

## AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

June 9, 2011

The Ames Transit Agency Board of Trustees met on June 9, 2011 at 5:00 p.m. in CyRide's Conference Room. Director Kyras called the meeting to order at 5:12 p.m. Trustees in attendance were Fox, Madden, Schainker, Vander Velden, via conference call, and Wacha. Arriving late: Trustee Anders.

**Public Comments:** Public in attendance were Andy Duffelmeyer, Ames News Online. Linda Voit, Cheryl Lawson, and Diane Birt representing the AMOS organization for Students at Risk program. Their purpose for attending was mainly to listen, but to find out more about the transportation issues and to help the community find a solution to transportation challenges for youth at risk.

President Anders indicated that he would arrive late so Director Kyras proceeded with the next item of business, election of officers for the 2011-2012 year.

**ELECTION OF OFFICERS:** Director Kyras explained under the Ames Municipal Code, Chapter 26A, election is required to fill the office of President and Vice President of the Transit Board of Trustees. Director Kyras opened nominations from the floor to fill the office of President. Trustee Schainker made a motion to re-elect Trustee Anders, assuming he wishes to take another term as President. Seconded by Trustee Madden. (Ayes: 5; Nays: 0.) Motion carried.

Director Kyras asked for nominations from the floor for Vice President. Trustee Vander Velden expressed interest in the position of Vice President. Trustee Wacha made a motion to nominate Trustee Vander Velden for Vice President and seconded by Trustee Fox. (Ayes: 5; Nays: 0.) Motion carried.

**FY11 FEDERAL OPERATING GRANT APPLICATION APPROVAL:** Director Kyras explained to the board members that CyRide annually submits a federal grant application to support the operating and capital budgets that draw down federal funds. She then asked Shari Atwood, CyRide Transit Planner, to provide the board with the specific projects and funding request included in the application.

Shari Atwood explained the total funding request and Small Transit Intensive Cities (STIC) funding. The \$1,528,279 in operating funds that CyRide is eligible for is based on two funding apportionments, Formula 5307 and Small Transit Intensive Cities (STIC) funding. She indicated that the STIC funding includes federal dollars that CyRide receives that other agencies do not as CyRide is more efficient than the average larger transit system nationwide. Both STIC and 5307 funding is based solely on population and population density.

Trustee Anders arrived at 5:17pm.

She further explained that CyRide competes against other agencies for the STIC funding and is rated on six performance categories noted in the board packet. CyRide met five categories this year, but has never received all six. CyRide has never received one category - passenger miles traveled per vehicle revenue mile. She indicated that CyRide's federal dollars increased 2.1% overall and that this typically would have been higher. However, this past year, more systems achieved higher performance, which in turn, lowered the amount each criterion was worth decreasing CyRide's funding from this federal funding source.

CyRide budgeted \$1,550,000, which is less than CyRide will receive of \$1,528,279 so will fall short by \$28,000. This is, however, an increase of \$37,400 over last year's federal funding. This is a result of the lower STIC funding per criteria this year.

Director Kyras requested the transit board authorize the Director to execute and file a 5307 funding grant application. Trustee Madden made a motion to authorize the Transit Director to execute and file a Section 5307 grant application for \$1,528,279. Motion seconded by Trustee Fox. (Ayes: 6; Nays: 0.) Motion carried unanimously.

**FARE INCREASE/SERVICE CHANGE STUDY UPDATE:** Director Kyras brought the board up to date on CyRide's fare increase/service reduction public input meeting and requested additional policy guidance in developing alternatives to address the budget shortfall and possible solutions to the budget issue CyRide is facing.

She summarized the funding shortfall projections and reason for this situation. The 2010-2011 and 2011-2012 budget issues are caused by higher fuel prices as was discussed during the April transit board meeting. She indicated that the purpose of the public input meeting was to gather information about what was important and less important to the public about CyRide services. This information would then be used to determine possible alternatives, solutions, or process to move forward. She further indicated that a public survey had been placed on CyRide's website and handed out at the meeting asking the public to gain this input.

Because the extent of the 2011-2012 budget expenses for fuel are unknown at the time, she indicated that staff would need further board direction on the dollar amount and time frame to recover this funding. Based on this direction, staff would prepare fare increase/service reductions for the board and public to consider.

Director Kyras began with the public input meeting and shared a summary of the public comments from the 35 individuals who attended the public meeting held June 2, 2011. A synopsis of the 67 comments received from the meeting was discussed with the board members and they were provided with the detailed comments. Director Kyras summarized the comments and found there were six themes she then shared with the transit board.

- Concern that this was not the time to cut services – difficult time with economy and gas prices
- Fare increases were preferable to cutting services
- City/university should absorb more of the budget shortfall – consensus was that the board could help with this; the cost should not be absorbed by CyRide’s riders only; the funding partners should share the pain
- Timing of study with students being gone was poor
- Long term solution – the board should find a solution that would allow transit to move forward
- Numerous questions to try to understand: why CyRide did not predict this increase, biodiesel/hybrid impact, etc.

Director Kyras shared the presentation given at the public input meeting. The first slide is a refresher for the board on how the prices of fuel are affecting the current year and next year’s budget. CyRide received several questions on why this was not predicted and staff explained that prices were predicted approximately 12 months prior to the beginning of a new budget year. Fuel prices in each case, over the past two years, was between \$1 - \$2 per gallon less at the time the budget was prepared.

The next slide presented the fuel impact of the higher prices on CyRide’s budget. Director Kyras indicated that in the 2010-2011 budget CyRide will be paying \$55,000 more than budgeted. In the 2011-2012 budget year, CyRide will pay \$91,000 more than budgeted under a fuel contract for eight months. The months not under contract could total as much as an additional \$113,000. The total impact is a \$150,000 to \$250,000 gap in funding over the two year period.

Next slides shared CyRide Ridership. CyRide is dealing with record ridership, which presents a challenge for CyRide as ISU enrollment is predicted to further increase this fall.

The Director shared the Service/Fare Modification timeline with the Transit Board.

Trustee Anders shared with board members that it was a passionate meeting and one issue he took away from the meeting was the public’s concern that the transit board was not anticipating these increases or was not maintaining a large enough closing balance to absorb these unanticipated expenses. He indicated that the board could be more aware of CyRide’s closing balance when moving forward.

Two members of the public attending the public meeting suggested working with GSB for assistance to remedy the short term funding issue. They indicated that the possible fuel crisis can be attributed to a city planning problem. The city has allowed additional high-density population areas within Ames such as the new apartment complexes on S. 16<sup>th</sup>. The public representatives felt it was a city planning issue with apartment complexes receiving tax abatements.

The main issue Trustee Anders gathered from the meeting was to be more aware of the closing balance and consider service reduction options such as last route in, first one out. He also shared that the meeting participants indicated a desire that the “funding pie” or shares from the three local funding partners should be less rigid allowing for unequal increases as circumstances dictate.

Trustee Wachha responded to the comment about the apartment complexes and tax abatements in the S. 16<sup>th</sup> area. He clarified the situation indicating that these apartment complexes are not receiving tax incentives from the city. The developer requested that Grand Avenue be extended to their development on S. 16<sup>th</sup>, and the city agreed, but with the understanding, that the developer would not request zoning that would allow the apartment buildings to be turned into condominiums. Trustee Wachha indicated that complexes designated as condominiums contribute lower tax revenues.

Trustee Madden indicated that he believes that the land use planning process could be modified to reduce its impact on transit. He indicated that human service agencies moved to S. 16<sup>th</sup> Street and came to a transit board meeting asking for more transit services to this area. He further indicated that the transit agency did not receive information on why they decided to relocate to this area instead of staying in downtown Ames where transit serves the community better. Planning in this area is disjointed. He indicated that the apartment complexes on S. 16<sup>th</sup> are located in a flood plain area and with 500 students in this area, increased pressure will be placed on public transit services to serve this area. He also indicated that he believed that the West Ames businesses that developed over the years were beneficial.

Trustee Schainker mentioned CyRide actually has been one of the leaders in helping the dispersion of students to happen. He indicated that with the cooperative agreement, students could now expand outside university housing. As it is less expensive to buy farmland and put apartment complexes on the outlying sections rather than purchase inland property, he indicated that this is where developers desire to build. He indicated that the Transit board decided to operate service in this area making it more attractive to build. Further he shared that the city’s land use policy was meant to intensify the area near the ISU Campus, but many of the established neighborhoods did not want apartment complexes within their neighborhood. He indicated that the Transit Board decided to operate CyRide to the high-density areas, but as no route makes money, this requires the local funders to underwrite this cost. He shared with the other board members that he believes CyRide tries to accommodate the high demand area, but that is where the Transit Board gets into trouble trying to accommodate the growth within budget constraints.

Director Kyras shared with the board the various philosophies about how public transit is viewed as a public service much like fire protection. Not all residents need it, but all pay for the benefit. Many see CyRide has a valuable asset to the community. What is difficult is to balance the services and funding to meet these needs. Participants at the public meeting shared that they believe CyRide as a valuable asset and urged CyRide to come up with a long-term solution allowing CyRide to continue existing service within the community. They indicated they do not want services cut.

Further comments from the public meeting were shared with the board members: Ames population supports CyRide, the financial impact on low-income riders if there is a fare increase will be challenging. The board members acknowledged that the Chamber of Commerce recognizes CyRide has a tool to encourage people to move to Ames.

Trustees Wacha and Schainker indicated the Governor's budget proposal for next year would not allow city's to raise taxes more than the Consumer Price Index (CPI), which would severely limit the City of Ames' ability to raise taxes. This will make it hard to continue to grow CyRide. The board members discussed this challenge and the need to find a short-term solution to the fuel expenses, but also to determine solutions for the long term health of the transit system.

Trustee Schainker indicated that he was interested in a way to set different fares for low income residents. Director Kyras indicated that she had worked with a program of this nature in Des Moines and that there was a great deal of administrative time and cost to a program of this nature. She indicated that income standards would need to be established and then staff would need to verify this as well as administer the lower cost tickets. She indicated that staff would look at this or other options to reduce the impact on low income residents in the fare analysis portion of this study.

Trustee Schainker further shared with the other board members that he believes that the transit board needs to address the issue by fare increases or reduced services in the short term. Further stating that he believes that a different rate or program for low income individuals is desirable. He indicated that a program could use a combination of qualifications or federal guidelines already established. He indicated that CyRide has a unique funding mix and that the farebox is a small fraction of the revenue. He stated that with Iowa State enrollment up and 10,000 students in University housing, he questioned what effect this would have on CyRide service this next year.

Trustee Anders shared with the board that he believes that the transit board needs to look at federal funding declining in the future and that it will not be as dependable source of funding. There should be a systematic way or be more mindful way to look at routes such as last one in, first one out. He used the example of eliminating the Aqua route as a start.

Trustee Wacha shared with the board his belief that, as a transit board, the members had agreed to move forward with projects that lowered the closing balance to under 8% knowing that the board established goal was 15%. He indicated that he still supported this decision, but acknowledged that it had contributed to the challenges that CyRide is facing.

Trustee Schainker indicated that he was concerned about the bus tracking system the students are requesting and willing to pay for, for the first three years, but he would like to secure a funding source for the future after the students commitment ends as he indicated that the system could not be turned off at that point. He indicated that there was

a yearly cost associated with this technology improvement and was concerned about how CyRide could fund this in the future.

Trustee Madden said budgeting is an estimating process and the \$250,000 deficit is going to be a challenge. He offered several alternatives: requesting GSB fund \$155,000 or \$160,000 from its reserve; CyRide cut backs, fare increases. He suggested completing an analysis of the effect of alternatives such as a \$1.25 fare increase; peer analysis of Iowa transit systems as well as university communities around the nation on what their fares are and their hours of operation and bring information back to the July/August meetings.

Director Kyras indicated that staff would be developing options in three areas: internal savings, fare increases and service reductions. She also shared with the Transit Board that there is a possibility that the 2010-2011 budget may end slightly better as flood revenue may lower some of the expenses. This will be determined at the time of the financial audit around the first of August. She indicated that the service reduction options would be analyzed separately and then staff would prepare several options that would total the dollar amount that would need to be saved.

Trustee Madden asked about where CyRide was finding additional demand – north or south Ames. Director Kyras indicated that the higher demand was south. For example, she indicated that service had been added on the Blue route because of Wal-Mart as well as a large minority areas located on the Blue route. She also shared with the board that through this process, staff would need to analyze the impact on minority and low-income populations and that the option chosen could not have a disparate impact on these populations as required by Title VI federal regulations.

Trustee Schainker shared with the members that if a fare increase from \$1.00 to \$1.25 was implemented, it would also need to increase the students share. He indicated that when the students went fare free, a portion of this funding went toward paying for fares. He questioned how to calculate what portion that was today and apply this to new funding scenarios. Director Kyras indicated that staff would develop a methodology and share this with the Transit Board.

Director Kyras briefly shared the impact of the last fare increase with the board. She indicated that when the fare was raised from \$.75 to \$1 that non-student residents continued to ride at the same level; however, ridership dropped dramatically as the students did not ride as often. She indicated that it was her belief that this dramatic ridership would not happen if fares were increased today as the students no longer pay as they board the bus.

Representatives from AMOS were concerned with reducing service or not providing the type of service for K-12. They indicated they are charged with finding solutions for At-Risk students. They indicated a need for more public transit in the community. An AMOS representative shared her concern in the discussion on cutting the Aqua Route because this is one route the At Risk students use allowing them to come together and communicate on a whole different level.

Trustee Madden asked if there were any private bus operator's still operating service from the apartments to campus. Director Kyras indicated that the apartments had contracted with a private bus operator in the past to provide service from Billy Sunday Rd. and from the University Plain apartments, but that service had been discontinued a few years ago.

Trustee Schainker asked about the ridership on the Yellow route. Director Kyras indicated that it had light ridership, but that this route will also help serve the new apartment complexes on S. 16<sup>th</sup> Street during the midday. She raised concerns regarding CyRide's capacity for service in this area indicating that the current service could not handle the number of riders expected from these new complexes. She further indicated that CyRide will be put in a situation to either have to leave passengers or add buses.

Director Kyras detailed the results of the customer survey. This survey focused on gaining information about what was important about CyRide service. Of the seven service criteria, maintain routes that are carrying the highest number of people and maintaining high bus frequency ranked as most important to customers. She indicated that this input indicates that an efficiency analysis, based on passengers per hour and subsidies, would help identify less productive routes, which would address the public input received.

Director Kyras indicated that staff was seeking board guidance to identify the total dollar amount and time to recover this level of expense in order to develop packages that will address the budget shortfall. She indicated that if the board desired to recover all possible fuel expenses that were over budget, the board would need to direct staff to identify \$250,000 packages. She provided an example of what this level of service cut might encompass – eliminate Cardinal, MLX. She contrasted this with the smaller dollar impact of \$150,000 to recover all known fuel expense at this time.

She also requested board guidance on the time period they desired this funding to be recovered in stating that the longer the time period, the lower the impact on services and fares. Trustee Schainker indicated that he believed that the board did not have a choice that CyRide would need to recover the expenses by the end of the 2012 budget year and that since we did not know the extent of fuel costs for next year, CyRide would need to plan for the worst case. Director Kyras confirmed that this meant a \$250,000 package over a 6 month time period from January to June 2012.

Trustee Wacha shared with the board, the city's budget challenges with the commercial property tax proposal indicating that it would impact the City of Ames more than other cities in Iowa. Director Kyras explained that the public was struggling with the fact that CyRide needed to cut services/increase fares for a \$250,000 budget shortfall, when it had a closing balance of \$550,000 and a GSB Trust Fund balance of \$1,000,000 for transit services. The board directed staff to develop three packages that would meet the budget shortfall and bring these to the July/August meetings. These packages were: a fare increase option(s), a service cut option(s), and an additional three-party funding option(s).

Trustee Wacha also requested that staff develop service cut information individually so that the board could modify the packages if desired.

Trustee Fox shared with the board members the students concerns that if GSB put in additional money to resolve this issue, that it would be a band-aid approach and not resolve the longer-term issue of adequate funding to provide transit services.

Trustee Schainker indicated that a fare increase for over 5.4 million riders is less than a penny a rider to solve the budget problem. If 60% of the riders are students, there is a logical way to approach their portion of the fare increase. He shared his concern about the future, indicating that expenses will not be going down. It will take \$250,000 to be fully funded by the end of June 2012. He further provided input on the packages to be developed indicating that staff could look at possibilities such as calculating the additional revenue if the funding partners contributed an additional 2%. Trustee Schainker questioned what level of increase in GSB funding the students would be willing to commit to and suggested this be developed into one of the options.

Director Kyras shared the time line for this project with the board, which will be to develop packages for fares and service reductions by the end of July. Information will be presented to the Transit Board in August with a second public meeting when students return. She indicated that the board could review options during the September meeting and implement any changes approved in January of 2012.

**QUARTERLY OPERATIONS REPORT:** Director Kyras quickly highlighted significant changes in the quarterly performance report indicating ridership continues to increase as a result of fuel prices.

**TRANSIT DIRECTOR'S REPORT:**

- Intermodal Facility construction continues to progress.
- CyRide staff continues to work through special projects with staff working on assigned projects.
- Flood planning continues with staff conducting flood drills and Rich Leners looking at panel systems. He viewed the aluminum flood protection panels installed at Lied Recreation Center with FM Global Engineer.

**TIME AND PLACE OF NEXT MEETINGS:** July 18, 2011 at 5:00 p.m. and August 25, 2011 at 5:00 pm in CyRide's Conference Room.

**ADJOURN:** Meeting adjourned at 6:39 p.m.

---

Bob Anders, President

---

Joanne Van Dyke, Recording Secretary



