

Business Item

Transportation Committee



Committee meeting date: May 11, 2026

For the Metropolitan Council: May 27, 2026

Business Item: 2026-96

Suburban Provider Fleet Transfer

District(s), member(s): All

Policy/legal reference: FM 12-3, Minnesota Statutes Section 473.388

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Division/department: Metropolitan Transportation Services (MTS)

Proposed action

That the Council authorize its Regional Administrator to negotiate and transfer ownership of public transit revenue and non-revenue fleet from the Metropolitan Council to SouthWest Transit (SWT) and Minnesota Valley Transit Authority (MVTA) with an original purchase value of \$102.7 million with a current net book value of approximately \$38.4 million.

Background

Since 2010, The Council through its Metropolitan Transportation Services (MTS) division has budgeted, purchased, ensured federal grant and regulatory compliance and disposed of fleet purchased with a combination of Regional Transit Capital (RTC), Motor Vehicle Sales Tax, Regional Transportation Sales and Use tax, and federal funding sources, used by Replacement Service Municipalities (suburban providers) under agreement with the Council.

Current rolling stock owned by MTS and provided to MVTA and SWT for operations:

Provider	Revenue Fleet	Non-Revenue Fleet
MVTA	153	4
SWT	69	1

Rationale

On September 10, 2025, the [Council adopted](#) policy [FM 12-3](#) and directed staff to develop a procedure to implement the policy change. The new policy provides operating and capital resources for suburban providers to purchase and maintain fleet vehicles.

As the designated recipient of federal Section 5307 and 5340 formula funds, the Council may assign replacement service municipality transit providers as direct recipients of federal funding. Replacement service municipalities that directly operate services (or contract service with non-Council transit providers) are becoming direct recipients of federal formula funding, including SWT and MVTA. This change establishes a direct relationship between SWT and MVTA and the Federal Transit Administration (FTA) for regulatory compliance to include the purchase, use and

disposition of capital assets.

Through the implementation of this policy and allocation of Transportation Sales and Use Tax revenues, Council funds previously pooled for replacement service municipality capital assets are now provided directly to the suburban providers as passthrough funds and will no longer be included in the Council's capital budget. The proposed transfer supports this transition and reduces the Council's vehicle fleet, budget responsibilities, and fleet obligations.

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, this business item supports the Council's Thrive outcome of equity by supporting continued access to jobs, social activities, and essential services in the metropolitan area. It also strengthens stewardship by enabling a direct relationship between MVTA, SWT, and the FTA, shifting regulatory oversight to the agencies operating the service.

Funding

There is no funding requirement associated with this fleet transfer.

Small business inclusion

There are no direct impacts to small business contracting with the proposed action.

