



TRANSPORTATION COMMITTEE AGENDA

City of Brainerd, Minnesota
City Hall, 501 Laurel Street, Council Chambers
Tuesday, September 23, 2025 @ 1:00 PM

The public is invited to attend these meetings in person

Meetings are broadcast on CTC ch 8, Charter ch 181, YouTube, AppleTV, Roku, and Amazon FireTV

1. **Call To Order**

2. **Roll Call**

___J. Czczok ___J. Lambert ___L. Nebel ___M. Koep

3. **Approval Of Agenda - Voice Vote**

4. **New Business**

A. **Review consultant's presentation and make recommendation for 2026 Transit operation.**

5. **Adjourn**

Visit the Transit Website at www.ci.brainerd.mn.us/transit

MISSION

"It is the Mission of the Brainerd & Crow Wing County Public Transit agency to facilitate mobility by providing options for safe, efficient and reliable transportation"



Transportation Committee Agenda Request

MEETING DATE: September 23, 2025

TITLE OF ITEM: Review consultant's presentation and make recommendation for 2026 Transit operation.

AGENDA:

ACTION REQUESTED: Direction Requested

SUBMITTED BY: Mike Habighorst, Public Works
Director

DEPARTMENT: Public Works

PRESENTER: Mike Habighorst, Public Works
Director

ESTIMATED TIME (MIN):

SUMMARY OF ISSUE: The State of Minnesota hired a consultant to review Transit's operation and is providing a recommendation for 2026 operation.

ALTERNATIVE, OPTIONS, EFFECTS ON OTHERS/COMMENTS: The State of Minnesota and consultant are here to present their recommendation and answer any questions.

RECOMMENDED ACTION/MOTION: Staff is seeking direction for 2026 Transit operation; 2 options are available:

1. To continue with a 3rd Party Contractor to operation Transit.
2. To take Transit operation In-House.

FINANCIAL IMPACT:



Assessing Brainerd Crow Wing Public Transit Services Operational Models

TAC Presentation

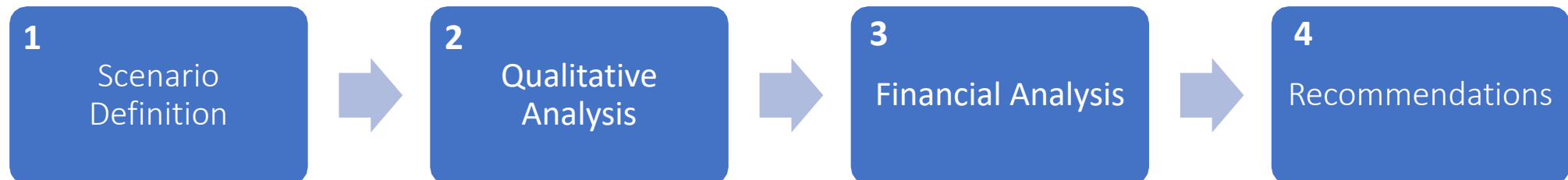
Agenda

- Study Overview
- Current Trends
- Scenarios
- Qualitative Assessment
- Financial Analysis Results
- Recommendations

Study Overview

- Determine best path forward for how Brainerd Crow Wing Transit is operated in the future based on these goals:
 - Provide the best customer service possible
 - Maintain the fleet to a state of good repair
 - Operate in a financially efficient manner
- Study funded by MnDOT Office of Transit and Active Transportation (OTAT) and conducted by on-call consultant team

Process



Rural Transit Trends

- Most (25/27) rural transit agencies in MN directly operate service
 - Brainerd and Winona are the only ones to contract out
- Some (10/27) rural transit agencies in MN are part of the city, county or a local government agency
- Nationwide 85% of rural systems are directly operated, compared to 50% of urban
- State law dictates a minimum local share of 15%
 - 2024-2025 agencies were granted a temporary reduction to a 5% local share
 - 2026-2027 agencies were granted a temporary reduction to a 10% local share

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Defining Scenarios

1. Continue contracting out

- Release RFP for service operations
- Could be any contractor

2. City of Brainerd directly operates

- The city absorbs all responsibilities and brings drivers & dispatch in-house
- Transit becomes a City department

3. County directly operates

- Crow Wing County absorbs all responsibilities and brings drivers & dispatchers in-house
- Transit becomes county department

4. Hybrid approach

- Operators are contracted
- Dispatch is brought in-house
- Maintenance is brought in-house

2 Scenario Qualitative Analysis

- Seven criteria
- Scoring each criteria and scenario 1 – 5, with higher numbers more favorable
- Maximum score of 35
- Objective was to determine if there were any infeasible scenarios

Criteria
Complexity
Liability
Control
Staffing Requirements
Uncertainty
Customer Service
Maintenance & Vehicle State of Good Repair

2

Qualitative Analysis – Results

Scenario

Criteria	1	2	3	4
Complexity	4	2	1	3
Liability	2	1	1	2
Control	2	5	4	3
Staffing Requirements	4	2	2	3
Uncertainty	2	4	1	2
Customer Service	1	5	1	4
Maintenance & Vehicle State of Good Repair	1	4	4	4
TOTAL SCORE	16	23	14	21

- Scenario 3 - County direct operation eliminated due to high complexity, liability, uncertainty, and loss of City control of service

3

Financial Analysis Results

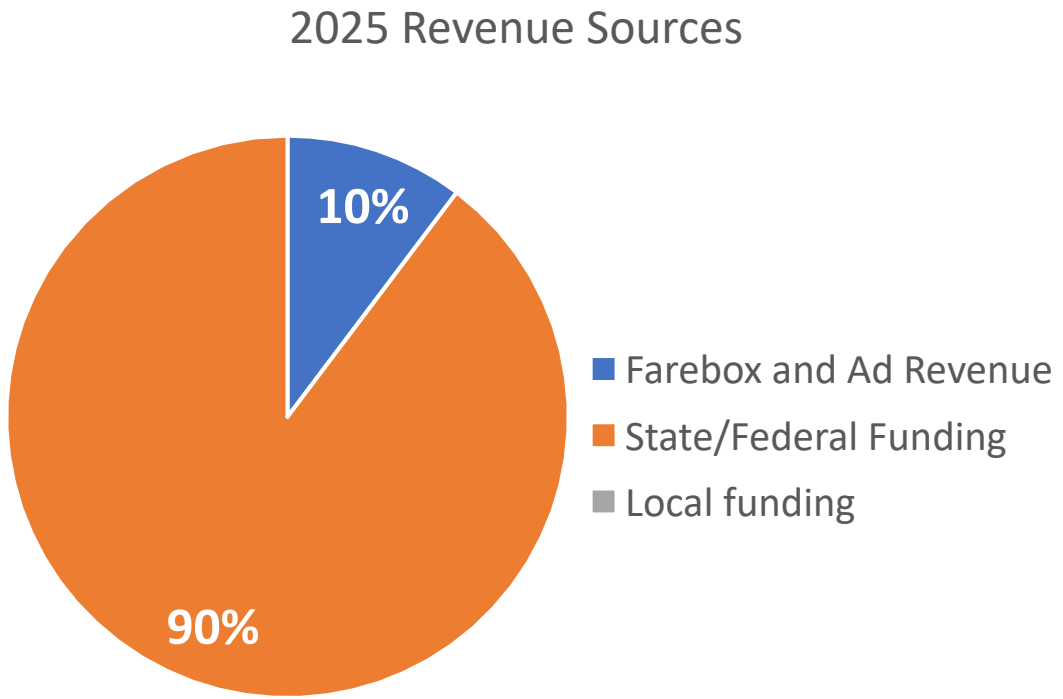
	Continue to Contract	City Directly Operates	Hybrid
Line Item	Scenario 1	Scenario 2	Scenario 4
1000 Personnel	\$1,138,144	\$1,240,830	\$1,207,219
1100 Admin	\$184,075	\$112,445	\$184,630
1200 Vehicles	\$255,254	\$206,305	\$222,621
1300 Operations	\$53,422	\$53,422	\$53,422
1400 Insurance	\$39,774	\$39,774	\$39,774
1500 Taxes and Fees	\$1,458	\$1,458	\$1,458
TOTAL	\$1,672,127	\$1,654,234	\$1,709,123
New Staff Transit Hired	0	15	3

- Analysis based on peers, historical trends for Brainerd Crow Wing Transit, statewide and national best practices, and industry trends.
- Savings from contractor oversight fees & revenue as well as better vehicle maintenance, are greater than additional personnel costs

Scenario 2 is the most cost effective to operate

3 Operating Costs and Revenues Trends

Year & Type	Operating Costs	% Change From Year Before	Notes
2023 Actual	\$1,525,326		
2024 Actual	\$1,429,502	-6.28%	12% decrease in revenue hours from service reduction
2025 Budgeted	\$1,627,900	+13.88%	No change in hours. Cost increases beyond inflation are from 1 FTE Transit specialist added, and \$50k extra in maintenance costs
2026 Budgeted	\$1,702,700	+4.59%	Assumes same service levels as previous year



3 Scenario 2 Compared to 2026 Budgeted

- Savings of \$48,466, ~3% difference between budgeted and scenario 2
- Savings could be spent on one-time transition costs
- 2026- Because of legislatively mandated 10% local match requirements, MnDOT will only fund up to 90% of the actual operating cost or \$1,532,430*, whichever is less

Year & Type	Operating Cost	Maximum MnDOT Funding
2026 Budgeted	\$1,702,700	\$1,532,430 (90%)
2026 Scenario 2	\$1,654,234	\$1,488,810 (90%)
Difference	\$48,466	

* 2025 state obligated funds + 5% increase

4 Recommendation

Goal	Recommendation
Maximize Control	In-house Operations (Scenario 2)
Reduce Liability	Contract Out (Scenario 1 or 4)
Reduce Uncertainty & Risk	In-house Operations (Scenario 2)
Provide Best Customer Service	In-house Operations (Scenario 2)
Maintenance & Vehicle State of Good Repair	In-house maintenance Oversight (Scenario 2 or 4)
Operate Most Cost Efficient	In-house Operations (Scenario 2)

Recommendation: Scenario 2 – bring service in-house

Questions & Thoughts?