



Good evening members of the Task Force. I am Jerry MacDonald, the Chair of the Southwest Transit Commission and a Chanhassen City Councilmember. With me is Erik Hansen, our CEO.

Thank you for this opportunity to speak to you tonight regarding governance of the Met Council. As you already know, Southwest Transit works closely with the Met Council as a transit provider operating under a Joint Powers Agreement between the cities of Eden Prairie, Chanhassen and Chaska. We also provide service into Carver, Victoria, Shakopee, Edina, Bloomington, MSP Airport and downtown Minneapolis.

We view our relationship with Met Council as a partnership. We can't do our work without them to be quite candid. However, as we are painfully aware, often the system naturally creates conflicts that we must intentionally work to overcome. We have one suggestion that might help reduce that conflict so that we all can focus on providing transit services to our customers rather than fighting over resources.

The inherent conflict becomes abundantly clear during any discussion of financial resources. A significant portion of our resources are at the discretion of Met Council. About \$1.1 million annually of our operating revenues under the Motor Vehicle Sales Tax is discretionary. Our capital improvement funds which amounts to \$1.4 million annually is also discretionary. Finally, we are completely reliant on the discretion of Met Council for funding for all our vehicles, which are obviously crucial for the delivery of transit services.

You can imagine if you were running a government agency or a business how unstable that might feel and more to the point how difficult it would be to plan ahead, when much of your revenues needed to run your operation are completely out of your control.

As I hinted earlier, this has played out in real life recently, an example that illustrates a system that is built for conflict. Last fall the Met Council staff gave a presentation to the Met Council of the whole in which they outlined a general plan for how to spend the new sales tax authorized by the state legislature, which was estimated to generate \$21.2 billion in the next 30 years. A pie chart on page 6 of that presentation explains that 86% of those new revenues were meant for Met Council, ie Metro Transit and 14% for "new initiatives." To be fair there was a brief mention of the suburban transit providers in

this mix, but nothing specific. We also do want to acknowledge that we will receive \$3 million from these sales tax funds, but this is a drop in the bucket compared to the \$21.2 billion over 30 years. I think you can understand how our citizens and customers who depend on our transit service might wonder why they are paying these sales taxes with very little benefit. I believe we already know ... I think the answer is embedded in this system designed for conflict.

It is natural for the Met Council to look to fund Metro Transit and its other transit services first. Frankly, we don't blame them at all for that because this is the way the system was setup ... setup for conflict. As I said earlier, we view our relationship with Met Council as a partnership, and we believe that this partnership can thrive even more by separating the governance of Met Council from the governance of Metro Transit. Can we eliminate all conflict if this fundamental change occurs? Of course not. But by making this change we have an opportunity to place all the transit providers on a more equal playing field. By creating a system that is more level, that is less incentivized for conflict, we believe we can focus more on the important business at hand of providing transit service to our customers ... which honestly is where all of our efforts should be.

Jerry MacDonald

Chair, Southwest Transit Commission