

TO: MAYOR AND CITY COUNCIL

FROM: Jon Radermacher, City Administrator

SUBJECT: Memorandum of Understanding – Three Rivers Community Action, Inc. – Public Transit Services

MEETING DATE: February 18, 2025

BACKGROUND

Three Rivers Community Action, Inc. operates a public transit system under Hiawathaland Transit in Cannon Falls and throughout many communities in the region. They are under contract with MNDOT to provide Demand Response and Deviated Routes services in the City of Cannon Falls. In the past there have been agreements with Three Rivers and the cities receiving the service to help fund their operations by contributing to the cost of buses when they are due for replacement. The cost of the buses have increased dramatically in recent years, and in order to offset the financial impact, Three Rivers would like to spread the contributions out over multiple years and establish fee for service agreements in their partner cities.

The agreement would be for a contribution of \$6,000 per year for 5 years, and in future years agreements would also be for 5-year increments, but the costs would be dependent on the replacement expense of the bus.

STAFF RECOMMENDATION

Approve the 5-year service agreement with Three Rivers Community Action Inc. funded in 2025 from the General Fund Miscellaneous – Other Charges, and establish a line item in future budget years for the service agreement payment.

REQUESTED COUNCIL ACTION

The Finance Committee will be meeting prior to tonight's meeting and will bring forth the recommendation.

MEMORANDUM OF UNDERSTANDING BETWEEN THREE RIVERS COMMUNITY ACTION, INC.
AND

THE CITY OF CANNON FALLS

FOR THE PROVISION OF TRANSIT SERVICES

This agreement made this ___ day of _____, 2025, between Three Rivers Community Action, Inc., hereinafter referred to as "Three Rivers," and the "City of Cannon Falls" hereinafter referred to as "City."

Whereas, Three Rivers Community Action, Inc. operates public transit under the name Hiawathaland Transit; and

Whereas, Three Rivers is under contract with the Minnesota Department of Transportation (MnDOT) to provide Demand Response and/or Deviated Route services for the cities in Goodhue, Rice and Wabasha Counties: Cannon Falls, Elgin/Plainview, Faribault, Kenyon/Wanamingo, Lake City, Northfield, Pine Island, Red Wing, Wabasha/Kellogg, and Zumbrota/Mazeppa.

WITNESSETH: That for the consideration of the mutual promises and covenants herein stipulated to be performed by the parties to this Agreement, it is agreed as follows:

1. **Services to be Provided.** Three Rivers agrees to provide City with transit services designed to meet the transportation needs of the public (hereinafter "Services"). All Services shall be provided in a manner consistent with the level of care and skill ordinarily exercised by public transit organizations providing similar services.
2. **Term.** The Term of this Agreement will be for a period of five years. This Agreement shall remain in full force and effect commencing from January 1, 2025, and continuing until December 31, 2029, unless terminated earlier as provided in paragraph 4 or amended pursuant to this Agreement. Every individual calendar year that elapses from January 1, 2025, until December 31, 2029, shall be deemed a "Contract Year".
3. **Payment.** City shall pay Three Rivers the amount of six thousand dollars (\$6,000.00) annually from 2025 through 2029, and Three Rivers will bill in January of each year and payment is due and payable within 30 days of invoicing. The terms for any subsequent years can be renegotiated in 2029. This fee for service payment is replacing the local share amount for bus replacement.
4. **Termination.** This Agreement may be terminated as follows:
 - 4.1. **Mutual Agreement.** The Parties, by mutual written agreement, may terminate this Agreement as outlined in 4.2 and 4.3. Any termination by Three Rivers must be approved by the Minnesota Department of Transportation.

4.2. **City Breach.** Three Rivers can only terminate this Agreement in the event of a breach of the Agreement by City upon providing thirty (30) days' written notice and an opportunity for City to cure the breach before expiration of the thirty (30) days.

4.3. **Termination by City.** City may terminate this Agreement for any reason or no reason at all at any time upon providing thirty (30) days' written notice to Three Rivers. However, City must provide notice of termination prior to December 1st of any year, to not be liable for any portion of the following years' annual payment set forth in Paragraph 3.

In the event of termination during a contract year, City will not be eligible for a prorated refund of the current years contract amount.

5. **Insurance.** For the entire term of this Agreement, Three Rivers will provide insurance for bodily injury and property damage liability and related coverages, including physical damage insurance on the buses in at least the limits set forth in Three Rivers' contract with the state of Minnesota titled "Public Transit Participation Program Operating Grant Agreement."
6. **Licensure and Training.** Three Rivers will ensure that all transportation drivers will maintain the licensure and training required for the class of vehicle driven.
7. **Property of Three Rivers.** The bus fleet is the property of Three Rivers. City shall not be liable for injuries to persons or damage to property associated with the Services outline in Paragraph 1.
8. **Indemnification.** In the performance of this Agreement, Three Rivers agrees to indemnify, save, and hold the City, its agents, and employees harmless from any claims or causes of action arising from the performance of this Agreement by Three Rivers or Three Rivers' agents or employees. This obligation survives termination of this Agreement.

Nothing in this Agreement shall constitute a waiver or limitation of any immunity or limitation on liability to which City is entitled.

9. **Independent Contractor.** All Services provided by Three Rivers pursuant to this Agreement shall be provided by Three Rivers as an independent contractor and not as an employee of City for any purpose, including but not limited to: income tax withholding, workers' compensation, unemployment compensation, FICA taxes, liability for torts and eligibility for employee benefits.
10. **Data Practices Act Compliance.** Any and all data provided to Three Rivers, received from Three Rivers, created, collected, received, stored, used, maintained, or disseminated by Three Rivers pursuant to this Agreement shall be administered in accordance with, and is subject to the requirements of the Minnesota Government Data Practices Act, Minnesota Statutes, Chapter 13. The remedies in Minnesota Statutes Section 13.08 apply to Three Rivers.

11. **Reporting.** Three Rivers shall make all necessary reports to the Minnesota Department of Transportation.
12. **Bus Shelters.** Three Rivers and City agree to work cooperatively to obtain bus shelters to be placed on public property. Three Rivers shall be solely responsible for purchasing new shelters unless, prior to a purchase, City agrees in writing to contribute to the cost. City will cover all costs associated with installing and/or relocating shelters at locations mutually agreed upon by both Parties.
13. **Costs.** The Parties agree to the following terms related to costs under this Agreement:
 - 13.1. Three Rivers shall be solely responsible for all operating and capital costs that arise during the term of this Agreement. The payments set forth in Paragraph 3 reflect City's only obligation to contribute to Three Rivers operating costs. Other than those payments, City has no obligation to contribute to Three Rivers' operating, capital, or any other costs or expenses, whether anticipated or unanticipated.
 - 13.2. Three Rivers will not be compensated separately for any incidental expenses.
14. **Transit Advisory Council.** City will provide a representative to the Transit Advisory Council to attend meetings and elicit feedback regarding ridership, fare, and transit routes.
15. **Amendments.** Except as expressly permitted by this Agreement, no amendments may be made to this Agreement except upon mutual written agreement signed by both Parties.
16. **Waiver.** No waiver of any provision or of any breach of this Agreement shall constitute a waiver of any other provisions or any other or further breach, and no such waiver shall be effective unless made in writing and signed by an authorized representative of the Party to be charged with such a waiver.
17. **Entire Agreement.** This Agreement, any attached exhibits and any addenda or amendments signed by the Parties shall constitute the entire Agreement between City and Three Rivers and supersedes any other written or oral agreements between City and Three Rivers. This Agreement can only be modified in writing signed by City and Three Rivers. If there is any conflict between the terms of this Agreements and referenced or attached items, the terms of this Agreement shall prevail.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on

the _____ day of _____, 2025

City of Cannon Falls:

By: _____

Its: Mayor _____

City of Cannon Falls:

By: _____

Its: City Administrator _____

Three Rivers Community Action, Inc.:

By: _____

Its: Executive Director _____