

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

December 3, 2015

The Ames Transit Agency Board of Trustees met on December 3, 2015 at 8:00 a.m. in CyRide's Conference room. President Haila called the meeting to order at 8:07 a.m. with Trustees Abbas, Gartin, Haila, Madden, Schainker, Haila and Teubert present.

APPROVAL OF OCTOBER 21, 2015 and NOVEMBER 12, 2015 MINUTES: Trustee Abbas made a motion to approve the minutes from the October 21, 2015 and November 12, 2015 meetings. Trustee Madden seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

PUBLIC COMMENTS: None.

FUEL PURCHASE BIDS: Director Kyras explained to the Transit Board that CyRide's current fuel contract expires on December 31, 2015 and the transit system will need to consider how to purchase fuel for the next calendar year. She indicated that there are three different methods from which to purchase fuel and that CyRide has historically purchased fuel using all three methods: No Contract - Market Rate, Contract - Lock in Vendor, and Contract - Lock in Price.

CyRide staff recommends continuing the 2015 fuel purchasing method of entering into a contract for vendor services and paying for fuel at market rates (Contract – Vendor Loc In or fixed rate plus markup/deduct). CyRide staff shared that fuel pricing is at a downward trend, which is not an advantageous time to lock in fuel prices; however, that not having a vendor contract is administratively burdensome. Therefore, the City Purchasing staff and Rich Leners, CyRide's Asst. Director Fleet & Facilities, solicited fuel bids for a fixed rate plus markup/deduct, with bids received on November 19, 2015. CyRide received six bids with Keck Energy submitting the lowest overall bid, based on CyRide's budgeted fuel amount and estimates on diesel and biodiesel pricing next year. She indicated that CyRide staff is seeking board approval to award a fuel contract to Keck Energy.

President Haila indicated that the two lowest bids were very similar and inquired about the possibility of the second lowest bid being the lowest if different fuel amounts were needed next year. Director Kyras shared that for the second lowest bidder to be low, larger amounts of biodiesel would need to be utilized in the buses. She indicated that the bids reflect the maximum amount that can be used in buses, which is CyRide's current policy. A discussion regarding local preference ensued. Director Kyras indicated that the federal government does not allow transit systems to consider local preferences. President Haila asked for confirmation that this was a legitimate contract and that no other contract was currently in place. Director Kyras assured President Haila that CyRide's current contract expires on December 31, 2015.

Trustee Abbas made a motion to approve an award to Keck Energy as the overall lowest bidder for CyRide fuel. Trustee Teubert seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

2016-2017 OPERATING BUDGET: Director Kyras shared that the financial information included in the board packet provided transit board members with an initial budget and, that according to the Intergovernmental Agreement between Iowa State University, the Student Government (SG), and the City of Ames, a final budget must be approved no later than January 21, 2016. She indicated that the information provided was divided into two topics: current budget status (through October 31, 2015) and next year's baseline budget, along with additional services/staffing for consideration.

Director Kyras began with the current budget status. She indicated that CyRide expenses are 1% below anticipated levels and also that revenue projections were slightly lower, down 1.1%. She then provided information on the only significant expense variation – fuel. She indicated that CyRide had budgeted \$3.50 per gallon and that fuel was averaging \$1.80 for the year, and as a result, staff anticipates a \$300,000 savings at the end of the year, if current fuel prices remain stable.

She shared that on the revenue side there are four categories that have a significant variance:

- State funding is higher by 6.8%; \$50,000 increase to the budget
- Federal funding decreased \$90,000
- An unexpected settlement of approximately \$20,000 from a damage claim
- Farebox and cash sales are down 8.7% year to-date and if that trend continues, CyRide anticipates approximately \$30,000 less than what was anticipated for revenue.

President Haila inquired if CyRide had incurred \$20,000 in expenses from the accident. Director Kyras indicated this included parts and labor; therefore, only the parts expenses would constitute out-of-pocket expenses.

Trustee Gartin questioned if the \$20,000 settlement should be claimed as revenue and Trustee Schainker clarified that it is considered revenue above expenditures.

A question was raised about where CyRide's state revenues are generated from. Director Kyras explained that the state provides an equivalent amount of 140th of 1% of the fuel tax; however, this is generated through vehicle licensing fees. Further, she indicated that as more vehicles are purchased during good economic times, the higher state revenue CyRide receives.

A question was raised about why CyRide's federal funding was lower. Director Kyras indicated that the main reason was due to the Small Transit Intensive Cities (STIC) funding, which can vary when more transit systems become eligible for the program or qualify for more of the six criteria. This past year eligible transit systems qualified for more of the criteria, which lowered the per criteria amount and CyRide's overall funding from this source.

Trustee Madden inquired about the new Federal transportation bill passed by Congress the previous day. Director Kyras provided a brief history of the bill and what she had gleaned about the bill in the early hours of its passage. She indicated that it was a five-year bill, overall funding increased 10% over that time period with a 2% increase in operating funding the first year of the bill. She indicated that it included a new discretionary capital program to replace buses, which was based on mileage and condition of the vehicles. She indicated that CyRide's federal funding was delayed one year so that the 1st year funding would impact CyRide's 2016-2017 budget. She cautioned board members that the actual impact on CyRide cannot be determined until the individual transit system's allocations are published in the Federal Register.

Trustee Schainker shared his thoughts that an increase in federal funding was not included in the baseline budget presented to the board. Director Kyras indicated that it reflected a 2% decrease. Trustee Schainker suggested that higher federal revenue be included in the final baseline budget, specifically recommending it remain at current budget levels.

Director Kyras provided further explanation on the lower farebox year-to-date trend. She indicated that the disabled fares were at or above projections and that "regular" fares were lower, especially semester pass sales.

Director Kyras then explained CyRide's balances. She indicated that there are three closing balances: operating balance, which will increase with the fuel savings to just under \$1.4 million, capital balance, which has decreased due to timing of purchases, and the Student Government Trust Fund balance that will be approximately \$518,000 and nearing the half million dollar desired level. Overall, she indicated that CyRide was in a strong financial situation approaching the next budget year.

Trustee Madden asked if CyRide had ever examined the possibility of payroll deduction for ISU employees. Director Kyras indicated that Iowa State University currently subsidizes 30% of the cost of an employee's bus pass, but indicated that payroll deduction had not been discussed to further encourage transit ridership. Trustee Madden indicated that he would be supportive of these discussions to assist employees in spreading the cost of a pass over months, instead of all at one time.

Director Kyras then began discussing next year's baseline budget. She began by explaining the nine assumptions that significantly impacted the budget as detailed in the board packet. She also explained that the Amoco Loan would be paid in full this year so this expense was not included in next year's baseline budget.

Director Kyras said the baseline budget reflects a 2% increase over this year's adopted budget. President Haila questioned whether \$3.00 a gallon for fuel was an appropriate price to reflect in the budget. Director Kyras shared staff's justification for this dollar amount in light of the volatility of this large expense – belief that fuel prices would not, for the next 18 months, remain as low as they currently are today. Trustee Madden pointed out there was no trend that fuel prices will increase. She also indicated that CyRide staff had had discussions on this figure with the City's Finance Department.

Director Kyras then explained that the baseline budget would require a 2.8% local share increase for the next budget year. She then directed the board's attention to the closing balance, which is anticipated to over \$1.4 million dollars and would be 13.5% of the operating budget. President Haila asked why maintenance expenses were lower and Director Kyras responded because of the lower fuel price per gallon.

Trustee Gartin questioned what the basis for the closing balance amount was and what it was used for. Director Kyras replied it is a reserve, taking money in excess of expenditures and putting it into reserve funds to be used for unanticipated expenses. She shared past studies and Transit Board directives on the appropriate amount of dollars to have in reserve. Trustee Gartin suggested that a CPA provide the Transit Board with a recommendation of what the reserve/closing balance level should be. Director Kyras indicated that she had discussed this with the City's Finance Director and after the budget process is completed this could be developed. Trustee Gartin recommended ISU finance personnel assist with this project so that it meets the board's obligation to make sure its balances are appropriate.

Director Kyras clarified that the review would address the operating closing balance only and not the capital or student government trust fund balances. She clarified that the capital closing balance was not a reserve as its balance reflected only what was needed for the next several years to purchase capital items and that the trust fund balance was decided by the students/ISU, as it was funded solely by student fee dollars.

Trustee Madden shared that he was not opposed to what Trustee Gartin was suggesting, however, felt these individuals would not be able to provide any new advice other than what CyRide has already developed. Further, he shared that CyRide is a nonprofit entity and that the balance should reflect the dollars CyRide needs for a sufficient cash flow and to pay the bills. He also stated that it should cover several months or a percentage of operating funds. He also mentioned that CyRide has an additional safety factor as both the city and ISU could choose to financially assist CyRide

if the closing balance was not sufficient for unexpected circumstances as public transit is important to the community.

Trustee Schainker shared his thoughts on the closing balance indicating that it should be based upon cash flow needs and its violability because there is little impact from a lower customer base or soft economy. However, fuel costs are a significant factor and should be considered in the balance.

President Haila shared that if fuel remains steady at approximately \$1.80, that CyRide's closing balance could rise above 15%. Trustee Madden added that the additional dollars above 15% could be used to build up a reserve for building a new building or more buses.

President Haila asked board members to discuss the merit of having staff work with the city/ISU on a study of what the closing balance level should be. Trustee Gartin shared that he believes that expenses have a potential for fluctuation, and with CyRide's fuel fluctuations, a sufficient closing balance could take pressure off CyRide's financial situation.

Trustee Gartin also encouraged CyRide staff to visit with its peers to see what their closing balance/reserve target is. Director Kyras shared that CyRide had completed a peer analysis on this topic a few years ago and that each transit system approached the reserve level differently. Some held a three to six month cash flow amount, where others held a percentage of the operating budget while others were more comfortable with a specific dollar amount. She indicated it depended on the risk level of the staff and policymakers. Trustee Gartin shared that he would like to see an industry best practice on this topic. Director Kyras shared that staff could work with others and prepare a closing balance analysis after the budget process was completed in early 2016.

Director Kyras also shared that when fuel prices increased significantly in a short period of time a few years ago to approximately \$4.00 per gallon, it had about a \$200,000 impact on CyRide's budget. With a \$1,400,000 closing balance anticipated at the end of the 2016-2017 budget year, an impact of this nature could be accommodated.

Trustee Gartin inquired about the source of CyRide's health insurance costs and if its employees were under the City of Ames policy. Trustee Schainker shared that they were and that the increase was 7% higher for the next year.

Director Kyras then directed board members to the chart indicating additional services, policies and staffing requirements that could be added to the baseline budget to meet next years' service requirements and provided a brief explanation of each. She

indicated which changes were recommended by staff, indicating that they would increase the local share requirement to 5.27%.

Trustee Teubert asked about the research park change that was presented at the October board meeting, but was not included on the chart as it was a \$0 change. He shared his concern about what this change could mean for students. Director Kyras explained this did not need to be considered with the budget and that CyRide staff, along with President Haila, had met with research park representatives to discuss this proposal. Based on that meeting, staff will conduct passenger counts when the roundabout is open and the research park staff will examine possible additional concrete to connect CyRide's bus stop to businesses on the north side of the Research Park and Airport Road. Staff will get back together with the research park representatives in January and can report back to the board with more information at that time. President Haila said the research park is very interested in having bus service at their new hub building and will interact with the businesses in the business park, realizing that to serve both areas would significantly increase CyRide's cost.

Trustee Madden shared the timing of development at the research park, indicating that most changes could impact CyRide in a year.

President Haila asked how the Copper Beech contract could impact next year's budget. Director Kyras shared the timeline as outlined in the contract and indicated that CyRide could again potentially be making a decision in August of 2016 on whether to run the bus funded in their contract.

Shari Atwood shared with board members that CyRide will find out in January if its ICAPP grant application for service on the Plum Route and the purchase of two buses will be approved, which could provide additional funding for this route.

Trustee Madden discussed several larger apartment complexes that will be open next year and asked what kind of impact this will have on CyRide service. Director Kyras indicated that there would be an impact and, further, indicated that several smaller complexes would also be added along the Red Route that would, cumulatively, have an impact.

Trustee Teubert shared that students would be interested in increasing bus stop shelters to have quality housing for passengers waiting for buses and asked for additional information on bus shelter/bus stops so he could work on this project over the holiday break. Director Kyras said typically CyRide budgets \$50,000 for these improvements each year, which includes the bus stop pad, sidewalk, or any other type of amenities for a bus stop/shelter and that staff could provide him with information on CyRide's planned improvements.

Director Kyras briefly explained CyRide staff's recommendations for additional service above the baseline budget. She further shared that staff's recommendations reflected only minimal service changes as staff will need to resolve its driver staffing issue before its believe they can adequately staff new services.

Trustee Gartin asked about several characteristics of CyRide's drivers to gain an understanding on whether it was difficult to find full-time drivers. Director Kyras indicated that CyRide has 24 full-time drivers and approximately 125 part-time drivers and that it takes about eight to nine years for part-time drivers to be offered full-time employment. Therefore, filling full-time driver vacancies was no problem.

Trustee Madden shared ISU administration conversations regarding safety of students at night, indicating that additional bus services in the evening could possibly help address these issues. He indicated that the University will most likely add an additional ISU HELP van to assist with late night service needs.

Trustee Teubert asked about the status of the priority class registration for CyRide drivers and felt CyRide would have more students apply if this was addressed. Director Kyras indicated that she and Trustee Madden were scheduled to discuss this after the Transit Board meeting. Trustee Teubert also indicated that he supported including the "eliminating the training wage" option as it would be an incentive for students to drive for CyRide.

President Haila questioned the additional cost for the services recommended by staff above the baseline budget. Director Kyras clarified that staff's recommendation increased the baseline budget's local share requirement of 2.8% by an additional 2.7%, for a total of 5.27%.

Trustee Schainker shared his thoughts that the 5.27% increase was high for the city, but suggested that staff adjust the budget's federal revenues higher, therefore lowering the local share increase. Trustee Madden supported this approach further sharing that the Regent's approved a 3% tuition increase, a little less for graduate students and was requesting a 4% increase from the state. Therefore, he was comfortable with a 4% increase.

Trustee Schainker shared his concerned about adding an express route from the Mortenson area stating that he was concerned about what impact this route would have on other routes in the system. Trustee Madden said there are a large number of students that that drive to the Iowa State Center parking lot and ride Orange route into campus that live in this area. Director Kyras shared staff's thought on this express route. She indicated that with very heavy demand on Mortensen today, that dividing it between current service and a new express route that operated less frequency would

divide ridership and allow for fewer buses on the current route. The result will be full buses on both routes; however fewer buses on the current Red route from Mortenson.

Trustee Madden made a motion for Alternative #1 to table action on the 2016-2017 budget until the January 2016 board meeting and to reflect in this budget the same level of federal funding as is in the current budget, as well as staff's recommended additions. Motion seconded by Trustee Gartin. (Ayes: Six. Nays: None.) Motion carried unanimously.

FIVE YEAR CAPITAL IMPROVEMENT PLAN: Director Kyras explained that the Five Year Capital Improvement Plan reflected capital purchases that would be included in the next budget, as well as anticipated purchases for the following four years. Based on a consensus of board members, Director Kyras answered questions about the CIP as opposed to providing a detailed explanation of each item.

A question was asked by Trustee Teubert about the cost of bus stop improvements. Barbara Neal shared that bus stop improvement costs vary up to \$35,000 per bus stop location. She indicated that she would provide Trustee Teubert with CyRide's Bus Stop Improvement Plan after the meeting.

Trustee Schainker asked about the cost of storing camera footage taken on buses. Karen Jamison, CyRide's Assistant Director of Operations, indicated that CyRide does not store video unless it is achieved due to a situation on the bus. Therefore, there is very little storage cost for this system.

President Haila shared his belief that delaying the purchase of flood pumps seems short sighted and wondered why this was not included in part of the building construction completed in 2014. Further, he shared that a pump costing \$80,000 should be moved up in priority. A discussion ensued about this modification. Rich Leners, CyRide's Assistant Director of Fleet & Facilities, assured board members that CyRide had researched the availability of renting pumps and believed that this could be acquired temporarily if the situation arose; however, eventually purchasing this equipment would allow for a shorter response time in the long term.

Trustee Schainker made a motion to approve Alternative #1. Trustee Abbas seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

TRANSIT DIRECTOR'S REPORT:

Used Buses. Director Kyras shared the results of the most recent used bus purchase, which netted CyRide three more buses for a total cost of \$5,110. A board member discussion ensued regarding CyRide's ability to purchase more used buses, as needed, using the online auction method of the last used bus purchase. Board members were

supportive of this method and discussed ways that board could provide authorization in advance due to the short timeframe available for on-line auctions.

Trustee Madden made a motion to authorize CyRide staff to purchase up to eight buses during the fiscal year. Trustee Abbas seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

Orange route study. Director Kyras shared that CyRide staff will bring additional information to the Transit Board in January for the three Orange route alternatives, as discussed during the November 12, 2015 Transit Board meeting. Director Kyras explained the additional information and requested board member input on other information that might be helpful to selecting a preferred alternative.

System Redesign Scope of Work. Director Kyras shared that CyRide staff is in the process of drafting a preliminary scope of work for the system redesign study for consideration by board members. She indicated that this will be included on the board's agenda for the January 2016 meeting.

Trustee Gartin inquired as to what kind of training CyRide drivers received regarding acts of terrorism. Director Kyras said CyRide has a safety plan that details plans for each type of risk, including terrorism acts. She indicated that staff periodically reviewed these plans, however, more effort could be given to refresh staff on the plans. Barbara Neal, CyRide's Operations Supervisor, said drivers are trained if an instance were to arise. Further, she indicated that the plans and activities have been coordinated with public safety officials, such as how to handle a hostage situation on the bus or procedures if an active shooter was on campus.

Trustee Gartin asked for a safety procedures update for the next meeting to make sure appropriate measures are being taken and that a plan is integrated into the training.

Director Kyras shared that the federal government is working on new regulations in this area and after they are released, CyRide will make modifications at that time to bring CyRide's current program into compliance with the new regulations.

NEXT MEETING TIME AND PLACE:

- January 13, 2016 at 8 A.M.

MEETING ADJOURNED: Trustee Abbas made at motion 9:53 a.m. to adjourn the meeting. Motion seconded by Trustee Teubert.