

## AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

July 20, 2011

The Ames Transit Agency Board of Trustees met on July 20, 2011 at 5:00 p.m. in CyRide's Conference Room. President Anders called the meeting to order at 5:12 p.m. Trustees in attendance were Madden, Wacha, Anders and Vander Velden via conference call. Absent: Trustee Schainker and Fox.

**APPROVAL OF MINUTES:** Trustee Wacha made a motion to approve the minutes from the June 9, 2011 Ames Transit Agency Board of Trustees Meeting. Trustee Madden seconded. (Ayes: 4, Nays: 0.) Motion carried.

**PUBLIC COMMENTS:** None

**AAMPO TRANSIT REPRESENTATIVE APPOINTMENT:** Director Kyras explained to the transit board that Max Choi was the AAMPO transit representative and that his term had expired May 2011. She indicated that the Transit Board would need to appoint a transit board member to fill this vacancy on the Ames Area Metropolitan Planning Organization's Policy Committee. The committee meets four to six times a year before the City Council meeting and the meetings are very short. Transit Board members present were unable to fill this appointment and Trustee Madden proposed the appointment be tabled until the next meeting to ask Trustee Fox if she would be available Tuesday evenings and would like to fill the vacancy.

**INTERMODAL FACILITY CHANGE ORDER APPROVAL:** Director Kyras reported that the Intermodal Facility is progressing very well with walls beginning to be constructed. Up to this point, total change orders to date are \$7,172; however, the next change order, #11 for \$45,389, will exceed \$50,000 cumulatively. She indicated that the Transit Board had directed staff during the March 2011 Transit Board meeting to obtain its approval and City Council for cumulative amounts over \$50,000. Change Order #11 is for additional sheet piling needed for constructing the retaining wall along College Creek due to poor soil conditions.

Trustee Wacha asked about the contingency fund to determine if funds for this change order would compete with the bike trail extension that is hoped to be added if sufficient contingency funds are available at the end of the project. Director Kyras replied they both came from the same project budget account, but that she expected future change orders to be smaller still leaving the possibility of this addition at the end of the project.

Trustee Madden made a motion to approve change order #11 to Weitz Company for a not-to-exceed amount of \$45,289 for the additional sheet piling as a result of poor soil conditions. Trustee Wacha seconded. (Ayes: 4, Nays: 0) Motion carried.

**STATE OF IOWA – STATE OF GOOD REPAIR GRANT APPLICATION:** Director Kyras reported there is a new federal funding source for discretionary dollars called State of Good Repair (SGR) and that the State of Iowa was in the process of submitting a grant, on behalf of transit systems around the state, to replace buses. CyRide's buses can be

considered for inclusion in their grant. The DOT requires a commitment that if funded, CyRide could provide the necessary local match to pay for the vehicles.

In 2010, CyRide submitted its own application and the state did as well receiving \$5 million dollars. Since CyRide applied separately and also received funding, it was not eligible for the state grant funds. Director Kyras reminded board members that within CyRide's approved application, it was awarded \$3,688,000 that will be used to replace ten 40-foot heavy-duty biodiesel buses (\$3,528,000) and purchase of new scheduling-operations software (\$160,000). The project was selected on a competitive basis for the State of Good Repair Program.

CyRide will not be submitting an application this year, but can be included in the statewide application. The spreadsheet presented at the meeting represents a priority bus list the DOT manages. The highlighted lines reveal CyRide buses. Director Kyras indicated that to be included in the grant application, it would need to indicate that the local match dollars would be available. She indicated that if the application was funded, these dollars would need to be available when the buses were delivered, estimated to be in late 2012, 2013, or possibly 2014, which would allow for accumulation of these funds over the next several years.

She indicated that if the Transit Board wishes to move forward, the transit board would have three options at the time the grant was awarded to the state.

1. CyRide could fund an additional \$136,200 in its capital program over a two year period.
2. CyRide could reprioritize its capital purchases if uncommitted local match is not sufficient at that time.
3. CyRide could "pass" on receiving the SGR funding for all or a portion of the five buses on the list, which would allow other transit properties lower on the list to receive funding.

Trustee Schainker arrived at 5:21 p.m.

Trustee Madden made a motion to include five buses in the Iowa DOT State of Good Repair grant application. Trustee Wacha seconded.

Trustee Wacha discussed the \$1,472,688 in total local dollars available versus the \$1,346,114, which is committed to CyRide's building expansion and 13 buses that have been ordered, shop equipment and computers. Trustee Wacha clarified that the \$136,200 in local match was the total additional local match that would need to be accumulated over the next several years. Director Kyras indicated that he was correct. Director Kyras shared that these buses could receive 90% federal funding since they were biodiesel buses. She further clarified that the two CyRide minibuses on the state's list, if awarded in a grant, would arrive before the 40' buses. CyRide would know in January 2012 whether the state's application was successful, which would be prior to next year's budget approval.

President Anders called for the vote. (Ayes: 5; Nays: 0). Motion carried.

**HEARTLAND SENIOR SERVICES CONTRACT MODIFICATIONS:** Director Kyras explained that a majority of the State's Office of Public Transit staff retired, that new staff have reviewed all existing contracts and are requiring modifications to the CyRide/HSS contract. These changes would allow for CyRide to continue qualifying for state formula money for this service.

Director Kyras discussed the proposed changes with the City of Ames Legal Counsel to determine if modifications could be accommodated by the amendment section of the existing contract to avoid cancelling the contract and renegotiating a new one. It was determined that this would be an appropriate use of this contract clause.

The items in red are the changes the DOT would like to see happen, which many are clarifications such as the source of funding for the contract, payment timing, etc. She indicated that she believed there were not substantial changes. The contract is not complete at this time and is subject to Legal Counsel, the Iowa DOT, and HSS approval. The document was distributed to the named parties, but Director Kyras has not heard back from them to date.

Trustee Schainker was concerned with the addition of the funding shortfalls statement. Director Kyras explained that this was included by the Iowa DOT staff to indicate how the transit board would address funding shortfalls. Tom Davenport, CyRide's Transit Coordinator indicated that the transit system receives approximately \$180,000 each year for the provision of Dial-A-Ride service and transit amenities. He indicated that \$130,000 pays for 80% of the Dial-A-Ride service and \$40,000 for shelter/benches. He also indicated that prior to receiving this funding, CyRide had paid 100% of the expenses from its operating budget. Unspent funds each year are carried over to the next year so that there is no risk of losing a portion of this funding if actual expenses are lower than predicted. Director Kyras indicated that if there was a federal funding shortfall, CyRide would cut back on shelters before it would affect the Heartland Senior Services contract.

Trustee Madden questioned the new language on the timing of payment and suggested that language be included to indicate that it was based upon receipt of accurate reports and satisfactory service. Director Kyras indicated she would include this language in the final draft of the contract amendment.

Trustee Wacha made a motion to approve Amendment 1 to the "Contract for Transportation Services between Heartland Senior Services and the City of Ames: subject to Legal Counsel, HSS and Iowa DOT approval. Trustee Madden seconded. (Ayes: 5; Nays: 0.) Motion carried.

**FARE INCREASE/SERVICE CHANGE STUDY UPDATE:** Director Kyras explained that staff had prepared three pieces of information for the July Transit Board meeting regarding the fare increase/service change study: internal savings proposal, peer analysis and student portion of fares calculation. She indicated that in August, staff would present options for fare increases and potential service changes based on input/information gathered to date.

She further explained the three topics for discussion at the meeting to achieve the transit board's goal of reducing expenses/increasing revenue by \$250,000 in a six-month period from January – June 2012.

- **Internal budget saving options** - Staff reviewed capital and operating expenses to determine where budget savings could be obtained.
- **Peer analysis** - Iowa and peer national systems comparing fares, services levels/efficiency and budget policies.
- **Student fare calculation** – To answer the question, “How does CyRide determine the percent of student fees that pays for fares vs. services,” staff developed a methodology based on fares generated before and after ISU student fare free.

Director Kyras explained that staff had examined both capital and operating budget line items to determine where savings could be generated. Eleven potential savings were presented to the transit board with the following four potential internal savings recommended by staff.

- **Delay purchase of an expansion support vehicle** - would save \$30,000
- **Reduce vehicle parts budget** – reduce parts budget due to decreasing age of fleet and new vehicles to be added to the fleet – would save \$40,700
- **Reduce vehicle mileage** – bring drivers in the office in-between pieces of work to reduce fuel usage – would save \$5,000
- **Reduce Public Education/Advertising** – reduce expenses to educate students/ public of the availability of CyRide service, especially to new students – would save \$5,500

The recommended potential savings totals \$81,200.

Additional expenses that could be considered would be to reduce travel; non city services such as snow removal; cleaning supplies; and to retune the light at Lincoln Way and Beach saving the need for one bus trip. The total potential savings from all possible reductions would be \$137,000.

Trustee Schainker requested additional information regarding the option to delay replacing a full-time driver. Director Kyras indicated that the savings was due to the elimination of benefits as the position would be replaced with 2 – 3 part-time drivers during the interim. She further indicated that delaying the replacement of this position, upon the retirement of a current employee in December 2011, would reduce the smaller number of full-time drivers that CyRide employed – 24 out of 120. She indicated that she believed it would reduce morale and place the burden of finding budget savings on the employees. Barbara Neal, CyRide’s Operations Supervisor, confirmed that it was primarily a morale issue. She further indicated the CyRide had a small number of full-time drivers due to the reduction of driving hours when service was cut back during the summer to meet lower ridership demand.

Trustee Anders asked if CyRide was currently paying overtime to its drivers. Director Kyras indicated that CyRide was and would always be paying overtime as it was a “normal” part of providing transit service. She indicated that it was needed to cover service when: drivers call in sick, quit and it takes two months or more to get someone hired and trained. She indicated that the level of overtime was the management issue.

CyRide paid \$60,000 in overtime last year and this year CyRide's budget is \$25,000. She indicated that internal discussions had taken place to try to achieve this lower level.

Director Kyras asked for discussion or concurrence on the staff recommendation for internal savings. Trustee Schainker indicated that he understood the level that staff was recommending and that it represented the amount staff felt could be achieved without undesirable impacts, but that he believed CyRide should wait to make the decision on whether it was the right level of internal savings until fare and service options are developed. Director Kyras indicated that staff would assume this level of internal savings when developing the fare and service options; therefore, requiring approximately \$168,000 in additional savings.

**PEER ANALYSIS** - CyRide staff gathered information from 14 urban Iowa systems, smaller to larger, gathering the following information: population, total annual rides, riders per capita, fare structure, hours of service, frequency of service, passengers/hour, holiday service, and operating reserve policy vs. actual. The following recaps the presentation of findings/discussion with the board.

- **Fares** - CyRide's fare is about average.
- **Hours of service** – CyRide provides more service than its Iowa peers overall, but when compared to Cambus in Iowa City is comparable with slightly more service on Saturday.
- **Frequency of buses:** 30-minutes is the most common. CyRide vs. Cambus - virtually the same, except Saturday and Sunday, CyRide offers more service. Trustee Madden was hesitant to compare Cambus to CyRide because it is only a piece of the service provided in this community and felt the three systems needed to be looked at together. Director Kyras acknowledged this difference and indicated that she believed the better comparison was with its national peers, which would be discussed next.
- **Passengers per hour** - Iowa City is first in efficiency; however, their service provides shuttle service only as opposed to shuttle/cross-town service provided by CyRide.
- **Holiday service** - CyRide operates on three holidays that no other transit system operates – Memorial Day, 4<sup>th</sup> of July and Labor Day. CyRide's Transit Coordinator indicated that CyRide provides approximately 1,000 rides/day on holidays. Transit board members shared their desire to look at this for service reductions. Staff concurred.
- **Operating reserve** – There was not a consensus found; however, generally, most systems had a large dollar or percentage amount.

**NATIONAL SYSTEMS** - CyRide analyzed ten systems with these five criteria: university size, 2010 census population, city and university collaboration, ridership that exceeded two million, and climate.

Director Kyras presented the following findings with discussion by the board:

- **Population – Enrollment** - CyRide ranked 9<sup>th</sup> in population and 6<sup>th</sup> in enrollment – both in the middle to slightly lower
- **Annual rides** - CyRide ranked 6<sup>th</sup> highest generating ridership - in the middle

- **Rides Per Capita** - CyRide ranked 2nd
- **Fares** - comparable overall, however the \$35 monthly pass was higher than the average, which was \$25. Also 72% of the other systems had a lower monthly pass fare. CyRide's \$1 cash fare was also the most common cash fare. Other systems offer more options for the K- 12 as well as several different passes (2-month passes, 3-month passes, annual)
- **Hours of service** – comparable to most of CyRide's national peers with exception of Sunday. Seventy-three percent of the systems have fewer hours on Sunday.
- **Frequency of Service** - most systems were comparable Mon. – Fri., but offered slightly fewer hours on the weekend, particularly Sunday. Director Kyras explained that a 20 – 40 min interval between buses works for the size of Ames; compared to the peer systems in larger communities where it takes longer to travel across town.
- **Passengers/Hour** - CyRide is more efficient than the other systems.
- **Holidays** – The national peer systems also did not operate on Memorial Day, 4<sup>th</sup> of July or Labor Day.

Director Kyras directed board members attention to a summary chart (handout) that indicated opportunities for change: number of holidays it operates and the amount/ hours of service offered on the weekend. Additionally, it indicated that CyRide currently charged “average” fares within the industry. Director Kyras indicated that the Transit Board would need to determine if this is where Ames should be. Director Kyras will come back to the Transit Board next month with specific changes from what was heard from public meetings and the peer analysis and present options for the board's consideration.

**STUDENT FARE METHODOLOGY** - The third analysis presented was a methodology to calculate the “fare” portion of ISU student's fee contribution to CyRide. Director Kyras explained the method staff had developed, which included a calculation of the fares collected through the farebox before students paid for fare –free and after and applying this to the current year's fee collection. She indicated that 23% of the fee revenue was attributed to “buying down” the fare. This percentage was then applied to the 2011-2012 GSB contribution and, in today's dollars, \$719,542 represented student fares. She indicated that any potential change to CyRide's fare structure could be based on this number.

Trustee Vander Velden presented the option of using some of the GSB reserve to pay for any increases. Trustee Vander Velden asked for clarification on when the transit board would need the GSB's decision and when the fare gets set for the students. Director Kyras indicated that the current year's fees were set last year so he was correct that any increases affecting the current budget year would need to be secured from the GSB Trust Fund balance. Trustee Madden also indicated that the GSB Trust Fund request for the 2012-2013 year would be in September 2011. Currently, student fees are generating about \$300,000 more than needed for their share to operate service. Trustee Vander Velden express a desire to work with the GSB and GSB Fee Committee to determine options for use of the students funds. Director Kyras indicated that she had previously spoken with the

GSB President about meeting with the GSB Executive representatives and transit board representatives in August to discuss these issues.

A lengthy discussion amongst the transit board members followed with several thoughts/ suggestions to consider before the next transit board meeting.

- Trustee Madden shared his thoughts on the current level of ridership and where the growth had occurred. He indicated that as enrollment has continued to increase, it has contributed to higher ridership. He indicated that while fees had increased as well, that examining the number of students and its affect on additional services that have been added to carry the higher number of riders could be beneficial. He indicated that a majority of riders were using CyRide to get to campus. He further indicated that one-third of the students are in on-campus student housing; two-thirds are living in other locations that property owners are paying taxes on and collecting revenue to pay for this indicating that students were paying for service twice – fees and contributions to property taxes.
- Trustee Madden indicated that CyRide should keep shares equal for students and non-students. He used an example of raising the cash fare to \$1.25 for a non-ISU student. Further, he offered a different methodology to calculate the student portion of fares. He indicated that with a \$250,000 shortfall and 5.4 million rides, all riders would need to increase their contribution by 4.6 cents a ride. He indicated that raising fares an average of a nickel with GSB being approximately three-quarters of the riders would address the savings needed. He indicated that looking at the issue over a longer time period might require fares to increase a quarter. He also acknowledged staff’s desire, based on public comments, to make the fare easy to “have at hand” when boarding the bus.
- Director Kyras indicated that the number of “student” riders was closer to 90% of the rides. She also indicated that any fare or service changes would need to ensure that low-income and minority customers were not impacted to a greater degree.
- Trustee Schainker asked for clarification on the magnitude of the savings needed. Director Kyras explained that the \$55,000 additional fuel expense in the 2010-2011 budget had been addressed with the additional flood funding from FEMA and FM Global. Therefore, the issue to be addressed was to resolve the 2011-2012 budget shortfall. Two unanticipated costs need to be addressed: \$200,000 in additional fuel costs and \$63,548 in property insurance.

The board members discussed the level of savings needed after internal cuts were made. After a lengthy discussion, it was decided that \$180,000 would be the target. The board members then discussed ways to generate this savings – GSB additional funding, fare increases, and concern about low-income individual’s ability to pay. Director Kyras then explained that this discussion could continue next month as staff presented specific fare and service options for consideration.

**DIRECTOR'S EVALUATION AND APPROVAL OF SALARY:** Trustee Schainker was asked by the Transit Board to coordinate the performance evaluation for the Director. The city evaluation system is used for this evaluation and he received comments from other Transit Board members. The completed form was sent to Director Kyras.

Trustee Schainker expressed confidence in the Director using an excerpt from one of the transit board members. The past year the Director was asked to deal with a lot: the flood, rising fuel cost, garage expansion, the Intermodal Facility. Trustee Schainker explained that CyRide's Director confronted these with confidence and the Transit Board feels fortunate to have Director Kyras lead CyRide.

Director Kyras acknowledged the CyRide staff and stated this would not have worked this year without their support – it was team effort.

Trustee Anders acknowledged the staff as well.

### **TRANSIT DIRECTOR'S REPORT:**

- **Intermodal Facility** - is moving along well. One of the staff members who is a decision-maker for TIGER funding in the Secretary of Transportation's office will be riding RAGBRAI and wants to stop when passing through Ames to have a tour of the construction site.
- **TIGER III Grant** – Notices came out – really no changes from the TIGER II requirements – little bit challenging with the proposal for \$8 million in remaining TIGER I funding to the DOT and minimum requirement of \$10 million for TIGER III. Still have not heard if CyRide will receive the \$8 million. Staff will work on preliminary budget and seek input later this fall.
- **Bus Roadeo Results** – CyRide bus drivers did well both at the state and nationally. Paul Klimesh placed 12<sup>th</sup> in the APTA International competition and 14<sup>th</sup> in the CTAA national competition. CyRide bus drivers placed first, second and seventh in the State Roadeo competition and proves our drivers are among the best in the nation.
- **S.16th Apartments** – two complexes are opening this fall – the other is in the process and opening in the fall 2013. In total, this provides 1,300 additional bedrooms. CyRide's concern is immediate this fall – Grey route serving this area is only hourly and most likely demand will exceed the capacity on this route, which will make the challenging budget situation worse when additional service is added. Management at the apartment complexes indicated they could not fund additional services and are instructing their tenants to bike, walk or drive their car to the Iowa State Center. CyRide's Transit Planner discussed the possibility of requesting grant funding for additional service on this route. Funding could be at 80% for the first year. The cost for new service is approximately \$180,000 for a 20-minute service level on this route to meet additional demands. The cost for extra buses is \$30,000 on existing service to address overcrowding issues. CyRide staff will evaluate ridership within the first few weeks of school and bring information back to the Transit Board in September. If the board would like to submit a grant at that time, it can be submitted based on actual experience this fall.
- **Property insurance** – FM Global notified the city that CyRide's property insurance would increase from \$6,500 included in the 2011-2012 budget to \$63,548. Additionally, the flood deductible increased from \$25,000 to \$500,000. The board discussed the possibility of FEMA assisting with a portion of the deductible versus the need for



insurance to cover this cost. Director Kyras stated that she would do further research to see if CyRide would again be covered by FEMA and the cost of additional coverage to assist with the deductible.

**TIME AND PLACE OF NEXT MEETINGS:** August 25, 2011 at 5:00 p.m. at CyRide.

**ADJOURN:** Meeting adjourned at 7:03 p.m.

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Bob Anders, President

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Joanne Van Dyke, Recording Secretary