

## AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

December 6, 2011

The Ames Transit Agency Board of Trustees met on December 6, 2011 in CyRide's Conference Room. President Anders called the meeting to order at 5:19 p.m. Trustees in attendance were Anders, Schainker, Fox, and Madden. Absent: Trustees Vander Velden and Wacha.

**APPROVAL OF MINUTES:** Trustee Madden made a motion to approve the November 3, 2011 minutes from the Ames Transit Agency Board of Trustees Meeting. Trustee Schainker seconded the motion. (Ayes: Four. Nays: None) Motion carried.

**PUBLIC COMMENTS:** Trustee Anders welcomed the public in attendance and opened the floor for comments.

Anne Kinzel, 720 Duff, expressed displeasure with the transit board's action with respect to the rate increase, but appreciates the bus service. She feels the rate increase was a moral failing on parts of the citizens of Ames recommended by force. The median income for Story County is \$48,000 a year per household. While a 25¢ increase may seem small, the transit board is asking the poorest people in the community, those with an income near \$24,000 per household, to pay for the rate increase, the 20-25% rate increase across the board and they represent the non-discounted fares for CyRide.

Trustee Wacha arrived at 5:25 p.m.

I know it was a difficult decision for the transit board and there are not many options at this time, but the increased fare is the poorest venue the transit board could have chosen. This affects the poorest in the community, by no fault of their own, transit is their only means of transportation so using the bus system as the fare increase, and is immoral. It is not the well-fed, well-clothed, well-healed individuals in the community the fare increase will harm. Unfortunately, it is the low-income passengers that have to work Christmas, Thanksgiving, or other holidays, who need transportation. It just not increasing the fares, it is cutting the service that will affect these people.

Ms. Kinzel was concerned the decision was made without the proper statistics regarding income distribution. Her concern was the fact that perhaps CyRide staff had not gained the proper information to base their decision.

People who are on Medicare/ Medicaid or have a disability will receive a discount and not have to pay as much, however, no one in the state of Iowa or the United States is eligible for Medicaid until 2014.

Ms. Kinzel was informed, CyRide drivers could count the number of low-income passengers who ride the bus, but did not count the number of low-income single parents. She questioned that, and before fares were raised, asked the bus drivers about the fare counter so the transit board could make informed decisions. She felt there was not enough adequate data to make this decision. It was her observation that many people who ride the bus have no other option; they represent the poorest of the community and felt it is a shame to ask them to have pay the 20-25% rate increase when others are asked to contribute so little.

For a taxpayer, it is difficult to see who is contributing what to CyRide. She heard the students contribute a lot to CyRide, but what does that actually mean. How does their usage measure to other passengers? The City of Ames recently sent out a survey and asked what the people in Ames want to see and CyRide was very near the top of the list. She wondered if CyRide was bonded as high as could be in supporting the system. It was her understanding that Des Moines and Iowa City have a higher bonding and it seems the Ames community really wants the bus system. Ms. Kinzel asked the transit board to give this decision reconsideration by collecting more data, more analysis, and if there were other revenue opportunities to help the low-income patrons.

**RATE SETTING RESOLUTION – Fares (2012-1):** Director Kyras explained this information is the final step to approve the increase on the fares. This agenda item is reconsideration from the transit board's action taken at the November 3, 2011 meeting. Alternatives are the same, but the incorrect information stating the Rate Setting resolution needed formal approval from the City Council.

Director Kyras also shared a letter she received via e-mail from an Ames resident asking the transit board to consider her information and thoughts on the increases to fares and passes before making their decision.

Trustee Schainker thanked Ms. Kinzel for her valuable points and attending the meeting. The resolutions before the Transit Board are an attempt to help provide a discount through Medicare/Medicaid. Director Kyras' belief observation of Ms. Kinzel's position was the resolution does not cover all the low-income passengers that ride the bus.

Trustee Schainker viewpoint was if the transit board were going to focus on a certain group of people, one could go through the Social Service agencies. Why staff went this way, instead of going through a social service agency, which would have been the most effective, but not the most encompassing, was for CyRide to make some impact and make it easier on the riding public.

Director Kyras told the transit board, administering a program where CyRide would look at each person's income and determine whether they were low-income, based on some established criteria would be administratively burdensome. CyRide could not find

another agency that wanted to step up and provide this resource for CyRide to be able to make this determination.

Trustee Anders pointed out he was able to purchase the reduced ticket booklet, but noticed the discounted ticket fare recorded no different from a Medicare/ Medicaid recipient, disabled passenger, or K-12 passenger.

Director Kyras said CyRide is not concerned about the lost revenue. Director Kyras perspective coming from DART was they dedicated a full-time staff person to administer the program that is very time consuming process. CyRide staff members could not manage this program without additional staff. To qualify for this program requires a great deal of information and there is a lot of fraud and abuse. There are some programs with a narrower focus, which is what Ms. Kinzel was referring too. If you really wish to encompass the low income, you need to broaden that program.

Trustee Madden's composition of the ridership in Ames is a large number of students and collecting more data would not cause him to change his decision. CyRide is not a social service agency and with the current budget restraints, Trustee Madden believes other agencies might have the capacity to provide this type of service such as United Way.

Trustee Wacha said the Transit Board labored on this decision and although it is not perfect by any means, a single mother is still be paying less at 50 cents.

Trustee Anders said coming from the standpoint of a regular rider and having gotten to know the passengers, agrees that these people are possibly carrying a bigger share, but if the taxpayers have to pay for it, it will trickle down to the lower income. Trustee Anders felt the bus is still a bargain based on driving, but is fortunate enough the bus is not his sole means of transportation. With the research completed in regards to CyRide's fare increase compared to similar transit agencies; our percentile is not higher than other transit agencies.

Trustee Fox spoke for herself and Trustee Vander Velden representing the students' standpoint was to keep the same level of service and agree on increasing the rates.

Trustee Madden made a motion to approve the 2011-2012 rates for fares that reflect the 20-25% increase in most categories effective January 1, 2012. Trustee Schainker seconded the motion. (Ayes: Five. Nays: None.) Motion carried.

**RATE SETTING RESOLUTION – Passes (2012-2):** Director Kyras indicated this information was reconsideration in taking the final step to approve the rate setting resolution for the pass portion of CyRide's proposed new fare structure.

Trustee Madden made a motion to approve the 2011-2012-2 rates for passes. Motion was seconded by Trustee Wacha. (Ayes: Five. Nays: None.) Motion approved.

Trustee Wacha request the CyRide staff keep track of the passes sold with the possibility of revisiting this and closing those gaps if something is missing. Keep track of the fare structures come January and each year the staff brings back to the transit board their recommendation on the next budget year with approximately four months of data.

**ARCHITECTURAL/ENGINEERING CONTRACT AWARD FOR FACILITY PROJECTS:** Director Kyras explained this A/E contract is for the new construction on the expansion and design improvements on the transit facility. An RFP distributed in September listing the priorities discussed with the transit board and there were four items placed in the RFP.

- Flood protection, so the building will be better protected from flooding
- Building expansion, to house the growing CyRide fleet
- Ceiling height raised, to accommodate the hybrid vehicles throughout the building
- Building structural repairs in the wash bay area to deal with the wet conditions that prevail for this area

CyRide received five bids and narrowed to the top three firms: URS, Neumann Monson, and Shive-Hattery. CyRide's available funding is \$4,985,206 with the largest \$ amount from Federal, State, and local funding, which was shown in the Capital Improvement Plan.

Following an interview process with each of the three firms, CyRide staff narrowed the field of three with URS being the first and most capable based on the scope of work and began negotiating a fee with URS.

URS's initial proposal for architectural work totaled \$630,741. URS was asked to review their fee and following many discussions, reduced their fee by \$168,232 to \$462,509, or a 10.3% fee. This is slightly higher than the 10% fee for this project based on the total construction cost of \$4.5 million. Basing the data from what CyRide had historically paid for Engineering and Architectural fees for other portions of the facility; CyRide staff felt 10.3% was within the scope and about the maximum that for project fees.

The increased fees were due to the flood protection design profiled in the 2010 assessment by FM Global insurance carrier. This portion of the design will include implementing a broader range of design and will involve more professionals than other parts of the facility design. The fee was then broken out into the four projects and based on this information; staff was comfortable with the fee structure.

Transit Board will adopt one of the alternatives and require approval by City Council since it is an improvement to the facility.

Trustee Wacha asked if CyRide Staff was concerned since URS first fee estimate was \$630,741, which is about 20 – 30% higher than the final fee negotiated, and was curious as to why URS would be willing to reduce their fees by that large amount.

Director Kyras clarified one factor influencing the fee was the urgency of this project and trying to pull items together quickly to meet CyRide's deadline. There were specialized consultants URS drew on influencing the fee and took the initial bid from each without review. When asked by CyRide staff to reduce the fee, URS staff was able to negotiate with each consultant to reach a reasonable fee for their specialization. The other misleading piece of information was URS thought there was \$5 million in construction, instead of the \$4.5 million. Following the consideration, CyRide staff feels comfortable with this number.

Following a brief discussion, Trustee Madden made a motion to award the contract to URS Corporation, for a total not-to-exceed \$462,509, for architectural/engineering services for the CyRide Facility Construction project as detailed in the Request for Proposal. Seconded by Trustee Wacha.

Trustee Schainker asked if CyRide staff and Iowa State would be working together on this construction management project. Director Kyras communicated Rich Leners was well versed in this area given he has attended all of the construction classes the Federal Transit Administration requires and conducted by CyRide. Director Kyras added that the University is supportive and Dean Morton has offered his assistance and support if CyRide staff needs support.

Motion on the floor. (Ayes: Five. Nays: None.) Motion carried.

**FY12/13 BUDGET PROPOSALS:** Director Kyras reported this is the preliminary budget completed in December for the transit board members consideration for CyRide's FY12/13 budget. This action deferred until January allowing the transit board members to talk with their constituents and completion by January 21, 2012 in accordance with the agreement.

Dialogue divided into status of the current year's budget 2011/12, current status of revenues and expenses for FY2012/13, and FY2012/13 budget options, and discussion of the two budget items from last month, baseline budget reflecting current service/staffing levels at 2012/13 prices or Baseline + Holiday/Gold Route Service Reduction.

Current status observes expenses and revenues are slightly higher. The higher revenues are due to the strong enrollment at ISU and additional GSB funds that go into the GSB Transit Fund. Expenses are higher reflecting the fuel and insurance on the current budget. Fuel budget for this year is \$2.50 amended from \$3.20 and current-year-to-date fuel is averaging \$3.12 per gallon. The bright spot is CyRide saved approximately \$1200 from August through November with the fuel contract. CyRide should continue to see additional savings because there are a few months left on the contract. Insurance reflects the higher property insurance costs.

Revenues were higher with increased state funding, a little over 10% higher. The farebox and pass sales continue to increase and miscellaneous revenue was from sale of old buses replaced with buses through grants. Rich Leners sold old buses on E-Bay and received a good price for them.

Pooled cash interest continues to drop and is down 61.5% from the adopted budget.

The three closing balances, operating, GSB Trust Fund, and capital show operating balance decreasing \$685,411, a \$42,122 difference, and dropping to an 8.2% fund balance. This results from year-end adjustments to the inventory and Finance modifications to the balance.

The capital balance should increase slightly, from \$47,628 to \$92,657. Contributing factor will be the timeliness on when the construction projects begin.

The GSB Trust Fund lowers due to their \$75,000 fare increase contribution leaving a balance of \$1,274,248.

Current status of the FY2012/13 year shows a significant change to expenses and revenue in the two-year development of the pro forma assumptions developed for the transit board. Two changes were:

- City of Ames received notice the IPERS contribution would increase from 8.07% to 8.67%, which affects CyRide expenses by \$26,424 on next year's budget.
- The next one is a positive event. The transit board asked CyRide staff if federal funding information would be available before spring and Director Kyras responded information is not available until spring. However, the President signed the new appropriations that increased transit funding 8.2% and CyRide is anticipating \$150,000. There will not be any federal funding budget cuts to our budget next year. However, the super committee did not take action and the 10% funding cuts postponed by one year. This leaves a \$150,000 more than was expected in revenue for the 2012/13 budget year.

Trustee Schainker raised the question if CyRide were financially better than we thought, could the \$150,000 eliminate the fare increase and allow the transit board to delay it to the end of the year. Director Kyras reflected this has no impact on the current year. This revenue placed into the budget through the two scenarios and what effect it has. Increasing the closing balance. If the transit board does not want to do the fare increase, then the closing balance will be lower.

Trustee Wacha reminded the transit board that CyRide operating balance is low and needs to continue increasing this balance.

- Assumption of the CyRide staff in the budgets presented tonight. 2012/13 Operating Budget Request provides major assumptions incorporated in the budget and were the same for the two-year pro forma with exception of the IPERS contribution.
- Health insurance increasing 6.6%, a little over the \$30,665 in expenses.
- IPERS to increase 8.6%, a little over \$26,424 in expenses.
- Payroll expenses to increase 1.9 %.
- Fuel budgeted at \$3.50, which is high, but increase reflects \$307,500 or a 37.8% increase on this budget line item.
- Property insurance FY 2012/13 reflects the flood coverage of \$58,797 from the FY2011/12 budget.
- Federal funding was anticipated to be stable with \$1,530,000 and state funding higher at \$578,000 from \$500,000.
- GSB increase, \$151,642 to cover the fare increase (next year portion)
- \$378,801 funds transferred to capital to purchase buses, which is significantly lower. This is usually \$600,000 to \$700,000.
- City of Ames, Iowa State University and Government of the Student Body increase local shares 7%.

This includes repayment of the State revolving loan of \$17,500 with the City and Iowa State University each paying \$8,750.

Controllable costs over uncontrollable costs are \$375,000 and represents about 80% of the 2012/13 budget increase.

Two options to consider are Option 1 is the Baseline and Option 2 is the baselines with service cuts. Information provided also gives the funding on the two options. The baseline operating expenses, dollar change and percentage change for each of the funding partners. 7% for City and ISU and 9.2% for the GSB because of the fare increase leaving a closing balance of 9%.

Option 2 is the Baseline plus service reductions with same percentage increase and closing balance of 10.0%. Service reduction would allow transit board to get that closing balance to 10%.

Information was also presented on the two service reductions, Proposal #2 – Holiday service, eliminating all routes on three holidays; Memorial Day, fourth of July, and Labor Day. Proposal #5 - #22 Gold Route, that eliminates last trip of the day.

Two-budget analyses shared with the transit board demonstrate the two scenarios.

Discussion – clarification table on page 16 does include the increase in the \$150,000 federal funding in both options provided.

Discussion between board members is the uncertainty of the federal funding for the 2013 year. A lot of speculation about what is going to happen, but many factors that can evolve before that time. Nothing could happen until that next election is completed. Seven% are pushing the numbers on the general fund side. Enrollment predicted to increase so the GSB number will go up which increases the demand for increased ridership. Capacity has been reach on campus housing, so this will move students to off campus.

Support moving ahead with this 7% budget increase, but on the budget institution side is too early until January or February when ISU knows what the Governor is going to do. Reasonable requests at this point.

Trustee Wacha speaking for the City Council presentation was the 7% funding for CyRide budget cycle and City Council is aware of this.

Trustee Anders based on the fact the budget crisis, federal budget looming, the crisis for next year has been resolved, but the transit board needs to be careful with the closing balance. Sacrifice somewhat comfortable with the funding, the transit board needs to do due diligence.

Do not want to be in this position next year. Residents do not want service reductions. Maintain the level of service and two main factors are funding and fuel prices and both are very unpredictable. Reasonable assumption on the information the transit board has today. No one knows where fuel prices are going. CyRide budgeting fuel higher at \$3.50, which was high, but allows the closing balance to be higher.

Trustee Madden is in favor of tabling this action until the January meeting. Based on the information presented today, my direction would be option 1. Have not heard many



people that are having concerns with the holiday routes. Affects a limited number of passengers. This would be option 2 instead of option 1 and increase the closing balance.

Trustee Schainker requested information on what percentage of farebox revenues comes from monthly passes.

Trustee Wacha asked the status of where CyRide is with the discussion with Heartland on Dial-A-Ride. Director Kyras does not know, but an RFP will go out in January. Does not know what the DAR costs would be seeing reduction in their costs, but it could go either way higher costs or a reduction.

Last time there was a fare increase was 2004 and if our memory serves us correct, ridership dropped, so the transit board rescinded the fare increases. Full Fare ridership maintained, 250,000 students, before fare free.

Trustee Wacha made a motion to table action until January. Trustee Fox seconded. (Ayes: five. Nays: None.) Motion carried.

**FY12/13 – FY16/17 CAPITAL IMPROVEMENT PLANS:** 1<sup>st</sup> year project, if approved by transit board, CyRide would start moving forward with projects shown in the chart on page 24. Some items are in grants, included in the state grant – support vehicle delayed, budget reductions, back into next year's budget – expand fleet, six computers, shop equipment, and three pieces of equipment that will be purchased. New design for the bus stop shelters and will bring back in January, begin major redesign.

Additional inform on page 25 are the remaining four years.

Trustee Wacha moved to defer action until January. Seconded by Trustee Fox. (Ayes: five. Nays: None.) Motion carried.

**TRANSIT DIRECTOR'S REPORT:** Director Kyras reported all intermodal items are good news. Congressman Latham's staff informed Director Kyras final decisions should be made by the end of the next week.

Intermodal order is still in negotiations and should be complete for the January meeting.

Director Kyras is working on the tenant leases and is drafting agreement. Meeting was held today hopes to have the leases resolved by spring so this is moving forward.

New piece of information, Ames police requested leasing of space for enhancement of security for the Campustown area. Director Kyras contacted the FTA and they are fine with this. This would mean another lease after we get the intermodal carrier completed. Incremental costs will be the discussion. Thought was TIGER III, parking and bus space and then the bike path.

Des Moines partnership contacted Director Kyras to asking us to sit in on meeting to continue the discussion for transportation between Des Moines and Ames. Director Kyras directed them to the City Manager's office.

**TIME AND PLACE OF NEXT MEETING:** Thursday, January 19, 2011 at 5:15 p.m. at CyRide.

Meeting adjourned at 6:27 pm.

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Bob Anders, President

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Joanne Van Dyke, Recording Secretary