

2026 Duluth Transit Authority Budget Presentation



www.DuluthTransit.com



Outline

- ▶ Overview of DTA
- ▶ What's happening at the DTA?
- ▶ Budget Overview
- ▶ Levy Request



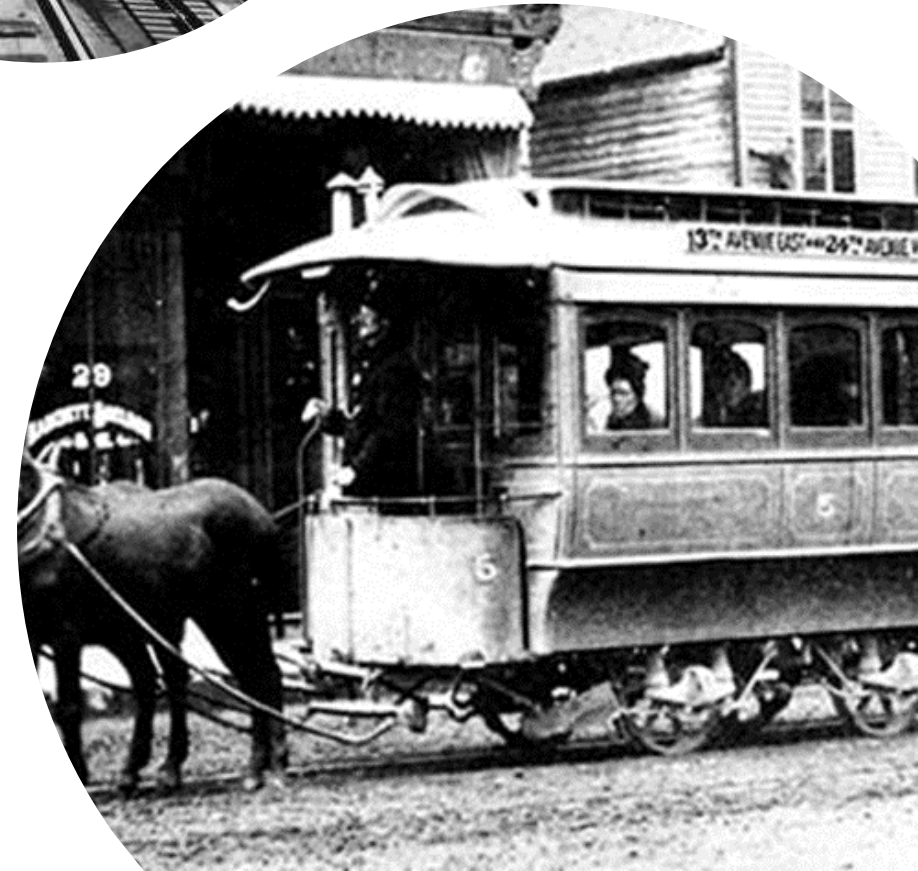
Duluth Transit Authority (DTA)

- Created by the Minnesota State Legislature as a Public Mass Transit Authority
- Serve the cities of Duluth, Superior, and portions of Proctor, Hermantown, and Rice Lake
- Fixed-route and STRIDE
 - 15 routes, 7-days a week, running generally from 4:30 AM to 12:00 AM
 - 75 large buses, 15 smaller buses
 - 800+ bus stops
 - STRIDE provides specialized transportation for those with qualifying disabilities with the same service hours as fixed-route
- 190 employees
 - Managed by ATE Management of Duluth
 - Bus Operators and Maintenance staff represented by the Teamsters General Local Union No. 346.
- Governed by the DTA Board of Directors - 9 members (1 Superior rep)
 - 8 appointed by the Duluth Mayor and confirmed by the Duluth City Council

Long, Storied History

Mass Transit has been a critical part of the Twin Ports for a long time and was a catalyst to its development.

- **1881** – Duluth Street Railway was incorporated
- 1939 – The last streetcar and the Incline Railway service were discontinued
- 1969 – The DTA was Legislatively created
- 1981 – The DTA's Operations Center opened
- 2016 – The Duluth Transportation Center opened
- 2023 – DTA launches an entirely new fixed-route transit system



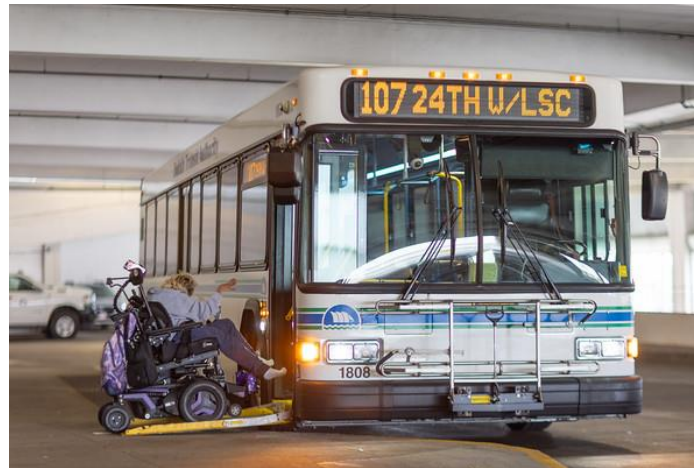
History of Excellence

- Greater Minnesota's largest transit system (over 1/3 of non-metro statewide ridership)
- A top transit system nationally, ranking high in many metrics
 - Of metros of 100k-250k in population, Duluth ranks 4th out of 131 as rated by AllTransit
- Recognized many times for a variety of accolades
 - Safety records, innovation, and community stewardship



Winning Formula

- DTA scores well in FTA performance categories for additional funding
- Rank 23/320 in passenger trips per capita!
- **More service in the right places = more ridership = more federal and state funding**
- More usage = a more sustainable and resilient Duluth



FTA Small Transit Intensive Cities

STIC is a performance-based funding formula used to allocate funds to high-performing transit systems.

- There are 6 performance factors. Agencies above the national average on a metric receive funding for that metric. The DTA meets 5 of the 6 factors. We recently won an additional factor in 2025, when we typically got 4
- In 2025, DTA received **\$2,562,526** in additional funding. Only 15 other agencies (out of 320) receive more funding from this program than the DTA

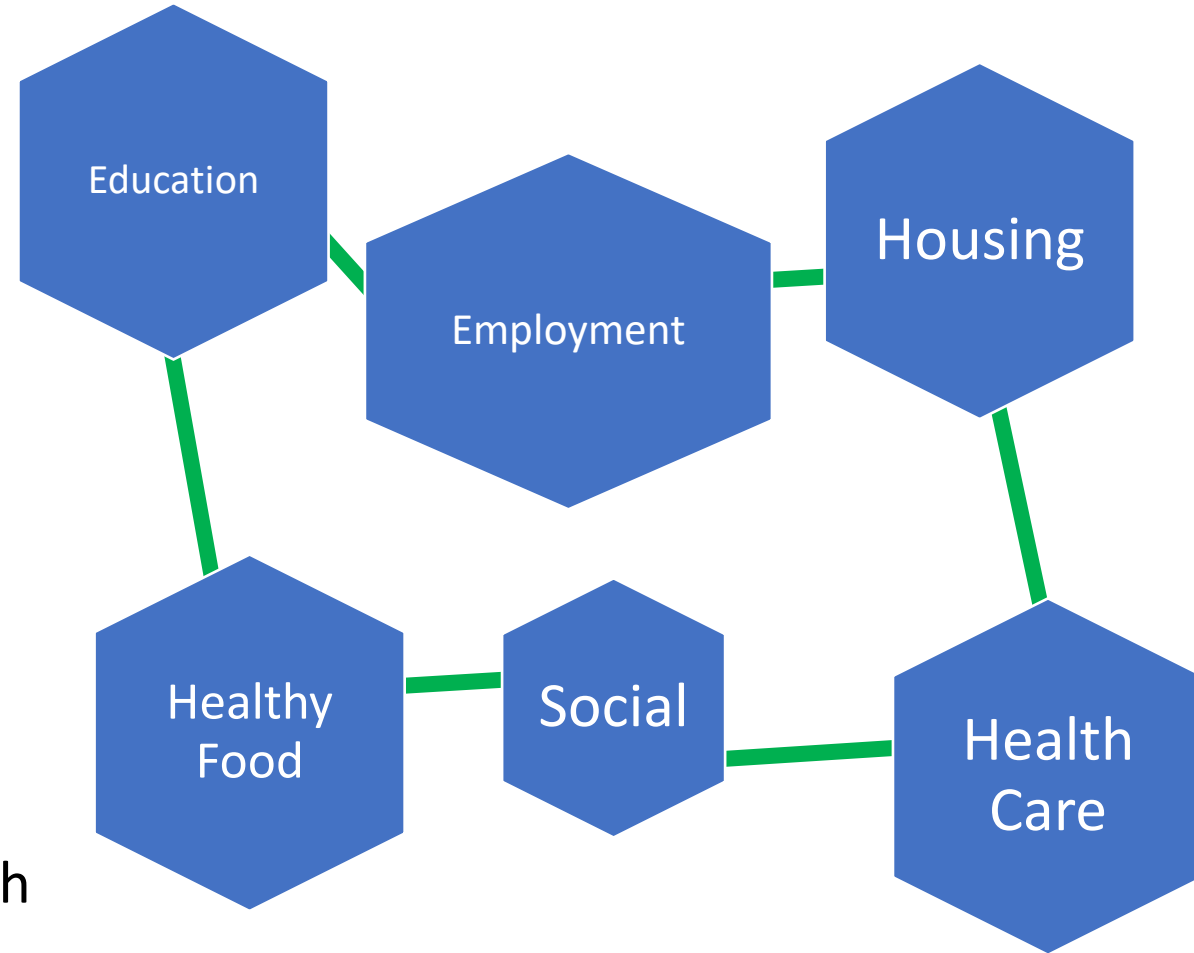


Transit Matters



Meaningful Public Service

- Access to opportunities
- Vital component of our economic engine
- Saves families money, especially in the face of high inflation
- Public health and safety benefits
- Environmental benefits
- Provides accessibility and freedom to those with mobility limitations



Non-Partisan Issue - Passenger Political Leanings

POLITICAL LEANINGS



26%



24%



26%

DTA is Community Driven

- DPD Police Officer and DPD K-9 Officer
- Donated DPD Community Outreach Bus
- Donated buses to the DFD for training
- Partner in Capital Projects (Northwest Passage Skywalk, Sidewalks)
- Emergency Response, Evacuations
- Warming Shelter Partnership
- Arrowhead Transit Partnership, Free Transfers
- Grandma's Marathon Shuttles



DTA's Recent Highlights



Personnel Changes

- Leadership change
 - Rod Fournier retired after 38 years at the DTA, four as GM
 - Chris Belden was selected as Rod's replacement. Chris has been with the DTA for seven years
- Many new hires with administrative and operations staff. Closing the gap on the driver shortage issue.

NEWS LOCAL

Transfer of leadership pending at Duluth Transit Authority

Rod Fournier says he will leave the local bus service in the hands of a capable successor.



Chris Belden, left, has been tapped to succeed Rod Fournier, who will retire as general manager of the Duluth Transit Authority on July 24. Peter Passi / Duluth Media Group

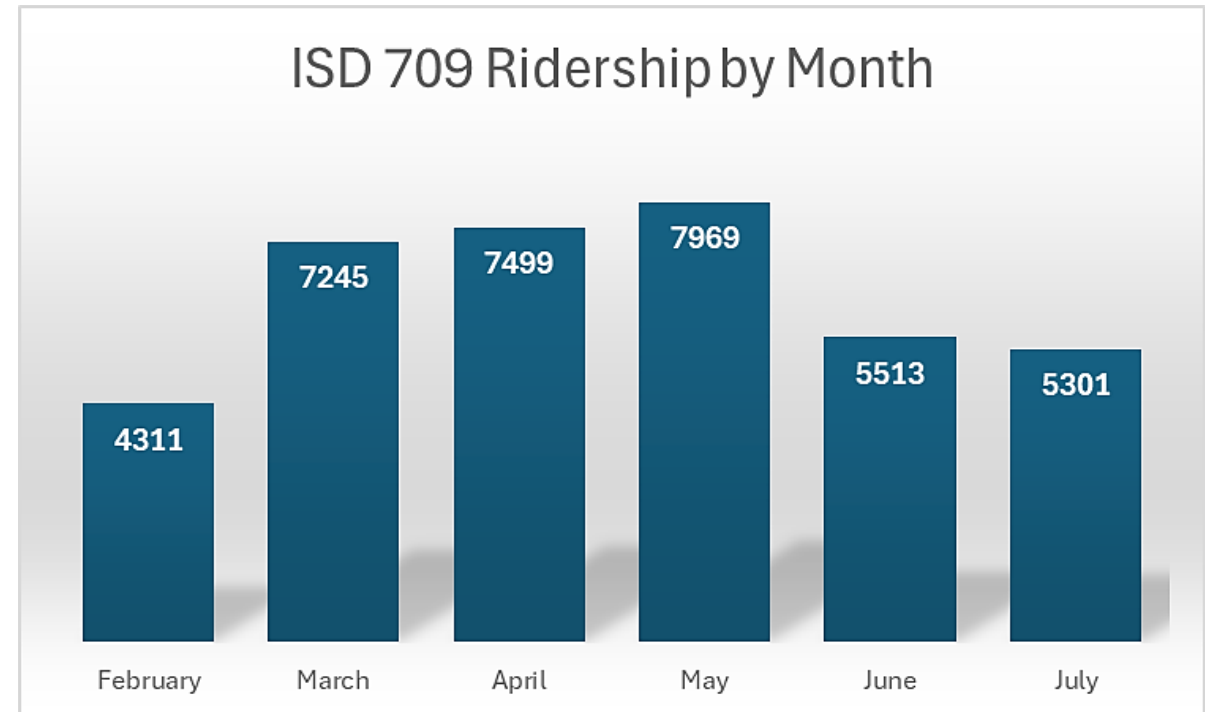


By **Peter Passi**

July 16, 2025 at 7:04 PM

ISD 709 Pass Program

- ▶ All-access, anytime, anywhere pass program - mimicking our other pass partnerships
- ▶ Denfeld High School, East High School, and Area Learning Center
- ▶ Students and Staff ride for free by showing the Driver their school-issued ID
- ▶ Grant funding awarded to ISD 709
 - ▶ Additional Revenue for the DTA



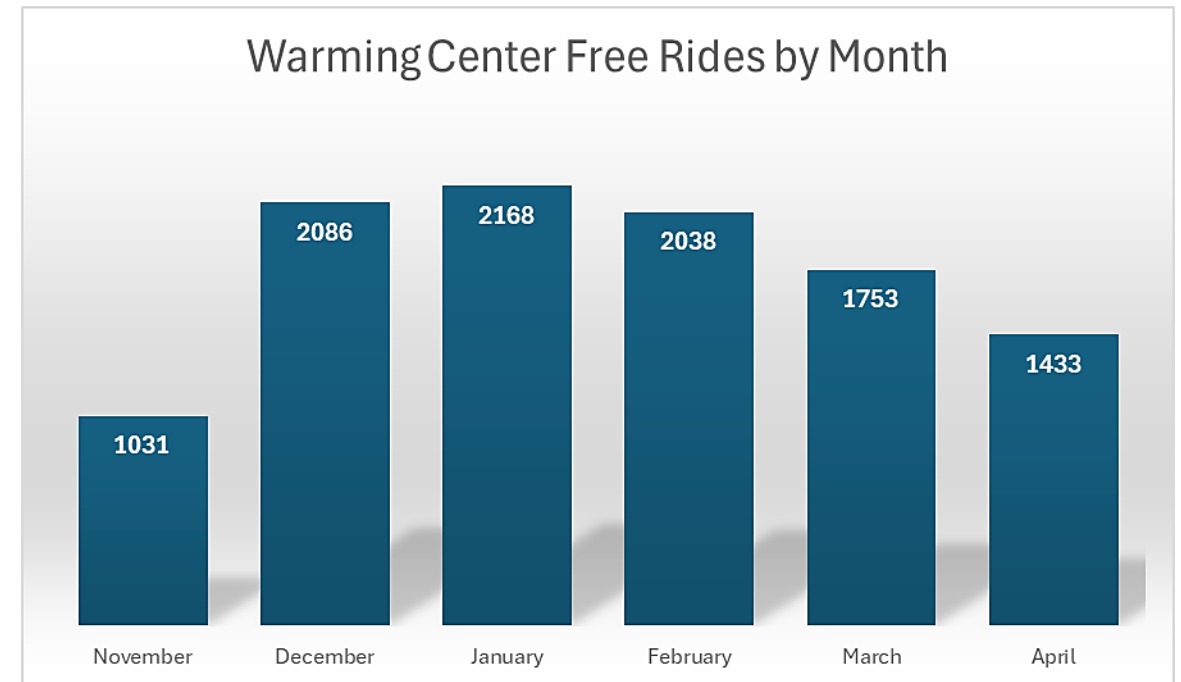
Bus Stop Improvements

- Miller Hill Mall Hub
- New bus stop benches
- Additional solar lighting
- New pilot program with a local innovator for solar digital signage



Warming Center Free Rides

- Free rides for those traveling to the Warming Center from 6:00 pm – 9:00 pm
- Free rides on dedicated shuttles in the mornings to the Domiano Center, Union Gospel Mission, and DTC



10,509 Free Rides in 24/25 Winter Season

Additional Initiatives

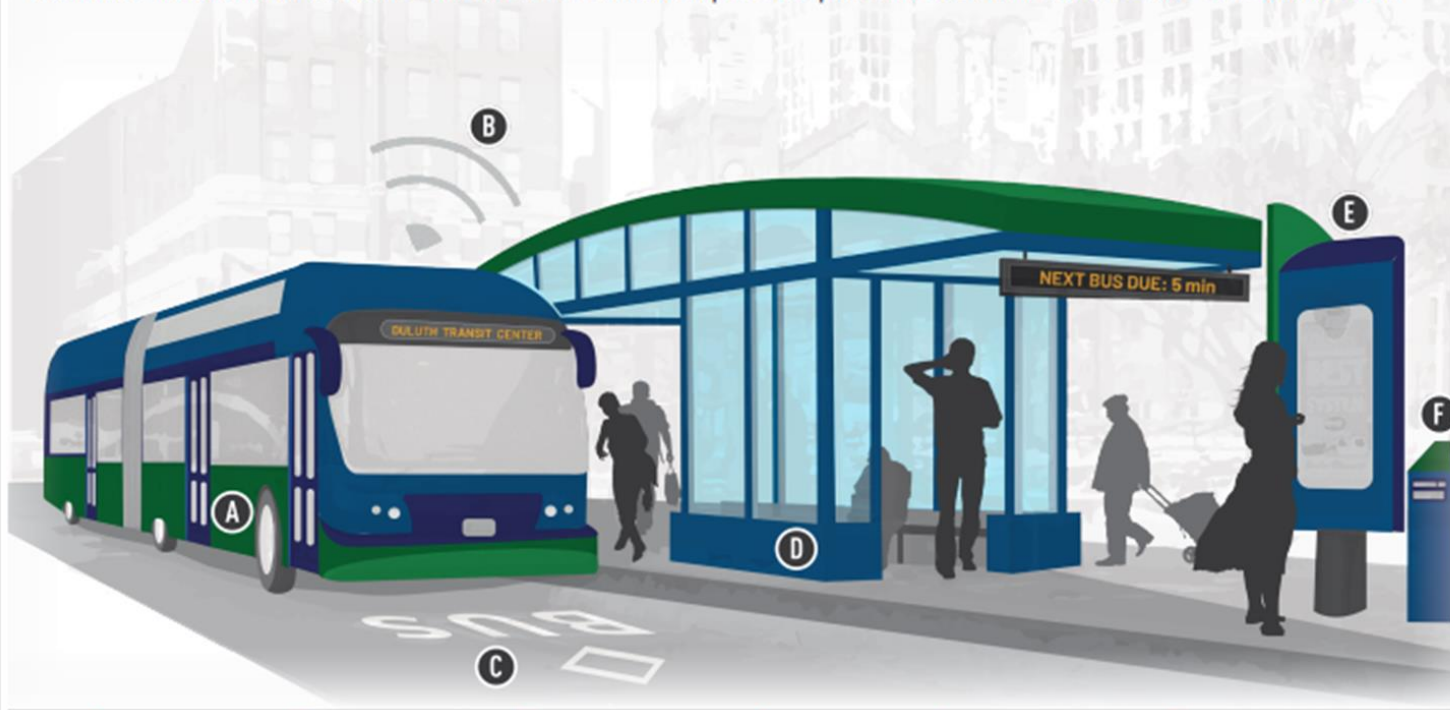
- Innovative fare programs and pass partnerships
- Fat tire bike racks
- New wheelchair securement option
- Customer service changes at DTC
- Your Turn to Drive hiring events
- Exploring options for a Joint Development/redevelopment project
- Easier scheduling and reminders for STRIDE passengers – increases efficiency
- More preservation, maintenance, and safety projects
- Two additional electric buses arriving early 2026



GO-Lines, Future Bus Rapid Transit (BRT)

A Step Toward the Future

The addition of Go Line service is the first step towards providing Bus Rapid Transit (BRT) to Twin Ports' residents. The DTA is actively looking to expand and improve Go Line service to include more BRT features in the future! Examples of potential BRT features are shown below.



Bus Rapid Transit is a higher quality bus service that is often compared to rail. BRT provides frequent, fast, and reliable transit service with fewer stops. BRT commonly includes features like improved customer amenities, enhanced bus stops, branded vehicles, and special road accommodations.

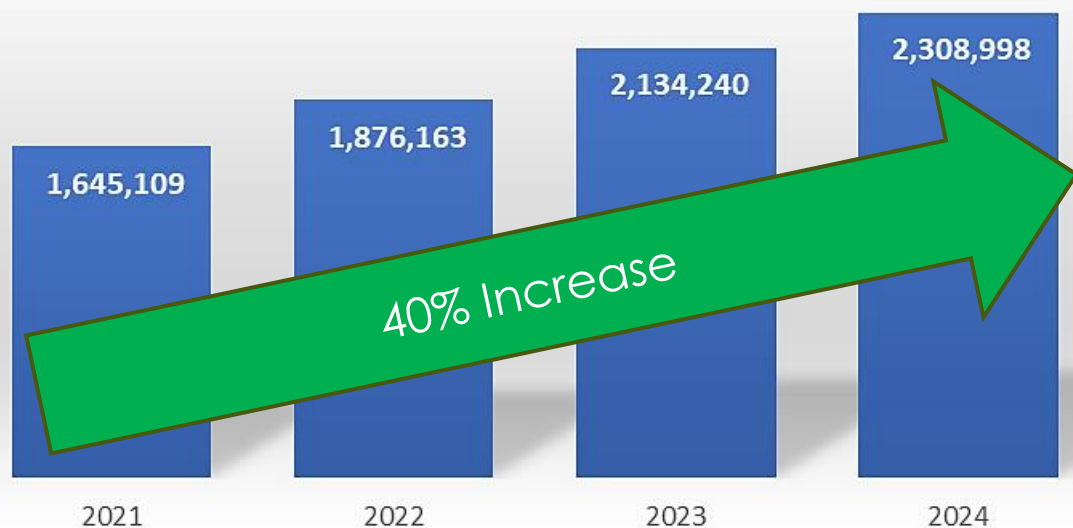
- A. Specialized Vehicles
- B. Transit Signal Priority/Signal Enhancements
- C. Dedicated Transit Lanes
- D. Enhanced Stops/Stations
- E. Branded Infrastructure
- F. Off-Board Fare Collection

Ridership Trends

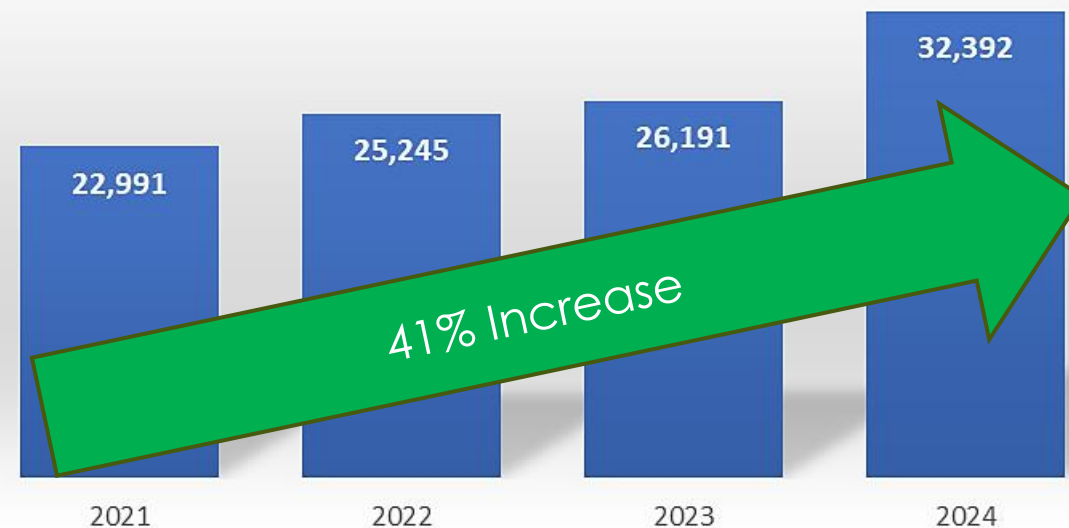


Recent Annual Ridership Totals

Recent Fixed-Route Ridership



Recent STRIDE Ridership



Opportunities

- Additional pass programs
- College enrollment rebound
- Northern Lights Express
- **Continued development along transit corridors**
- Fewer parking requirements for new development
- Additional funding for service expansion. More frequency
- Street projects that improve transit
- Passenger amenities



Budget Overview



Duluth Transit Authority

Operating Expenses

	Budget	Budget
	2025	2026
Operating Expenses		
Fixed Route		
Personnel	17,230,457	18,858,061
Administrative	1,667,905	1,595,095
Vehicle & Operations	3,830,715	3,597,991
Insurance	1,091,491	1,069,194
Taxes and Fees	12,030	2,506
Total Fixed Route Expenses	23,832,598	25,122,847
ADA Paratransit		
Personnel	1,716,067	1,596,559
Administrative	68,055	60,250
Vehicle & Operations	139,002	133,806
Insurance	57,597	78,716
Taxes and Fees	1,261	-
Total ADA Paratransit Expenses	1,981,982	1,869,331
Total Operating Expenses	25,814,580	26,992,178
Total Operating Deficit	21,688,023	22,746,075
NOTE: Operating Deficit is funded by Federal and State Operating Grants		

2026 Fixed Route Expenses

2026 Fixed Route Expenses		
	Budget	% of Total Expense
Labor and Fringe Benefits	18,858,061	75.1%
Services	1,024,433	4.1%
Fuel and Lube	1,575,770	6.3%
Parts	1,091,934	4.3%
Tires	103,102	0.4%
Office Supplies and Technology	644,302	2.6%
Utilities	504,552	2.0%
Insurance	1,069,194	4.3%
Marketing, Advertising, Dues and Subscriptions	251,494	1.0%
	25,122,847	100.0%



Duluth Transit Authority		
2026 Budget - Operating		
	Budget	Budget
	2025	2026
Operating Revenues		
Passenger Revenue	\$ 1,853,697	\$ 2,078,198
Charter Revenue	13,000	17,292
Auxiliary Revenue	2,041,760	1,940,104
Stride Revenue	218,100	210,509
Total Operating Revenues	4,126,557	4,246,103
Operating Expenses		
Fixed Route	23,832,598	25,122,847
Stride ADA Paratransit	1,981,982	1,869,331
Total Operating Expenses	25,814,580	26,992,178
Total Operating Deficit	(21,688,023)	(22,746,075)
Non-Operating Revenues		
MN DOT Contribution	19,146,279	20,200,930
Lewy	1,780,280	1,345,145
COVID Relief Funding	761,464	1,200,000
Total Non-Operating Revenues	21,688,023	22,746,075
Balance	\$ -	\$ 0

Costing us More

- ▶ Warming Center Free Rides and Shuttle
- ▶ Detours
 - ▶ Morgan Park Bridge (\$75k a month)
- ▶ New State of MN Rules
 - ▶ ESST
 - ▶ Paid FMLA
- ▶ Insurance
- ▶ Inflation
- ▶ In future years
 - ▶ Union CBA expires Dec 31, 2026

CAPITAL PROJECTS 2026

CAPITAL PROJECTS 2026		
Project	Project Amount	Local Share
Bus Purchases (7 large/5 small)	\$ 6,286,000	\$ 1,257,200
ITS Software and Equipment	1,000,000	200,000
Facility Improvments	350,000	70,000
Estimated Unprogrammed FTA Funds for 2026	940,000	188,000
Additional 2025 Funding		
Additional Bus	208,000	20,800
Additional FTA 5307 Performance Funding	1,186,466	237,293
Totals for Capital Projects	\$ 9,970,466	\$ 1,973,293

Levy Request



DTA Levy

- ▶ Voter approved levy

- ▶ 458A.31 “Subdivision 1. Levy limit.

- ▶ Notwithstanding anything to the contrary contained in the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto, limiting the amount levied in any one year for general or special purposes, the city council of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253 percent of estimated market value, by ordinance. An ordinance fixing the levy shall take effect immediately upon its passage and approval. The proceeds of the levy shall be paid into the city treasury and deposited in the operating fund provided for in section 458A.24, subdivision 3.”

- ▶ Current voter-approved levy limit exceeds \$7,700,000

Levy/Funding History

- ▶ We asked for an increase to \$3,900,000 in 2023. We only got \$2,174,408.
- ▶ One-time, two-year State of Minnesota Local Tax Relief - 2024 & 2025
 - ▶ MN Legislative action to reduce local match requirements, help as transit transitions from the pandemic era, where many agencies did not have a local share due to federal assistance.
- ▶ MnDOT has increased the local match requirement to 15% for 2026, which is still less than the 20% typically required. This reduction is expected to be for 2026 only.
- ▶ DTA has been warning about a “fiscal cliff” for the last several years. Temporary Federal and State funding have kept local investment artificially low.

Federal and State Funding Cuts

- ▶ American Public Transportation Association (APTA) identified “significant” funding cuts for transit and passenger rail compared to the levels from the IIJA
 - ▶ Federal appropriation in 2026 is 8.3% below the 2025 appropriation
- ▶ State of MN Transportation Bill cut Greater Mn Transit funding by \$22 million for the next biennium (2026-27)



Fiscal Cliff

The Transit Death Spiral:



MCTS BUS SERVICE IS AT RISK OF FACING MAJOR CUTS



To Everyone Living and Working in Milwaukee County:

Great cities rely on great public transit. If you live or work in one of the 19 municipalities that make up Milwaukee County, I hope you'll help us save transit.

The Milwaukee County Transit System (MCTS) is facing a crisis whose ripple effects would touch the entire community. MCTS is confronting a projected \$26.5 million budget shortfall in 2025 after relief funds provided during the COVID-19 pandemic run out. Despite our ongoing efforts to control costs (which have us ranked second among our peer systems in cost-per-vehicle and third in cost-per-passenger) we are hurtling toward a fiscal cliff.

Without a sustainable funding solution, MCTS bus service will shrink by more than 20 percent which represents nearly one half of all routes in the system.

Failing to invest in transit will have cascading, cross-sectoral ramifications for all of us—setting back the regional economy, exacerbating labor shortages, and impacting education and health outcomes. And the harm done by such drastic reductions would fall on those least able to absorb additional burdens.

Most large cities invest in their transit systems with sustainable funding, like a local sales tax, that is indexed to grow year over year. MCTS receives local funding through a combination of property taxes and a vehicle registration fee—both of which don't match the scale of the gap we face. Without a reliable source of local funding, the proposed transit funding cuts would cripple Milwaukee County. We need allies like you to help position MCTS for growth.

Here's how you can help:

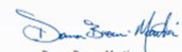
- Let the state legislature know that you support Milwaukee County Executive David Crowley and the Move Forward MKE coalition to create sustainable local funding for local priorities through at least a 1 percent local sales tax. (Sample e-mails and a directory of legislators can be found at ridemcts.com/savethebus)
- Put an MCTS "#SaveTheBus" logo on your website and social media pages. (Download at ridemcts.com/savethebus)
- Register your company for the MCTS Commuter Value Pass (CVP) program. Enrolling your employees not only provides a business tax deduction, it also frees up parking spaces, supports sustainability and equity goals, and more. Get the details at cypass@mcts.org.

The bottom line: MCTS helps support and grow our economy by getting employees to their jobs and customers to local businesses. Every strong community in the U.S. has and needs a strong transit system.

We hope you'll join MCTS, support our great city and county, and help #SaveTheBus!


Denise Wandke

President and Interim Managing Director
Milwaukee County Transit System


Donna Brown-Martin

Director of Transportation
Milwaukee County

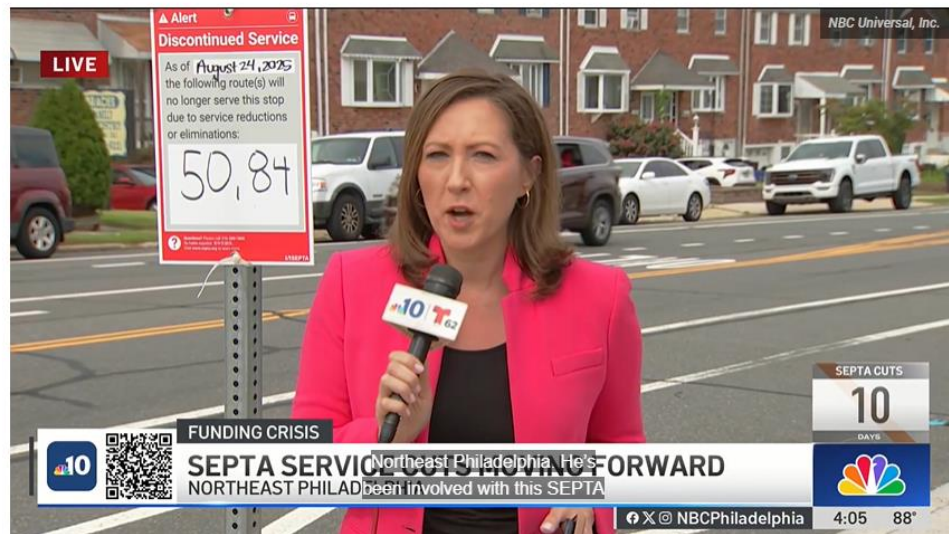
SEPTA

LIVE BLOG ENDED AUG 15, 2025

Recap: Lawmakers fail to reach deal to stop SEPTA's 'death spiral'

By **David Chang**, **Lauren Mayk** and **Marc Levy** • Published August 14, 2025 • Updated 3 hours ago

Log in or create a free profile to save articles



With no deal in place hours before the deadline to secure funding, SEPTA is expected to move forward in implementing service cuts and fare hikes. NBC10's Lauren Mayk has the details.



Trending Stories



NEW JERSEY
Owner to sell Wonderland
after plans denied by Ocean
City council



VILLANOVA UNIVERSITY
Officials investigate fake
shooter report that led to
chaos at Villanova



VILLANOVA UNIVERSITY
'Cruel hoax' prompts acti
shooter alert at Villanova
University



FIRST ALERT WEATHER
Recap: State of Emergen



Transportation

Transit 'death spiral' hits home as RTA redirects funds from Metra, Pace to avert CTA implosion



Riders wait at the Rosemont Transit Center, which combines Pace and CTA service, on Wednesday. The two agencies and Metra face a massive shortfall in 2026. *Brian Hill/bhill@dailyherald.com*

Buy Photo

Fare Increase

- ▶ No fare increases proposed at this time
- ▶ Last fare increases in 2011, 2005
- ▶ Peer comparison analysis - 15 similar agencies
 - ▶ Average fare \$1.50 - same as DTA

Balancing the Budget

Increased Revenues

- Increased passenger revenues from increased ridership
- Increased parking rates at DTC
- New partnerships
- Increased bus advertising

Decreased Expenses

- Haven't applied for a competitive grant in several years, other than vehicles
- Discontinued contract for Transit Ambassador Program
- Limiting conferences and trainings
- Renegotiated contracts

▶ Not much room to be “leaner”

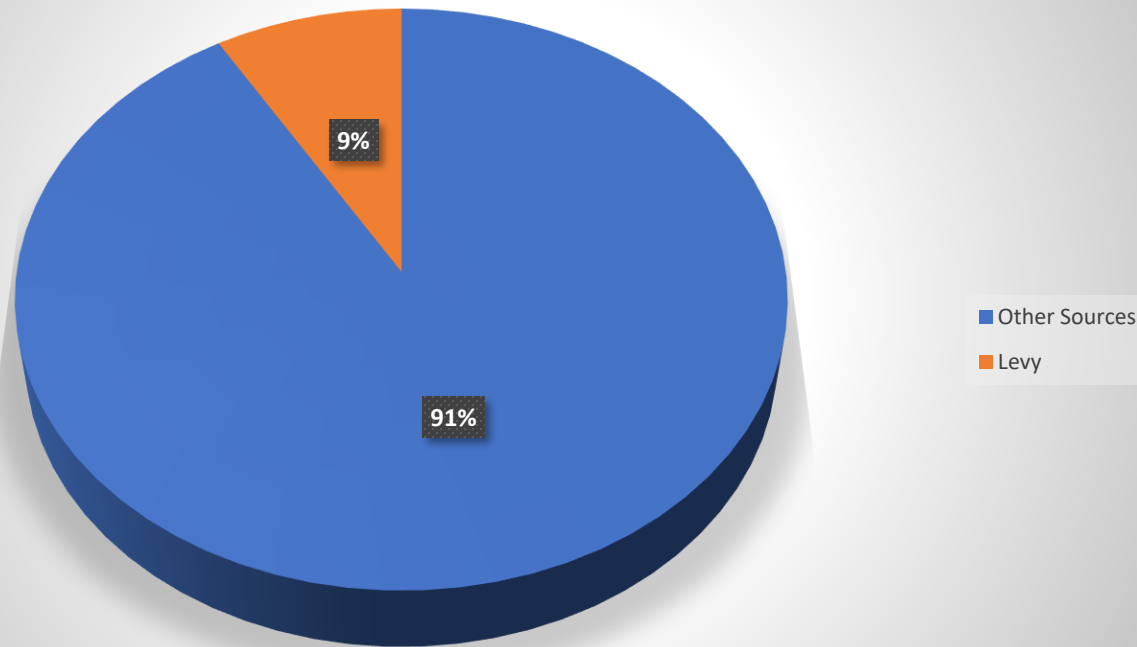
- ▶ Wages are not as competitive as they should be
- ▶ Many service needs: bus routes, later service, shelter cleaners, technology...
- ▶ Numerous staffing needs unmet

2026 Levy

2026 Levy Request	
Levy needed for operations:	\$ 2,545,145
Covid Relief funding for operations:	(1,200,000)
Remaining needed after COVID Relief:	\$ 1,345,145
Levy needed for capital projects:	1,973,293
Total levy needed:	\$ 3,318,438

Tremendous value

Levy as a Portion of Total Funding



- ▶ Transit funding has a 5:1 return on investment
 - ▶ For every \$1 invested in transit, \$5 in economic impact is generated
 - ▶ Applying that industry ROI assumption, the economic impact of the DTA would be over \$184 million in 2026

If the Levy Increase is Not Fully Funded

- ▶ Budget Items to Consider:
 - ▶ Discontinuation of Warming Center free rides and shuttle
 - ▶ Discontinue the Port Town Trolley
 - ▶ Increase fares
 - ▶ Reduce weekend service and/or cut service entirely to some neighborhoods

In Summary

The DTA seeks to increase the DTA property tax levy from \$2,322,280 to \$3,318,438.

The DTA would increase its tax levy to 0.03123% (*0.07253% approved by voters and allowed under state statute 458A.31*). The tax levy would still be less than half of what's been approved by voters.

The estimated annual impact of the DTA portion of property taxes on a home valued at \$275,000:

- 2025: \$49.84
- 2026: \$66.95
- Based on this scenario, the increase would be around \$17.11 from 2025 to 2026.

Questions or Comments?

Thank you!

