DEPARTMENT OF TRANSPORTATION

2025 Report on the

Dynamic Transportation Options Study Report

February 2025

Credit: Mark A. Herman/MTA

Prepared by:

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DEPARTMENT OF TRANSPORTATION

395 John Ireland Boulevard
Saint Paul, Minnesota 55155

March 28, 2025

The Honorable Scott Dibble, Chair
Senate Transportation Committee
3107 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable John Jasinski, Ranking Minority Member
Senate Transportation Finance & Policy Committee
2227 Minnesota Senate Building
Saint Paul, Minnesota 55155

The Honorable Erin Koegel, DFL Lead
House Transportation Finance & Policy Committee
5th Floor Centennial Office Building
Saint Paul, Minnesota 55155

The Honorable Jon Koznick, Chair
House Transportation Finance & Policy Committee
2nd Floor Centennial Office Building
Saint Paul, Minnesota 55155

Re: 2025 Dynamic Transportation Options Study Report

Dear Legislators,

Last year, the Minnesota Department of Transportation conducted a study on dynamic transportation options in Greater Minnesota. This report fulfils the requirements laid out under 2024 Laws of Minn., Ch. 127, Art. 3, Sec. 124 providing an overview of the existing conditions in non-metropolitan areas and recommendations for a pilot program.

If you have any questions about this report, please contact me or you may reach out to Caroline Miller at caroline.miller@state.mn.us or at (651) 627-2189.

Sincerely,

Nancy Daubenberger

Nancy Daubenberger, P.E.
Commissioner

Contents

Legislative Request

This report is issued to comply with 2024 Laws of Minn., Ch. 127, Art. 3, Sec. 124.

Sec. 124.
STUDY; DYNAMIC TRANSPORTATION OPTIONS; GREATER MINNESOTA TRANSIT PLAN; REPORT.

Subdivision 1. Definitions.

For purposes of this section, the following terms have the meanings given:

(1) "commissioner" means the commissioner of transportation;

(2) "dynamic transportation options" includes but is not limited to nonfixed route options, prearranged and dial-a-ride options arranged via telephone, digital application, or website; demand response microtransit service for last-mile connection; and private transportation companies, including but not limited to transportation network companies or taxi companies;

(3) "nonmetropolitan county" means any Minnesota county other than those under Minnesota Statutes, section 473.121, subdivision 4; and Article 3 Sec. 124. 130

(4) "wheelchair accessible vehicle" means a vehicle equipped with a ramp or lift capable of transporting nonfolding motorized wheelchairs, mobility scooters, or other mobility devices.

Subdivision 2. Study required; pilot program proposal.

(a) The commissioner must study, in collaboration with identified stakeholders in subdivision 3, increasing access to transit and transportation options, including ridesharing or other dynamic transportation options in rural, nonmetropolitan areas. The report must identify existing gaps in transportation service in greater Minnesota. The commissioner may include the results of the report required under this section in the 2025 Greater Minnesota transit investment plan provided in Minnesota Statutes, section 174.24, subdivision 1a.

(b) The commissioner must outline and make recommendations on establishing a proposed rural dynamic transportation options pilot program in coordination with a rural transportation coordinating council. The proposed pilot program must attempt to increase service in the rural transportation coordinating council's area by identifying gaps in service and propose options to increase mobility, including but not limited to the use of transportation network companies or taxis with access to wheelchair accessible vehicles. The proposed pilot project plan must compare the regional transportation coordinating council's current service area versus its proposed new service area, the cost differential, and the anticipated new users of the pilot program. The proposed pilot project plan must include a timeline for deployment and what resources may be needed to implement the pilot for at least two years.

Subdivision 3. Stakeholders.

(a) The commissioner must develop the study in consultation with:

(1) one representative from the Minnesota Council on Disability;

(2) two representatives, who must be jointly selected by the American Council of the Blind of Minnesota, the National Federation of the Blind of Minnesota, and the Minnesota DeafBlind Association;

(3) one representative from a transportation network company, as defined in Minnesota Statutes, section 65B.472, subdivision 1;

(4) one representative from a taxicab company;

(5) one representative with familiarity and experience in transit vehicle dispatching services and route connection expertise;

(6) the executive director of the Minnesota Council on Transportation Access or a designee;

(7) two representatives from a Minnesota regional transportation coordination council, one of whom must be a volunteer driver who transports persons or goods on behalf of a nonprofit organization or governmental unit using their own private passenger vehicle or a volunteer driver coordinator;

(8) one county commissioner from a nonmetropolitan county;

(9) a private transit or transportation services provider;

(10) one representative from a transit provider who provides transportation services in a small urban area and receives funds under United States Code, title 49, section 5307; and

(11) one representative from a transit provider who provides transportation services in a rural area and receives funds under United States Code, title 49, section 5311.

(b) The commissioner may convene an in-person meeting of stakeholders to develop the report's contents and recommendations. The commissioner is responsible for providing accessible meeting space and administrative and technical support for any stakeholder meeting to develop the report. Public members of the working group serve without compensation or payment of expenses.

(c) If the groups specified in paragraph (a), clause (2), are unable to select a member to participate in the development of the report, the commissioner may appoint two members of the public who:

(1) are blind, partially blind, or deafblind; and

(2) possess relevant experience in transportation or transit policy or as a rider of special transportation services.

Subdivision 4. Duties.

At a minimum, the commissioner and the stakeholders provided in subdivision 3 must identify and analyze:

(1) inefficiencies in route connections and demand response;

(2) improvements in coordination across different public, private, and individual sources of transportation;

(3) existing gaps in service in Greater Minnesota, including but not limited to:

(i) crossing county lines;

(ii) collaboration between counties;

(iii) resolving local funding share issues; and

(iv) vehicle availability, operating funds, staffing, and other capital issues;

(4) improvements in dispatch and service time for public and private service, including an analysis of digital and voice technology commercially available to transportation providers;

(5) areas of coordination to maximize the availability and use of vehicles for ambulatory people and maximizing the number of wheelchair-accessible vehicles in the program;

(6) the impact of Federal Transit Administration rules on mobility service improvements;

(7) the impact of Medicare services on transportation availability and options;

(8) nonemergency medical transportation issues;

(9) the impact of the commissioner's shared mobility work with the Moving Greater Minnesota Forward program; and

(10) rural and small urban transportation funding sources and their limitations for use of each relevant source.

Subdivision 5. Report.

By February 15, 2025, the commissioner of transportation must report the results of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

Subdivision 6. Expiration.

The requirement for collaboration between the stakeholders and the commissioner expires on May 15, 2025, or upon submission of the report required under subdivision 5, whichever is earlier

The cost of preparing this report is estimated at about $58,400.

Executive Summary

Study Purpose

As directed by the Legislature, this report is prepared for the Commissioner of Transportation to report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. This report complies with the legislative request to complete the following documentation and stakeholder consultation by February 15, 2025:

- Submit a study that analyzes an increase in access to transit and transportation options, including "dynamic transportation options" in rural, nonmetropolitan areas,
- Provide recommendations on establishing a pilot program in coordination with a Regional Transportation Coordinating Council (RTCC), and
- Develop a report in consultation with listed stakeholders (see Appendix A)

Dynamic transportation options definition from legislation:

"Nonfixed route options; prearranged and dial-a-ride options arranged via telephone, digital application, or website; demand response microtransit service for last-mile connection; and private transportation companies, including but not limited to transportation network companies or taxi companies."

Overview

Minnesotans rely on the transportation system every day to get to appointments, grocery stores, work, school, or to connect with friends and family. The primary mode of transportation for most Minnesotans is by personal vehicle. For Minnesotans who do not have access to a personal or shared vehicle for transportation, there are varying options for reliable transportation using other modes. These options are often dependent upon available providers in their area, hours in which transportation services are available, trip origins and destinations, cost, ADA accessibility needs, access to a smartphone or computer for customer information, and sometimes eligibility requirements for specialized services.

Accessing Transportation Options

The public transit system is the primary option that exists today to provide motorized transportation services to customers throughout the state as an alternative to using a personal or shared vehicle. Beyond public transit, there are other ways to get around including by taxi, transportation network companies (TNCs) (e.g. Uber and Lyft), volunteer driver programs, car sharing, carpooling, non-emergency medical transport (has eligibility requirements), and active transport (biking or walking/rolling). All these modes of transportation, including public transit, offer dynamic transportation services to meet the needs of customers. However, while these transportation options are reliably available in the Twin Cities Metropolitan Area, there are fewer options in

Greater Minnesota, and they are highly variable depending upon the location. Transit use is limited due to accessibility, scheduling, and route coverage challenges, particularly in rural areas. For instance, 56.5% of respondents in a Greater Minnesota Transit Policy Plan survey never use public transit, often stating lack of availability or convenience as key barriers. The variability in services poses challenges for Minnesotans trying to access transportation as these providers operate independently and have different specialties and offerings, often resulting in a complex process to evaluate options. Mobility managers as a part of Regional Transportation Coordinating Councils (RTCCs) as well as social service and human service organizations provide support to help customers navigate across providers.

Public Transit as a Dynamic Transportation Option

Public transit systems are operated by 40 providers in 79 counties throughout Greater Minnesota (not including the seven-county Twin Cities Metropolitan area) and there are different ways in which transit services are delivered to customers. Most providers in rural areas offer shared dial-a-ride or deviated route service that often requires making an advanced booking. Some providers offer this service with same-day bookings to respond to real-time needs – providing a more dynamic transportation service. Rides delivered with a dial-a-ride, real-time demand response, or microtransit model tend to be the most expensive trips to operate (compared to fixed route or deviated route) as they cannot serve as many customers when providing rides to unique origins and destinations and with variable route lengths. Providers in small urban areas such as Duluth or Rochester offer fixed route service with designated stops and route schedules, which is more efficient to deliver within a dense land use context. They also provide shared dial-a-ride type services for eligible customers with disabilities who need door-to-door service.

Public transit systems have a goal to serve 80 percent of transit demand (Minnesota Statutes 174.24) and the Covid-19 pandemic hobbled many systems' ability to meet this goal. As MnDOT looks ahead, assessing transit demand will include both qualitative and quantitative approaches, with public engagement as a major input. MnDOT kicked off the Greater Minnesota Transit Policy Plan in Fall 2024 with an 18-month planning process to understand existing conditions, engage with the public on transit needs, and set policy direction on transit. This study report includes some of the initial existing conditions data analysis and public engagement insights, but the final policy plan will include a more in-depth review of transit system conditions, operating performance, demographic trends including equity indicators, transit demand assessment, public engagement input, and policy recommendations for maintaining and improving transit service throughout Greater Minnesota.

Greater Minnesota communities were impacted by the Covid-19 pandemic, which resulted in a 45 percent drop in public transit ridership between 2019 and 2021. The 2021 to 2023 post-Covid years have shown the strongest ridership recovery in Dial-a-Ride services, and modest recovery for traditional fixed route and deviated route service types. This trend underscores that demand exists for dynamic service models and that many Minnesotans rely on public transit to meet their transportation needs. Public transit systems have been responding to customer needs by adding or piloting more dynamic transportation services. However, many public transit systems continue to face challenges in meeting the needs of their existing customers due to rising operating and vehicle costs, and difficulties in hiring and retaining drivers to operate their planned service.

Other Providers of Dynamic Transportation

Additional transportation options such as private taxi service and TNCs (e.g. Lyft or Uber) offer individual rides to customers and tend to be more expensive than public transportation for the customer. These providers are focused on markets where there is enough customer demand to operate and where they can retain drivers, such as dense population centers. Ninety-five percent of all TNC trips in 2022 originated in the seven county Twin Cities metro area.[1] Many types of providers provide Non-emergency Medical Transportation (NEMT), including taxi providers, local government or community action partnership providers, volunteer driver programs, and sometimes TNCs. Other types of dynamic transportation options such as car sharing, bike share or scooter sharing are more common in dense population centers, but not rural areas.

MnDOT Supports Responsible Growth of Dynamic Transportation

MnDOT has several programs to support the growth of dynamic transportation, but the most prominent is the Moving Greater Minnesota Forward Program. It is a shared mobility innovation program to help communities in Greater Minnesota develop, pilot, and scale new or improved shared mobility services to meet their transportation needs. This study draws heavily upon the framework of this existing program as a model for how a similar type of pilot program could be developed. In general, MnDOT has limited oversight over some forms of dynamic transportation, such as NEMT, which is administered at the county level. Certain aspects of private taxis and TNCs are regulated at the local level. Additionally, TNCs are subject to certain statewide regulations related to insurance, minimum compensation, pay transparency, and deactivation of drivers. MnDOT has no authority to collect ridership or trip data related to users of NEMT, private taxis or TNCs, limiting its ability to study or plan for these services statewide.

Stakeholder Engagement

This study reviewed dynamic transportation options and assessed future opportunities with input from stakeholders most impacted and knowledgeable about the transportation challenges in Greater Minnesota. The study stakeholders provided input on transportation barriers and opportunities and brainstormed solutions, including recommendations on a pilot program. Stakeholder discussions and updates at standing meetings occurred at several points throughout development of the study:

- 10/14/24 – Presented update at Minnesota Public Transit Association (MPTA) Conference
- 10/29/24 - Dynamic Transportation Options Summit Event (See Appendix A for legislatively required stakeholders invited)
- 11/7/24 – Meeting with Department of Human Services on Non-Emergency Medical Transportation
- 11/20/24 – Minnesota DeafBlind Association Meeting (alternate format of Summit Event for DeafBlind stakeholders)
- 11/20/24 – Presented update at Minnesota Council on Transportation Access (MCOTA) Meeting
- 11/21/24 – Meeting with Lyft staff to discuss examples of Lyft working with communities to deploy dynamic transportation options
- 12/11/24 – Presented update at Greater Minnesota Transit Advisory Committee
- 12/16/24 – Meeting with legislatively required stakeholders on draft study report findings
- 12/10/24 – 1/10/24 – Greater MN Transit Policy Plan Public Survey – initial results

[1] 2024, TNC Driver Earnings Analysis and Pay Standard Options, MN Dept. of Employment and Economic Development

Figure 1. Stakeholder Summit Event on 10/29/24

This report summarizes key challenges and opportunities around dynamic transportation. It also lays out potential solutions to these opportunities including recommendations for a pilot program with a competitive solicitation process to develop and vet ideas in phases. The report—and the pilot project recommendations—focus on these topics:

- driver shortages
- transportation service coordination
- accessibility of transportation services
- and the growing transportation need because of Greater Minnesota's changing demographics

The following section is a summary of the key challenges and opportunities.

Dynamic Transportation Challenges

- A **driver shortage** is making it difficult to meet customer demand for both public transit and specialized transportation services to deliver their full capacity of planned service.
    - For public transit systems, key factors contributing to this shortage include an aging driver pool with high retirement rates, a highly competitive employment market especially for licensed commercial drivers, challenging entry requirements for new drivers, and funding levels.
    - Based on stakeholder input, many public transit systems are also struggling to receive approval from their local governing boards to increase driver wages.
    - Volunteer driver programs are also continuing to decline due to retirements, pandemic impacts, IRS mileage reimbursement amounts, and a general decline in volunteerism
    - TNCs implemented incentives to drivers due to their challenges hiring drivers following the pandemic.
- Rides delivered with a **dial-a-ride, real-time demand response, or microtransit model tend to be the most expensive trips to operate** (compared to fixed route or deviated route) as they cannot serve as many customers when providing rides to unique origins and destinations and with variable route lengths.
- Many public transit systems do not provide county-wide dial-a-ride services, they operate in a more limited-service area around population centers, creating a gap for rural residents.

- Over the next 20 years, the Minnesota State Demographic Center projects that the total population in Greater Minnesota will grow by over five percent while the population of people ages 65 and older will grow by nearly seven percent.[2] **As the population of Greater Minnesota grows and ages, the need for public transit will also grow and evolve** to reflect the unique transportation needs of adults 65 and over. Additionally, **transportation options will also need to grow and evolve to reflect the unique transportation needs of people with disabilities, an increasing immigrant population, and other changing demographics.**
- The variety of transportation service options (e.g., public transit, volunteer driver, NEMT, taxi, Transportation Network Company) are **not coordinated effectively**.
    - Many public transit systems **do not provide rides beyond jurisdictional boundaries such as county lines or between transit provider service areas**. This configuration creates barriers for people accessing key destinations like dialysis centers or medical clinics, which may only exist outside a given transit system's service area.
    - Transportation services are coordinated and implemented by multiple government agencies at both the state and local level, as well as by non-profits and private businesses. **There is no "one stop shop" for a customer to access transportation services** and customer information is not standardized across providers.
    - Public transit systems deliver service using different business models, making coordination between systems difficult.
- Not all public transit systems are working with dispatching technology that supports more dynamic transportation services.
- Customers commonly **must choose their medical provider based upon the transportation options**, service area, and operating schedule available to them.
- Customers have been **denied rides due to provider resource capacity issues** for both public transit and NEMT.
- Customers have **experienced "no-shows"** from NEMT drivers.
- **Delivering quality NEMT is challenging** due to the need to receive payment through medical insurance reimbursement and high costs for vehicle maintenance, operations and fuel.
- Information availability and **ADA accessibility using web and mobile applications can be a barrier** especially for non-English speakers and blind/low vision users, respectively. There is a need for more information, especially digital information, to make service coverage, schedules, and costs more accessible.
- Backlog of replacement vehicles because of Covid era supply chain delays persist today.
- There is a **lack of wheelchair accessible taxi and TNC vehicles in rural Minnesota**.

2 Source: Minnesota State Demographic Center Population Projections Dataset. May 2024. Accessed November 2024.

Dynamic Transportation Opportunities

- **Minnesota has an established program** for piloting new ideas called *Moving Greater Minnesota Forward* that seeks to identify and support partners with ideas to improve mobility in Greater Minnesota.
- Analyze and evaluate whether **dynamic transportation service models, which some public transit systems have already implemented, like, Trailblazer's SMART ride service and Watonwan County's Take Me There** medical destination focused service, could be applied to other systems across the state.
- Address the driver shortage at the local level by **investing in driver recruitment and retention** (such as increasing wages and providing better work schedules), **incentivizing transportation drivers in rural areas including younger people that would expand the longevity of the driver workforce**, and **streamlining processes related to Commercial Driver's License (CDL) testing and hiring**.
- Leverage Regional Transportation Coordination Councils (RTCC) to improve coordination and ride matching across transportation providers, including public transit. Investigate ways to ensure transit service plans incorporate **select service runs to key destinations outside primary service areas**, creating comfortable and convenient **transfer points/transit hubs** at system boundaries.
- Evaluate opportunities for public transit providers and potentially other transportation service providers to **coordinate services regionally**.
- Deliver broader coverage and volume of service in rural areas, such as county-wide.
- There are many opportunities through leveraging technology:
    - MnDOT's Mobility-as-a-Service project – is providing the groundwork for better coordination with its schedule information and real-time booking features – this platform could integrate in the future with a brokerage model.
    - Support public transit systems in buying **software that would support more dynamic and efficient dispatching**.
    - Investigate programs to **pool ride booking into a model** to better coordinate services.
    - A technology service could be developed that would be a **clearinghouse to connect riders to all types of providers, and providers could see all the demand**. This would address both the inconsistent access to information and transportation service coordination and integration.
- Research customer subsidy options for waiver clients. For example, some counties are offering **subsidized taxi and TNC fares based on individualized needs for waiver program participants** (e.g., alternative care, brain injury, community access for disability inclusion, community alternative care, developmental disabilities, elderly).
- Increase **availability of wheelchair accessible taxi and TNC vehicles with strategic partnerships**.
- Introduce **driver training** to improve assistance for people who use wheelchairs to safely board and get out of vehicles.

> *"Centralization can be an advantage to users. Having payment, tracking rides, seeing available schedule on one app/ website can be very useful"*
>
> *-Participant in the Dynamic Transportation Options Summit Event*

- Enhance services for riders who have additional accessibility needs, such as those with visual or cognitive impairments, alongside wheelchair users.
- MnDOT is developing the Greater Minnesota Transit Policy Plan to refresh policy direction for maintaining and improving public transit throughout Greater Minnesota to meet increased demand.

Figure 2: Photo of passengers on a transit vehicle. Credit: MnDOT

Roles in Dynamic Transportation

Minnesota Department of Transportation

The Minnesota Department of Transportation (MnDOT) serves as the state-level authority and leader responsible for planning and managing public transit programs, administering funding, and providing technical assistance to Greater Minnesota transit providers. MnDOT has a limited role in administration and oversight of some forms of dynamic transportation.

MnDOT's role includes leading the development of statewide transit plans and policies, such as the Greater Minnesota Transit Plan. These plans establish investment priorities, identify gaps in transit service, and propose recommendations to expand transit accessibility and mobility for residents in Greater Minnesota.

MnDOT's role also includes managing the allocation and distribution of federal transit funds, such as those provided by the Federal Transit Administration (FTA) programs like Section 5307 (Urbanized Area Formula Grants), Section 5311 (Rural Area Formula Grants), and Section 5310 (Enhancing Mobility for Seniors and Individuals with Disabilities), which is used to provide transit vehicles. MnDOT coordinates with the FTA to administer federal funds, ensuring local providers receive funding while maintaining compliance with federal regulations.

MnDOT also manages and distributes state transit funding, combining the federal and state funds into several programs to make it easier for transit systems, and agencies serving seniors and people with disabilities, to apply for funding to purchase vehicles or for operations. MnDOT's oversight responsibilities include compliance review, training, and guidance, to ensure transit providers adhere to federal and state grants regulations, service standards, and compliance with the Americans with Disabilities Act (ADA).

Additionally, MnDOT provides grant funding for dynamic transportation through the *Moving Greater Minnesota Forward* program that develops and pilot's new ideas for improving access and service to Minnesotans. MnDOT is also investing in deploying new technology to offer more dynamic services through its Mobility-as-a-Service project, which brings multiple provider's service information into a single platform.

While MnDOT does oversee funding and compliance for public transit funding, MnDOT also has limited oversight of providers that apply for accessible vehicle subsidies under the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program.

Department of Human Services (DHS)

The Department of Human Services (DHS) administers reimbursements for Non-emergency Medical Transportation (NEMT), which pays for eligible members of Minnesota Health Care Programs to receive transportation to medically necessary services. MnDOT's role in NEMT is limited to overseeing that the vehicles used to provide NEMT services meet the State of Minnesota Special Transportation Services (STS) standards and promoting and facilitating transportation coordination of services that receive public funds for transportation.

Public Transit Providers

There are 40 public transit providers in Greater Minnesota that oversee the day-to-day operations of transit service for their systems. Providers include city, county, joint powers, and non-profit organizations. Providers work closely with MnDOT to obtain state and federal funding for operating and capital expenses, and for reporting, oversight and compliance activities. Many public transit providers offer dynamic transportation services (e.g. demand response, microtransit).

Local Governments

Many local governments including municipalities and counties throughout Greater Minnesota are also transportation providers. They provide both public transit services and non-emergency medical transportation, as well as coordinate volunteer driver programs and veterans transportation services. Local governments provide oversight of their public transit system and approve budgets and expenditures. Local governments with public transit services provide a local share of funding for transit budgets and regulate taxi service for their municipality. Some cities require a license for TNCs, but not all.

Regional Transportation Coordinating Councils (RTCCs)

Outside of the Metro area, there are 12 Regional Development Areas, many with Regional Development Commissions that help plan and coordinate local public transit services. Regional Development Commissions have created Regional Transportation Coordinating Councils (RTCCs) in partnership with MnDOT to increase coordination between transportation providers, service agents, and the private sector.

Private Sector Providers

MnDOT has minimal oversight for private transportation companies such as taxis and Transportation Network Companies (TNCs), unless they receive FTA funding. Aspects of these companies are regulated at the local government level. TNCs are subject to certain statewide regulations related to insurance, minimum compensation, pay transparency and deactivation of drivers.

Existing Transit Conditions in Greater Minnesota

Overview

Many public and private transportation options are available across Minnesota allowing residents and visitors to enjoy the state's destinations and participate in the state's economy. This section summarizes existing public transit conditions in Greater Minnesota focusing on existing service gaps, challenges, and opportunities as well as highlighting how other transportation services help complement public transit where transit is not economical or cannot provide service.

In 2023, 40 public transit systems (28 rural, seven urban, and five tribal) offered scheduled transit service across 79 counties in Greater Minnesota (Figure 4**)**.[3] Greater Minnesota transit services are funded with a combination of local, state, and federal funding. MnDOT's Office of Transit and Active Transportation (OTAT) administers state and federal financial assistance to Greater Minnesota transit systems.

The types of service offered by each transit system vary based on local context. Transit systems in the urbanized areas of Duluth, East Grand Forks, La Crescent, Mankato, Moorhead, Rochester, and St. Cloud, primarily run fixed-route service. Fixed routes operate on a defined schedule and route alignment, providing service to designated transit stops at specific times. In addition to fixed route service, all urbanized systems must provide ADA Complementary Paratransit Service for eligible individuals who are unable to use the fixed-route service.

Rural transit systems primarily use **demand response service, defined as service to individuals that is activated based on passenger requests**. Usually, passengers call the scheduler or dispatcher and request rides for specific dates and times**. Demand response usually involves curb-to-curb or door-to-door service.** Trips may be scheduled on an advanced reservation basis (also known as "dial-a-ride") or at the time of the trip (typically referred to as "microtransit"). Service in small cities (typically less than 50,000 people) is primarily provided by deviated fixed route service. **Deviated fixed-route service is different from conventional fixed-route bus service in that the vehicle may leave the route in response to passenger requests to be picked up or returned to destinations near the route.**

[3] MnDOT also administers the federal *Enhanced Mobility of Seniors & Individuals with Disabilities Program* (Section 5310) to improve mobility by removing barriers to transportation service and expanding transportation mobility options to seniors and individuals with disabilities. This program, while not specifically considered public transit, supports agencies serving the special transportation needs of these individuals. Eligible projects include traditional capital investment (such as wheelchair accessible buses and vans) and nontraditional investment beyond the Americans with Disabilities Act complementary paratransit services (such as mobility management programs).

Existing Conditions Trends

Figure 3: 2023 Ridership (Percent of 2019 Total) by Service Type

Ridership

In 2023, approximately 7.4 million passenger trips were provided in Greater Minnesota with about 60% of these trips provided by the seven urbanized transit systems.

Prior to the Covid-19 Pandemic, transit ridership in Greater Minnesota was gradually decreasing, falling four percent between 2017 and 2019. However, between 2019 and 2021, ridership dropped by nearly 45% due to the pandemic. Since then, ridership has gradually increased with 2023 ridership reaching two-thirds of 2019 levels.

The extent of this ridership recovery varies by system and service type with fixed-route and deviated fixed-route services recovering at a slower rate than the more flexible (and lower ridership) demand response/dial-a-ride and paratransit services (Figure 3). In general, ridership declines due to the pandemic were less drastic among rural transit systems, which may be due to a higher percentage of people in urban areas using transit to get to and from work, and changes to commute travel patterns in urban areas.

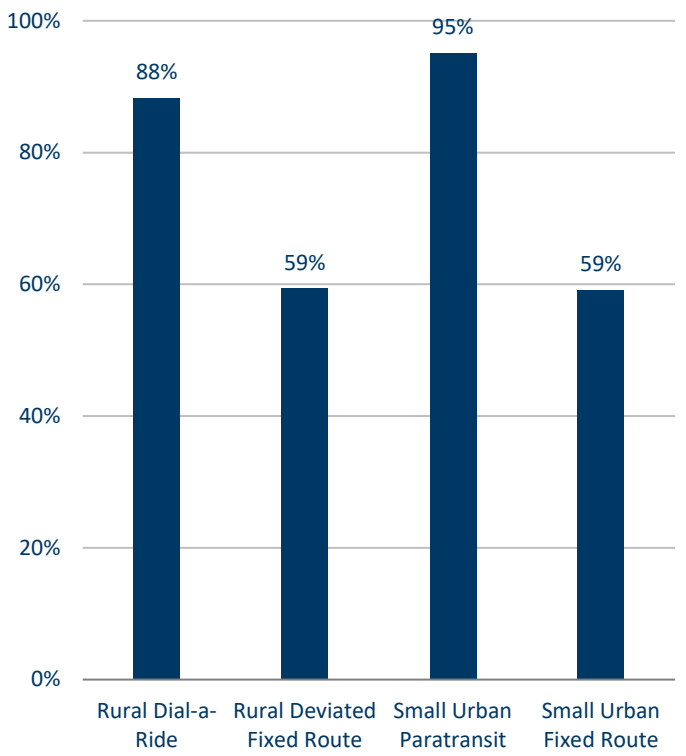


Figure 4: Public Transit Systems in Greater Minnesota

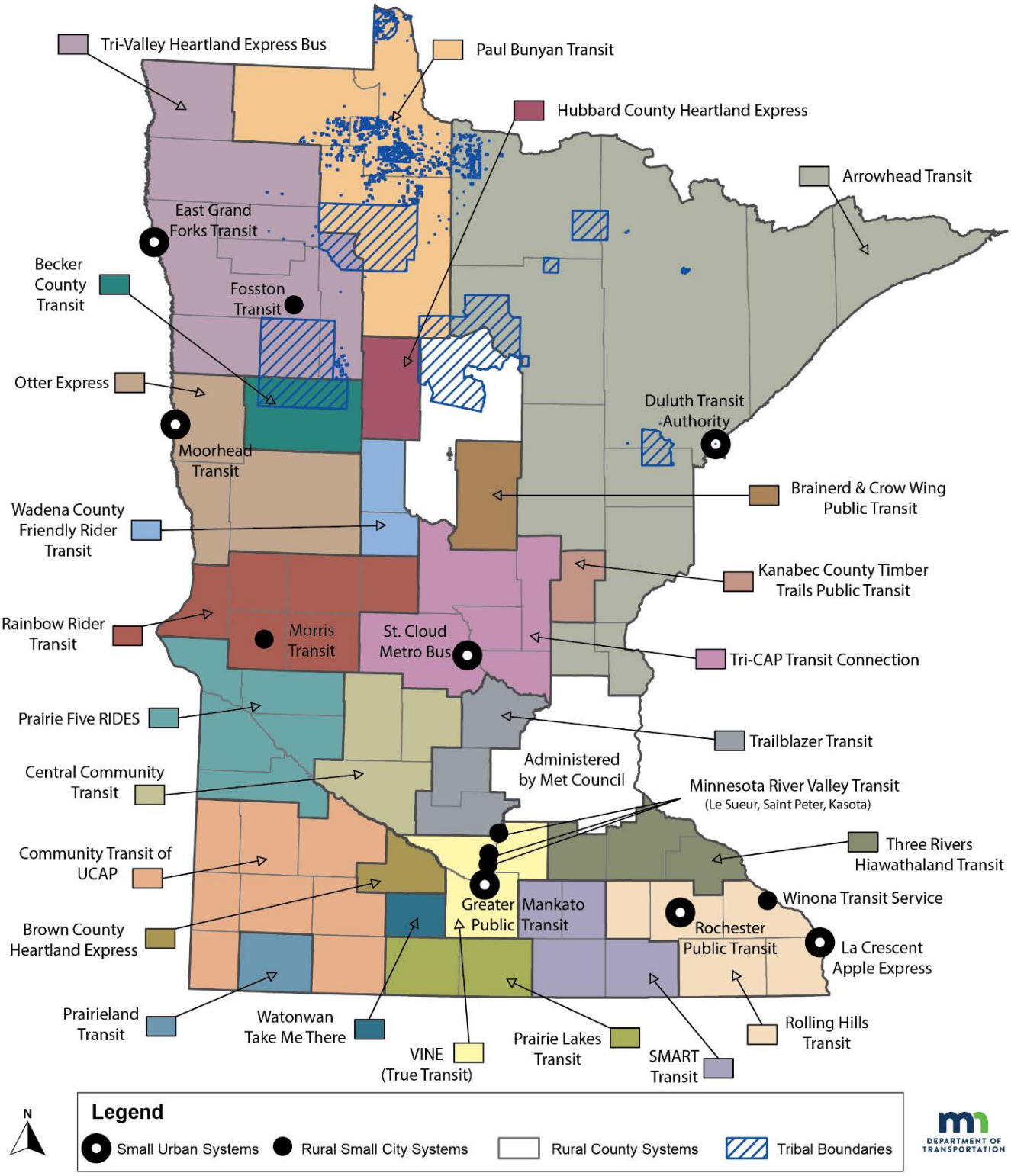
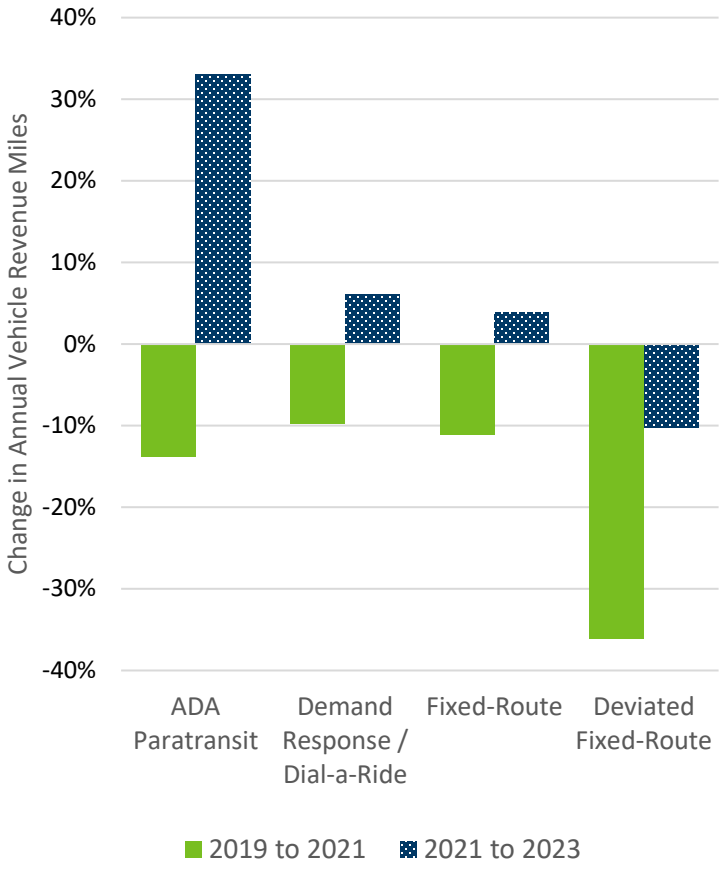


Figure 5: Change in Greater Minnesota Transit Service Miles



Routing and Service Trends

Transit service levels across Greater Minnesota vary significantly based on local context. In general, service quantity (measured by total annual miles traveled by in service transit vehicles) declined for all service types between 2019 and 2021 due to the pandemic. Spurred by the pandemic, transit systems across Greater Minnesota have shifted away from deviated fixed-route service, often replacing this service with demand response/dial-a-ride service which is typically more flexible but also more costly and less efficient than fixed-route or deviated fixed-route service. This trend is reflected in Figure 5 which illustrates that transit service quantity (measured by annual vehicle revenue miles) has increased between 2021 and 2023 for all transit service types except for deviated fixed-route service. In addition, many rural transit services have been reduced following the pandemic. Due to this service consolidation, connections between transit systems may become more difficult.

Despite the service reductions stemming from the Covid-19 pandemic, several new transit services are being planned or have been recently implemented that seek to address perceived service gaps or shortcomings. Below are a few examples:

- **GoMARTI:** Grand Rapids is currently operating a pilot microtransit service of fare free, on-demand rides to residents and visitors using self-driving mini-vans (but including a support driver). The pilot is the result of a unique partnership of multiple groups with a shared goal of increasing accessibility and transportation options in the area. Customers can book rides using the May Mobility App or by calling 211. The pilot is funded by MnDOT and FHWA grants, with currently no long-term operational funding source identified and high operating costs.
- **Brown County Heartland Express:** After identifying that their demand response system was at capacity and was unable to consistently provide service when residents needed it, in 2022, Brown County Heartland Express added a new deviated fixed-route service (Hermann Express) in partnership with the City of New Ulm. The new Hermann Express service increased the transit system's rider base by providing additional public transit options while simultaneously relieving pressure on the demand

response service enabling it to more effectively provide trips where and when residents needed the service.

- **Otter Express:** In western Minnesota, public transit services are not currently provided in Clay County beyond Moorhead/Dilworth. To address this unmet need, Otter Express is working with a consultant to explore opportunities to provide community-based transit service into rural Clay County with particular focus on serving Barnesville, the third largest city in the county with a population of about 2,600 and a city with demonstrated transit demand.
- **Watonwan County's Take Me There:** Although many transit systems do not currently operate outside their primary service area due to local funding constraints tied to specific geographies (e.g., city or county boundaries), in southwestern Minnesota, Watonwan County's Take Me There transit service has adapted to align with key medical and employment centers outside the County boundary. For example, because no dialysis units are located within the county, Take Me There transit service is provided to Fairmont, Mankato, and New Ulm where dialysis services are available. Typically, one to two buses are used to provide service within Watonwan County while one bus is used to provide connections to key medical and workforce destinations outside the county. Although this service model results in Watonwan County spending a portion of their resources to serve other counties, this is a more cost-effective solution for the county compared to building specialty medical clinics within the county.
- **Trailblazer's SMART-RIDE:** While this service has been in operation since before the pandemic, it stands out as an example service model for how to serve rural communities with both local and statewide service needs. SMART-RIDE van and bus service may be provided anywhere in the State of Minnesota but must begin or end within Sibley, McLeod, or Wright Counties. Service is available any time (24 hours per day, 7 days per week, 365 days per year) provided the resources are available to deliver the service and weather conditions permit travel. The service is funded through user fees and local tax dollars.
- **Rochester Public Transit GO:** RPT GO Microtransit is a shared, on-demand ride service that operates within a specific zone of southeast Rochester. The service launched in October 2024 to support trips in a zone served by fixed route transit. The on-demand service supports trips within the zone and connects users to designated transportation hubs, such as Rochester Community and Technical College.

Figure 6. Photograph of passenger getting onto GoMARTI van (Credit: Iron Range Resources and Rehabilitation)

Additional Transportation Options

In addition to public transit service, other private transportation and mobility services exist to improve connections and increase access to transit and transportation options across Greater Minnesota. All these transportation options are considered "shared mobility," but—aside from requiring coordination and vehicle standards for providers who receive public funds for transportation—MnDOT has limited oversight over these services. For additional detail on how MnDOT is growing shared mobility solutions throughout the state, please see section *Shared Mobility and the Moving Greater Minnesota Forward Program*.

- **Special Transportation Services -** Special Transportation Service (STS) is a transportation service provided on a regular basis by a public or private entity or person, that is designed exclusively or primarily to serve the elderly or disabled and who are unable to use regular means of transportation but do not require ambulance service, and that transportation is provided using in part, specially equipped busses, vans, taxis and volunteers driving private automobiles; and, non-emergency medical transportation services under section 256B.0625, subdivision 17, that are subject to the operating standards for special transportation service under sections 174.29 to 174.30 and Minnesota Rules, chapter 8840, must first be certified by the Office of Freight and Commercial Vehicle Operations. -
- **Non-Emergency Medical Transportation (NEMT).** NEMT is a sub-set category of Special Transportation Services and is administered through the Department of Human Services. There are 354 active STS/NEMT providers statewide as of December 2024. NEMT is further discussed in a later section.
- **Taxis.** Taxi providers operate throughout Greater Minnesota and are regulated by local municipalities. Taxi providers have declined in the past decade in the Twin Cities Metropolitan Area since the introduction of TNCs, however taxi trends are unclear in Greater Minnesota. MnDOT does not collect data on the number of taxi providers within the state as a whole.
- **Transportation Network Companies (TNCs).** TNCs, such as Uber and Lyft, include service areas in Greater Minnesota, but there is currently a lack of active drivers in rural areas, rendering the services unavailable in many places. There is also a correlation with lower population density and therefore lower demand for services compared to more densely populated metropolitan areas. Ninety-five percent of all TNC trips in 2022 originated in the seven county Twin Cities metro area.[2] Outside of the Twin Cities metro area, Olmsted County accounted for 2% of all trips, and four other counties all had one percent: St Louis, Stearns, Blue Earth, and Clay County. TNCs are not subject to ADA requirements of including wheelchair accessible vehicle service.
- **Carshare**. Carshare providers are currently limited to the Twin Cities Metropolitan area. These include providers such as HOURCAR and Evie.
- **Active Transportation.** Active transportation includes options such as walking or rolling, bicycling, and using scooters. Active transportation modes are critical first/last-mile links to destinations between modes, as well as a primary mode of transportation. For many customers throughout the state seeking transportation assistance, active transportation is not a viable mode for consideration due to physical mobility, cognitive issues and safety barriers, such as the physical infrastructure of roadways and surrounding land use.

Public Engagement Initial Insights

The Greater Minnesota Transit Policy Plan kicked off in Fall 2024, and MnDOT launched an initial public engagement survey to gain valuable insights into transit patterns, barriers, and needs. Based on initial results from January 2025, 224 respondents have shared feedback. Currently, personal vehicle usage dominates Greater Minnesota, with 83% of respondents reporting regular access to a vehicle. Meanwhile, transit use is limited due to accessibility, scheduling, and route coverage challenges, particularly in rural areas. For instance, 56.5% of respondents never use public transit, often stating lack of availability or convenience as key barriers. Respondents highlighted the need for frequent, reliable transit services, expanding rural routes, connecting to urban centers, and flexible schedules.

> *"56.5% of respondents never use public transit, often stating lack of availability or convenience as key barriers"*
>
> *-Greater Minnesota Transit Plan Survey (initial results January 2025)*

About 16.8% of respondents identify as having a disability, underscoring the importance of accessible transit options. Older adults make up 21.5% of respondents, reflecting a need for transportation solutions that accommodate aging residents. Additionally, while 91.2% of respondents identified as White, 8.8% represented Indigenous, Black, Asian, or other racial backgrounds. Language accessibility was also notable, with 97% of respondents primarily speaking English, but a small number highlighting the need for alternative language support. The survey remains open until March 2025, inviting further participation to inform strategies that enhance equity, accessibility, and efficiency in transit planning for Greater Minnesota.

Topics in Dynamic Transportation

This section covers the key feature areas relevant to the current conditions of rural transit and the opportunities provided by dynamic transportation options. The topics include:

1. Regional Coordination: 5310 Local Coordination Plan Review
2. Fleet Accessibility
3. Non-Emergency Medical Transportation and Medicare Service
4. Rural and Urban Transportation Funding Sources
5. FTA Rules and Their Impact on Mobility Service Improvements
6. Moving Greater Minnesota Forward

Regional Coordination: 5310 Local Coordination Plan Review

Overview

Local Coordination Plans focus on improving coordination between transit providers, human service organizations, and community partners to better serve seniors, people with disabilities, and low-income populations. They are required to be updated every five years according to federal and state guidelines. This aligns with the requirements of the Federal Transit Administration's (FTA's) 5310 Program, which provides funding for public transportation services for individuals with disabilities and older adults. The 2022 Local Coordination Plans focused on the topics of driver shortages, scheduling and dispatch, service coverage and gaps, service responsiveness, and technology and information available. The key findings on these topics include:

- There is a shortage of drivers, both volunteer and paid. To increase the number of volunteer and paid drivers, recommendations include increasing the number of on-call drivers and leveraging wage increases, bonuses, and marketing.
- Information availability (especially for non-English speakers) and a decentralized payment structure. Providing information in a centralized, digital format such as a website or app, to improve access to the information about service coverage, schedules, and costs to mediate these issues.
- Service is not always available late at night, early in the morning, and weekends. No-shows also impact the quality of service provided. Improving coordination with mobility services, expanding service times, developing multimodal hubs and reducing service duplication may improve service coverage.
- Coordination between transit agencies and employers, businesses and medical institutions is limited. Increasing coordination with medical facilities to discuss client needs and how to accommodate patients will benefit both entities.
- Obtaining small or mid-sized vehicles that work best for the service population is challenging. Exploring vehicle sharing with social service providers can be a solution.

Responsibilities

The Minnesota Department of Transportation (MnDOT) plays a key role in overseeing public transit coordination across the state, ensuring that local plans align with statewide priorities and funding opportunities. MnDOT's involvement ensures that federal funding is distributed effectively and that regional plans are consistent with state policies.

Outside of the Metro area, there are 12 Regional Development Areas, most with Regional Development Commissions that help plan and coordinate local public transit services.

> *"Hiring drivers is the most prevalent barrier for providers for all types of services. Providers would generally be able to spend the full budget allocated to them if they were able to properly staff drivers."*
>
> *-Summit Event Participant*

Fleet Accessibility

Overview

Enhancing transit accessibility in Greater Minnesota requires wheelchair accessible vehicles that meet the needs of all populations. Currently, all vehicles funded by the MnDOT Office of Transit and Active Transportation (OTAT) have wheelchair positions and are wheelchair equipped. As of 2024 MnDOT data, there are 1,051 vehicles in Greater Minnesota operated by organizations receiving funding from MnDOT with capacity for between 1 and 4 wheelchairs depending on the size and type of vehicle. In 2023, MnDOT had 28 vans/ support vehicles that are commonly used in public transit systems for paratransit or demand-response services.

> *"There are always needs for more accessible vehicles in general. [There are] Significant discrepancy for service [between] people with and without mobility needs."*
>
> *-Summit Event Participant*

Vehicle procurement and long lead times have been challenges for public transit providers. In 2023, approximately 19 percent of the statewide transit fleet met or exceeded the useful life benchmark tracked by MnDOT. This is due to manufacturing delays following the Covid-19 pandemic. For example, in 2022 only 15% of vehicles ordered were delivered, and in 2023 it was only 4% of vehicle ordered that were delivered. Additionally, costs for buses have increased due to inflation and Buy America regulations which have been a factor in increased costs due to fewer available options for chassis' s and/or components. Since 2019, the average cost of a Class 400 bus has increased 242 percent, from $84,000 (2019) to $204,000 (2024).

Regardless of size, buses typically have capacity for multiple wheelchairs and thus more flexibility to combine or chain trips, even when someone is also traveling with a companion. Sedans and light duty vans are more limited, often with capacity of a single wheelchair, which may limit opportunity for combined trips/limit the number of passengers the vehicle can serve in a day. Most of the fleet in Greater Minnesota is made up of large

> *"The average cost of a Class 400 bus has increased 242% since 2019."*
>
> *-MnDOT Vehicle Procurement Data*

and mid-sized busses that have a higher number of wheelchair positions and therefore less constraints in terms of capacity. Still, as more systems move to flexible and on demand services or rely on private companies and TNCs to supplement or provide service, wheelchair capacity may be constrained and travel for people with mobility devices or wheelchairs has the potential to be less accessible.

Table 1: Number of Vehicles operating in Greater Minnesota and Average Wheelchair Positions per Vehicle, by Vehicle Type

Vehicle Type	Number of Vehicles in Operation in Greater Minnesota	Percent of Vehicles Wheelchair Accessible	Average Wheelchair Positions per Vehicle
Heavy-Duty Large Bus (Class 700)	204	100%	2
Medium-Duty Bus (Class 500)	129	100%	4
Light-Duty Mid-Sized Bus (Class 400)	642	100%	3
Light-Duty Vans, Sedans, or Buses (Class 200/300)	76	100%	1
Total	1,051	100%	Not Applicable

Responsibilities

Local transit agencies are responsible for providing accessible vehicles for transit service. MnDOT has several requirements to help procure, inspect, and maintain public transit vehicles to meet state requirements related to safety and accessibility. All transit systems that have ADA accessibility equipment must have a current MN State Patrol inspection for securement devices (wheelchair and seatbelts), with some exceptions for small urban transit systems.[4]

MnDOT is responsible for enforcing standards for the operation of vehicles used in Specialized Transportation Service (STS) and necessary to protect the health and safety of the individuals using the STS service. This includes ensuring compliance with qualifications of drivers and attendants (including training requirements); vehicle safety and necessary specialized safety equipment; general vehicle maintenance and inspection standards; and minimum insurance requirements. MnDOT conducts annual and random vehicle inspections and records audits of providers to help ensure applicable regulations are being followed to provide a safe transportation experience for users of the STS service. Public transportation is exempt from STS requirements.

MnDOT does not provide regulatory oversight of taxi or TNC's, including wheelchair accessibility. These are regulated at the local government level and by U.S. Department of Transportation enforcing Americans with Disabilities Act (ADA) rules. TNC's are not required to maintain wheelchair accessible vehicle services. According

[4] Minnesota Transit Asset Management Plan

to ADA rules, taxi providers are not required maintain wheelchair accessible vehicles, however, if a provider has a bus, it must be accessible.

Feature Programs

MnDOT Office of Transit and Active Transportation Mini-Van Pilot, 2024. This pilot to replace eligible transit vehicles with mini vans responds to the backlog in fleet replacement needs and to changing service needs. This opportunity includes Federal Transit Administration (FTA) grant funding financial assistance administered by MnDOT. It's an opportunity to apply for Formula Grants for Enhanced Mobility for Seniors and Individuals with Disabilities (FTA Section 5310) funding as part of the Public Transit Participation Program.

Non-Emergency Medical Transportation and Medicare Services

Overview

Non-Emergency Medical Transportation (NEMT) is a Medicaid benefit available for users with incomes less than twice the federal poverty level. Administered by the Minnesota Department of Human Services (DHS) the program pays for transportation to any medically necessary service. The mode of service may vary depending upon the user's needs and could include:

1) Personal mileage reimbursement
2) Reimbursing volunteer drivers
3) Transit fare reimbursement for bus, taxicab, dial-a-ride, light rail, or other commercial carriers (unassisted)
4) Transit fare reimbursement for bus, taxicab, dial-a-ride, light rail, or other commercial carriers and cost of assistance
5) Transportation in a lift- or other specially equipped vehicle
6) Protected transportation for users who may be experiencing a mental health crisis
7) Transportation in a vehicle equipped with or that can accommodate a stretcher

> *"People are forced to choose their medical provider and appointments based off of available transportation when getting an appointment is already challenging"*
>
> *-Summit Event Participant*

Program Administration

The state employs two purchasing strategies for NEMT. Contracting with managed care organizations is the larger of the two. Managed care organizations will arrange the trip for the patient, using modes 2-6. Fee for service is the other scenario in which DHS pays for each claim. This strategy primarily serves people who have a disability or are blind.

Rural and Urban Transportation Funding Sources

Overview

Many public and private sources of funding exist at the federal, state, and local levels to support transportation operations, procurement, and capital improvements. Funding from the federal and state governments are vital to the coordination efforts of RTCCs across the state, and the operation of rural transit services. A non-exhaustive list of funding managed by MnDOT, other federal and state agencies, and private sources that can be used for dynamic transportation in Greater Minnesota are summarized in the list below.

Administered by MnDOT

- Enhanced Mobility of Seniors & Individuals with Disabilities. MnDOT uses FTA funds to support the purchase of transit vehicles by agencies that serve seniors and people with disabilities. Additionally, MnDOT uses FTA funds to support mobility management organizations throughout the state.
- Vehicle Replacement Grant – Rural. MnDOT uses FTA and state funds to allocate vehicle replacement funding to transit systems in rural areas with less than 50,000 population.
- Vehicle Replacement Grant – Small Urban. MnDOT uses FTA and state funds to allocate vehicle replacement funding to transit systems in urbanized areas with a population of 50,000 or more.
- Greater Minnesota Tribal Transit Vehicle Grant. MnDOT uses FTA and state funds to help purchase vehicles for Tribal transit programs.
- Transit Operating Grant. MnDOT uses FTA and state funds to allocate operating subsidies to eligible rural, small urban, and tribal transit providers.
- Technology, Facilities, and Large Capital Grants. MnDOT uses FTA funds to help rural and small urban transit systems with technology and facility improvements and large capital items.

Administered by the Department of Human Services (DHS)

- Non-Emergency Medical Transportation. DHS uses Medicaid, Medicare, and other state and federal funds to reimburse for transportation for medical purposes. Typically, DHS contracts with managed care organizations to provide the transportation service. It can also reimburse drivers or transit providers for transportation to any medically necessary service.

Administered by Federal Agencies

- Health Resources & Services Administration – Rural Maternity and Obstetrics Management Strategies (RMOMS) Program. Provides funding for improving access to maternal and obstetrics care in rural communities. In Minnesota, the Families First Rural Maternity Health Collaborative is receiving this funding.
- Veterans Affairs (VA) – Veterans Transportation Services. Provides funding through local VA facilities through partnerships with local transportation providers and veterans service organizations.

Other Funding Sources

- Local county and city taxes funding portions of public transit systems.
- Private insurance reimbursements. Some insurance plans will pay for NEMT. Typically, the trip must meet a strict set of medically necessary guidelines.
- Community organizations and services. Many community organizations or service agencies raise money for transportation services through local tax levies and private fundraising.
- User fares and fees. Most dynamic transportation services require users to pay some kind of fare or fee which covers a portion of the costs.
- Non-profit and philanthropic organizations.

FTA Rules and Their Impact on Mobility Service Improvements

Overview

The Federal Transit Administration (FTA) is the primary source of federal funding and guidance for public transit systems nationwide. The FTA distributes billions of dollars annually through a formula and discretionary grant programs, which include Section 5307 (Urbanized Area Formula Grants), Section 5311 (Rural Area Formula Grants), and Section 5310 (Enhanced Mobility for Seniors and Individuals with Disabilities). MnDOT manages, distributes, and ensures compliance with these federal programs, supplementing them and allocating them along with state transit funds.

Beyond funding, the FTA establishes and enforces federal regulations to ensure safety, accessibility, and environmental compliance. Recipients of FTA funding must follow laws such as the Americans with Disabilities Act (ADA) and Title VI of the Civil Rights Act. The FTA also supports research, pilot programs, and technical assistance for transit agencies.

FTA's Impact on Mobility Services

The FTA has several rules and programs that apply to mobility services. The FTA has a *Coordinating Council on Access and Mobility* delivering 'Mobility Management' which the FTA defines as "an innovative approach for managing and delivering coordinated transportation services to customers, including older adults, people with disabilities, and individuals of low income." It is focused on coordination of providers and mobility options to allow people the most efficient trip and increased access to destinations.

Programs and services that are classified as mobility management are eligible for FTA funding through a number of programs such as 49 U.S.C. § 5307, 5310, and 5311, and Fixing America's Surface Transportation Act Section 3006(b) (Table 2: Purpose of, and Eligible Projects for, FTA Grant Programs). The FTA has also encouraged innovation in public transit through pilot programs and grants for services like the Mobility on Demand (MOD) Program, which includes ridesharing, flexible routing, and microtransit options. The MOD Program is a competitive grant program for transit agencies that want to test mobility solutions such as ride-hailing services, shared mobility, microtransit (smaller, flexible vehicles operating in specific areas), and integrated payment systems that allow riders to access different transportation modes with a single payment.

Figure 7: Graphics of Mobility Management Elements

FTA rules also impact how private operators can provide services, such as taxi services. For taxis or Transportation Network Companies (TNCs) to use federal transit dollars, there are a variety of compliance requirements that some might consider onerous or prohibitive, in effect further reducing the provider pool in rural areas.

Table 2: Purpose of, and Eligible Projects for, FTA Grant Programs

FTA Grant Program	Purpose	Eligible Projects
Enhanced Mobility of Seniors & Individuals with Disabilities (Section 5310)	Improves mobility for seniors and individuals with disabilities.	Paratransit services, accessible vehicles, senior mobility.
Non-urbanized Area Formula Funding program (Section 5311)	Supports public transportation in rural areas.	Operating and capital subsidies for rural transit services, planning, and technical assistance.
Urbanized Area Formula Funding program (Section 5307)	Provides funding for capital and operating transportation infrastructure projects and planning in urbanized areas.	Operating and capital projects such as bus replacements, facility construction, fixed guideway improvements, planning and engineering studies, and operating costs for urbanized areas with populations under 200,000.
Mobility on Demand (MOD) Program	Provides funding for innovative, on-demand mobility solutions	Microtransit, ridesharing, demand-responsive transportation.
Bus and Bus Facilities Program (Section 5339)	Provides funding for the purchase of buses and related infrastructure.	Bus fleets, charging stations, shelters, vehicle maintenance facilities.
State of Good Repair Program (Section 5337)	Provides funding to maintain and improve the condition of existing transit systems.	Rehabilitation and replacement of transit assets.

MnDOT has also been successful in securing several federal discretionary grants such as:

- Innovation grants from the Federal Transit Administration from their Accelerating Innovative Mobility (AIM) program and COVID-19 Research Demonstration grants to establish a regional Mobility-as-a-Service platform, a multi-modal trip planning and booking site.
- An electric vehicle charging station grant from the Charging and Fueling Infrastructure (CFI) program, which is funding 42 EV charging stations in rural and tribal communities in Minnesota with a focus on shared mobility projects.

Funding Challenges

- **Match Requirements**. For many transit agencies, especially in smaller or rural areas of Minnesota, it can be difficult to secure the local funding match required for FTA grants, which can delay or prevent the implementation of key mobility projects.
- **Limited Resources for Expansion**. Smaller transit agencies in rural or suburban areas often face challenges securing enough funding for service expansion or new projects, even though they also meet FTA compliance requirements.
- **Administrative Overload**. FTA rules often require extensive documentation, reporting, and compliance monitoring. Smaller agencies are burdened by requirements such as 5311 reporting.
- **Procurement Rules**. FTA procurement guidelines can be complex, with tight regulations on how agencies must award contracts for purchasing vehicles, equipment, or services. Agencies in Minnesota may experience delays due to the time-consuming nature of navigating these procurement processes, which can lead to higher costs and longer timelines for project completion.
- **Cost Associated with ADA Compliance**. While this is a vital goal, it can be costly for transit agencies to retrofit infrastructure (e.g., making buses or stations accessible) and to provide paratransit services to individuals who cannot use fixed-route transit services.
- **Mobility on Demand Funding and Innovation**. Integrating new services with existing public transit systems in a way that is both cost-effective and efficient remains a significant challenge.
- **Training Requirements**. FTA regulations often require agencies to ensure that their workforce is properly trained and certified, including for safety compliance and ADA training. This can place a burden on agencies, particularly when dealing with high turnover rates or challenges in recruiting skilled workers.
- **Electric Bus Deployment**. Electric buses have high upfront costs and the need for charging infrastructure is challenging especially with winter weather conditions.

Funding Opportunities

- **Funding Resources**. Transit systems can leverage local and state resources through ongoing grant solicitations for operating and capital assistance, as well as one-time grants.
- **MnDOT Support for Administrative Overload and Procurement.** Many Greater Minnesota agencies have limited staff to be focused on meeting and reporting the various federal, state, and local requirements. Procurement can also be a drain on staff resources. One opportunity is for MnDOT to

provide support with procurement and reporting to reduce the administrative burden for smaller agencies.

- **Public-Private Partnerships (PPP).** PPPs with large employers or other private companies, particularly those that rely on transportation for their workforce can help cover match requirements. Large employers such as hospitals and universities may be willing to contribute financially to transit solutions to ensure their employees can access work reliably.
- **Participate in Pilot Projects** that focus on innovation (e.g., MnDOT's Moving Greater MN Forward Program), as these programs often have less stringent matching requirements.

State Public Transit Funding Sources

The amount of service that Minnesota public transit systems can provide is closely tied to the amount of funding provided by the state. The Minnesota State Legislature decides on the funding levels for the state's public transit system every two years. A portion of the General Fund is typically approved and dedicated for transit in Greater Minnesota. Additionally, a percentage of funding from the Motor Vehicle Sales Tax (MVST) is constitutionally dedicated to public transit. Greater Minnesota also receives a portion of Motor Vehicle Lease Sales Tax (MVLST) revenues from leased vehicles, which are split among the state general fund and county state-aid highways. The 2023 Legislative Session also provided $40 million to fund the match for Federal aid and State investments.

The following table lists Greater Minnesota state transit funding for 2022-2023, as found in the 2024 Annual Transit Report submitted to the State Legislature.

Table 3. State Public Transit Funding for 2022-2023

State Funding Source	2022	2023	Total
Public Transit Assistance Fund	$18,201,000	$18,201,000	$36,402,000
Greater MN Transit Account (MVLST and one-time MVST leased revenues)	$65,409,599	$63,957,192	$129,366,791
Greater MN Total	$83,610,599	$82,158,192	$165,768,791

The current level of state funding does not cover all the needs of public transit systems operating throughout Greater Minnesota and the addition of any new pilot program would need to have new funding beyond the base operating funding levels in Table 3.

Shared Mobility and the Moving Greater Minnesota Forward Program

Many mobility programs and services simply are not available in rural areas and communities. Moving Greater Minnesota Forward aims to change that.

Overview

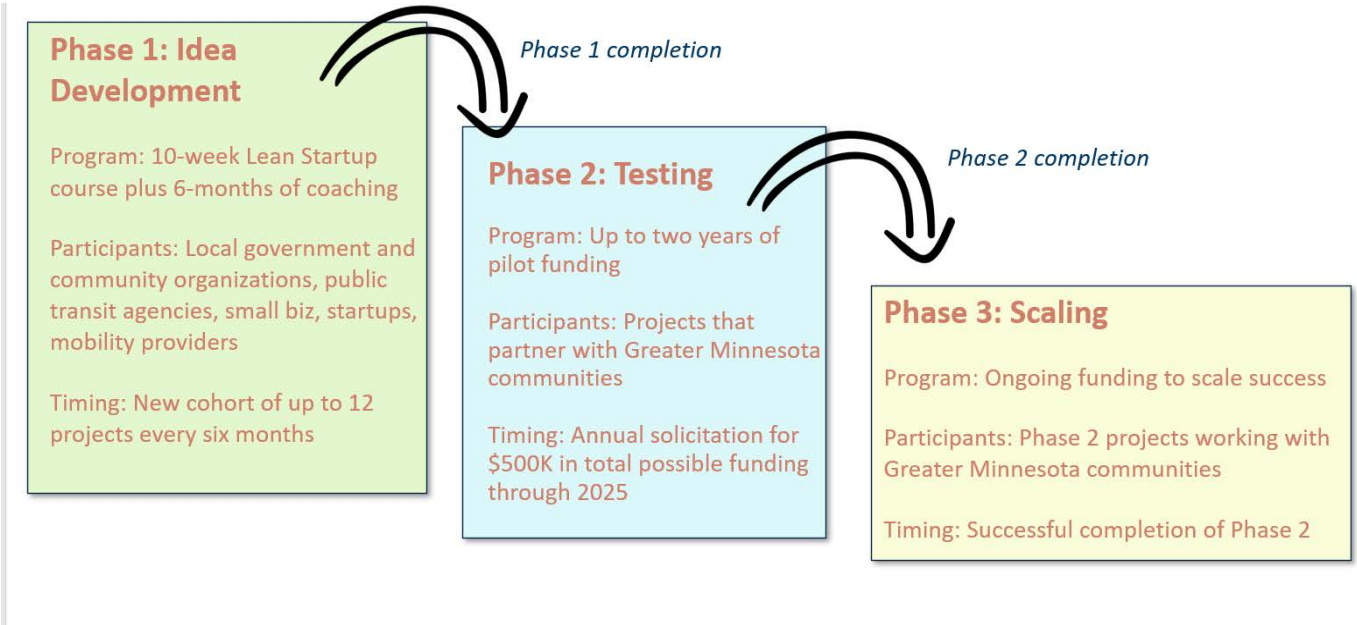
In August 2023, MnDOT established a new shared mobility innovation program in the Office of Transit and Active Transportation (OTAT) called Moving Greater Minnesota Forward. The program was designed to help communities in Greater Minnesota develop, pilot, and scale new or improved shared mobility services to meet their transportation needs. Moving Greater Minnesota Forward is the first innovative mobility program in the U.S. to focus on the dynamics and needs of rural, tribal, and small urban areas with less than 200,000 people.

How the Program Works

Moving Greater Minnesota Forward seeks to identify and support partners with ideas to improve mobility in Greater Minnesota. These ideas can come from cities, transit systems, nonprofit organizations, startup companies, small businesses, and even the public. Selected projects receive technical support to further develop their idea. Partners will also be eligible to apply for funding to explore their project. The program has three phases:

- **Phase 1:** Early Idea Development
- **Phase 2:** Real World Testing
- **Phase 3:** Scaling Success

Figure 8: Moving Greater Minnesota Forward Pilot Phases



Phase 1: Early Idea Development

During Phase 1, communities work to develop their vision using Lean Startup methods. These community partners apply to join Lean Startup cohorts twice a year, with up to 12 projects per cohort. The Lean Startup is a product development methodology that focuses on determining a marketplace problem and developing and refining a solution until it effectively solves the problem. It is highly customer or end user centric, working collaboratively with this target group to iterate a product or service that is a good market fit for community needs. Lean Startup emphasizes quick, low-cost development and refinement before committing resources to a fully built out product. It uses tools like customer interviews, creating a minimum viable product, and developing a Lean canvass to accomplish this. The Lean Canvas is a quick way to model ideas, identify risks and weak points, and define the unique value proposition. Figure 9 shows an example Lean Canvas exercise to model potential ideas and weak points for Boreal Partners Transit.

Other work in Phase 1 includes:

- Determining market or community need for services
- Customer interviews
- Partnership development, product iteration
- Developing a minimum viable product to test in a real-world demonstration

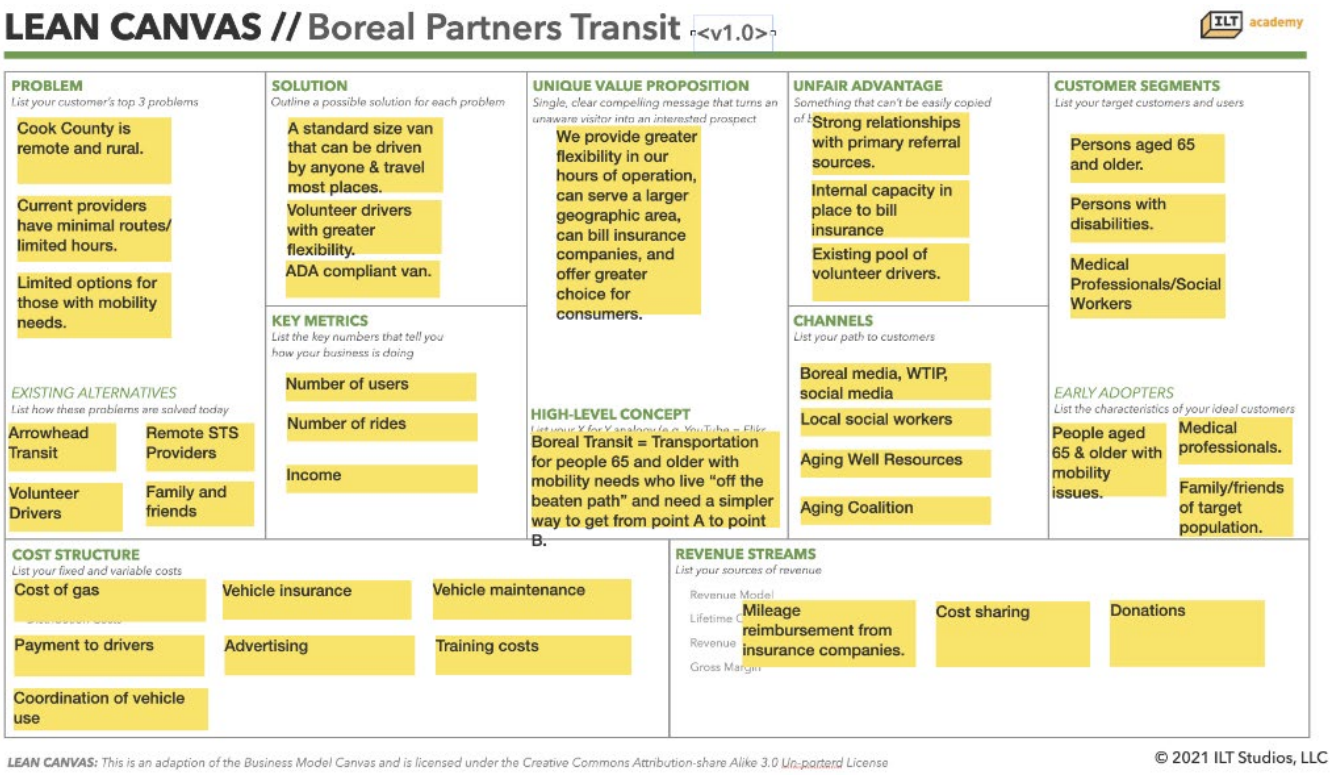
As of December 2024, the Moving Greater Minnesota Forward program completed four Phase 1 cohorts with 39 projects successfully completing the programming.

Phase 2: Real World Testing

Projects that complete Phase 1 and develop an idea that is ready for real-world testing may apply for up to two years of pilot funding in Phase 2. Funds may cover the pilot demonstration, including needed technology, equipment, and operational costs. MnDOT also works with partners on projects to pursue further project funding. This funding can come through federal grants, philanthropic grants, and private funding sources.

MnDOT provides an annual solicitation of a total of $500,000 in grants for Phase 2 projects. The Program awarded its first round of Phase 2 grants in May 2024, distributing $500,000 between five projects which leveraged over $3 million in additional funding. An additional solicitation of $500,000 for Phase 2 projects is expected in Winter 2025. Some of the Phase 2 projects selected include a demand response service for adults 65 and older in Cook County, and expansion of GoMARTI microtransit to serve the Leech Lake Band of Ojibwe. The full list of selected projects can be found in Appendix B.

Figure 9: Lean Canvas Model for Boreal Partners Transit



Phase 3: Scaling Success

Phase 3 of Moving Greater Minnesota Forward involves working with successful Phase 2 pilots to transition them to scale with long term funding. Likely funding models for Phase 3 scaling may come in the form of:

- Private equity investment
- Competing for procurement awards through existing federal and state programs
- Establishing public-private partnerships to leverage public, private, and philanthropic funding sources

No Moving Greater Minnesota Forward project has reached Phase 3 yet.

Program Challenges

- **Project recruitment.** While every Phase 1 cohort has had 8 or more projects, the program has only filled all 12 seats in one cohort (Summer 2024). Without a dedicated marketing budget, MnDOT staff has used public presentations, its website, partner communications, and word of mouth to grow the number of projects applying.
- **More demand than funding available for Phase 2 project grants**. In 2024, MnDOT received 13 project proposals totaling more than $3 million in requests competing for $500,000 in awards. For 2025, MnDOT is limiting Phase 2 eligibility to projects that successfully completed Phase 1 programming to allow more of these projects to access pilot funding.

- **Lack of ongoing funding.** Phase 2 grants are funded by a one-time appropriation by the Legislature in the 2023 Transportation Omnibus to support transit and active transportation in Minnesota. There is not an identified funding source beyond state fiscal year 2025 to award new grants.

Future Opportunities

- MnDOT has developed a mid-term strategy that, if funded, would expand technical support for Phase 2 and 3 Moving Greater Minnesota Forward projects to enhance success and double the annual award for Phase 2 grants to meet demand for additional funding.
- The MnDOT regional Mobility-as-a-Service project provides a multimodal trip planning, booking, and payment platform that new shared mobility services can list on to gain greater exposure to the public.
- State funding supplied by the state Legislature to provide local matching dollars for federal grants is available to help qualified shared mobility projects pursue federal grants.

Mobility-as-a-Service Platform

MnDOT's Mobility-as-a-Service (MaaS) platform, hosted through the Transit app, is providing the groundwork for better coordination with its schedule information and real-time booking features. The platform was created as a regional trip planning, booking and payment platform with 13 transit agencies and private providers. The platform allows rural providers to be on a major trip planning app with payment and booking integration.

Since its launch, the MaaS platform has achieved several milestones related to number of users and ridership. To date, there are over 11,000 monthly app users, with a 4% increase in rural transit ridership for agencies with MaaS versus agencies without. The app has also expanded accessibility for non-English speakers and flattened dial-a-ride peak volumes of calls.

As the program and platform expands, the state is looking to use awarded grant funding to add web-based booking and real-time arrival information. Part of the expanding platform is the addition of Arrowhead Transit in early 2025 under the GoMARTI expansion grant. There are plans to expand to the rest of Greater Minnesota and add intercity bus integration pending a federal grant award.

Pilot Program Recommendations

Informed by stakeholder meetings and summits, this section presents recommendations for how a pilot program could increase access to transit and transportation options in rural, nonmetropolitan areas of the state. The recommendations that emerged through this study are focused on closing existing gaps in transportation service and delivery in Greater Minnesota, such as those described in Section 2 and Section 3 of this study.

Dynamic Transportation Options Pilot Program

MnDOT recommends using a similar phased framework as the Moving Greater Minnesota Forward Program (Phase 1 and Phase 2 as described in Section 3.6) for developing a dynamic transportation options pilot program. This new pilot program could also be integrated into the existing Moving Greater Minnesota Forward Program with additional funding. The pilot ideas generated through stakeholder engagement and literature review have

provided the parameters for how MnDOT could design a competitive grant solicitation for piloting dynamic transportation options (see Appendix C). The key eligibility parameters received from stakeholder input are:

- Pilot needs to provide service in a specific geographic service area that is currently not served or under served, with a focus on people with disabilities and older people
- Pilot needs to have a service delivery model tailored to meet the needs of customers (e.g. mode, service hours, fare, accessibility)
- Pilot needs to incorporate use of ADA accessible website or app for customer information and booking, in addition to traditional booking methods via telephone
- Pilot needs to include strategies for managing driver retention beyond pilot for operations
- Pilot needs to include strategies for meeting demand for wheelchair accessible vehicles
- Encourage pilot projects that demonstrate improved coordination between jurisdictions/providers
- Encourage pilot projects to be replicable to multiple markets and scalable to larger service areas

What Makes a Good Pilot?

As pilots are implemented, success is defined by a set of key performance measures with indicators such as number of people served, number of trips provided, and return on investment. A pilot framework allows for organizations to test ideas without fear of failure. For the Moving Greater Minnesota Forward Program, MnDOT does intend to advance successful pilots that make it to Phase 3 Scaling and enhance transportation options in the long term.

Tentative Implementation Roadmap

If new funding was dedicated to launch a Dynamic Transportation Pilot Program, MnDOT would model it similarly to the Moving Greater Minnesota Forward Program in terms of framework, timeline, and cost. Communities in Greater Minnesota would be invited to propose a pilot project to test a solution to the problem or problems outlined in the Dynamic Transportation Pilot Program. Based on quality of submission, MnDOT would select up to 12 projects to participate in a Lean Startup development process to market test and further refine their idea. MnDOT would then invite all the projects that successfully complete this process to a closed, competitive solicitation for grant funding for a pilot of up to 24 months. MnDOT would select one or more pilots based on quality of proposal and effectiveness meeting the program defined problems up to the total pilot program funding.

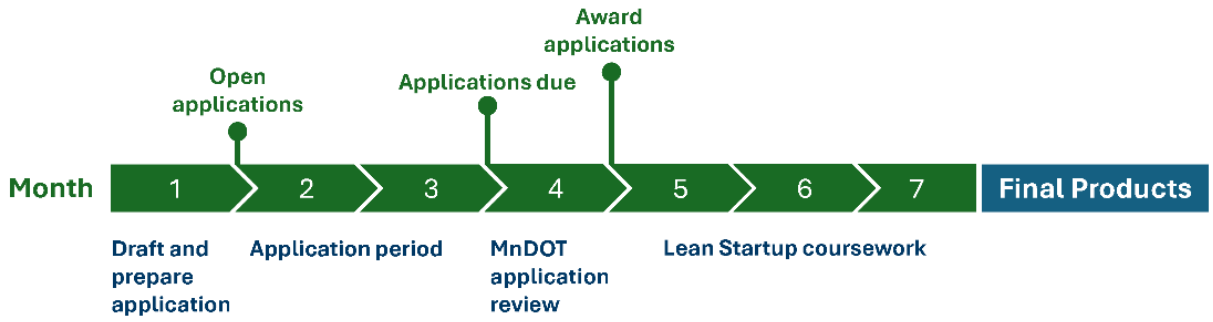
Program Timeline

The general timeline for the pilot program cycle is shown below with the products that accompany each phase.

Phase 1: Early Idea Development

- Drafting and preparing application: 1 month
- Open application: 2 months
- Review of applications and award: 1 month
- Lean Startup coursework: 3 months
- Final product: Lean Canvas, Market Fit Canvas, Problem/Solution Interviews, 5-minute pitch video

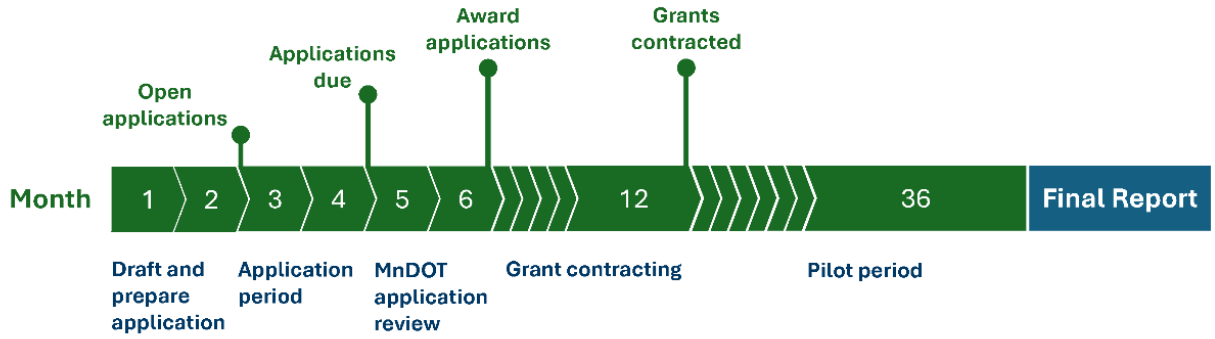
Figure 10: Phase 1 Early Idea Development Timeline - Moving Greater Minnesota Forward



Phase 2: Real World Testing

- Drafting and preparing application: 2 months
- Open application: 2 months
- Review of applications and award: 2 months
- Grant contracting: 6 months
- Pilot period: up to 24 months
- Final product: Final report outlining project, recommendations, and lessons learned

Figure 11: Phase 2 Real World Testing Timeline - Moving Greater Minnesota Forward



Resources and Funding Needed

The following funding would be needed as no current funding is able to be resourced for this proposed Dynamic Transportation Options Pilot Program.

- Phase 1 (2 years and 4 cohorts) – $250,000 for cohort training, stipends, and technical support
- Phase 2 grants: $1,00,000 for operational needs on selected projects, 2-year cycle (e.g. this would not include capital investment needs to deploy a pilot such as a new bus)

Figure 12: Phase 1 Moving Greater Minnesota Forward Application

Next Steps

This study recommends a framework for a competitive Dynamic Transportation pilot program to advance the accessibility of transportation for people living in Greater Minnesota, especially those most in need of quality public transportation options including older adults and people with disabilities. The study reviewed existing transit trends and conditions and found several key transportation trends for the Legislature to consider. MnDOT will continue to advance dynamic transportation options through its existing programming, including the Moving Greater Minnesota Forward Program of pilot development and look to direction from the legislature on interest and funding resources in developing a specific Dynamic Transportation pilot program or integrating it into existing programming. MnDOT will also incorporate the findings and engagement input in this report into its development of the Greater Minnesota Transit Policy Plan, which will conclude in 2026.

Appendices

Appendix A: Roster of Legislatively Mandated Stakeholder Invitees

Table A-1: Roster of Legislatively Mandated Stakeholder Invitees

#	Contact Name	Organization
1	David Fenley	MN Council on Disability
2	Jeff Mihelich	American Council of the Blind of MN
3	Corb O'Conner	National Federation of the Blind of MN
4	Mike Colbrunn	National Federation of the Blind of MN
5	Sammie Porter	MN DeafBlind Association
6	Brent Kent	Lyft
7	Nick Winings	Blue Earth Taxi
8	Shelly Pflaum	UCAP
9	Tom Gottfried	MCOTA Executive Director
10	Amy Nieland	CCT
11	Jennifer Seubert	CCT (Volunteer Driver Coordinator)
12	Karen Onan	East Central Regional Development Commission (ECRDC)
13	Michelle Thomas	East Central Regional Development Commission (ECRDC)
14	Terry Smith	MM RTCC (Mid Minnesota)
15	Stephen Hallan	Pine County - Commissioner
16	Paul Buharin	First Transit - Rochester
17	Todd Owens	Mankato Transit
18	Gary Ludwig	Trailblazer Transit
19	Ellen Pillsbury	Minnesota Department of Health
20	Margaret Donahoe	Minnesota Public Transit Association
21	Sherry Munyon	Minnesota Public Transit Association

Appendix B: Moving Greater Minnesota Forward Phase 2 Selected Projects for Pilots

Table B-1: Phase 2 Selected Projects

Applicant	Project description	Length of project in months	Awarded amount	Total Project budget	Award as a percentage of total project cost
Bicycle Alliance of Minnesota	Employer-based e-bike share pilot in Duluth and Red Lake Nation (Funding Year 1 of request only)	24	$147,493	$309,090	48%
Cook County Public Health and Human Services	Support of new Boreal Partners Transit demand response service for adults 65 years old and older in Cook County	24	$4,215	$78,097	5%
Leaf Rides	Public shared e-bike service expansion to historically underserved communities in Duluth	24	$62,550	$221,550	28%
The Plum Catalyst	Expansion of goMARTI electric vehicle microtransit service area to east side of the Leech Lake Band of Ojibwe reservation area (Funding Year 1 of request only)	24	$265,742	$9,448,808	3%
Waypoint Transit Solutions	Pilot of low-cost electronic bus arrival signs in partnership with Duluth Transit Authority	16	$20,000	$43,955	46%

The full list of selected projects for the Moving Greater Minnesota Forward program can be found at this website link: https://www.dot.state.mn.us/shared-mobility/selected-projects.html.

Appendix C: List of Initial Pilot Ideas

The pilot opportunities suggested below are from stakeholder engagement and literature reviews and are not an exhaustive list of all potential opportunities. With most of the pilot ideas suggested in this study, there is not enough evidence yet that the program or solution is impactful, financially viable, or in line with MnDOT priorities. These opportunities would also need an applicant to competitively apply and advance through Phase 1 of the program. Therefore, moving ideas through a phased framework of evaluating and vetting is critical to prioritizing resources only to the most promising opportunities.

Table C-1: Initial Pilot Ideas

Pilot Opportunity	Problem Solved	Piloted in Minnesota Already?	Source for Idea
1. Develop an incentive program for ridesharing and subsidize rides.	Reliance on volunteer drivers and sharp decline in volunteers. Shortage of drivers across the industry, and competition for higher wage positions.	Yes, a partnership between Dakota County and Lyft allows people accessing Dakota County Social Services case management services to use Lyft to get to and from work.	Summit #1
2. Autonomous vehicles for shared services	Shortage of available drivers. Autonomous vehicles would be available 7 days a week, 24 hours a day.	Yes, GoMARTI	Summit #1
3. Improve accessibility of vehicles and web-based services. (apps, real time trackers, screen readers) accessibility for visual and hearing disabilities. This could be part of the Mobility-as-a-Service (MaaS) app in the future.	Wheelchair accessible vehicles are limited outside of public systems. Web-based services are a major barrier for visually impaired.	No	Summit #1
4. Create transit/mobility hubs to improve service across agencies.	Provider services, routes, and schedules are not coordinated.	Yes, East Central Regional Development Corporation	Local Transit Coordination Plans

Pilot Opportunity	Problem Solved	Piloted in Minnesota Already?	Source for Idea
5. Explore vehicle sharing across agencies and jurisdictions.	Shortage of accessible vehicles.	No	Local Transit Coordination Plans
6. Procure a scheduling software and provide free access to rural jurisdictions.	There are staffing challenges and administrative burden associated with scheduling, routing, and operations.	No	Peer Case Studies
7. Establish Mobility Management Center to coordinate trips.	Services, routes, and schedules are not coordinated.	No	Local Coordination Plans and Peer Case Studies
8. Expand on-demand service area and hours to 5 days per week during the hours of clinics in Pine County.	People who cannot/should not drive cannot access services outside of Pine City for Lyft or other transportation service.	No	Summit #1
9. Partner with NEMT or 911 to coordinate and provide dispatch and after-hours services	People are released from the hospital at hours when the fixed transit system is not operating.	No	Summit #1
10. Partner with TNC platforms to show NEMT and/ or accessible ride availability	Shortage of accessible taxis and TNC vehicles.	No	Summit #1 and Peer Case Studies