

Transportation Committee

Meeting date: July 22, 2013

For the Metropolitan Council meeting of August 14, 2013

Subject: University of Minnesota Upass and Metropass Agreements

District(s), Member(s): All

Policy/Legal Reference: Income/Grants Policy 3-2-2

Staff Prepared/Presented: Brian J. Lamb, General Manager (612) 349-7510; Edwin D. Petrie, Director Finance (612) 349-7624

Division/Department: Metro Transit/Finance

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to:

- 1) Execute a renewal of a Upass Agreement with the University of Minnesota for student participants for the period of August 26, 2013 to August 28, 2016, with the option to extend up to two (one-year) contract extensions through August 26, 2018, and;
- 2) Execute a renewal of a Metropass Agreement with the University of Minnesota for staff and faculty participants for the period of October 1, 2013 to September 30, 2016, with the option to extend up to two (one-year) contract extensions through September 30, 2018.

Background

The University of Minnesota was previously a recipient of Congestion Mitigation Air Quality (CMAQ) funds from the 1999 Transportation Advisory Board TEA-21 solicitation process. This grant was designed to increase transit use at the University of Minnesota over the term of the CMAQ grant. A combination of deeply discounted fares for students, staff and faculty and increased service provided to the University is the package of transit incentives designed to meet the ridership growth objective. The CMAQ funds are exhausted, and since the program has been so successful with continued ridership growth, the University has continued to finance the program with its own funding.

- Ridership for the Upass program has been very successful. Upass ridership for 2012 reached nearly 3.5M rides with ridership through June 2013 at nearly 1.7M rides. Upass sales to students are approximately 18,000 per semester. Metropass sales to staff and faculty are strong with approximately 1,525 U of M staff and faculty participants.
- Council Policy 3-2-2 requires Council approval of income agreements exceeding \$500,000.
- The University of Minnesota Upass agreement will include estimated gross revenue for year one of the base contract of approximately \$4.0M per year.
- The University of Minnesota Metropass agreement will include estimated gross revenue for year one of the base contract of approximately \$1.4M per year.

UPASS CONTRACT TERMS:

- 3 year contract with option to extend up to two (one-year) contract extensions
- Projected Annual Pass Sales year one of the base contract approximately 41,000 students
- Provision for Base Price Per Card with provision to change Base Price Per Card annually
- Provision to adjust Annual Contracted Cards
- Provision for Annual Contract True-up based on number of student pass sales in comparison to the number contracted for the year.

METROPASS CONTRACT TERMS:

- 3 year contract with option to extend up to two (one-year) contract extensions
- Projected Contracted Monthly Metropasses of 1,525
- Provision to change Base Price per Card Annually
- Provision to adjust Annual Contracted Cards and adjust Annual Base Price
- Provision for Annual Contract True-up based on number of employee pass sales in comparison to the number contracted for the year.

Rationale

Council approval of the University of Minnesota UPass and Metropass contracts will continue to provide affordable quality transit service to students and faculty of the University of Minnesota during a time when congestion is growing, fuel price concerns remain strong and environmental sensitivity is high.

Funding

The funding for the University of Minnesota U-Pass and Metropass programs will be financed directly by the University of Minnesota and paid directly to Metro Transit. This funding for the University will be offset by revenues generated for student and faculty monthly and semester transit passes. The pass revenues generated from these University of Minnesota contracts have been included in the proposed 2014 Metro Transit Operating Budgets.

Known Support / Opposition

No known opposition.