

Business Item

Transportation Committee



Committee Meeting Date: April 13, 2025

For the Metropolitan Council: April 22, 2025

Business Item: 2026-66

Authorize Grant Agreements with Minnesota Valley Transit Authority and SouthWest Transit for the Disbursement of federal Section 5307 earnings.

District(s), Member(s): 3, Dr. Tyronne Carter; 4, Deb Barber; 12, Mark Jenkins; 15, Victor Obisakin; 16, Wendy Wulff

Policy/Legal Reference: FM 15-2 Grant/Loan Approval Policy, FM 14-2 Expenditures for the Procurement of Goods and Services Policy, FM 12-3 Transit Funding Allocation Policy

Staff Prepared/Presented: Arin Knutson, Sr. Grant Administrator, MTS (612) 349-7643
Heather Giesel, Director, CD and MTS Administration (651) 602-1715

Division/Department: Transportation / Metropolitan Transportation Services (MTS)

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute grant agreements with Minnesota Valley Transit Authority (MVTA) and SouthWest Transit (SWT), Replacement Service Providers, for the disbursement of the balance of their undesignated FTA Section 5307 earnings as part of their transition to become FTA direct recipients. The table below identifies the amount and source of funds by Replacement Service Provider.

Provider (Funding Source)	Amount
MVTA (Regional Transp. Sales Tax)	\$5,587,167.19
MVTA (Motor Vehicle Sales Tax)	\$608,278.92
MVTA Grant Agreement Total	\$6,195,446.11
SWT (Regional Transp. Sales Tax)	\$2,498,870.01
SWT (Motor Vehicle Sales Tax)	\$3,614.86
SWT Grant Agreement Total	\$2,502,484.87
Total of Grant Agreements	\$8,697,930.98

Background

The Metropolitan Council receives Federal Transit Administration (FTA) funding through Title 49 United States Code Section 5307 for transit capital and operating assistance and transportation-related planning. Through December 31, 2025, the Council had been providing Minnesota Valley Transit Authority (MVTA) and SouthWest Transit (SWT), with local funding, including Sales and Use Tax and MVST, in lieu of their federal Section 5307 earnings for capital and operational expenditures. The Council provided these funds to the Replacement Service Municipalities' providers through grant agreements.

On September 10, 2025 the Council approved revised Policy 12-3 Transit Funding Allocation that increases federal funding to replacement service municipalities using the full Section 5307 federal formula. The policy also revises recipient relationships, enabling these providers to become direct recipients of federal funds. MVTA and SWT are currently in the process of becoming (FTA) direct recipients of their earned federal Section 5307 funds; and the Council will no longer be providing local funding to them in exchange for their federal Section 5307 funding. Therefore, the Council is providing MVTA and SWT with the balance of prior years' federal Section 5307 earnings that are not designated towards existing projects in executed grant agreements.

Rationale

Council action is required for the Regional Administrator to execute agreements over \$2,000,000. The requested action will allow the Regional Administrator to execute the grant agreements with Minnesota Valley Transit Authority and SouthWest Transit.

Thrive Lens Analysis

On Feb. 12, 2025, the Council adopted Imagine 2050, which builds on policy direction in Thrive MSP 2040. Under the Thrive lens, these projects promote stewardship, equity, sustainability, and livability by supporting transit service in the region.

Funding

Funding for this grant agreement is Regional Sales and Use Tax and Motor Vehicle Sales Tax (MVST) in lieu of federal formula earnings. MVTA and Southwest Transit have available undesignated funds in the Council's Authorized Capital Program, which will be paid to them as a single payment using the Council's established subrecipient grant payment process.

Small Business Inclusion

The pass-through grant funding shall be spent by MVTA and Southwest Transit according to their adopted procurement policies. Neither MVTA nor Southwest Transit administer a small business contracting program.

