

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

August 25, 2011

The Ames Transit Agency Board of Trustees met on August 25, 2011 in CyRide's Conference Room. President Anders called the meeting to order at 5:13 p.m. Trustees in attendance were Anders, Schainker, Wacha, and Vander Velden. Absent: Trustee Madden and Fox.

APPROVAL OF MINUTES: Trustee Wacha made a motion to approve the minutes from the July 20, 2011 Ames Transit Agency Board of Trustees Meeting. Trustee Schainker seconded. (Ayes: 4, Nays: 0.) Motion carried.

PUBLIC COMMENTS: Trustee Anders received an email from parents of an ISU student who had concerns with transportation to DMACC. The Iowa State personnel addressed the parent's concern and the transportation issue is resolved.

AAMPO TRANSIT REPRESENTATIVE APPOINTMENT: Director Kyras opened the discussion for the representative appointment for the Ames Transit Agency to the AAMPO, tabled from last month's meeting. Director Kyras indicated that she had talked with Trustee Fox before the meeting to see if she would be interested in the appointment to the AAMPO and Trustee Fox expressed her interest in this appointment.

Trustee Schainker made a motion to appoint Trustee Fox as the Ames Transit Agency representative to the AAMPO. Seconded by Trustee Vander Velden. (Ayes: 4; Nays: 0). Motion carried.

FLOOD INSURANCE COVERAGE: Director Kyras referenced the discussion at the July Transit Board meeting regarding property insurance for CyRide. She indicated that this insurance coverage was increasing beginning with the 2011-12 budget year from \$6,500 to \$63,548 per year with an increase in the deductible from \$25,000 to \$500,000. At that time, board members had requested staff to complete further research on the availability of FEMA dollars if a second flood occurred and if it was possible to purchase flood insurance for the first \$500,000 of exposure.

Director Kyras introduced David Eaton, City of Ames Risk Manager, who provided information on CyRide's insurance coverage. Mr. Eaton recently attended a seminar on the National Flood Insurance program and was able to ask whether FEMA would pay a second claim. Mr. Eaton indicated that there was a federal act that would not allow FEMA to pay twice unless CyRide was adequately insured.

Mr. Eaton was able to obtain a \$500,000 additional insurance coverage quote for the building and contents for a premium of \$1,457 for the 2011-2012 budget year. He indicated that this was a relatively low cost for this amount of coverage. The coverage would be \$500,000 on the building and an additional \$500,000 for contents. He indicated the maximum exposure would be

\$1,000 for each or \$2,000 in total. Director Kyras indicated that, under the City of Ames Purchasing Policies the Director had the ability to incur costs up to \$25,000, so would purchase the policy unless directed otherwise from the Transit Board. The board members present concurred.

Trustee Fox arrived at 5:15pm.

STATE OF GOOD REPAIR BUS PURCHASE: Director Kyras told the transit board, CyRide had received a State of Good Repair (SGR) grant to purchase vehicles with 90% federal funding, and that staff decided to divide the purchase into two budget years. In December, the transit board approved the purchase of six vehicles (five SGR and one Iowa DOT-funded bus) with a Letter of Intent to Gillig to purchase the remainder in the next fiscal year. CyRide staff is ready to move forward on the purchase of the second half of the order at a cost of \$1,764,000 with \$196,000 in local share, for a total of \$1,960,000.

Because of the urgency to purchase the buses by the end of the month placed on CyRide by the manufacturer, this item was approved by the City Council on August 23, contingent upon the Transit Board of Trustees approval.

Trustee Schainker made a motion to move forward with the contract with Gillig Corporation up to \$1,960,000 for the purchase of five 40' buses from the Gillig Corporation. Trustee Fox seconded the motion. (Ayes: 5; nays: 0). Motion carried.

YEAR END BUDGET UPDATE: – Director Kyras shared with the board the year-end financial situation reflecting the City of Ames' pre-audit of final expenses, revenues, and fund balance.

- CyRide expenses were 1% lower than estimated in the amended budget, which reflected a combination of fixed route, Dial-A-Ride, and administrative support reductions
- Operating revenues were .4% higher. Factors contributing include MPO reimbursement was higher, funds collected from other vehicles colliding with CyRide, sale of old buses, and advertising on CyRide buses were higher.
- Closing balance ended .6% higher than what staff anticipated – ended at 8.6% as opposed to 8%. Director Kyras indicated this was a result of reconciling CyRide's flood claims and being reimbursed for lost items that could not be replaced. This contributed \$86,000 more in revenues than budgeted.
- GSB Trust Fund ending balance is \$1,099,162 and Director Kyras expects this amount to grow to \$1,500,000 by the end of 2011-2012 fiscal year.
- Capital budget – timing of bus purchases, support vehicles, and construction allowed this to grow with a closing balance of \$1,479,503, \$301,860 higher.
- CyRide's combined closing balances/Trust Fund increased by \$521,947 from the 2009-2010 to 2010-2011 fiscal year. CyRide's operating balance is lower, but its capital and GSB Trust Fund balances are higher.

Trustee Madden arrived at 5:20pm

FARE INCREASE/SERVICE CHANGE STUDY UPDATE: Director Kyras indicated that the information to be presented in the PowerPoint slides was also included in the Transit Board's packet of information. She recapped discussions and information presented at the last several board meetings on this topic – public survey results, public meeting comments, peer analysis, internal budget savings and a methodology to calculate the student's portion of a fare increase. She indicated that this board meeting would discuss the options that the board could consider to achieve the current \$250,000 budget gap.

Recapping, fuel is about \$200,000 over budget, the cost per gallon was \$3.21 last month when it was not under a fuel contract, and fuel contract price is \$3.05 per gallon. Property insurance is another \$57,000, which comes to approximately \$200,000 - \$250,000 that will need to be recovered at the end of this year. Other concerns she shared with the Transit Board are the possibility of lower federal funding in the future – as much as a 30% reduction.

She also shared conclusions from the previously collected data such as:

- What was least important to CyRide customers were routes that carried fewer customers and increasing the fare.
- Fare increases would have a large impact on low-income individuals.
- CyRide operates more holidays, provides more service on the weekends than its peers
- CyRide's fares are comparable to its peers
- CyRide provides one of the highest rides per capital and highest passengers/hour of its peers
- CyRide staff recommended four budget savings options totaling \$81,200, leaving a deficit of \$170,000 in the current year

Director Kyras then began discussing the three options identified by the Transit board to fill the funding gap. She began with a discussion of adding local dollars from the three funding parties. She indicated that Table 1 provided a breakdown of the current local funding from the three funders. Table 2 shows what it would take from the three funding partners to save \$170,000 – a 3.5 % increase in local share based of the three parties.

Next, she detailed information regarding possible fare increases. She began with a discussion of the increase in the student's share, which was based on generating \$.31 per ride and a calculation of the number of student rides generated last year. Based on this calculation students would need an additional \$75,821 for a six-month period. She indicated the same calculation was used on each of the three fare scenarios.

Trustee Wacha indicated that GSB could take their share of a fare increase out of the trust fund balance they have accumulated and not have an impact on fees in January through June 2012.

Director Kyras then explained the differences between the three scenarios:

- Option 1 - 20 – 25% increase across the board, except monthly passes

- Option 2 - Same thing as above, except increase monthly pass as well, but add a new reduced fare pass
- Option 3 - Increasing the pass categories only

Director Kyras then explained each option in more detail. With Option 1, she indicated that all fares had been increased a logical amount between 20-25%, except for monthly passes. The reason to not increase this pass was based on the peer analysis that indicated CyRide's monthly pass was higher than its peers. She also indicated the some fares did not increase under this option - children under 5, transfers, and DAR. She indicated this option is estimated to generate \$106,000 in six months, with a 5% reduction factored in based on staff's estimate of ridership decreases as a result of increased fares.

The second option is the same as option 1, except the monthly pass would be increased to \$40 and a reduced-fare monthly pass would be introduced at \$20 for Medicare, Medicaid, seniors and the disabled. It is estimated that this scenario generates \$112,250 in six-months.

Trustee Schainker asked if a person receives Medicaid, if they automatically qualify or if CyRide was required to offer the half price fare to these passengers. Staff's response was that not all people qualify. There are income guidelines as well as disability guidelines. Director Kyras also indicated that offering Medicaid participants lower fares was not required; Medicare recipients was required, however. Trustee Schainker shared his thoughts that there needed to be a better, easier way, which was more inclusive, to assist low income individuals than scenario 2.

Director Kyras then explained Option 3. She indicated that this option generates the lowest increase in farebox revenue and would shift customers from passes to cash and tickets, which would not be increased under this scenario. The Transit Board then entered into a discussion about the percentages of riders in each fare category and the number of rides that customers averaged per month using passes. Tom Davenport, CyRide's Transit Coordinator, indicated that passes are currently based on 7.5 rides per week – semester pass is 7.4 rides per week.

Trustee Anders asked if there was a reduced fare for city and university employees. There is none for city employees, but the university does subsidize passes for employees by 30%. The university previously subsidized a larger portion of the pass, but because of budget constraints, it has decreased its subsidy for their employees.

Director Kyras presented CyRide's efficiency analysis as illustrated in the graphs on Tables 9 – 14. The graphs show the routes, at various days of the week and times of day, and their efficiency. Table 15 is a summary of these tables and shows each route's passengers/hour compared to the average passengers/hour system wide. She indicated that routes that were 50% or less efficient were considered for service modifications. Table 15 shows the routes that were less efficient. Director Kyras then presented each of the tables explaining the routes that

fell below the criteria staff established: Pink, Yellow, Purple, Aqua, Gold, Green, Silver and Brown. She provided further information on some of these routes.

- Pink route is a new route for which CyRide received a grant. It is funded with 80% federal money. This route operates east on Lincoln Way, north on Dayton Road by the Dialysis Center and carries 1.7 passengers per hour.
- Yellow route travels along South Duff and carries 10.6 passengers per hours.
- The Purple route averages 23.3 passengers per hour and is a “helper” for the Red route, just not as efficient.
- The Silver route is a Sunday evening route that takes students to the dorms from the “S” lots and is operating at 9.5 passengers per hour

Director Kyras indicated that staff had developed 13 route reduction proposals based on the previously data collected. She explained each of the proposals and reason for consideration:

- Pink route – eliminate entire route
- Holiday service – eliminate Memorial Day, 4th of July and Labor Day service
- Cardinal route - move route one block operating on Pammel Drive saving one bus all day long, \$48,000 savings, but does not reduce capacity
- Aqua route - eliminate entire route
- Gold route - eliminate last trip
- Green route - eliminate trips after 7:00 pm at night
- Brown route- eliminate trips after 6:30 pm in the evening
- Yellow route - eliminate all service on Saturday
- Green route – eliminate all service on Saturday
- Brown route – eliminate all service on Saturday
- Silver route - eliminating route
- Green route – Eliminate service on Sunday
- Red, Green, Blue - Eliminate first two trips on these routes on Sunday morning

Director Kyras indicated that the board members had been provided with detailed information and maps of these proposals in the book provided at the meeting. She indicated that Table 17 presented the 13 proposals, statistics about each, such as what could be saved, and how many riders would be lost. The columns in red, packaged options into groups that address the \$170,000 deficit based on different criteria – financial, student impact, transit dependent impact and least number of customers impacted. She then shared with the board members which options could be considered based on the criteria.

Director Kyras explained that Table 17 was provided to give board members different ways to consider over the next month when making a decision on the possible reductions. The Director then shared staff’s Technical Option on Table 18 with the Transit Board. She indicated that this option was \$50,000 short of the desired goal six-month and, if the board desired to recover the entire amount in six-months another option would be to provide additional local dollars.

Trustees agreed the internal budget savings at CyRide was a start. Staff shared with the board members that mid-year service changes were difficult for customers as they had contractual obligations for housing based on where bus routes were at the beginning of the school year. The Director then shared that a decision on the reductions could be made after the September 1st public meeting.

Trustee Schainker indicated a concern about increasing local dollars without looking further into the future. He questioned where CyRide's closing balance would be at the end of the year and with anticipated federal cuts where the balance would end in two years.

Trustee Madden indicated, that based on his discussions with the students, that they did not want to decrease service and were willing to address the issue with additional dollars. He indicated ISU's share was smaller so they could also consider this option.

Trustee Wacha agrees with the internal cuts and the need to increase fares because CyRide does not want to be in the same place next year. With federal funding go down, he indicated that CyRide should be more conservative on the cuts.

Trustee Madden shared that increasing fares would shift a bigger share of the cost to students, who are already paying their share. He indicated that this opens up a broader issue of what is the appropriate amount of the student's share. He indicated that students pay fees and, indirectly, pay property taxes as well through their rent; thereby, already paying twice. He indicated that only 10,000 students live in university housing and the additional 20,000 contribute to property taxes.

Trustee Schainker shared with the trustees that of the three party funders, the university is a small portion. He also indicated that the tax base is not growing as fast as the students are. He questioned whether an option should be to eliminate the Pink route since it was recently added as a new route, but that it is 80% funded with federal/state dollars.

Trustee Madden indicated that eliminating the Silver route is a safety issue and would shift this need to the university's Help Van to assist students on Sunday evening.

Trustee Schainker was concerned about next year's budget as well as the current one. He questioned whether the closing balance would be greater or less at the end of next year if the three funding bodies contributed more dollars in the current year, without increasing revenues or decreasing expenses. He also questioned what the appropriate level was for the GSB Trust Fund. He indicated that state pressures for lower property taxes will be difficult to fund transit at the current levels. He indicated that staff should develop a two-year revenue/expense pro forma so that board member could better judge the best course of action.

Trustee Madden shared that rerouting the Cardinal route does not adjust current service levels, does not reduce frequency, but moves traffic onto Pammel Drive. Trustee Madden was

concerned with this option because of its safety ramifications as Pammel is not a gated roadway and students would be crossing a busy roadway. Iowa State University has been fortunate that more people are not injured, but making the decision to move traffic onto Pammel Drive would need to be discussed with Facility Planning and Management. Director Kyras indicated that this discussion had not taken place with university staff.

President Anders congratulated staff all of the work that had been done to provide the board with information on this issue and asked what Director Kyras expected the transit board to do at this meeting. She indicated that no action needed to be taken at the current board meeting, but she urged board members to consider the information provided as well as the public input on September 1st so that a decision could be made at the October meeting. She indicated that staff needed two months to implement any changes. Director Kyras asked the trustees if there was additional information that staff could put together that would assist them in making a decision. The two-year pro forma was again discussed.

HEARTLAND SENIOR SERVICES: Director Kyras indicated that she had no prior knowledge of this issue before receiving the letter. She indicated that CyRide's contract with Heartland Senior Services (HSS) for Dial-A-ride service was in the second year of a five-year contract with annual renewals at 4% annually. In a letter received in August, John Klaus, President of the Board for Heartland Senior Services, indicated 4% was not adequate for the year that started on July 1st (6 weeks prior). She shared with the Trustees that HSS was invoking the clause: "...The right to renew this contract at a 4% increase per contract period for up to four additional contract periods, if agreeable to both the City and Heartland Senior Services." She indicated that this clause was originally intended for negotiation prior to the beginning of a contract. She indicated that another clause was meant to terminate a contract in force allowing for a 60 day notice. She indicated that the Assistant City Manager, Sheila Lundt, and CyRide's Director met last week with Heartland staff and the Board President regarding the issue. She indicated that HSS received transportation funding from three funding sources: CyRide, HIRTA and Asset. She also indicated that accounting for trips that were combined on one vehicle under different funding sources was difficult to pull apart. The group suggested meeting the following week to determine a direction on how to better provide realistic costs for each contract. HSS has verbally give CyRide an extension until September 30th to resolve the issue.

The financial implications to CyRide to directly operate the service are:

- CyRide leases a vehicle to Heartland Senior Services; however, there are three vehicles that operate on a daily basis. CyRide could place large buses on its fixed-route service and utilize its small bus fleet for Dial-A-Ride service. CyRide would have no spare buses and would eventually need to purchase three more buses.
- Buses parked outside would increase from 6 to 9 in the short term and once the new expansion is built, it would be full.
- CyRide would need six drivers and three part-time dispatchers
- Additional phones

- The biggest factor is the financial impact – 80% of this service is paid with federal dollars that could not come to CyRide if it operated the service.
- In total, it would add an additional \$250,000 in expenses to CyRide’s budget.

Director Kyras indicated that Heartland Senior Services is experiencing financial issues and that they are trying to figure out what they need to do to move forward. CyRide is required by federal regulations to provide Dial-A-Ride service. CyRide receives grant funding that is used for contracted transportation services and funding for shelters/buses. CyRide receives approximately \$140,000 annually that it can apply toward the HSS contract; it is only using \$100,000, with extra money carried over to the next year.

Director Kyras indicated the conversation that Sheila Lundt had shared with the group last week, which indicated Heartland Senior Services could lose ASSET funding if CyRide’s contract was cancelled and requested clarification on their cost per trip for in-town trips. Director Kyras indicated that the next steps included clarification on expenses. She indicated that if all parties agreed on the final numbers and they were different than those in the existing contract, she could bring a new interim contract to the board for consideration that would cover from July 1st through a date that allowed for rebidding of the contract. She stated that a new Request for Proposal for these services would need to be prepared. She asked for concurrence with this approach.

Trustee Wacha made a motion to have the Director continue to work with Heartland Senior Services to encourage contracting and report to the Transit Board at their next meeting in September. Motion seconded by Trustee Madden. (Ayes: 6: Nays: 0). Motion carried unanimously.

QUARTERLY OPERATIONS REPORT: Director Kyras noted the lower number of vehicles that received cleaning on the inside. She indicated this was a result of lower staffing approved in the 2010-2011 budget with the reduction of a custodial position. She indicated they were addressing this issue in other ways. Over the summer, all buses were cleaned. Overall, it has been a successful year and only one insurance claim for CyRide for \$718.

DIRECTOR’S REPORT: Director Kyras attended a construction meeting today for the Intermodal Facility and there are three more change orders. There will be an additional change order that ISU staff is working on due to poor soil conditions that could be large. In addition, the DOT had added additional reporting requirements on the Intermodal Facility project - adding a quarterly and annual report on top of monthly reports.

Board members asked if there was another grant possibility to do more construction. Staff was notified two weeks ago that CyRide came close, but did not make the cut in additional TIGER I funding. Staff is gearing up for the next round of TIGER.

The Director indicated that the federal Triennial Review went well, with only three minor issues that had already been addressed and taken care of the before the Triennial Review staff departed the next day. CyRide has received documentation from the FTA and findings have been closed.

Bike rack usage has increased 44% on the buses.

Board members asked if the fuel contract was saving any money and staff was happy to report, \$2,891 saved to-date using the contract.

Grove Apartments has not significantly impacted ridership to-date. Tenants so have been able to move into about half of the units. Staff will have a more accurate data at the next meeting.

The Director reminded board members about the September 1 public hearing – City Council Chambers 6:30 p.m. Trustee Anders encouraged as many board members to attend as possible.

TIME AND PLACE OF NEXT MEETING: Thursday, September 22 at 5:15 p.m. in the CyRide Conference Board room.

ADJOURN: Meeting adjourned at 7:14 p.m.

Bob Anders, President

Joanne Van Dyke, Recording Secretary