

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

June 12, 2013

The Ames Transit Agency Board of Trustees met June 12, 2013 at 8:30 a.m. via conference call. Meeting was called to order by Trustee Rediske. Present: Trustees Drenthe, Murrell, Schainker, and Goodman. Absent: Trustee Madden.

PUBLIC COMMENTS: No public comments.

ELECTION OF OFFICERS: Director Kyras communicated to board members that Trustee Rediske had indicated an interest to serve as President and Trustee Drenthe had indicated an interest to serve as Vice President.

Trustee Rediske asked for nominations from the floor for the office of President. Trustee Goodman made a motion to nominate Trustee Rediske as President. Motion seconded by Trustee Schainker. (Ayes: Five. Nays: None.) Motion carried.

President Rediske asked for nominations for the office of Vice President. Trustee Goodman made a motion to nominate Trustee Drenthe as Vice President. Motion seconded by Trustee Rediske. (Ayes: Five. Nays: None.) Motion carried.

Trustee Madden joined the conference call at 8:39 a.m.

AMES INTERMODAL FACILITY – JEFFERSON LEASE: Director Kyras informed the transit board, that the two leases for the Intermodal Facility were ready for transit board review. She indicated that the current Jefferson lease was a one-year agreement and that the agreement proposed for next year was a three-year lease. Other issues modified from the contract were:

- Parking spaces – They currently have one space and requested a second parking space, but will purchase the second space
- Contract term
- A new section on termination for convenience
- Determination of utilities for the office spaced used by Jefferson and Burlington Trailways, was calculated to be \$200 a month, paid in addition to their rent, with reconciliation at the end of the year.
- Insurance and indemnity clauses – Insurance is currently provided by the City of Ames; however, when ISU and City of Ames rates were compared, it was found that ISU costs were significantly less. As a result, insurance will be provided

through ISU for the next year. They require that Iowa State and Board of Regents be listed as additional insured.

Additional changes were denoted in red throughout document, which included language on personal property insurance, workers compensation, automobile insurance, and insurance coverage from a firm with a rating of AM Best Rating of A-VII.

Trustee Schainker questioned the reconciliation process. If they are billed \$200 a month and actual expense were \$3,000, he inquired about when the reimbursement for the additional expense would take place. Director Kyras indicated the additional cost is included in the first month's rent after the reconciliation.

Trustee Schainker questioned if the Owner (CyRide) is paying property tax on the property or if this passed onto the tenant. Director Kyras indicated that if there was a tax, it would be an operating expense for the facility. She would look into this issue and provide more information for the transit board. Trustee Schainker questioned the additional parking space and inquired about what the fee was currently for a reserved parking space. Director Kyras indicated that she believed that the current rate for covered parking was approximately \$40 a month.

Trustee Goodman questioned the difference in square foot price between Jefferson and Executive Express indicating that Executive Express had more square footage with the garage and the common lobby area, but was paying less per square foot. Director Kyras indicated that Jefferson had agreed to pay the full cost; however, Executive Express had concerns with their allocation. She provided background information regarding the previous year's calculation of rent that established current contract rates.

Trustee Schainker noted the 2013-2014 lease rate was unchanged from the first year based on a review of the Producer's Price Index (PPI). Director Kyras indicated that the use of the PPI was based on a similar contract in Sioux City for Jefferson's use of their intermodal facility. She indicated that the change from July 1, 2012 when the facility opened to January 2013 when contract negotiations began showed no change in the PPI for the category that fit their use of the space.

Trustee Goodman Matthew believes everyone has some responsibility for items such as maintenance and repairs and considers the lease somewhat favorable to Jefferson. He also indicated that he agreed with the termination for convenience section of the agreement.

Trustee Schainker asked what the Project Manager, Mark Miller of ISU, had used to calculate a breakeven cost for the facility for the next year. Director Kyras indicated that the current rates of \$1,400 for Executive Express and \$900 for Jefferson were used to

calculate the budget, but she indicated that she believed there was a smaller deficit than the current year's estimate that still remained.

Trustee Madden considers having both offices in this location as a benefit to the community and that the rent should entice them to be in a one-stop location. He indicated that this location is an improvement from the previous locations they have been located in as it is a central location. He indicated that he viewed this as a community service and that he believed it was serving the lower income population in Ames and that he believed it was more than a business transaction.

Director Kyras said that the Federal Transit Administration would have some concerns if the Intermodal Facility were turned into something other than a transit facility. The FTA has indicated in past conversations that Jefferson and Burlington Trailways presence at the facility is a priority; however, they have not indicated that regional services such as Executive Express were in this same category.

Trustee Goodman made a motion to approve Alternative #1 approving the Ames Intermodal Facility Commercial Tenant Lease with Jefferson Partners, contingent upon approval of the contract by Jefferson Partners. Trustee Madden seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

AMES INTERMODAL FACILITY – EXECUTIVE EXPRESS LEASE: Director Kyras explained that the Executive Express lease was similar to the Jefferson lease, but staff was recommending continuing with a one-year lease only. She indicated that negotiation of this lease had proven to be more challenging. She shared with board members the history of negotiations over utility rates, with actual cost estimated at \$450 per month and a minimum cost willing to be paid by Executive Express of \$300 per month. Other changes are:

- Contract Term
- Determination of utility costs
- Parking spaces for employee vehicles within the facility – two free, third to be paid at covered rates
- Insurance and indemnity clauses
- New section on termination for convenience

Trustee Schainker questioned who paid for the third parking space. Director Kyras indicated that Executive Express would pay for the third space at the covered rate. He further asked about the PPI rate and extensions and questioned whether these were needed for a one-year lease. Director Kyras indicated that the lease could be modified to take these two issues out of the contract.

Trustee Madden inquired if there was any data on the number of customers using the ramp while flying. Director Kyras replied that Mark Miller had indicated that he does not have a method to track this data. Trustee Madden expressed that he felt keeping Executive Express at the Intermodal Facility is good for the community and that they should try to make this work.

Trustee Goodman asked if Executive Express was the only provider of this type of service (Ames to Des Moines Airport) other than taxicabs and realizes taxicabs are more expensive. He indicated that Executive Express enhances the community, is a good partner with the Ames Convention and Visitors Bureau to draw conferences to Ames, and sees the benefit to having it here. He commented that he was unsure where additional revenue could be generated and indicated that the community did not know how Executive Express' business was doing. He indicated that Jefferson was paying a market rate; Executive Express was not. Trustee Madden shared his thought that the lease was about to expire and that there were no alternative tenants identified so he believed that some income is better than none.

Trustee Goodman shared that Executive Express has more square feet, plus the heated garage, which was built for them, and an area where they could wash their vehicles. He urged staff to look into other options in the coming year and to gather additional information before considering a new lease the following year. Information that would be helpful included: actual utility cost, comparable information from other towns, and profit and less information. Trustee Goodman commented that if the community was to subsidize these costs, then additional information from Executive Express would be beneficial.

Trustee Goodman indicated that an earlier review of the leases would be beneficial. Director Kyras indicated renewal discussions began in January 2013; however, delays by the carriers and insurance changes required more time than anticipated. She also shared with the board some of the discussion with Executive Express. She indicated that the owner has stated that rent in Ames is much more than in other cities they operate from. She also indicated that they have a different business model in that they typically rent in an industrial area and have pick up/drop off locations at hotel parking lots and other lower cost locations.

Trustee Goodman said that they are a partner and he believes that requesting additional information was reasonable to justify the lease rates. Trustee Madden indicated that Executive Express may not be willing to share specific details regarding their business.

Director Kyras indicated that she would relay to Mark Miller the request for actual utility costs and will talk with Federal Transit Administration to see what other type of businesses could lease the space if Executive Express chose not to renew their lease.

Trustee Goodman made a motion to adopt Alternative #1 to approve the Ames Intermodal Facility Commercial Tenant Lease with Executive Express, contingent upon approval of the contract by Executive Express and removing language regarding the PPI. Trustee Schainker seconded the motion and requested to add a reference to deleting language regarding extension of the contract past a year. (Ayes: Six. Nays: None.) Motion carried.

Trustee Goodman asked Director Kyras not to research comparable communities.

Next Transit meeting is scheduled for Thursday, June 27 at 4:00 p.m. The following meeting was set for Wednesday, August 28 at 4:00 p.m.

Meeting adjourned at 9:14 a.m.

President, Dan Rediske

Recording Secretary, Joanne Van Dyke