



Fargo-Moorhead Metropolitan
Council of Governments

One 2nd Street N Suite 232
Fargo, North Dakota 58102-4807
Phone: 701.532.5100
Website: www.fmmetrocog.org
Email: metrocog@fmmetrocog.org



2nd Meeting of the Transit Coordination Committee

December 3, 2024 | 8:30 – 9:30 am
Location: Metro COG Conference Room/Zoom

[Join Zoom Meeting](#)

Meeting ID: 875 3170 5823
Passcode: 770279

- 8:30 am 1. Call to Order and Introductions
 - a. Approve November 19, 2024 Meeting Minutes
 - b. Discussion on Committee Name
 - c. 2025 Meeting Time/Date Discussion

- 8:45 am 2. Action Items
 - a. Review and Approval of the Transit Cost Allocation Plan – Cole Swingen
View the Cost Allocation Plan [Here](#)

- 9:00 am 3. Informational Items
 - a. 2025 LinkFM Schedule/Possible Suspension or Elimination –
 - b. 2025 North Dakota Legislative Efforts –
 - c. 2026 Driver Discussion/Staffing –

- 9:25 am 4. Other business

Metro COG is committed to ensuring all individuals, regardless of race, color, sex, age, national origin, disability/handicap, sexual orientation, and/or income status have access to Metro COG’s programs and services. Meeting facilities will be accessible to mobility impaired individuals. Metro COG will make a good faith effort to accommodate requests for translation services for meeting proceedings and related materials. Please contact Angela Brumbaugh at 701-532-5100 at least 48 hours in advance of the meeting if any special accommodations are required for any member of the public to be able to participate in the meeting.

A PLANNING ORGANIZATION SERVING
FARGO, WEST FARGO, HORACE, CASS COUNTY, NORTH DAKOTA AND MOORHEAD, DILWORTH, CLAY COUNTY, MINNESOTA

**1st Meeting of the
Transit Coordination Committee
November 19, 2024 – 8:30 AM
Metro COG Conference Room/Microsoft Teams**

Members Present:

John Strand, Fargo City Commission
Julie Bommelman, Fargo Transit Director
Susan Thompson, Fargo Finance Director
Ryan Nelson, Moorhead City Council
Deb White, Moorhead City Council
Jenica Flanagan, Moorhead Finance Director
Mike Rietz, Moorhead Assistant City Manager
Dustin Scott, West Fargo City Administrator
Peyton Mastera, Dilworth City Administrator
Ben Griffith, Metro COG Executive Director
Brit Stevens, NDSU Transportation Manager

Members Absent:

Denise Kolpack, Fargo City Commission

Others Present:

Adam Altenburg, Metro COG
Brenda Derrig, City of Fargo
Cindy Girdner, Valley Senior Services
Paul Grindeland, Valley Senior Services
Luke Grittner, MATBUS
Taaren Haak, MATBUS
Chelsea Levorsen, City of Fargo
Ian McLean, City of Fargo
Matt Pinotti, Transdev
Cole Swingen, MATBUS
Lori Van Beek, MATBUS

1a. Introduction to the New Transit Coordination Committee

Interim Chair Bommelman welcomed everyone to the new Transit Coordination Committee and led committee members in a brief round of introductions.

1b. Elect Board Chair

Interim Chair Bommelman led a discussion on how the committee would like to choose a board chair for future meetings. Ms. White responded that she would be happy to serve as chair, as she had been a member of the MAT Coordinating Board since 2019. Ms. Bommelman said she would support Ms. White as board chair. She noted that the Fargo City Attorney's office is developing bylaws that would help codify terms and a potential schedule for future chairs. Ms. Flanagan and Ms. Van Beek noted that the chair would serve a two-year term according to the interim Joint Powers Agreement.

A motion to appoint Ms. White as chair of the Transit Coordination Committee was made by Mr. Mastera and seconded by Mr. Griffith. The motion was voted on and unanimously approved.

2a. Assignment of Moorhead Expense and Revenue Contracts to Fargo

Ms. Van Beek explained that the interim Joint Powers Agreement included a Cost Allocation Plan which distributes certain transit revenues and expenses between parties within the MATBUS service area. She stated that she has been working with the Moorhead City Attorney's office to determine which revenue and expense contracts with the City of Moorhead should be assigned to the City of Fargo and allowing others to expire or be terminated.

Ms. Van Beek noted that the assignment of expense and revenue contracts has already been approved by the Moorhead City Council but that still need to be approved by the Fargo City Commission and contractors. Information provided to the Moorhead City Council on November 12 regarding revenue and expense contracts included the following:

Revenue Contracts

- U-Pass Contracts with MSUM, MState and Concordia (2nd payment due 3/1/2025)
- Bench Advertising with Creative Outdoor Advertising (expires 4/30/2025)
- Exterior Advertising Contract with MState (expires 12/31/2025)
- Fargo to sell advertising on Moorhead vehicles beginning on 1/1/2025

Expense Contracts

- Sentry Security (Secure delivery of farebox revenue to bank) – Expires 12/31/2024; notice to terminate 12/31/2024
- Valley Green & Associates (Shelter maintenance) - Expires 8/7/2027; notice to terminate 12/31/2024; Fargo to be invoiced for Moorhead locations
- Valley Green & Associates (Snow Removal) – Expires 9/30/2027; notice to terminate 12/31/2024; Fargo to be invoiced for Moorhead shelter and hub locations
- Transdev (Driver Services) – Contract expires 12/31/2024; Fargo to add Moorhead service hours to their contract in 2025

A motion to recommend to the Fargo City Commission acceptance of assignment of City of Moorhead expense and revenue contracts to the City of Fargo was made by Ms. White and seconded by Mr. Strand. The motion was voted on and unanimously approved.

2b. Request for MATBUS Appointment to Metro COG Policy Board

Mr. Griffith provided a memo to the committee that explained that, with Metro COG having transitioned to a Transportation Management Agency (TMA), the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) require a representative of the region's transit agency to sit on its Policy Board. He noted that, with the newly approved Transit Reorganization Study and reorganization of MATBUS into a consolidated transit operation and creation of the new Transit Coordination Committee, now would be an appropriate time for Metro COG to seek a transit representative to its 16-member Policy Board beginning in January 2025. He explained that it was his view that it was premature to ask for an appointment at this time as Metro COG's Policy Board had not yet acted on the request.

Ms. White asked if the transit representative should not be someone already serving on Metro COG's Policy Board. Mr. Griffith clarified that this person's role would be to serve transit's interests ahead of the jurisdiction they're from. Ms. Van Beek explained that the Transit Coordination Committee does include staff members from MATBUS and area jurisdictions that would be eligible to be appointed. Mr. Strand asked if these would be voting members of Metro COG's Policy Board to which Mr. Griffith answered yes.

Interim Chair Bommelman asked if the committee was willing to wait until its next meeting to select a Policy Board representative. Mr. McLean stated it may be better to wait until a formal request came from Metro COG.

Ms. Van Beek explained that this is a federal requirement and that Metro COG has been a TMA since October 2023. Ms. White said that it seemed like a pretty straightforward request and wondered why there was any particular reason to wait.

Interim Chair Bommelman said that there were two choices in front of the committee: wait for a formal request for a transit representative from Metro COG or ask for a name now. Mr. Strand responded that the committee should pick someone now, should anyone be interested. Mr. Rietz said that he was willing to serve as Metro COG's Policy Board transit representative and noted that he had previously attended Metro COG meetings in a prior capacity.

A motion to appoint Mike Rietz as transit representative to Metro COG's Policy Board was made by Mr. McLean and seconded by Mr. Strand. The motion was voted on and unanimously approved.

3a. Review Interim Joint Powers Agreement

Ms. Van Beek reviewed the interim Joint Powers Agreement (JPA) with the committee. She explained that the prior JPA is still in place but that the interim JPA supersedes it in some areas including: the functions and duties of the Transit Coordination Committee, staffing and support services, and funding allocation. She stated that it is the intent to have a new JPA in place in the near future.

Ms. White asked if there was anything in the interim JPA that the committee should review or be apprised of before the next meeting. Ms. Van Beek responded that the items related to the committee's duties such as reviewing transit cost sharing budgets are an important component of the interim JPA and that parts of the Cost Allocation Plan will be explained in the next agenda item. She also encouraged committee members to review the Transit Reorganization Study available on the MATBUS website.

3b. Transit Cost Allocation Plan Introduction/Updates

Mr. Swingen reviewed the 2025 Cost Allocation Plan with the committee. He explained that the methodology used for sharing system costs and revenues was developed in close collaboration with the City of Fargo and City of Moorhead Finance Departments to ensure fair and equitable allocation of resources and services.

Mr. Swingen stated that costs were divided into 10 "Cost Centers" based on maintenance, operations, administration, management, and planning to better apply appropriate allocation methodologies and assist with federal reporting requirements. He provided additional details about the cost-sharing for Cost Centers based on one of four allocation principles: revenue hours of the total system, revenue hours of the fixed route system, revenue miles of the total system, and paratransit ridership of the paratransit system.

He further explained the revenue allocation methodology and how it is broken down into three categories: local, state, and federal revenues. He concluded by reviewing transit cost-sharing and expense spreadsheets in detail with the committee.

Mr. Strand asked what policies or practices MATBUS has to provide rides for people unable to afford bus fares or bus passes. Mr. Swingen stated that MATBUS does provide discounted fixed rides for individuals with disabilities, discounted ride options for Medicare card holders, and service-connected veterans. He also explained that there are county and various agencies that provide funding directly to individuals in need. Mr. Strand responded that he would like to explore potential policies and practices in the future.

Ms. Van Beek responded that the City of Moorhead has a fee schedule developed through ordinance annually and that the Moorhead City Manager can waive fares for community events and promotional periods. She also stated that MATBUS allows social services agencies to buy single-ride tickets in packets to pass on to individuals who may need transportation assistance. She further explained that Moorhead's Opportunities Under Transit (OUT) program funded through the Community Development Block Grant (CDBG) program also buys bus passes for individuals.

3c. 2025 Organization Staffing Updates

Interim Chair Bommelman informed the committee that Taaren Haak, Moorhead Assistant Transit Planner and Marketing Specialist, and Jackie Engel, Moorhead Office Specialist, will be brought on as City of Fargo employees effective December 9. She also stated that Jean Henning was recently hired as a new Transit Accountant who reports to the City of Fargo Finance Department.

3d. 2026 Driver Discussion/Staffing

Interim Chair Bommelman explained that MATBUS has executed its final option with Transdev, a private sector operator that provides fixed route dispatch and driver services to the City of Fargo and the City of Moorhead. She stated that the contract with Transdev will now be in effect until the end of 2025 but that there have been discussions between different parties about bringing MATBUS drivers in-house as City of Fargo employees versus contracting services out again. She said that this will need to be decided during future 2026 budget discussions and that more information on the cost of bringing drivers in-house will be brought forward at future Transit Coordination Committee meetings. She concluded by noting that there is historically a 12 percent cost increase with each new five-year contract for services.

Mr. Strand asked where the official recommendation for future driver discussions would come from. Ms. Bommelman said it would start with the Transit Coordination Committee, to which Mr. Strand responded that it would be imperative for the committee to make that recommendation as soon as possible. He said he would also like to see information about the cultural benefits of having drivers in-house, to which Ms. Bommelman responded that MATBUS does have good examples from other transit agencies and cities, including Cities Area Transit in Grand Forks.

3e. Transit Development Plan Introduction

Mr. Swingen provided information on the Transit Development Plan (TDP) which kicked off in July 2024. He explained that the five-year TDP serves as a strategic roadmap for MATBUS while outlining needs, priorities, and proposed improvements to enhance service quality and efficiency. He stated that TDPs often identify areas for expansion, route adjustments, and capital investments based on community input and data analyses. He also stated that the TDP is a federal requirement that helps MATBUS meet its 5310 funding program and Coordinated Public Transit Human Services Transportation Plan (CPTHSTP) needs.

He informed the committee that Bolton & Menk was selected to develop the plan and that several public engagement opportunities have already occurred, including a recently released passenger survey.

Mr. Strand noted that he would be interested to see the TDP incorporate innovative transit practices from other cities, including micromobility services. He also stated that he would like to make sure that employers from the Amazon Fulfillment Center and representatives from area industrial parks are included in future stakeholder outreach.

4. Other Business

Interim Chair Bommelman stated that the next Transit Coordination Committee meeting would be held Tuesday, December 3 at 8:30 AM.

Interim Chair Bommelman adjourned the meeting at 9:56 AM.

Memorandum

To: Transit Coordination Committee

From: Lori Van Beek, Moorhead Transit Manager
Cole Swingen, Fargo Asst. Director of Operations

Date: November 29, 2024

RE: *2025-2026 LinkFM Service Considerations*



Current LinkFM Service

Fargo operates LinkFM as a free downtown circulator at 15-minute frequency during predetermined events. The cost for operating LinkFM is shared equally between Fargo and Moorhead for downtown events. In addition, Moorhead operates and pays for LinkFM to Bluestem Center for the Arts during certain community-wide events, connecting to Route 5 at the Azool Hornbachers under episodic service funded through MnDOT.

Current LinkFM Events include:

- Frostival Frozen Fortress, Hjemkomst Center
- Celtic Festival, Hjemkomst Center
- Scandinavian Festival, Hjemkomst Center
- Pangea, Hjemkomst Center
- Downtown Fargo Street Fair
- Trollwood Mainstage Musical, Bluestem (MOORHEAD ONLY)
- Pride in the Park, Bluestem (MOORHEAD ONLY)

The ground level area of the parking ramp in Moorhead, the Fargo City Hall parking lot, and the Roberts Commons Ramp are the main areas utilized for parking during events.



Background LinkFM Service

LinkFM began in 2015 as a solution to the limited availability of parking in downtown Fargo during major construction and a tool for economic development in downtown. Initially free transfers were offered to other MATBUS routes to promote ridership. In 2017, the promotional free transfers between LinkFM and the rest of the MATBUS system were eliminated. In January 2020, regular LinkFM service was discontinued and only event service continued. With the completion of additional parking ramps in downtown Fargo, parking downtown became easier and was a major factor in service reduction. During the COVID-19 pandemic, contracted driver costs increased substantially and the reduction in LinkFM service provided additional funds applied toward those costs.

LinkFM Event Ridership

2024	Downtown Event	Hours	Ridership	Rides/Hour	Cost	Cost/Ride
January	Frostrival Frozen Fortress	4.50	35	7.78	\$304.52	\$8.70
March	Celtic Festival	7.00	67	9.57	\$473.69	\$7.07
June	Scandinavian Festival	16.00	42	2.63	\$1,082.72	\$25.78
July	Street Fair	64.00	2,741	42.83	\$4,330.88	\$1.58
November	Pangea	7.00	30	4.29	\$473.69	\$15.79
	Subtotal Downtown	98.50	2,915	67.09	\$6,665.50	\$2.29
2024	Bluestem Event	Hours	Ridership	Rides/Hour		
July	Trollwood Play	34.00	872	25.65	\$2,300.78	\$2.64
August	Pride in the Park	6.00	304	50.67	\$406.02	\$1.34
	Subtotal Bluestem	40.00	1,176	76.31	\$2,706.80	\$2.30
	GRAND TOTAL 2024	138.50	4,091	29.54	\$9,372.30	\$2.29

LinkFM Ridership				
Event Service	2021	2022	2023	2024
Ridership	4381	2246	2,337	4,091
Hours	147.00	101.00	129.25	138.50
Riders Per Hour	29.80	22.24	18.08	29.54

2025 Estimated Cost to Operate LinkFM

Under the new 2025 cost allocation formula, the cost per revenue hour for fixed route service is estimated at \$124.66 x 177 hours of service = \$22,065. Of this amount, Fargo’s share would be \$8,165 and Moorhead’s share would be \$13,900 (Downtown \$8,165 and Bluestem \$5,735). With estimated ridership of 4,400, the cost per ride is \$5.01.

Future LinkFM Service Discussion

With the demolition of the Moorhead Center Mall and redevelopment of that area of downtown Moorhead, construction is expected to continue through 2026, affecting available parking and current bus stops. The route and service could be adjusted as is necessary during construction. Staff would like to discuss whether LinkFM service should be adjusted, temporarily suspended or eliminated. Per the MATBUS policy on fare and routes changes, eliminating LinkFM is a major route change requiring a public hearing and approval by Fargo City Commission and Moorhead City Council. Temporary suspension of service and temporary route detours can be done administratively or, due to the length of the suspension, approved through Commission/Council action.

Memorandum



To: Transit Coordinating Committee

From: Julie Bommelman, Fargo Transit Director

Date: December 3, 2024

Re: *North Dakota Legislative Update*

The Cities of Fargo, Grand Forks, Bismarck and Minot (the four urban transit providers in the State of ND) are unitedly pursuing additional funding from the State of North Dakota to assist with increasing expenses and flat revenues. The City of Fargo subsidy has increased from \$613K in 2016 to \$5M in 2024 – our research suggests the need for annual total state funding of \$5-8M (this funding would still leave a subsidy responsibility for the urban providers but does provide some budgetary relief for the cities). In addition, with the size of our service area population now exceeding 200,000, Fargo-Moorhead has been reclassified as a Large Urban UZA which actually reduces federal funding. Fargo’s federal operating allocation decreased by approximately **\$600,000** for FFY24. Significant funding issues prevail on the national level, as well. Transit is facing a “Fiscal Cliff” and seeking other revenue sources across the nation.

The City of Fargo Transit and Finance Directors presented information to local legislators on Friday, November 22, 2024 outlining the state of Transit locally and throughout the State of ND. The request was support from the Fargo, West Fargo, and Cass County delegation to pursue additional funding within the state and the importance of public transportation to the Workforce, Education, Health & Social Services, independence and universal access and general quality of life for our community

We also emphasized the importance of transit services to every segment of American society—individuals, families, communities, and businesses—and the benefits from public transportation. It is a lifeline for millions of Americans connecting them to people, places and possibilities. It also builds thriving communities, creates jobs, eases traffic congestion and promotes a cleaner environment. Investment in public transportation spurs both the local and the national economy. Transit enables personal independence, which reduces state costs on other public programs.

Transit is a critical service for 4700 Cass County Households without vehicles, many of whom utilize transit to reach jobs.

Cass County has 38.5% of riders but receives less than 15% of state funding.

In 2023, in addition to the 263,000 elderly and disabled rides, another 740,000 people used Fargo public transportation to reach employment, education/school, medical appointments, grocery stores, churches, other basic needs and recreation – there are almost three times as many general population riders as elderly/disabled.

In 2023 Fargo provided 50.5% of all general ridership in the State of ND, and 38.5% of all elderly/disabled rides in the State of ND.

American Public Transportation Association (APTA) reports that within the State of ND, state funding covers 12% of overall public transportation. For Fargo in 2023, state funding is only 6% of total revenues. Historically, state funding has fluctuated between 7-11%.

In comparison, Minnesota provides funding for up to 95% of local operating costs for their urban transit systems.

Currently North Dakota funds public transportation (Transit) throughout the State in the form of State Aid:

- Estimated collections for the Biennium - \$9 million (\$4,500,000 for 2025 and 2026).
- The biennium amount of \$1,500,000 from the Legacy Expenditures fund – NDDOT has chosen to add \$750,000 each year during this Biennium – all these additional funds will go to the rural transit providers in ND, the urban providers are not receiving any of these additional funds.
- The State of ND's public transit support formula was established over 20 years ago and is based on elderly and disabled ridership only.
- The current distribution calculation is a flat per county rate (allocated to providers within the county), plus a formula based on ridership. Implications of this formula are that Funding is distributed solely based on elderly and disabled riders and results in disproportionate allocations.
- The calculated per elderly/disabled rider distribution varies by county from a high of \$995.75 in a very small county (44 riders) to a low of \$2.95 for, Cass County with 263,000 riders.
- Amounts distributed to urban & rural transit providers through State Aid (**page 3**).
- Amounts distributed are based on only elderly/disabled ridership by agency.
- Comparison of inequities by county of current distribution/demonstrate flat amounts, lack of increases.

Current sources of funding the State utilizes (page 4):

State Highway Tax Distribution Fund	1.5% goes to public transportation
Legacy Earnings	1.5% goes to public transportation
Federal Gas Tax	4% goes to public transportation

Proposed funding for North Dakota Urban Transit Properties:

We do not intend to modify the existing elderly/disabled formula.

We are looking for *new* funding for general population ridership of the urban cities within ND.

Suggested sources of new funding for public transportation and *emphasize*:

- Commerce (workforce initiatives)
- Potentially fund with new fee on vehicle registrations (i.e. \$5/vehicle)
- Health & Human Services Funds (for social service aspects)

ND urban cities are collaborating efforts to pursue additional funding legislatively:

- Bismarck: recently passed their Measure 1 for additional funding for Transit via additional sales tax; they are willing to assist with our efforts but prefer to remain cautious about over-ask.
- Grand Forks: will be meeting with their local legislators December 5 & December 10.
- Minot: have started discussions with local legislators.

Our challenges: rising expenses, flat revenue and the significant and growing City of Fargo subsidy.

Fargo is looking at revenue and expense options, but ultimately, decisions may impact services and other local transit partners.

North Dakota State Aid:

FY2025 SA Calculations - Per Agency (uses FY2024 ridership #'s)	# providers per county	County	population	TOTAL Award by County		Elderly & Disabled Ridership 2024		Total award Per Elderly & Disabled Ridership
James River Sr Citizens Center Inc.	1	Sheridan	1,265	46,042		4		\$11,510.50
Southwest Transportation Services	1	Slope	706	43,813		44		\$995.75
South Central Adult Services	2	Steele	1,798	48,166		130		\$370.51
Souris Basin Transportation Board, Inc.	1	Mountrail	9,809	80,091		248		\$322.95
Souris Basin Transportation Board, Inc.	1	Renville	2,282	50,094		192		\$260.91
West River Transit	1	Dunn	4,095	57,320		220		\$260.55
Souris Basin Transportation Board, Inc.	1	McHenry	5,345	62,302		262		\$237.79
Southwest Transportation Services	1	Hettinger	2,489	50,919		247		\$206.15
VARIOUS - 32 counties RANGING FROM \$200 TO \$12								
Southwest Transportation Services	1	Adams	2,200	49,768		4,269		\$11.66
James River Sr Citizens Center Inc.	2	Stutsman	21,593	127,055		11,340		\$11.20
Senior Meals and Services d/b/a Devils Lake	2	Ramsey	11,605	87,250		7,981		\$10.93
South Central Adult Services	1	Foster	3,397	54,538		5,120		\$10.65
Souris Basin Transportation Board, Inc.	1	Bottineau	6,379	66,423		7,085		\$9.38
Souris Basin Transportation Board, Inc.	1	Pierce	3,990	56,902		6,849		\$8.31
City of Bismarck/Bis-Man Transit	4	Morton	33,291	173,675		24,974		\$6.95
City of Bismarck/Bis-Man Transit	4	Burleigh	98,458	433,384		65,841		\$6.58
South Central Adult Services	1	McIntosh	2,530	51,083		10,591		\$4.82
South Central Adult Services	1	Barnes	10,853	84,252		18,682		\$4.51
City of Minot d/b/a Minot City Transit	4	Ward	69,919	319,647		73,661		\$4.34
Grand Forks, City of/Cities Area Transit	3	Grand Forks	73,170	332,603		86,153		\$3.86
City of Fargo/Fargo Metro Area Transit	3	Cass	184,525	776,381	14.71%	263,312	38.45%	\$2.95
TOTAL				\$5,277,910		684,839		

State of North Dakota Funding Formula

Highway Tax

A highway tax distribution fund is created as a special fund in the state treasury into which must be deposited the moneys available by law from collections of:

- Motor Vehicle Registration and Related Fees
- Fuels Taxes
- Special Fuels Taxes
- Use Taxes
- Special Fuels Excise Taxes

The state treasurer shall transfer the first five million five hundred thousand dollars per biennium from the highway tax distribution fund to the state highway fund for the purpose of providing administrative assistance to other transferees. After the transfer of the first five million five hundred thousand dollars, any moneys in the highway tax distribution fund must be allocated and transferred monthly by the state treasurer, as follows:



Legacy earnings Highway Distribution Fund

Thirty percent of total revenue derived from:

- Taxes on Oil and Gas Production
- Extraction

must be transferred by the state treasurer to a special fund in the state treasury known as the legacy fund. The legislative assembly may transfer funds from any source into the legacy fund and such transfers become part of the principal of the legacy fund.

54-27-19.3. Legacy earnings highway distribution fund. A legacy earnings highway distribution fund is created as a special fund in the state treasury into which must be deposited any allocations of legacy fund earnings made under section 21-10-13. Any moneys in the legacy earnings highway distribution fund must be allocated and transferred by the state treasurer, as follows:



Highway Trust Fund

The Highway Trust Fund is a transportation fund which receives money from a federal fuel tax of 18.4 cents per gallon on gasoline and 24.4 cents per gallon of diesel fuel and related excise taxes. It is comprised of two accounts, the **Highway Account** funding road construction and other surface transportation projects, and a smaller **Mass Transit Account** supporting mass transit. Separate from the Highway Trust Fund is the Leaking Underground Storage Tank Trust Fund, which receives an additional 0.1 cents per gallon on gasoline and diesel, making the total amount of tax collected:

- 18.5 cents per gallon on gasoline
- 24.5 cents per gallon of diesel fuel and related excise taxes

Memorandum

To: Transit Coordination Committee

From: Jordan Smith, Assistant Transit Director

Date: November 29, 2024

RE: *2026 Driver Services*



Current Driver Services

City of Fargo currently contracts with Transdev, a third-party contractor, to provide bus drivers and management staff. Transdev is contracted to hire the following positions:

- Bus Drivers
- Road Supervisors
- Classroom Trainer
- Behind the Wheel Driving Trainer
- Office Clerk
- Safety Manager
- Assistant General Manager
- General Manager

Along with these positions, corporate staff is assigned to our contract. Contracted FTEs at our location total around 100. This number fluctuates with staff turnover, mostly by drivers.

The initial contract with Transdev started in 2020 and was procured through a Request for Proposals. The initial contract terms were 2 years with 3 option years. The optional years are years when we can choose to negotiate and extend the contract for one year. 2025 is our last option year on this current contract.

Driver Services as City Employees

MATBUS leadership has been working over the past few years to garner support and resources to transition current contracted driver services staff to city employees. We feel there are numerous benefits that could be realized with this change.

- One team culture

Even though we work very closely with our contracted staff, there is an undeniable divide between contracted staff and city staff. There is a battle of priorities between contracted and city staff. We feel a one team culture would lead to increased loyalty and retention.

- Better benefits package

The city offers a more comprehensive benefits package such as health insurance, paid leave and retirement.

- Upward mobility within the department

With the divide between contracted and city staff, contracted staff generally don't feel like they can move over into the city department. Contracted staff upward mobility ends with the contractor.

- Higher quality service

Management positions within the contracted staff spend many hours a week in meetings and reporting with their corporate offices that have no benefit to operations at our location. This time could be much better spent focusing on improving our services and customer interactions.

- Potential Costs Savings

At this time, the costs of hiring driver services as city staff would be about equal to the cost of our contracted staff. Our potential savings could come long term as we would eliminate the need to constantly re-hire contractors. On average, we have seen an 8.3% yearly increase on our driver services contract and over a 12% increase from the end of one contract to the start of a new contract.

Matbus leadership also recognizes there can be challenges and drawbacks to transitioning contracted staff to full-time employees.

- Increased administrative burden

We recognize onboarding roughly 100 FTEs would require substantial staff time, and the ongoing management of these employees could put an additional burden on administrative staff and human resources.

- Cost Implications

Providing a more comprehensive benefits package does come with a greater cost to the city than what is included in the contracted services. Although we do not know exactly what type of benefits employees are going to choose, we can anticipate a higher cost is likely.

- Corporate Resources

Contracted staff do have access to resources from their corporate offices that we may not have readily available. Resources such as additional drivers, additional trainers, and policies and procedures.

Next Steps

As we look forward to starting the 2026 budget process, we have a decision that needs to be made. If we decide to continue with contracted driver services, a Request for Proposals will be to be developed and the process of reviewing proposals, interviewing firms and making a selection will need to take place. This process will need to begin in March to allow time for the process to take place and have a contract finalized before January of 2026. If we decide to hire driver services as city employees, we need to determine the positions we will offer, develop job descriptions, determine rates of pay and advertise positions for hire. Either way we go, it will require substantial work in 2025. A decision on our direction will need to be made early in the budget process. Reconsidering our decision later in 2025 will not allow for enough time to accommodate a change.

We are asking for a discussion about what information will be needed to help this committee make a recommendation.

