

MINNESOTA VALLEY TRANSIT AUTHORITY
Regular Board Meeting
August 22, 2007 – 4:30 p.m.
Eagan Bus Garage

Board Members Present:

Jon Ulrich, Scott County
William Droste, Rosemount
Ruth Grendahl, Apple Valley
Margaret Schreiner, At Large
Elizabeth Kautz, Burnsville
Jane Victorey, Savage
Will Branning, Dakota County

Others Present:

Beverley Miller, Executive Director
Steve Wischmann, KDV
Barb Ross, Best & Flanagan
Samantha Porter, Operations Manager
Troy Beam, Scott County TWG
Glenn Boden, Maintenance Manager
Robin Selvig, Customer Relations Manager
Tom Bright, Facilities Manager
Lois Spear, Finance Officer

I. Call to Order

The meeting was called to order at 4:31 p.m. on by Chair Jon Ulrich.

II. Public Comments

There were no comments from the public.

III. Approval of Agenda

One item was added to the agenda regarding re-striping of the remainder of the MVTA fleet with the new logo. The item was placed under Old Business. Motion by Margaret Schreiner and seconded by Elizabeth Kautz to approve the amended agenda. Motion carried.

IV. Consent Agenda

Motion by Elizabeth Kautz and seconded by Margaret Schreiner to approve the Consent Agenda. Motion carried. Resolutions adopted as part of the Consent Agenda are attached to these minutes.

V. Old Business

Beverley Miller referred Board members to the memo before them regarding the restriping of the remainder of the MVTA fleet, along with new buses as they are purchased. A new vendor submitted a response to the Request for proposal, and MVTA staff recommended that the work be awarded to Visual Image Systems Co. Motion by Margaret Schreiner and seconded by Elizabeth Kautz to approve this work. Motion carried.

VI. New Business

There was no new business.

VII. Committee Reports

A. Finance Committee

Steve Wischmann began to review the audit. Elizabeth Kautz noted that she prefers to receive this type of information in advance. Ruth Grendahl indicated that the Finance Committee made some changes to the draft and that is why it was not distributed ahead of time.

Wischmann began with a review of the Management Letter. He touched on several items, including the Auditor's Responsibility to "obtain reasonable, but not absolute assurance" that the basic financial statements are free of material misstatements. They use statistical sampling. He further indicated that other items in this area were consistent with previous years, and no significant audit adjustments were proposed. A "significant deficiency" (previously termed a "reportable condition") remains the lack of segregation of accounting duties. Given the small staff MVTA has, Elizabeth Kautz asked if we had appropriate policies in place regarding this issue. Wischmann indicated "mostly yes."

A recommendation was made to consider a Board-adopted formal deposit and investment policy, bringing all of the bits and pieces the MVTA has together in a single, updated document. Wischmann indicated that the Management Response to this recommendation was appropriate. At the same time, Margaret Schriener asked if the Finance Committee should also operate as an Audit Committee and meet quarterly. This will be taken under advisement.

Other recommendations include approval for journal entries and formulate a capital asset policy. He said the MVTA is working to address the formal, and offer an acceptable response. Ruth Grendahl indicated that the Finance Committee needs to update its capital asset policy.

Wischmann also provided a preview of new accounting standards that are coming that will result in more thorough testing of internal controls. He indicated this increases the cost of the audit by about 10 percent, which the Finance Committee is looking at to determine how costs can be reduced. One idea is to have electronic copies of the audit.

He reviewed a variety of charts that indicate that the MVTA fund balance grew due to the fact that expenses were less than budget. He said that has been the case for the past four years, and that is how fund balances grow. There was a question about capital assets and it was noted that the MVTA does not have any buses in its list of assets, given that the Met Council retains title to all buses. The funds for the buses simply flow through the MVTA accounts.

In the Audit, Wischmann noted that the MVTA received a clean, unqualified opinion – the best an organization can receive. He invited Board members to read the MVTA's Management Discussion and Analysis – specifically pages 4 and 8. He reviewed the Statement of Assets on page 16 and noted the Change in Net Assets of \$75,954. Page 22 focused on the Statement of Revenues, expenditures and changes in fund balance – budget vs. actual, showing the net change in fund balance of \$1,619,123 and the total fund balance of \$6,236, 582. There was some discussion about how much fund balance is required. Wischmann said the State Auditor encourages 3-6 months or 35 percent for governmental agencies. The MVTA is currently at 42 percent, and this is a good position. However, it was also noted that if the MVTA retains too high of a fund balance, it may be looked at by others and raided or reduce the funding the MVTA receives from other sources.

Motion by Ruth Grendahl and seconded by Elizabeth Kautz accepting the audit. Motion carried. Wischmann also thanked Lois Spear, MVTA Finance Officer, for all of her help in producing the audit. He said she takes it very seriously and that reflects in the positive audit report. Jon Ulrich commented that the audit contains a good “story” about the MVTA and we should determine a way to share this information with the public. Will Branning asked if the MVTA could learn how other opt-out transit agencies are doing with regard to their fund balances. Finally, Ruth Grendahl noted that when the MVTA budget is adopted, she believes that the City of Rosemount should be reimbursed for the transportation study that is being undertaken. Total project funding was \$28,000, but Mayor Bill Droste is estimating the cost will come in at about one-half of the total.

B. Strategic Planning/STA

It was noted that members of the Strategic Planning Committee had a productive meeting with other providers in the Suburban Transit Association to discuss issues of concern to the MVTA. Most other agencies did not have any concerns about Messerli & Kramer, but did agree some things, such as communication, enhanced information, timeliness, etc. could be improved. Michael Leek drafted a summary of the meeting, and members are now awaiting a meeting date with Messerli & Kramer.

VIII. Staff Reports/Update

Barb Ross noted that she drafted a letter of offer to Watson’s, had it reviewed by County Attorney Mike Ring, and was ready to send it out when it was learned about some recent property sales in Apple Valley. The appraiser is not updating the appraisal again, and it is expected that the price will go up. Ross will send out the letter as soon as possible, to keep things moving.

Beverly Miller reported on a meeting with Arlene McCarthy and others at the Met Council. She said Ms. McCarthy finally understands that the MVTA has been supplementing its budget with use of fund balance. Miller said it was a productive meeting to learn of process and timelines, and that there is a lot of change occurring at the Met Council staff level. She said currently the second half of 2008 has a regional shortfall of \$8 million. The group will meet again in October.

The Finance Committee met on Aug. 21 to begin the review process of the responses to the RFP for MVTA’s bus service. One vendor has been set aside. The Finance Committee will meet a second time to review more detailed cost issues. Currently, the Board is expected to award the work at the September meeting, along with the 2008 budget and capital budget, as well as any amendments to the 2007 budget.

Finally, Miller noted the receipt of UPA funding, and how there is \$85.9 million for transit focusing on the Cedar and I-35W corridors for BRT and other improvements, technology and improvements recommended by the Access Minneapolis project in downtown Minneapolis. All funds are capital funds, and there is still a need for the local match. As a result of this, the City of Burnsville has asked that the MVTA be a member of the I-35W Solutions Alliance. Miller also noted that she is part of the TAB Funding and Programming Committee. She stated that there were 24 CMAQ applications for just less than \$82 million. There is about \$50 million to fund projects, so there will be a lot of whittling down yet.

Will Branning asked how the MVTA can have such a small percent of its total budget for personnel – Miller and Grendahl both indicated that the agency is spread very thin as there have been no staff increases in several years.

IX. Adjournment

The meeting was adjourned at 6:00 p.m.

Minutes Prepared By: Robin L. Selvig

Next Regular Meeting Scheduled: September 26, 2007, 4:30 p.m. Eagan Bus Garage.

All regularly Scheduled Board Meetings will be held on the **FOURTH** Wednesday of the month at the posted time and location unless otherwise notified.

Approved by: _____ Date: _____