

June 24, 2024

Board of City Commissioners  
Fargo City Hall  
225 N 4<sup>th</sup> Street  
Fargo, ND 58102

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Dear Commissioners:

Transit recently undertook the task of conducting a study regarding a Transit Reorganization Study which provides short and long-range vision roadmaps for the implementation of a reorganization, while providing solutions to streamline leadership and governance of transit service within the region.

The Transit Reorganization Study process was guided by a committee consisting of technical representatives, as well as city leadership and elected officials representing the City of Fargo and the City of Moorhead alongside state and federal partners.

The study identifies the proposed governance recommendation, the recommended organizational structure/staffing plan, Federal Transit Administration (FTA) funding, FTA reporting requirements, proposed cost sharing concepts and the need for an updated Joint Powers Agreement (JPA).

**Governance Recommendation** – the plan ensures implementation towards more consolidated transit operations for the FM Metropolitan area. The direction is to move to a more administrative/technical board by this summer's end that retains the appropriate measure of visibility to the Fargo City Commission and the Moorhead City Council. The proposed approach allows the new MAT Board to function as more of a day-to-day oversight entity with a mix of both technical, administrative, financial, and political membership. Administrative leadership from the City of Dilworth and West Fargo will serve as voting members on the new MAT Board and would serve as liaisons back their respective governing bodies. Given NDSU's sizable financial stake in MATBUS, they will continue to be afforded a direct vote on the MAT Board.

**Organizational Structure/Staffing** – the plan reflects an agreement on an organizational chart that was developed to account for a more streamlined staffing plan. The proposed structure retains a single Transit Director and keeps the two existing Assistant Directors who would be assigned to each of the two primary functional units of MATBUS: 1) Fleet and Facilities and 2) Operations. The new organizational chart accounts for the retirement of the Moorhead Transit Manager at the end of CY24 with those responsibilities distributed across existing and proposed new staffing positions, including one new Senior Accountant. That position would be a City of Fargo employee, hired in the fall of 2024, who is tasked with all Transit federal and state grants responsibilities and whose costs are shared across all participating entities beginning in CY25. Also identified is the plan to offer the two remaining City of Moorhead Transit employees opportunities to become City of Fargo employees by year end 2024. Lastly, the plan also accounts for the desire to consider bringing in house contracted operator functions (i.e. drivers) to the City of Fargo in 2026.

**Federal Transit Administration (FTA) Funds** provided to the City of Fargo and the City of Moorhead will be impacted due to the FM Metropolitan Area being a newly designated Transportation Management Area (TMA). The decision was made to identify the City of Fargo as the Designated Recipient for all FTA

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programs starting in FFY24. The governors of both North Dakota and Minnesota have jointly consented to this transition. This serves to reduce the number of FTA grantees with FTA and over time create a more streamlined process for the distribution of FTA funds to the FM Metropolitan Area. Still to be finalized is how long the City of Moorhead will continue to maintain grantee status with FTA. Creativity and cooperation will be critical to maintaining service levels to the riding public. Both cities need to work together and in cooperation with NDDOT, MnDOT and the Fargo-Moorhead Metropolitan Council of Governments (Metro COG) to utilize the flexibility available through a series of FTA and FHWA funding programs to support public transit services in the FM Metropolitan Area.

**FTA Reporting Considerations** regarding how reporting for key FTA programs need to be handled as the two systems move to a more consolidated operational structure, specifically a single designated recipient, require refinement. Some duplication may continue to occur with certain federal reporting as Moorhead continues to spend down older FTA funds and manages future FTA funds as a direct recipient. However, the streamlined staffing structure proposed in this report will serve to eliminate duplication in efforts Metro Area Transit and likely negates any short-term inefficiencies as the systems continue to streamline and integrate internal operational efforts.


**Cost Sharing** – A new proposed structure was developed to split transit costs and revenue between benefiting parties with the MATBUS service area. The approach to sharing system costs and revenues was revamped to accurately ensure an equal allocation across all benefit entities. Cost sharing principles discussed between the City of Fargo and City of Moorhead boiled down to the development of a new methodology that splits costs either based on ridership, revenue miles or revenue hours. Each of these three metrics are considered relevant to sharing costs for various elements of the MATBUS system. This proposed framework will be implemented initially with the CY25 budget cycles. It is anticipated that these new systems will course correct overtime.

**Joint Powers Agreement (JPA)** – A key next step in the implementation of many of the recommendations and considerations discussed in the study is the development of local agreements, initially in the form of an interim JPA to incorporate the above discussed changes to get to the end of CY24. By that time, it is critical to develop a Memorandum of Understanding (MOU) between the City of Fargo and City of Moorhead to become effective January 1, 2025.

The Transit Reorganization Study will result in organizational changes primarily impacting the organization in 2025 and lays the groundwork for continued discussion, strategizing and coordination between local jurisdictions and state and federal partners.

**Requested motion:** Move to adopt the MATBUS Reorganization Study and approve Transit take implementation steps necessary to address employment matters and interim JPA development for further consideration and approval.

Respectfully,

  
Julie Bommelman  
City of Fargo Transit Director