

City of Minneapolis

Request for Committee Action

To: Transportation & Public Works
Date: 6/21/2016
Referral: N/A
From: Public Works Department
Lead Staff: Jon Wertjes, P.E., PTOE, Director of Traffic & Parking Services
Presented by: Jon Wertjes, P.E., PTOE, Director of Traffic & Parking Services
File Type: Action
Subcategory: Contract/Agreement

Subject:

Affiliation with Downtown Minneapolis Transportation Management Organization (TMO)

Description:

1. Approving the dissolution of the official City advisory component between the City of Minneapolis and the Transportation Management Organization (TMO).
2. Directing staff to negotiate and execute professional services agreements with the Metropolitan Council and the TMO for a six month term from July 1, to Dec. 31, 2016.

Previous Actions:

See background information.

Ward/Address:

All Wards

Background/Analysis:

The Downtown Transportation Management Organization (TMO) was created in 1991 when the City of Minneapolis applied for Federal Congestion Mitigation and Air Quality (CMAQ) funds through the Metropolitan Council's regional solicitation process and was awarded such funds for Travel Demand Management (TDM) projects. Subsequently in 2005, the TMO and City worked with the Metropolitan Council and other regional TDM partners to jointly solicit CMAQ funding for these activities and efforts.

The TMO has a permanent staff and operating budget, and is largely funded with federal grants that are contingent on public agency participation; the Metropolitan Council acts as a pass through entity for these federal grants to the City and then the City acts as a pass through entity to provide the CMAQ funds to reimburse allowable TMO expenses. The respective roles of the City and the TMO are currently memorialized with a professional services contract that is renewed by the City Council on an annual basis.

The current TMO mission statement is as follows:

The Downtown Minneapolis Transportation Management Organization advocates for and promotes a sustainable transit and transportation system that supports a vital and growing downtown Minneapolis.

Acknowledgement of Audit Findings

TMO has received the audit findings and has taken action to address these matters. See the attached TMO letter to Council Member Reich dated June 15, 2016. In addition, the TMO

understands that federal agencies are reviewing this matter and after completion of their review that further findings may be forthcoming.

Several discussions among the parties have taken place and the partners agree that the TMO provides valuable services. However, partners also agree that in order to continue these valuable services that the appropriate financial controls, auditing and oversight are critically important.

As follow up to these discussions and actions, there are two further City actions necessary at this time to address: a) City affiliation, and b) the six-month work plan.

City Affiliation

The Downtown Minneapolis TMO Advisory Committee was established by way of a 1991 City Council action to facilitate a public/private partnership between Minneapolis city government and the Downtown business community. The purpose of the TMO Advisory Committee at the time of its origination was, “to ensure that congestion and parking issues in Downtown do not impede the City’s economic health and potential for additional growth . . .” In 1992, the organization formed its own Minnesota nonprofit corporation, creating the Downtown Minneapolis Transportation Management Organization (“TMO”), which has continued to present. According to TMO bylaws, its board of directors must be confirmed by the City Council. The TMO’s executive committee is designated by its board of directors to help manage the direction and operation of the TMO, and to advise the City Council and Mayor.

The TMO’s mission is consistent with City goals, and the City desires to continue its partnership on TMO initiatives. However, the parties would benefit from a clear delineation between the City and the TMO as two separate entities going forward.

City staff recommends redefining the affiliation by dissolving the existence of the official advisory component of the TMO that was contemplated with the 1991 Council Action, and instead relying solely on the professional services contracts that have historically been utilized to define roles and legal responsibilities. This recommendation is based on the following reasons: 1) the creation of nonprofit corporations by charter cities is disfavored by the law; 2) freeing the TMO of mandatory City approvals will allow the organization to operate with the nimbleness of other private sector corporations; 3) the City’s exposure to liability for the acts and omissions of the TMO will be reduced; and 4) the new affiliation will be consistent with that of TMOs in other Cities.

Next Steps and Six-Month Work Plan

City staff have met and conferred with TMO Executive Board members, as well as the Metropolitan Council staff, to confirm that the TMO can continue as a viable and successful private organization under the new affiliation contemplated by this course of action. Based on this action, it is anticipated that the TMO will operate independent of official involvement by the City, including oversight and approval its bylaws without direct input from the City Council. Existing board membership will be unaffected by this action until such time as membership renewal is invoked under TMO bylaws. Thereafter, City officials may continue to serve based on the independent discretion of both parties.

City staff further recommends renewal of the TMO’s professional services agreement to continue valuable services. The TMO has been operating without a contract since January 1, 2016. The TMO has been using their funding reserves during the first half of 2016 and these reserves will be depleted in July, 2016.

Based on the previously developed 2016 draft work plans and the recent discussions, the partners agree that a six-month work plan and funding arrangements are needed to continue the priority TMO operations. The basic conditions for the next six months are as follows:

- Two agreements, between the City and the Metropolitan Council and the City and the TMO.
- 6 month term from July 1 to December 31, 2016.
- Approximate budget: \$255,000
- Continue to follow provisions that allow possible CMAQ funding reimbursement
- Funding Partners:
 - Metropolitan Council: up to \$100,000
 - City of Minneapolis/Meet Minneapolis: up to \$70,000
 - TMO match, state grant and other outside resources: up to \$85,000

The six priority activities requested and desired by the Metropolitan Council and the City of Minneapolis are listed below.

1. Commute related Travel Demand Management (TDM) service to Employers, Colleges or multi-tenant office buildings including:
 - Promotion of regional pass programs including Metro Pass, College Pass (either as a new sale or to boost active cards used).
 - Promotion of GRH, Ride matching, NexTrip and other applicable Regional Programs.
 - Conducting biking seminars for employees of Employer or multi-tenant office buildings.
 - Provide relocation assistance to Employers who are moving into the downtown core.
 - Promoting regional Commuter Choice Awards Program and actively encourage nominations.
 - Staffing employer and multi-tenant office building specific benefits fairs to help to increase awareness of regionally available mode choices for employees.
 - Making use of the Switch My Trip toolbox to provide “try-it” style interest at Employer related Commuter fairs
 - Provide goals and report benchmarks monthly for activities in the work scope using a Metropolitan Council provided online format.
2. Carpool Registration Service for City-operated parking facilities.
3. Storefront Partnership, that:
 - provides and shares space and resources with Meet Minneapolis
 - continues the Meet Minneapolis obligations for resident and visitor services
 - disseminates transportation related information
4. Hire an interim director.
5. Conduct an outside audit and identify actions to ensure procedures, controls and oversight are implemented and followed.
6. Develop a 2017 Work Plan by September 30 including but not limited to a TMO direction for the ZAP program.

The City of Minneapolis funding sources include the Meet Minneapolis partnership and the Parking Fund.

Financial Review:

No additional appropriation required, amount included in current budget.

Attachments:

1. TMO letter.