

Office of the Minnesota Secretary of State

Minnesota Public Benefit Corporation / Annual Benefit Report

Minnesota Statutes, Chapter 304A



Read the instructions before completing this form

Must be filed by March 31

Filing Fee: \$55 for expedited service in-person or online, \$35 if submitted by mail

The Annual Benefit Report covers the 12 month period ending on December 31 of the previous year.

Notice: Failure to file this form by March 31 of this year will result in the revocation of the corporation's public benefit status without further notice from the Secretary of State, pursuant to Minnesota Statutes, Section 304A.301

1. File Number IT-293
2. Corporate Name: (Required) ATE Management of Duluth
3. The public benefit corporation's board of directors has reviewed and approved this report.
4. In the field below, enter the information required by section 304A.301 subd. 2 or 3 for the period covered by this report, (see instructions for further information): Note: Use additional sheets if needed. (Required)

Please See Attached pages

5. I, the undersigned, certify that I am the chief executive officer of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

James Heilig
Signature of Public Benefit Corporation's Chief Executive Officer

3/12/2025
Date (Must be dated within 30 days before the report is delivered to the Secretary of State for Filing)

Email Address for Official Notices

Enter an email address to which the Secretary of State can forward official notices required by law and other notices:

atedsbc@gmail.com

☐ Check here to have your email address excluded from requests for bulk data, to the extent allowed by Minnesota law.

List a name and daytime phone number of a person who can be contacted about this form:

James Heilig
Contact Name

651 235 9380
Phone Number

Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the MN Dept. of Agriculture's Corporate Farm Program.

Does this entity own, lease, or have any financial interest in agricultural land or land capable of being farmed?

Yes ☐ No ☒

ANNUAL SPECIFIC BENEFIT CORPORATION REPORT – For Year 2024

ATE Management of Duluth SBC ("ATED") is a Minnesota public benefit corporation under Minnesota Statutes 304A by with the goal of providing public transit service for the Duluth Superior service area on behalf of the Duluth Transit Authority ("DTA"). ATED employs the staff that operates the transit system and performs all associated maintenance and management functions to serve the public with regular route and paratransit services. The following is a summary of 2024 activities and highlights.

Transit Service

In 2024, there were 2,316,673 DTA regular route passenger trips, an 8.6 percent increase over last year. STRIDE paratransit service had 32,150 passenger trips, a 23.7 percent increase over last year. The launch of a redesigned fixed route transit network in late 2023 seems to be paying off as routes are designed to better meet the shifting travel patterns in the post-pandemic environment. A passenger survey, commissioned in late 2024, highlighted that 1/3 of respondents had only been riding with the DTA in the last five years or less. While ridership continues to grow it is still below pre-pandemic levels, which is consistent with national ridership trends. Statewide data shows the DTA is outperforming the other small urban systems. Using 2023 and 2019 ridership data, the DTA was at 83.5 percent of pandemic ridership, whereas, St. Cloud was at 48.3 percent and Rochester at 34.6 percent.

After having discussed DTA pass partnership concepts with the Duluth Public School District (ISD 709) for some time, we came to an agreement to pilot a pass program for all high school-aged students and all district staff. The program began in early 2024 and ended early June. This allowed the DTA and ISD 709 leadership a chance to see how much usage there would be and what a fee structure might look like. Ridership was higher than expected with nearly 45,000 total rides and was an overall success. The pilot was covered using COVID Relief funding.

The construction of the new Miller Hill Mall Transit Hub began in late Summer 2024. This project was a partnership with the Miller Hill Mall (Simon) and Essentia Health. The driving areas and hardscapes were designed and built for the DTA by Essentia Health in 2023. The DTA placed temporary shelters in the area before building large premium shelter structures. This location is much safer design than the former location at Door 8 and is much closer to the Essentia Health Miller Hill Health Plaza, which was a top request of DTA passengers. This Transit Hub is also functioning as a park and ride for some Essentia St. Mary's employees in Downtown Duluth. This project was funded by a grant awarded by MnDOT.

ATED staff partnered with a local entrepreneur for a real time sign demonstration project. MnDOT was offering a new grant opportunity to technology start-ups in Minnesota to develop new products that would benefit transit riders. A local transit rider with a background in computer and electrical engineering approached us with a concept for simplified real-time bus stop signs that he would develop and deploy at 10 bus stops in Duluth. The signs are under development and should deploy in 2025. The DTA has no expense in this project, other than staff lending advise and providing transit location feeds.

Staffing

ATED staff were very busy in their recruiting efforts for Bus Operators. The majority of the DTA marketing budget was used in recruitment campaigns with several new strategies deployed. Another "Your Turn to Drive" event was held at the Duluth Heritage Center, where members of the community can test drive a bus on a closed course. At the end of the year, the number of fixed route operators had increased to 100.5. With a growing roster, we are planning to expand service back towards budgeted levels. In addition, the administrative team saw significant changes with the hirings of a Director of STRIDE Operations, Director of Finance, Assistant Director of Finance, two Procurement Managers, and a Payroll Supervisor. The new additions to the team bring with them a lot of education and experience that will certainly help company objectives.

A new STRIDE Collective Bargaining Agreement was negotiated and approved in 2024 for years 2025-2027. The development of this new contract was productive, and we look forward to negotiating the larger fixed-route and maintenance contract in 2026.

State of Good Repair

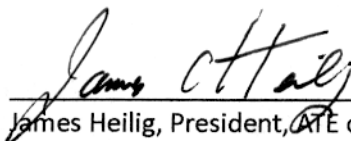
Managing and maintaining the DTA's fleet and facilities is always a priority. ATED staff worked to secure funding and implement a number of projects in 2024. Nine new fixed-route buses were ordered in early 2024, with delivery planned for early 2025. Two additional fixed-route electric buses were ordered and should arrive in late 2025. Six new STRIDE buses were ordered and five were delivered in late 2024, with the last coming early 2025. Other capital projects underway in 2024 include replacing piping at the DTC, installation of an upgraded sprinkler system at the Operation Center, engineering for major flooring work at the Ops Center, engineering for replacement of six heavy duty bus hoists, and engineering for upgraded charging systems for the electric buses.

Funding

Above all, the biggest challenge that transit systems face is ensuring that there is adequate funding for public transit service throughout the state and the country. While we have some comfort that near term needs will be met, the long-term reliability of transit funds is crucial for all transit systems and must continue to be a priority for local, state, and federal leaders so we can continue to invest in public transit for everyone. In 2024, MnDOT decreased its local share requirement to only five percent, relieving local property taxpayers. It is unclear how long this program may continue but could end as soon as 2026. The federal government is expected to make significant changes in 2025 as President Trump was elected in late 2024. Funding levels and priorities of the FTA are unclear at this point. Passenger revenues continue to grow as ridership increases and potential pass partnerships should add to that.

On behalf of the ATE Management of Duluth SBC Board of Directors, I hereby certify that this report has been reviewed and approved by the Board of Directors on this ____ day of March, 2025.

Signed:



James Heilig, President, ATE of Duluth



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OFFICE OF THE SECRETARY OF STATE
FILED
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A handwritten signature in black ink that reads "Steve Simon". The signature is written in a cursive, flowing style.

Steve Simon
Secretary of State