



REQUEST FOR ACTION

State of Minnesota Transit Operations Funding - 2027

MEETING DATE:

June 1, 2026

ORIGINATING DEPT:

Transit & Parking Services

AGENDA SECTION:

Consent Agenda

PRESENTER:

Rachel Fautsch

Action Requested:

Adopting a Resolution approving applications and agreements with the State of Minnesota for the operation of Public Fixed Route Transit and Paratransit services.

Report Narrative:

State funding plays a critical role in supporting transit operations. Proposed 2027 budgets remain subject to the Council's review as part of the City's supplemental budget process. In accordance with Minnesota Statutes, Section 174.24, Subdivision 3, as amended, a local match of up to 20% is required for fixed route service and up to 15% for Americans with Disabilities Act (ADA) paratransit service. For 2027 transit operations, the State will require a local match of 15% for both fixed route and ADA services. This local share will be sourced from farebox revenues, advertising, and transit reserve funds as needed.

The current fixed route and paratransit 2027 supplemental budget is \$14.8M. The maximum total State award amount for 2027 transit operations is \$16.8M.

The Resolution for fixed route and ADA paratransit also authorizes the acceptance and execution of any capital funding that the State may provide, subject to a local match requirement of up to 20% of the total capital costs.

Approval of this action is required to support the transit operating grant applications which is slated for submission on June 30, 2026.

Priorities & Foundational Principles:

Fiscal Responsibility & Sustainability

Quality Services

Policy Considerations & DEI Impact:

Service levels for 2026 are consistent with the adopted Transit Development Plan and are consistent with the City's Comprehensive Land Use Plan and Destination Medical Center.

Prior Legislative Actions & Community Engagement:

No related prior legislative actions.

Fiscal & Resource Impact:

The state grant application permits the City to apply for a total amount of \$16,821,500 to support both Fixed Route and ADA Paratransit operations. The 15% local share will be sourced mainly from fare

revenues and advertising revenues, with any gap filled by the Transit Fund, which had a balance of \$5.29M on 12/31/2024. As of early May 2026, the 2027 Fixed Route and ADA Paratransit Operating gap projection is about \$500,000.

Alternative Action(s):

No alternative action is recommended at this time.

Prepared By:

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Attachments:

[Resolution - Rochester Public Transit - MnDOT 2027 Transit Operations Grant](#)