



SOUTHWEST TRANSIT

2015 Annual Report



To SouthWest's Loyal Riders and Friends,

It is with pride that we release our 2015 Annual Report for your viewing. We have been busy expanding and implementing some new services and programs in the past year and are pleased to share with you our results as we end another terrific year and look ahead to all 2016 has to offer.

Thanks for your feedback.

As always, we look to our "Rider Survey Day" to hear from our customers regarding what works for everyone, what we can improve upon, and what we might plan for in the future. We are always grateful for the feedback and act on requests and ideas for your public transit experience. This last year we had almost 100% rider satisfaction and, with your helpful input, we aim to continue our stellar record.

Ridership continues to grow.

Ridership was up 2% this past year, which is close to a record high. We also saw an increase of 6.4% in our wildly popular State Fair service (almost 90,000 rides), a vast increase of 53.3% in our Vikings game service, and a definite interest in ridership for special events happening in the around the twin cities. We will continue to expand our special event services as we move into 2016.

Expansion Efforts

- **SWT Carver Station** opened in January 2015 and besides adding the park and ride to our regular service, we also included it in our State Fair, Summer Adventures, and sporting event transportation.
- **Plymouth Metrolink's** management has been taken on by SWT and will continue through 2016.
- **SW Prime** is the popular local service we started in July 2015. Now operating throughout Eden Prairie, Chanhassen, and Chaska.
- The "first of its kind" **Suburb-to-Suburb service ("S2S")** was coordinated and planned followed by a marketing plan development and execution. The system went live January 19, 2016.

Here's to another year with a team you can trust.

The accomplishments we claim in the last year could not have been possible without all the dedication, talent, and hard work from our team here at SouthWest Transit. We thank everyone in every facet of this agency for continuing our amazing reputation, but more for being "SouthWest material" in continuing the fundamental concept of reliable public transit we can all trust.

We know 2016 will be another exciting year for SWT, the riders, and our community. We will continue to strive to be the most premier, trusted public transit system

possible. As always,
"Expect the Best."

Thanks for an
incredible year!



Jerry McDonald
Chair



Len Simich
CEO

2015 SouthWest Transit Commission Members

Jerry McDonald	Chair
Jay Rohe	Vice Chair
Brad Aho	Treasurer
Nancy Tyra-Lukens	
Jody Collis King	
Bob Roepke	
Dan Wilczek	Rider Representative

SouthWest Transit Directors

Len Simich	CEO
Dave Jacobson	COO
Steve LaFrance	Director of Maintenance and Facilities

SouthWest Transit Commission

The SouthWest Transit Commission is comprised of seven members. Each of the three cities has one elected official and one member of the public who serve on the Commission. The seventh position is a Rider's Representative.

The Commission's role is to represent the public's interest in policy development, long term planning, financing and to carefully balance the needs of each community with available resources. The Commission focuses on the big picture and policy, while management and staff carry out the Commission's directives and manage the day to day operations of the transit system.

Eden Prairie Garage Remodel

Construction took place at the Eden Prairie Maintenance Garage in 2015 to create more indoor parking for additional buses. The project involved transferring the bus wash operation to a different part of the building, which allowed better utilization



of existing interior space. The remodeling included demolition of interior walls and the construction of a cement block and precast enclosure for the bus wash area. By expanding the space, SWT was able to add an automated wash system and an indoor fueling area.

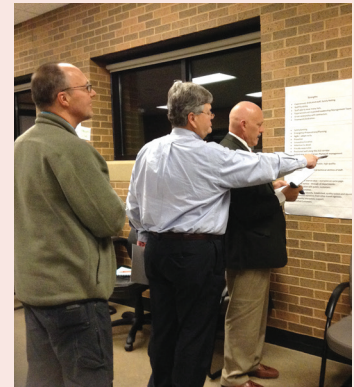
The new bus wash system utilizes a water reclaim system that reduces the amount of water and soap going into the waste stream as well as reducing cost by reusing the water and chemicals. The indoor fueling reduces SWT's exposure to storm water runoff from the fuel filling operations. It also gives our drivers a climate controlled area to perform this portion of their duties.

The finished project allows for the buses to fuel, have fare collection, and washing all in one area providing economies to SWT operations.

The \$1.5 million used for this project was funded with Tax-Exempt Lease Purchase Financing approved by the SWT Commission in April of 2015.

Strategic Plan

In 2015 the Commission, with input from all employees, updated the agency Strategic Plan. The plan is a working tool that provides direction to address and



prioritize the actions that match the values, vision, and mission of our organization. In 2016, staff will concentrate on implementing the recommendations from the Strategic Plan including:

- Improve the strategic focus of the Commission
- Continue to update and refine agency succession strategies
- Expand service area where appropriate;
- Develop stronger city and community partnerships
- Continue to strengthen operations
- Examine/invest in new technology
- Identify/implement new service initiatives
- Maintain/Protect our brand
- Identify and execute plans and contracts which strengthen the opportunity for LRT to be successful for both the region and SWT
- Maintain strong Financial Management practices ensuring the financial viability of the agency
- Strengthen the agency's role as it relates to influencing decisions/actions related to transit governance, funding, policy issues, and program delivery.



SWLRT

Planning and negotiations continued throughout 2015 regarding the joint operation of both the SWLRT line and SouthWest Transit's bus operation at the SouthWest Station site. A number of plans related the site design; interior design; landscape plan; and branding were agreed upon in 2015. In 2016, the final agreements related to construction phasing, connector bus service, and the purchase price for the current station/office structure will be negotiated.



Improving Relationships with the Metropolitan Council

In 2015 a concerted effort was made on behalf of both SWT and the Metropolitan Council to create a better working relationship. Tensions between Metropolitan Planning Organizations and transit agencies occur across the country and is not unique to just the Twin Cities. However, over the past few years the relationship between SWT and the Metropolitan Council deteriorated to the point where there was very little trust between the two organizations.



The unfortunate lack of trust started to negatively impact progress when negotiating agreements related to the SWLRT project. Through leadership demonstrated by both organizations, relations have improved as we work toward common goals. In 2016 there are a number of initiatives surrounding not only the SWLRT project, but funding and policy development that will require continued cooperation. We are very optimistic that positive decisions will be reached as a direct result of the improved relationship.

Political Champions



Three champions stood out for their political support for SouthWest Transit's initiatives in 2015.

Representatives Jenifer Loon (Eden Prairie) and Jim Nash (Waconia) were recognized for the support and leadership in overseeing that suburban transit providers were granted a seat on the Metropolitan Council's Transportation Advisory Board. This effort allowed our interests to be heard and represented. They also helped secure demonstration funding for a suburb-to-suburb bus demonstration project, which will connect employees and general public transit users to all communities represented by the Suburban Transit Association.

Carver County Commissioner, Randy Maluchnik was also recognized. Randy has been SWT's main contact on the TAB and has never stepped away from supporting interests or bringing issues forward on behalf of our agency. He supported efforts to get a P&R/station along 169, championed a resolution of support from Carver County to ensure our interests are protected once the SWLRT line is constructed out to our service area, and he worked on our behalf to promote the shoulder lane use along 494 between Eden Prairie and I-394.

New Driver Contract

In 2015, SWT released a Request for Proposals (RFP) for driver services. The purpose of the RFP was to competitively procure a contract for driver services and meet all Federal compliance. One of the notable components of the new contract included raising the entry level base wage. The raise in compensation allows SWT to be competitive in the recruitment of quality operators, which is one of the major cores of service delivery. The new contract term is January 1, 2016 - December 13, 2019.



Awards

Southwest Transit was honored to receive three awards during 2015: the TSA Partnership Award, Arc Employer of the Year, and the Certificate of Achievement for Excellence in Financial Reporting.

The Transportation Security Administration awarded SouthWest Transit the **TSA Partnership award** on May 15, making SW Transit the only non-TSA team to be recognized. The award was given in recognition of SW Transit's Emergency Preparedness Plan, continued efforts to evaluate and keep this plan updated, and our strong connections with local, county, and other emergency personnel.



The **Arc Employer of the Year award** was given to SouthWest Transit for providing competitive employment opportunities for School District 287 students with disabilities. To date, SW Transit has employed over 45 students, who perform a variety of custodial duties and assist with preparing conference rooms for meetings.



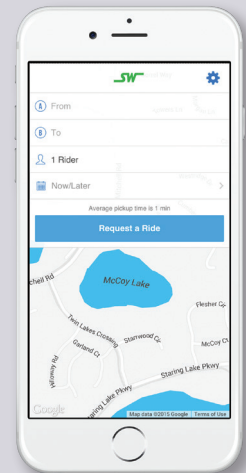
A **Certificate of Achievement for Excellence in Financial Reporting** was awarded to SouthWest Transit's finance department by the Government Finance Officers Association of the United States and Canada (GFOA) for its comprehensive annual financial report (CAFR). This was the *eighth consecutive year* SW Transit received this award.

IT Department

SouthWest Transit's IT department had a productive year with many new technologies implemented.

SW PRIME

Using an app or the web, riders can now request a vehicle to pick them up on the SW Prime system.



Wi-Fi

All SWT facilities and buses received an upgrade in Wi-Fi performance with the installation of new wireless access points. This improvement allows four times the increased speed and capacity to the public and private Wi-Fi networks in the transit stations and mobile fleet than previously available.

BUS FLEET SURVEILLANCE

The bus fleet surveillance system has been upgraded with the latest technology allowing for high definition video recording and wireless video uploads. When a bus returns to the garage, this system automatically uploads any incident video to our servers. This step saves the staff time by reducing the need for a physical hard-drive retrieved from the bus.

VEHICLE MAINTENANCE

An upgrade was made to the software systems used to track vehicle maintenance and inventory. This enhancement has made efficiency upgrades as well as added reporting options to make the job easier.

In the fall, SWT staff issued a Request for Proposal (RFP) for IT Managed Services. Starting January 2nd, 2016, SWT will start a new 5 year contract.

Rider Rewards

In September of 2015, SouthWest Transit implemented a Rider Rewards program through the Minnesota-based app company, FanMaker. After riders download the SWT Rewards app, they can begin earning points for riding via beacons placed at all park and rides as well as for interacting with SouthWest on social media (Facebook, Twitter, and Instagram). As riders begin to accumulate points, they can view the Prize Store within the app and trade in points for prizes such as sporting event tickets, restaurant/retail gift cards, and SouthWest gear.

Between September and December 2015, over 700 riders signed up and began using the app. Through the next year, we anticipate the usage to double through marketing efforts and enhancement of the app abilities.



2015 State Fair

SouthWest Transit (SWT) reached another State Fair milestone with record ridership of 89,937 in 2015, up 6.4 percent over 2014's record ridership of 84,528. Planning is no small effort with meetings beginning in April, five months prior to the start of the fair. In order to achieve these ridership levels, SWT hired an additional 60 school bus drivers to join the current driver force of 65 who drive between their regular shifts.



Due to the bus procurement cycle, SWT had an additional 10 buses to use prior to their disposal in addition to our regular revenue fleet. We also added two additional buses, which included the double decker, to complete the State Fair fleet.

For staffing purposes, SWT added additional dispatchers and had 21 high school and college students responsible for assisting at SWT park and rides and the fairgrounds. Finally, full time SWT staff contributed several additional hours to ensure the event was a success.

On weekdays we departed from Wooddale Church in Eden Prairie. Weekends and Labor Day service departed from the park and ride facilities on 212, including the new City of Carver park and ride. All the above efforts were performed in addition to operating our regular daily service.

SW Prime

SW Prime is a modern dial-a-ride program serving Eden Prairie, Chaska and Chanhassen. Roll out began July 6th serving the City of Eden Prairie.



In early August, Chaska was added, and in early September, SW Prime was extended into Chanhassen. SW Prime now serves the entirety of the SWT service area (including Carver). September 8th also marked the first day in which SW Prime riders could book trips between Eden Prairie, Chanhassen, and Chaska. These changes notably

made a difference as we experienced our busiest week to date by far - providing 300 trips in four days. In late December, SW Prime is providing about 175 passenger trips per day with one of the best subsidy per passenger measures in the region.

Contingency Fleet/Emergency Fleet

In 2015 SWT retired 10 of its 12 Gillig Phantom buses after reaching the end of their useful lives (12 years). The Metropolitan Council agreed with SWT in continuing the 10 buses for uses such as the State Fair, inclement weather services, and emergency situations. SWT plans to keep these buses until the next fleet reaches the end of their useful lives in 2018.



15 New Vehicles

In 2015 SouthWest Transit took delivery of twelve new MCI D4500 commuter coaches and two new Gillig 30 foot Trolleys. In addition to the new coaches we also took delivery of five new small "cut away" buses being utilized on the new SW Prime service. Each new coach is equipped with high speed Wi-Fi, leather seats, and updated flooring.



Expanded Reverse Commute



A primary focus in 2015 was better serving the employers in the western portion of the SWT service area. Staff worked in cooperation with the Southwest Metro Chamber of Commerce, the Southwest Metro Human Resources Association, and large Carver County area employers to determine how SWT's services could better meet their staffing needs. The culmination of these efforts resulted in an expansion of SWT's Route 684 reverse commute services aimed at ensuring service was reaching these employers at the proper shift start and end times. Service enhancements included earlier morning trips and later evening connections than had previously existed. The changes were well received by both the employers and their employees.

Latino Community Outreach

SWT participates in many events such as Taste of Chaska, Chanhassen Business Expo and U of M Transportation Fair. This year we also attended the first ever Latino Day during the Chaska River City Days celebration. SWT teamed up with Latina radio host, Mary Bello, to begin directly informing the Latino community about our public transit services. We developed Spanish schedules and flyers and have begun regularly distributing these pieces as well. We plan to continue and expand our outreach efforts in 2016.



Carver Service

Service to the brand new Carver Station started in January of 2015, further expanding SWT's services into Carver County. The Carver Station is a City-owned 400-stall surface park and ride lot and transit station. SWT entered into an agreement with the City of Carver to provide the transit service to the new facility. Services included connections to Downtown Minneapolis and U of M throughout the day. The service was received positively by both the riders and the City of Carver and it is expected that ridership will continue to grow as the population of Carver and neighboring communities expands. SWT will continue to provide services to the Carver Station in 2016, further demonstrating SWT's commitment to providing first class transit service in Carver County.



Suburb-to-Suburb (S2S) Demonstration Service

In 2015, the Suburban Transit Association (STA) secured funding from the State Legislature for a "first of its kind" suburb-to-suburb demonstration service (S2S). The service is a joint effort between SWT, the Minnesota Valley Transit Authority (MVTA), Plymouth Metrolink, and Maple Grove Transit that will provide express transit services between Shakopee, Eden Prairie, Minnetonka, Plymouth, and Maple Grove. The service is intended to increase access to employers in the western suburbs along the 169 and 494 corridors. Much of 2015 consisted of planning efforts for the service. We worked with staff from all of the suburban transit providers to create and finalize both service and marketing plans for the project. Additionally, determination that along with MVTA, SWT will be providing the vehicles and drivers required for the service, further demonstrating SWT's commitment to ensure S2S is successful moving forward.



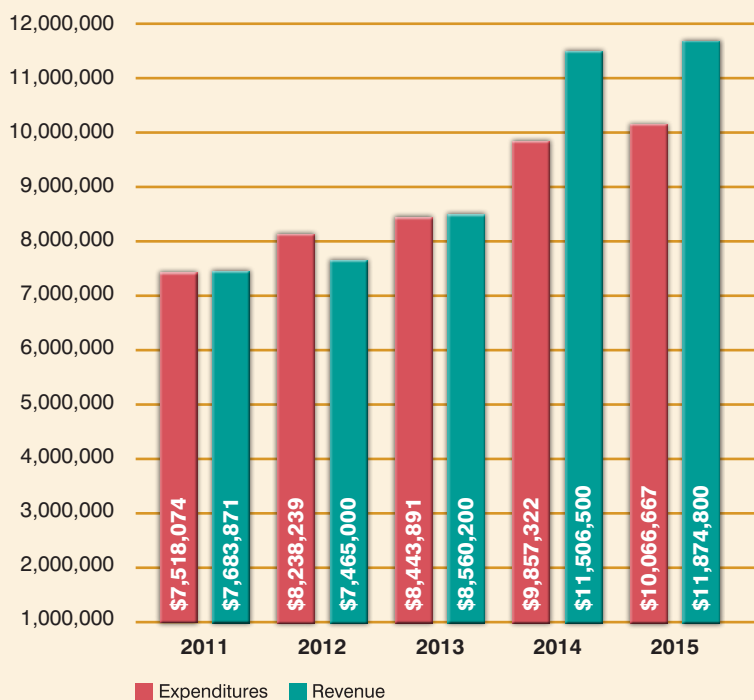
Plymouth Metrolink System Management

2015 marked the first full year of SWT's contract management efforts for the Plymouth Metrolink system. In addition to the day-to-day management, oversight, and system reporting, efforts included the implementation of expanded reverse commute services, a total redesign of the system's pocket schedules, a new style of vehicles for the system, the addition of Wi-Fi to all Plymouth Metrolink express vehicles, successful completion of the Met Council's Triennial Audit review, and the creation of new service plans expanding service in the midday, evenings, and to the U of M. 2015 demonstrated that SWT's agreement with the City of Plymouth is helpful for both organizations. Successfully, the agreement has been extended through 2016 where SWT will continue to expand upon its management activities.

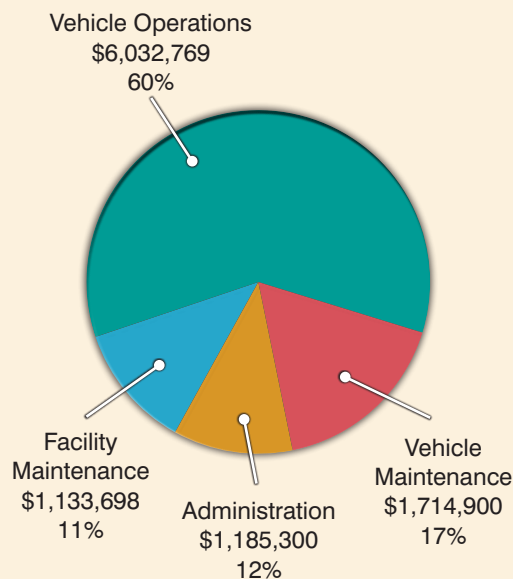


Budget and Revenue

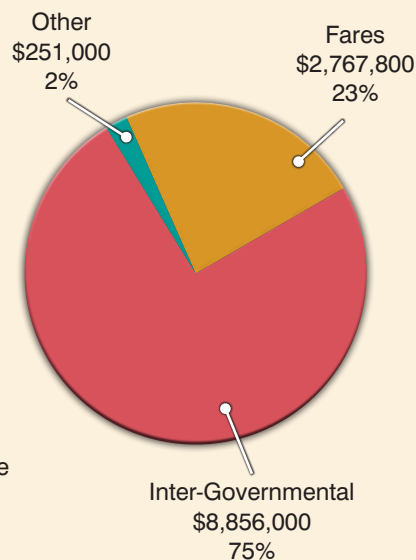
Expenditures and Revenues



2015 Operating Budget



2015 Revenue



Notes and Highlights

- Administration expenses include all support functions, administration, marketing activities, salaries, professional services, supplies, technology, insurance and other miscellaneous expenses.
- Other Revenues include marketing investment revenue, and contract management activities.
- Inter-Governmental revenue includes funding through the Minnesota State Vehicle Sales Tax.
- Fare revenue is funding generated through passenger fares. Fares are established/set by the Metropolitan Council. In 2015 the fare recovery of operating costs (vehicle maintenance and operations) was 36%. Fare recovery of the entire system cost was 29%; both exceed regional performance targets.
- In 2015 the number of full time equivalent employees was 31.
- In 2015 Capital assets remained at roughly \$59,000,000. These assets include facilities, land and equipment. 2015 did include operational expansion to the new Carver Station park and ride, which is owned by the City of Carver. SouthWest Transit operates 73 buses not included in the asset total as they are part of the regional fleet controlled by the Metropolitan Council.
- Facility maintenance expenses include all facility and property upkeep, lawn maintenance and snow removal, and repairs at our five stations/ramps, garage facility, and three surface parking lots.
- Vehicle operation expenses include all contract cost related to Driver services (Drivers are provided by a private contractor), uniforms, and fuel.
- Vehicle Maintenance includes all costs associated with maintaining the fleet.

MISSION STATEMENT

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

SouthWest Transit
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