May 24, 2018

SOUTHWEST TRANSIT

SouthWest Transit Commission
13500 Technology Drive
Eden Prairie, MN 55344

Telephone 952-949-2287
Facsimile 952-974-7997
SWTransit.org

SOUTHWEST TRANSIT COMMISSION
AGENDA

Thursday, May 24, 2018
Dinner and Work Session – 6:00 pm, 2nd Floor Conference Room
Commission Meeting – Approx. 6:30 pm (Upon completion of work session), 2nd Floor Conference Room

COMMISSION MEMBERS	Jay Rohe Jerry McDonald Brad Aho Ron Case Jody Collis King Bob Roepke Denny Laufenburger
GENERAL COUNSEL	Ric Rosow, Attorney
EXECUTIVE STAFF	Len Simich, Chief Executive Officer Dave Jacobson, Chief Operating Officer Dave Simoneau, Director of Driver Services & Emergency Management (First Transit)

AGENDA

Work Session – 6:00 pm

Commission Meeting – Approx. 6:30 pm (Upon Completion of Work Session)

I. **CALL TO ORDER**

II. **PUBLIC COMMENT**

III. **APPROVAL OF AGENDA**

IV. **PAYMENT OF CLAIMS** (Rollcall Vote)

V. **CONSENT**

- **A. Approval of Minutes of 4/12/18 Meeting**
- **B. Approval of Financial Statements**

VI. **NEW BUSINESS**

- **A. 2017 Audit**
- **B. Financial Risk Assessment**
- **C. SW Prime Software Contract**
- **D. Prime Van Purchase**
- **E. Tool-Cat Purchase**
- **F. Shop HVAC**
- **G. Mobile Fare Payment**

VII. **UPDATES**

- **A. Administrative Update**
- **B. Operations Update**

5 Minute Recess

VIII. CEO CONTRACT

IX. ADJOURNMENT

Payment of Claims

SouthWest Transit				
4/7/2018 Thru 5/17/2018				
Meeting Date: 5/24/2018				
Payment of Claims				
Check Number	**Vendor Name**	**Description**	**Check Date**	**Check Amount**
39912	COSTCO WHOLESALE	Meetings Supplies	4/12/18	$ 300.00
39913	CRUMB GOURMET DELI	Commission Meeting Dinner	4/12/18	$ 207.75
39914	ABC BUS, INC.	Vehicle Parts	4/17/18	$ 422.42
39915	ARCPOINT LABS OF EDEN PRAIRIE	Drug Testing	4/17/18	$ 345.00
39916	BERGANKDV	2017 Financial Audit	4/17/18	$ 15,000.00
39917	BLOOMINGTON SECURITY SOLUTIONS	Maintenance Supplies	4/17/18	$ 48.00
39918	BLUETARP FINANCIAL, INC.	Maintenance Supplies	4/17/18	$ 230.66
39919	BROTHERS FIRE & SECURITY	EPG Office Remodel	4/17/18	$ 627.50
39920	C & J BUS REPAIR, INC.	Vehicle Parts	4/17/18	$ 473.80
39921	C-THRU WINDOW CLEANING	Window Cleaning - CTS	4/17/18	$ 1,430.00
39922	CARVER COUNTY	Internet Bill - ECS	4/17/18	$ 50.00
39923	CENTERPOINT ENERGY	Gas Bill - EPG	4/17/18	$ 6,183.25
39924	CENTERPOINT ENERGY	Gas Bill - ECS	4/17/18	$ 377.10
39925	CENTURYLINK	Phone Bill - CTS	4/17/18	$ 395.69
39926	CHASKA BOOSTERS	SWT Ads	4/17/18	$ 500.00
39927	CHASKA TOWN COURSE	SWT Ads	4/17/18	$ 2,800.00
39928	Void Check			
39929	CINTAS CORPORATION #470	Uniform Service	4/17/18	$ 2,390.28
39930	CLEARSOFT	Building Supplies	4/17/18	$ 594.86
39931	COMCAST	Cable/Internet - SWS	4/17/18	$ 280.53
39932	DACOTAH PAPER CO.	Vehicle Supplies	4/17/18	$ 330.73
39933	MICHAEL DARTT	Employee Reimbursement-Building Supplies	4/17/18	$ 34.98
39934	DELEGARD TOOL COMPANY	Vehicle Supplies	4/17/18	$ 34.61
39935	DIRECTV	Cable Payment	4/17/18	$ 70.99
39936	FLEET-NET CORPORATION	Fleetnet License Fees	4/17/18	$ 450.00
39937	GILLIG LLC	Vehicle Parts	4/17/18	$ 3,154.03
39938	GRAINGER	Building & Vehicle Supplies	4/17/18	$ 366.23
39939	GREENHAVEN PRINTING	Printing Bus Schedules	4/17/18	$ 714.23
39940	GREGERSON, ROSOW, JOHNSON &	Legal Services	4/17/18	$ 7,931.60
39941	GARY A. GROEN	Professional Services-Financial Consultant	4/17/18	$ 1,715.00
39942	HEALTHPARTNERS	Health & Dental Insurance COBRA	4/17/18	$ 2,919.48
39943	HENNEPIN COUNTY INFORMATION	Radio Service	4/17/18	$ 267.80
39944	HOGLUND BODY & EQUIPMENT, INC.	Vehicle Repair	4/17/18	$ 5,721.30
39945	DAVE JACOBSON	Employee Reimbursement-Various Meetings	4/17/18	$ 149.47
39946	JASON KIRSCH	Employee Reimbursement-Building Supplies	4/17/18	$ 40.41
39947	LEAGUE MN CITIES INS. TRUST	Insurance Premium	4/17/18	$ 118,725.00
39948	LUBE-TECH & PARTNERS, LLC	Vehicle Supplies	4/17/18	$ 3,473.38
39949	MATHESON TRI-GAS INC.	Vehicle Parts	4/17/18	$ 9.90
39950	MCI SERVICE PARTS, INC.	Vehicle Parts	4/17/18	$ 10,439.34
39951	SCOTT D MCKAY	Reissue Merit Pay	4/17/18	$ 60.00
39952	Void Check			
39953	MENARDS	Building Supplies	4/17/18	$ 627.27
39954	METRO SALES INC.	Copier Maintenance	4/17/18	$ 2,435.98
39955	METROPOLITAN FORD OF EDEN	Vehicle Parts	4/17/18	$ 3,424.89
39956	MICRO CENTER	Technology Upgrades	4/17/18	$ 1,799.81
39957	MINUTEMAN PRESS	Printing Bus Schedules	4/17/18	$ 1,601.46
39958	MYERS TIRE - DES MOINES #15	Vehicle Supplies	4/17/18	$ 343.88

SouthWest Transit				
4/7/2018 Thru 5/17/2018				
Meeting Date: 5/24/2018				
Payment of Claims				
Check Number	**Vendor Name**	**Description**	**Check Date**	**Check Amount**
39959	NAPA AUTO PARTS	Vehicle Supplies	4/17/18	$ 493.12
39960	NASSEFF MECHANICAL CONTRACTORS	HVAC Repair	4/17/18	$ 1,036.15
39961	OCCUPATIONAL MEDICINE CONSULTS	Drug Testing	4/17/18	$ 120.00
39962	OFFICE DEPOT	Office Supplies	4/17/18	$ 255.41
39963	OTIS ELEVATOR COMPANY	Service Call - SWS	4/17/18	$ 969.65
39964	PRIORITY COURIER EXPERTS	Shipping	4/17/18	$ 281.93
39965	MELVIN ROZEBOOM	Employee Reimbursement-Mileage	4/17/18	$ 57.77
39966	RSM US LLP	Technical Services	4/17/18	$ 325.00
39967	RYDER	Vehicle Parts	4/17/18	$ 480.14
39968	SEON SYSTEMS SALES INC.	Vehicle Parts	4/17/18	$ 2,154.00
39969	SIEMENS INDUSTRY, INC.	Service Call - ECS	4/17/18	$ 1,849.00
39970	LEN SIMICH	Employee Reimbursement-Various Meetings	4/17/18	$ 69.50
39971	SPOK, INC.	Pager Service	4/17/18	$ 101.31
39972	SPORTWORKS NORTHWEST, INC.	Vehicle Parts	4/17/18	$ 540.67
39973	STAR TRIBUNE	SWT Ads	4/17/18	$ 4,383.46
39974	SWNEWSMEDIA	SWT Ads	4/17/18	$ 960.00
39975	SYNCB AMAZON	Maintenance Supplies	4/17/18	$ 2,104.04
39976	TASC	COBRA Admin Fee	4/17/18	$ 327.71
39977	TECHSTAR IT SOLUTIONS	Managed IT Services	4/17/18	$ 5,172.83
39978	THE SHERWIN-WILLIAMS CO	Building Supplies	4/17/18	$ 156.67
39979	TIGER OAK MEDIA	SWT Ads	4/17/18	$ 785.00
39980	TIRE-TRACK LLC	Vehicle Supplies	4/17/18	$ 1,769.95
39981	TWIN CITIES TRANSPORT & RECOVE	Towing Service	4/17/18	$ 1,350.00
39982	VERITIV OPERATING COMPANY	Maintenance Supplies	4/17/18	$ 660.00
39983	VERIZON WIRELESS	Bus WiFi	4/17/18	$ 5,951.90
39984	TONY H VESCHIO	Best Program Re issue	4/17/18	$ 100.00
39985	WASTE MANAGEMENT OF WI-MN	Trash Removal	4/17/18	$ 464.08
39986	XCEL ENERGY	Utilities Payment	4/17/18	$ 3,553.08
39987	4201, LLP	May 2018 Lease	5/1/18	$ 333.33
39988	ALLIED UNIVERSAL SECURITY SERV	Ramp Security Patrols	5/1/18	$ 233.40
39989	AVI SYSTEMS, INC.	Annual AVI Hosted Services	5/1/18	$ 6,410.00
39990	BA SERVICES LL	Service Call - EPG	5/1/18	$ 2,661.99
39991	BATTERIES PLUS	Maintenance Supplies	5/1/18	$ 29.99
39992	CENTERPOINT ENERGY	Gas Bill - SWS	5/1/18	$ 733.13
39993	CENTURYLINK	Phone Bill - EPG	5/1/18	$ 1,127.48
39994	JON CHRISTENSON	Safety Boots Reimbursement	5/1/18	$ 100.00
39995	Void Check			
39996	CINTAS CORPORATION #470	Uniform Service	5/1/18	$ 1,452.97
39997	CITY OF CHASKA UTILITY BILLING	Utilities Payment	5/1/18	$ 1,749.04
39998	COMCAST	Cable Payment	5/1/18	$ 296.01
39999	Void Check			
40000	CUMMINS NPOWER, LLC	Vehicle Parts	5/1/18	$ 10,355.80
40001	CURVED GLASS DISTRIBUTORS	Vehicle Parts	5/1/18	$ 1,120.00
40002	DIRECTV	Cable Payment	5/1/18	$ 91.99
40003	DUKE AERIAL, INC.	Portable Lift	5/1/18	$ 8,984.17
40004	FIDELITY SECURITY LIFE	Eye Med - May 2018	5/1/18	$ 94.38
40005	FINANCE & COMMERCE	Subscription Renewal	5/1/18	$ 295.00

SouthWest Transit				
4/7/2018 Thru 5/17/2018				
Meeting Date: 5/24/2018				
Payment of Claims				
Check Number	**Vendor Name**	**Description**	**Check Date**	**Check Amount**
40006	FIRST TRANSIT, INC.	Mar. 2018 Operations	5/1/18	$ 351,523.92
40007	FLEETPRIDE	Vehicle Parts	5/1/18	$ 148.64
40008	GREEN LIGHTS RECYCLING, INC.	Recycling Service	5/1/18	$ 867.68
40009	HEALTHPARTNERS	Health & Dental Insurance Prem. - May 2018	5/1/18	$ 23,382.20
40010	INTERSTATE POWER SYSTEM, INC.	Vehicle Parts	5/1/18	$ 5,085.18
40011	LEAGUE MN CITIES INS. TRUST	Insurance Deductible	5/1/18	$ 2,500.00
40012	MCI SERVICE PARTS, INC.	Vehicle Parts	5/1/18	$ 4,879.96
40013	MEDIACOM	Internet Bill - CTS	5/1/18	$ 305.90
40014	MESSERLI KRAMER	State Bond Consulting	5/1/18	$ 3,000.00
40015	Void Check			
40016	O'REILLY AUTOMOTIVE, INC.	Vehicle Parts	5/1/18	$ 267.31
40017	OSI ENVIRONMENTAL, INC.	Disposal Service	5/1/18	$ 250.00
40018	PIONEER RIM & WHEEL CO.	Vehicle Supplies	5/1/18	$ 588.43
40019	SCHINDLER ELEVATOR CORP.	Elevator Service Contract SWS	5/1/18	$ 2,252.64
40020	SIGN SOURCE, INC.	SWT Award Plaques	5/1/18	$ 151.00
40021	SOMAX, INC.	Annual Maintenance	5/1/18	$ 1,200.00
40022	SUBURBAN CHEVROLET	Vehicle Parts	5/1/18	$ 359.33
40023	SUMMIT COMPANIES	Annual Sprinkler Inspection	5/1/18	$ 753.85
40024	Void Check			
40025	SYNCB AMAZON	Technology Upgrades	5/1/18	$ 1,987.19
40026	TASC	HRA Trustee Fees	5/1/18	$ 500.00
40027	GARY A TRUONG	Merit Pay Reissue	5/1/18	$ 25.00
40028	U.S. BANK EQUIPMENT FINANCE	Copier Lease	5/1/18	$ 638.00
40029	URBAN LAND INSTITUTE	Membership Dues	5/1/18	$ 560.00
40030	VERIZON WIRELESS	Bus WiFi	5/1/18	$ 118.38
40031	KENNETH W VERMEER	SF Merit Pay Reissue	5/1/18	$ 45.00
40032	XCEL ENERGY	Utilities Payment	5/1/18	$ 6,362.17
40033	ZEP SALES & SERVICES	Vehicle Supplies	5/1/18	$ 96.79
40034	ABC BUS, INC.	Vehicle Parts	5/9/18	$ 961.60
40035	ALLSTATE PETERBILT	Vehicle Parts	5/9/18	$ 945.08
40036	AVALLO WEB DEVELOPMENT	Website Changes	5/9/18	$ 4,999.00
40037	BLUETARP FINANCIAL, INC.	Maintenance Supplies	5/9/18	$ 715.03
40038	CENTERPOINT ENERGY	Gas Bill - ECS	5/9/18	$ 282.88
40039	CENTERPOINT ENERGY	Gas Bill - CTS	5/9/18	$ 310.69
40040	CENTURYLINK	Phone Bill - CTS	5/9/18	$ 397.24
40041	CENTURYLINK	Phone Bill - ECS	5/9/18	$ 433.57
40042	CITY OF EDEN PRAIRIE	Water Bill - SWS	5/9/18	$ 1,206.65
40043	DIRECTV	Satellite TV - EPG	5/9/18	$ 75.24
40044	PETER M ENGSTROM	Safety Boots Reimbursement	5/9/18	$ 100.00
40045	FACTORY MOTOR PARTS COMPANY	Vehicle Parts	5/9/18	$ 430.74
40046	FRANZ REPROGRAPHICS	Technical Services	5/9/18	$ 66.00
40047	GILLIG LLC	Vehicle Parts	5/9/18	$ 660.53
40048	GINA MARIA'S INC.	Snow Event Lunch	5/9/18	$ 49.03
40049	GRAINGER	Vehicle Parts	5/9/18	$ 145.45
40050	GARY A. GROEN	Professional Services-Financial Consultant	5/9/18	$ 1,907.50
40051	GUARDIAN PEST SOLUTIONS, INC.	Pest Control - EPG	5/9/18	$ 130.00
40052	HOGLUND BUS & TRUCK CO.	Vehicle Parts	5/9/18	$ 321.98

SouthWest Transit				
4/7/2018 Thru 5/17/2018				
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Payment of Claims				
Check Number	**Vendor Name**	**Description**	**Check Date**	**Check Amount**
40053	IMPERIAL SUPPLIES LLC	Vehicle Parts	5/9/18	$ 1,067.40
40054	INTERSTATE POWER SYSTEM, INC.	Vehicle Parts	5/9/18	$ 1,119.56
40055	LANO EQUIPMENT, INC.	Vehicle Parts	5/9/18	$ 215.58
40056	LIFE INSURANCE COMPANY OF	May 2018 Life Insurance	5/9/18	$ 1,000.91
40057	LUBE-TECH ESI	Lift Inspection	5/9/18	$ 990.00
40058	MATRIX TRUST COMPANY	May 2018 - VEBA Contributions	5/9/18	$ 835.00
40059	MATT'S AUTO SERVICE, INC.	Tow Service	5/9/18	$ 260.00
40060	MVEC	Utilities Payment	5/9/18	$ 2,149.22
40061	NASSEFF MECHANICAL CONTRACTORS	HVAC Repair	5/9/18	$ 5,890.00
40062	NCPERS MINNESOTA	Life Insurance - May 2018	5/9/18	$ 80.00
40063	NEW FLYER PARTS	Vehicle Parts	5/9/18	$ 252.40
40064	O'REILLY AUTOMOTIVE, INC.	Vehicle Parts	5/9/18	$ 270.08
40065	OFFICE DEPOT	Office Supplies	5/9/18	$ 294.74
40066	OFFICE OF THE SECRETARY	Trademark Renewal	5/9/18	$ 25.00
40067	PITNEY BOWES INC	Postage Machine Lease	5/9/18	$ 730.74
40068	PUMP AND METER SERVICES, INC	Vehicle Supplies	5/9/18	$ 219.29
40069	REPUBLIC SERVICES #894	Trash Removal	5/9/18	$ 766.21
40070	ROYAL TIRE INC.	Tires	5/9/18	$ 1,192.72
40071	RYDER	Vehicle Parts	5/9/18	$ 338.47
40072	SUBURBAN CHEVROLET	Vehicle Parts	5/9/18	$ 192.99
40073	SWNEWSMEDIA	SWT Ads	5/9/18	$ 960.00
40074	TASC	HSA/FSA Admin Fees	5/9/18	$ 327.71
40075	VERITIV OPERATING COMPANY	Maintenance Supplies	5/9/18	$ 350.00
40076	VERIZON WIRELESS	Wireless Phone	5/9/18	$ 54.43
40077	WASTE MANAGEMENT OF WI-MN	Trash Removal	5/9/18	$ 312.90
40078	WEX BANK	Fuel Purchases - Apr. 2018	5/9/18	$ 7,115.24
40079	WHEELCO TRUCK & TRAILER PARTS	Vehicle Parts	5/9/18	$ 1,339.85
40080	XCEL ENERGY	Utilities Payment	5/9/18	$ 99.60
40081	CHARLIE COCHRANE	Fleetnet Conf. Per Diem	5/11/18	$ 160.00
40082	ABBI COLBY	Per Diem Fleetnet Conf & Misc.	5/11/18	$ 175.00
40083	BEN SCHULER	Fleetnet Conf. Per Diem	5/11/18	$ 160.00
40084	LEN SIMICH	Expense Reimb-Misc. Meetings	5/11/18	$ 366.32
40085	BRITTANY STEVENS	Taste of Chaska Per Diem	5/11/18	$ 15.00
40086	SOURIYONG SOURIYA	Fleetnet Conf Per Diem	5/11/18	$ 160.00
		TOTAL		**$ 723,512.80**
	ACH Withdraws			
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	4/12/18	$ 17,293.83
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	4/18/18	$ 16,357.77
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	4/25/18	$ 17,288.80
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	4/30/18	$ 16,303.65
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	5/7/18	$ 15,751.31
	MANSFIELD OIL COMPANY, INC.	Bus Fuel	5/11/18	$ 16,463.43
	CARDMEMBER SERV WEB PYMT	Credit Card Payment Meetings & Misc.	4/27/18	$ 1,840.32
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	4/6/18	$ 5,403.00
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	4/13/18	$ 6,255.00
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	4/20/18	$ 5,789.00

SouthWest Transit				
4/7/2018 Thru 5/17/2018				
Meeting Date: 5/24/2018				
Payment of Claims				
Check Number	**Vendor Name**	**Description**	**Check Date**	**Check Amount**
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	4/27/18	$ 4,769.00
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	5/4/18	$ 5,178.50
	MET COUNCIL RETAILSALE CPOS SW	Go To Card Reimbursement	5/11/18	$ 5,885.00
	PITNEY BOWES POSTEDGE 44272615	Prepaid Postage	4/23/18	$ 500.00
	FLAGSHIP BANK	Monthly Banking Fees	4/30/18	$ 108.35
	ADP, INC.	Payroll Fees	4/13/18	$ 352.04
	ADP, INC.	Payroll Fees	4/27/18	$ 377.96
	ADP, INC.	Payroll Fees	5/11/18	$ 365.00
		TOTAL		**$ 136,281.96**
	Payroll			
	ADP, INC.	Payroll	4/19/18	$ 77,288.18
	ADP, INC.	Payroll	5/3/18	$ 80,751.99
	ADP, INC.	Payroll	5/17/18	$ 75,959.02
		TOTAL		**$ 233,999.19**
	Monthly Reimbursement included in payroll totals			
	Jon Christenson	Cell Phone Allowance		$ 50.00
	Mike Dartt	Cell Phone Allowance		$ 50.00
	Mike Dartt	Car Allowance		$ 50.00
	Matt Fyten	Cell Phone Allowance		$ 50.00
	Dave Jacobson	Cell Phone Allowance		$ 50.00
	Dave Jacobson	Car Allowance		$ 175.00
	Jason Kirsch	Cell Phone Allowance		$ 50.00
	Tony Kuykendall	Cell Phone Allowance		$ 50.00
	Kory Simich	Cell Phone Allowance		$ 50.00
	Len Simich	Cell Phone Allowance		$ 85.00
	Len Simich	Car Allowance		$ 712.00
		TOTAL		**$ 1,372.00**
		GRAND TOTAL		**$ 1,093,793.95**

Consent

SOUTHWEST TRANSIT COMMISSION
MINUTES

Thursday, April 12, 2018
Pre-Meeting Demonstration and Tour – 4:45 pm – 6:00 pm, SouthWest Transit Garage, 14405 W. 62nd St., Eden Prairie
Dinner and Work Session – 6:00 pm, SouthWest Transit Garage 2nd Floor Conference Room
Commission Meeting – Approx. 6:30 (Upon Completion of Work Session), SouthWest Transit Garage 2nd Floor Conference Room

COMMISSION MEMBERS	Jay Rohe Jerry McDonald Brad Aho Ron Case Jody Collis King Bob Roepke Denny Laufenburger
GENERAL COUNSEL	Ric Rosow, Attorney
EXECUTIVE STAFF	Len Simich, Chief Executive Officer Dave Jacobson, Chief Operating Officer Dave Simoneau, Director of Driver Services & Emergency Management

Pre-Meeting Demonstration and Tour
Tesla demo and proposed garage changes discussion and tour

Dinner and Work Session
COA, Ridership Trend and Performance Reporting

Commission Meeting

I. **CALL TO ORDER**
The meeting was called to order by Chair Jay Rohe at 6:38 pm.

II. **PUBLIC COMMENT**
There was no public comment.

III. **APPROVAL OF AGENDA**

Motion: Aho motioned, seconded by Laufenburger to approve the Agenda. The motion carried 6-0-0

IV. **PAYMENT OF CLAIMS** (motion and roll call vote)

Motion: Laufenburger motioned, seconded by Collis King to approve the Payment of Claims. The motion carried 6-0-0. Roll call vote: Rohe, Yes; McDonald, Yes; Aho, Yes; Case, Yes; Collis King, Yes; Roepke, No; Laufenburger, Yes.

V. CONSENT

A. Approval of Minutes of 2/22/18 Meeting
B. Approval of Financial Statements
   i. 2017 Final Unaudited
   ii. 2017 Financial Statements
C. EPG Fiber Internet Connection
D. Banking Service Extension
E. Axel Replacements
F. Maintenance Area HVAC Replacement Bid

Motion: Laufenburger motioned, seconded by Case to approve the Consent items. The motion carried 6-0-0.

VI. NEW BUSINESS & DISCUSSION

A. **Revised Chanhassen Station Parking Easement**
Motion: Case motioned, seconded by Aho to allow SouthWest Transit staff to finalize both the termination of existing easements and development of new parking ramp, access, and utility easements for the Chanhassen Station site. The motion carried 6-0-0.

B. **Reliakor Snow Removal Contract Termination**
Motion: Case motioned, seconded by McDonald to authorize SouthWest Transit's CEO to terminate the snowplow contract with Reliakor Services Inc (contractor). The motion carried 6-0-0.

C. **Lyft Agreement**
Motion: Collis King motioned, seconded by Aho to authorize Southwest Transit's CEO to enter into an agreement with Lyft, Inc. for a demonstration service between SWT and Lyft. The motion carried 6-0-0.

D. **2017 Budget Adjustment**
Motion: Laufenburger motioned, seconded by Collis King to approve the final 2017 general fund revenue and expenditure budgets. The motion carried 6-0-0.

E. **Entry Driver Wage Increase**
Motion: Case motioned, seconded by Aho to authorize SouthWest Transit's CEO to authorize moving an hourly pay increase, not to exceed $0.60 per hour (from $17.40 to $18.00/hour) for entry level bus operators from September 2018 to April 2018.

VII. UPDATES

A. Administrative Update
B. Operations Update

VIII. CEO Contract – Closed Session

Motion: Case motioned, seconded by Collis King that Commissioners Aho, Laufenburger and Rohe meet with Simich to discuss employment contract terms and to bring back a recommendation to the Commission on terms of a contract. The motion passed 6-0-0.

IX. ADJOURNMENT

Case motioned, seconded by Collis King to adjourn the meeting. The motion passed 6-0-0 at 7:51 pm.

April 12, 2018 SouthWest Transit Commission Minutes Prepared By: Brittany Stevens

Approved by: _____ Date: _____

SOUTHWEST TRANSIT

Balance Sheet for All Funds
March 2018

Balance Sheet Category	General Fund	Capital & Equipment	SWS-Relocation Capital	Grant Projects	SWS Development	Debt Service	Total
	Fund Name						
Assets							
Cash & Investments	$ 2,681,538	$ 1,742,565	$ 70,619	$ -	$ 3,177,657	$ 231,928	$ 7,904,307
Accounts Receivable	973,508	-	-	-	3,742,550	-	4,716,058
Other Assets	574,183	-	-	-	507,964	-	1,082,147
Total Assets	**4,229,229**	**1,742,565**	**70,619**	**-**	**7,428,171**	**231,928**	**13,702,512**
Liabilities							
Accounts Payable	615,269	-	10,768	-	-	-	626,037
Other Liabilities	-	-	-	-	3,768,549	-	3,768,549
Total Liabilities	**615,269**	**-**	**10,768**	**-**	**3,768,549**	**-**	4,394,586
Fund Balances							
Beginning Fund Balance-January 2017	3,583,070	1,780,038	113,427	-	3,618,453	310,672	9,405,660
Net Change in Fund Balance	30,890	(37,473)	(53,576)	-	41,169	(78,744)	(97,734)
Total Fund Balances	**3,613,960**	**1,742,565**	**59,851**	**-**	**3,659,622**	**231,928**	**9,307,926**
Total Liabilities & Fund Balances	**$ 4,229,229**	**$ 1,742,565**	**$ 70,619**	**$ -**	**$ 7,428,171**	**$ 231,928**	**$ 13,702,512**

SOUTHWEST TRANSIT

SouthWest Transit
Revenue and Expenditures for All Funds
Monthly Financial Report
YTD January thru March 2018

Mar=25.0%

General Fund 100	Adopted Budget	Current Month Actual	2018 YTD Actual	2018 YTD Balance	% YTD Budget
Revenue					
Passenger Fares	$ 2,871,200	$ 234,827	$ 707,320	(2,163,880)	24.6%
Contract Revenue	110,000	7,118	18,489	(91,511)	16.8%
S2S Grant Revenue	140,000	33,435	87,126	(52,874)	62.2%
CMAQ TMA Grant Revenue	-	13,077	13,077	13,077	0.0%
MVST Revenue	7,472,000	587,259	1,618,654	(5,853,346)	21.7%
RAMVST Revenue	780,000	109,639	302,196	(477,804)	38.7%
State Appr. GF	-	29,020	87,059	87,059	0.0%
Investment Income	10,000	1,866	4,899	(5,101)	49.0%
Other Local Revenues	239,440	71	44,473	(194,967)	18.6%
	11,622,640	**1,016,312**	**2,883,293**	**(8,739,347)**	**24.8%**
Other Sources					
Insurance Recoveries	-	-	9,125	9,125	-
Total Revenue	**$ 11,622,640**	**$ 1,016,312**	**$ 2,892,418**	**$ (8,730,222)**	**24.9%**
Expenditures					
Administration	$ 1,288,900	$ 121,604	$ 349,973	$ 938,927	27.2%
Operations	6,878,746	534,495	1,606,574	5,272,172	23.4%
Vehicle Maintenance	2,113,570	155,877	436,893	1,676,677	20.7%
Facility Maintenance	1,187,055	119,720	311,795	875,260	26.3%
Total Expenditures	**11,468,271**	**931,696**	**2,705,235**	**8,763,036**	**23.6%**
Capital Cost Of Operating	478,939	41,619	156,293	322,646	32.6%
Total Expenditures & Capital Cost of Operating	**11,947,210**	**973,315**	**2,861,528**	**9,085,682**	**24.0%**
Net Change in Fund Balance	**$ (324,570)**	**$ 42,997**	**$ 30,890**		
Fund Balance, January 1			**$ 3,583,070**		
Fund Balance, End of Current Period			**$ 3,613,960**		
Months of Operating Expenditures			**3.6**		
Fund Balance as a % of the Expenditure Budget			**30.2%**		

SouthWest Transit

SouthWest Transit
Revenue and Expenditures for All Funds
Monthly Financial Report
YTD January thru March 2018

Mar=25.0%

All Other Funds	Adopted Budget	Current Month Actual	2018 YTD Actual	2018 YTD Balance	% YTD Budget
Capital & Equipment Capital Projects Fund 250					
Revenue	$ 5,000	$ 18,070	$ 4,527	$ (473)	90.5%
Expenditures	100,000	-	42,000	58,000	42.0%
Transfer In (Out)	-	-	-	-	0.0%
Net Change in Fund Balance	**$ (95,000)**	**$ 18,070**	**$ (37,473)**		
SWS Relocation Capital Projects Fund 338					
Revenue	$ -	$ -	$ 2,678	$ 2,678	0.0%
Expenditures	23,808	26,327	56,253	(32,445)	236.3%
Transfer In (Out)	-	-	-	-	-
Net Change in Fund Balance	**$ (23,808)**	**$ (26,327)**	**$ (53,575)**		
Grant Projects Fund 336 & 337					
Revenue	$ -	$ -	$ -	$ -	0.0%
Expenditures	-	-	-	-	0.0%
Net Change in Fund Balance	**$ -**	**$ -**	**$ -**		
SWS Development Fund 360					
Revenue	$ 338,021	$ 28,809	$ 85,969	$ (252,052)	25.4%
Expenditures	5,000	-	-	5,000	0.0%
Transfer In (Out)	(44,800)	-	(44,800)	-	100.0%
Net Change in Fund Balance	**$ 288,221**	**$ 28,809**	**$ 41,169**		
Debt Service Fund 405-407					
Revenue	$ 349,518	$ -	$ 25	$ (349,493)	0.0%
Expenditures	459,495	40,239	231,508	227,987	50.4%
Transfer In (Out)	152,739	-	152,739	-	100.0%
Net Change in Fund Balance	**$ 42,762**	**$ (40,239)**	**$ (78,744)**		

SouthWest Transit Commission Investments April 2018

Broker	Purchase Date	Type	Description	Maturity Date	Type	Purchase Cost	Maturity Amount	Rate	Days to Maturity	Market Value 4/30/18	Accrued Interest	Fund	Months Term
			4/30/2018										
Flagship Bank	1/21/2017	CD	Flagship CD 100152	4/21/2018	CD	300,000.00	300,000.00	1.050%	-9	300,000.00		250	*15*
Flagship Bank	2/25/2017	CD	Flagship CD 100160	5/25/2018	CD	500,000.00	500,000.00	1.050%	25	500,000.00		360	*15*
Flagship Bank	4/18/2017	CD	Flagship CD 100177	7/18/2018	CD	300,000.00	300,000.00	1.050%	79	300,000.00		100	*15*
Flagship Bank	9/14/2017	CD	Flagship CD 100199	12/14/2018	CD	250,000.00	250,000.00	1.150%	228	250,000.00		360	*15*
Alerus Bank	1/7/2015	CD	Alerus CD 53548	7/7/2018	CD	250,000.00	250,000.00	1.000%	68	256,963.32		100	*42*
Alerus Bank	1/7/2015	CD	Alerus CD 53545	1/7/2019	CD	250,000.00	250,000.00	1.190%	252	258,306.13		100	*48*
Flagship Bank	11/30/2017	CD	Flagship CD 100205	2/28/2019	CD	250,000.00	250,000.00	1.150%	304	250,000.00		100	*15*
Flagship Bank	12/11/2017	CD	Flagship CD 100209	3/11/2019	CD	500,000.00	500,000.00	1.150%	315	500,000.00		250	*15*
Alerus Bank	1/7/2018	CD	Alerus CD 53544	4/7/2019	CD	250,000.00	250,000.00	1.400%	342	256,259.14		100	*36*
Flagship Bank	1/23/2018	CD	Flagship CD 100219	4/23/2019	CD	700,000.00	700,000.00	1.400%	358	700,000.00		100:360	*15*
Flagship Bank	4/1/2018	CD	Flagship CD 100228	7/1/2019	CD	400,000.00	400,000.00	1.850%	427	400,000.00		360	*15*
Flagship Bank	7/12/2016	CD	Flagship CD 100091	7/12/2019	CD	250,000.00	250,000.00	1.100%	438	250,000.00		100	*36*
Flagship Bank	1/24/2017	CD	Flagship CD 100151	1/24/2020	CD	300,000.00	300,000.00	1.350%	634	300,000.00		250	*36*
Flagship Bank	3/5/2017	CD	Flagship CD 100162	3/5/2020	CD	250,000.00	250,000.00	1.350%	675	250,000.00		360	*36*
Flagship Bank	6/1/2017	CD	Flagship CD 100183	6/1/2020	CD	500,000.00	500,000.00	1.850%	763	500,000.00		250	*36*
Flagship Bank	7/10/2017	CD	Flagship CD 100192	7/10/2020	CD	250,000.00	250,000.00	1.850%	802	250,000.00		100	*36*
Flagship Bank	7/10/2017	CD	Flagship CD 100193	7/10/2020	CD	250,000.00	250,000.00	1.850%	802	250,000.00		100	*36*
Americana	1/8/2018	CD	Americana 10001619	1/8/2021	CD	500,000.00	500,000.00	2.000%	984	513,609.41		100	*36*
Americana	1/8/2018	CD	Americana 10001620	1/8/2021	CD	250,000.00	250,000.00	1.000%	984	257,568.32		100	*36*
				Total		**6,500,000.00**	**6,500,000.00**			**6,542,706.32**	-		
			Flagship Bank - Checking			109,359.57							
			Flagship Bank - Savings			1,197,554.73							
			Flagship Bank - Escrow Account			526,399.56							
						$ 1,833,313.86	$ -						
						$ 8,333,313.86	**$ 6,500,000.00**						
	Summary by Type (based upon current market value)												
	CD		6,500,000.00										
	US Govt Agency		-										
	Money Market		1,833,313.86				**4/30/2018**						
			8,333,313.86			90 day T-bill	1.850%						
						6 Month T-bill	1.990%						
						1 Year T-Bill	2.23%						
	Maturity Dates		Amount			2-Year T-Bill	2.50%						
	Apr-18		$ 300,000.00	*Banks*									
	May-18		$ 500,000.00	*Americana*		*771,177.73*							
	Jul-18		$ 556,963.32	*Alerus*		*771,528.59*							
	Dec-18		$ 250,000.00	*Flagship*		*5,000,000.00*							
	Jan-19		$ 258,306.13			***6,542,706.32***	-						
	later		$ 4,677,436.87										
			$ 6,542,706.32										

SouthWest Transit Commission Investments April 2018

Broker	Purchase Date	Type	Description	Maturity Date	Type	Purchase Cost	Maturity Amount	Rate	Days to Maturity	Market Value 4/30/18	Accrued Interest	Fund	Months Term
			4/30/2018										
				$ -									

New Business

SOUTHWEST TRANSIT

MEMORANDUM

TO: **SouthWest Transit Commission**

FROM: **Len Simich, CEO**

DATE: **May 17, 2018**

SUBJECT: **2017 Audited Comprehensive Annual Financial Report (CAFR)**

REQUESTED ACTION:
The Commission adopt Resolution 18-06 accepting the audited Comprehensive Annual Financial Report for the year ended December 31, 2017.

BUDGET IMPACT:
Cost to complete the audit was included as part of the 2017 budget.

BACKGROUND:
The SouthWest Transit Commission "2017 Comprehensive Annual Financial Report (CAFR)" 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 2017 CAFR 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 2017 annual report.

Mr. Steve Wischmann of BerganKDV, Ltd. and members of his staff will be at the Commission meeting on May 24, 2018 to present the audit results and respond to any questions the Commission may have.

RECOMMENDATION:
The Commission adopt Resolution 18-06 accepting the audited Comprehensive Annual Financial Report for the year ended December 31, 2017.

Attachment: Resolution 18-06

SOUTHWEST TRANSIT

SOUTHWEST TRANSIT COMMISSION
RESOLUTION #18-06
2017 Comprehensive Annual 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 comprehensive annual financial report (CAFR) for the agency in accordance with the Governmental Accounting Standards Board guidelines:

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

NOW THEREFORE, BE IT RESOLVED that the Commission hereby approves the SouthWest Transit Comprehensive Annual Financial Report for the year ended December 31, 2017.

ADOPTED by the Commission of SouthWest Transit on May 24, 2018

_____
Jay Rohe, Chairperson

ATTEST:

_____
Len Simich, Chief Executive Officer

Southwest Transit
Eden Prairie, Minnesota

Communications Letter

December 31, 2017

Southwest Transit
Table of Contents

Report on Matters Identified as a Result of the Audit of the Financial Statements	1
Required Communication	3
Financial Analysis	7
Emerging Issues	13

bergankDV

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

Board of Commissioners and Management
SouthWest Transit
Eden Prairie, Minnesota

In planning and performing our audit of 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, 2017, in accordance with auditing standards generally accepted in the United States of America, 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.

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 were not 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, 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. 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 30, 2018, on such statements.

BerganKDV, Ltd.
bergankdv.com

bergankDV

This communication 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.

Bergan KDV, Ltd.

St. Cloud, Minnesota
April 30, 2018

SouthWest Transit
Required Communication

We have audited the 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, 2017. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND *GOVERNMENT AUDITING STANDARDS*

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

As part of our audit, we considered the internal control of SWT. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of SWT's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

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

Our responsibility with respect to the other information in documents containing the audited financial statements and auditor's report does not extend beyond the 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.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

PLANNED SCOPE AND TIMING OF THE AUDIT (CONTINUED)

Our audit included obtaining an understanding of SWT and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to SWT or to acts by management or employees acting on behalf of SWT.

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SWT are described in the notes to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017. We noted no transactions entered into by SWT during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

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.

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

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

SouthWest Transit
Required Communication

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We identified the following uncorrected misstatement of the financial statements. Management has determined its effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- OPEB liability related to GASB 45 is not recorded

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We requested certain representations from management that are included in the management representation letter.

MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SWT's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SWT's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

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.

OTHER MATTERS (CONTINUED)

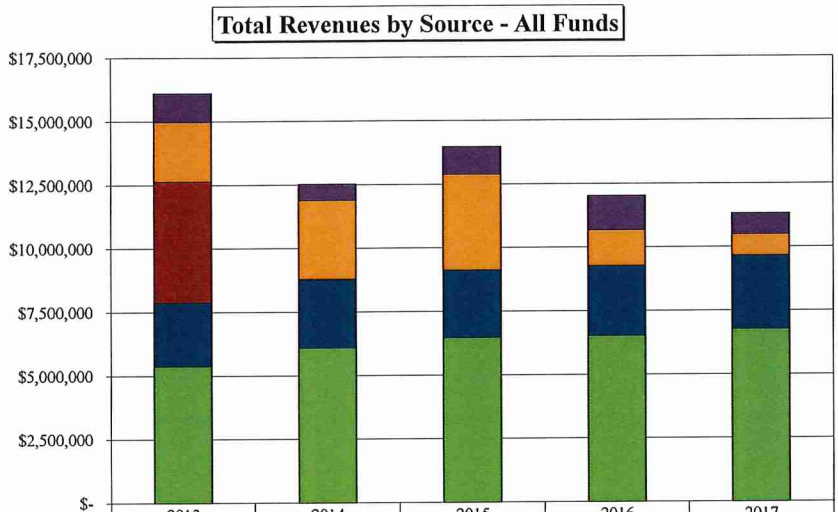
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United 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 financial statements or to the financial statements themselves.

We were not engaged to report on the other information accompanying the 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.

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



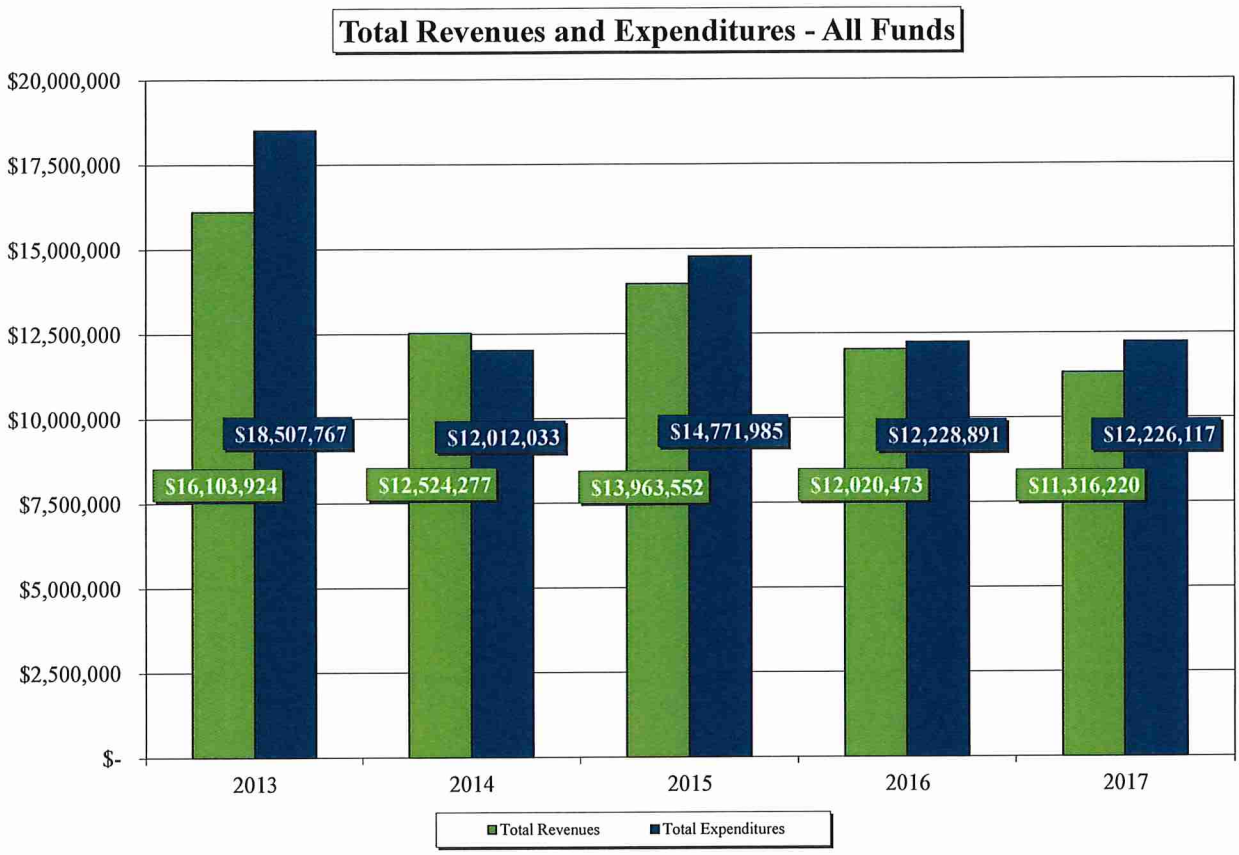
	2013	2014	2015	2016	2017
Other	$1,124,202	$624,706	$1,077,626	$1,338,492	$817,418
Met Council Funding	2,344,059	3,107,741	3,766,156	1,410,910	837,166
Federal Grants	4,742,482	44,644	-	-	6,588
Passenger Fares	2,517,920	2,658,560	2,653,727	2,745,131	2,882,098
Motor Vehicle Sales Tax	5,375,261	6,088,626	6,466,043	6,525,940	6,772,950

Revenue decreased $704,253 in 2017 compared to 2016.

- Met Council revenue decreased $573,744
  - Regionally allocated MVST decreased $688,000 as a result of Met Council reducing SWT's grant amount to keep SWT's fund balance in the 25-35% maximum allowance range, as set by Met Council
  - SWT received approximately $118,000 in Met Council funding in 2017 related to legal fees associated with the sale of SWT's building
- Other revenue decreased $521,074
  - Charges for services related to the Plymouth contract that ended in 2016 decreased $180,000
  - Charges for services related to service in the City of Carver decreased approximately $110,000 as a result of a reduction in the number of trips
  - LMCIT insurance dividend decreased approximately $212,000
- Motor vehicle sales tax increased $247,010; 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 increased $136,967 as a result of transit wide increase in fares effective October 1, 2017, an increase in the fare for the state fair routes, and a significant increase in SW Prime ridership

SouthWest Transit
Financial Analysis

TOTAL REVENUES AND EXPENDITURES – ALL FUNDS

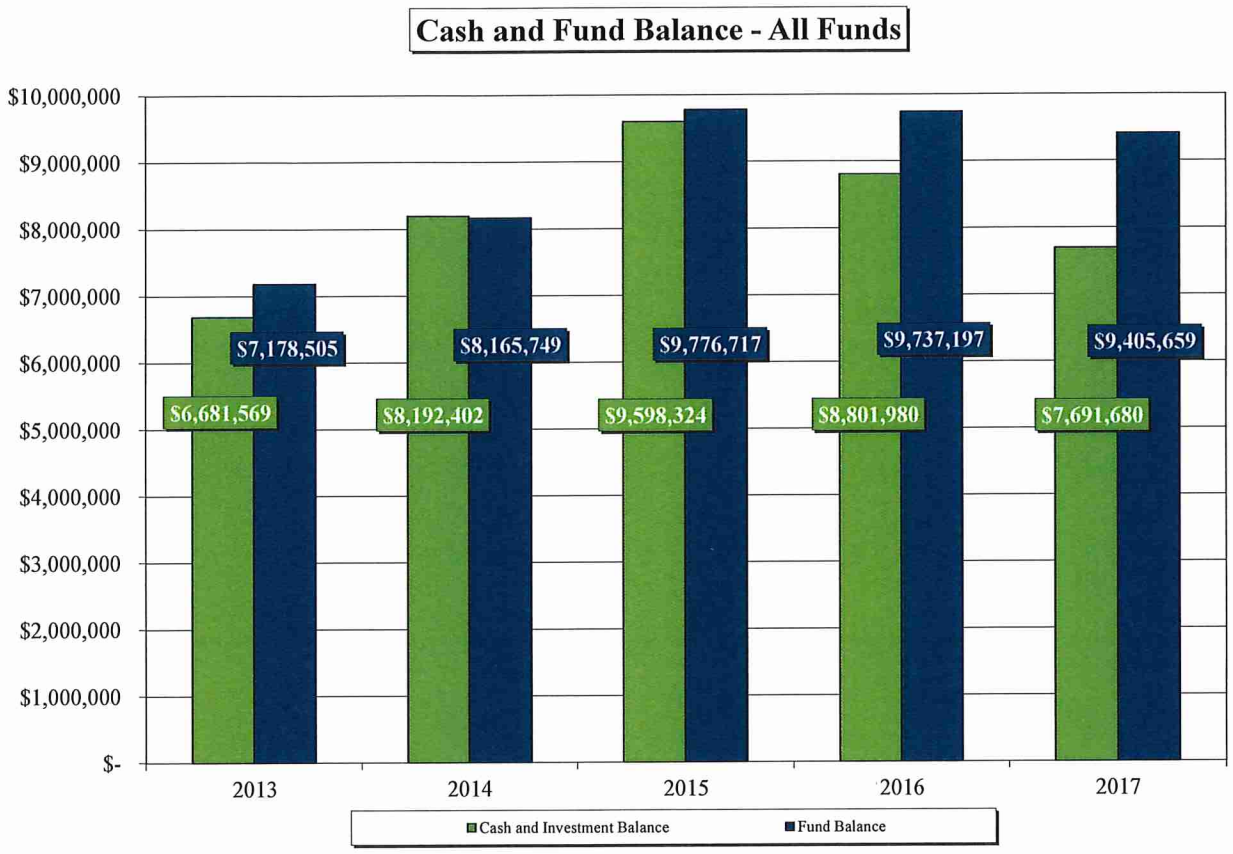


Total expenditures exceeded total revenues in four of the last five years, which was by design to bring fund balance levels in line with Met Council's policies. In 2017, expenditures exceeded revenues by $909,897. Total revenues decreased $704,253, as mentioned on the previous page, while expenditures were consistent, decreasing $2,774. There were some changes in expenditures by program:

- General government current expenditures decreased $84,087
  - Result of implementing a new website in 2016
- Operations and vehicle maintenance current expenditures increased $307,475
  - Fees related to the contract with First Transit increased due to an increase in Prime service demands, including Saturday Prime service, normal contract cost increases, and an increase in training costs for new drivers
  - Motor fuel and lubricants increased due to increased usage and an increase in average fuel price from $1.63 per gallon in 2016 to $1.93 per gallon in 2017
  - SWT also experienced a decrease in bus and vehicles repair costs in 2017
- Buildings and grounds current expenditures decreased $149,851
  - Preventive maintenance project occurred at the East Creek location in 2016

SouthWest Transit
Financial Analysis

CASH AND FUND BALANCE – ALL FUNDS



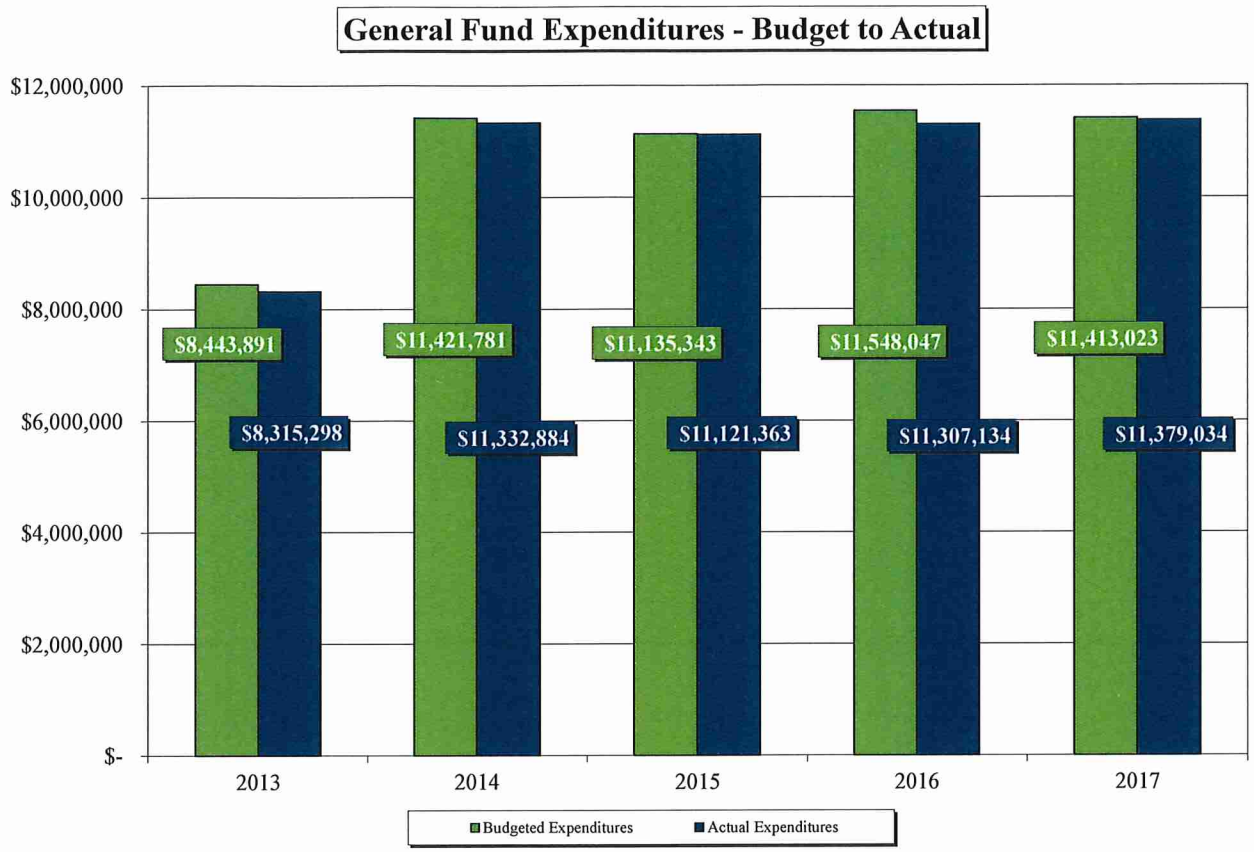
The cash and investment balance was lower than fund balance in four of the five years presented. Cash and investments decreased $1,110,300 while fund balance decreased $331,538 from 2016 to 2017.

The cash and investment balance decreased due to negative overall operations of $331,538, an overall increase in receivables of $719,261, and a decrease in accounts, contracts, and salaries payable from the prior year of $43,568.

The General Fund balance decreased $1,078,816 to $3,583,070 in 2017 due to revenues from operations and grants coming in under expenditures and transfers to other funds primarily the result of a decrease in regionally allocated MVST. The unassigned fund balance in the General Fund as of December 31, 2017, is $2,923,805, which represents approximately 27%, or 3 months of expenditures, based on 2017 budgeted operating expenditure levels.

SouthWest Transit
Financial Analysis

GENERAL FUND EXPENDITURES – BUDGET TO ACTUAL



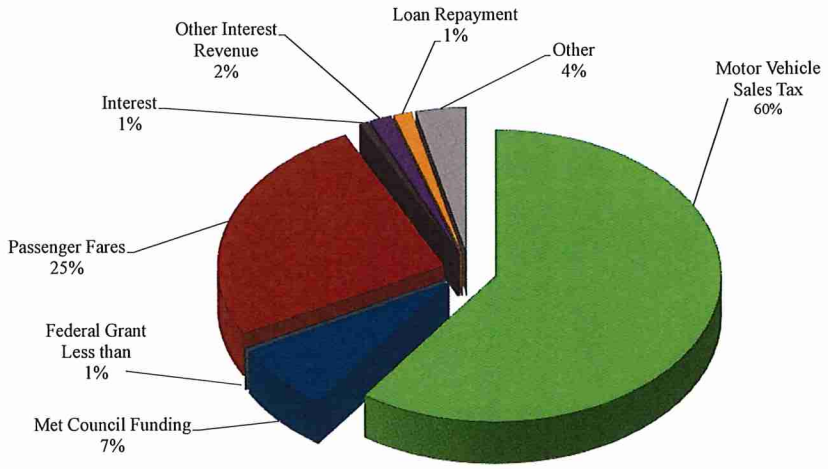
General Fund budgeted expenditures exceeded actual expenditures in all five years presented. Expenditures were under budget by $33,989 in 2017. The largest variance was in operations and vehicle maintenance current expenditures, which were $29,918 under budget. All other expenditures were relatively consistent with budgeted amounts.

SouthWest Transit
Financial Analysis

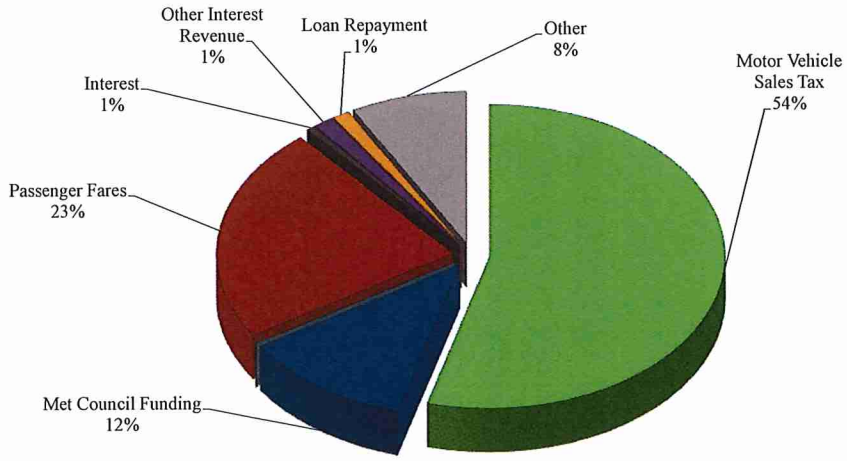
OPERATING REVENUES

The following pie charts show the allocation of revenue by source for all funds in 2017 and 2016. There were significant changes between 2016 and 2017 as a result of the significant decrease in Met Council funding in 2017. As a result, the allocation of revenue by source increased for most other revenue sources.

Operating Revenues by Source for 2017 - All Funds



Operating Revenues by Source for 2016 - All Funds



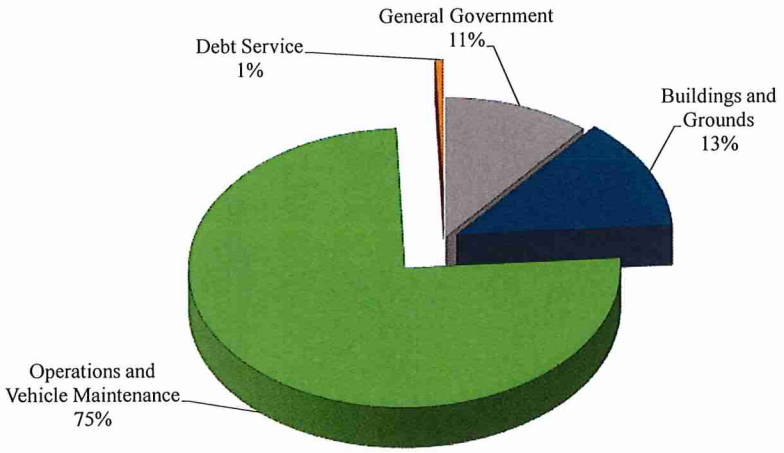
In the General Fund, the regional target for passenger farebox recovery revenue percentage in relation to operating expenditures is 28%. During 2017, SWT's passenger fare revenue as a percentage of operating expenditures was 27.55%, while it was 29.57% in 2016. The decrease in the percentage for 2017 was a result of 2016 Ryder Cup activity.

SouthWest Transit
Financial Analysis

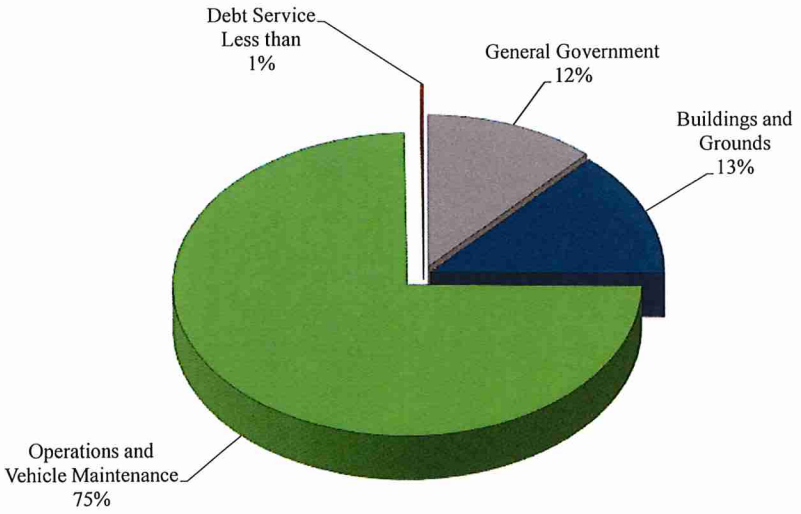
OPERATING EXPENDITURES

The following pie charts show the allocation of expenditures by program for the General Fund in 2017 and 2016. The allocation is fairly consistent with 2016.

Operating Expenditures by Department for 2017 - General Fund



Operating Expenditures by Department for 2016 - General Fund



SouthWest Transit
Emerging Issues

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 updates include:

- **Accounting Standard Update – GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** – GASB has issued GASB Statement No. 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.
- **Accounting Standard Update – GASB Statement No. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.
- **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 each the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your organization.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 – *ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 – *ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS* (CONTINUED)

GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a *net OPEB liability* -the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.

- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their *proportionate share of the collective OPEB liability* for all entities participating in the cost-sharing plan.

- Governments that do not provide OPEB through a trust that meets specified criteria will report the *total OPEB liability* related to their employees.

GASB Statement No. 75 carries forward from Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

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

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – *FIDUCIARY ACTIVITIES* (CONTINUED)

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

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

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' 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.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – *LEASES* (CONTINUED)

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.

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 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 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 December 15, 2019. Earlier application is encouraged.

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

SouthWest Transit
Eden Prairie, Minnesota

Reports on Compliance with *Government Auditing Standards* and Minnesota Legal Compliance

December 31, 2017

SouthWest Transit
Table of Contents

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*	1
Report on Legal Compliance	3

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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, 2017, and the related notes to financial statements, which collectively comprise SWT's basic financial statements, and have issued our report thereon dated April 30, 2018.

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) to determine 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.

BerganKDV, Ltd.
bergankdv.com

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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 determination of financial statement amounts. 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.

Bergan KDV, Ltd.

St. Cloud, Minnesota
April 30, 2018

bergankdv

Report on 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, 2017, and the related notes to financial statements, which collectively comprise SWT's basic financial statements, and have issued our report thereon dated April 30, 2018.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant *to Minnesota Statutes* § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions of tax increment financing because SWT does not have any tax increment districts.

In connection with our audit, nothing came to our attention that caused us to believe that SouthWest Transit failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions.* 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.

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.

Bergan KDV, Ltd.

St. Cloud, Minnesota
April 30, 2018

BerganKDV, Ltd.
bergankdv.com

SOUTHWEST TRANSIT

To: **SouthWest Transit Commission**

From: **Len Simich, CEO**
Steve Wischmann, *Audit, Forensic and Risk Services,* **BerganKDV**

Date: **May 17, 2018**

Subject: **Risk Assessment**

REQUESTED ACTION:
Steve Wischmann from BerganKDV will provide an overview the Risk Assessment currently underway at SWT, and seek Commission input into the process.

BUDGET IMPACT:
NA.

BACKGROUND:
Late in 2017 staff and our Auditors from BerganKDV began the process of conducting an overall financial risk assessment for the organization.

The assessment was not being conducted because of any concerns or previous audit finding, but as a pro-active approach to identify any potential concerns, and to get out in front of any issue prior to it becoming a problem.

The first activity undertaken was a risk assessment survey each member of the SW Leadership Team completed. Steve will present the survey information identified in to date, and seek the Commission's input into the process.

We anticipate the study to be completed this summer.

RECOMMENDATION:
Provide Commission input into the agency Financial Risk Assessment.

SOUTHWEST TRANSIT

MEMORANDUM

TO: **SouthWest Transit Commission**

FROM: **Matt Fyten, Manager of Planning**

DATE: **May 24, 2018**

SUBJECT: **SW Prime Software Contract**

REQUSTED ACTION:
That the SWT Commission rescind approval to enter into a contract with VIA for software to operate SW Prime service; terminate the process by which SWT solicited proposals for the software services; ratify and approve negotiations with Ridecell to continue to provide software to operate SW Prime service; and authorize a new contract with Ridecell for an additional year with an automatic renewal for one additional year unless notice of non-renewal is given 90 days prior to the end of the first year.

BUDGET IMPACT:
The annual payments to Ridecell breakdown as follows:

- Year 1: $67,500
- Option Year 2: $70,000
- The costs will be paid from the Operations Budget. Due to the Met Council's new block grant funding allocation method, use of agency reserves will not be required to fund this purchase.

BACKGROUND:
Since the SW Prime service was implemented in 2015 staff has been keeping an eye on software on the market that could improve the SW Prime service. SWT's current contract with Ridecell expires in September of this year. Thus, it had to be determined if we should stay with Ridecell or enter into an agreement with another vendor. As we have previously informed the Commission Staff met with and received demonstrations from numerous vendors over the past year. Given the unique one-of-a-kind service characteristics of the SW Prime service there were a limited number of vendors that could meet all the service's needs. In the prior solicitation process Ridecell, Via, and TransLōc were identified as potential vendors who could meet SWT's needs. At that time the proposals from the three were as follows: TransLōc: $61,800 Via: $81,191 Ridecell: Estimated Annual Cost of $174,321. Staff determined TransLōc was not a viable option due to their inability to allow for manual dispatching. Via meet most of the requirements and Ridecell could meet all the requirements. The Commission approved moving forward with a contract with Via due to the

difference in cost Staff recommended that the Commission approve moving forward with Via. However discussions with Via regarding the terms of the contract became protracted. Staff contacted Ridecell to determine if it could provide the service at a cost lower than the amount previously quoted. Ridecell responded that it could provide the software service for an estimated cost of $67,500 for year 1 and $70,000 for year 2. Based on this new estimate from Ridecell, Staff recommends that it is in SWT's best interest to rescind the approval to enter into a contract with Via, terminate that solicitation process, ratify and approve the discussions with Ridecell to extend its services and approve a contract with Ridecell for a new one year contract with an automatic renewal for one additional year unless notice of non-renewal is given 90 days prior to the end of the first year.

RECOMMENDATION:

That the SWT Commission authorize its CEO to enter into a 1- year agreement, an additional year with an automatic renewal for one additional year unless notice of non-renewal is given 90 days prior to the end of the first year, for an amount not to exceed $67,500 for year 1 and $70,000 for year 2 for the purpose of providing software to operate the SW Prime service.

SOUTHWEST TRANSIT

MEMORANDUM

TO: **SouthWest Transit Commission**

FROM: **Dave Jacobson, COO**

DATE: **May 16, 2018**

SUBJECT: **Procurement of a Prime Vehicle**

REQUSTED ACTION:
That the SWT Commission authorize its CEO to procure a Prime vehicle, a 2017 Ford Transit 350XL which is a 16-passenger van, from Apple Ford Shakopee for a not to exceed price of $27,500.00.

BUDGET IMPACT:
The $28,000 are intended to come from the capital reserve budget.

BACKGROUND:
As Prime's demand grows so does the need for vehicles. The latest service plan has increased the daily peak need to 12 buses. Our current fleet, including old retired Metro Mobility buses, is 13 buses. We also supplement the service with staff vehicles. Finally, through the Metropolitan Council two cut away buses have been delayed two months in their delivery now expecting a late July delivery due to issues at the assembly plant. SWT is also waiting for the electric vehicle to be delivered which should be the end of June.

The Apple Ford vehicle presents another excellent opportunity for SWT in Prime service while building the Prime fleet. It is a 2017, 16 passenger van with only 28,000 miles. The procurement process is somewhat atypical again in that staff found a vehicle that would work great for Prime at a reasonable price. If staff were to use the "State Contract" for a comparable new van, which is one model year newer, the negotiated price would be $33,409.92 and then wait for a couple of months for the order to be placed and the van to be built and delivered. The timing is such that Prime vehicles are needed now.

As time progresses and the Prime service matures, staff is finding that smaller vehicles work better because they are slightly smaller, more maneuverable and more cost effective. However, the lift equipped "cutaway" style bus still is needed so we are able to transport those individuals who require mobility devices.

RECOMMENDATION:
That the SWT Commission authorize its CEO to procure a Prime vehicle, a 2017 Ford Transit 350XL which is a 16-passenger van, from Apple Ford Shakopee for a not to exceed price of $27,500.00.

SOUTHWEST TRANSIT

SOUTHWEST TRANSIT

MEMORANDUM

To: **SouthWest Transit (SWT) Commission**

From: **Mike Dartt, Facility Manager**

Date: **May 3rd, 2018**

Subject: **New Tool Cat**

REQUESTED ACTION
That the SWT Commission authorizes its Chief Executive Officer to execute an agreement with: Lano Equipment Not to exceed $37,000.00 for the purchase of a new Tool Cat.

BUDGET IMPACT
Total cost of the machine is $52,274.86 SWT negotiated a $15,274.86 trade value of our 2006 Tool Cat. Total cost after trade is$37,0000 and will come from the 2018 capital cost of operation budget.

BACKGROUND
In December 2006, SWT had purchased a Tool Cat which is a four-wheeled utility work machine that is slightly smaller than a bobcat. Since purchasing the machine in 2006 it has been a valuable tool. It now has almost 4,000 hours of heavy operation which is beyond the useful life of operation.

The purpose of this memorandum is to request the old Tool Cat be replaced with a new one. This new Tool Cat will be especially important moving into the winter snow season.

The proposed vendor is part of the Department of administration "State Contract" and has already been competitively processed. Additionally, the recommended vendor, Lano Equipment has performed work satisfactorily for SWT in the past and is a known firm to SWT.

REQUESTED ACTION
That the SWT Commission authorizes its Chief Executive Officer to execute an agreement with: Lano Equipment not to exceed $37,000.00 for the purchase of a new Tool Cat.

SOUTHWEST TRANSIT

SOUTHWEST TRANSIT

MEMORANDUM

To: **SouthWest Transit (SWT) Commission**

From: **Len Simich, CEO**
Mike Dartt, Facility Maintenance Manager

Date: **May 15th,2018**

Subject: **Eden Prairie Garage Maintenance Shop HVAC Project:**

REQUESTED ACTION

That the SWT Commission authorize its Chief Executive Officer to execute an agreement with (Proposed Contractor) in the amount not to exceed ($?) for the Eden Prairie Garage HVAC Project.
Recommendation to be presented at the May commission meeting as bids were not due until after commission packet had been mailed.

BUDGET IMPACT

Staff recommends that funding for this project come from Capital reserves and or 2018 operating funds.

BACKGROUND

The maintenance shop has been forever a difficult area of the garage in terms of temperature regulation. With the addition of the two proposed roof top units, the working environment in the maintenance area will greatly improve. The new forced air units will cool this location and eliminate the issue of 90 degree or more working conditions in the summer. They will remove humidity and will also become a make-up heat source in the winter

When garage doors in the maintenance area are opened or closed, it takes quite some time for the radiant heat to regulate the temperature fluctuation this causes. Most of the radiant heaters in this area are 25 plus years old and past their useful life. Adding roof top units is the most reasonable way to add cooling to this area and a great way to supplement the heating of the area at the same time.

Contractor	Price
?	**$?**

RECOMMENDATION

That the SWT Commission authorize its Chief Executive Officer to execute an agreement with (Proposed Contractor) in the amount not to exceed ($?) for the Eden Prairie Garage HVAC Project.

SOUTHWEST TRANSIT

To: **SouthWest Transit Commission**

From: **Jason Kirsch, Technology and Security**

Date: **May 14, 2018**

Subject: **Mobile Fare Payment App**

REQUESTED ACTION:
That the Commission authorize its CEO to enter into a 1-year contract with the opportunity to extend for successive 1-year terms up to 3-years with Masabi to provide a Mobile Fare Payment Application and process transactions.

BUDGET IMPACT:
The project will not affect the budget. Masabi will charge 8.5% of transactions >= $1.50 and $.05 + 5% of transactions < $1.50

BACKGROUND:
Looking to give passengers more options when it comes to fare payment, SouthWest Transit (SWT) Staff explored options for adding a mobile payment app for riders. This app will allow SWT to create passes that can be sold via a mobile app. The pass would stay in the riders "virtual wallet" until they were ready to use it. Passes could be sold for express fares, SW Prime rides, and Special Events. After a rider purchases and activates the pass, they would show the driver their phone's screen that confirms the purchase. Fraud protection is built in with an animated image and daily changing picture. Good passes would show the service it was purchased for along with the expiration time. Expired passes show a red expired time and will delete itself from the rider's wallet. The 8.5% processing and support fee per transaction is in line with other processors we currently use, ie. SW Prime online transactions.

Staff received 2 proposals for this application.

- Token Transit — $0 Startup Costs and 10% of transactions >= $2.00 and $.06 + 7% of transactions < $2.00
- Masabi — $0 Startup Costs and 8.5% of transactions >= $1.50 and $.05 + 5% of transactions < $1.50

Cost Breakdown per transaction

	Fare	Token Transit	Masabi
Express Non-Peak	$ 2.50	$ 0.25	$ 0.21
Express Peak	$ 3.25	$ 0.33	$ 0.28
SW Prime Adult	$ 4.00	$ 0.40	$ 0.34
Vikings/Twins	$ 5.00	$ 0.50	$ 0.43
State Fair Adult	$ 8.00	$ 0.80	$ 0.68

RECOMMENDATION:

That the Commission authorize its CEO to enter into a 1-year contract with the opportunity to extend for successive 1-year terms up to 3-years with Masabi to provide a Mobile Fare Payment Application and process transactions.

Updates

May Administrative Updates

Legislative Update – The2017 session will close by midnight this coming Monday, May 21. A number of actions have yet to be taken including the tax and bonding bills. Since this year is not a tax bill year, it's not imperative that a new bill be approved. It is however a bonding year (although some bonding was included in last year's tax bill). Currently the Governor and Legislator (House and Senate) are over $600 million apart. More negotiations are anticipated which is a good thing since our bonding request did not make the cut in either the House or Senate. Senator Cwodzinski and Representative Loon (the bill authors) have been contacted about this.

The S2S demonstration was reduced from $3.5 million to $2.1 million but is still in play. You may remember that funding is earmarked for vehicles which SWT was originally to receive $500,000. Should the bill pass, additional discussions will need to take place between us, MVTA, and the STA.

One final thing, there is a House proposal which would require 100% of MVST funding be used solely for operations. This year (2018) was the first year we were able to convince the Metropolitan Council to allow us the opportunity for funding flexibility.

Since MVST is our primary and in some years our only source of state funding, small operators like us really need the flexibility to use at least a portion of that funding for capital or to pay down debt related to capital purchases.

My guess is the House action (or potential action) is a way to not allow any MVST funding to be used to fund rail initiatives.

Our Legislators have been apprised of this issue.

SWLRT – The Metropolitan Council opened bids on May 3 for the re-issued civil construction contracts for the SW LRT project. You may recall that the Council rejected the original bids in September. The new 'low' bid came in nearly $3 million higher than low bid submitted previously. In speaking with the Project Office, they do not believe this latest turn of events effecting the agreement or timeline with SouthWest Transit. We are still operating under the assumption we will be moving out of the Station in December (however we are not packing stuff up just yet).

Human Rights Award – As mentioned last month SWT was awarded the Humanitarian Award by the Eden Prairie Human Rights Commission for our Prime service. Commissioner Roepke, Dave Jacobson and I (Len) accepted the award on behalf of the Commission. The following is the statement read by a member of the Human Rights Commission prior to presenting the award: "SouthWest Transit upholds the values of the Eden Prairie Manifesto by striving to provide accessible transportation to all of Eden Prairie's residents. Through the SouthWest Prime program, SouthWest Transit allows residents to maintain their independence and access to our community. The program offers ADA compliant vehicles, discounted fares for seniors and disabled veterans, and

provides customers with various ways of arranging transportation, therefore reducing the barriers that residents face as they navigate through the community. SouthWest Transit works every day to ensure that every member of our community can thrive."

Automated Vehicle Strategic Vision Committee – I (Len) have been selected to participate in a two day strategic visioning workshop for automated vehicles (AV's) in Minnesota (June 25-26). The workshop is designed to define and advance a vision around AV's by developing an action plan that focuses on deployment and identifies champions who could lead key elements. The work of the committee will be shared with policy leaders including the Governor's Advisory Council on Automated Vehicles.

First Transit's "Be First Awards" – The finalists for this year's First Transit national awards were recently announced, and we are pleased to announce that one of our drivers, Taylor Werness, was selected in the Committed to the Customer category. To be selected as a finalist is quite an honor considering First Transit has over 120,000 employees. Awards will be given out on June 19th in Cincinnati. Taylor and Dave Simoneau will be attending.

Arboretum Partnership – SouthWest Transit and the Minnesota Landscape Arboretum will once again be partnering on a number of initiative for the remainder of 2018. Some of the initiatives included special Prime service into the Arboretum; bus service during the apple season and to the winter lights festival being planned around the holiday's; and the Arboretum will be participating in SWT's shared bike program. The Arboretum is also planning to purchase a bus wrap to promote their upcoming activities. More information about our partnership will be coming in the near future.

Operations, Planning, IT and Maintenance Updates for May, 2018

The Metropolitan Council's Transportation Committee at its May 14th meeting approved a sole source for the purchase of two **MCI Low Floor Coaches** to be leased to SWT. Upon authorization by the full Metropolitan Council and notice to proceed it is anticipated that the two sole source coaches will be delivered by the end of calendar year 2018. The remaining four low floor MCI coaches will be part of the AC (Alameda County) Transit procurement. In both cases the SWT specifications have been shared. We anticipate few modifications to the specifications submitted.

TBI Data - Staff has requested one of the Travel Behavior trip data experts to visit SWT with the latest origin/destination information to help plan services moving forward maximizing resources and service delivery.

State Fair Planning continues with reviewing and tightening the Manager on Duty responsibilities, filling in staff schedules and sending out invitations to current and potential State Fair operators for a BBQ on Wednesday May 23rd.

Customer Service Enhancements - Free-standing touchscreen kiosks will be installed later this year at the Stations in Chanhassen and Chaska. These kiosks will provide schedules, special event info and allow to request a SW Prime ride. If riders need assistance, there is a handset and video camera built in that will allow a call to a SWT customer service representative. The CSR will then be able to show the rider on the screen how to navigate the info they are requesting. The software installed that allows this video call and screen sharing will also be deployed to our website.

Fiber Internet at EPG - Work progresses at the Eden Prairie Garage to install fiber internet. Expected completion date is July 10th. SWT currently has fiber internet at East Creek Station through the Carver County Fiber Ring. Staff is working with Carver County to provide fiber internet to SouthWest Village and Chanhassen Transit station as well.

Chaska Senior Expo – SWT provided bus service to the Chaska Senior Expo at the Chaska Community Center where we transported over 30 seniors. Service was provided from all Chaska senior apartment locations. The service went off without a hitch and it was reported that a smooth ride and good time was had by all who attended. SWT staff was also on hand at the Expo to promote our services and hand on promotional items (the SWT jar openers were a big hit).

Marquette/2nd Avenue in downtown Minneapolis will be under construction this Summer. The project is expected to last the duration of the Summer months. Construction will impact where riders board and alight the bus as different lanes are worked on as part of the project. For the majority of construction there will be two lanes for buses to operate as they do today. However, we have been notified that a segment of Marquette Ave will be down to one bus lane for a week at the most, which will significantly impact bus traffic and cause significant delays for all bus service along the corridor. Staff continues to work with Minneapolis staff to determine construction timing, and will ensure riders are kept up to date both leading up to the construction and during the construction.

Highway 41 construction – Keeping with the construction theme, Highway 41 in Chaska is undergoing a full closure between Pioneer Trail and Hundertmark Road. The construction is scheduled to last into the Fall. While SWT does not operate any fixed routes on the impacted segments of roads, the construction

has caused delays to routes that service East Creek Station. The construction also impacts our SW Prime service for rides occurring in that area. Staff will continue to monitor the impact of the construction on traffic and make service adjustments as needed, as well as keep riders informed.

Tesla Update – Production for the Tesla to be used on the SW Prime service is on schedule with an anticipated completion in late May. Depending on how the vehicle is shipped, we will either receive the vehicle in early or mid-June with anticipated operation in July.