Business Item

Transportation Committee

METROPOLITAN COUNCIL

Committee meeting date: July 27, 2026 **For the Metropolitan Council:** August 12, 2026

Business Item: 2026-96 Revised

Suburban Provider Fleet Transfer

District(s), member(s):	All
Policy/legal reference:	FM 12-3, FM 12-3a
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Division/department:	Metropolitan Transportation Services (MTS)

Proposed action

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute the appropriate documents to transfer ownership to the receiving recipients, SouthWest Transit (SWT) and Minnesota Valley Transit Authority (MVTA), of the public transit revenue and non-revenue fleet vehicles which are no longer required for Council use and are identified in Exhibit A. These vehicles had an original purchase value of $102.7 million with a current net book value of approximately $38.4 million. The remaining federal interest is $26.8 million; this amount does not reflect the required local match for these assets. The detail for remaining federal interest is identified on Exhibit A.

Background

The Council previously approved Business Item 2026-96 authorizing the Regional Administrator to negotiate and transfer ownership of public transit revenue and non-revenue fleet from the Metropolitan Council to SWT and MVTA. Following Council approval, Federal requirements prompted the need for a revised action to provide information that was unavailable at the time. Specifically, FTA Circular 5010.1F requires the following to transfer rolling stock from one recipient to another: *"The transferring recipient's board resolution (or other appropriate legal action) should identify the receiving recipient, include a statement that the vehicles are no longer required, a list of the vehicles to be transferred including the VINs, and the remaining Federal interest that is transferred to the receiving recipient."* A comprehensive fleet list was under review at the time when the previous Business Item was approved, but is now complete and attached as Exhibit A.

Rationale

On September 10, 2025, the Council adopted policy FM 12-3 and directed staff to develop a procedure to implement the policy change (Business Item: 2025-170 JT). The new policy provides the necessary operating and capital resources for suburban providers to operate independent of the Council's support.

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) will become direct recipients of federal formula funding. The Council has exercised this option for SWT and MVTA.

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 action supports several Thrive outcomes:

Equity: 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 southern metro.

Stewardship: This action strengthens stewardship by enabling a direct relationship between MVTA, SWT, and the Federal Transit Administration, shifting regulatory oversight to the agencies operating the service.

Prosperity: This transfer is another tool to better plan and invest in rolling stock in the region. It increases the connection of residents with employment reachable by transit and improves social and entertainment opportunities in high density areas.

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.