

2019 ANNUAL REPORT



Message from SouthWest Transit's Chair and CEO:

Looking back over the past decade gives us a great sense of pride when reviewing what the agency has been able to accomplish. Some of our most notable achievements include:

- Consistently provided over 1 million passenger trips annually.
- Constructed two new transit stations and ramps (Chanhassen Station and East Creek Station), and assisted with the development of the Carver Transit Station.
- Increased annual ridership to the Minnesota State Fair from 60,000 rides to over 115,000, making SouthWest Transit the most used public transit gate at the Fair.
- Initiated a Rider Advisory Committee to provide input on service plans, marketing efforts, and policies, such as the region's only "cellphone quiet zone."
- As fuel prices began to escalate, SouthWest Transit initiated a mid-day park out of vehicles in the downtown area, saving the agency over \$150,000 annually.
- Developed the region's first phone app, which provides real-time route and trip information.
- Became the first regional transit agency to equip 100 percent of its vehicles with Wi-Fi.
- Implemented the daily downtown transit ambassador program to assist passengers and to monitor traffic and weather conditions in the downtown zone.
- Brought 99 new vehicles into our operations, including the region's first low floor MCI coach vehicles; Prevost coach buses; and BraunAbility vans.
- Partnered with a national advertising agency to annually wrap 15 vehicles, which has brought over \$2 million in additional revenue to the agency over the past ten years.
- Provided transit service to numerous special events, such as Minnesota Vikings, Twins, and Golden Gopher Football games, Summer Adventures, major concerts, Minnesota Landscape Arboretum, and two national/international events - the 2018 Super Bowl at U.S. Bank Stadium and the 2016 Ryder Cup at the Hazeltine National Golf Club in Chaska.
- Completed the agency's Strategic, Emergency Preparedness, and Asset Management Plans.
- Partnered with a private developer to construct 45 town homes at our second transit-oriented development, SouthWest Village.
- Implemented the region's most successful rider rewards program – SW Perks.
- Began the SouthWest Ride bike rental program as part of our "last mile" services.
- Implemented a driver reward program based on performance, reliability, and customer service.
- Began a weekly shuttle/shopping bus service for seniors, which provided access to critical services.
- Started a travel training program to help reduce the stress and fear seniors and ESL individuals have when riding the bus for the first time.
- Negotiated the sale of SouthWest Station to the Metropolitan Council. This action paved the way for the regional LRT system and SouthWest Transit operations to co-exist and compliment each other's operations in Eden Prairie.
- Expanded the office, vehicle storage, and employee parking at our vehicle maintenance and garage facility.
- Implemented the region's first microtransit system and on-demand non-emergency medical transportation system, SW Prime and SW Prime MD. Besides being innovative, both are the most cost-effective demand-response services operating in the region and have become a model that is being employed nationally.
- Received numerous awards related to financial excellence, safety, innovation, customer service, and operational excellence throughout the past decade.

As we set our sights towards the next decade, we do so with an understanding that many challenges and changes await us. We embrace this fact and plan to move forward with the same strong commitment to our customers, employees, and to the residents of the communities we serve.

As in SouthWest Transit's first 35 years of providing service, we will continue to provide the important and critical role of connecting people to employment, medical, social, and recreational activities throughout the region, and we will do so with the same dedication to customer service and passenger and employee safety we have become known for.

On behalf of the SouthWest Transit Commission, we are pleased to present the 2019 Annual Report.



Brad Aho
Chair



Len Simich
CEO

2019 Commission

Members (from left to right)

Jody Bonnevier - *Commissioner at Large*

PG Narayanan - *City of Eden Prairie*

Bob Roepke - *Secretary/Treasurer, City of Chaska*

Courtney Johnson - *Ex Officio, City of Carver*

Bethany Tjornhom - *City of Chanhassen*

Mike Huang - *City of Chaska*

Jerry McDonald - *Vice Chair, City of Chanhassen*

Brad Aho - *Chair, City of Eden Prairie*



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 the commissioner at-large.

The Commission's role is to represent the public's interest in policy development, long-term planning and 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.

2019 Directors

Len Simich
Chief Executive Officer

Dave Jacobson
Chief Operating Officer

Organizational History

In 1986, the southwest Minneapolis suburbs of Chaska, Chanhassen, and Eden Prairie chose to opt out of the Metropolitan Transit Commission transit system in accordance with Minnesota State Statutes. Under a joint powers agreement between the three cities, they created their own transit system, SouthWest Metro Transit.

Upon its formation, the agency automatically became part of the regional transit system, which included a variety of public and private transit agencies serving the Twin Cities Metropolitan Area. In order to avoid duplication of services and to provide for a transit system that would best serve the region, all these agencies are coordinated via regional transit policies administered through the Metropolitan Council.

Services

SouthWest Transit provides a variety of services to meet the needs of the communities we serve:

- Express Service – Provides express bus trips to Downtown Minneapolis and the University of Minnesota.
- Reverse Commute – SouthWest Transit operates one of the region's oldest reverse commute programs bringing workers from the urban core to job sites in Chaska, Chanhassen, and Eden Prairie.
- Local – Our microtransit service which operates totally on-demand, "Prime," provides door-to-door connection throughout our service area.
- Non-Emergency Medical – "Prime MD" service, which is a combination of a traditional dial-a-ride and micro transit system provides door-to-door non-emergency medical transportation to medical facilities not only within our three core communities, but to surrounding communities as well.
- Special Services – SouthWest Transit provides special event service to venues like the Minnesota State Fair and sporting events such as Twins, Vikings, and Gopher football games. We also have a Summer Adventures series that provides service to popular destinations such as the Como Zoo, Science Museum, and Minnesota History Center, and we also provide seasonal service to places like the Minnesota Landscape Arboretum.
- Trips – SouthWest Transit operates approximately 150 one-way express bus trips and over 400 demand-response trips each day it operates. The services are currently provided with a fleet of 84 vehicles.
- Ridership – SouthWest Transit provides approximately 1.3 million passenger trips per year.

Innovation

SouthWest Transit continues to bring a cost-effective, innovative, and entrepreneurial approach to transit to some of the fastest growing areas in the State. Through its approach, SouthWest Transit has had tremendous ridership growth, continues to have on-time performance and customer satisfaction rankings above 99% annually, and was one of the first to bring innovations such as transit oriented development, coach vehicles, the first two 45-foot coach low floor buses in the United States, Wi-Fi, real time mobile apps, and micro-transit to the metropolitan region.

SW Prime Expansion

2019 was a major year of growth for SouthWest Transit’s microtransit services with the launch of SW prime MD and introduction of new operating software to the SW Prime service. SW Prime MD, a non-emergency medical service that allows for scheduled rides in and around the SouthWest Transit service area, launched in the fall, thanks to a partnership with Ridgeview Medical. Under the partnership, Ridgeview has agreed to cover one-half the cost of the trip (\$5) for riders to its facilities in Waconia, Chaska, Chanhassen, and Excelsior. The partnership is already yielding regular ridership on SW Prime MD, and service is expected to grow rapidly as more people learn about the service in 2020.

In 2019, the SW Prime service experienced another strong year with over 10 percent ridership growth. 2019 marked a big transition for the SW Prime service with the addition of a new software partner, Spare Labs. SW Transit’s partnership with Spare Labs has yielded positive benefits both internally and externally. The software is easy to use for customers, allowing them to book rides in as little as two clicks. Operationally, the software allows for a much more automated system than the previous SW Prime software by automatically assigning, batching, and routing rides in real-time. Since its introduction, the Spare software has improved system efficiency by reducing the average wait times and ride times on the SW Prime service - a win-win for SW Prime and its customers!



Partnerships

Founding Cities

The three founding SouthWest Transit cities (Chaska, Chanhassen, and Eden Prairie) each appoint an elected member to represent their constituents on the SouthWest Transit Commission. The three cities are interested in SouthWest Transit for a variety of reasons:

- Stewardship of taxpayers dollars for transit
- Provision of services needed for mobility (work trips, recreational trips, service trips, etc.)
- Contributions to reduced congestion and improved air quality by provision of an alternative to single occupancy vehicles
- Economic stability for business in the area by providing access to jobs from the overall region

Riders

Our riders include several specialized groups, including but not limited to commuters to Downtown Minneapolis and the U of MN, reverse commuters, senior citizens, individuals with disabilities, youth, and those using our systems for travel to a special event (Minnesota State Fair, sporting events, Summer Adventures, etc.). Each has special needs to be met.

Metropolitan Council

The Metropolitan Council is responsible for the coordination of all transit services in the seven-county metropolitan area; SouthWest Transit is part of those services. A regional fare strategy has been developed to provide for seamless cross-jurisdictional trips, capital resources for the region are shared, infrastructure improvements are supported, and the council has goals for improved air quality, congestion mitigation, and service equity in the metro area.



MnDOT

MnDOT constructs and manages Minnesota’s roadways. They have goals related to congestion mitigation, air quality, travel safety, and freeway improvements and funding. Funding sources are sometimes shared by transportation and transit interests. For example, funding for infrastructure improvements, such as High Occupancy Vehicle access lanes to freeways and bus shoulders, serves both the needs of MnDOT and transit in general.

Other Service Providers

SouthWest Transit coordinates and shares issues and concerns with the other suburban providers as well as Metro Transit.

SWLRT & Garage Expansion



In 2017, SouthWest Transit reached an agreement to sell SouthWest Station to the Metropolitan Council as part of the construction of the \$2 billion SWLRT project.

In 2019, SouthWest Transit relocated its administrative staff to satellite offices and began construction on permanent offices at its current garage and maintenance facility.

While the administrative staff relocated from the station in 2019, the customer service desk and passenger lobby continues to operate from the original SouthWest Station until construction of the temporary station is completed, which is planned for early 2020. Eventually a new permanent station will be constructed in an area directly across from where the current station is located. The new station will be

shared between SouthWest Transit customers and the passengers using the Southwest LRT line.

Once the LRT line is completed, SouthWest Transit’s operation from SouthWest Station will remain the same and may even increase during the peak hours. This is because the bus is estimated to be faster than the LRT line into downtown due to the number of stops the train will make between Eden Prairie and Downtown Minneapolis. Also, the LRT line will come into downtown behind Target Field and serve the north side of the business district. SouthWest Transit provides service through the entire downtown corridor from the south to the north end.

SouthWest Transit is still evaluating its options for its current mid-day and evening service. Some of this service may shift over to the LRT line and the agency will use any cost savings to expand its operations locally (SW Prime) or into serving new areas of the region.

The Southwest LRT line is slated to begin running in 2023.

Carver & Victoria Services

2019 saw a continuation of contracted pilot services in the cities of Carver and Victoria. This was the fifth year of express services and fourth year of SW Prime service in Carver, while Victoria completed its second year of SW Prime service. Both communities experienced increases in ridership for all of their services - a trend that is likely to continue as both Victoria and Carver are growing rapidly. Additionally, both cities agreed to contracted pilot service for the SW Prime MD service, further demonstrating the need for non-emergency medical transit services. SW Transit looks forward to seeing continued growth on all of its pilot services operating in both Carver and Victoria.



494 Service Grant

In 2016, SouthWest Transit was awarded a Congestion Mitigation Air Quality (CMAQ) grant to operate service between the SW Transit service area and the Mall of America along the I-494 corridor. The grant dollars for the service will not become available until 2021, but SW Transit is already in the final stages of planning for the service.

In 2019, the Transportation Advisory Board (TAB) approved a scope change amendment to the service that will allow SouthWest Transit to operate more maneuverable vehicles on the services, as the service is likely to incorporate aspects of the SW Prime service, allowing for on-demand pick-up and drop-offs along the planned routing.

Once in operation, the service will provide a high level of service between the SouthWest Transit service area and the Mall of America/MSP Airport along a corridor that has traditionally been underserved by transit.

Understanding Customer Needs



Employee Audits

All SouthWest Transit staff is required to ride the bus on a periodic basis - quarterly for administrative staff and every six months for maintenance staff. This serves several purposes: It gives staff the opportunity to better understand the experience our customers see every day and gives them the chance to see first-hand what they can improve upon.

Staff is asked to audit every aspect of the riding experience, from the driving technique to the cleanliness of the vehicle. If they notice an item that needs improvement, they take that directly to the manager of that given area, ensuring the issue is corrected as quickly as possible.

Secret Riders

Each quarter, SouthWest Transit offers riders the opportunity to provide feedback on their commute in exchange for a \$10 Target gift card. Without drivers knowing they're being monitored, riders provide feedback on the safety of their trip, time adherence to the schedule, the cleanliness of the facilities and of the bus, and the performance of their driver.

2019 was a great year for the Secret Rider program with 47 participants in the fourth quarter alone and higher participation than any previous year. Overall, the reaction is extremely positive.

Annual Rider Surveys

Every fall, SouthWest Transit conducts a rider survey to gauge the thoughts and feelings of our riders. Customers are asked to provide demographic information and to answer more in-depth questions, such as how often they ride, employer information, and how they found out about SouthWest Transit. The results assist SouthWest Transit in understanding our ridership and inform us how to best adapt and improve our services moving forward.

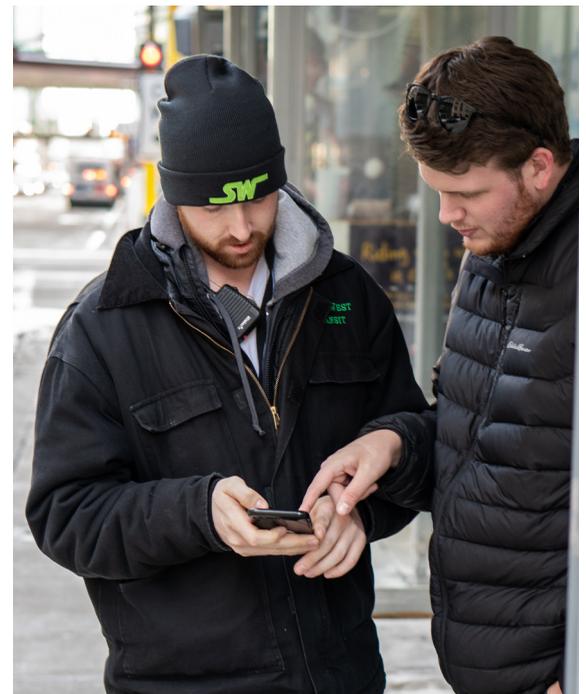
In 2019, over 1,200 riders responded to the survey. Out of these responses, over 99 percent stated that they were satisfied or very satisfied with the services SouthWest Transit provides.

Operations Advisory Committee

The Operations Advisory Committee provides a great opportunity for SW Transit staff and customers to discuss what works and what doesn't. We feel face-to-face connectivity with our customers is the best way to address and modify our customers' concerns. These committee meetings are held quarterly at 6:00 pm at different meeting sites around the three core cities we serve for general ease of customer access. Other than SW Transit customers, the meetings are staffed by SW Transit senior management and Commission members, and they are led by the At-Large Commission member. Outcomes of these meetings have included the creation of the Customer Requested Quiet Zone and other service modifications to make SouthWest Transit services better and more efficient.

Transit Ambassadors

Every weekday afternoon during peak hours (3:30 pm to 6:30 pm), SW Transit has staff on Marquette Avenue and on 11th Street in Downtown Minneapolis to serve as transit ambassadors. Ambassadors also patrol Washington Avenue at the University of Minnesota. Our ambassadors assist customers with finding the proper routes, assist the bus operators during bad weather, and share information to ease customer concerns, such as when buses will arrive during inclement weather.



New MCI Buses

Once again, SouthWest Transit is the leader in the United States with two 45-foot low floor buses, which were first operated as part of SouthWest Transit's Minnesota State Fair service and are now in regular route service.

The new MCI low floor buses have 55 seats for those who are ambulatory and a lower level with an access ramp and ADA seating. The access ramp and lower level seating allows riders with mobility challenges to easily board and ride with less assistance from the driver, which means more freedom and comfort for the rider and faster securement.

SouthWest Transit has four additional 45-foot low floor buses coming in 2020.



Vehicle Innovation

In 2019, SouthWest Transit purchased ADA compliant BraunAbility vans to join the SW Prime vehicle fleet. These small but effective ADA compliant vehicles are built on a Dodge Grand Caravan chassis. Each vehicle is able to hold up to five ambulatory passengers or two wheel chairs and two additional ambulatory passengers. A manual ramp allows easy access for wheelchairs and passengers with limited mobility.

The vehicle's five year useful life is extremely cost-effective versus a cut-away type van. This is based on mileage and repair costs, as well as capital costs, which are under \$50,000 versus \$75,000+ for a cut-away vehicle over the same useful life period.



Autonomous Vehicle Demonstration Pilot Service

SouthWest Transit has a long tradition of being viewed as an innovator in the transit industry (Transit-Oriented Development, Coach Express Buses, Wi-Fi, phone apps, etc.). 2019 saw the agency take further strides in this regard through its work with the City of Eden Prairie and MnDOT. MnDOT is one of the leaders nationally in researching, demonstrating, and promoting autonomous technologies, and SW Transit is working with MnDOT on a potential autonomous pilot service in Eden Prairie's Golden Triangle area.

This pilot is unique in that the City of Eden Prairie is supportive of demonstrating autonomous technologies on its public roadways, and the service would connect with the future Green Line LRT to help distribute riders through the largest suburban business park (over 20,000 jobs) in the regions.

SouthWest Transit will continue to work with the City of Eden Prairie and MnDOT on this project in hopes of launching a ground-breaking autonomous transit service in the near future.



State Fair Service



In 2019, SouthWest Transit transported 115,679 passengers to and from the Minnesota State Fair, breaking the previous record in 2018 and increasing ridership by 11 percent. As in previous years, SouthWest Transit also had more passengers through their gate than any other regional transit provider.

In a review of social media comments, several Facebook and Twitter users commented on how quick and easy it was to take SouthWest Transit to the fair. “We take the bus every year,” said Facebook user Amy D. “No driving, no parking, no stress, no hassle. If we ever wait, it’s not long at all.” “Eden Prairie goes really quick. They’ve got it figured out,” added another Facebook user, Kim D.

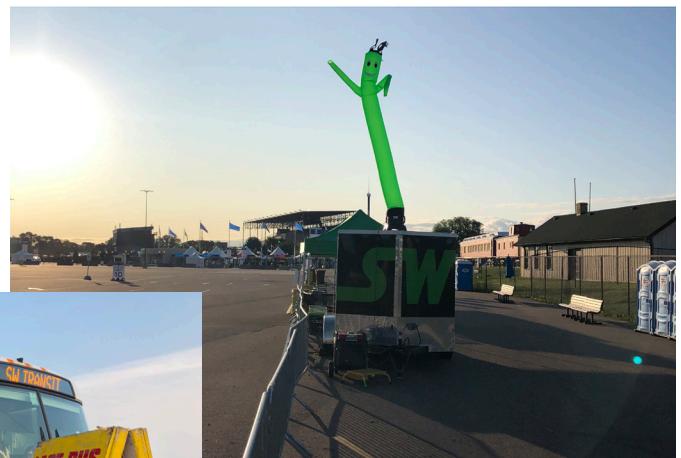
However, even with increased ridership, SouthWest Transit couldn’t stay out of the red financially.

With the level of service SouthWest Transit operates, the way we provide service (load-and-go based on demand), the customer service staff we employ just for the fair, the distance we travel for each trip, and the additional costs specific to our operation (leasing customer parking, bus storage, and bus layover stalls), the funding we generated through fares and the parking/administrative fees was not enough to allow the agency to break even.

Prior to 2019, SouthWest Transit had charged \$8 for a round-trip adult fare. However, in 2019, the Metropolitan Council, which oversees transit in the metropolitan area, informed SouthWest Transit that we could no longer charge \$8 for the trip, citing a federal rule that did not allow SouthWest Transit to charge more than the other transit providers. While SouthWest believed the rule did not apply to the demand approach to service it provides, they agreed to follow the Metropolitan Council’s directive, even though \$8 is what the agency needed to break even in its State Fair operation.

As SouthWest Transit begins to plan for 2020, several issues outside of revenue will need to be addressed. These items include the negotiation of the parking stalls used Monday-Friday during the fair and the ability to attract over 70 temporary school bus drivers used along with permanent drivers to provide State Fair service.

Unless the funding situation changes, there is a strong possibility our service will look a lot different in 2020. While this is not what we want to do, SW Transit will not compromise on providing premium service, nor will it continue to use funding needed to provide core services all year long.



2019 Awards

2019 Distinguished Service Award - Agency Attorney Ric Rosow for providing the agency with over 30 years of outstanding legal services and guidance.

Ric has been instrumental in the legal aspect and negotiations related to all SouthWest Transit's facilities, properties, vehicles, and contracts since the agency's inception. Ric has been a true professional, a loyal confidant, and always provided exceptional guidance while looking out for the agency's best interests.



2019 Friend of SouthWest Transit Award - State Representative Tony Albright, Assistant Minority Leader in the Minnesota House of Representatives.

Representative Albright has authored numerous bills on behalf of suburban transit over the years and has been a relentless supporter and advocate for the needs to the suburban transit commuter.

Recognition for SouthWest Transit



AT&T Government Technology Award

SouthWest Transit was awarded the AT&T Government Technology Award for the SW Prime service. The award recognized SW Prime for its innovative use of technology to improve service delivery to citizens.

Carver County Great Employer Award

SouthWest Transit was awarded the 2019 Carver County Great Employer Award from SW News Media. This award recognized SouthWest Transit's commitment to employee advancement, teamwork, and equality.



TSA Certificate of Appreciation

SouthWest Transit received the TSA Certificate of Appreciation for demonstrating a sustained commitment to mass transit security by participating in numerous TSA surface outreach programs, including Baseline Assessment for Security Enhancement, Risk Mitigation Activities for Surface Transportation, Security Enhancement Through Assessment, and Exercise Information System.

Safety & Security



Safety and security are top priorities for SouthWest Transit, from ensuring your trip is free from unexpected interruptions to ensuring your safety while using our technology. In 2019, a Cyber Security Assessment was performed by a third party provider where they evaluate the maturity of current information security capabilities, identified vulnerable areas, and provided us with recommendations on prioritizing areas for remediation. SouthWest's physical systems were proven sound, and the report showed a need for more technology-based policies. SW Transit is currently updating these policies for the new year.

The agency has had a robust Emergency Preparedness Plan (EPP) since 2002, which is updated annually to reflect any changes in threat conditions, communication, technology, infrastructure, facilities, and organizational knowledge gained through research and exercise.

SouthWest works closely with the Transportation Security Administration to prioritize trainings and tabletop exercises that are topical to our operations. Drivers and staff train monthly on topics laid out in our EPP.

SouthWest Transit is dedicated to safety both on and off the bus, which is why our break down occurrence is five times lower than the national average. Incidents can happen at any time. Knowing what to do during these incidents can help our staff and passengers prepare if it ever occurs.

2020 Legislative Positions

SouthWest Transit's top Legislative initiatives for 2020 are:

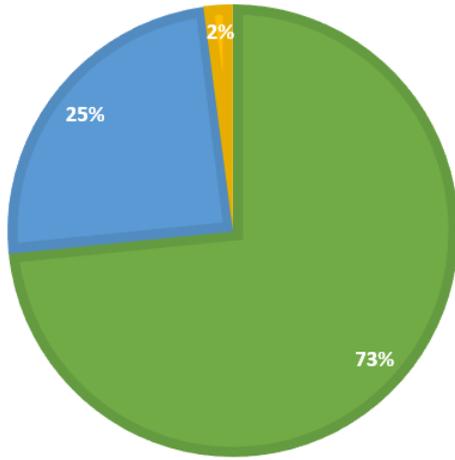
- Reinstatement or replacement of SouthWest Transit's share of the state General Fund dollars allocated for transit. This loss amounts to over \$500,000 to SouthWest Transit annually.
- SouthWest Transit, as well as the other suburban transit systems, are seeking more equitable distribution of the Regionally Allocated Motor Vehicle Sales Tax (RAMVST) funding (the additional 14.5 percent of MVST funding provided to the Metropolitan Council for all regional transit operations in 2008). Currently, over 95 percent of RAMVST funding goes to Metro Transit and the Metropolitan Council, and the suburban providers receive less than 5 percent. Note, the initial MVST split derived when Metro Transit came off the property tax and had a split of 82.85 percent to Metro Transit/Metropolitan Council and 17.5 percent to the suburban providers.
- SouthWest Transit is also looking for funding to meet our vehicle and facility expansion needs, as well as to keep our facilities maintained and in a state of good repair and funding to incorporate regional technologies that are lacking in suburban systems.



General Fund Summary of Revenue & Expenditures

2019 Revenue

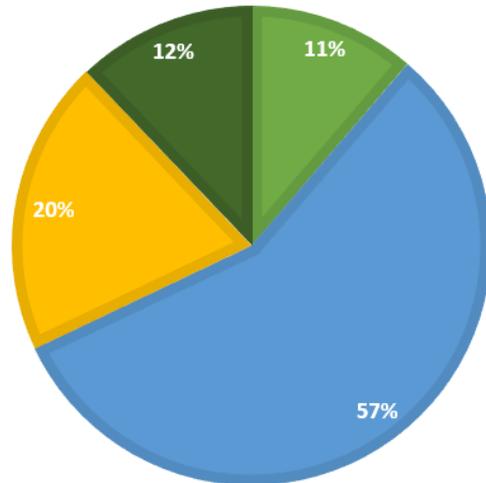
■ Inter-Governmental ■ Passenger Fares ■ Other Local Revenues



Inter-Governmental	\$9,087,057
Passenger Fares	\$3,037,600
Other Local Revenues	\$252,000
Total Revenue	\$12,376,657

2019 Operating Budget

■ Administration ■ Operations ■ Vehicle Maintenance ■ Facility Maintenance



Administration	\$1,386,320
Operations	\$6,953,227
Vehicle Maintenance	\$2,449,175
Facility Maintenance	\$1,485,860
Total Expenditures	\$12,376,657

- 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.

- Facility maintenance expenses include all facility and property upkeep, lawn maintenance and snow removal, and repairs at our five stations/ramps and garage facility.

- Vehicle operation expenses include all contract costs related to driver expenses (drivers are provided by a private contractor), uniforms, and fuel.

- Vehicle maintenance includes all costs associated with maintaining the fleet.



Our Mission:

Provide customers a first-class experience while bringing value to the businesses and the communities we serve.

Our Values:

- *Commitment to Excellence*
- *Commitment to Customer Satisfaction and Service*
- *Commitment to Innovation, Technology, and Entrepreneurship*
- *Commitment to Employee Morale and Well-Being*
- *Commitment to Financial Strength and Independence*
- *Commitment to Leadership*
- *Commitment to the Communities We Serve*

