
Treasury	United Bankers Bank	7/31/2024	3/7/2021	\$ 1,031,270.57	\$ 1,000,000.00
Treasury	United Bankers Bank	1/31/2025	4/26/2021	\$ 1,534,242.63	\$ 1,500,000.00
Treasury	United Bankers Bank	7/15/2024	7/19/2021	\$ 998,977.70	\$ 1,000,000.00
Treasury	United Bankers Bank	10/15/2024	10/15/2021	\$ 2,000,753.98	\$ 1,700,000.00
Treasury	United Bankers Bank	5/26/2022	2/28/2022	\$ 499,809.03	\$ 500,000.00
MBS-FNMA/FHLMC	United Bankers Bank	9/1/2027	5/26/2020	\$ 130,511.19	\$ 130,511.19
Wells Natl West	United Bankers Bank	1/17/2023	4/2/2020	\$ 249,000.00	\$ 249,000.00
Enerbank USA	United Bankers Bank	9/13/2024	9/25/2019	\$ 248,133.60	\$ 249,000.00
Morgan Stanley	United Bankers Bank	11/14/2024	1/9/2020	\$ 247,000.00	\$ 247,000.00
3RD FED SVGS	United Bankers Bank	11/25/2024	1/9/2020	\$ 247,000.00	\$ 247,000.00
Sallie MAE	United Bankers Bank	7/21/2026	9/29/2021	\$ 248,000.00	\$ 248,000.00
US Treasury Notes	United Bankers Bank	7/31/2022	10/6/2016	\$ 749,950.99	\$ 750,000.00
CMO 2009-26	United Bankers Bank	8/16/2022	6/30/2021	\$ 68,932.85	\$ 68,860.01
GNMA	United Bankers Bank	8/20/2040	7/20/2018	\$ 102,610.24	\$ 102,610.24
GNMA	United Bankers Bank	1/20/2033	1/20/2021	\$ 111,123.25	\$ 111,123.25
FNMA	United Bankers Bank	10/1/2032	10/23/2012	\$ 181,541.26	\$ 181,541.26
MBS-FNMA/FHLMC	United Bankers Bank	10/1/2032	8/15/2015	\$ 195,881.97	\$ 195,881.97
				\$ 10,895,218.66	\$ 10,480,527.92
BankVista					
FDIC	ICS Account	NA	6/6/2018	\$ 5,455,687	\$ 5,455,687
Tradition Capital Bank					
Edgewood OH City Sch Dist Bond	BMO Harris Bank N.A	12/1/2029	12/19/2019	\$ 521,200	\$ 500,000
Little Blue VLY MO SWR Dist SW Bond	BMO Harris Bank N.A	9/1/2027	9/26/2019	\$ 1,073,990	\$ 1,000,000
Port Neches-Groves TX Indep SC Bonds	BMO Harris Bank N.A	2/15/2026	7/26/2016	\$ 744,123	\$ 695,000
Fed Farm Credit Bank	BMO Harris Bank N.A	4/1/2033	4/1/2013	\$ 660,905	\$ 699,376
Alerus					
FRB Federal Reserve Custody	Bank of North Dakota	4/1/2026	6/22/2016	\$ 340,000	\$ 340,000
Americana Community Bank					
FNMA Pool #MA1119	United Bankers Bank	7/1/2042	6/21/2018	\$ 336,912	\$ 342,379
FNMA Pool #MA3744	United Bankers Bank	8/1/2049	6/28/2021	\$ 184,143	\$ 178,190
Chandler AZ Ex	United Bankers Bank	7/1/2031	3/10/2022	\$ 506,269	\$ 459,015
			Total	\$ 20,718,448	\$ 20,150,174
Summary Total Funds 3/31/2022					
Flagship Bank	\$ 9,280,680				
BankVista	\$ 5,705,687				
Tradition Capital Bank	\$ 2,245,600				
Alerus	\$ 274,843				
Americana Community Bank	\$ 824,922				
Total	\$ 18,331,731				
<i>Difference Extra</i>	\$ 1,818,442.61				



SOUTHWEST TRANSIT

MEMORANDUM

To: SouthWest Transit Commission
From: Daniel Le Guen-Schmidt, Human Resources Director
Date: April 28, 2022
Subject: Policy Updates

REQUESTED ACTION:

That the SWT Commission approve the attached policy updates.

BUDGET IMPACT

None

BACKGROUND:

To allow for continuity of business, in the absence of the CEO, the Purchasing Policy is being amended to allow the COO and CAO to sign agreements and amendments under \$25,000.

RECOMMENDATION

That the SWT Commission approve the attached policy updates.

Purchasing Policy for SouthWest Transit

1.0 GENERAL DISCUSSION

SouthWest Transit (SWT), through its Board (Board), adopts this purchasing policy. In the event that this policy conflicts with federal law, state law, the Joint Powers Agreement (JPA), and/or SWT's Bylaws, then federal law, state law, the JPA, and Bylaws govern, in that order.

1.1 Purpose

The purpose of this policy is to establish a process for the procurement of goods and services that is:

- (a) Open and competitive.
- (b) Consistent with federal law, state law, the JPA, and SWT's Bylaws.
- (c) Efficient.
- (d) Understandable to all users.

1.2 Ethics, Conflicts of Interest, and Standards of Conduct

- (a) **Policy.** All purchases must be conducted in a manner that fosters public confidence in the integrity of SWT's procurement system and provides open and free competition among prospective suppliers.
- (b) **Personal Conflicts of Interest.**
 - (1) No employee, officer, or agent of SWT may participate in the selection, award, or administration of a contract if there is a conflict of interest, real or apparent. A conflict of interest arises when a participating individual has a direct or indirect financial interest, including employment or prospective employment, with reference to the contract. Such a conflict of interest would arise when any of the following parties has a financial or other interest in the entity selected for award: (1) an employee, officer, or agent of SWT; (2) any member of his or her immediate family; (3) his or her partner; or (4) an organization that employs, or intends to employ, any of the above.
 - (2) No employee, officer, or agent of SWT will make investments or act for personal gain based upon special knowledge obtained, whether directly or inadvertently, as a result of employment with SWT.
 - (3) No employee, officer, or agent of SWT will have any relationship with or engage in any activity which might involve or lead to personal obligations which could impair the objectivity of such person's judgment, or imply to others that favoritism or obligations exist between such persons and third-party contractors.
- (c) **Gifts and Gratuities.** No employee, officer, or agent of SWT may solicit or accept gifts, gratuities, favors, or anything of monetary value from a contractor, potential contractor, or parties to subcontracts. Acceptance of gifts at any time, except unsolicited advertising or promotional material of nominal value, is prohibited.

- (d) **Elected or Appointed Officials.** All elected or appointed officials of SWT shall comply with Minnesota Statutes section 471.895 (prohibiting certain gifts by interested persons).
- (e) **Violations.** Violation of this section by any employee shall subject the individual to disciplinary action, up to and including termination, as determined by the CEO. Violation of this section by contractors or their agents may be considered a breach of contract and shall subject such contractor or agent to action up to and including cancellation of contract and suspension and debarment from contracting with SWT. Violation of this section by bidders or potential contractors may be considered to make such bidder or proposer ineligible to bid or render a bid or proposal non-responsive.

1.3 Quick Reference Guide to Purchasing Methods and Approvals

Value of Purchase	Purchase or Payment Process	Approval Required
Less than \$100	Invoice, check request, or petty cash (if < \$50)	Department Manager
\$100–\$10,000	Invoice, check request, or purchase order	Department Director
\$10,001–\$25,000	Purchase order or contract	CEO
\$25,000.01–\$175,000	Purchase order or contract	SWT Board
Greater than \$175,000	Contract	SWT Board

1.4 Purchasing Methods

- (a) Purchasing can be accomplished in a variety of ways:
 - (i) **Standard Purchase:** A Standard Purchase Order is not required for items under \$5,000 and is not recommended for items under \$100. An approved invoice payment completes the payment process if the purchase is within the approved budget for that category of purchase.
 - (ii) **Standard Purchase Order:** A Standard Purchase Order must be created by the originating department for purchases over \$5,000 or when required by a vendor.
 - (iii) **Blanket Purchase Orders:** Blanket Purchase Orders are similar to Standard Purchase Orders but are generally (though not always) created at the beginning of the year following approval by the Chief Executive Officer (CEO) or by the Chief Operations Officer (COO), in the absence of the CEO. Blanket Purchase Orders are used primarily for items, such as fuel, that are consistently purchased throughout the year. Every Blanket Purchase Order should document which SWT

staff members have authority to use it and should set out any purchasing limitations, which may include monthly or annual maximums.

- (iv) **Contracts:** Contracts must be used for purchases exceeding \$175,000 and may be used, instead of a Standard Purchase Order, for any purchase over \$5,000.

1.5 Payment Processes

Payment for purchases can be made in several ways:

- (a) **Direct Payment:** The Finance Department pays vendors directly if that department has received an approved Standard Purchase Order within budget for the category of purchase.
- (b) **Prepaid Costco Card:** SWT maintains a prepaid card for maintenance and administrative purchases that are required on an immediate basis. This card may be used only with Standard Purchase Orders and requires the same documentation and approvals.
- (c) **Menards House Accounts:** SWT maintains a “house accounts” at Menards for maintenance and administrative purchases that are required on an immediate basis. This account may be used only with Standard Purchase Orders and requires the same documentation and approvals.
- (d) **Home Depot and Northern Tool Credit Cards:** SWT maintains credit cards at Home Depot and Northern Tool for maintenance and administrative purchases that are required on an immediate basis. These cards may be used only with Standard Purchase Orders and require the same documentation and approvals.
- (e) **Corporate Credit Card:** SWT maintains a corporate credit card through Flagship Bank for a variety of purchases, including approved employee travel expenses, conference registrations, and online purchases. The corporate credit card may be used only upon request to the Finance Department and with the supporting documentation and approvals required under this Policy. All purchases using the corporate credit card shall be made by the Finance Department. The Finance Department shall maintain a log of who has requested to use the corporate credit card and the purpose for which it was requested.
- (f) **Check-Requests Forms:** Check-request forms are used when the Standard Purchase Order process is not applicable. The payment process is completed with an approved check request within the approved budget.
- (g) **Employee-Expense Reports:** Employee-expense reports are used by employees for all travel-related expenses, such as when an employee attends a conference. The purposes of this form are to explain the expenses and to reimburse the employee for out-of-pocket expenses or to pay expenses in advance. The employee travel-related expenses may include either actual receipts or amounts at accepted per diem rates as provided by the United States General Services Administration at www.GSA.gov/portal/category/100120 www.GSA.gov/portal/category/100120.

- (h) **Petty Cash Vouchers:** Petty cash vouchers are used for reimbursement to an employee for items of \$50 or less purchased on behalf of SWT. The Finance Manager is the custodian of the Petty Cash fund. A petty cash form must include an explanation, account code, and authorized signature. Petty cash purchases shall be used only when other payment methods are unavailable.
- (i) **Open Charge Accounts:** It will be advantageous in certain cases to open charge accounts with businesses and vendors for SWT purchases. Establishing an open charge account requires the approval of the CEO. The names of all SWT staff members authorized to purchase through the open charge account will be on file in the Finance Department and will also be provided to the vendor along with the purchasing limitations. Under no circumstances may aggregate purchases from any one vendor under an open charge account exceed \$5,000 in any one month without prior CEO approval. The procedures used to make purchases through an open charge account shall conform with SWT purchasing policy.

1.6 Supporting Documentation

Supporting documentation must accompany any request for payment. If signed by the SWT staff member accepting the goods or services, the receiving copy of the Standard Purchase Order or the receiving document is proof that the goods or services were provided to SWT, documents the approval for payment, and documents that the cost incurred is correct. For items under \$5,000, the Department Manager must sign the invoice or check request to document his or her approval and must assign the budget code. Any other required approvals must also be documented.

1.7 Decentralized Purchasing

The majority of SWT purchases are decentralized, meaning each department negotiates with the vendor and processes the request for payments.

The Finance Department is responsible for processing Standard Purchase Orders and for ensuring compliance with SWT policies and procedures. The Finance Department generally serves as a resource to other departments to help with purchases and maintains information on State purchasing contracts, approved vendors, past purchases, and other related information. As each department meets its own purchasing needs, the Finance Department is available to answer questions and assist with locating purchasing options but does not call for quotations or place the actual orders with vendors.

1.8 Emergency Purchases

Emergencies may preclude the normal bidding or request-for-proposal processes. In cases in which the emergency purchase exceeds \$25,000, Board approval must be obtained prior to payment.

An emergency is a situation arising suddenly and unexpectedly which requires speedy action essential to health, safety, and welfare of the community. A mere inconvenience is not an emergency. By way of example, an emergency exists when a breakdown in machinery occurs and a dangerous condition develops or when any unforeseen circumstances arise that cause or threaten curtailment of an essential service.

1.9 Deliveries

Please be as explicit as possible when arranging deliveries with a vendor. Give detailed instructions as to delivery location and contact person. Use both first and last name in your arrangements with vendors to aid in ensuring delivery. A name should be referenced on an invoice.

1.10 Purchase of SWT Vehicles

The sales tax and licensing of vehicles is not done at the point of purchase, but rather through Deputy Registrar. All costs associated with getting a vehicle out on the road shall be considered part of its total cost. Thus, licenses, radios, and customizing (signs, interior additions, special shelving in vans, hand railings, etc.) are all considered part of the total cost.

1.11 Out-of-State Purchases

Sales tax is part of the total cost. Even though some purchases are made from an out of state vendor, SWT is required to submit to the State of Minnesota a use tax for items invoiced without the tax.

1.12 Bond requirements

If a contract is over \$175,000 and involves doing a public work, as set forth in Minnesota Statutes Section 574.26, the contractor must provide a performance bond and a payment bond. Minn. Stat. § 574.26, subd. 2 (referencing Minn. Stat. § 471.345, subd. 3, for the amount triggering these bond requirements). In this case, a bid bond should also be required. Failure to obtain required statutory bonds will render the contract invalid. *Id.* Failure to obtain a required payment bond may also make SWT liable to subcontractors and suppliers whom the contractor fails to pay. Minn. Stat. § 574.29.

1.13 1099 information

SWT is obligated to report to the Internal Revenue Service payments to an individual or partnership for services rendered that exceed \$600 in a calendar year. To do so, SWT needs the recipient's business tax identification number or social security number. This tax information should be provided to the Finance Department.

2.0 SIGNING AND APPROVAL AUTHORITY

All purchases are subject to approval as set forth in this section. Under no condition shall an order be divided into two or more smaller orders in an attempt to circumvent the necessity to obtain the appropriate approval.

2.1 Authorized Approval

All purchases under \$10,000 must be approved by the Department Director. Any purchase made by the Department Director is subject to approval by the Finance Director.

All purchases of \$10,000 to \$25,000 must be approved by the Department Director, Finance Director, and the CEO. In the absence of the CEO, the COO may approve purchases as the CEO's designee. If the Department Manager does not approve a purchase, the Finance

Director need not review the purchase for approval. Likewise, if the Finance Director declines to approve a purchase, it need not be submitted to the CEO.

All purchases of more than \$25,000 must be approved by the Department Manager, Finance Director, the CEO, and the Board, in that order. SWT approves payments monthly at the regular scheduled Board meetings. The CEO may also request that legal counsel review and approve any purchase, contract, or request for proposals.

2.2 Original Contract

When a proposed contract is \$25,000 or less, the CEO may approve and sign the contract on behalf of SWT. In the absence of the CEO, the COO or CAO may sign the contract on behalf of SWT.

When a proposed contract exceeds \$25,000, the contract must be approved by the Board. Once authorized, the CEO will execute the contract.

2.3 Contract Amendments

If the original contract is more than \$25,000, then any contract amendment for more than \$25,000 must be submitted to the Board for approval. The CEO may sign any other amendment to the contract. In the absence of the CEO, the COO or CAO may sign any other amendment to the contract.

If the original contract was \$25,000 or less, then any contract amendment that will bring the proposed amended contract to more than \$25,000 must be submitted to the Board for approval. The CEO may sign any other amendment to the contract.

For change orders to construction contracts and other contracts that provide for payment as work is performed, the Commission may grant the CEO authority to approve change orders prior to submission to the Commission. Such approval shall specify a particular percentage of the original contract or up to a specific amount per change order, subject to a total maximum of changes order that can be approved by the CEO without prior Commission approval.

2.4 Sole Source Procurement

Sole source procurements of \$25,000 or less must be approved by the CEO or his/her designee. Sole source procurements of more than \$25,000 must be approved by the Board.

3.0 BUDGET-RELATED MATTERS

3.1 Budget

The responsibility to adhere to a departmental budget lies with that department's manager. The Finance Department will provide an itemized Board-approved budget to each department to follow when coding expenditures. Expenditures shall be coded to the correct account number based on the type of expenditure, not on the amount of budget remaining. Failure to code properly skews actual expenses and provides inaccurate historical data for future budgeting. Budget amounts should not be exceeded without authorization. It is the responsibility of each department to anticipate budget overages and present this information

to the CEO, who may ask the Board for approval to transfer funds to that department's budget or ask for approval to move items within the department's budget. Internal budget meetings may, as necessary, be held periodically throughout the year to monitor the current-year activity and anticipate any significant budget issues.

3.2 Capital Assets (Capital Outlays)

An item is considered a capital asset or capital outlay when it is a tangible asset, has a useful life of more than one year, has a value of at least \$5,000, and will be capitalized in accordance with SWT Capital Asset Policy. Items that cost less than \$5,000 and add value to an existing capital asset may also be considered capital assets and capitalized in accordance with the policy. (e.g., items used to refurbish a bus).

It is in the best interest of SWT to maintain capital asset records for financial reporting, as well as for general accountability to our taxpayers. Any item meeting all of the criteria identified above should therefore be coded as a capital outlay when purchased. One-time capital-outlay purchases of less than \$5,000 may also be coded to capital outlay, so that they will not be charged against annual operating subsidy calculations.

3.3 Inventory Assets

Certain items are tangible assets and have a useful life of more than five years but nonetheless do not meet the requirements for a capital asset. These assets must be recorded and maintained in the equipment inventory system. Examples of inventory assets include computers, wireless phones, copiers, faxes, small tools, etc.

Vehicle maintenance inventory and parts must be recorded and maintained in the vehicle maintenance system by the Vehicle Maintenance Manager.

3.4 Credits or Returns

Any department that returns an item must provide information to the Finance Department referencing the original purchase-order number and an account number so that credit can be applied to the proper account. In some cases, the refund will not be credited to the expense account but rather to a general refund-and-reimbursement account, such as if the refund occurs after the year that the expense was incurred.

3.5 Authorizing Payment of Certain Claims by CEO Without Prior Commission Approval

The Commission may from time to time adopt a Resolution authorizing the payment of certain claims by the CEO without prior Commission approval. Such claims may include contracted items (utilities, rent, land, conference and related travel expenses, construction, etc.); payroll liabilities; postage; petty cash, licenses and fees; tickets paid by registration fees; employee expenses; amounts due to other government agencies; refunds; programmed professional performances; invoices which offer discounts or have interest added; payments to vendors not allowing charge accounts; motor vehicle registrations; insurance; and payments to comply with agreements, purchases, or invoices which contain a fixed time for payment.

4.0 CONTRACTS FOR PURCHASE OF SUPPLIES, MATERIALS, AND EQUIPMENT, RENTAL OF EQUIPMENT, AND CONSTRUCTION, ALTERATION, REPAIR, AND MAINTENANCE

SWT’s contracts and purchases must conform to requirements applicable a party to the JPA. Minn. Stat. § 471.59, subd. 3. SWT is therefore subject to Minnesota Statutes section 471.345, which governs “Contracts” entered into by municipalities. Section 471.345, subdivision 2, defines a “Contract” as an agreement to sell or purchase supplies, materials, or equipment, to rent equipment, or to construct, alter, repair, or maintain real or personal property. Contracts paid for with Federal funds are subject to the requirements of Section 9 of this Policy.

Under no condition shall an order be divided into two or more smaller orders in an attempt to circumvent solicitation and selection requirements.

Note that the dollar amounts mentioned below **exclude** the tax on such items.

4.1 Quick Reference Guide to Contracts Governed by Section 471.345

Value of Contract	Solicitation Process
Less than \$5,000	Open market (quotations not required)
\$5,000–\$25,000	Written quotations required
\$25,000.01–\$175,000	Two written quotations or sealed bids required
Greater than \$175,000	Sealed bids required

Note: The CEO’s approval authority extends to contracts up to \$25,000. Any contract over \$25,000 must be approved by the board. Approval authority is distinct from the required selection process under section 471.345, which allows all Contracts of \$25,000 or less to be made by quotation or on the open market.

4.2 Contracts on the Open Market

- (a) Contracts of less than \$5,000 may be made on the open market without quotations.
- (b) For purchases of \$5,000 to \$25,000, written quotations are required. Verbal quotations are acceptable only with the prior approval of the CEO. When the quotations are verbal, they should be documented in a writing that lists the contact person and phone number, the amount of quotation, and any other pertinent information.

4.3 Contracts Requiring Quotations or Sealed Bids

If contracts are estimated to exceed \$25,000 but not to exceed \$175,000, the contract may be made either upon sealed bids or by direct negotiation based on quotations. Minn. Stat. § 471.345, subd. 4. If direct negotiation is used, SWT must obtain at least two quotations. These quotations should generally be in writing, and a requestor who receives a verbal quotation must document the quotation in writing and on the requisite purchase order. All such quotations, along with the purchasing documents, must be forwarded to the Finance Department to keep on file for one year from the date of purchase. The quotations shall be kept with the payment voucher.

4.4 Contracts Requiring Sealed Bids

- (a) For contracts over \$175,000, SWT shall advertise for sealed bids. The originating department must ensure that the following steps are taken:
 - (i) Make sure that funds have been appropriated for this contract.
 - (ii) Make proper publication in the official SWT newspaper(s).
 - (iii) Distribute terms, conditions, and specifications, and answer any bidder questions.
 - (iv) Open sealed bids at an appropriate time and place, and then tabulate.
 - (v) Award the contract to the lowest responsible bidder. Minn. Stat. § 412.311, subd. 1.
 - (vi) In the event a low bidder is not recommended, fully document the reason(s).
 - (vii) Prepare and present to the Board a request for approval of the award. The contract shall be signed by the CEO and a Board Chairperson. The signed resolution must be maintained.
- (b) SWT has a legal mandate to award contracts to the lowest responsible bidder. Submitted bids are deemed an offer to contract and are not subject to negotiation.
 - (i) Responsiveness means that the bidder offered to provide the product or service requested in the specification. A bid that offers something other than what the specifications described may be considered “nonresponsive.” A bid may also be considered “nonresponsive” if the vendor has failed to follow the specified procedures (e.g., by not including a requested bond or by submitting the bid after the deadline). Small deviations, such as a typographical error, would not always be sufficient reason to declare a bid “nonresponsive.” However a typo on the statement of the amount should be referred to the CEO for a determination.
 - (ii) Responsibility depends on whether the bidder is capable of performing the work or delivering the product or service requested. A determination of responsibility requires findings that they have the necessary equipment or facilities needed and that they have a track record of sound performance. One way to determine the track record of sound performance is to ask bidders to provide references for similar work or customers.
 - (iii) If the contract is for construction, the contractor must adhere to any responsibility requirements set out in the solicitation document and must satisfy statutory “minimum criteria.” Minn. Stat. § 16C.285, subds. 2(a), (3).
- (c) Data submitted by a business in response to a request for bids is private until the time that bids are due, at which time the name of the bidder and the bid amount becomes public. Minn. Stat. § 13.591, subd. 3(a). All other data in the bid, except trade secret data as classified in Minnesota Statutes section 13.37, becomes public after completion of the selection process. *Id.*

4.5 “Best Value” Selection for Construction, Improvement, Repair, or Maintenance Contracts

- (a) For construction, improvement, repair, or maintenance contracts of any amount, a request for proposals may be used instead of quotations or sealed bids and the contract may be awarded to the contractor offering the “best value.” Minn. Stat. §§ 412.311, subd. 2, 471.345, subds. 3a, 4a, 5.
- (b) If the contract is for construction, the contractor must satisfy the “minimum criteria” set out in Minnesota Statutes section 16C.285, subdivision 3, defining “responsible contractor.”
- (c) To use the best-value selection method, SWT’s request for proposals must explain the relative weight of price and other selection criteria (including any interview), and SWT must apply these weighted selection criteria in making its award. Minn. Stat. § 16C.28, subd. 1(a)(c).
- (d) Data submitted by a business in response to a request for proposals is private until the time that proposals are due, at which time the name of the responder becomes public. Minn. Stat. § 13.591, subd. 3(b). All other data in the proposal, except trade secret data classified in Minnesota Statutes section 13.37, becomes public after completion of the selection process. *Id.*

4.6 Sourcing through the Cooperative Purchasing Venture

Under Minnesota Statutes section 471.59, governmental agencies may jointly exercise powers that they have individually. Pursuant to the statute, SWT maintains a membership with the State’s Cooperative Purchasing Venture (CPV). As a member of the CPV, SWT can purchase from vendors under State contracts. The advantages of participating in joint ventures are that the bid process is already completed and the prices are often more competitive.

For contracts estimated to exceed \$25,000, SWT must *consider* the availability, price, and quantity of supplies, material, and equipment available through the CPV before purchasing through another source. Minn. Stat. § 471.345, subd. 15.

5.0 CONTRACTING FOR PROFESSIONAL SERVICES

The purpose of this section is to provide guidance in the procurement of professional services for SWT.

5.1 General requirements

This procedure applies to professional services sought to be obtained for more than \$25,000, including:

- (a) Professional services for planning, analysis, and feasibility studies.
- (b) Legal, financial, auditing, advertising, personnel, training, and other advisory services.
- (c) Engineering services and other similar services.

5.2 Statement of Work

The single most important document of a professional services contract is the Statement of Work (SOW), as it:

- Provides management with an outline of the project, the work to be done in-house, and the work to be done by the consultant.
- Provides the basis for soliciting proposals.
- Provides the basis for the administration and management of the resulting contract.

The SOW must:

- (a) Outline the nature of the work and level of effort that will be required of the consultant.
- (b) Identify the goals, objectives, criteria, and issues associated with the project. If the plans and objectives are to be developed as part of the project, describe how they are to be finalized and by whom.
- (c) Describe tasks to be accomplished, describe services and information that will be provided by the consultant, SWT staff, or other parties during the conduct of the project, and provide a time schedule for completion of each task.
- (d) Describe the proposed budget and consultant hours required to complete each work task.
- (e) Ensure that all proposals can be prepared on a common basis so as to allow open and free competition between responders.
- (f) Identify the project manager.

5.3 Solicitation

(a) *General*

The Request for Proposals (RFP), together with the SOW, should provide all of the information that a prospective responder needs to submit a proposal. A RFP need not set out all detailed requirements, and responses may be negotiated to achieve best value.

(b) *Prospective Responders*

While solicitation may be sent to a minimum of two prospective responders, it is highly recommended that the RFP be sent to any metropolitan area firms or individuals capable of providing the needed services. When special expertise is necessary, national firms or individuals should also be invited to submit proposals.

(c) *Advertisement*

While not required per se, it is recommended that the solicitation of proposals be advertised in an appropriate publication, such as the State Register, trade journals, and/or the official newspaper when there are only a limited number of known consultants or when the cost of the proposed services represents an appreciable expenditure.

5.4 Ethics

Should SWT use a consultant or firm to prepare or assist in the preparation of a SOW or RFP, that consultant should not be permitted to submit a proposal in response to the SOW/RFP since it would be or would have the appearance of unfair competition. Deviation from this policy requires the approval of the CEO.

5.5 Evaluation of Proposals

(a) *General*

The need to positively demonstrate that a particular responder should be awarded the contract is a difficult proposition because the evaluation must be based on qualitative data. Accordingly, the guidelines herein attempt to provide a systematic approach to the selection of the most deserving responder.

(b) *Competency*

Contracts shall be made only with responsible consultants who have the capability to successfully fulfill the contractual requirements. Consideration shall be given to their past performance and experience related to technical resources, their financial capacity to complete the project, the availability of the specified personnel during the contractual period, and other appropriate criteria.

(c) *Selection Team*

- (1) Proposals for services costing over \$25,000 should always be evaluated by a selection team.
- (2) Proposals for services costing \$25,000 or less do not require the use of a selection team, but a selection team is nonetheless advisable.
- (3) The selection team should consist of the project manager, specified in the SOW, as team chair and at least one other member, who may be drawn from:
 - (i) Representatives of other SWT functions who have a direct interest in the project.
 - (ii) SWT staff members whose expertise will have value in the selection of the responder.
 - (iii) Peers from other communities with special expertise.
- (4) The project manager is responsible for:
 - (i) Organizing the selection team.
 - (ii) Providing its members with copies of the RFP, proposals, evaluation forms, and other needed data.
 - (iii) Scheduling of meetings.
 - (iv) Scheduling responder interviews, should the selection team desire.
 - (v) Including the consensus of the evaluation team in the recommendation memorandum.

(d) **Recommendation**

Upon completion of the evaluation process, the project manager shall prepare a recommendation for approval in accordance with the procedures in this section.

(e) **Data Privacy**

Data submitted by a business in response to a request for proposals is private until the time that proposals are due, at which time the name of the responder becomes public. Minn. Stat. § 13.591, subd. 3(b). All other data in the proposal, except trade secret data as classified in Minnesota Statutes section 13.37, becomes public after completion of the selection process. *Id.*

5.6 Long-Term Contracts

When dealing with service providers with whom SWT may wish to establish a long-term relationship, the formal RFP process for that service must be initiated at least every five years. Review at that point in time shall not preclude a current service provider from resubmitting for consideration. Examples of service providers with long-term relationships would include legal services and audit services.

6.0 TRAVEL POLICY

The Commission has adopted a separate Meals and Travel Policy.

7.0 DISPOSAL OF PROPERTY

(a) SWT may dispose of equipment or excess materials in a variety of ways:

- (1) The CEO is authorized to scrap used parts and equipment which are being replaced and deemed of no value. If the item has a capital-asset record, the Finance Department must be notified to remove the item from the system.
- (2) Sale of all other surplus SWT personal property must be handled in conformance with the Municipal Contracting Law Minn. Stat. § 471.35, Surplus Property with a Total Estimated Value of Less than \$25,000.
 - (a) If the value of the surplus property is estimated to be \$25,000 or less, the CEO may sell it either upon quotation or in the open market. If the surplus property is sold based upon quotation, the CEO shall obtain, so far as practicable, at least two quotations which shall be kept on file for a period of at least one year after their receipt.
 - (b) Surplus Property with a Total Estimated Value between \$25,000 and \$175,000. If the value of the surplus property is estimated to exceed \$25,000 but not to exceed \$175,000, the CEO may sell the surplus property upon sealed bids or by direct negotiation, by obtaining two or more quotations for the sale when possible. All quotations obtained shall be kept on file for a period of at least one year after their receipt.

- (c) Surplus Property with a Total Estimated Value over \$175,000. If the value of the surplus property is estimated to exceed \$175,000, the CEO shall solicit sealed bids by public notice in the manner and subject to the requirements of the law governing contracts by the Commission.
- (d) Notwithstanding any other requirement of this section, the Commission may contract to sell supplies, materials, and equipment which is surplus, obsolete, or unused using an electronic selling process in which purchasers compete to purchase the surplus supplies, materials, or equipment at the highest purchase price in an open and interactive environment pursuant to Minnesota Statutes § 471.345 Subd. 17.
- (3) SWT may transfer personal property to another public corporation for public use, regardless of whether SWT receives value in exchange. Minn. Stat. § 471.85.
- (b) Employees are normally not eligible to purchase SWT property. However, Minnesota Statutes section 15.054 allows property or materials owned by SWT and not needed for public purposes to be sold to an employee of SWT after reasonable public notice at public auction or by sealed bid if the employee is not directly involved in the auction or sealed-bid process. An employee may purchase no more than one vehicle at a single SWT auction.
- (c) Disposal of a capital asset requires Board approval.

8.0 DISPUTE AND PROTEST PROCEDURES

The following dispute and protest procedure is available if required by law, if required by any grant providing funds (including FTA funds) associated with a disputed solicitation or award, or if provided for in a disputed solicitation or the solicitation related to a disputed award. SWT will endeavor to fairly resolve protests that conform to the requirements of these procedures but will not allow protesters to exploit protest procedures to obtain a competitive advantage or obstruct procurement.

SWT requires strict compliance with the following procedures. Failure to comply with these procedures will result in a waiver of protest rights.

8.1 Review of Protests

A protester must exhaust all administrative remedies with SWT before pursuing a protest with the FTA or other funding entity if such process is available. Reviews of protests will be limited to:

- (a) SWT's failure to have or follow its protest procedures, or its failure to review a complaint or protest;
- (b) violations of Federal law or regulation; and
- (c) violations of State or local law or regulation.

If the purchase is funded by the FTA, an appeal to the FTA must be received by the appropriate FTA regional or headquarters office within five (5) working days of the date the

protester learned or should have learned of an adverse decision by SWT or other basis of appeal to the FTA.

8.2 Definitions

The words defined in this section shall have the following meanings:

- (a) *Procurement* means buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction. The term includes all functions that pertain to obtaining any supplies, services, or construction, including descriptions of requirements, selection, solicitation of sources, and preparation and award of contracts.
- (b) A *protest* is a written objection by an interested person to a SWT procurement. SWT will not consider or respond to oral protests.
- (c) *Solicitation* means the process under which SWT invites interested persons to bid or make proposals in connection with its procurement.
- (d) A *solicitation-phase protest* is a protest based on alleged improprieties in a solicitation, including but not limited to exclusion of the responder and objections to pre-evaluation processes.
- (e) An *award-phase protest* means all protests other than solicitation-phase protests.
- (f) An *interested person* is an actual or prospective responder or contractor who alleges that it has been aggrieved in connection with the solicitation or award of a SWT contract.
- (g) A *working day* is an office business day for SWT staff.

8.3 Initial Protest Procedures

An interested person desiring to protest must file a written protest, by certified mail, with the SWT contact person designated in SWT's solicitation, with a copy to the COO. If the contact person cannot be identified in the solicitation or is otherwise unavailable, the protest should be filed with the COO at 14405 W. 62nd St., Eden Prairie, MN 55346.

The written protest must include the following information:

- (a) The protester's name, company name, address, telephone and fax numbers, and, if available, email address.
- (b) The project name and number (if any), as well as the contract name and number (if any) or other solicitation identifiers.
- (c) Information establishing that the protester is an interested party for the purpose of filing a protest and that the protest is timely.
- (d) A detailed statement of the legal and factual grounds for the protest, including a description of the alleged injury or prejudice to the protester.
- (e) Identification of evidence known to support allegations in the protest, including but not limited to names of the persons involved, a description of relevant occurrences, the documents upon which the protester relies, and the particular aspects or language, if any, in the solicitation documents which are alleged to be defective or illegal. To the greatest

extent reasonably practicable, copies of relevant documents should be furnished with the protest.

- (f) A statement identifying the requested relief or remedy.

8.4 Consideration by the COO

If these procedures are applicable, the COO will review and consider a timely filed protest and supporting documents, and he or she will render a written decision that addresses the issues raised in the protest. The COO shall not hold any hearing. He or she will take action on the basis of such review and investigation as he or she deems appropriate in his or her discretion. The COO will render a final decision no more than ten (10) working days after the filing of the protest.

8.5 Review by the CEO

Within three (3) working days after receiving the COO's written decision, a protester may request that the CEO review of the COO's decision. A request for CEO review must be made in writing to the COO, by certified mail. It shall include a clear reference to the decision to be reviewed and shall state the legal and factual reasons for disagreement with the COO's decision.

The CEO shall not be required to hold any hearing and may take action on the basis of such review and investigation as he or she deems appropriate in his or her discretion. The CEO may, as he or she sees fit, accept further written submissions, take testimony, or make a transcript of hearings or proceedings. The CEO will issue a written decision no later than fourteen (14) working days after receipt of the request for review.

8.6 Deadlines

The following deadlines apply to protests:

- (a) All protests must be filed within seven (7) working days after the basis of the protest is known or should have been known, whichever is earlier.
- (b) A solicitation-phase protest must be filed before the opening of bids or before the closing date for the receipt of proposals. If a solicitation-phase protest is not filed before these dates, a protester's right to bring a protest is waived.
- (c) A request for CEO review of the COO's decision must be filed within three (3) working days after the protester's receipt of the COO's decision.
- (d) Failure to file a protest or request CEO review within the time periods indicated shall result in a waiver of the protest.

8.7 Deviations

In the exercise of his or her discretion, and for good cause adequately demonstrated, the COO may waive stated deadlines and insubstantial deviations from the requirements herein.

8.8 Duties of the Designated Contact Person

Upon receiving a written protest, the designated contact person will give the protest to the COO for review and consideration.

In the case of a timely solicitation-phase protest, the designated contact person initially will determine if the scheduled bid opening or proposal due date should be extended pending resolution of the protest and, if so, will issue a notification to all bidders or responder. The designated contact person will notify funding authorities (such as the FTA) upon protest filing and as required by rule or regulation. Notification to the FTA will include a brief description of the protest, the basis of disagreement, the status of the protest, and whether an appeal has been taken or is likely to be taken.

8.9 Suspension of Procurement

The COO or CEO, as a matter of their sole discretion, may suspend or proceed with the procurement process, pending the outcome of a protest.

8.10 Records Retention

All protest-related documents must be retained by SWT for six (6) years.

9.0 PROCUREMENTS MADE WITH FEDERAL FUNDS

For purchases or contracts made with Federal awards or grants, including FTA funds, SWT and its contractors must comply with procurement standards in 2 C.F.R. §§ 200.318–323, 200.325, and 200.326. In addition to all other provisions of this Policy, the provisions of this Section 9 will apply when a purchase or contract is being made with Federal funds. Where there is a conflict between this Section 9 and another provision of this policy, the provision of this Section 9 will apply.

9.1 General

- (a) SWT will maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders. Contracts will contain the applicable provisions described in Appendix II to 2 C.F.R. Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.
- (b) Acquisition of unnecessary or duplicative items will be avoided. Consideration will be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- (c) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, SWT will enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. SWT will use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- (d) SWT will use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

- (e) SWT will award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.
- (f) SWT will maintain records sufficient to detail the history of procurement. These records will include, but not be limited to, the rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- (g) SWT will use a time-and-materials type contract only after determining that no other contract is suitable and if the contract contains a ceiling price that the contractor exceeds at its own risk. SWT will assert a high degree of oversight over the contract in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- (h) SWT will alone be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements.

9.2 Competition

- (a) All procurement transactions will be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals will be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:
 - (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
 - (2) Requiring unnecessary experience and excessive bonding;
 - (3) Noncompetitive pricing practices between firms or between affiliated companies;
 - (4) Noncompetitive contracts to consultants that are on retainer contracts;
 - (5) Organizational conflicts of interest;
 - (6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
 - (7) Any arbitrary action in the procurement process.
- (b) SWT must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

- (c) SWT has written procedures for procurement transactions. These procedures ensure that all solicitations:
 - (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
 - (2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
- (d) SWT will ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, SWT will not preclude potential bidders from qualifying during the solicitation period.

9.3 Methods of Procurement

For purchases or contracts made with Federal funds, SWT will use one of the following methods of procurement.

- (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold specified in 2 C.F.R. § 200.67 (currently \$10,000). To the extent practicable, SWT will distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if SWT considers the price to be reasonable.
- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$175,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- (c) Procurement by sealed bids (formal advertising). Bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.
 - (1) In order for sealed bidding to be feasible, the following conditions should be present:
 - (i) A complete, adequate, and realistic specification or purchase description is available;

- (ii) Two or more responsible bidders are willing and able to compete effectively for the business; and
 - (iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
- (2) If sealed bids are used, the following requirements apply:
- (i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, and the invitation for bids must be publicly advertised;
 - (ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;
 - (iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;
 - (iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (v) Any or all bids may be rejected if there is a sound documented reason.
- (d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- (1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
 - (2) Proposals must be solicited from an adequate number of qualified sources;
 - (3) SWT must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
 - (4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
 - (5) SWT may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

- (e) [Reserved]
- (f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:
 - (1) The item is available only from a single source;
 - (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
 - (4) After solicitation of a number of sources, competition is determined inadequate.

9.4 Contracting with Small and Minority Businesses, Women’s Business Enterprises, and Labor Surplus Area Firms

- (a) SWT will take all necessary affirmative steps to assure that minority businesses, women’s business enterprises, and labor surplus area firms are used when possible.
- (b) Affirmative steps will include:
 - (1) Placing qualified small and minority businesses and women’s business enterprises on solicitation lists;
 - (2) Assuring that small and minority businesses, and women’s business enterprises are solicited whenever they are potential sources;
 - (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women’s business enterprises;
 - (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women’s business enterprises;
 - (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

9.5 Contract Cost and Price Analysis

- (a) SWT will perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold defined in 2 C.F.R. § 200.88 (currently \$250,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, SWT will make independent estimates before receiving bids or proposals.
- (b) SWT will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To

establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

- (c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for SWT under 2 C.F.R. § 200, Subpart E—Cost Principles. SWT may reference its own cost principles that comply with the Federal cost principles.
- (d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

9.6 Bonding Requirements

For construction or facility improvements or subcontracts exceeding the Simplified Acquisition Threshold defined in 2 C.F.R. § 200.88 (currently \$250,000), if the Federal awarding agency or pass-through entity has not determined that SWT's bonding policy and requirements adequately protect the Federal interest, the following minimum requirements apply:

- (a) A bid guarantee from each bidder equivalent to five percent of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
- (b) A performance bond on the part of the contractor for 100 percent of the contract price.
- (c) A payment bond on the part of the contractor for 100 percent of the contract price.

9.7 Required Contract Provisions

All contracts made by SWT under a Federal award must contain provisions covering the following, as applicable:

- (a) Contracts for more than the Simplified Acquisition Threshold defined in 2 C.F.R. § 200.88 (currently \$250,000), must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.
- (b) All contracts in excess of \$10,000 must address termination for cause and for convenience by SWT, including the manner by which it will be effected and the basis for settlement.
- (c) Equal Employment Opportunity. Contracts for construction work paid for in whole or in part with Federal funds must include the equal opportunity clause provided under 41 C.F.R. § 60-1.4(b).
- (d) Davis-Bacon Act. When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by SWT must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance

with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. SWT must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. SWT must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. SWT must report all suspected or reported violations to the Federal awarding agency.

- (e) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by SWT in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.
- (f) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2(a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.
- (g) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the contractor to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-

1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

- (h) Debarment and Suspension (Executive Orders 12549 and 12689). A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.
- (i) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). Contractors that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.
- (j) Procurement of Recovered Materials. SWT and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Jake Simich – Marketing/PR Administrator

DATE: 4/28/2022

SUBJECT: Website Redesign

REQUESTED ACTION:

That the SouthWest Transit (SWT) Commission authorize that the Interim CEO enters an agreement with Avallo for website redesign for an amount not to exceed \$31,800.

BUDGET IMPACT:

This project will use dollars from the SouthWest Transit capital cost of operating budget.

BACKGROUND:

Our website is very outdated and doesn't match up with SouthWest Transit's branding. The goal is to work hand in hand with Avallo to redesign our website, moving away from the black and green dominated webpages to a more professional and easier to read site for our customers.

A design for the website has already begun, with Brittany (Graphic Designer) and Avallo already having completed the overall look that we are going for and the added features we will be implementing into the site.

Overall, the cost of redesigning the SWT website comes out to \$31,800

RECOMMENDATION:

That the SouthWest Transit (SWT) Commission authorize that the Interim CEO enters an agreement with Avallo for website redesign for an amount not to exceed \$31,800.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Jason Kirsch

DATE: April 20, 2022

SUBJECT: Chanhassen Transit Station Generator Installation

REQUESTED ACTION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Carver County for an amount not to exceed \$83,076.92 for the installation of a backup generator at Chanhassen Transit Station.

BUDGET IMPACT: This project will use dollars from the NTD capital improvement.

BACKGROUND:

Chanhassen Transit Station (CTS) is our only park and ride that does not have an electric generator to provide electricity in case of a service disruption from Excel Energy. CTS also uses Carver Link, a fiber optic internet provider from Carver County, for its fiber internet service. Carver Link, to provide redundant failover for their fiber ring, has requested a partnership to install a backup generator that will not only provide electricity for our station, but also their fiber networking equipment located at CTS.

Carver County has installed a similar generator at the Carver Station and will put \$13,800.00 toward the cost of the generator total of \$96,876.92. After installation, Carver County will transfer ownership of the generator to SouthWest Transit.

Also, with the addition of this backup generator, SWT will be able to remove the current battery backup system we have installed at CTS that is due for a major rehab.

Carver Link is currently installed at East Creek, SouthWest Village, CTS and will be soon available for the SouthWest Station and Eden Prairie Garage. SWT will then be able to utilize the dark fiber on this ring to connect all of our facilities without the need of independent internet services.

The funds for this project are budgeted from the 2022 NTD budget.

RECOMMENDATION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Carver County for an amount not to exceed \$83,076.92 for the installation of a backup generator at Chanhassen Transit Station.



SOUTHWEST TRANSIT

MEMORANDUM

To: SouthWest Transit (SWT) Commission
From: Mike Dartt Facility Engineer
Date: April 20, 2022
Subject: Eden Prairie Garage Door #5 Replacement

REQUESTED ACTION

That the SWT Commission authorize its Interim Chief Executive Officer to execute an agreement with Crawford Door Sales Co. in the amount not to exceed \$45,409.00 for replacing Door #5 at the Eden Prairie Garage.

BUDGET IMPACT

This project was budgeted for 2022. Funds for the project will come from the agency working capital reserve account and /or NTD.

BACKGROUND

Door number five was recently damaged requiring repair. This door was scheduled for replacement in 2022. SWT has been switching our garage doors from traditional metal doors to the highspeed rubber doors. The reason for this is that it costs significantly less to repair should the door become damaged.

The request for bid (RFB) has been given to 3 different door vendors. The results are below.

<u>Contractor</u>	<u>Price</u>
Twin City Garage Door	\$57,150.00
Crawford Door Sale Co,	\$45,409.00
Overhead Door Co.	\$53,762.00

The recommended vendor has performed work for SWT in the past.

RECOMMENDATION

That the SWT Commission authorize its Interim Chief Executive Officer to execute an agreement with Crawford Door Sales Co. in the amount not to exceed \$45,409.00.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Matt Fyten, Interim CEO/COO
Ben Schuler, Senior Systems & Operations Analyst

DATE: April 19, 2022

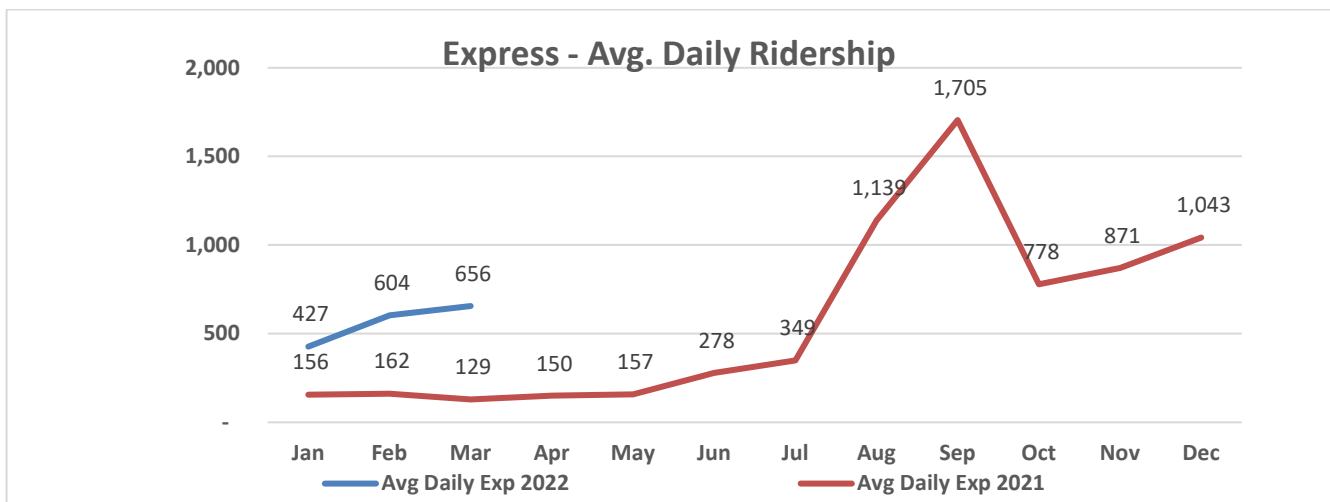
SUBJECT: 2022 Q1 Ridership Totals

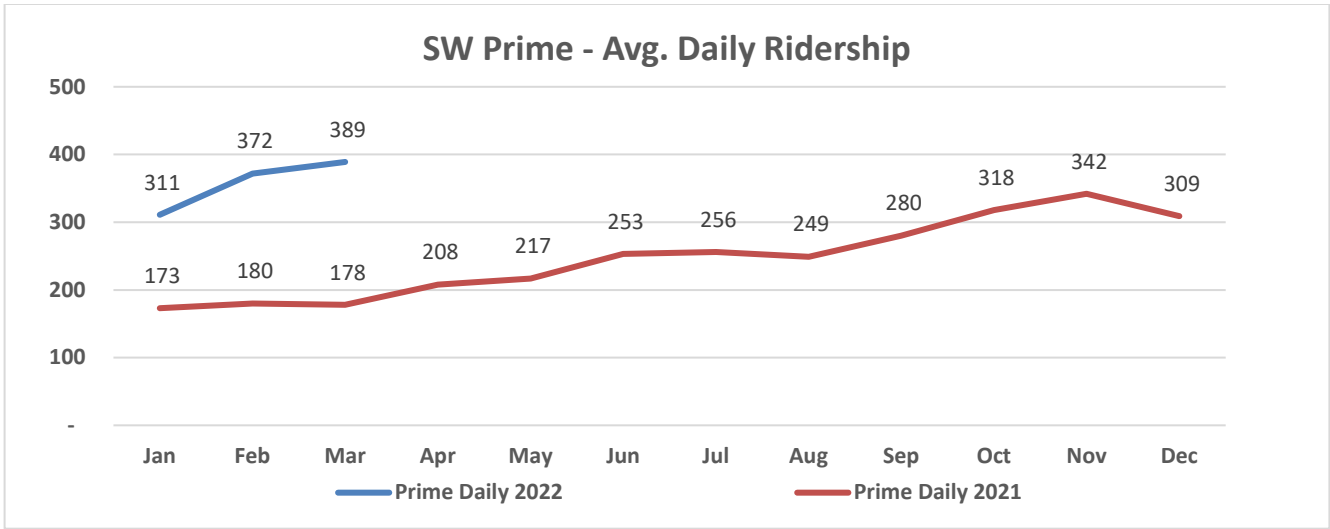
REQUESTED ACTION
None required. For information purposes only.

BUDGET IMPACT
Outlined in Background of this memorandum.

BACKGROUND
Total ridership for Quarter 1 of 2022 was 61,407. The total difference represents an increase of 192.6% compared to Quarter 1 of 2021 (20,984).

SW Prime continues to grow, especially in March where the airport service was utilized for many spring break trips (over 1,200 airport riders in March). SW Prime will be expanding into Edina by June, allowing more destinations for new and current SW Prime riders. Express average daily ridership is down from Quarter 4 of 2021, primarily due to the lack of special events that have taken place in Quarter 1 of 2022.





RECOMMENDATION

None required. For information purposes only.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit (SWT) Commission

FROM: Matt Fyten, Interim CEO/COO
Ben Schuler, Senior Systems & Operations Analyst

DATE: April 21, 2022

SUBJECT: FTA Grant Applications

REQUESTED ACTION:

That the SouthWest Transit Commission adopt Resolutions 22-10 and 22-11 authorizing its Interim CEO to submit a Low or No Emission Vehicle Program grant application and a Bus and Bus Facilities Grant Program application to the Federal Transit Administration for the purchase for electric buses, associated bus-related equipment, and a bus storage facility.

BUDGET IMPACT:

Both the Low or No Emission Vehicle Program (LoNo) and Bus and Bus Facilities Program through the Federal Transit Administration (FTA) requires applicants to provide local match funding of 15% for zero-emission vehicle procurements and 10% for bus-related equipment procurements. SWT would seek to use programmed Regional Transit Capital (RTC) funding from the Met Council to pay for the local match if awarded for up to 19 vehicle replacements (up to 15 small/Prime vehicles and 4 express/coach vehicles) currently programmed for 2025. Staff will come back to the Commission for authorization of any SWT-funded local match funding for vehicles not covered by Regional RTC funding. The current maximum project scope is estimated at \$12.3 million. This number may go down depending upon the Met Council's local match commitment for the project.

The Bus and Bus Facilities Program application would consist of the same vehicle replacements as being applied for as part of the Lo-No program, but would also add a new bus storage facility at the Eden Prairie Garage. The local match requirement for capital projects is 20% for the Bus and Bus Facilities Program. Estimated costs for such a facility are around \$6 million, meaning the SWT local match requirement would be \$1.2 million. If awarded, staff would come back to the Commission for authorization of funds for the local match.

BACKGROUND:

Staff has been working with a non-profit, the Center for Transportation and Environment (CTE), on a grant submittal to the FTA Low or No Emission Vehicle (Lo-No) and Bus and Bus Facilities Programs. The scope of the submittals includes the purchase of up to 15 small bus/Prime vehicles, four 45-foot coach vehicles and associated charging infrastructure. Charging infrastructure would

include equipment for both for the Eden Prairie Garage facility and at a SWT park and ride facility to allow for mid-service charging.

The FTA Lo-No program allows applicants to name a preferred vendor(s) for all phases of the project, and in doing so, does not require the agency to undergo a competitive procurement if the vendor(s) meets FTA procurement requirements. SWT has chosen to name MCI as its preferred vehicle vendor in the application because it offers a 45-foot coach electric bus with a battery range sufficient to operate SWT express services. While MCI is not the only vendor to offer a 45-foot coach bus, our long-standing relationship with, relatively close proximity to, and overall successes with operating MCI vehicles give staff confidence that MCI is the right vendor to pilot electric buses with. Staff has chosen not to select a small bus vendor to include in the application, as the market for electric small vehicles is rapidly evolving and selecting a vendor at this time could result in not receiving vehicles best equipped to provide SWT services at the time of procurement.

The Bus and Bus Facilities Program application would consist of the same application as the Lo-No program application, but also add a much-needed vehicle storage facility on the south end of the Eden Prairie Garage property. Currently, some revenue vehicles are required to park outside. This storage facility would ensure enough space for 12 additional 45-foot coach vehicles, ensuring adequate vehicle storage capacity to keep all revenue vehicles stored inside for years to come.

If awarded, these projects would go a long way to fulfilling SWT's goal of a Zero-Emission fleet by 2050 as stated in the agency's Strategic and Sustainability Action Plans.

If awarded, the LoNo funds would be available through FY 2025

RECOMMENDATION:

That the SouthWest Transit Commission adopt Resolutions 22-10 and 22-11 authorizing its Interim CEO to submit a Low or No Emission Vehicle Program grant application and a Bus and Bus Facilities Grant Program application to the Federal Transit Administration for the purchase for electric buses, associated bus-related equipment, and a bus storage facility.



**SOUTHWEST TRANSIT COMMISSION
RESOLUTION #22-10- FTA LOW OR NO EMISSION VEHICLE PROGRAM GRANT APPLICATION**

WHEREAS, the SouthWest Transit Commission operates as a Joint Powers entity for the Cities of Eden Prairie, Chaska and Chanhassen to provide transit services under the laws of the State of Minnesota including Statute 473.384, 473.388 and Statute 471.59; and

WHEREAS, SouthWest Transit (SWT) seeks to implement service innovations that will increase operational efficiencies and customer experience;

WHEREAS, introducing zero-emission vehicles to the SWT fleet will significantly lessen SWT's use of fossil fuels and shrink its carbon footprint;

WHEREAS, if awarded, this project will inform SWT's future plans related to zero-emission vehicles;

WHEREAS, if awarded, this project will set SWT on a path towards meeting its goal of a 100% Zero-Emission Vehicle fleet by 2050.

WHEREAS, this pilot project will serve as a model of innovation that can be used throughout the state of Minnesota and the United States.

NOW THEREFORE BE IT RESOLVED, adopts Resolution 22-10 authorizing its Interim CEO to submit a Low or No Emission Vehicle Program grant application to the Federal Transit Administration for the purchase electric buses and associated bus-related equipment.

ADOPTED by the SouthWest Transit Commission on April 28, 2022.

Chair

ATTEST:

Interim Chief Executive Officer



**SOUTHWEST TRANSIT COMMISSION
RESOLUTION #22-11- FTA BUS AND BUS FACILITIES PROGRAM GRANT APPLICATION**

WHEREAS, the SouthWest Transit Commission operates as a Joint Powers entity for the Cities of Eden Prairie, Chaska and Chanhassen to provide transit services under the laws of the State of Minnesota including Statute 473.384, 473.388 and Statute 471.59; and

WHEREAS, SouthWest Transit (SWT) seeks to implement service innovations that will increase operational efficiencies and customer experience;

WHEREAS, introducing zero-emission vehicles to the SWT fleet will significantly lessen SWT's use of fossil fuels and shrink its carbon footprint;

WHEREAS, if awarded, this project will inform SWT's future plans related to zero-emission vehicles;

WHEREAS, if awarded, this project will set SWT on a path towards meeting its goal of a 100% Zero-Emission Vehicle fleet by 2050.

WHEREAS, this pilot project will serve as a model of innovation that can be used throughout the state of Minnesota and the United States.

WHEREAS, the requested vehicle storage facility will ensure SWT had adequate vehicle storage (including storage for zero-emission vehicles) for years to come;

NOW THEREFORE BE IT RESOLVED, adopts Resolution 22-11 authorizing its Interim CEO to submit a FTA Bus and Bus Facilities Program grant application to the Federal Transit Administration for the purchase of electric buses, associated bus-related equipment, and a vehicle storage facility.

ADOPTED by the SouthWest Transit Commission on April 28, 2022.

Chair

ATTEST:

Interim Chief Executive Officer



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Tony Kuykendall, Director of Vehicle and Facilities

DATE: 4/18/2022

SUBJECT: MCI mid-life rehabs

REQUESTED ACTION: That the SWT Commission authorize its Interim CEO to enter into an agreement with ABC Companies in an amount not to exceed \$321,029.55 for the midlife rehab of nine MCI motor coaches.

BUDGET IMPACT:

There is no financial impact to SWT, the cost of these rehabs will be paid by the Metropolitan Council.

BACKGROUND:

SWT currently has 9 MCI motor coaches in need of mid-life rehabs. SWT released a sealed bid RFB for the mid-life rehab of nine coach buses, the RFB was also posted on the SWT website and in the local newspaper. Mid-life rehabs include new paint, graphics, bumper restoration, compartment door rebuilding and replacement of under floor compartment flooring.

The RFB was released to three companies who have performed similar work in the past for SWT. Two of the three companies submitted bids, the third company decided not to participate in the rehab. Below are the bids received.

Company	Bid
ABC Companies	\$321,029.55
Hoglund Body and Equipment	\$457,778.79
Jim's Truck and Trailer	Did not bid

RECOMMENDATION: That the SWT Commission authorize its Interim CEO to enter into an agreement with ABC Companies in an amount not to exceed \$321,029.55 for the midlife rehab of nine MCI motor coaches.

New Business



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Len Simich, Special Advisor to the Commission
Matt Fyten, Interim CEO/COO
Maria Mancilla-Diaz, CAO
Souriyong Souriya, Finance Director

DATE: April 20, 2022

SUBJECT: 2021 Audited Annual Comprehensive Financial Report

REQUESTED ACTION:

The Commission adopt Resolution #22-12 accepting the audited Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

BUDGET IMPACT:

Cost to complete the audit was included as part of the 2022 budget.

BACKGROUND:

The SouthWest Transit Commission “2021 Annual Comprehensive Financial Report” has been audited by an external audit firm, BerganKDV, Ltd. The report and unqualified audit opinion are included in the SWT Commission packet. Once accepted, the 2021 Annual Comprehensive Financial Report will be posted to the SWT website for the general public, filed with the State of Minnesota, and the National Government Finance Officers Association.

SWT staff prepared the report under the Governmental Accounting Standards Board (GASB) guidelines. The Management’s Discussion and Analysis presents in narrative form highlights and significant items pertaining to the 2021 Annual Comprehensive Financial Report.

Mr. Andrew Grice of BerganKDV, Ltd. will be at the Commission meeting on April 28, 2022 to present the audit results and respond to any questions the Commission may have.

RECOMMENDATION:

The Commission adopt Resolution #22-12 accepting the audited Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

Attachment: Resolution #22-12



**SOUTHWEST TRANSIT COMMISSION
RESOLUTION #22-12
2021 Audited Annual Comprehensive Financial Report**

WHEREAS, SouthWest Transit (SWT) operates as a Joint Powers entity established by the Cities of Eden Prairie, Chaska and Chanhassen to provide transit services under the laws of the State of Minnesota including Minnesota Statute Sections 473.384, 473.388 and Statute 471.59; and

WHEREAS, SouthWest Transit staff has prepared the annual comprehensive financial report for the agency in accordance with the Governmental Accounting Standards Board guidelines:

WHEREAS, BerganKDV, Ltd., an external audit firm, has audited the Annual Comprehensive Report and issued an unqualified opinion;

NOW THEREFORE, BE IT RESOLVED that the Commission hereby approves the SouthWest Transit Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

ADOPTED by the Commission of SouthWest Transit on April 28, 2022

Mike Huang, Chairperson

ATTEST:

Matt Fyten, Interim CEO/COO



Annual Comprehensive Financial Report

For the Fiscal Year Ended Decemeber 31, 2021



SOUTHWEST TRANSIT

Eden Prairie, Minnesota



SOUTHWEST TRANSIT
Eden Prairie, Minnesota

Annual Comprehensive Financial Report
For the Year Ended December 31, 2021

Mission Statement

SouthWest Transit is committed to providing a quality riding experience that fulfills the needs and exceeds the expectations of our customers.

Prepared by:

Department of Finance and Administration



**SouthWest Transit
Eden Prairie, Minnesota
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**SouthWest Transit
Eden Prairie, Minnesota
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April 14, 2022

Honorable Chair and Members of the Commission
SouthWest Transit

We are pleased to respectfully submit the SouthWest Transit (SWT) Annual Comprehensive Financial Report for the year ended December 31, 2021 to the SouthWest Transit Commission, the citizens of this area and all interested in its financial condition. SWT is a public agency created by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska for the purposes of providing transit services to the respective Cities and contracting to provide transit and planning services, as approved by the Commission, pursuant to *Minnesota Statutes 473.384* and/or *Minnesota Statutes 473.388* and *471.59*. This report is published to fulfill the requirements of Minnesota state law that all general purpose local governments publish annually a complete set of financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP), audited in accordance with accounting standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report was prepared by the SWT Finance Department and responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules and statistical tables rests with SWT. Management believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of SWT as measured by the financial activity of its various funds and that all disclosures necessary to enable the reader to gain an understanding of SWT's financial position have been included. Management of SWT has established a comprehensive internal control framework that is designed to protect the agency's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of SWT's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefit, SWT's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

SWT's financial statements were audited by BerganKDV, Ltd., a firm of licensed and certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of SWT for the year ended December 31, 2021 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and any significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that SWT's financial statements for the year ended December 31, 2021 are presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. SWT's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The SouthWest Transit Commission was formed in July of 1986 by a joint powers agreement between the Cities of Eden Prairie, Chanhassen and Chaska to provide public transit services. The Commission consists of seven members. Each of the three Cities appoints two Commissioners; one must be a City Council member or the current Mayor of the respective Cities. The seventh member must reside or maintain a business in one of the three Cities and is appointed by the six Commissioners. This Commissioner is the rider representative. The Treasurer is a member of the Commission and is elected by the Commission.

The Chief Executive Officer (CEO) is appointed by the Commission to administer the day to day activities of SWT, including administration of the transit system, contracts for transportation services, marketing and promotion of such services, administration of personnel matters including hiring and termination of employees.

SWT is committed to providing exceptional services that only meets but exceeds all expectations of those we serve.

SWT provides fixed route transit services within the three communities and connects the communities to other metropolitan destinations, including downtown Minneapolis, the University of Minnesota, the Southdale area, as well as providing reverse commute services to businesses within the three communities. SWT services are provided by a fleet of ninety (90) active vehicles (64 motor coaches, 4 low floors, and 22 small vehicles less than 30 feet). Driver services are provided by a private contractor. SWT provides the demand response known as the SW Prime service is an on-demand curb to curb shared ride service that allows riders to be picked up and dropped off anywhere in SWT's service area. The ridership demand for the SW Prime service continuing to grow. SWT expect the demand for both fixed route and demand response services continuing to return to pre pandemic levels.

PROFILE OF THE GOVERNMENT (CONTINUED)

The annual operating budget serves as the basis for SWT's financial planning and control. In 2021, the SWT Commission adopted annual budgets for General Fund, Capital Improvement Fund, EPG Roof Replacement, and SWS Development Capital Projects Funds. Departments submit their line item detailed budget requests to the Finance Department in August and the Chief Executive Officer presents the proposed budget to the Commission in October. The final budget is adopted before the next year begins, often in December of each year. Actual amounts exceeding the budgeted line items are allowed if there is corresponding revenue increase or if the total expenses for the department are within the department budgeted amount. However, the level at which management cannot overspend the budget without approval of the governing body is the fund level for all budgets. If significant changes occur after the budget is adopted, budget adjustments are proposed by SWT management and adopted by the Commission.

SWT does not have any component units to report in the 2021 financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

Operating Funds

The General Fund accounts for all the operating activities of SWT. SWT's primary funding source is the Motor Vehicle Sales Tax (MVST). In 2006, a constitutional amendment was passed by the state legislature dedicating one hundred percent of all state motor vehicle sales tax revenue to state-wide transportation improvement with forty percent dedicated to public transportation. In 2021, SWT received \$9,045,479 from MVST in accordance with the statutory formula in *Minnesota Statutes*, Section 473.388.

The Metropolitan Council (MC) has also provide Suburban Transit Providers such as SWT with additional MVST revenues above the amount required under *Minnesota Statutes*, Section 473.388. The MVST is distributed in accordance with the Metropolitan Council's transit revenue allocation model which is intended to preserve existing operations levels at SWT and to maintain an existing reserve in SWT's General Fund. SWT received \$1,656,214 under this formula in 2021. The portion of the monies collected through MVST was allocated under a new formula beginning in 2018. The additional MVST allocation is subject to review with the Metropolitan Council whereas the statutory MVST allocation is governed by state statutes.

In March 2020, a national emergency was declared in response to the Coronavirus outbreak (COVID 19) in the United States. Requiring limited capacity on buses, and implementing increased cleaning and sanitizing protocol, the pandemic had a tremendous effect on the ridership of SWT. Fixed route ridership declined by over 90% and demand response ridership declined over 50%. SWT's ridership for both fixed route and demand response are slowly returning to pre pandemic levels.

ECONOMIC CONDITIONS AND OUTLOOK (CONTINUED)

Operating Funds (Continued)

The federal government provided \$2,072,432 in federal funding through the Coronavirus Response and Relief Supplement Appropriation Act of 2021 (CRRSA) section 5307 funding. The federal funding has been used by SWT to maintain essential public transportation services during the pandemic and to begin restoring service levels that had been provided prior to the pandemic.

Several major maintenance projects were completed in 2021 and are reported in General Fund expenditures. The maintenance projects totaled \$1,694,835 and included items such as:

- IT improvements for operations, vehicle maintenance and overall technology,
- Parking ramp preventative maintenance projects,
- Scheduled maintenance of vehicle operation and maintenance facilities
- Replacement of Prime service vehicles held beyond their useful lives.

As SWT moves forward into 2022 and beyond, commitment to quality, safety, customer service and to the development of our employees continues to be the primary focus.

Capital Funds

Historically, capital expenditures for facilities such as park and ride lots, stations and bus garage facilities as well as bus purchases have been funded by state, local and federal grants, or SWT reserve funds. Capital funds are awarded on the basis of competitive proposals submitted by regional providers. SWT has developed and maintains a long range Capital Improvement Plan (CIP) to plan for future needs and services and to support application for the capital funds.

- The Eden Prairie Bus Garage Roof Replacement project started in 2021 and will be completed in 2022.

Long Term Financial Planning

SWT has implemented various financial/budget policies to guide the Commission and staff when making financial decisions and to ensure the long-term stability of SWT finances and operations. These policies include the following:

- The SWT Commission shall set the General Fund balance to represent 25-35% of the current year operating budget. The fund balance exceeds this policy but it is expected the additional fund balance will be used to restore pre-pandemic service levels in the next two years.

SWT has also adopted the following Capital and Debt Policies:

- SWT will first seek state and federal capital funding to the extent it is available. State and federal sources include the Metropolitan Council (MC), Regional Solicitation grants and/or other sources as they become available.
- SWT will look towards its Capital and Equipment Fund (C&E) fund balance to fund one-time capital expenditures.

- Should SWT need to issue debt, it shall confine long-term borrowing to capital improvements or assets for which there is no limited or delayed capital funding from the Metropolitan Council or other grant sources and that cannot be funded from current revenues. When debt is issued, it will pay back the debt within a period not more than the useful life of the improvement or asset.
- A minimum reserve in the amount of one year debt retirement will be dedicated to the debt retirement at the time the debt is issued or an amount recommended by the SWT financial advisor.
- Total annual debt retirement payments funded by current revenue will not exceed 10% of the general fund budget. Debt retirement for issues with a dedicated reserve will not be included in the 10% maximum.
- SWT will maintain and update its five-year Capital Improvement Plan for all projects over \$50,000.

Major 2021 Initiatives

Major initiatives for SWT operations included:

- Continuing to grow services back with an emphasis on growing the SW Prime Micro transit service.
- To better meet the changing trip patterns being made during the pandemic, SWT continued to grow SW Prime through:
 - Expansion of services into Shakopee.
 - Adding services along the I-494 corridor including service to the Mall of America and MSP Airport.
 - Expanding service to more medical clinics and facilities as part of SW Prime's non-emergency medical transportation service, SW Prime MD.
- The re-introduction of Special Event services including service to the MN State Fair, Twins, Vikings, Gopher Football, and select major concerts.
- Adding back some Express services that were suspended due to the COVID-19 pandemic to meet an increase in demand related to the University of Minnesota bringing students and staff back on campus.

ECONOMIC CONDITIONS AND OUTLOOK (CONTINUED)

Certificate of Achievement


The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWT for its comprehensive annual financial report for the year ended December 31, 2020. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

We would like to express our appreciation to the Commission for their continued support in planning and conducting the financial operations of SWT in a responsible and progressive manner. We also want to thank the Finance Department staff for their contribution in the preparation of this report. The Finance Department staff is responsible for the operational oversight of the financial system, closing adjustments, coordination of the annual audit, and compilation of the statistical information and preparation of the Comprehensive Annual Financial Report.

Respectfully submitted,



Len Simich
Chief Executive Officer and General Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**SouthWest Transit
Minnesota**

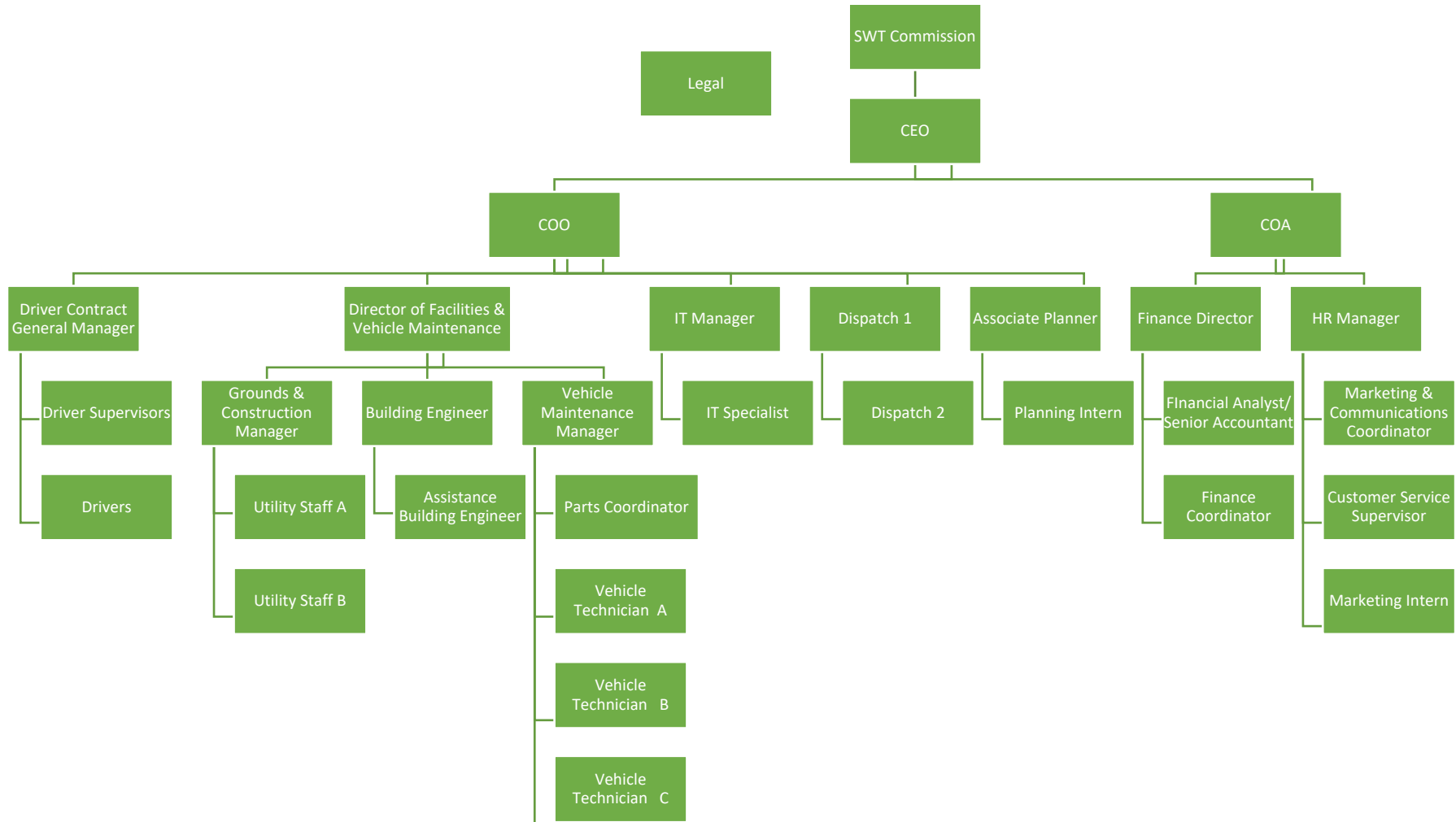
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

South West Transit Organization Chart



**SouthWest Transit
Eden Prairie, Minnesota
Board of Commissioners and Key Personnel
December 31, 2021**

<u>Board Member</u>	<u>Position on Board</u>	<u>Community Represented</u>	<u>Term Expires</u>
Mike Huang	Chairperson	Chaska	December 31, 2021
PG Narayanan	Vice Chairperson	Eden Prairie	December 31, 2021
Jerry McDonald	Secretary/Treasurer	Chanhassen	December 31, 2022
Elise Ryan	Board Member	Chanhassen	December 31, 2022
Mark Freiberg	Board Member	Eden Prairie	December 31, 2022
Bob Roepke	Board Member	Chaska	December 31, 2022
Jody Bonnevier	Rider Representative	Chanhassen	December 31, 2021
<u>Key Personnel</u>			
Len Simich	Chief Executive Officer		
Matt Fyten	Chief Operating Officer		



FINANCIAL SECTION



Independent Auditor's Report

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise SouthWest Transit's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SouthWest Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The SouthWest Transit's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SouthWest Transit's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SouthWest Transit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SouthWest Transit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SouthWest Transit's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2022, on our consideration of the SouthWest Transit's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SouthWest Transit's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 14, 2022



**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

As management of SouthWest Transit (SWT), we offer readers of SWT's financial statements this narrative overview and analysis of the financial activities of SWT for the year ended December 31, 2021. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of SWT exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$59,223,426 (net position). Of this amount, \$17,601,173 (unrestricted net position) may be used to meet SWT's ongoing obligations to customers and creditors.
- SWT's total net position increased by \$2,252,312, or 4.0%, based on 2021 activity.
- As of the close of the current year, SWT's Governmental Funds reported combined ending fund balances of \$19,628,345, an increase of \$3,173,558 in comparison with the prior year. \$8,511,349 of the General Fund is unassigned and available for spending at SWT's discretion.
- At the end of the current fiscal year, the General Fund had a fund balance of \$8,894,074. Of that amount, \$382,725 was in nonspendable form and the remaining \$8,511,349 was unassigned.
- In 2015, SWT started providing service to the City of Carver under a contract financed by a CMAQ grant. The service agreement will continue through December 31, 2022.
- SW Prime service is a local microtransit service which operates totally on-demand, providing door to door connection throughout the SWT's service area. SWT launched SW Prime MD as a non-emergency medical transportation service that allows for scheduled rides in and around the SWT's service area. SWT expanded the SW Prime to Shakopee, Mall of America and Minneapolis airport.
- SWT received \$2.1 million in federal funds through the Coronavirus Response and Relief Supplement Appropriation Act of 2021 (CRRSA) Section 5307 funding to help offset fares revenue losses due to the COVID 19 pandemic still in effect.

Overview of the Financial Statements – This discussion and analysis is intended to serve as an introduction to SWT's basic financial statements. SWT's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of SWT's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of SWT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SWT is improving or deteriorating.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

FINANCIAL HIGHLIGHTS (CONTINUED)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents information showing how SWT's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future periods (e.g., uncollected motor vehicle excise taxes and earned but unused personal leave).

The government-wide financial statements include only SWT itself. SWT has no component units.

The government-wide financial statements can be found on pages 29-31 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. SWT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of SWT are governmental funds.

Governmental Funds – Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating SWT's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SWT's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and governmental activities.

SWT maintained the following individual governmental funds during 2021: The General Fund, Capital Improvement Fund, EPG Roof Replacement Capital Projects Fund and SWS Development Capital Projects Fund.

SWT adopts annual budgets for its General Fund, Capital Project Funds, and Debt Service Funds. However, capital projects that are totally grant funded are typically controlled through the grant provisions. A budgetary comparison statement has been provided for the funds to demonstrate compliance with this budget.

The basic Governmental Fund financial statements can be found on pages 32-40 of this report.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

FINANCIAL HIGHLIGHTS (CONTINUED)

Notes to Financial Statements – The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 41-64 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an organization's financial position. In the case of SWT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, by \$59,223,426 at the close of 2021.

29.72%, or \$17,601,173, of SWT's net position is unrestricted. This is the amount available to meet SWT's ongoing obligations to its riders and creditors.

The remaining 70.28% reflects SWT's investment in capital assets (e.g., land, buildings, vehicles, equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. SWT uses these capital assets to provide transit services to the citizens within our service area. Consequently, these assets are not available for future spending. Although SWT's investment in its capital assets is reported net of related debt, it should be noted that any resources needed to repay debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

GASB Statement No. 68 was implemented for the year ended December 31, 2015. GASB Statement No. 68 is related to the accounting treatment of defined benefit pension plans, specifically the Public Employees Retirement Association of Minnesota (PERA). While the accounting standard changed, SWT will continue to fund the pension plan based on required contribution rates as set by *Minnesota Statute*. See Note 8 of the notes to financial statements for additional information.

GASB Statement No. 75 was implemented for the year ended December 31, 2018. GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The statement is explained in Note 9.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 20,293,239	\$ 17,396,425
Capital assets, net of depreciation	41,622,253	42,749,889
Total assets	61,915,492	60,146,314
Deferred outflows of resources related to pensions and OPEB	882,978	220,614
 Total assets and deferred outflows of resources	 \$ 62,798,470	 \$ 60,366,928
Current liabilities	\$ 876,904	\$ 1,140,890
Long-term liabilities	1,371,220	2,152,839
Total liabilities	2,248,124	3,293,729
Deferred inflows of resources related to pensions and OPEB	1,326,920	102,085
 Total liabilities and deferred inflows of resources	 \$ 3,575,044	 \$ 3,395,814
Net position		
Net investment in capital assets	\$ 41,622,253	\$ 42,749,889
Unrestricted	17,601,173	14,221,225
 Total net position	 \$ 59,223,426	 \$ 56,971,114

Governmental Activities – Governmental activities increased SWT's net position by \$2,252,312. The components of net position increased or decreased as follows:

- Net position invested in capital assets decreased by \$1,127,636 during the year. Depreciation expense in 2021 totaled \$2,279,720. Capital asset additions included equipment, software, small prime vehicles, and major facility improvements.
- Unrestricted net position increased by \$3,379,948 primarily due to the federal fund through the Coronavirus Response and Relief Supplement Appropriation Act of 2021 (CRRSA) Section 5307 funding totaling \$2,072,432 in the General Fund.

Please see pages 29-31 for further detailed information.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)

Changes in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program revenues		
Charges for services	\$ 525,838	\$ 838,328
Operating grants and contributions	405,110	229,706
Capital grants and contributions	55,507	557,421
Total program revenues	<u>986,455</u>	<u>1,625,455</u>
General revenues		
Unrestricted intergovernmental revenue	12,809,469	11,468,101
Other local revenue	457,873	116,940
Unrestricted investment earnings	69,342	234,567
Total revenues	<u>14,323,139</u>	<u>13,445,063</u>
Expenses		
General government	\$ 1,448,347	\$ 1,264,361
Building and grounds	4,011,617	3,509,492
Operations and vehicle maintenance	6,610,863	6,705,248
Debt service interest and agency fees	-	398,046
Total expenses	<u>12,070,827</u>	<u>11,877,147</u>
Change in net position	2,252,312	1,567,916
Net Position		
Beginning	<u>56,971,114</u>	<u>55,403,198</u>
Ending	<u>\$ 59,223,426</u>	<u>\$ 56,971,114</u>

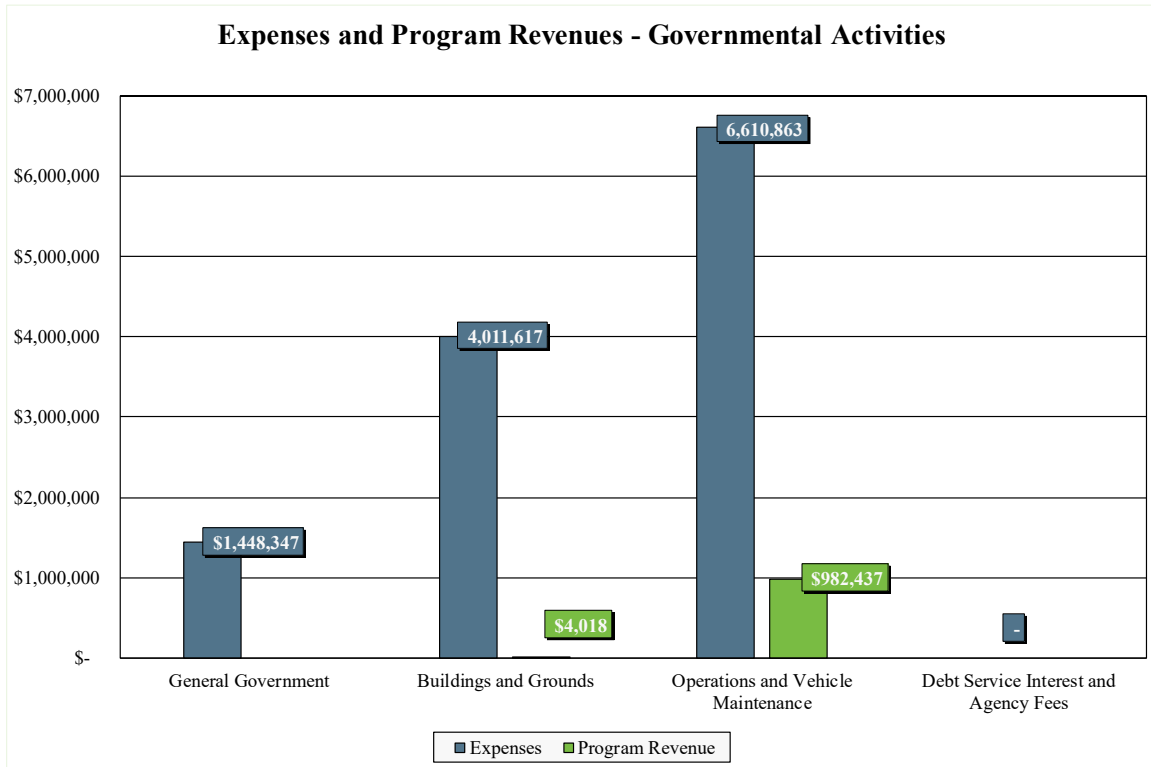
Governmental activity changes in net position – highlights of the change in net position are as follows:

- Capital grants and contributions from federal and state sources finance facilities and equipment purchases. In 2021, state grants totaled \$55,507 and financed the renovation of SWT buses.
- Unrestricted intergovernmental revenue includes both MVST, RAMVST, and the federal CRRSA Act funding. The federal fund through the Coronavirus Response and Relief Supplement Appropriation Act of 2021 (CRRSA) section 5307 funding totaling \$2,072,432 was provided to provide relief from the national pandemic and is not an ongoing funding source for future SWT operations. The level of future state funding is dependent upon the current State Legislative session.

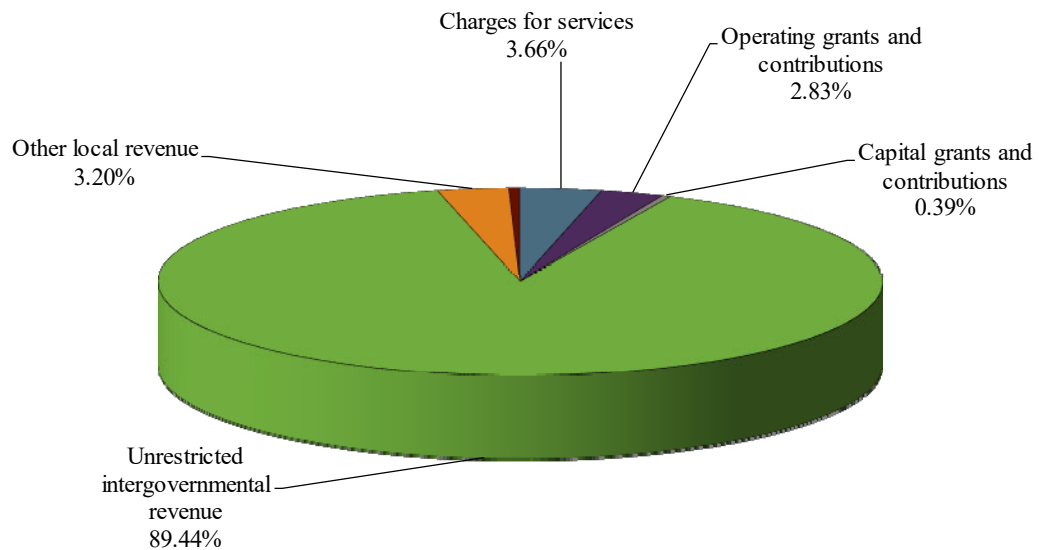
**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities (Continued)



Revenues by Sources - Governmental Activities



**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

FINANCIAL ANALYSIS OF SWT FUNDS

As noted earlier, SWT uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of SWT's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing SWT's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, SWT's governmental funds reported combined ending fund balances of \$19,628,345, an increase of \$3,173,558 in comparison with the prior year. Fund balances are classified to reflect the limitations and restriction of the respective funds. Additional information on fund balance classifications is in Note 5 on pages 53-54 of this report.

The increase in SWT's fund balance of \$3,173,558 during the current year is comprised of the following key factors:

- The General Fund revenues and net other financing uses exceeded expenditures by \$1,371,416, as the actual intergovernmental revenues included federal CRRSA Act funding of \$2,072,432 provided to assist SWT in continuing to provide essential public transportation services.
- SWT purchase the deed restriction on property at our SouthWest Village transit station in the amount of \$450,000.
- The transfer of \$2,000,000 from the General Fund to the EPG Roof Replacement Capital Projects Fund for the Eden Prairie Bus Garage Facility's roof replacement and the project will continued into 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

The amended General Fund budget estimated that the revenues would exceed the expenditures and transfers out by \$692,605. The amended revenue budget included the federal CRRSA Act funding totaling \$2,072,432.

The SWT Commission approved an amended expenditure budget in 2021 that totaled \$11,271,556 decreased by \$2,300,777 from the original budget. The original expenditure budget was prepared at a time when the effects of the COVID 19 pandemic still in effect. The \$2,000,000 was transferred for the Eden Prairie Bus Garage Facility roof replacement.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

The intergovernmental state amended revenue budget (MVST and RAMVST) was increased from \$9,140,750 to \$11,058,629 in the amended revenue budget. However, the actual 2021 intergovernmental state revenue was \$11,062,160 slightly increased of the amended revenue budget estimate. The following summarizes the actual 2021 results:

- The actual expenditures totaled \$10,834,569 which was \$436,987 less than the amended budget.
- The actual capital outlay expenditures were \$436,987 less than the amended budget.
- The expenditures for administration, buildings and grounds and operations and maintenance accounted for the balance of the favorable expenditure variances.
- The General Fund balance increased by \$1,371,416 during 2021.
- The increase in fund balance will be used to build back the service to pre-COVID levels in the future years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – SWT's investment in capital assets as of December 31, 2021 totaled \$41,622,253 (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements including parking decks, equipment, and intangible assets. See the table below for more detail.

Capital Assets (Net of Depreciation)

	2021	2020
Buildings and facilities	\$ 12,558,098	\$ 13,058,396
Bus equipment	183,528	221,657
Equipment and software	1,016,603	900,726
Furniture	45,637	55,646
Land	2,454,654	2,010,649
Land improvements	495,593	577,507
Park and ride facilities	24,278,683	25,360,038
Transit hub facilities	2,890	14,613
Vehicles	483,263	550,657
Construction in progress	103,304	-
Total	\$ 41,622,253	\$ 42,749,889

SWT operates 81 buses owned by the Metropolitan Council and 9 owned by SWT. In addition, SWT has 11 retired MC buses being held for contingency or sale.

Additional information on SWT's capital assets can be found in Note 1.D.5 on pages 44-45 of this report and Note 4 on pages 52-53 of this report.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

SWT has approved the General Fund operating budget for 2022 in December 2021. The 2022 budget assumes the service levels will gradually increase as the country begins to move past the effects of the COVID 19 pandemic. It is assumed that service levels will continue to increase as the ridership begins to return. It is currently anticipated that the most significant ridership increases will occur after Labor Day in September 2022 as the schools, universities and businesses begin to operate at pre-pandemic levels.

Ridership increases are expected with the continued growth of SW Prime, but express service may continue its pre-pandemic decline following national trends. The 2022 budget includes a new prime service segment to provide service area residents with service in the 494 corridor and to the Minneapolis-St. Paul airport. The Metropolitan Council (MC) increased the regional passenger fares beginning October 1, 2017, by 8% based on an adult express fare.

SWT General Fund balance policy states the SWT Commission shall set the General Fund balance to represent 25%-35% of the current year operating budget. The General Fund balance exceeds the stated policy due to SWT actions to reduce overall services in response to reduced ridership and reducing administrative and operations staffing through furloughs and cuts. With the assistance of the federal CRRSA Act, SWT will be in position to add back services in anticipation of ridership increases expected in 2022 and 2023. SWT will continue to maintain the fund balance in accordance with this policy. However, the 2022 budget anticipates the General Fund balance will drop as service levels return.

As always, future funding through the Motor Vehicle Sales Tax will have a significant impact on SWT's ability to maintain its fund balance.

SWT will utilize the following strategies to balance the 2022 budget:

- Implementing additional operating efficiencies
- Restarting productive fixed-route services once workers come back as the pandemic lessens.
- Adding new productive services such as expanding the SW Prime system to suburban locations along the I-494 and US-169 corridors.
- Introducing electric vehicles into the SW Prime fleet when feasible.
- Forging new partnerships.
- Actively pursuing an equitable share of state and federal funding for transit operation.
- Use of reserves as necessary.

SWT's goal is to balance the budget by minimizing as much as possible any negative impacts to both our riding customers and staff.

**SouthWest Transit
Eden Prairie, Minnesota
Management's Discussion and Analysis (Unaudited)**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of SWT's finances for all those with an interest in SWT's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 14405 West 62nd Street, Eden Prairie, Minnesota 55346.

BASIC FINANCIAL STATEMENTS



SouthWest Transit
Eden Prairie, Minnesota
Statement of Net Position - Governmental Activities
December 31, 2021
(With Comparative Totals for December 31, 2020)

	2021	2020
Assets		
Current assets		
Cash and investments	\$ 18,517,470	\$ 14,663,250
Cash with fiscal agent	232,981	232,981
Accounts receivable	330,152	231,778
Interest receivable	8,545	29,224
Intergovernmental receivable	821,366	1,877,026
Inventory - vehicle parts	232,927	230,156
Prepaid items	149,798	132,010
Total current assets	20,293,239	17,396,425
Noncurrent assets		
Capital assets		
Land	2,454,654	2,010,649
Land improvements	1,686,174	1,686,174
Buildings and facilities	17,688,288	17,715,911
Transit hub facilities	94,177	94,177
Bus equipment	527,163	527,573
Park and ride facilities	37,663,811	37,688,894
Equipment and software	2,826,632	2,598,003
Vehicles	1,092,164	982,120
Furniture	87,974	90,385
Construction in progress	103,304	-
Total cost	64,224,341	63,393,886
Less accumulated depreciation	(22,602,088)	(20,643,997)
Total capital assets	41,622,253	42,749,889
Total noncurrent assets	41,622,253	42,749,889
Total assets	61,915,492	60,146,314
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	871,746	211,454
Deferred outflows of resources related to OPEB	11,232	9,160
Total deferred outflows of resources	882,978	220,614
Total assets and deferred outflows of resources	\$ 62,798,470	\$ 60,366,928
Liabilities		
Current liabilities		
Accounts and contracts payable	\$ 572,703	\$ 862,441
Salaries and benefits payable	92,191	79,197
Compensated absences payable	212,010	199,252
Total current liabilities	876,904	1,140,890
Noncurrent liabilities		
Compensated absences payable	37,414	35,162
Net pension liability	1,195,725	1,996,487
Total OPEB liability	138,081	121,190
Total noncurrent liabilities	1,371,220	2,152,839
Total liabilities	2,248,124	3,293,729
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	1,322,507	97,041
Deferred inflows of resources related to OPEB	4,413	5,044
Total deferred inflows of resources	1,326,920	102,085
Net Position		
Net investment in capital assets	41,622,253	42,749,889
Unrestricted	17,601,173	14,221,225
Total net position	59,223,426	56,971,114
Total liabilities, deferred inflows of resources, and net position	\$ 62,798,470	\$ 60,366,928



**SouthWest Transit
Eden Prairie, Minnesota
Statement of Activities
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
					Governmental Activities	Governmental Activities
Governmental activities						
General government	\$ 1,448,347	\$ -	\$ -	\$ -	\$ (1,448,347)	\$ (1,264,361)
Buildings and grounds	4,011,617	4,018	-	-	(4,007,599)	(3,136,504)
Operations and vehicle maintenance	6,610,863	521,820	405,110	55,507	(5,628,426)	(5,452,781)
Debt service interest and agency fees	-	-	-	-	-	(398,046)
Total governmental activities	<u>\$ 12,070,827</u>	<u>\$ 525,838</u>	<u>\$ 405,110</u>	<u>\$ 55,507</u>	(11,084,372)	(10,251,692)
General revenues						
Unrestricted intergovernmental revenue					12,809,469	11,468,101
Other local revenue					457,873	116,940
Unrestricted investment earnings					69,342	234,567
Total general revenues					<u>13,336,684</u>	<u>11,819,608</u>
Change in net position					2,252,312	1,567,916
Net position - beginning					<u>56,971,114</u>	<u>55,403,198</u>
Net position - ending					<u>\$ 59,223,426</u>	<u>\$ 56,971,114</u>

SouthWest Transit
Eden Prairie, Minnesota
Balance Sheet - Governmental Funds
December 31, 2021
(With Comparative Totals for December 31, 2020)

	General Fund	Capital Projects	
		Capital Improvement	SWS Development Capital
Assets			
Cash and investments	\$ 8,018,397	\$ 2,459,938	\$ 6,088,469
Cash with fiscal agent	-	232,981	-
Accounts receivable	330,152	-	-
Interest receivable	6,328	-	2,217
Intergovernmental receivable	821,366	-	-
Inventory	232,927	-	-
Prepaid items	149,798	-	-
Total assets	<u>\$ 9,558,968</u>	<u>\$ 2,692,919</u>	<u>\$ 6,090,686</u>
Liabilities			
Accounts and contracts payable	\$ 572,703	\$ -	\$ -
Salaries and benefits payable	92,191	-	-
Total liabilities	<u>664,894</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	382,725	-	-
Committed	-	-	-
Assigned	-	2,692,919	6,090,686
Unassigned	8,511,349	-	-
Total fund balances	<u>8,894,074</u>	<u>2,692,919</u>	<u>6,090,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,558,968</u>	<u>\$ 2,692,919</u>	<u>\$ 6,090,686</u>

Nonmajor Governmental Funds	Total Governmental Funds	
	2021	2020
\$ 1,950,666	\$ 18,517,470	\$ 14,663,250
-	232,981	232,981
-	330,152	231,778
-	8,545	29,224
-	821,366	1,877,026
-	232,927	230,156
-	149,798	132,010
<u>\$ 1,950,666</u>	<u>\$ 20,293,239</u>	<u>\$ 17,396,425</u>
\$ -	\$ 572,703	\$ 862,441
-	92,191	79,197
-	664,894	941,638
-	382,725	362,166
-	-	15,308
1,950,666	10,734,271	8,916,821
-	8,511,349	7,160,492
<u>1,950,666</u>	<u>19,628,345</u>	<u>16,454,787</u>
<u>\$ 1,950,666</u>	<u>\$ 20,293,239</u>	<u>\$ 17,396,425</u>



SouthWest Transit
Eden Prairie, Minnesota
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
December 31, 2021
(With Comparative Totals for December 31, 2020)

	2021	2020
Total fund balances - governmental funds	\$ 19,628,345	\$ 16,454,787
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Cost of capital assets	64,224,341	63,393,886
Less accumulated depreciation	(22,602,088)	(20,643,997)
<p>Long-term liabilities, including leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.</p>		
Compensated absences payable	(249,424)	(234,414)
Net pension liability	(1,195,725)	(1,996,487)
Total OPEB liability	(138,081)	(121,190)
<p>Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions and OPEB that are not recognized in the governmental funds.</p>		
Deferred inflows of resources related to pensions	(1,322,507)	(97,041)
Deferred outflows of resources related to pensions	871,746	211,454
Deferred inflows of resources related to OPEB	(4,413)	(5,044)
Deferred outflows of resources related to OPEB	11,232	9,160
Total net position - governmental activities	\$ 59,223,426	\$ 56,971,114

SouthWest Transit
Eden Prairie, Minnesota
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	General Fund	Capital Projects		Nonmajor Governmental Funds
		Capital Improvement	SWS Development Capital	
Revenues				
Intergovernmental - federal	\$ 2,092,974	\$ -	\$ -	\$ -
Intergovernmental - state	11,062,160	-	-	55,507
Intergovernmental - other	56,504	-	-	-
Passenger fares	521,820	-	-	-
Charges for services	216,340	-	-	-
Investment income	15,480	-	53,862	-
Other interest income	-	-	-	-
Loan repayment	-	-	-	-
Other local revenue	32,788	36,735	1,704	-
Total revenues	<u>13,998,066</u>	<u>36,735</u>	<u>55,566</u>	<u>55,507</u>
Expenditures				
Current				
General government	1,481,578	-	-	-
Buildings and grounds	1,286,428	-	-	-
Operations and vehicle maintenance	6,371,728	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and agency fees	-	-	-	-
Capital outlay				
General government	-	-	-	-
Buildings and grounds	1,360,564	207,230	-	49,334
Operations and vehicle maintenance	334,271	-	-	55,507
Total expenditures	<u>10,834,569</u>	<u>207,230</u>	<u>-</u>	<u>104,841</u>
Excess of revenues over (under) expenditures	3,163,497	(170,495)	55,566	(49,334)
Other Financing Sources (Uses)				
Issuance of capital lease	-	-	-	-
Insurance recoveries	174,324	-	-	-
Transfers in	33,595	2,863,414	-	2,000,000
Transfers out	(2,000,000)	-	-	(2,897,009)
Total other financing sources (uses)	<u>(1,792,081)</u>	<u>2,863,414</u>	<u>-</u>	<u>(897,009)</u>
Net change in fund balances	1,371,416	2,692,919	55,566	(946,343)
Fund Balances				
Beginning of year	<u>7,522,658</u>	<u>-</u>	<u>6,035,120</u>	<u>2,897,009</u>
End of year	<u>\$ 8,894,074</u>	<u>\$ 2,692,919</u>	<u>\$ 6,090,686</u>	<u>\$ 1,950,666</u>

See notes to basic financial statements.

<u>Total Governmental Funds</u>	
<u>2021</u>	<u>2020</u>
\$ 2,092,974	\$ 2,526,886
11,117,667	9,681,615
56,504	41,373
521,820	673,042
216,340	114,525
69,342	234,567
-	165,286
-	3,460,718
71,227	2,415
<u>14,145,874</u>	<u>16,900,427</u>
1,481,578	1,259,156
1,286,428	1,264,831
6,371,728	6,179,344
-	6,838,618
-	406,666
-	-
1,617,128	5,718,448
389,778	640,475
<u>11,146,640</u>	<u>22,307,538</u>
2,999,234	(5,407,111)
-	5,500,000
174,324	106,463
4,897,009	6,196,817
<u>(4,897,009)</u>	<u>(6,196,817)</u>
<u>174,324</u>	<u>5,606,463</u>
3,173,558	199,352
<u>16,454,787</u>	<u>16,255,435</u>
<u>\$ 19,628,345</u>	<u>\$ 16,454,787</u>



SouthWest Transit
Eden Prairie, Minnesota
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to
the Statement of Activities - Governmental Funds
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021	2020
Net change in fund balances - governmental funds	\$ 3,173,558	\$ 199,352
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures	1,152,084	5,650,138
Depreciation expense	(2,279,720)	(2,088,024)
Book value of disposed assets	-	(16,228)
Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.		
	(15,010)	(33,715)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This repayment is reflected as an expenditure in the governmental funds. In the Statement of Net Position, this is reflected as a reduction of debt principal payable.		
Principal repayment	-	6,838,618
New debt issued	-	(5,500,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
	-	8,620
Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.		
Pension expense	235,588	(13,536)
Governmental funds recognize OPEB contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to OPEB on a full accrual perspective.		
OPEB expense	(14,188)	(16,591)
Governmental funds recognize repayment of the contract for deed as revenue at the time payment is received whereas the Statement of Activities recognized this revenue when the contract for deed originated.		
	-	(3,460,718)
Change in net position - governmental activities	\$ 2,252,312	\$ 1,567,916

SouthWest Transit
Eden Prairie, Minnesota
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual -
General Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental - federal	\$ 283,000	\$ 2,141,432	\$ 2,092,974	\$ (48,458)
Intergovernmental - state	9,140,750	11,058,629	11,062,160	3,531
Intergovernmental - other	33,600	33,600	56,504	22,904
Passenger fares	748,400	405,000	521,820	116,820
Charges for services	195,500	195,500	216,340	20,840
Investment income	10,000	10,000	15,480	5,480
Other local revenue	-	120,000	32,788	(87,212)
Total revenues	<u>10,411,250</u>	<u>13,964,161</u>	<u>13,998,066</u>	<u>33,905</u>
Expenditures				
Current				
General government	1,406,292	1,464,112	1,481,578	17,466
Buildings and grounds	1,438,100	1,385,680	1,286,428	(99,252)
Operations and vehicle maintenance	8,396,946	6,465,390	6,371,728	(93,662)
Capital outlay				
General government	30,000	30,000	-	(30,000)
Buildings and grounds	794,025	822,525	1,360,564	538,039
Operations and vehicle maintenance	1,506,970	1,103,849	334,271	(769,578)
Total expenditures	<u>13,572,333</u>	<u>11,271,556</u>	<u>10,834,569</u>	<u>(436,987)</u>
Excess of revenues over (under) expenditures	(3,161,083)	2,692,605	3,163,497	470,892
Other Financing Sources (Uses)				
Insurance recoveries	-	-	174,324	174,324
Transfers in	-	-	33,595	33,595
Transfers out	-	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,000,000)</u>	<u>(1,792,081)</u>	<u>207,919</u>
Net change in fund balances	<u>\$ (3,161,083)</u>	<u>\$ 692,605</u>	1,371,416	<u>\$ 678,811</u>
Fund Balances				
Beginning of year			<u>7,522,658</u>	
End of year			<u>\$ 8,894,074</u>	

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

SouthWest Transit (SWT) is a replacement transit agency, operated under a joint powers agreement by and for the Cities of Chanhassen, Chaska, and Eden Prairie, Minnesota. These Cities are located in the Southwestern Twin Cities metropolitan area. SWT was organized in July 1986, for the purpose of providing public transit services to the participating Cities, which cover 81 square miles and are located in Carver and Hennepin Counties. SWT provides fixed route express, reverse commute, local fixed route, and local on-demand services.

For financial reporting purposes, SWT's financial statements include all funds over which SWT exercises financial accountability. SWT does not have any component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of SWT. SWT has only governmental activities, which normally are supported by intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenue and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Motor Vehicle Sales Tax (MVST) funds are the major source of revenue and are recognized in the year the taxes are collected by the State of Minnesota. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SWT considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments are recorded only when payment is due.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

MVST, farebox revenue, interest, and grant funding associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by SWT.

Description of Funds:

Major Governmental Funds:

General Fund – This fund is the general operating fund of SWT. It is used to account for all financial resources and transit operations except those required to be accounted for in another fund.

Capital Improvement Fund – This fund is used to account for the accumulation of resources to be used for future capital improvements.

SWS Development Capital Projects Fund – This fund is used to account for the accumulation of resources to be used for capital construction and maintenance on SWT's property, or future development activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between SWT's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

SWT receives a significant percentage of its revenue from MVST, which includes both the statutory and discretionary amounts.

In 2001, the Minnesota Legislature amended the statutes providing for transit funding by eliminating property tax as the source of funding for transit systems operations and by dedicating a portion of the MVST to transit funding. These statutes dedicated 20.5% of the MVST to transit operations in the Twin Cities area effective July 1, 2002. Effective July 1, 2003, this increased to 21.5%. These funds are appropriated to the Metropolitan Council (MC). The formula for distributing the funds to each transit system is contained in the state statutes.

In 2006, the Minnesota voters passed a constitutional amendment that changed the Constitution so that 100% of the sales tax revenues on motor vehicles are dedicated to state-wide transportation improvement. The amendment called for a phased-in transfer of the revenues over five years, with up to 60% of the dedicated funds going to state highways and local roads and at least 40% to public transit.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Metropolitan Council (MC) has also provided Suburban Transit Providers such as SWT with additional MVST revenues above the amount required under Minnesota Statutes, Section 473.388. The MVST is distributed in accordance with the Metropolitan Council's transit revenue allocation model which is intended to preserve existing operations levels at SWT and to maintain an existing reserve in SWT's General Fund. The additional MVST allocation is subject to review with the Metropolitan Council whereas the statutory MVST allocation is governed by state statutes.

Capital funding contracts between the federal government, Mn/DOT, the MC, and SWT are designated for specific capital projects. These monies are available until the projects for which the funds were allocated are completed, or until the end of the grant term, whichever occurs first.

When both restricted and unrestricted resources are available for use, it is SWT's policy to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, or unassigned fund balances are available for use, it is SWT's policy to use fund balances in the following order:

1) committed, 2) assigned, and 3) unassigned.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the individual funds based on the average of month-end cash and investment balances.

SWT's cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

Minnesota Statutes requires that all deposits be protected by federal depository insurance, corporate surety bonds, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

Minnesota Statutes authorizes SWT to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, commercial paper of the highest quality with a maturity of no longer than 270 days, and in the Minnesota Municipal Investment Pool.

2. Receivables/Payables

Receivables include amounts due from the State of Minnesota through the MC for MVST collected but not received, the MC for farebox revenues, and various capital grants and other local receivables. No allowance for doubtful accounts has been deemed necessary.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

2. Receivables/Payables (Continued)

Amounts included in accounts payable include expenses incurred in 2021 but not paid until 2022 for subcontracted transit services and other operating expenses.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The treatment accorded prepaid expenditures in the governmental funds is the consumption method.

4. Inventory

Vehicle parts inventory totaled \$232,927 at December 31, 2021, and is valued at cost using the first in, first out (FIFO) method, and is accounted for using the consumption method.

5. Capital Assets

Capital assets, which include property, facilities, equipment, and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by SWT as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The capitalization threshold established for assets by category are as listed in the table below.

<u>Asset Category</u>	<u>Threshold</u>
Land/land improvements	\$ 10,000
Other improvements	25,000
Buildings and building improvements	25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Construction in progress (when completed)	100,000
Intangible assets	5,000
Other assets	5,000

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized when they are placed in service.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

5. Capital Assets (Continued)

Property, plant, and equipment of SWT are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and building improvements	7-40
Infrastructure	15-40
Other improvements	10-20
Equipment, machinery and vehicles	3-15

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. SWT has two items that qualify for reporting in this category. SWT presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions and other postemployment benefits (OPEB) for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position and fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. SWT has two items that qualify for reporting in this category. SWT presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenue from one source: contract for deed receivable. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. SWT also presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

7. Compensated Absences

SWT compensates its employees for unused personal leave benefits in the event of separation. Compensated absences are recorded as expenditures in governmental funds only when obligations are expected to be liquidated with available expendable financial resources, reflected as a liability in governmental funds for employees that have retired but have yet to receive their entire compensated absence balances. Compensated absences are recorded as expenses in governmental activities when earned.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

In the fund financial statements, governmental funds recognize debt issuance costs in the year the debt is issued. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which SWT is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – Amounts that are not in a spendable form or are required to be maintained intact. Examples include prepaid items, inventory, land held for resale, and long-term receivables that are not otherwise restricted, committed, assigned, or offset by unearned revenue.
- Restricted Fund Balances – Amounts are subject to externally enforceable legal restrictions. Examples include fund balance related to unspent bond proceeds and debt service fund balances if the fund balance is the result of revenue received from a third party that restricted the use to debt service payments. SWT has no amounts reported as restricted fund balance at December 31.
- Committed Fund Balances – Amounts that are constrained by SWT Commission resolution for a specific purpose. Fund balance commitment resolutions must be completed before December 31, to be effective for that year and remain in effect until the commitment is changed or eliminated by Commission resolution.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

10. Fund Balance (Continued)

- Assigned Fund Balances – Amounts a government intends to use for a specific purpose; intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. The SWT Commission has approved a fund balance policy that designates SWT's CEO or his/her designee as the official that has authority to assign fund balance.
- Unassigned Fund Balances – Residual amounts that are available for any purpose in the General Fund. Unassigned fund balance will occur only in the General Fund or in other funds when there is a negative fund balance that can't be eliminated by reducing restricted, committed or assigned fund balances.

When both restricted and unrestricted resources are available for use, it is SWT's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned, or unassigned resources are available for use, it is SWT's policy to use resources in the following order: 1) Committed, 2) Assigned, and 3) Unassigned.

SWT has adopted a fund balance policy for the General Fund and is summarized as follows:

- SWT will maintain an unassigned General Fund balance between 25-35% of budgeted operating expenditures; however, this need could fluctuate with each year's budget objectives. (For purposes of fund balance, the Metropolitan Council's regional operating reserves policy does not distinguish between the various components of fund balance).
- Annual proposed budgets shall include this benchmark policy. The Commission shall review the amounts in fund balance in conjunction with the annual budget approval and make adjustments as necessary to meet expected cash-flow needs.
- In the event the unassigned General Fund balance will be calculated to be less than the minimum requirement at the completion of any fiscal year, SWT shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with this policy and define the conditions that required a lower fund balance in their Annual Comprehensive Financial Report.

The unassigned General Fund balance at December 31, 2021, is approximately 91% of the 2021 budgeted operating expenditures. (For purposes of this computation of the General Fund balance, operating expenditures do not include the capital costs). The additional fund balance will be used to restore service levels for the next two years.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

10. Fund Balance (Continued)

SWT's target General Fund balance is a minimum of 25% to 35% of the annual operating budget.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

12. Comparative Data/Reclassifications

Comparative total data for the prior year has been presented by fund types and in total in the fund financial statements and in the government-wide financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with this year's presentation.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

SWT annually prepares, and the SWT Commission adopts, an operating budget for the funds listed below. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. *Minnesota Statutes* defines the source, method, and allocation of a major portion of its funding. The level at which management cannot overspend the budget without the approval of the SWT Commission is at the fund level for all funds. All budget amendments are reviewed and approved by the SWT Commission. Budgeted amounts in the financial statements are as amended.

Capital projects budgets are prepared for existing and potential capital assets for a five year period through the Capital Improvement Program (CIP). Funding sources along with the timing of funding agreements (appropriations), revenue recognition and project expenditures are budgeted for each project.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgetary Information (Continued)

In 2021, the SWT Commission adopted annual budgets for the following funds:

- General Fund
- Capital Improvement Fund
- SWS Development Capital Projects Fund
- Eden Prairie Garage Roof Replacement Capital Projects Fund

The original 2021 budget was adopted by the SWT Commission on December 10, 2020. The Commission receives monthly financial statements throughout the year for their review and approval. Formal budget amendments are presented and approved by the Commission throughout the year as needed.

The net increase to the General Fund balance in 2021 was \$3,163,497, before insurance recoveries, a transfer in and a transfer out as noted in Note 3 on page 51 of this report.

Appropriation control is managed for all SWT annual adopted budgets.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash balances of SWT's funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund's portion of this pool (or pools) is displayed in the financial statements as cash and investments. For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized as follows.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, SWT's deposits may not be returned to them. SWT retains federal securities as collateral for all bank deposits. As of December 31, 2021, SWT's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with pledged federal securities held by the pledging financial institution's trust department or agent and in SWT's name.

Checking	\$ (57,847)
Savings	13,918,396
Certificates of deposit	4,889,902
 Total deposits	 \$ 18,750,451

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

SWT has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk, and custodial credit risk as follows:

Interest Rate Risk: Managing exposure to fair value arising from changes in interest rates. SWT's investment policy does include specific limits on investment maturities as a means of managing its exposure to fair value arising from changes in interest rates. Investments will primarily be in shorter-term investments. The investment policy also states the portfolio must be structured so that securities mature concurrent with cash needs to meet anticipated demands.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SWT's investment policy addresses credit risk by limiting investments to the safest type of securities and using prequalifying brokers/financial institutions. SWT's investment policy refers to *Minnesota Statutes 118A*. State statutes limit investments that are in the top two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk: Limits the amount SWT may invest in any one issuer. SWT's investment policy does place a limit on the amount SWT may invest in any one issuer. With the exception of U.S. Treasury Securities and authorized pools, no more than 20% of SWT's total investment portfolio will be invested with a single financial institution unless SWT deposits in that institution are backed by U.S. guaranteed investments.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, SWT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The following is a summary of total deposits and investments:

Deposits	\$ 18,749,851
Petty cash	<u>600</u>
Total deposits and investments	<u><u>\$ 18,750,451</u></u>

Deposits and investments are presented in the December 31, 2021, basic financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 18,517,470
Cash with Fiscal Agent	<u>232,981</u>
Total	<u><u>\$ 18,750,451</u></u>

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 3 – INTERFUND TRANSFERS

The composition of interfund transfers as of December 31, 2021, follows:

	Transfer in			Total
	General Fund	Capital Improvement	Nonmajor Governmental Funds	
Transfer out				
General Fund	\$ -	\$ -	\$ 2,000,000	\$2,000,000
Nonmajor Governmental Funds	33,595	2,863,415	-	2,897,010
	<u>\$ 33,595</u>	<u>\$ 2,863,415</u>	<u>\$ 2,000,000</u>	<u>\$4,897,010</u>
Total transfers				

Transfers of \$33,595 were to close out the SWT Facilities Improvement Fund. Transfers of \$2,863,415 were to combine various funds together to properly identify the resources for future capital improvements. Transfers of \$2,000,000 were to fund the Eden Prairie Roof Replacement project.

SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,010,649	\$ 444,005	\$ -	\$ 2,454,654
Construction in progress	-	103,304	-	103,304
Total capital assets not being depreciated	<u>2,010,649</u>	<u>547,309</u>	<u>-</u>	<u>2,557,958</u>
Capital assets being depreciated				
Land improvements	1,686,174	-	-	1,686,174
Buildings and facilities	17,715,911	96,436	(124,059)	17,688,288
Transit hub facilities	94,177	-	-	94,177
Bus equipment	527,573	-	(410)	527,163
Park and ride facilities	37,688,894	-	(25,083)	37,663,811
Equipment and software	2,598,003	398,295	(169,666)	2,826,632
Vehicles	982,120	110,044	-	1,092,164
Furniture	90,385	-	(2,411)	87,974
Total capital assets being depreciated	<u>61,383,237</u>	<u>604,775</u>	<u>(321,629)</u>	<u>61,666,383</u>
Total capital assets, cost	63,393,886	1,152,084	(321,629)	64,224,341
Less accumulated depreciation for				
Land improvements	1,108,667	81,914	-	1,190,581
Buildings and facilities	4,657,515	596,734	(124,059)	5,130,190
Transit hub facilities	79,564	11,723	-	91,287
Bus equipment	305,916	38,129	(410)	343,635
Park and ride facilities	12,328,856	1,081,355	(25,083)	13,385,128
Equipment and software	1,697,277	282,418	(169,666)	1,810,029
Vehicles	431,463	177,438	-	608,901
Furniture	34,739	10,009	(2,411)	42,337
Total accumulated depreciation	<u>20,643,997</u>	<u>2,279,720</u>	<u>(321,629)</u>	<u>22,602,088</u>
Total capital assets being depreciated, net	<u>40,739,240</u>	<u>(1,674,945)</u>	<u>-</u>	<u>39,064,295</u>
Governmental activities capital assets, net	<u>\$ 42,749,889</u>	<u>\$ (1,127,636)</u>	<u>\$ -</u>	<u>\$ 41,622,253</u>

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of SWT as follows:

Governmental activities	
Buildings and grounds	\$ 1,771,726
Operations and vehicle maintenance	497,985
General government	<u>10,009</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 2,279,720</u></u>

Capital asset activity by program/function for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, cost				
Buildings and grounds	\$ 59,853,553	\$ 643,745	\$ (149,142)	\$ 60,348,156
Operations and vehicle maintenance	3,322,759	508,339	(170,076)	3,661,022
General government	217,574	-	(2,411)	215,163
Total capital assets, cost	<u>63,393,886</u>	<u>1,152,084</u>	<u>(321,629)</u>	<u>64,224,341</u>
Less accumulated depreciation for				
Buildings and grounds	18,743,446	1,771,726	(149,142)	20,366,030
Operations and vehicle maintenance	1,762,307	497,985	(170,076)	2,090,216
General government	138,244	10,009	(2,411)	145,842
Total accumulated depreciation	<u>20,643,997</u>	<u>2,279,720</u>	<u>(321,629)</u>	<u>22,602,088</u>
 Governmental activities, capital assets, net	 <u><u>\$ 42,749,889</u></u>	 <u><u>\$ (1,127,636)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 41,622,253</u></u>

SWT's 81 transit service buses and 11 retired buses being held for contingency are owned by the MC and thus are not reflected in SWT's assets.

NOTE 5 – FUND BALANCE

Certain portions of fund balance may be restricted based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 5 – FUND BALANCE (CONTINUED)

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	General Fund	Capital Improvement	SWS Development Capital	Nonmajor Funds	Total
Nonspendable					
Inventory	\$ 232,927	\$ -	\$ -	\$ -	\$ 232,927
Prepaid items	149,798	-	-	-	149,798
Total nonspendable	<u>382,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,725</u>
Assigned to					
Future vehicle storage	-	-	6,090,686	-	6,090,686
Eden Prairie Roof Replacement Project	-	-	-	1,950,666	1,950,666
Capital improvements	-	2,692,919	-	-	2,692,919
Total assigned	<u>-</u>	<u>2,692,919</u>	<u>6,090,686</u>	<u>1,950,666</u>	<u>10,734,271</u>
Unassigned	<u>8,511,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,511,349</u>
Total fund balance	<u>\$ 8,894,074</u>	<u>\$ 2,692,919</u>	<u>\$ 6,090,686</u>	<u>\$ 1,950,666</u>	<u>\$ 19,628,345</u>

NOTE 6 – LONG-TERM DEBT

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 234,414	\$ 195,154	\$ 180,144	\$ 249,424	\$ 212,010

The General Fund typically liquidates the liability related to compensated absences.

NOTE 7 – RISK MANAGEMENT

SWT is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to protect against these risks of loss, SWT purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program. SWT pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through commercial companies for excess claims. SWT is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amounts of these deductibles are considered immaterial to the financial statements.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 7 – RISK MANAGEMENT (CONTINUED)

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

SWT's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates, and salaries for the year are known. The final premium adjustment is in the year the adjustment is made.

At December 31, 2021, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 8 – PENSION PLANS

Public Employees' Retirement Association

A. Plan Description

SWT participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan

All full-time and certain part-time employees of SWT are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any 5 successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5% of their annual covered salary in fiscal year 2021 and SWT was required to contribute 7.5% for Coordinated Plan members. SWT's contributions to the General Employees Fund for the year ended December 31, 2021, were \$175,310. SWT's contributions were equal to the required contributions as set by state statute.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, SWT reported a liability of \$1,195,725 for its proportionate share of the General Employees Fund's net pension liability. SWT's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with SWT totaled \$36,445. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SWT's proportionate share of the net pension liability was based on SWT's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. SWT's proportionate share was 0.0280% at the end of the measurement period and 0.0333% for the beginning of the period.

SWT's proportionate share of the net pension liability	\$ 1,195,725
State of Minnesota's proportionate share of the net pension liability associated with SWT	36,445
Total	\$ 1,232,170

For the year ended December 31, 2021, SWT recognized pension expense of (\$57,337) for its proportionate share of General Employees Plan's pension expense. Included in the amount, SWT recognized \$2,941 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

The General Fund typically liquidates the liability related to pensions.

At December 31, 2021, SWT reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 8,369	\$ 37,394
Changes in actuarial assumptions	730,086	31,036
Net collective difference between projected and actual investment earnings	-	1,015,757
Changes in proportion	45,636	238,320
Contributions paid to PERA subsequent to the measurement date	<u>87,655</u>	<u>-</u>
Total	<u>\$ 871,746</u>	<u>\$ 1,322,507</u>

The \$87,655 reported as deferred outflows of resources related to pensions resulting from SWT contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (102,764)
2023	(72,128)
2024	(81,076)
2025	<u>(282,448)</u>
Total	<u>\$ (538,416)</u>

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Long-Term Expected Return on Investment

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term</u>
Domestic equity	33.5 %	5.10 %
International equity	16.5	5.30
Fixed income	25.0	0.75
Private markets	25.0	5.90
Total	<u>100.0 %</u>	

F. Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan increases after retirement are assumed to be 1.25% for the General Employees. Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 29 years of service and 6.0% per year thereafter.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. The table is adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020, actuarial valuation. The most recent four-year experience study for the Police and Fire Plan was completed in 2020 and was adopted by the Board and became effective with the July 1, 2021, actuarial valuation.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

F. Actuarial Methods and Assumptions (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the previous valuation.

G. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at the rates set in *Minnesota Statutes*. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Pension Liability Sensitivity

The following presents SWT's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what SWT's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase in Discount Rate (7.5%)
SWT's proportionate share of the General Employees Fund net pension liability	\$ 2,438,670	\$ 1,195,725	\$ 175,814

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 8 – PENSION PLANS (CONTINUED)

Public Employees' Retirement Association (Continued)

I. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

SWT's defined benefit OPEB plan provides a single-employer defined benefit health care plan to eligible retirees. The plan offers medical coverage. Medical coverage is administered by Health Partners. It is SWT's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for SWT employees and retirees. No assets are accumulated in a trust. The OPEB plan does not issue a stand-alone financial report.

B. Benefits Provided

SWT makes available basic health insurance coverage to regular full-time employees, regular part-time employees working 32 or more hours per week, and their dependents. SWT will contribute toward the cost of the basic health insurance premiums for both employee and dependent coverage, though the contribution level may vary. Additional costs for coverage must be paid by the employee through a payroll deduction.

C. Contributions

Contribution requirements are established by SWT, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For 2021, SWT contributed \$5,282 to the plan.

D. Members

As of January 1, 2020, the following were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	33
	33
Total	33

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

E. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount rate	2.90%
Salary increases	Service graded 3.25-11.25%
Inflation	2.50%
Healthcare cost trend increases	6.50% as of January 1, 2020, grading to 5.00% over 6 years
Mortality assumption	Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale

The actuarial assumptions used in the January 1, 2020, valuation was based on the results of the six-year experience study for the PERA of MN General Employees Plan completed in 2015.

The discount rate used to measure the total OPEB liability was 2.9% based on 20-year municipal bond rates.

F. Total OPEB Liability

SWT's total OPEB liability of \$138,081 was measured as of January 1, 2021, and was determined by an actuarial valuation as of January 1, 2020.

Changes in the total OPEB liability are as follows:

	<u>Total OPEB Liability</u>
Balances at January 1, 2020	<u>\$ 121,190</u>
Changes for the year	
Service cost	15,325
Interest	3,925
Benefit payments	<u>(2,359)</u>
Net changes	<u>16,891</u>
Balances at January 1, 2021	<u><u>\$ 138,081</u></u>

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

F. Total OPEB Liability

The General Fund typically liquidates the liability related to OPEB.

G. OPEB Liability Sensitivity

The following presents SWT's total OPEB liability calculated using the discount rate of 2.9% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% decrease in Discount Rate (1.9%)	Current Discount Rate (2.9%)	1% increase in Discount Rate (3.9%)
\$ 152,642	\$ 138,081	\$ 124,672

The following presents the total OPEB liability of SWT, as well as what SWT's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% decrease (5.5% decreasing to 4.0%)	Current (6.5% decreasing to 5.0%)	1% increase (7.5% decreasing to 6.0%)
\$ 115,085	\$ 138,081	\$ 167,673

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, SWT recognized OPEB expense of \$19,470. At December 31, 2021, SWT reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 5,950	\$ -
Changes in actuarial assumptions	-	4,413
Contributions paid subsequent to the measurement date	5,282	-
Total	\$ 11,232	\$ 4,413

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Basic Financial Statements**

NOTE 9 – POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

**G. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB (Continued)**

The \$5,282 reported as deferred outflows of resources related to OPEB resulting from SWT contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>OPEB Expense Amount</u>
2022	\$ 220
2023	220
2024	220
2025	220
2026	220
Thereafter	<u>437</u>
Total	<u>\$ 1,537</u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

SWT participates in the Replacement Service Program and Capital Funding Agreement administered by the MC. To the extent that program expenditures may be disallowed as a result of a program compliance audit, a liability to the MC would result.

SWT entered into a transit service contract with a service provider for purposes of delivering bus services in connection with its express and local route service. Payments to the transit provider are contingent upon the actual level of services rendered, using rates established in the contract's agreement. The current contract is with First Transit, Inc. and will expire December 31, 2023. The average annual cost of the contract is \$4,500,000.

NOTE 11 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

SouthWest Transit
Eden Prairie, Minnesota
Schedule of Changes in Total OPEB Liability
and Related Ratios

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability				
Service cost	\$ 15,325	\$ 14,879	\$ 9,949	\$ 9,659
Interest	3,925	3,851	3,311	2,903
Changes of assumptions	-	(5,675)	-	-
Differences between expected and actual experience	-	7,652	-	-
Benefit payments	<u>(2,359)</u>	<u>(2,664)</u>	<u>(984)</u>	<u>-</u>
Net change in total OPEB liability	<u>16,891</u>	<u>18,043</u>	<u>12,276</u>	<u>12,562</u>
Beginning of year	<u>121,190</u>	<u>103,147</u>	<u>90,871</u>	<u>78,309</u>
End of year	<u>\$ 138,081</u>	<u>\$ 121,190</u>	<u>\$ 103,147</u>	<u>\$ 90,871</u>
Covered-employee payroll	\$ 2,334,020	\$ 2,266,039	\$ 1,790,511	\$ 1,738,360
Total OPEB liability as a percentage of covered-employee payroll	5.9%	5.3%	5.8%	5.2%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SouthWest Transit
Eden Prairie, Minnesota
Schedule of SWT's Proportionate Share
of Net Pension Liability - General Employees Retirement Fund
Last Ten Years*

Fiscal Year End June 30,	SWT's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	SWT's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability	SWT's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with SWT	SWT's Covered Payroll	SWT's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.0280%	\$ 1,195,725	\$ 36,445	\$ 1,232,170	\$ 2,014,867	59.35%	87.00%
2020	0.0333%	1,996,487	61,516	2,058,003	2,375,080	84.06%	79.06%
2019	0.0319%	1,763,680	54,831	1,818,511	2,257,987	78.11%	80.23%
2018	0.0314%	1,741,943	57,086	1,799,029	2,111,773	82.49%	79.53%
2017	0.0325%	2,074,779	26,121	2,100,900	2,096,293	98.97%	75.90%
2016	0.0273%	2,216,625	28,995	2,245,620	1,695,107	130.77%	68.91%
2015	0.0240%	1,243,805	-	1,243,805	1,384,373	89.85%	78.19%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of SWT Contributions -
General Employees Retirement Fund
Last Ten Years*

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	SWT's Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 175,310	\$ 175,310	\$ -	\$ 2,337,467	7.50%
2020	162,841	162,841	-	2,171,213	7.50%
2019	175,295	175,295	-	2,337,267	7.50%
2018	160,675	160,675	-	2,142,333	7.50%
2017	150,987	150,987	-	2,013,160	7.50%
2016	143,756	143,756	-	1,916,747	7.50%
2015	114,573	114,573	-	1,527,640	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Required Supplementary Information**

General Employees Fund

2021 Changes

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.5% to 6.5% for financial reporting purposes.
- The mortality improvement scale was changed from scale MP-2019 to scale MP-2020.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2020 Changes

Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.5% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.0%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the Pub-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023, and 0.0% thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Required Supplementary Information**

General Employees Fund (Continued)

2019 Changes (Continued)

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The State's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Required Supplementary Information**

General Employees Fund (Continued)

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation was decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**SouthWest Transit
Eden Prairie, Minnesota
Notes to Required Supplementary Information**

Post Employment Health Care Plan

2021 Changes

None

2020 Changes

Changes in Actuarial Assumptions

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2019 Generational Improvement Scale.
- The salary increase rates were changed from a flat 3.00% per year for all employees to rates which vary by service and contract group.
- The discount rate was changed from 3.30% to 2.90%.

Changes in Plan Provisions

- None



**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

SouthWest Transit
Eden Prairie, Minnesota
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2021
(With Comparative Totals for December 31, 2020)

	Debt Service		Capital Projects	
	Eden Prairie	Total		
	Garage Remodel Debt Service	2021	2020	SWT Facilities Improvement
Assets				
Cash and investments	\$ -	\$ -	\$ 15,308	\$ -
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Committed	-	-	15,308	-
Assigned	-	-	-	-
Total fund balances	-	-	15,308	-
Total liabilities and fund balances	\$ -	\$ -	\$ 15,308	\$ -

Capital Projects

SWT Buses	Capital Cost Deferred	SWS Relocation	Capital and Equipment	Eden Prairie Garage Expansion Phase 2	Eden Prairie Roof Replacement Capital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,950,666
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	1,950,666
-	-	-	-	-	1,950,666
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,666</u>



**SouthWest Transit
Eden Prairie, Minnesota
Combining Balance Sheet -
Nonmajor Governmental Funds
December 31, 2021
(With Comparative Totals for December 31, 2020)**

	Capital Projects		Total Nonmajor Governmental Funds	
	Total			
	2021	2020	2021	2020
Assets				
Cash and investments	\$ 1,950,666	\$ 203,595	\$ 1,950,666	\$ 218,903
Liabilities				
Accounts and contracts payable	\$ -	\$ 121	\$ -	\$ 121
Fund Balances				
Committed	-	-	-	15,308
Assigned	1,950,666	203,474	1,950,666	203,474
Total fund balances	1,950,666	203,474	1,950,666	218,782
Total liabilities and fund balances	\$ 1,950,666	\$ 203,595	\$ 1,950,666	\$ 218,903

SouthWest Transit
Eden Prairie, Minnesota
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Debt Service		Capital Projects	
	Eden Prairie	Total		SWT
	Garage Remodel Debt Service	2021	2020	Facilities Improvement
Revenues				
Intergovernmental - state	\$ -	\$ -	\$ 111,966	\$ -
Expenditures				
Debt service				
Principal retirement	-	-	1,338,618	-
Interest and agency fees	-	-	17,336	-
Capital outlay				
Buildings and grounds	-	-	-	-
Operations and vehicle maintenance	-	-	-	-
Total expenditures	-	-	1,355,954	-
Excess of revenues over (under) expenditures	-	-	(1,243,988)	-
Other Financing Sources (Uses)				
Issuance of Capital Lease	-	-	1,233,067	-
Transfers in	-	-	-	-
Transfers out	(15,308)	(15,308)	-	(33,595)
Total other financing sources	(15,308)	(15,308)	1,233,067	(33,595)
Net change in fund balances	(15,308)	(15,308)	(10,921)	(33,595)
Fund Balances				
Beginning of year	15,308	15,308	26,229	33,595
End of year	\$ -	\$ -	\$ 15,308	\$ -

Capital Projects

SWT Buses	Capital Cost Deferred	SWS Relocation	Capital and Equipment	Eden Prairie Garage Expansion Phase 2	Eden Prairie Roof Replacement Capital
\$ 55,507	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	49,334
<u>55,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>55,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,334</u>
-	-	-	-	-	(49,334)
-	-	-	-	-	-
-	-	-	-	-	2,000,000
<u>-</u>	<u>(169,879)</u>	<u>(697,796)</u>	<u>(1,842,944)</u>	<u>(137,487)</u>	<u>-</u>
<u>-</u>	<u>(169,879)</u>	<u>(697,796)</u>	<u>(1,842,944)</u>	<u>(137,487)</u>	<u>2,000,000</u>
-	(169,879)	(697,796)	(1,842,944)	(137,487)	1,950,666
<u>-</u>	<u>169,879</u>	<u>697,796</u>	<u>1,842,944</u>	<u>137,487</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,950,666</u>



SouthWest Transit
Eden Prairie, Minnesota
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	<u>Capital Projects</u>		<u>Total Nonmajor Governmental Funds</u>	
	<u>Total</u>		<u>2021</u>	<u>2020</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
Intergovernmental - state	\$ 55,507	\$ 445,455	\$ 55,507	\$ 557,421
Expenditures				
Debt service				
Principal retirement	-	-	-	1,338,618
Interest and agency fees	-	-	-	17,336
Capital outlay	-	-	-	-
Buildings and grounds	49,334	121	49,334	121
Operations and vehicle maintenance	-	-	-	-
	<u>55,507</u>	<u>411,860</u>	<u>55,507</u>	<u>411,860</u>
Total expenditures	<u>104,841</u>	<u>411,981</u>	<u>104,841</u>	<u>1,767,935</u>
Excess of revenues over (under) expenditures	(49,334)	33,474	(49,334)	(1,210,514)
Other Financing Sources (Uses)				
Issuance of Capital Lease	-	-	-	1,233,067
Transfers in	2,000,000	170,000	2,000,000	170,000
Transfers out	<u>(2,881,701)</u>	<u>-</u>	<u>(2,897,009)</u>	<u>-</u>
Total other financing sources	<u>(881,701)</u>	<u>170,000</u>	<u>(897,009)</u>	<u>1,403,067</u>
Net change in fund balances	(931,035)	203,474	(946,343)	192,553
Fund Balances				
Beginning of year	<u>2,881,701</u>	<u>-</u>	<u>2,897,009</u>	<u>26,229</u>
End of year	<u>\$ 1,950,666</u>	<u>\$ 203,474</u>	<u>\$ 1,950,666</u>	<u>\$ 218,782</u>

SouthWest Transit
Eden Prairie, Minnesota
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual -
SWS Development Capital Projects Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment income	\$ -	\$ 45,000	\$ 53,862	\$ 8,862
Other local revenue	-	-	1,704	1,704
Total revenues	<u>-</u>	<u>45,000</u>	<u>55,566</u>	<u>10,566</u>
 Net change in fund balances	 <u>\$ -</u>	 <u>\$ 45,000</u>	 55,566	 <u>\$ 10,566</u>
 Fund Balances				
Beginning of year			<u>6,035,120</u>	
End of year			<u>\$ 6,090,686</u>	

SouthWest Transit
Eden Prairie, Minnesota
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual -
Eden Prairie Garage Roof Replacement Capital Projects Fund
Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Expenditures				
Current:				
Capital outlay				
Buildings and grounds	\$ -	\$ -	\$ 49,334	\$ (49,334)
Total expenditures	-	-	49,334	(49,334)
Excess of revenues under expenditures	-	-	(49,334)	(49,334)
Other Financing Sources				
Transfers in	-	2,000,000	2,000,000	-
Net change in fund balances	\$ -	\$ 2,000,000	1,950,666	\$ (49,334)
Fund Balances				
Beginning of year			-	
End of year			\$ 1,950,666	

SouthWest Transit
Eden Prairie, Minnesota
Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual -
Capital Improvement Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local revenue	\$ -	\$ -	\$ 36,735	\$ 36,735
Expenditures				
Current:				
Capital outlay				
Buildings and grounds	-	208,000	207,230	(770)
Excess of revenues under expenditures	\$ -	\$ (208,000)	\$ (170,495)	\$ 37,505
Other Financing Sources				
Transfers in	-	2,863,415	2,863,414	(1)
Net change in fund balances	\$ -	\$ 2,655,415	2,692,919	\$ 37,504
Fund Balances				
Beginning of year			-	
End of year			\$ 2,692,919	

**SouthWest Transit
Eden Prairie, Minnesota
Schedule of Capital Projects -
Budget and Actual
(Unaudited)
Year Ended December 31, 2021**

Project	Status	Budget/Grant Award	Expenditures		Amount Remaining
			2021	Cumulative	
SW Station Ramp Repairs	Complete	\$ 55,000	\$ 54,081	\$ 54,081	\$ 919
Forklift Purchase Replacement	Incomplete	33,400	-	-	33,400
Braunability Van & Non-Revenue Truck	Complete	107,333	107,333	107,333	-
Generator for CTS	Incomplete	83,400	-	-	83,400
CRRSA Funding	Complete	2,072,432	2,072,432	2,072,432	-
2021 Ramp Repairs	Complete	290,000	220,715	220,715	69,285
Automated Controls System Replacement	Incomplete	75,000	21,985	21,985	53,015
Carver County TMA Grant	Incomplete	160,000	20,542	124,859	35,141
Total		<u>\$ 2,876,565</u>	<u>\$ 2,497,088</u>	<u>\$ 2,601,405</u>	<u>\$ 275,160</u>

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STATISTICAL SECTION



**Southwest Transit
Eden Prairie, Minnesota
Statistical Section
December 31, 2021
(Unaudited)**

This part of SWT's Annual Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information say about SWT's overall financial health. The following are the categories of the various schedules that are included in this section.

Financial Trends – These schedules contain trend information to help the reader understand how SWT's financial performance and well-being have changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity – These schedules contain information to help the reader assess SWT's most significant local revenue source Motor Vehicle Sales Tax (MVST) and passenger fares. In 2002, the main source of revenue shifted from property tax to MVST. The agency does not control the amount of MVST it receives. The allocation is both controlled through state statute and a portion is controlled through the Metropolitan Council. SWT no longer receives any property tax. Passenger fares are controlled through a regional fare policy.

Debt Capacity – These schedules present information to help the reader assess the affordability of SWT's current level of outstanding debt and SWT's ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which SWT's financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in SWT's financial report relates to the services the government provides and the activities it performs.

- Full-Time Equivalent SWT Employees by Function
- Operating Statistics
- Capital Assets Statistics by Function/Program
- Farebox Recovery Percentage and Fare Structure

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Report for the relevant year.

**SouthWest Transit
Eden Prairie, Minnesota
Net Position By Component
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 42,839,924	\$ 48,752,629	\$ 43,664,850	\$ 42,534,479
Unrestricted	7,206,773	6,927,320	12,221,765	12,353,477
 Total governmental activities net position	 \$ 50,046,697	 \$ 55,679,949	 \$ 55,886,615	 \$ 54,887,956

Source: SouthWest Transit financial records

Table 1

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 41,053,400	\$ 39,786,943	\$ 36,159,064	\$ 37,865,385	\$ 42,749,889	\$ 41,622,253
12,140,778	11,394,094	19,147,699	17,537,813	14,221,225	17,601,173
<u>\$ 53,194,178</u>	<u>\$ 51,181,037</u>	<u>\$ 55,306,763</u>	<u>\$ 55,403,198</u>	<u>\$ 56,971,114</u>	<u>\$ 59,223,426</u>

**SouthWest Transit
Eden Prairie, Minnesota
Changes in Net Position
Last Ten Fiscal Years
(Unaudited)**

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
General government	\$ 907,404	\$ 914,906	\$ 1,029,036	\$ 1,142,604
Buildings and grounds	3,532,084	3,030,101	3,357,869	3,820,148
Operations and vehicle maintenance	6,338,270	6,448,144	7,809,487	8,684,285
Interest on long-term debt	92,435	214,235	55,437	86,967
Total governmental activities	<u>\$ 10,870,193</u>	<u>\$ 10,607,386</u>	<u>\$ 12,251,829</u>	<u>\$ 13,734,004</u>
Program Revenues				
Governmental activities				
Charges for services				
Passenger fares	\$ 2,528,315	\$ 2,517,920	\$ 2,658,560	\$ 2,773,727
Other	125,625	923,434	186,279	191,288
Operating grants and contributions	-	-	-	165,699
Capital grants and contributions	4,346,355	6,482,340	323,279	1,075,156
Total governmental activities program revenues	<u>\$ 7,000,295</u>	<u>\$ 9,923,694</u>	<u>\$ 3,168,118</u>	<u>\$ 4,205,870</u>
Net Expense				
Governmental activities	<u>\$ (3,869,898)</u>	<u>\$ (683,692)</u>	<u>\$ (9,083,711)</u>	<u>\$ (9,528,134)</u>
General Revenue and Other				
Changes in Net Position				
Governmental activities				
Unrestricted intergovernmental revenue	\$ 5,042,264	\$ 5,979,464	\$ 8,917,732	\$ 9,157,043
Unrestricted investment earnings	31,661	31,680	37,439	52,429
Other local revenue	193,258	288,300	335,206	412,002
Gain on sale of assets	-	17,500	-	-
Special item ¹	-	-	-	-
Total governmental activities	<u>\$ 5,267,183</u>	<u>\$ 6,316,944</u>	<u>\$ 9,290,377</u>	<u>\$ 9,621,474</u>
Changes in Net Position				
Governmental activities	<u>\$ 1,397,285</u>	<u>\$ 5,633,252</u>	<u>\$ 206,666</u>	<u>\$ 93,340</u>

1 The Professional Golf Association's (PGA) Ryder Cup tournament was held in Chaska, Minnesota, during September 2016. SWT's management and Commission opted to provide transportation services to attendees of the tournament. As a result, SWT had significant one-time revenue and expenditure activity. SWT received revenue totaling \$277,553 related to passenger fares, as well as charges for services from the PGA and the City of Chaska, while they incurred expenditures totaling \$148,648 to provide the service. As a result, SWT reported a net revenue related to providing this service of \$128,905 in the fund financial statements and governmental activities.

Source: Southwest Transit financial records

Table 2

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,389,838	\$ 1,367,574	\$ 1,388,065	\$ 1,502,977	\$ 1,264,361	\$ 1,448,347
3,384,282	3,324,420	2,788,130	3,085,454	3,509,492	4,011,617
8,814,286	8,886,714	9,117,140	9,148,674	6,705,248	6,610,863
112,107	102,025	89,909	90,677	398,046	-
<u>\$ 13,700,513</u>	<u>\$ 13,680,733</u>	<u>\$ 13,383,244</u>	<u>\$ 13,827,782</u>	<u>\$ 11,877,147</u>	<u>\$ 12,070,827</u>
\$ 2,925,131	\$ 2,882,098	\$ 3,076,921	\$ 2,988,229	\$ 673,042	\$ 521,820
206,281	198,029	172,791	457,028	165,286	4,018
192,189	200,232	61,467	64,077	229,706	405,110
363,910	359,597	364,970	498,315	557,421	55,507
<u>\$ 3,687,511</u>	<u>\$ 3,639,956</u>	<u>\$ 3,676,149</u>	<u>\$ 4,007,649</u>	<u>\$ 1,625,455</u>	<u>\$ 986,455</u>
<u>\$ (10,013,002)</u>	<u>\$ (10,040,777)</u>	<u>\$ (9,707,095)</u>	<u>\$ (9,820,133)</u>	<u>\$ (10,251,692)</u>	<u>\$ (11,084,372)</u>
\$ 7,572,940	\$ 7,176,758	\$ 9,440,234	\$ 9,206,794	\$ 11,468,101	\$ 12,809,469
67,929	79,229	103,002	344,415	234,567	69,342
549,450	271,649	275,171	365,359	116,940	457,873
-	500,000	4,092,723	-	-	-
128,905	-	-	-	-	-
<u>\$ 8,319,224</u>	<u>\$ 8,027,636</u>	<u>\$ 13,911,130</u>	<u>\$ 9,916,568</u>	<u>\$ 11,819,608</u>	<u>\$ 13,336,684</u>
<u>\$ (1,693,778)</u>	<u>\$ (2,013,141)</u>	<u>\$ 4,204,035</u>	<u>\$ 96,435</u>	<u>\$ 1,567,916</u>	<u>\$ 2,252,312</u>

SouthWest Transit
Eden Prairie, Minnesota
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 477,717	\$ 522,960	\$ 545,375	\$ 558,332
Unassigned	2,812,949	2,707,349	2,893,152	4,153,836
Total general fund	<u>\$ 3,290,666</u>	<u>\$ 3,230,309</u>	<u>\$ 3,438,527</u>	<u>\$ 4,712,168</u>
All Other Governmental Funds				
Restricted	\$ -	\$ 140,718	\$ 21,000	\$ 205,810
Committed	14,279	2,687	59,814	207,137
Assigned	3,967,396	3,804,791	4,646,408	4,651,602
Total all other governmental funds	<u>\$ 3,981,675</u>	<u>\$ 3,948,196</u>	<u>\$ 4,727,222</u>	<u>\$ 5,064,549</u>

Source: SouthWest Transit financial records

Table 3

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 618,318	\$ 659,265	\$ 463,172	\$ 463,189	\$ 362,166	\$ 382,725
<u>4,043,568</u>	<u>2,923,805</u>	<u>3,827,438</u>	<u>3,914,830</u>	<u>7,160,492</u>	<u>8,511,349</u>
<u>\$ 4,661,886</u>	<u>\$ 3,583,070</u>	<u>\$ 4,290,610</u>	<u>\$ 4,378,019</u>	<u>\$ 7,522,658</u>	<u>\$ 8,894,074</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
310,313	310,672	310,842	26,229	15,308	-
<u>4,764,998</u>	<u>5,511,917</u>	<u>12,957,209</u>	<u>11,851,187</u>	<u>8,916,821</u>	<u>10,734,271</u>
<u>\$ 5,075,311</u>	<u>\$ 5,822,589</u>	<u>\$ 13,268,051</u>	<u>\$ 11,877,416</u>	<u>\$ 8,932,129</u>	<u>\$ 10,734,271</u>

SouthWest Transit
Eden Prairie, Minnesota
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Intergovernmental - Federal	\$ 1,624,452	\$ 4,742,482	\$ 44,644	\$ -
Intergovernmental - State	7,764,167	7,719,320	9,196,367	10,232,199
Intergovernmental - Other	-	-	-	165,699
Passenger fares	2,528,315	2,517,920	2,658,560	2,653,727
Charges for services	-	-	219,420	297,047
Investment income	31,661	31,681	37,439	52,429
Special assessments	4,460	4,460	-	-
Other interest income	-	-	121,494	191,288
Loan repayment	-	-	65,782	136,208
Other local revenue	318,883	1,088,061	180,571	234,955
Total revenues	<u>12,271,938</u>	<u>16,103,924</u>	<u>12,524,277</u>	<u>13,963,552</u>
Expenditures				
General government	845,869	959,894	1,062,048	1,111,870
Buildings and grounds	1,142,476	1,143,735	1,611,040	1,185,920
Operations and vehicle maintenance	5,836,559	6,238,357	7,330,382	7,769,069
Capital outlay	3,443,192	8,007,632	1,812,267	4,369,745
Debt service				
Principal	77,855	1,929,084	146,319	261,995
Interest and agency fees	93,231	229,065	49,977	73,386
Total expenditures	<u>11,439,182</u>	<u>18,507,767</u>	<u>12,012,033</u>	<u>14,771,985</u>
Excess of revenues over (under) expenditures	832,756	(2,403,843)	512,244	(808,433)
Other Financing Sources (Uses)				
Transfers in	1,112,454	2,299,368	146,319	228,757
Transfers out	(1,112,454)	(2,299,368)	(146,319)	(228,757)
Sale of property	-	17,500	475,000	-
Insurance recoveries	-	172,507	-	-
Issuance of capital lease	-	1,000,000	-	2,419,401
Proceeds from certificate of participation	-	1,120,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,310,007</u>	<u>475,000</u>	<u>2,419,401</u>
Special item - net revenue from special services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 832,756</u>	<u>\$ (93,836)</u>	<u>\$ 987,244</u>	<u>\$ 1,610,968</u>
Debt service as a percent of noncapital expenditures	2.0%	19.5%	1.8%	2.8%

Source: SouthWest Transit financial records

Table 4

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ -	\$ 6,588	\$ 49,650	\$ 46,350	\$ 2,526,886	\$ 2,092,974
7,945,496	7,647,582	9,742,243	9,654,653	9,681,615	11,117,667
192,189	81,663	72,947	75,112	41,373	56,504
2,745,131	2,882,098	3,065,441	2,977,194	673,042	521,820
421,812	218,322	224,337	267,587	114,525	216,340
67,929	79,229	103,002	344,415	234,567	69,342
-	-	-	-	-	-
169,680	178,639	171,583	164,190	165,286	-
142,643	149,382	156,438	163,830	3,460,718	-
335,593	72,717	52,042	390,610	2,415	71,227
<u>12,020,473</u>	<u>11,316,220</u>	<u>13,637,683</u>	<u>14,083,941</u>	<u>16,900,427</u>	<u>14,145,874</u>
1,335,762	1,251,675	1,392,045	1,436,835	1,259,156	1,481,578
1,448,470	1,150,399	1,234,257	1,239,241	1,264,831	1,286,428
8,062,484	8,369,959	8,922,870	8,824,760	6,179,344	6,371,728
896,449	925,281	1,090,553	2,247,926	6,358,923	2,006,906
371,679	424,594	371,984	1,596,577	6,838,618	-
114,047	104,209	92,243	102,421	406,666	-
<u>12,228,891</u>	<u>12,226,117</u>	<u>13,103,952</u>	<u>15,447,760</u>	<u>22,307,538</u>	<u>11,146,640</u>
(208,418)	(909,897)	533,731	(1,363,819)	(5,407,111)	2,999,234
499,486	324,570	422,330	4,189,489	6,196,817	4,897,009
(499,486)	(324,570)	(422,330)	(4,189,489)	(6,196,817)	(4,897,009)
-	500,000	7,500,000	-	-	-
39,993	78,359	119,271	60,593	106,463	174,324
-	-	-	-	5,500,000	-
-	-	-	-	-	-
<u>39,993</u>	<u>578,359</u>	<u>7,619,271</u>	<u>60,593</u>	<u>5,606,463</u>	<u>174,324</u>
128,905	-	-	-	-	-
<u>\$ (39,520)</u>	<u>\$ (331,538)</u>	<u>\$ 8,153,002</u>	<u>\$ (1,303,226)</u>	<u>\$ 199,352</u>	<u>\$ 3,173,558</u>
4.1%	4.4%	3.9%	12.6%	43.5%	0.0%

**SouthWest Transit
Eden Prairie, Minnesota
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)**

Table 5

Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita ⁽¹⁾
	General Obligation Bonds	Special Assessment Bonds	Capital Leases			
2012	\$ -	\$ -	\$ 1,901,449	\$ 1,901,449	*	\$ 17
2013	-	-	2,092,365	2,092,365	*	19
2014	-	-	1,946,046	1,946,046	*	18
2015	-	-	4,103,452	4,103,452	*	37
2016	-	-	3,731,773	3,731,773	*	33
2017	-	-	3,307,179	3,307,179	*	29
2018	-	-	2,935,195	2,935,195	*	25
2019	-	-	1,338,618	1,338,618	*	11
2020	-	-	-	-	*	-
2021	-	-	-	-	*	-

* Data is not available

⁽¹⁾ See Demographic and Economic Statistics Population

⁽²⁾ See Demographic and Economic Statistics Personal Income

In 2020, SWT refinanced the outstanding capital lease balance of \$1,338,618 related to the Eden Prairie Garage expansion with a \$5.5 million garage facility lease purchase agreement, series 2020. SWT placed monies in an irrevocable trust to pay the remaining principal and interest payments on the outstanding lease through its call date on April 1, 2024. No debt issued in 2021

Source: SouthWest Transit financial records

**SouthWest Transit
Eden Prairie, Minnesota
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)**

Table 6

Year	Population	Personal Income	Per Capita Personal Income	K-12 Enrollment	Unemployment Rate
2012	108,637	*	*	18,585	4.2%
2013	110,769	*	*	15,354	4.5%
2014	111,928	*	*	14,814	4.5%
2015	112,518	*	*	14,711	2.9%
2016	114,577	*	*	14,150	3.1%
2017	114,857	*	*	14,610	3.2%
2018	117,436	*	*	14,311	2.5%
2019	118,271	*	*	14,586	2.5%
2020	118,588	*	*	14,528	3.8%
2021	118,588	*	*	14,528	(1) 3.8%

* Data is not available

Data Sources: Website from the Cities of Eden Prairie, Chanhassen and Chaska, Minnesota.
Combined all three cities.

(1) 2021 data not available, using 2020 data (estimate)

**SouthWest Transit
Eden Prairie, Minnesota
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Table 7

Employer	2021			2012		
	Employees	Rank	Percentage of Total Area Employment ¹	Employees	Rank	Percentage of Total Area Employment ¹
Optum, Inc.	3,312	1	18.4%	1,800	1	14.3%
Eden Prairie Mall	2,310	2	12.9%	*	*	*
CH Robinson	2,200	3	12.2%	1,462	3	11.6%
Starkey Hearing Technologies	2,000	4	11.1%	1,436	4	11.4%
Emerson Process/Rosemount Inc.	1,500	5	8.3%	1,200	6	9.6%
Eden Prairie School District No. 272	1,477	6	8.2%	1,500	2	11.9%
Lifetime Fitness	1,464	7	8.1%	899	10	7.2%
Chaska School District No. 112	1,346	8	7.5%	1,100	7	8.8%
Element Fleet Management	1,200	9	6.7%	*	*	*
Instant Web Companies	1,157	10	6.4%	*	*	*
Super Valu Stores Inc.	*	*	*	1,260	5	10.0%
Dell Compellent	*	*	*	1,000	8	8.0%
GE Capital	*	*	*	900	9	7.2%
Total Principal Employees	17,966		100.0%	12,557		100.0%

Note: 2021 estimated and includes the most recent information available from the three cities in the SWT service area.

Source: 2020 Annual Report of the member cities of Eden Prairie, Chanhassen and Chaska.

¹ Total for cities employment is not available, therefore the percentage represents the percentage of the top ten listed

² Combined all three cities.

* Denotes employer was not a principal employer for the year reported.

**SouthWest Transit
Eden Prairie, Minnesota
Full-Time Equivalent SWT Employees By Function
Last Ten Fiscal Years
(Unaudited)**

Table 8

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Administration	5	4	4	5	3	4	6	4	4	5
Marketing	-	-	-	-	1	1	1	3	1	1
Customer service	2	1	1	1	2	3	2	1	1	2
Operations and vehicle maintenance										
Operations	5	4	4	4	5	4	4	6	5	5
Vehicle maintenance	10	9	10	11	13	13	12	14	11	10
First transit service	56	64	77	84	87	82	82	84	43	47
Buildings and grounds facilities	2	3	3	2	2	3	5	5	9	9
Total	<u>80</u>	<u>85</u>	<u>99</u>	<u>107</u>	<u>113</u>	<u>110</u>	<u>112</u>	<u>117</u>	<u>74</u>	<u>79</u>

* Does not include Part-Time or Seasonal

Source: SouthWest Transit budget record

**SouthWest Transit
Eden Prairie, Minnesota
Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

Table 9

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020 ¹	2021
System Ridership										
Fixed route	927,117	961,717	1,023,322	1,023,396	988,304	953,813	896,097	849,271	196,417	85,574
Special events	71,862	71,172	84,528	89,937	204,255	120,489	126,467	148,127	1,262	61,719
Demand response	-	-	-	12,490	53,531	74,531	102,511	108,801	51,999	62,667
Vehicle Revenue Hours										
Fixed route	35,952	38,597	48,593	49,591	47,151	43,766	37,659	33,059	12,575	11,742
Special events	1,136	1,222	1,363	1,681	2,349	2,297	2,889	2,883	36	1,795
Demand response	-	-	-	4,237	16,076	24,300	29,509	34,273	24,389	26,605
Vehicle Revenue Miles										
Fixed route	802,656	863,726	1,163,101	1,204,023	1,128,174	1,015,088	902,625	809,418	323,296	295,935
Special events	49,895	50,750	56,915	71,613	95,589	94,680	111,614	115,170	438	68,300
Demand response	-	-	-	68,492	256,719	376,594	493,507	579,573	388,890	577,083

Source: SouthWest Transit ridership data
Demand Response service started July 2015.

¹ Due to COVID-19 Pandemic, SWT's ridership was significantly impacted with fixed routes, no special events declines over 80% and demand response declines of more than 50%

**SouthWest Transit
Eden Prairie, Minnesota
Capital Asset Statistics By Function/Program
Last Ten Fiscal Years
(Unaudited)**

Table 10

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Facilities										
Transit Park and Rides (Spaces)										
SWT capital assets	2,159	2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859	2,859
SWT noncapital assets	285	285	285	255	655	655	655	655	-	-
Construction in progress	700	-	-	-	-	-	-	-	-	-
Transit Passenger Stations										
SWT capital assets	3	4	4	4	4	4	4	3	3	3
Construction in progress	1	-	-	-	-	-	-	-	-	-
Transit buses										
SWT Capital Assets-DR PT**	-	-	-	1	1	1	3	10	10	9
SWT Noncapital Assets-MB PT*	60	61	65	74	74	68	64	64	64	68
SWT Noncapital Assets-DR PT**	-	-	-	-	11	13	13	14	13	13

Note: No capital asset indicators are available for general government function. Total capital assets are shown regardless of ownership to identify the entire operations.

National Transit Database (NTD) Bus Modes:

MB PT*- Motor Bus Purchase Transit

DR PT**- Demand Response Purchase Transit

Source: SouthWest Transit facilities records

**SouthWest Transit
Eden Prairie, Minnesota
Farebox Recovery Percentage and Fare Structure
(Unaudited)**

Table 11

**Farebox Recovery Percentage
Last Ten Fiscal Years**

Year	Percentage
2012.....	32.48%
2013.....	30.28%
2014.....	27.10%
2015.....	28.34%
2016.....	29.57%
2017.....	27.55%
2018.....	26.10%
2019.....	25.95%
2020.....	7.80%*
2021.....	5.72%*

*Due to COVID-19 Pandemic, SWT’s farebox recovery is still significantly impacted.

Definition: Service revenues divided by operating expenditures.

Fare Structures as of December 31, 2021

Express Route – Motor Buses (MB)

Fares	**Peak Hours	Nonpeak Hours
Adults (ages 13 to 64)	\$3.25	\$2.50
Seniors (ages 65+), Youth (ages 6 to 12)	3.25	1.00
Persons with Disabilities	1.00	1.00
*Children (ages 5 and under)	Free	Free
***Disabled Veteran	Free	Free

SW Prime – Demand Response (DR)

Fares	**Peak Hours	Nonpeak Hours
Adults	\$4.00	\$4.00
Youth (ages 6 to 12)	4.00	4.00
*Children (ages 5 and under)	Free	Free
***Disable Veteran	Free	Free

*When accompanied by paying adult (limit 3)

**Peak Hours: Monday through Friday 6:00 a.m.-9:00 a.m. and 3:00-6:30 p.m.

***Disabled Veterans ride free by showing Veteran’s Identification Card issued by the Department of Veterans Affairs with the word “Service Connected” or “SC” below the photo.

Note: Fares for Express and Local Routes service are set for the region by Metropolitan Council.
Effective October 2017 fare rates have increased.

**SouthWest Transit
Eden Prairie, Minnesota
Miscellaneous Statistics
December 31, 2021
(Unaudited)**

Table 12

Date founded	1986
Date of incorporation	July 21, 1986
Form of government	Joint Powers by three Cities City of Eden Prairie City of Chanhassen City of Chaska
Service area	81 Square Miles
Population in service area	118,588
Type of tax support	Motor Vehicle Sales Tax
Sales tax rate	7.28%
Number of routes	5
Number of transfer stations	4
Number of Park & Ride Lots	4
Number of bus stops	249
Number of motor buses in peak service	20
Number of demand response buses in peak service	14
Average speed in miles per hour	21
Employees	
Full-time	32
Part-time and seasonal	5

**Southwest Transit
Eden Prairie, Minnesota**

Communications Letter

December 31, 2021



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Report on Matters Identified as a Result of the Audit of the Basic Financial Statements

Board of Commissioners and Management
SouthWest Transit
Eden Prairie, Minnesota

In planning and performing our audit of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit (SWT), Eden Prairie, Minnesota, as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered SWT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWT's internal control. Accordingly, we do not express an opinion on the effectiveness of SWT's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of SWT's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 14, 2022, on such statements.

This communication, which is an integral part of our audit, is intended solely for the information and use of management, the Board of Commissioners, others within SWT, and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 14, 2022

SouthWest Transit Required Communication

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SWT as of and for the year ended December 31, 2021. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the basic financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the basic financial statements are free of material misstatement. An audit of the basic financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWT's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of SWT solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the basic financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our responsibility with respect to the other information in documents containing the audited basic financial statements and auditor's report does not extend beyond the basic financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information was not audited and we do not express an opinion or provide any assurance on it.

SouthWest Transit Required Communication

Our Responsibility in Relation to *Government Auditing Standards*

As communicated in our engagement letter, part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of SWT's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the termination of basic financial statement amounts. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our Responsibility in Relation to Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*

As communicated in our engagement letter, in accordance with the Uniform Guidance, we examined on a test basis, evidence about SWT's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on SWT's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on SWT's compliance with those requirements.

In planning and performing our audit of compliance, we considered SWT's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks of material misstatement:

- Management Override of Controls
- Improper Revenue Recognition
- Improper Expenditure Recognition

SouthWest Transit Required Communication

Qualitative Aspects of the Transit's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by SWT is included in the notes to basic financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements. The most sensitive estimates affecting the basic financial statements related to:

Depreciation – SWT is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of SWT for post employment benefits.

We evaluated the key factors and assumptions used to develop the accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain basic financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The basic financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

SouthWest Transit Required Communication

Uncorrected and Corrected Misstatements

For the purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effects of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the basic financial statements taken as a whole and each applicable opinion unit.

Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the basic financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to SWT's basic financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with SWT, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting SWT, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as SWT's auditor.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the SWT's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

SouthWest Transit Required Communication

Other Information Included in Annual Reports (Continued)

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

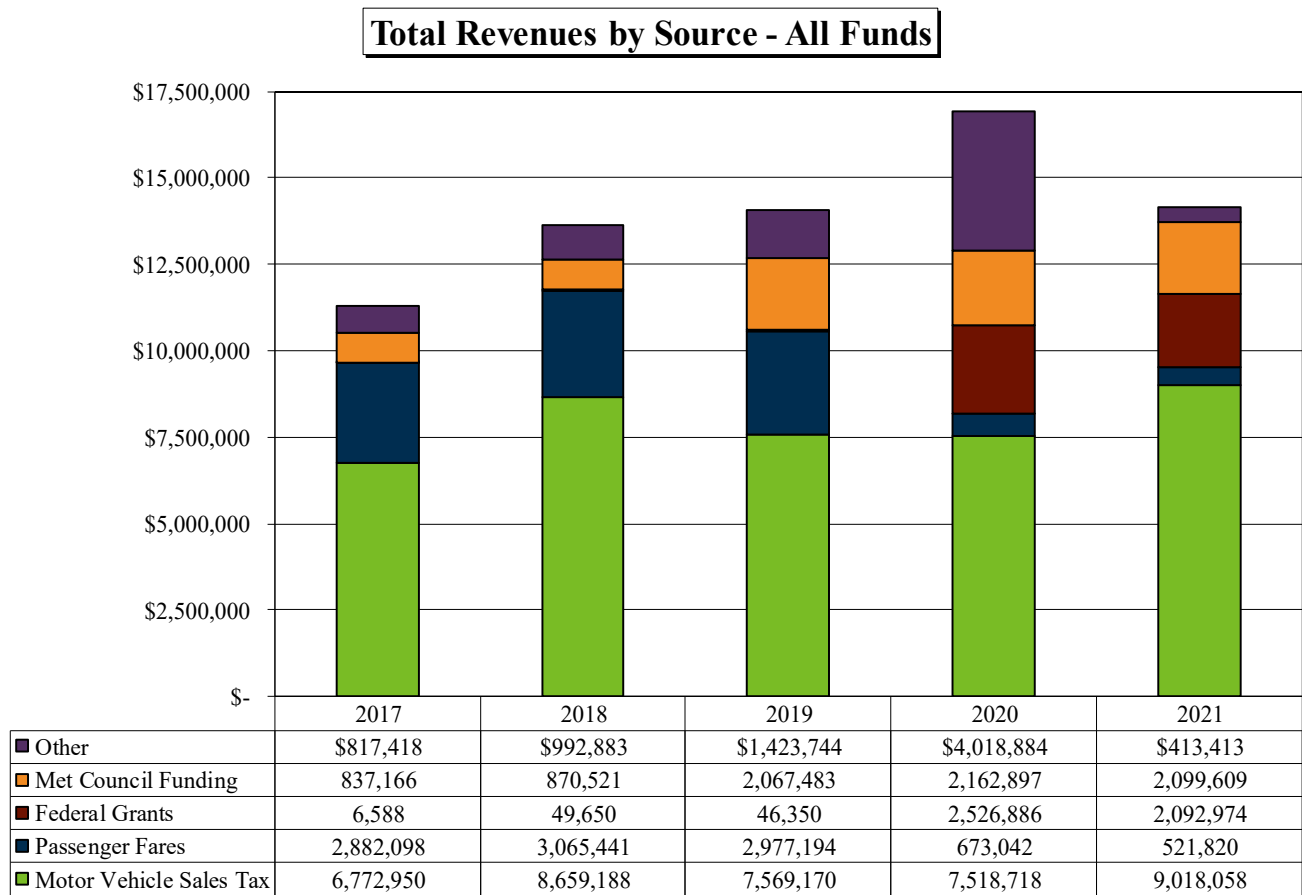
We were not engaged to report on the other information accompanying the basic financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements

SouthWest Transit Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of SWT for the past five years. The graphs are included to facilitate discussion of past operating results and related trends for future years' operations of SWT. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

Total Revenues by Source – All Funds



SouthWest Transit Financial Analysis

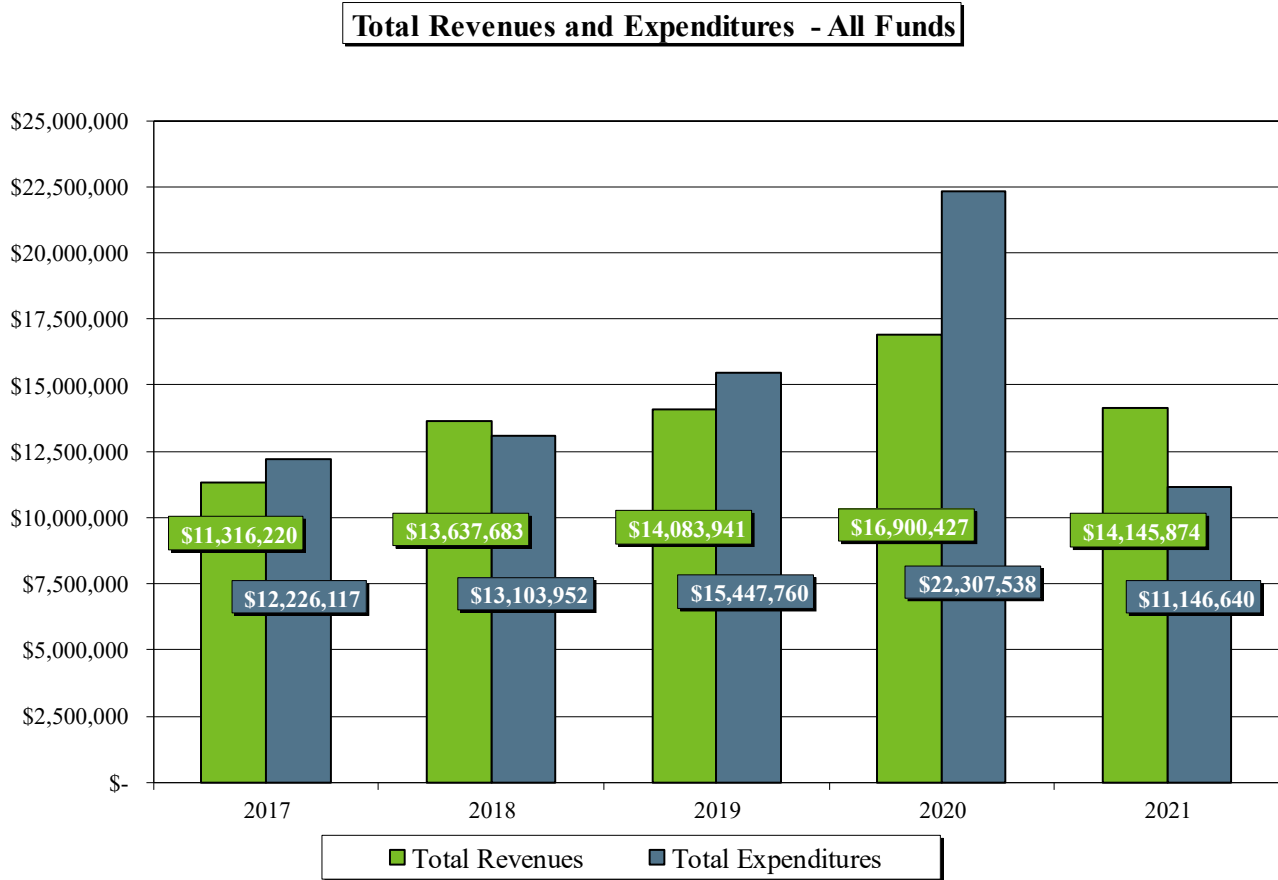
Total Revenues by Source – All Funds (Continued)

Revenue decreased \$2,754,553 in 2021 compared to 2020.

- Met Council revenue decreased \$63,288.
 - SWT received approximately \$349,719 for vans, trolley replacement, and bus rehabilitation grants in 2020, of which similar funding was not received in 2021.
 - The previous decrease was offset by an increase in RAMVST (motor vehicle sales tax) funding
- Motor vehicle sales tax increased \$1,499,340.
 - This revenue is determined by a state allocation of vehicle sales tax in Minnesota and fluctuates each year based on vehicle sales in Minnesota.
- Passenger fares decreased \$151,222 as a result of less riders due to the COVID-19 Pandemic.
- Federal grants revenue decreased \$433,912.
 - This decrease is due to receiving more COVID-19 related funds in 2020 compared to 2021.
- Other revenue decreased \$3,605,471.
 - This decrease was primarily a result of the contract for deed being paid off in 2020.
 - There was also a decrease of \$165,225 due to less investment interest as a result of poor market conditions.

SouthWest Transit Financial Analysis

Total Revenues and Expenditures – All Funds

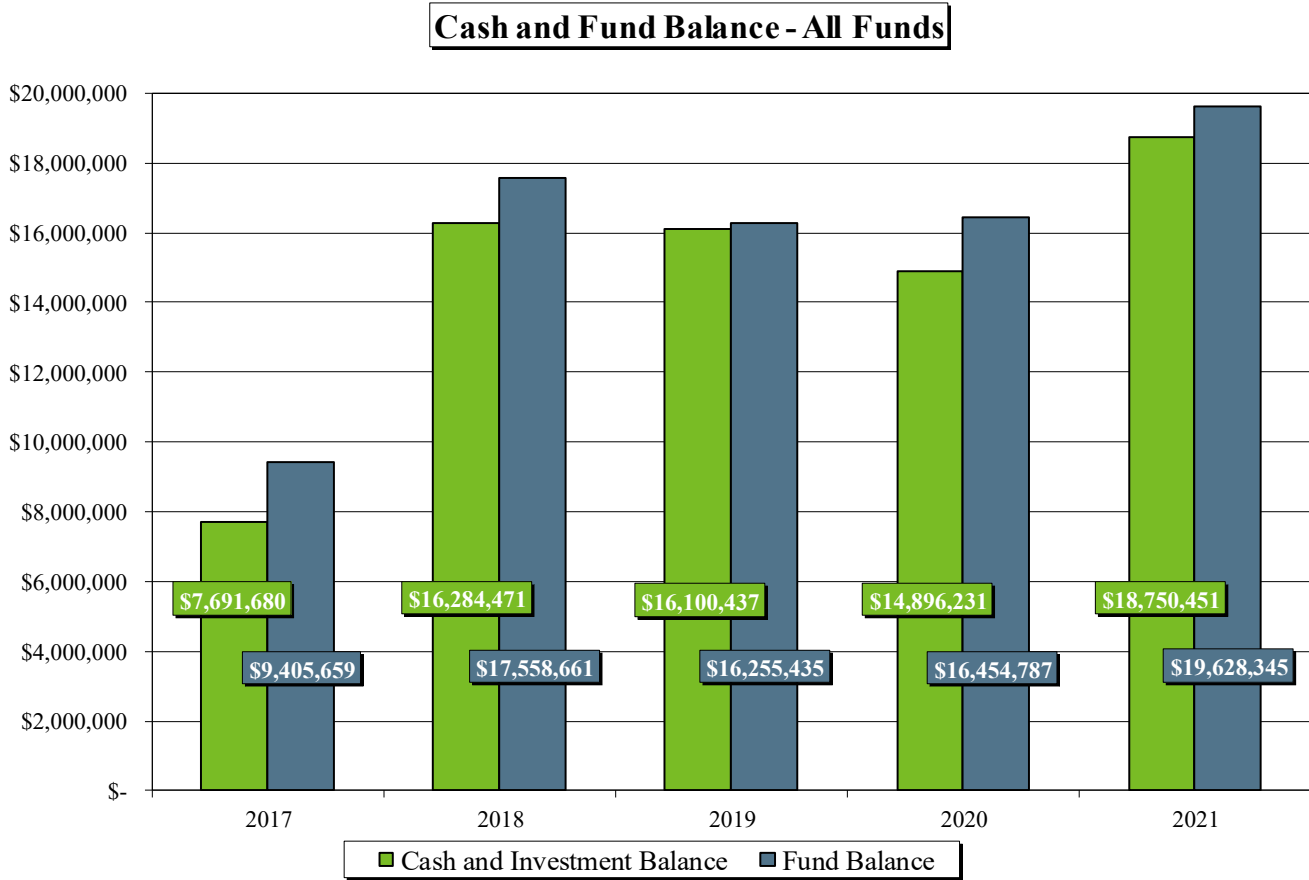


Total revenues exceeded total expenditures in two of the last five years. In 2021, revenues exceeded expenditures by \$2,999,234. Total revenues decreased \$2,754,553, as mentioned on the previous page, while expenditures decreased \$11,160,898. There were some changes in expenditures by program:

- Debt service principal retirement expenditures decreased \$6,838,618, and interest and agency fees decreased \$406,666.
 - Result of paying off all debt in 2020.
- Buildings and grounds capital outlay expenditures decreased \$4,101,320.
 - Primarily the result of construction at the Eden Prairie garage related to the relocation of offices was completed in 2020.
- Operations and vehicle maintenance current expenditures increased \$184,760.
 - More vehicle maintenance was done in 2021.

SouthWest Transit Financial Analysis

Cash and Fund Balance – All Funds

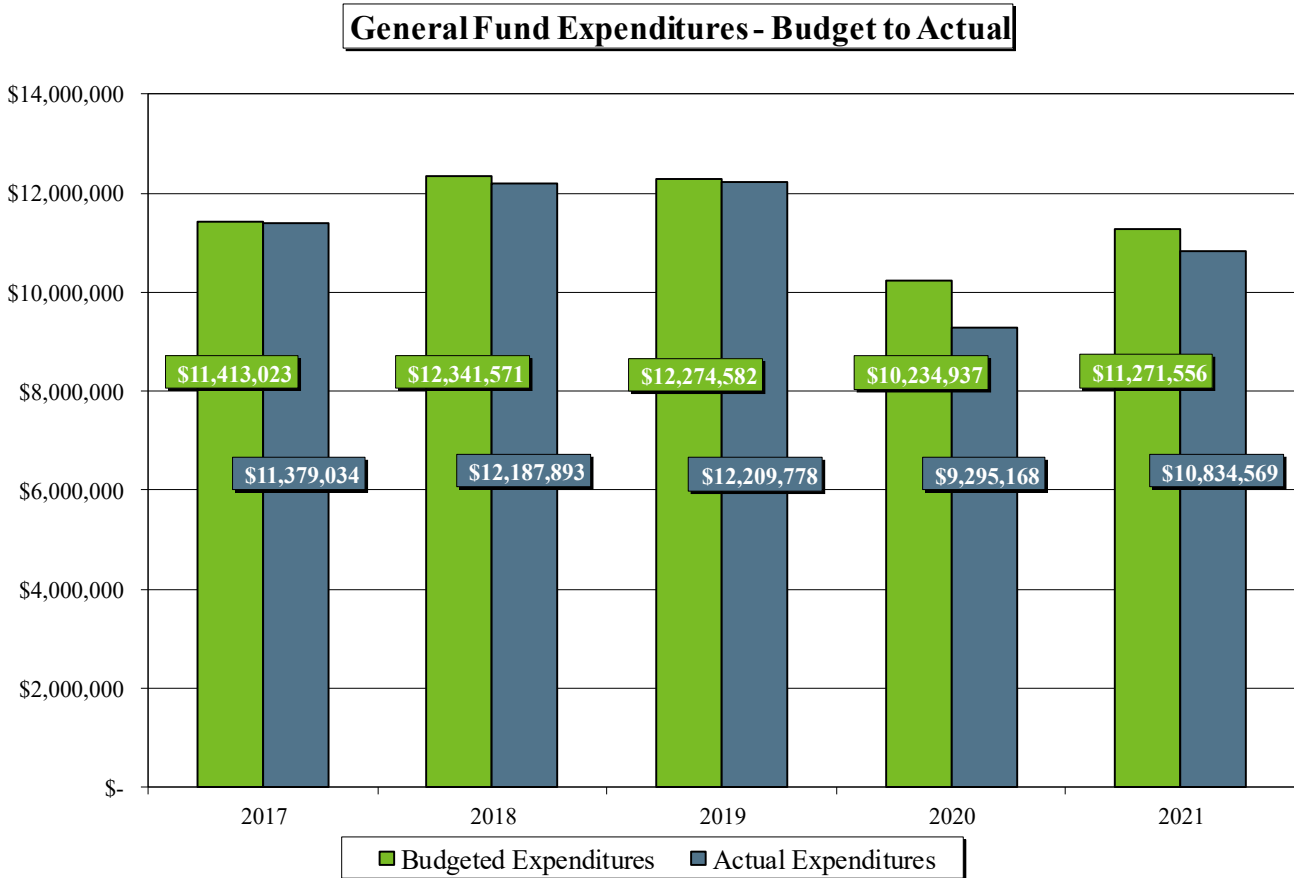


The cash and investment balance was lower than fund balance in all five years presented. Cash and investments which includes cash with fiscal agent in 2021, increased \$3,854,220 while fund balance increased \$3,173,558 from 2020 to 2021.

The General Fund balance increased \$1,371,416 to \$8,894,074 in 2021 due to revenues from operations and grants coming in over expenditures and transfers to other funds. The unassigned fund balance in the General Fund as of December 31, 2021, is \$8,511,349, which represents approximately 91%, or eleven months of expenditures, based on 2021 budgeted operating expenditure levels.

SouthWest Transit Financial Analysis

General Fund Expenditures – Budget to Actual



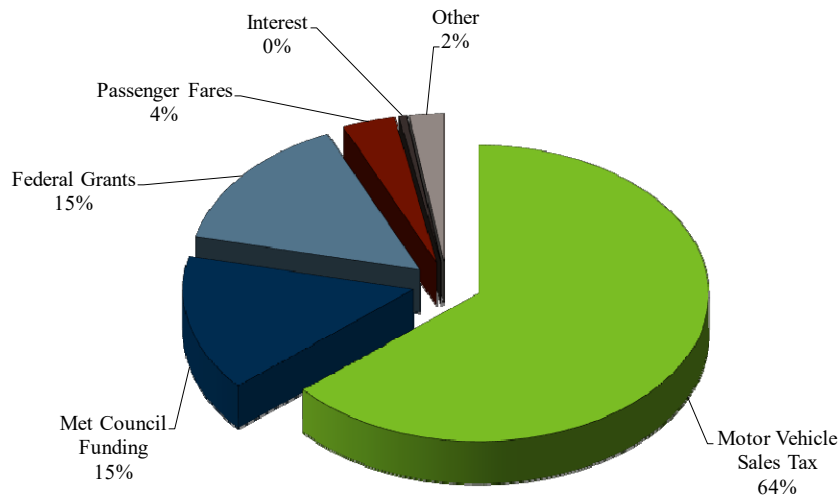
General Fund budgeted expenditures exceeded actual expenditures in all five years presented. Expenditures were under budget by \$436,987 in 2021. The largest variance was in operations and vehicle maintenance capital expenditures, which were \$769,578 under budget due to not purchasing the new prime vehicles that were anticipated. Building and grounds capital expenditures were over budget by \$538,039 as a result of buying out the Deed restriction from Minnesota Department of Transportation as well as several equipment purchases that were not anticipated. Building and grounds current expenditures were under budget \$99,252 as a result of less electric expenses than anticipated. All other categories were under budget and were relatively close to budgeted amounts.

SouthWest Transit Financial Analysis

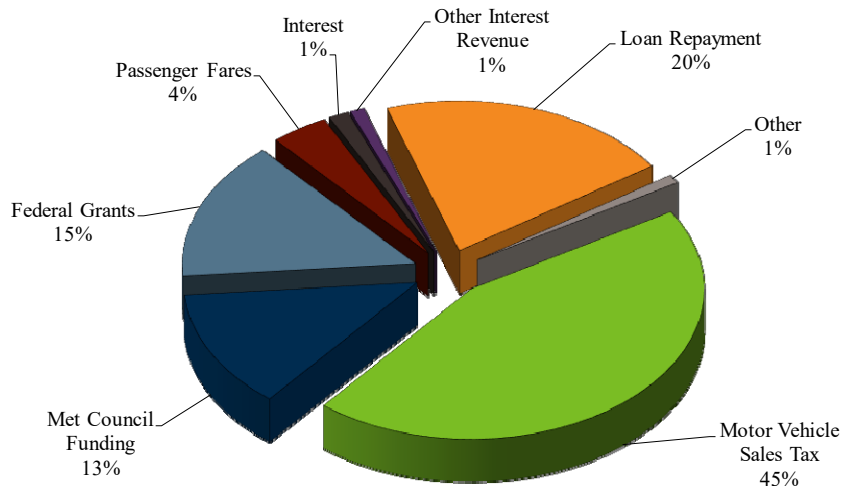
Operating Revenues – All Funds

The following pie charts show the allocation of revenue by source for all funds in 2021 and 2020. As illustrated below, loan repayment had a significant decrease from 20% in 2020 to 0% in 2021 due to the contract for deed being paid off in 2020. Motor vehicle sales tax revenue increased from 45% in 2020 to 64% in 2021 due to receiving more in motor vehicle sales tax. All other revenue sources were consistent with the prior year.

Operating Revenues by Source for 2021 - All Funds



Operating Revenues by Source for 2020 - All Funds



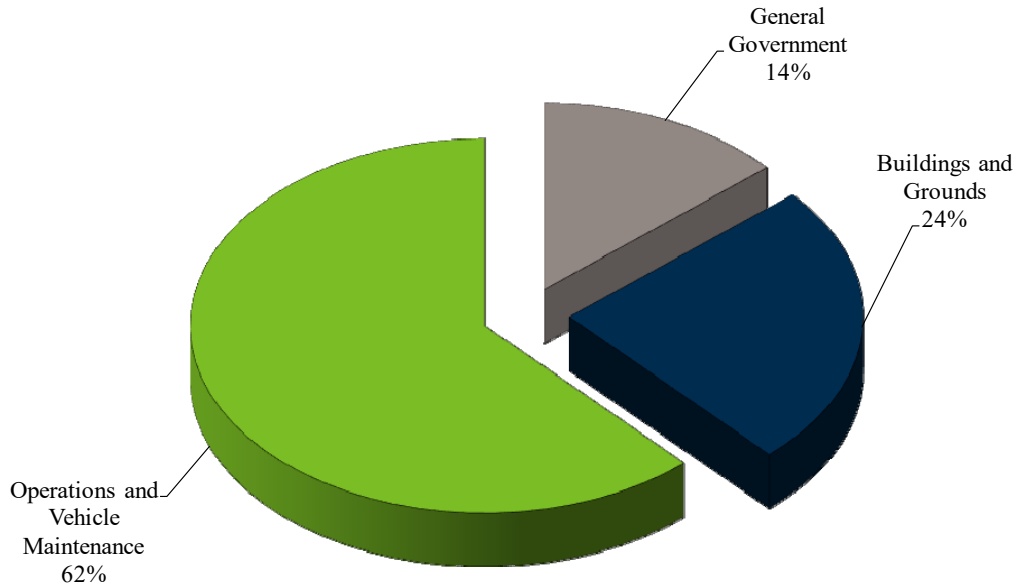
In the General Fund, the regional target for passenger farebox recovery revenue percentage in relation to operating expenditures is 28%. During 2021, SWT's passenger fare revenue as a percentage of operating expenditures was 4.82%, while it was 6.22% in 2020.

SouthWest Transit Financial Analysis

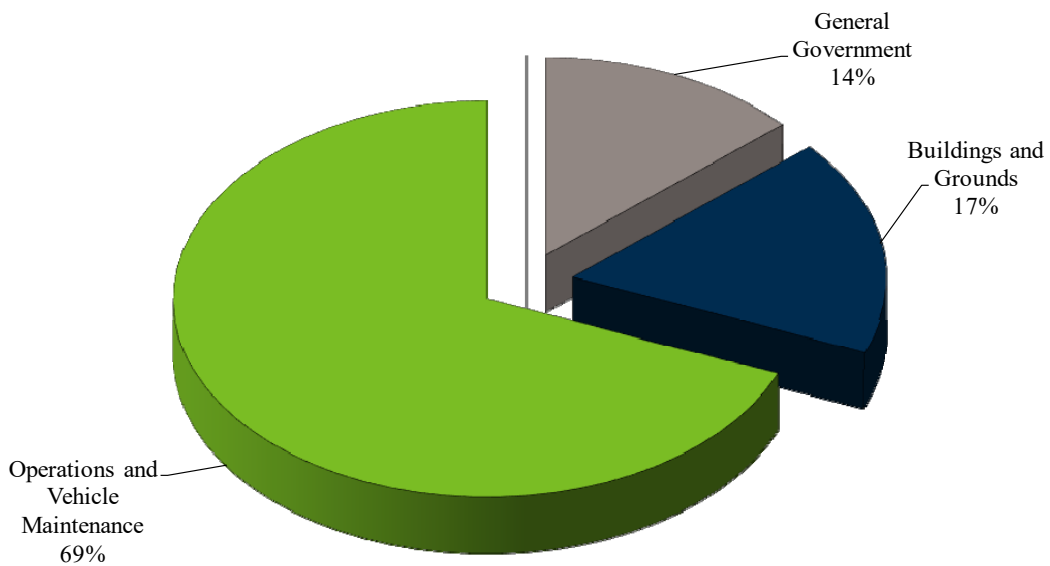
Operating Expenditures – General Fund

The following pie charts show the allocation of expenditures by program for the General Fund in 2021 and 2020. The allocations increased in buildings and grounds in 2021 as a result of a decrease in operations and vehicle maintenance expenditures as a result of the pandemic.

Operating Expenditures by Department for 2021 - General Fund



Operating Expenditures by Department for 2020 - General Fund



SouthWest Transit Emerging Issue

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant update includes:

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following is an extensive summary of the current update. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss this issue with you further and their applicability to your organization.

Accounting Standard Update – GASB Statement No. 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' basic financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

SouthWest Transit Emerging Issue

Accounting Standard Update – GASB Statement No. 87 – *Leases* (Continued)

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to basic financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to basic financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after June 15, 2021.

Information provided above was obtained from www.gasb.org.

**SouthWest Transit
Eden Prairie, Minnesota**

**Reports on Internal Control and Compliance with
Government Auditing Standards, the Uniform Guidance,
and Minnesota Legal Compliance**

December 31, 2021



**SouthWest Transit
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SouthWest Transit
Schedule of Expenditures of Federal Awards
December 31, 2021

Federal Assistance Number and Funding Source	Administering Department	Grant Name/Program	2021 Expenditures
20.507 U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction Grant No. MN-2016-004-05	\$ 20,542
20.507 U.S. Department of Transportation	Minnesota Department of Transportation	Highway Planning and Construction - CRRSA/Section 5307 Funding for Grant No. MN-2021-015-01	<u>2,072,432</u>
Total			<u>\$ 2,092,974</u>

Southwest Transit
Notes to Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of SouthWest Transit, Eden Prairie, Minnesota and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the modified accrual basis financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INDIRECT COST RATE

SouthWest Transit did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit ("SWT"), Eden Prairie, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise SWT's basic financial statements, and have issued our report thereon dated April 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SWT's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWT's internal control. Accordingly, we do not express an opinion on the effectiveness of SWT's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of SWT's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SWT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of SWT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota
April 14, 2022

**Report on Compliance for each Major Federal Program
and Report on Internal Control over Compliance Required by
the Uniform Guidance**

Independent Auditor's Report

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the SouthWest Transit's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Transit's major federal program for the year ended December 31, 2021. The Transit's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, SouthWest Transit complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SouthWest Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the SouthWest Transit's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Transit's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SouthWest Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the SouthWest Transit's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SouthWest Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SouthWest Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements. We have issued our report thereon dated April 14, 2022, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bergan KDV, Ltd.

Minneapolis, Minnesota
April 14, 2022

**Southwest Transit
Schedule of Findings and Questioned Costs**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Basic Financial Statements

Type of auditor’s report issued:

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No
None reported

Noncompliance material to financial statements noted?

No

Federal Awards

Type of auditor’s report issued on compliance for major programs:

Unmodified

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No
None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of Major Programs

CFDA No.:

20.507

Name of Federal Program

Highway Planning and Construction –
CRRSA Section 5307

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low risk auditee?

No

**Southwest Transit
Schedule of Findings and Questioned Costs**

SECTION II – FINANCIAL STATEMENT FINDINGS

None Noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

Minnesota Legal Compliance

Independent Auditor's Report

Board of Commissioners
SouthWest Transit
Eden Prairie, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SouthWest Transit, Eden Prairie, Minnesota, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise SWT's basic financial statements, and have issued our report thereon dated April 14, 2022.

In connection with our audit, we noted that the Transit failed to comply with provisions of the deposits and investments of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters as described in the Schedule of Findings and Responses on Legal Compliance as items 2021-001. Also, in connection with our audit, nothing came to our attention that caused us to believe that the Transit failed to comply with the provisions of the contracting and bidding, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SWT's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This purpose of this report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

 BergankDV, Ltd.

Minneapolis, Minnesota
April 14, 2022

**Southwest Transit
Schedule of Findings and Responses on
Legal Compliance**

CURRENT YEAR LEGAL COMPLIANCE FINDING:

Audit Finding 2021-001: Obtain Sufficient Collateral

The depositories of public funds and public investment laws of Minnesota Statutes 118A.01 and 118A.03 require that all deposits with financial institutions must be collateralized in an amount equal to 110% of deposits in excess of Federal Depository Insurance Corporation (FDIC) insurance.

During our audit, we noted the Transit's deposits at Americana Bank were undercollateralized as of December 31, 2021.

We recommend the Transit monitor the cash balances at all depositories to ensure the collateral pledged is sufficient.

SouthWest Transit's Response

The Transit will ensure deposits in excess of Federal Depository Insurance Corporation (FDIC) insurance are collateralized in accordance with Minnesota Statutes 118A.01 and 118A.03. As of February 28, 2022, the Transit was properly collateralized.



SOUTHWEST TRANSIT

To: SouthWest Transit Commission

From: Matt Fyten, Interim CEO/COO
Maria Mancilla-Diaz, CAO
Souriyong Souriya, Finance Director

Date: April 20, 2022

Subject: 2022 Capital/Operations Plan and Budget Amendments

REQUESTED ACTION:

That the SouthWest Transit (SWT) Commission adopt the proposed Capital/Operations Plan and amend the 2022 Budget to include the proposed Capital/Operations Plan and additional revenues.

BUDGET IMPACT:

The proposed Budget Amendment and Capital/Operations Plan would increase 2022 expenditures by \$3,056,200 consisting of: \$2,633,600 increase to Capital Cost of Operations; \$386,100 increase to Service Operations; and \$36,500 increase to Vehicle Maintenance.

The Budget Amendment would increase revenues by \$5,261,167 consisting of: \$1.4 million in additional Motor Vehicle Sales Tax (MVST); \$253,000 in additional Regionally-Allocated MVST; \$3,494,167 in American Rescue Plan (ARP) funds; \$90,000 in additional Fare Revenue; and \$24,000 in additional Advertising Revenues.

If adopted, this budget amendment would result in a projected fund balance of 51% at the end of 2022 - reducing the current forecasted fund balance down from 86%.

BACKGROUND:

Anticipated revenues adopted as part of the 2022 Budget are running ahead of what was forecasted for two primary reasons:

- Motor Vehicle Sales Tax (MVST) receipts are running ahead of the State's initial forecast, with SWT now forecasting to receive an additional \$1.4M above the adopted 2022 Budget, with an additional \$253,000 in Regionally Allocated MVST also forecasted.
- When the 2022 Budget was adopted it was not certain that SWT would receive a share of the third round of Federal COVID stimulus funds via the American Rescue Plan (ARP). SWT has now been notified by the Met Council that it will receive an additional almost \$3.5 million in ARP funding in 2022.

With over \$5 million in unbudgeted revenues now forecasted in 2022, staff is recommending adopting the attached proposed Capital/Operations Plan. This plan consists of currently unbudgeted

projects that have been identified as agency needs guided by the Strategic Plan that can be completed in 2022. The majority of the projects are already adopted as part of the agency's Capital Improvement Plan (CIP) but would be moved from an outyear to 2022. The remaining capital projects will be added to the 2022 CIP if adopted.

The proposed plan consists of currently unbudgeted Operations expenses that include IT security upgrades and added services that will meet the growing demand for SW Prime services, allow for the expansion of SW Prime services, and provide more express bus service options for customers starting in the Fall.

Adopting the proposed Capital/Operations Plan for 2022 would result in just over \$3 million of additional expenditures not currently part of the adopted 2022 Budget.

If adopted, this budget amendment would result in a projected fund balance of 51% at the end of 2022 - reducing the current forecasted fund balance down from 86%.

RECOMMENDATION:

That the SouthWest Transit (SWT) Commission adopt the proposed Capital/Operations Plan and amend the 2022 Budget to include the proposed Capital/Operations Plan and additional revenues.

Dept		Project Name	Proposed Explanation	Proposed Budget
All Facilities	Door Access Controller Replacement	SouthWest Transit uses a door controller system consistent throughout all facilities. These controllers have reached their end-of-life and need replacement. This project will replace 13 door controllers over all the facilities	50,000	
All Facilities	Lockbox Security System	To allow contractors and part time employees access to park and ride facilities, SouthWest Transit currently has a manual lock box holding an access card. This card allows access to every door in the station. SWT recently had a situation where the lockbox code was attempted to be used for mischievous or harmful intent. SWT has identified that a more secure process must be put in place to prevent this from happening again. This project would install an electronic lock box at all park and ride facilities that have a one-time use passcode. A contractor would be given this one-time code and we would be notified when it is used and when the key has been returned. A camera on the box would capture the user of the code.	87,000	
All Facilities	Generator Tracker System	Install a Generator Tracker system with remote control on the generator set.	15,000	
ECS	East Creek Station Concrete	ECS Concrete outside of the turnaround the walkway	120,000	
EPG	HVAC Replacement at SW Village	Replace units at the SW Village Park and Ride (Chanhassen) that have met their useful life. Replacing will allow SouthWest to keep the facility in a state of good repair, as well as lowering operational costs and improving environmental efficiency.	150,000	
EPG	4 Highspeed Rubber Garage Doors	Replace garage doors at our maintenance facility that exceed 20 in age. High speed doors will: Open and close faster letting out less heat in the winter. If hit, these doors do not damage and can be put back in place very easy. These doors have fewer moving parts, lowering the overall cost to maintain.	180,000	
EPG	Eden Prairie Garage Security Fencing	SouthWest Transit has put a significant cost into securing its garage facility in Eden Prairie by installing a secure entry system. The perimeter fencing is falling in some spots. This project would replace the falling fencing and install a high security fence product to help maintain a secure facility.	13,000	
EPG	Repaint the ceiling	Repaint the ceiling at EPG - outside service	100,000	
EPG	EPG Backup Storage with Timer Lock	This will replace the backup repository at EPG with a new version with more space and a time lock feature to prevent deletion of backups by cyber criminals. EPG's current repository would then be repurposed at SWV as a backup with Time lock features.	21,600	
Ops	Security Camera Replacements - All Facilities	SouthWest Transit has surveillance cameras installed at all of its locations. Most of these cameras have been in service for 7-12 years. This project would replace the old, lower resolution cameras with new high resolution, 360 degree viewing cameras. It would also fill some coverage gaps located at SouthWest Village.	275,000	
Ops	Cellular Router Replacement	Cellular Router Replacement Project - The current hardware used for wireless network connectivity to our buses and facilities has reached end of life. This project will replace the cellular routers on all of our revenue and non-revenue as well as the backup internet connections at our facilities. This project was originally budgeted to replace half of the fleet, but with the new project, we can complete the entire system. Original budget cost was \$152,000. The new complete cost with installation will be \$280,000	280,000	
Ops	NetApp 12-Drive Expansion	Add additional storage drives for our server farm and file server	18,600	
Ops	Panic Buttons for Prime	Add system for panic in Prime Vehicles	15,000	
Ops	Cameras for Shop Truck and Front End Loader	Add camera system for Shop Truck and Front End Loader	9,400	
Ops	Jump Box Security Device	This device would allow us to put our server's management systems on a separate network than what is currently configured. In the event an attacker gained access to our standard network the computers use, they would not be able to get to the underlying server management systems.	13,000	
Ops	SWV DR Storage Expansion	Backup space is low on our Disaster Recovery server. This adds more storage.	6,000	
SWS	SW Station Ramp Preventative Maintenance	Undertaking the preventative maintenance activities at SouthWest Station (Eden Prairie) will help keep the ramp in a state of good repair and help get in front of any problems before they become costly repairs. Actions such as crack repairs, roof repairs/replacement, seam caulking, expansion joint replacement, and concrete sealing.	290,000	
SWS	Snow Dump Replacement at SW station	As a result of the southwest LRT extension, the existing snow dump at SouthWest Station will no longer be accessible. SWT has negotiated a land deal with the adjacent landowner to establish a new snow dump area. SWT will need to construct walls to prevent snow falling and/or rolling over into the ramp protecting cars and existing generator.	125,000	

Dept		Project Name	Proposed Explanation	Proposed Budget
				SWT Funding
SWS		Ramp Capacity Signage	With the new parking ramp addition to SouthWest Station, a new car counting system will be installed that will inform passengers that the ramp is full or open. Being the addition is a separate ramp, we feel it better if external signs at both entrances to the ramps would show the open number of spots on each level to help the passenger find a parking spot faster and safer.	75,000
SWV		SouthWest Village Concrete	SWV Concrete project	200,000
VM		Pedestrian Avoidance System on coach buses	In 2019 Buses killed 51 and injured over 600 pedestrians. Over 90% of these accidents involved a pedestrian entering one of the buses blind spots. We want to install a system that uses cameras in conjunction with AI technology to identify pedestrians, bicyclist and motorcyclist as they enter blind spots. The system would alert the driver with both a audio and visual alert of there presence, allowing the driver time to stop to avoid a collision with a vulnerable human. The system would alert the pedestrian to the presence of the bus. The system uses telematics to allow tracking of an potential occurrences allowing for advanced driver training. SWT have 52 coaches @ \$11k each, in 2022 will complete 35 coaches	385,000
VM		EV Prime Vehicles	New Prime EV Vehicles - Reallocate the adopted budget Transit Vans for Marketing and IT (\$100k) for new EV vehicle and deferred Marketing and IT vans for 2023.	40,000
VM		Zero-Emission Bus Transition Plan	Consultant needed to complete the FTA-required Zero-Emission Bus Transition Plan	80,000
VM		Facility Dump Truck	Facility Dump truck, \$90k for truck and \$95k for big box and plow- Reallocate the adopted budget for snow loader blower (\$115k) and addition \$85k.	85,000
			Total Capital Projects	2,633,600
Transit Service		Service Additions	Added services include adding Prime service on weekdays and Saturdays in the Spring/Summer to meet growing demand and to allow for expansion to Edina, Minnetonka, Excelsior, and Hopkins; Additional express services starting in the Fall to meet growing demand for Downtown services and provide greater service options for riders that will have more flexible work schedules.	377,000
Ops		Barracuda Spam Filtering	Add an additional spam filter to prevent malicious emails, estimated \$300 monthly	4,800
Ops		Office 365 Backup to Cloud	This would backup our Office 365 Email and One-Drive to the cloud. Something that is currently not happening. Est. \$150 monthly	4,300
			Total Operations	386,100
			Total Capital Projects and Operations	3,019,700

SOUTHWEST TRANSIT						
	A	B	C	D	E	
General Fund Summary of Revenues and Expenditures						
				With Proposed Capital/Ops Plan	Without Proposed Capital/Ops Plan	
	FY 2021	2022 Adopted Budget	Proposed 2022 Budget Amendments	2022 Proposed Amended Budget	2022 Proposed Amended Budget	
REVENUES						
Intergovernmental revenue						
Motor Vehicle Excise Tax (MVST)	\$ 9,045,479	\$ 7,591,000	\$ 1,400,000	\$ 8,991,000	\$ 8,991,000	
RAMVST	1,656,214	1,417,300	253,000	1,670,300	1,670,300	
CMAQ Grant	20,542	30,000	-	30,000	30,000	
CARES ACTS 5307	-	-	-	-	-	
CRRSA 5307	2,072,432	-	-	-	-	
ARP Funds	-	-	3,494,167	3,494,167	3,494,167	
5307 NTD Funding	348,606	705,000	-	705,000	705,000	
Passenger fares	521,820	548,800	90,000	638,800	638,800	
Miscellaneous revenue						
Contracted Revenue	56,504	72,000	-	72,000	72,000	
Advertising Revenue	196,072	150,000	24,000	174,000	174,000	
Interest on investments	15,480	10,000	-	10,000	10,000	
Miscellaneous other	64,917	74,000	-	74,000	74,000	
Total revenues	13,998,066	10,598,100	5,261,167	15,859,267	15,859,267	
EXPENDITURES						
Administration	1,481,578	1,751,388	-	1,751,388	1,751,388	
Operations	4,876,851	6,069,100	386,100	6,455,200	6,069,100	
Vehicle maintenance	1,494,877	1,859,100	36,500	1,895,600	1,859,100	
Facility maintenance	1,286,428	1,446,210	-	1,446,210	1,446,210	
Related capital cost of operations	1,360,564	1,452,500	2,633,600	4,086,100	1,452,500	
5307 NTD Funding	334,271	705,000	-	705,000	705,000	
Total expenditures	10,834,569	13,283,298	3,056,200	16,339,498	13,283,298	
Revenues Over/(Under) Expenditures	3,163,497	(2,685,198)	2,204,967	(480,231)	2,575,969	
Other Financing Sources (Uses)						
Insurance Recoveries	174,324	-	-	-	-	
Transfer In/(Out)	(1,966,405)	-	-	-	-	
Total Other Financing Sources (Uses)	(1,792,081)	-	-	-	-	
Net change in fund balance	1,371,416	(2,685,198)	2,204,967	(480,231)	2,575,969	
Fund Balance - January 1 estimated	7,522,658	8,894,074	-	8,894,074	8,894,074	
Estimated Fund Balance - December 31	\$ 8,894,074	\$ 6,208,876	\$ 2,204,967	\$ 8,413,843	\$ 11,470,043	
Fund Balance as a % of Budget	82.1%	46.7%		51.5%	86.3%	



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Tony Kuykendall: Director of Vehicle and Facility Maintenance
Matt Fyten: Interim CEO/COO

DATE: 4/17/2022

SUBJECT: SW Prime Electric Vehicle Purchase

REQUESTED ACTION:

That the SWT commission authorize its Interim CEO to enter into an agreement with Borton Volvo of Golden Valley Minnesota in an amount not to exceed \$124,000 for the purchase of two Volvo C40 recharge fully electric SUVs.

BUDGET IMPACT:

\$100,000 was budgeted in 2022 for the purchase of two staff vehicles. This money would be reallocated for the purchase of these prime expansion vehicles. The budgeted staff vehicles purchase will be moved to 2023. The remaining \$24,000 is part of the Commission's approval of the proposed Capital/Operations Plan and associated 2022 Budget Amendment.

BACKGROUND:

Prime ridership has continued to grow; this growth has increased the demand for additional vehicles. SWT staff has been working closely with many automakers to find timely viable options to meet our demand. Given current supply chain issues coupled with long vehicle build times. I recommend the purchase of the above vehicles; these vehicles are expected to be delivered in late May of 2022 and would be one of the first steps towards our goal of a zero emissions fleet as adopted as part of the SWT Strategic Plan and Sustainability Action Plan.

In looking for viable electric vehicle options for SW Prime, staff received the following per vehicle quotes and delivery timelines:

- Volkswagen ID4: \$52,000 projected delivery 6 to 8 months
- Hyundai Ioniq5: \$56,945 projected delivery 9 plus months
- Kia Niro: \$48,000 projected delivery first quarter of 2023
- Volvo C40: \$61,000 projected delivery 30 to 45 days
- Audi E-tron: \$67,995 projected delivery early 2023

- Tesla model X: \$114,900 projected delivery January of 2023
- Toyota BZ4X: \$51,164 projected delivery first quarter of 2023

Given the ever-increasing demand for SW Prime, and the current scarcity of currently available vehicles (gas or EVs), staff is recommending the purchase of the two Volvo C40 Recharge EVs as they are expected to arrive by the end of May 2022 – at least six months sooner than any other vehicle. Attached to this memo some facts about the vehicle including range and estimated fuel savings, as well as images of the vehicle.

Finally, other than a needed charging adaptor, the Eden Prairie Garage already has the EV charging infrastructure in place to put these vehicles into operation ASAP.


RECOMMENDATION:

That the SWT commission authorize its Interim CEO to enter into an agreement with Borton Volvo of Golden Valley Minnesota in an amount not to exceed \$124,000 for the purchase of two Volvo C40 recharge fully electric SUVs.

Features

- All-wheel drive
- 5 passenger seating
- Regenerative braking
- 226-mile range on a single charge
- Lane assist
- Backup camera
- 8-year 100,000-mile battery warranty

Fuel savings

<p>Economy 1 gallon of gasoline=33.7 kWh</p> <p>e</p>	<p>Electricity</p> <hr/> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"></td> <td style="width: 33%; text-align: center;">City</td> <td style="width: 33%; text-align: center;">Highway</td> </tr> <tr> <td></td> <td style="text-align: center;">MPGe:94</td> <td style="text-align: center;">MPGe:80</td> </tr> <tr> <td style="text-align: center;">combined</td> <td style="text-align: center;">city</td> <td style="text-align: center;">highway</td> </tr> <tr> <td style="text-align: center;">city/highway</td> <td></td> <td></td> </tr> </table> <p style="text-align: center;">39 kWh/100 mi</p> <div style="text-align: center;">  <p>Electricity</p> </div> <p style="text-align: center;">226 miles Total Range</p>		City	Highway		MPGe:94	MPGe:80	combined	city	highway	city/highway		
	City	Highway											
	MPGe:94	MPGe:80											
combined	city	highway											
city/highway													
<p>You save or spend* Note: The average 2022 vehicle gets 27 MPG</p>	<p>You SAVE</p> <p style="text-align: center;">\$10,000</p> <p style="text-align: center;">in fuel costs over 5 years compared to the average new vehicle</p>												
<p>Annual Fuel Cost*</p>	<p style="text-align: center;">\$1,750</p>												
<p>Cost to Drive 25 Miles</p>	<p style="text-align: center;">\$1.25</p>												

Maintenance savings

This vehicle is expected to save over \$3,500 in maintenance cost over its five -year life. These savings come from reduced lubricant use, reduced brake components and reduced labor During PMs.





SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Kory Simich – Grounds & Facility Manager

DATE: 04/28/2022

SUBJECT: Kubota Lawn and Snow Machine

REQUESTED ACTION:

That the SWT Commission authorize its Interim CEO to enter into an agreement with Lano Equipment for the purchase of the Kubota lawn and snow machine for an amount not to exceed \$35,000.

BUDGET IMPACT:

There is \$20,000 budgeted in 2022 for the purchase of a replacement lawn mower. We are requesting an additional \$15,000 to purchase an enclosed cab machine that can be operated all year as opposed to season specific.

BACKGROUND:

The machine we are looking to purchase off the state contract will be used in the spring-summer-fall to mow our facilities and clean up leaves. In the winter, we will drop the deck and put on a broom attachment to use on our sidewalks.

The machine is far lighter than any bobcat or toolcat we own and will cause no damage to our walkways due to weight issues.

RECOMMENDATION:

That the SWT Commission authorize its Interim CEO to enter into an agreement with Lano Equipment for the purchase of the Kubota lawn and snow machine for an amount not to exceed \$35,000.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Kory Simich – Grounds & Facility Manager

DATE: 04/28/2022

SUBJECT: Tandem Axle Dump Truck

REQUESTED ACTION:

That the SWT Commission authorize its Interim CEO to enter into an agreement with Boyer Trucks for an amount not to exceed \$124,000 and Towmaster Truck Equipment for an amount not to exceed \$76,000. For the purchase of a Freightliner 114 SD dump truck equip with a plow.

BUDGET IMPACT:

There is \$115,000 budgeted for a snow blower attachment that we would like to reallocate toward the purchase of this truck. An additional \$85,000 is requested to purchase the vehicle for a total of \$200,000.

BACKGROUND:

There will be a need for a vehicle of this size as ridership returns. Snow removal of SouthWest Station in Eden Prairie will require us to haul snow off site following the clearing of our ramp deck due to limited storage on site with the addition of LRT and Elevate.

This vehicle will serve a purpose year-round, however, as it will be equipped with a plow in the winter and used to acquire materials such as dirt and mulch, which we refresh on a yearly basis in the spring and summer months.

RECOMMENDATION:

That the SWT Commission authorize its Interim CEO to enter into an agreement with Boyer Trucks for an amount not to exceed \$124,000 and Towmaster Truck Equipment for an amount not to exceed \$76,000. For the purchase of a Freightliner 114 SD dump truck equip with a plow.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Jason Kirsch

DATE: April 20, 2022

SUBJECT: Door Controller Replacement

REQUESTED ACTION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Siemens Industry, Inc. for an amount not to exceed \$47,715.00 for door controller replacement.

BUDGET IMPACT: This project will use dollars from the SouthWest Transit capital cost of operating budget.

BACKGROUND:

SWT uses a hardware controller to secure the doors at all of its facilities. This controller has reached its end of life and parts can no longer be purchased in the event of a failure. SWT has 4 controllers at the Eden Prairie Garage, 2 controllers at East Creek Station and 1 controller at Chanhassen Transit Station. This project would replace these controllers as well as migrate the current programming to the new controllers.

A design for this project was prepared by SWT Staff and Siemens Industry Inc. The project cost was formulated using a contract from the National Joint Powers Alliance (NPJA), which meets the State's procurement requirements.

Siemens Industry Inc. submitted a cost of \$47,715.00 for the work.

RECOMMENDATION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Siemens Industry, Inc. for an amount not to exceed \$47,715.00 for door controller replacement.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Jason Kirsch

DATE: April 20, 2022

SUBJECT: Cellular Router Replacement/Addition

REQUESTED ACTION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Heartland Business Systems. for an amount not to exceed \$258,201.52 for the Cellular Router Replacement/Addition project.

BUDGET IMPACT: This project will use dollars from the SouthWest Transit capital cost of operating budget.

BACKGROUND:

SWT currently has cellular routers installed in its coach fleet of buses to provide Wi-Fi for its passengers. It also has a cellular routers installed at all facilities for a backup internet connection. These devices are reaching their end of life. They also use a slower 4g technology for network communication. This speed has been adequate for the operations needed. In the near future, bus Wi-Fi, Automatic Vehicle Location and live security camera feeds bandwidth will be required from these devices.

This project would replace the end of life routers in the coach fleet and facilities. It would also add routers to the SW Prime fleet and Non-Revenue vehicles to support the live streaming of security cameras and panic alarm systems.

A design for this project was prepared by SWT Staff and Cradlepoint. The project cost was formulated using a contract from the National Cooperative Purchasing Alliance (NCPA), which meets the State's procurement requirements and has members including MnDOT, Hennepin County and the City of Chaska.

Heartland Business Systems submitted a cost of \$258,201.52 for the work though the NCPA.

RECOMMENDATION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Heartland Business Systems. for an amount not to exceed \$258,201.52 for the Cellular Router Replacement/Addition project.



SOUTHWEST TRANSIT

MEMORANDUM

TO: SouthWest Transit Commission

FROM: Jason Kirsch

DATE: April 20, 2022

SUBJECT: Contractor Access Securement System

REQUESTED ACTION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Siemens Industry, Inc. for an amount not to exceed \$86,350.00 for the contractor access securement system.

BUDGET IMPACT: This project will use dollars from the SouthWest Transit capital cost of operating budget.

BACKGROUND:

SWT currently stores a card access badge in a lock box at the site of its park and ride locations to allow contractors to access the parts of the building necessary to complete their task. Recently we had an individual try to access one of these lockboxes to gain access to an unauthorized part of the facility. Fortunately, this person was at the wrong lock box. To prevent theft or vandalism to our facilities in the future, we would like to install a more secure system than just sharing a 4 digit lockbox code.

The system proposed here would assign a contractor a one time use pin that would allow them to take only the card access assigned to them so they can complete their work. This pin would allow the contractor to return the key when the job was completed. A camera would monitor the person using the pin.

This proposal would install the system at SouthWest Station, SouthWest Village, Chanhassen Transit Station, and East Creek Station.

A design for this project was prepared by SWT Staff and Siemens Industry Inc. The project cost was formulated using a contract from the National Joint Powers Alliance (NPJA), which meets the State's procurement requirements.

Siemens Industry Inc. submitted a cost of \$86,350.00 for the work.

RECOMMENDATION:

That the SouthWest Transit Commission authorize its Interim Chief Executive Officer to execute an agreement with Siemens Industry, Inc. for an amount not to exceed \$86,350.00 for the contractor access securement system.

Legislative Update



SOUTHWEST TRANSIT

To: SouthWest Transit Commission

From: Mike Huang, Chair
Len Simich, Special Advisor to the Commission

Date: April 20, 2022

Subject: Legislative Update

REQUESTED ACTION:

Through the remainder of the 2022 Minnesota Legislative Session, there will be a standing Agenda item to discuss up to date legislative information and for Commission members to report on meetings/discussions they have with key Legislators and/or local elected officials regarding SWT's Legislative priorities.

BUDGET IMPACT:

None.

BACKGROUND:

Legislative Actions

- ***Seek a Legislative change that would allow SWT to better control and fund its operations.*** Actions that would allow the agency to control the type of services offered, fares charged, vehicles operated and vehicle ownership, Actions could also include a structural change by transferring oversight responsibilities from the Metropolitan Council. Besides eliminating the competition for funding that currently exists, this allows the suburban systems to be grouped with peer operations like Duluth, St. Cloud, Mankato, and Rochester who are already under Mn/DOT oversight. *A bill authored by Senator Pratt has been drafted. Met with the Senate Chair Newman about moving this forward. He would like to see DFL support in the way of signing on to the bill from the Legislators in the SWT and MVTA service area before holding a hearing. Currently working with both of our Lobbyist to see if we can make this happen.*
- ***Seek Legislative action that would allow SWT to directly receive the property tax revenue collected/taxed in our communities for transit capital*** (i.e., the regional transit tax collected by the Metropolitan Council to retire debt issued for capital purposes). *Tied to first bullet.*
- ***Seek Legislation to obtain an equitable share and direct disbursement of MVST funding.*** The current structure in place since 2001 does not provide suburban systems with an equitable share. When transit funding shifted in the metro area from the property tax to MVST in 2001, the suburban transit systems received a snapshot of what we had been earning which equaled 17.39% of the MVST funding. From 2007 until 2019, that amount dropped to 12.87%. Since 2020 the suburban transit systems have received a slight increase

which now totals 13.3% of the MVST dedicated to transit in the Twin Cities region.

Discussed this with Senator Newman as well. Senator Newman indicated a better approach may be an incremental increase over a series of 4-5 years (which may make sense as Metro Mobility costs will shift completely away from MVST by then). Although not introduced as such, I have been told this is one of the negotiating points the Senate intends to bring up in the Conference Committee.

- ***Two new Legislative opportunities have come up in the past month. One would be to split the tax on motor vehicle parts between roads and transit 60/40 (40% for transit). This split would be similar to the current MVST split where the Twin Cities Region would get 35%, and of the 35%, the suburban providers would receive 3.75%. The senate as well as Maple Grove and Plymouth do not support the split and would like to see 100% go to roads. This will be hashed out in the Conference Committee. The second is a bill authored by Representative Hornstein which would provide \$1.3 million (total) to the suburban providers for Micro Transit expansion. If passed, this would provide SWT with approximately \$400,000 (one time funding). This does not have a Senate author and would likely get negotiated as part of the larger transportation bill.***
- ***Seek Legislative Action to secure our share of funding from the third pot of funding related to COVID Relief the “American Rescue Plan.”*** SouthWest Transit (as well as all the suburban transit providers) received from the CARES Act and CRRSA. Both were distributed to the providers via the federal 5307 formula. Funding from the third bill, the American Rescue Plan, has been received by the Metropolitan Council who has indicated they are not distributing the funds via formula but by need. Something (need) that has not been defined. *If all goes as planned, the Metropolitan Council is going to take action to distribute the third (and final) round of COVID Relief funding, the American Rescue Plan Act (ARPA) funding to the suburban systems which will bring an additional \$3.5 million to SWT. Legislation authored by Senator Osmek and Representative Masen is in place and will be introduced should the Council fail to take action.*
- ***Federal – Staff has submitted a proposal for \$2 million to go towards our sustainability efforts. To be considered we need the support of our Federal delegation. We have asked Representative Phillips to be our main supporter. I will be meeting with members of his team as well as Senator Klobuchar and Senator Smith’s team next week in Washington D.C. Attached is our proposal.***

RECOMMENDATION:

That Special Advisor to the Commission as well as the Commission members report back monthly on activities as well as meetings/discussions they have with key Legislators and/or local elected officials regarding SWT’s Legislative priorities.

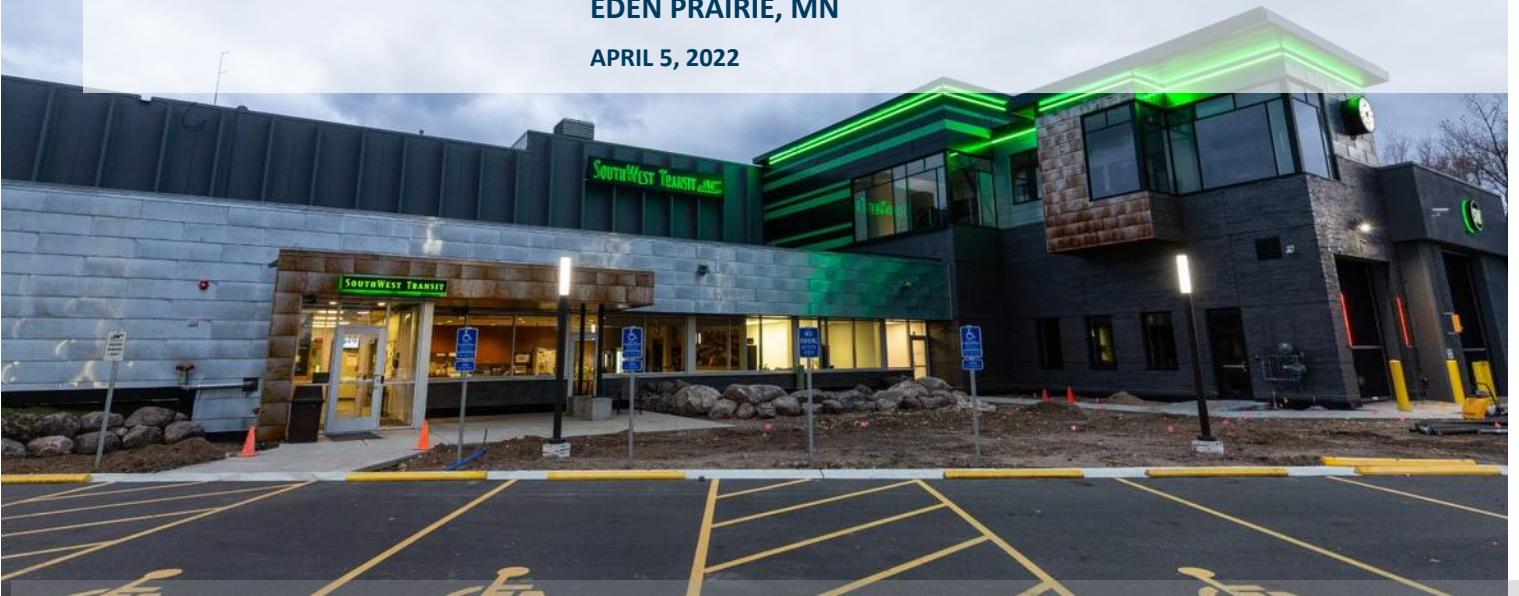
Federal Funding Opportunities



SOUTHWEST TRANSIT COMMISSION MULTI-CITY/COUNTY CLEAN ENERGY DEMONSTRATION PROJECT

EDEN PRAIRIE, MN

APRIL 5, 2022



Executive Summary

SOUTHWEST TRANSIT COMMISSION

Multi-City/County Clean Energy Demonstration Project

Cities: Eden Prairie, Chaska, Chanhassen
Counties: Hennepin and Carver



ABOUT SOUTHWEST TRANSIT COMMISSION

SouthWest Transit Commission (SWT) is the public transit agency for the West Metro Cities of Chaska, Chanhassen, Carver and Eden Prairie spanning both Carver and Hennepin Counties. The bus service has regular routes to Downtown Minneapolis, the University of Minnesota, Normandale Community College, Best Buy Headquarters, as well as services to the State Fair, various concerts, and MN sports (Twins, Vikings, and Gophers games). **Approximately 1.2 million commuters utilize the bus services annually** and many fully rely on this service for their regular home-to-work-to-home weekly routine. Also, the upcoming Light Rail addition to the Eden Prairie Transit Station will further add to the growth of ridership for SWT.

SOUTHWEST TRANSIT COMMISSION'S INNOVATION AND SUSTAINABILITY EFFORTS

SWT has provided 36 years (since 1986) of sustainable transit service and has a proven history of innovation and sustainability efforts for its transit stations, parking ramps and operations (for example, LED lighting upgrades at the parking ramps, and energy efficiency upgrades at the bus service garage and transit centers).

SWT has committed to the adoption of electric vehicles and buses and has established a goal of going all electric by 2045 and fully Sustainable by 2050.

SWT is committed to expanding its innovation and sustainability efforts by preparing its transit garage and stations for the influx of electric vehicles and electric buses (both for present and future users). And, by identifying locations ideal for the addition of solar PV systems to generate as much electricity as each location uses with renewable energy – **with a vision to achieve a sustainable, clean energy operation - as close to Net Zero as possible – at as many locations as possible.**

PROJECT GOALS & OBJECTIVES

The vision of this project is to advance SWT's position as a Minnesota leader in innovation and sustainability by implementing the **Multi-City/County Clean Energy Demonstration Project** - building upon SWT's history of investing in sustainable transit operations. The goals and objectives of this project are to:

- **Achieve Near Net Zero Energy performance for two (2) transit stations** in which most/all of the electricity used on site is generated from solar PV; a renewable energy source.
- **Demonstrate readiness for EV charging infrastructure** and accelerate the adoption of EVs in MN.
- **Demonstrate the movement to “electric” buses** and their required charging stations to ensure round trip capabilities and continued daily service.
- Showcase clean energy technologies in SWT's owned and operated transit stations that will **provide visibility, access, understanding and potential for replication across Minnesota.**

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- **Communicate economic, environmental, equity, and local community workforce benefits** of sustainability investments in transit across the West Metro areas of Minnesota.
- **Create economic resiliency** for SWT operations through significant cost savings long term.
- Prepare SWT with a shovel-ready project concept in which **SWT may request 50% of the project cost via Federal Funding, and SWT to provide 50% via local match.** The match may be paid by energy and operations/maintenance savings of the installed project over time.

PROJECT DESCRIPTION SUMMARY

To achieve the vision and goals stated above, the *SWT Multi-City/County Clean Energy Demonstration Project* identifies a comprehensive selection of clean energy solutions applicable to request funding assistance via Federal Funding; specifically, Congressionally Directed Spending Requests, Appropriation Requests, Community Supported Projects and other State and Federal grants and funding sources.

This funding will allow SouthWest Transit needed funding to implement an impactful project providing economic, environmental, equity and local community workforce benefits to SouthWest Transit and the many surrounding Minnesota communities.

The selected sustainability and clean energy solutions include a combination of solar PV renewable energy; EV charging stations for cars, prime vehicles, and buses; facility energy efficiency measures; and moving towards **Near Net Zero Energy at various transit station sites** - all demonstrations strategically placed across the West Metro Cities of Chaska, Chanhassen, Carver and Eden Prairie.

Locations selected are vital to the surrounding communities, residents, workforce, critical infrastructure, businesses, and institutions. The following provides a summary of the site locations and clean energy solutions, cost estimates, and projected outcomes and benefits.



Existing SWT Stations and Transit Operations

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FEDERAL FUNDING REQUEST

SELF-SUSTAINING SHOVEL READY PROJECT	COST ESTIMATE	% OF PROJECT COST
Federal Request	\$ 1,996,000	50%
Local Contribution	\$1,996,000	50%
Total Project Cost	\$ 3,992,000	100%

PROJECT COST ESTIMATES – BREAKDOWN BY SOLUTION

SOLUTION	BREAKDOWN BY SOLUTION	SOLUTION HIGHLIGHTS
Solar PV	\$2,686,000	<p>675 KW Solar PV spanning multiple community facing and community beneficial locations – demonstrating multiple applications of solar PV technology:</p> <ul style="list-style-type: none"> Eden Prairie Bus Garage – Roof mount Southwest Station – Carport Canopy on parking garage for bus and light-rail service
EV Charging for Buses and Vehicles	\$1,156,000	<p>16 EV Charging Stations – spanning high traffic locations that will serve future EV buses and EV passenger/ SWT fleet vehicles. Locations couple EV charging and Solar PV.</p> <ul style="list-style-type: none"> 15 – Passenger car and SWT fleet vehicle stations in Eden Prairie, Chaska and Chanhassen 1 – Bus Charging Station in Eden Prairie
Energy Efficient Facility Improvements and Conservation	\$ 150,000	<p>Energy efficiency solutions consisting of the following technologies. This location couples solar PV with energy efficiency measures to achieve Near Net Zero Energy.</p> <ul style="list-style-type: none"> HVAC commissioning at the Eden Prairie Bus Garage
Community Sustainability Education Tools and Project Modeling		<ul style="list-style-type: none"> Community facing learning and demonstration Modeling and reporting of energy and conservation performance

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SUMMARY OF SELECTED LOCATIONS & SOLUTIONS

LOCATION AND ADDRESS	EV CHARGING CARS	EV CHARGING BUSES	SOLAR PV	ENERGY EFFICIENCY	NEAR NET ZERO ENERGY
SouthWest Station (Bus and Light Rail Station) 13500 Technology Drive Eden Prairie, MN 55346	X		X		X
SouthWest Village Station 650 Southwest Village Drive Chanhassen, MN 55317	X	X			
East Creek Station 2120 Chestnut Street – N. Chaska, MN 55318	X				
Eden Prairie Bus Garage 14405 W. 62 Street Eden Prairie, MN 55346	X		X	X	X

SWT EDEN PRAIRIE BUS GARAGE – EXISTING FACILITY VS. RENDERING OF FACILITY WITH SOLAR PV



Existing SWT Eden Prairie Bus Garage Roof



SWT Eden Prairie Bus Garage Roof with Solar PV

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PROJECT BENEFIT OUTCOMES

If selected for federal investment, the *SWT Multi-City/County Clean Energy Demonstration Project* will deliver the following outcomes:

40 Local Jobs



Create local jobs and economic development for SWT and surrounding MN Cities and Counties – we estimate this project will create **40 local jobs for the design and installation of this project.**

\$74,200/YR
In utility savings



Reduce SWT's energy spend by approximately **\$74,200/year**; therefore, reducing long-term operational costs for the life of the equipment (25+ yrs.), which may be used to reinvest into other Transit operation needs.

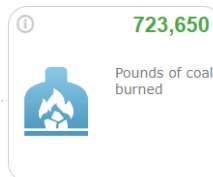
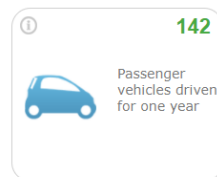
1.2 Million Pounds of Carbon

Reduced per year



Reduce Greenhouse Gas (GHG) and Carbon (CO₂) emissions by **1.2 million pounds of Carbon annually.**

The sum of GHG and CO₂ emissions is equivalent to:



Source: <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

675 KW Solar



Install **675 KW** of solar across two (2) transit stations. The electricity will be used onsite to offset current electric use/ cost and **achieve Near Net Zero Energy.**

2 Near Net Zero Energy Transit Stations



Demonstration of how solar energy, EV charging stations, and energy efficient technologies can be incorporated at the transit stations – which will **showcase SWT's commitment to sustainability, clean energy technologies and its goal to go all electric by 2045, striving for near Net Zero Energy achievement.**

Energy Efficiency



Implement **HVAC Commissioning at the Bus Garage** to reduce electric consumption and cost and move towards clean energy technologies. **When coupled with a solar system, it will greatly reduce the energy requirement of this building.**

16 EV Charging Ports

spanning 3 Cities in Hennepin and Carver Counties



Install **16 EV charging ports** across the West Metro Cities of Chaska, Carver and Eden Prairie – located in Hennepin and Carver Counties – **for use by SWT and the 1.2 million of commuters who annually utilize these Transit Stations.**

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RENDERINGS OF SWT EDEN PRAIRIE BUS GARAGE WITH PROPOSED SOLAR AND EV CHARGING STATIONS



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RENDERINGS OF SWT EDEN PRAIRIE SOUTHWEST STATION WITH PROPOSED SOLAR AND EV CHARGING STATIONS



Updates

Updates

April 2022

Len Simich Day – On April 19th, the City of Eden Prairie proclaimed the day as Len Simich Day in Eden Prairie. A well-deserved accolade for Len’s extraordinary contributions to the City’s transit services over the past 25 years.

Operations & Planning Update

Edina SW Prime Service Expansion – Staff is working on launching SW Prime service that will provide rides between the SWT Service Area and Edina. The service would operate as designed currently with Shakopee – where service would only be provided to and from the SWT Service Area (i.e. no Edina to Edina rides to be provided). Rides will cost the standard Prime fare, \$4, and can be either scheduled or on-demand. Service is expected to start by June.

State Fair Service – Given the significant decrease in State Fair ridership in 2021, the 2022 Operating Budget calls for operating State Fair service for only half the Fair: Fridays-Sundays. Historically, these days have been the most productive. Staff is currently considering service options for the State Fair and will have a discussion with the Commission at its meeting.

Zero-Emission Fleet Transition Plan – A new requirement of the Lo or No Emission Program is that transit agencies must prepare and submit a Zero-Emission Fleet Transition Plan with its application. Staff is currently speaking with vendors and industry experts on the best path forward to ensuring it has a complying plan when submitting any planned applications this year. A proposal will likely be brought forth to the Commission at its May meeting. For this year’s FTA grant applications, staff is working with the Center for Transportation and Environment (CTE) on completing a “slim” plan to meet compliance for this year’s application. The formal Zero-Emission Fleet Transition Plan will be completed in early 2023 and used for future FTA grant applications.

Xcel Energy Infrastructure Agreement – Staff is conducting a legal review of a funding program through Xcel Energy that will fund needed electric infrastructure upgrades as the agency transitions to zero-emission vehicles in the coming years. Emphasis will be placed on upgrading the Eden Prairie Garage, but also may include needed infrastructure upgrades at the SouthWest Station ramp in Eden Prairie and Chanhassen Transit Station (both serviced by Xcel). Once legal review is completed, staff will determine if the agreement(s) are in the best interest of the agency moving forward as we seek to transition to a 100% zero-emission fleet by 2050.

2050 Transportation Policy Plan (TPP) – Met Council staff has reached out to STA’s representative from MVTA on the TAB Funding and Programming Committee to start the process of seeking provider input related to the Met Council’s 2050 TPP. Staff will do what it can to ensure SWT’s comments and input are provided throughout the process, which will occur over the next several years.

IT Updates

The **Transit Asset Management** plan has been updated for 2022. Staff has recently imported all facility assets into the software it uses for its rolling stock. This will allow us to track cost of operation and useful life in one place for all assets. We are working with our software supplier to create the custom reports needed for the TAM plan.

The **Leonard L. Simich Garage Front Gate Project** has been moving forward since the warmer weather has approached. Final electronics are being installed and tested in the next 2 weeks and the gates will be operational in May. This will provide our facility with the added security it needs.

Facilities Updates

The facilities crew has been busy cleaning up after winter, removing salt residue and trash blown in from the heavy spring winds. Equipment has been brought back to the garage for inspections prior to the spring- summer seasons. Facilities has been busy putting together list and ordering materials for spring landscaping.

The Eden Prairie Garage roof project is underway, weather has slowed the project.

The fire cleanup is progressing in Garage C, the initial cleanup is complete. The flooring is expected to be completed early next week, the paint will start shortly after the floor is completed. Staff believe the garage will be back in operation by June 2022.

The East Creek ramp PM starts April 25th.

Vehicle Maintenance updates

The maintenance crew has been busy coordinating with MCI to complete the bus electrical retrofits, these are under way and are expected to be completed sometime in May.

The Maintenance team has been completing warm weather services on all SWT vehicles.

Administration

Commission Agenda Software

To streamline the process of creating an agenda packet and communicating to all involved, HR has reviewed software options to modernize how this function is done. Roll out of Granicus – used by Carver – will take place soon. Additional information will be provided as it is available.

Commissioner/Staff Photos

As part of the website refresh, we will be taking new photos of Commissioners and Management at the May 2022 meeting to be used on the appropriate pages of the website.

Driver Study

Work on the analysis of bringing the drivers in-house will be wrapping up in the next few weeks. The evaluation of both the pros and cons of bringing the service in-house, as well as identifying the pathway

on what will need to occur is almost complete. Any financial impacts this approach may have on the organization will be completed in the coming weeks. Staff plans to dedicate the Commission's May Work Session to dive into the subject in greater detail.

Staff Evaluation and COLA

Staff is working on a revised performance evaluation process which will include a cost-of-living adjustment (COLA). As you may remember, the Commission made a COLA adjustment for 2021 and 2022. With the competition for employees ever increasing, and with inflation continuing to rise, staff is evaluating the process that was in place up through 2012 where a COLA adjustment was included with an individual's performance when examining annual increases. Additional information including a proposed change to the agency performance/annual increase process will be forth coming in the next few months.

Marketing Program

The Marketing team is in the process of amplifying the marketing efforts. There are over 10 events scheduled in the 2nd quarter ranging from the Chaska Senior Expo to Como Zoo. The department has been re-imagining strategies to increase ridership. In addition to the web redesign, the department has been promoting SWT services in locations that align with our strategic goals. Look for the SWT ad in the Star Tribune!