

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

September 20, 2012

The Ames Transit Agency Board of Trustees met on September 20, 2012 in the CyRide Conference room. Director Kyras indicated President Anders would be absent and Vice President Leines would arrive a few minutes late due to his class schedule. Trustee Wacha proceeded with opening the meeting at 5:32 p.m. and Director Kyras recommended moving to the Transit Director's Report, which requires no formal action and is information only (Present: Trustees Rediske, Schainker, and Wacha). Absent: Trustees Anders, Leines, and Madden.

Director Kyras reviewed the measures taken by CyRide for the President's visit to Iowa State's Campus on August 28, 2012. CyRide operated on Pammel Drive instead of Osborne Drive. Typical ridership for a day is 32,000 passengers, but ridership was down approximately 5,000 passengers. Staff believes this reduction is due to the event itself as well as doing a good of job of informing passengers of possible service delays.

Iowa State's first week of classes resulted in slightly lower ridership overall; however, CyRide staff believes this was due to the nice weather with students walking, instead of riding the bus into campus. The biggest decrease in ridership was on the Circulator routes; however, the Red and Brown route ridership was up significantly with more peak time ridership. By the end of September, CyRide staff will be able to determine the additional services needed as a result of ISU enrollment increases and then report to the Board and GSB, if desired, on how much it estimates will be needed of the \$238,500 provided by GSB to support this increased service level.

Trustee Madden arrived at 5:35pm and Trustee Leines arrived at 5:36pm.

Director Kyras explained that since the partial opening of the Intermodal Facility on July 1, 2012, the facility had experienced operational challenges. She further explained these issues and the resolutions for each, which included bus accidents on the property and neighborhood complaints of buses operating on Hayward Rd.

Trustee Madden asked if there was a designated route stipulated in the lease for the carriers. Director Kyras' response was that the route was Highway 30 to University Blvd. to Lincoln Way to Sheldon and into the Ames Intermodal Facility. Leaving the facility, the route is Hayward Avenue to Lincoln Way to University Blvd. onto Highway 30.

She also indicated that CyRide has received a request from guests and visitors arriving at the facility for a map providing information to restaurants, ATM's, convenience stores, etc. within walking distance of the facility. Director Kyras met with the Campustown Action Association Director (CAA) who will help identify buildings and locations in Campustown that should be included on the base map created by the City of Ames. The map will be posted to show visitors the businesses that are within walking distance of the facility.

The Federal Transit Administration Region VII staff traveled to CyRide the last week of August to review CyRide facilities. She indicated their desire to have vanpool spaces utilized so has committed to promote and advertise the sale of these parking spaces with Iowa State's assistance.

Director Kyras explained that Sioux City Transit was selling a used bus, an Orion V, for \$1,000. This vehicle fits well with CyRide's fleet since it is the same model that CyRide purchased with its 2003 bus procurement and CyRide's Maintenance staff is familiar with the how to repair these vehicles; therefore, the Director explained that they would proceed with its purchase unless the Transit Board was concerned about its purchase. CyRide staff estimates that to place this bus in CyRide's fleet it would cost approximately \$9,000 for a nine-year-old bus, which would include transportation cost from Sioux City to Ames, repainting and maintenance repairs. She indicated that the bus could be operated for at least another six years. CyRide staff will determine in January or February whether this bus will replace a current vehicle or if it will be needed to expand the fleet as a result of higher ridership.

The Federal Transit Administration released new Title VI regulations at the end of August that became effective October 1, 2012. Director Kyras reminded the Transit Board that CyRide had recently had a federal Title VI audit completed on its program. She explained that federal regulations require transit agencies to not discriminate in the delivery of its service. She further provided an example of what this type of discrimination meant – all new buses being placed in affluent areas of town. The same regulations are applied to bus stop amenities. The new Title VI requirements were included in the transit board packet to show the transit board what the changes are and the impact it will have on the staff and transit board beginning October 1, 2012. The impact for the transit board is that CyRide will be required to develop a full Title VI document every three years and that the transit board will have to approve the document. If any changes are made to that document, the document will be brought before the transit board for their approval. Additionally, she explained that the more challenging part for the transit board will be the new requirement that the board's representation mirror the community in minority population in Ames. If this is not achieved, CyRide staff will need to justify its efforts to try to achieve this representation.

The staff impact of the new regulations from its original form to how the final regulations were published is significantly less burdensome. Director Kyras explained that CyRide will need to develop and print Title VI notices, a Title VI complaint form will need to be developed and posted on the website, and CyRide will need to reach out and document how it communicates with minorities in the community, especially the Limited English Proficiency population. The new regulations will also require the formal development of service standards and policies, such as vehicle load, and then continued monitoring for compliance. As these policies are developed, CyRide staff will bring these back to the transit board for review.

Director Kyras explained that CyRide could be asked to comply with more requirements, such as printing its route maps in Chinese; developing maps of demographic populations in Ames;

demographic surveys; as well as when CyRide raises fares, the completion of a fare and equity analysis.

President Pro Tem Leines proceeded with the meeting at 5:36 p.m. Trustees in attendance were: Rediske, Madden, Schainker, and Wacha. Absent: Trustee Anders.

PUBLIC IN ATTENDANCE: James Heggen, reporter for Ames Tribune.

APPROVAL OF MINUTES: Trustee Wacha made a motion to approve the August 20, 2012 minutes. Motion seconded by Trustee Madden. (Ayes: Five. Nays: none.) Motion carried.

PUBLIC COMMENTS: No public comments.

INSURANCE COVERAGE: Director Kyras introduced Dave Eaton, City of Ames Risk Manager, who put together the insurance coverage package and explained that she and Mr. Eaton would explain the new insurance policy that became effective July 1, 2012.

Director Kyras brought the transit board up to date on the insurance changes and insurance carrier as of July 1. She further explained that the purpose of this discussion was to make sure that the transit board was comfortable with the current insurance coverage for CyRide.

Director Kyras explained that CyRide purchases insurance as part of the City of Ames, who periodically researches the market for insurance. She explained that this re-evaluation occurred in June with the City Council approving different coverage and a different carrier at the end of June 2012. The new insurance carrier is the Chubb Group. She shared with the board members the City's revised philosophy on coverage to protect assets for a potential loss as opposed to a total loss. Last year for flood and non-flood protection, CyRide had insurance coverage of \$34 million - \$6 million for the facility and \$28 million for vehicles. This year under the Chubb Group, CyRide currently is insured for flood protection up to a maximum of \$6 million in total for both the property and vehicles. The non-flood insurance coverage is currently up to \$28 million for vehicles, with vehicles less than five years old insured at full replacement cost and for vehicles older than five year at actual value. The premium paid last year was approximately \$85,000 for property insurance and this year a little over \$70,000 for a savings of approximately \$15,000 because of lower coverage and reallocations within the City.

Mr. Eaton explained that during the process of re-evaluating insurance, that he had requested a formal appraisal of the CyRide facility and found CyRide was underinsured. The non-flood coverage for the facility increased almost 80 percent and coverage was adjusted from \$6.6 million to \$11.6 million. Under the Chubb group, he explained that

non-flood coverage rates improved with its price increasing from \$6,500 to \$9,700 with coverage amounts increasing substantially.

Trustee Madden asked what dollar amount or what type of coverage CyRide would have if a tornado came through Ames and destroyed the building and vehicles. He questioned whether the coverage would be \$28 million. Dave Eaton's response was that it would receive full replacement cost on the building, and the coverage for vehicles would be based on the age of each vehicle.

Trustee Madden asked if CyRide had to purchase 65 new buses, would it have the money to purchase that number of buses. Mr. Eaton responded that coverage is \$28 million for buses and vehicles, if they are 5 years and under they would receive replacement cost. If they are older than five years, replacement would be based on actual cash value and that it would not provide CyRide with the money to purchase 65 new buses. Transit board members discussed if they believed CyRide was underinsured and where the money would come from to replace the buses. Director Kyras shared that flood coverage is for \$6 million for the facility and the vehicles. She also indicated that in the 2010 flood, CyRide had a loss of approximately \$800,000 and was able to get all vehicles out of the facility. She also indicated that with the flood protection project scheduled for construction next spring, the risk of flooding was greatly reduced.

The other part of the insurance, the non-flood coverage, is where Director Kyras would like some direction from the transit board. She indicated that CyRide is covered for the full replacement cost of the building at \$11 million; however, for vehicles, coverage is \$28 million, with vehicles over five years paid at actual cash value. She shared her concern that the potential risk would be approximately \$3 million dollars more than insurance would pay for these older vehicles if a total loss occurred, based on an analysis staff had prepared. She indicated that 64% of the fleet was over five years of age currently and this would most likely increase in the future. She indicated that if the Transit Board desired, the Director and the City's Risk Manager could request a quote for full replacement cost of all buses 12 years and under instead of five years. This would reduce the potential risk to \$850,000.

Mr. Eaton indicated that he and Director Kyras had discussed this in detail, and that a potential strategy would be to see if Chubb Group would change their policy. He indicated that the Underwriter for the Chubb Group would be coming to Ames on October 13, 2012 and that Director Kyras and the City Risk Manager could discuss this with them at that time. He indicated that another strategy could be to go to the market place to buy separate coverage to make up the gap.

Trustee Schainker asked if CyRide was underinsured under FM Global. Mr. Eaton explained that what was sold to CyRide (full replacement) and what actually came in on the endorsement (cash value replacement) were different. He indicated that CyRide had this coverage for only two months at the end of last fiscal year at a cost of \$2,000.

Trustee Madden asked whether CyRide paid a premium for the wrong coverage. Mr. Eaton explained that he did not believe that it would have made a large difference. Mr. Eaton also indicated that prior to the end of last fiscal year, CyRide was never insured for buses parked inside the garage due to a gap discovered in its insurance coverage.

Trustee Madden was concerned, since he is representing Iowa State, on whether the insurance would cover the replacement of the facility and buses. He indicated that a tornado was a likely natural event that could directly impact CyRide. He was concerned that the existing coverage would leave the local funding partners with no way to pay to replace the older buses. He indicated that Iowa State University could not fund the gap.

Trustee Schainker suggested Director Kyras and the City of Ames Risk Manager look at a combination of options. For CyRide to be able to maintain bus service levels, the reality is that CyRide would not be able to go out and purchase 65 new buses due to the time it would take to build these buses. He suggested that options be examined that would cover all vehicles at full replacement cost and a second option of only vehicles 12 years and under.

Trustee Schainker make a motion to direct the Transit Director and City of Ames Risk Manager to investigate additional vehicle property insurance coverage for vehicles between 6 and 12 years of age, plus other options to 100%. Trustee Wacha seconded motion. (Ayes: Five. Nays: None.) Motion carried.

IOWA DOT GRANT OPPORTUNITY: Director Kyras gave the transit board details of an unusual opportunity, which came to CyRide's attention quickly. An earmark for Davenport's transit system was about to lapse and the Iowa DOT asked if CyRide had capital projects it could include in a statewide application they were developing within the next 24 hours to utilize these lapsing funds.

CyRide submitted two projects. One project was the boilers, which was the \$87,480 project approved by the transit board last month with local dollars. The second project submitted was the building expansion project that Director Kyras discussed with the transit board last month that was over budget by approximately \$450,000. Including this project in this application would resolve CyRide's budget issue. The Iowa DOT allotted \$358,800 in additional federal funding for this project. For the two projects, the grant will provide CyRide with \$433,800 in additional federal funding with a requirement for \$24,970 in additional local match. Director Kyras indicated that the Capital Summary sheet had been updated to reflect these changes and resulted in adequate local funding for the current fiscal year and a deficit that is annually addressed with the 2013-2014 budget with the transfer of operating funds to the capital budget.

Trustee Madden made a motion to approve CyRide staff's action and approve two CyRide projects in the Iowa Department of Transportation's August 2012 federal grant application, #IA-04-0129, for the replacement of two boilers and construction at

CyRide's facility. Trustee Rediske seconded the motion. (Ayes: Five. Nays: None.) Motion carried.

MAP-21 FEDERAL TRANSPORTATION LAW IMPACT: Director Kyras introduced the changes in the new transportation bill; MAP-21 (Moving Ahead for Progress in the 21st Century), which was signed into law by the President and authorizes funding for the next 18 months. She explained that this law affects the amount of federal funding available for the next two budget years and that it significantly shifts funding available for operating and capital projects. She then detailed the changes.

All discretionary programs except TIGER were eliminated. State of Good Repair, Job Access Reverse Commute, and New Freedom are now provided to transit systems through a national formula. There are no earmarks. The one bright spot is the Small Transit Intensive Cities (STIC) funding that CyRide receives as an efficient system. Funding for this program increased in the new law. She then explained the STIC program, its criteria and funding available for each criteria.

Two new planning documents will also be required under the new law - Asset Management Plan and Safety Plan.

For the operating budget, CyRide in total is anticipated to receive \$453,671 more.

On the capital side, CyRide has annually received \$1,651,478 to support its bus needs. Under the new law, CyRide will receive approximately \$138,000 each year, a 91.6% decrease each year. For facilities, CyRide annually received an average of \$509,736 and will receive no federal funding under this law; therefore, there is a 100% decrease in facility capital funds. In total, CyRide will lose \$2 million each year to replace buses and repair/expand its facility.

In summary, Director Kyras indicated that federal funding for CyRide switched from capital assistance to operating. The good news is CyRide received the last State of Good Repair grant funding six buses, which will fill the gap for the next two years so this impact will be delayed for CyRide. With these changes, CyRide staff is requesting guidance from the transit board as staff prepares the 2013-2014 budget in the next several months.

Trustee Madden proposed developing a plan that, over time, can modernize the facility and the equipment. He indicated that this is important as population numbers continue to grow; equipment will need to be replaced and expanded in the future.

Trustee Schainker asked if this model will continue in 18 months and that he believed that staff should look at the Five-Year Capital Plan to ensure that CyRide is meeting its needs. He suggested possibly a pro forma to help answer these budget questions.

TRUSTEE ITEM: Trustee Schainker was asked to help coordinate the evaluation and review of the Director and to compile the results. He indicated that this was a challenging year with a number of very important complex issues including fare increases, new scheduling software, and NextBus software. He indicated that each project was well thought out with significant options. He shared the Transit Board's appreciation and extended a special recognition to the CyRide staff in working on these community wide projects and for their leadership, which helped CyRide succeed. He shared a desired by the board to focus on these issues, but also on internal issues in the next year and extended the Transit Board's appreciation for the Director's leadership and its hard working staff. He stated that through all of the challenges, Director Kyras and staff maintained an excellent system.

SET TIME AND PLACE OF NEXT MEETING:

October 18 @ 5:30pm – Meeting date changed to Monday, October 15 at 5:15pm

November 15 @ 5:30pm

December 13 @ 5:30pm

Director Kyras informally asked if board members were comfortable with the Public Art Commission moving forward with the art piece this group had selected for the Intermodal Facility. She shared the process the group had used for their selection and addressed questions board member had raised regarding the piece selected. She also indicated that if TIGER grant funding were left at the end of the project, the selected piece could be purchased, but if they did not decide to purchase it, the Public Art Commission would fund the piece at the facility for three years.

Trustee Madden did not have a problem with the art piece and agreed with letting the Art Commission move forward. Trustee Madden asked if the City had the ability to relocate the art piece and Director Kyras pointed out that the contract would be written for a three-year period for a specific location.

Based on a brief discussion, the board member consensus was to move forward with the selected piece.

Meeting adjourned at 6:32pm.