

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

December 18, 2008

The Ames Transit Agency Board of Trustees met on December 18, 2008 at 4:00 p.m. in CyRide's conference room. The meeting was called to order at 4:12 p.m. by President Anders. Trustees in attendance: Anders, Schainker, Popken and Munoz. Absent: Trustees Hayek and Madden.

APPROVAL OF MINUTES: Trustee Popken made a motion to approve the minutes from the November 19, 2008 Ames Transit Agency Board of Trustees meeting. Trustee Munoz seconded. (Motion carried unanimously).

PUBLIC COMMENTS: No public comments.

Until the remaining board members arrived, the Transit Board proceeded to discuss agenda items that did not require board action.

TRANSIT DIRECTOR'S REPORT - DECEMBER 2008:

Highlights from the report were:

- A grant application was submitted through the Iowa Clean Air Attainment Program (ICAAP) to fund two hybrid buses for new service to Dayton/13th Street. The application is to be recommended to the Iowa DOT Commission in January 2009. If approved, the grant would become effective October 2009 to begin procuring the buses, which could be delivered 14 – 16 month later. The ICAAP grant is tied to route expansion and not replacement buses and could only be used for the route to east Ames.
- Facilities Study – Phase 2 – group comprised of CyRide staff, ISU, and City planning staff met to further develop the satellite facility and discussed additional satellite sites. This group will meet again the first part of January to narrow the sites with final information presented to the transit board at the January 2009 meeting.
- CyRide administration received a complaint from a private operator, regarding the Airport shuttle stating that it believed that this service was a charter. As it is a published CyRide route, it is staff's understand that this is not a charter. CyRide will follow the correct legal process if a formal complaint is pursued.
- The Ames to Des Moines service application will be presented to the transit board for their approval at the January meeting before submitting to the IDOT for funding.
- Labor Negotiations are complete with a two-year agreement if ratified by the union membership. The following changes will affect future budgets: 3.5% increase each of the two years, \$.50 per hour shift differential for

Moonlight Express drivers, and increased mechanics tool allowance from \$150/200 - \$300 per year.

- Ridership for November was lower than November 2007 by 3.9% which CyRide staff links to the difference of 3 fewer weekdays.

At 4:21 pm, Trustee Madden joined the meeting.

CAPITAL IMPROVEMENT PLAN: Every year, the transit board adopts the Capital Improvement Plan which identifies needs of the transit facility for the next five years. With the STIC funding, Small Transit Intensive Cities, CyRide can address more of the needs than in the past. The five-year document was attached for the board and the first year's projects were discussed in detail: Purchase of Used Buses, Administrative Vehicle, Building Expansion/Repair, Bus Stop Improvements and Computers.

2009/10 BUDGET: Director Kyras provided the board with a status report on the existing budget for 2008/09. With the first five months of the fiscal year, fuel prices had significantly affected the budget. At the beginning of the fiscal year, CyRide's budget expenses were over budget due to high fuel prices. As of December, prices had dropped and the budget was once again within budget. CyRide anticipates a year-end average of \$3.48 per gallon compared to the adopted budget price of \$2.90 per gallon. Prices for fuel have varied from \$4.02 in July to the current low of \$1.61 per gallon. Expenses for the year are estimated to be higher, creating a variance of \$300,422.

Fixed route expenses are higher than budgeted due to overtime wages paid to bus drivers as this staffing level has been lower than desired. The driver staff shortage experienced this fall has been resolved and will remain lower for the last half of the year.

Dial-A-Ride expenses are trending lower due to fewer trips taken on this service in the first five months of the fiscal year.

Expenses for administration are expected to be higher (+2.3%) because of additional safety and training expenses due to more drivers being hired to fill the staffing gap and due to a correction in the budget to add marketing expenses that will be covered by grant revenue.

Director Kyras discussed the possibility of purchasing fuel through futures which might help stabilize the budget by reducing the volatility of the fuel expenses. Director Kyras contacted Des Moines Area Regional Transit, DART, personnel to learn more about their process of purchasing diesel fuel through futures. Their Commission recently approved entered into fuel contracts for approximately 90% of their diesel fuel. A lengthy discussion followed about the benefits and risks of purchasing fuel under contracts. The discussion resulted in a consensus that purchasing diesel fuel through futures had some promise, but that there was, and

is, a lot to know and learn about this process before the board would be comfortable in locking in its fuel expenses.

With State funding revenues lower than budgeted (\$520,000 to \$500,000), operating revenues are expected to be lower, 0.7%. This is the result of lower automobile sales which is tied to transit funding revenue. The farebox revenue is higher because of non-student ridership and an increase in advertising revenue with new prices under the Houck Advertising contract. Pooled Cash Interest is down because of lower interest rates.

The closing fund balance was programmed at 14.7% in the adopted budget, but in an effort to fund fuel expenses and not impact services, the amended budget reduces the balance to 12.2%.

The GSB Trust Fund is expected to have a positive balance at the close of the 2008/09 budget year.

The baseline budget request for 2009/10 reflects no service changes except to add two buses from 2:00 to 6:00 p.m. to accommodate heavy passenger loads. As a result, expenses show an increase of 5.8% from the amended 2008/09 budget with additional costs of \$305,677. Fuel was budgeted at \$3.75, an increase of \$.27 per gallon over the amended 2008/09 budget increasing the total cost by \$83,700.

Health insurance will increase 10%, wages and benefits will increase 3.5%, which results in an increase of \$266,446 in expenses in these budget line items.

CyRide will continue to partner with Heartland Senior Services for the 2009/10 budget year increasing Dial-A-Ride expenses by 4.7% to \$164,559 for the proposed 2009/10 budget.

Expenses for administration support are expected to increase 3.8% from the 2008/09 budget to reflect an increase of \$55,736 for wage and benefits.

Revenues are budgeted to increase by a total of 5.5% in 2009/10. Federal funds are anticipated to increase with operating funds from four programs: STIC, New Freedom, and 5307 and 5310 with a total dollar increase of \$199,141 over the 2008/09 amended budget. The increase is due to the fifth performance criteria in STIC that will provide a \$125,000 increase plus overall program increases. Federal funding is anticipated to increase 5%.

State funding is expected to decrease by 3.8% for the third year in a row. Farebox revenue is expected to increase by 14.5% in 2009/10 with higher revenue generated by customers riding the bus during volatile fuel prices. Farebox revenue is anticipated to be \$316,000. Pooled cash will be lower with a 47.8% decrease. Staff will restrict travel for conferences/training which negatively

affects DOT reimbursements. Revenues will increase from advertising reflecting the new contract with Houck Transit Advertising.

The recommended local contribution from the three funding partners is 8% under the baseline proposal. The GSB Trust fund will remain in a positive balance with this funding level and will require a 4% increase in student fees which has been approved by the Fee Committee and the Board of Regents.

Under this budget scenario, the closing fund balance reflects a 12.7% balance and the GSB Trust Fund would have a positive balance in the 2009/10 budget of \$61,361.

Options that the board could consider that could be added to the baseline budget include service to the new Aquatic Center which has an annual cost estimate, less revenue, of \$21,231. This service would provide transportation between City Hall, the new Aquatic Center and Beyer Hall, Monday through Sunday from 12:30 – 8:30 p.m. One bus would operate a continuous loop every 60 minutes.

The second option is a request from DMACC to add two trips to the #4 Gray route schedule Monday through Thursday, during the school year, leaving DMACC at 6:05 and 9:05 p.m. to accommodate class schedules. Trips would be added to the end of existing trips to minimize expenses and the cost for this would be \$12,948.

The final option is Summer Fare Free for the community from May 15, 2010 through August 15, 2010. Residents would be able to board the bus and pay no fare to ride. Estimated cost for this service is \$165,200.

Discussion among transit board members indicates DMACC service is not a high priority. Discussion among the board members centered on the idea that if DMACC is requesting this service, their administration should consider providing funding to assist with its expense. Transit board members asked Director Kyras to contact DMACC in the future to determine their interest in this shared funding arrangement.

Transit board indicated a desire to pay for the baseline budget and possibly the new Aquatic Center. There was discussion about the timing of the Aquatic Center's opening and the effect that this uncertainty had on the budget. Director Kyras indicated that the budget would cover the second half of the 2009 swimming season and the first half of the 2010 season, requiring a full year's funding.

Additional discussion followed on how much students could fund, and what group of residents might benefit from the services. Trustee Madden shared the impact that the state-mandated cuts were having on this year's budget as well as the

2009/10 budget year. He indicated that the university is not looking at adding any new services/programs or increasing funding to existing programs next year.

The budget discussion then turned toward the volatility of fuel prices and the price per gallon for diesel fuel that should be reflected in the 2009/10 budget. The probability of \$3.00, \$3.10, \$3.25, \$3.50 and \$3.75 per gallon was debated among the board with no consensus reached. The board asked Director Kyras to provide the board with three funding scenarios for the January meeting: \$3.25, \$3.15, and \$3.00 per gallon while keeping the fund balance at 12%. It was explained that board will be asked to approve a budget at the January meeting.

SET TIME AND PLACE OF NEXT MEETING: Next transit board meeting will be held January 29th at 4:00 p.m. in the CyRide Conference Room.

ADJOURN: Meeting adjourned at 5:25 p.m.