

The Ames Transit Agency Board of Trustees met on December 22, 2016 at 1:00 p.m. in CyRide's Conference room. President Haila called the meeting to order at 1:01 p.m. with Trustees Gartin, Schainker, Staudt, Valentino, and Haila present. Iowa State University's Senior Vice President, Katherine Gregory, was also present.

APPROVAL OF MINUTES: Trustee Gartin made a motion to approve the November 30, 2016 minutes as presented. Trustee Schainker seconded the motion. (Ayes: Five. Nays: None.) Motion carried.

PUBLIC COMMENTS: None.

Trustee Madden joined the meeting at 1:04 p.m.

TAM PLAN PERFORMANCE MEASURES/TARGETS: Director Kyras explained the new federal Transit Asset Management (TAM) requirements indicating that the first deadline was January 1, 2017 to develop asset performance targets. She explained the three asset categories CyRide would need to set targets for- rolling stock, facilities and equipment.

For rolling stock, Ms. Kyras explained the first step was to determine the Useful Life Benchmark (ULB) or life cycle for CyRide vehicles. She indicated that the Federal Transit Administration (FTA) has established a national useful life benchmark of 14 yrs. that transit systems could choose to either adopt or establish their own. She indicated that staff's recommendation was to establish 15 years as CyRide's ULB, based upon CyRide's vehicle age at failure and when its operating costs significantly increase.

President Haila asked for further clarification regarding the useful life definition. Director Kyras indicated that it was the period of time where CyRide could reasonably anticipate operating its vehicles in daily service.

She then explained that the FTA had established a national useful life benchmark for mini or cutaway buses at 10 years. She indicated that after researching CyRide's failure or significant increase in cost age of these vehicles was approximately 10 years. She also indicated that the current age of CyRide vehicles in this category was 6 years and anticipated Iowa DOT replacement funding becoming available at 12 years. Staff's recommendation was to set CyRide's ULB for these vehicles at 10 years.

Director Kyras indicated that CyRide's shop truck was considered shop equipment under the TAM regulations and that the FTA did not set national standards for equipment. Further, she indicated that CyRide had previously established a replacement age for these vehicles at 10 years and would recommend that this not be changed for the TAM performance targets.

Director Kyras then explain the last TAM category - facilities. She indicated that the FTA requires transit systems to use a TERM or Transit Economic Recovery Model analysis to determine each facilities overall rating, which is based on an analysis of the facility's subcomponents. Each facility is given a rating between 1 and 5, with a 3 rating being satisfactory. She indicated that this analysis was time-consuming and could not be completed prior to the January 1, 2017 deadline, so staff had developed a less data intensive methodology, using the same scale, to meet the upcoming deadline. She indicated that this analysis rated all CyRide facilities at a 3 or above. She indicated that staff would complete the TERM analysis on all facilities before the January 1, 2018 deadline.

Director Kyras then explained that these ULB and ratings were then used to establish performance targets, placing them into the FTA's required format. She directed board members to the Performance Target Chart contained in the board packet for the recommended targets. She indicated that it was staff's desire that board members were comfortable with these ULB's, ratings and performance targets, as they set policy for how future capital funding would be spent if one asset category did not meet the performance target.

Trustee Gartin questioned how this information would be used by the Federal Transit Administration. Director Kyras shared her thoughts that the targets would be used to provide a standard reporting format for federal officials and Congress to determine the backlog of transit infrastructure needs and hopefully begin to address this this backlog. She indicated that it could possibly be used to evaluate grant opportunities in the future. She further indicated that there was no clear direction at this time as to how the federal government would use the information, beyond the reporting requirement. She indicated that if a transit system did not meet its target, that it was FTA's hope that the transit system would address these deficiencies in their capital budget, which begins to set policy for a transit system.

Trustee Gartin shared his concern about locking into a policy that could impact local funding decisions. Director Kyras stated that at this time it was only a reporting requirement, but that it could impact capital funding decisions in the future. She further indicated that since CyRide receives federal funding, it does not have a choice in not complying with the regulation.

Ms. Gregory shared her thoughts that if a transit system did not want to replace an asset that did not meet the established TAM performance target, that she did not foresee the federal government providing funding to replace the asset; thereby imposing its standards on a local transit system.

Trustee Gartin further clarified his concerns that the federal mandate would require a local transit system to spend their money on the mandated priority. Ms. Gregory shared her thoughts that she did not see federal officials requiring a local system to increase its spending to address the mandate.

Trustee Madden shared his thoughts that federal officials could use a transit system's achievement of its target, or lack therefore, in making grant decisions and that this could unfairly penalize transit systems that spent more dollars in maintaining their assets. His recommendation was to be realistic in setting these targets. Ms. Gregory shared her thoughts that CyRide maintained its facility and that she did not believe that the TAM requirements would negatively affect how CyRide manages these assets.

Trustee Gartin shared his concern that FTA could reduce its financial resources to replace assets, as they are unable to maintain even current levels of financial assistance. As a result, he also encouraged being realistic with the performance targets.

Director Kyras shared that the recommended ULB, ratings and performance targets were developed based on data from CyRide's current and historical experience and believes that they represent realistic standards for the transit system. She provided an example of the data used for the 40-60' buses, indicating that age at failure, substantial expenses and percentage of the fleet above various targets was used to establish its recommendation. She also explained that these targets could be modified in a year, based on additional data and direction from FTA on how the data would be used.

Trustee Schainker made a motion to approve CyRide staff's recommendation for Useful Life Benchmarks, TERM ratings and the establishment of the January 2017 performance targets. Trustee Staudt seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

FIVE YEAR CAPITAL IMPROVEMENT PLAN: Director Kyras provided background information explaining that the Transit Board had directed staff at their November meeting to revise the 2017-2018 capital plan to allow for no more than a 5% increase in local funding for both its capital and operating costs for the next year. Director Kyras compared the original request to two options, both of which would meet the board-directed modifications. She also defined "committed" projects that could not be modified as projects currently funded in grants, anticipated to be included in grant submittals in May, projects that supported the grant projects and safety projects.

Trustee Madden inquired about the probability about whether the projects to be submitted in grants in May would receive funding. Director Kyras indicated that if the transit infrastructure program is funded by the State Legislature this year, that she believed that there was a high probability that both CyRide projects would be funded. Further, she indicated that if they were not funded, that the projects would be deferred to the next year.

Director Kyras explained the difference between the two scenarios, indicating that the first option was the recommended staff option, as it met the board's goal and minimized the magnitude of CyRide's deferred capital projects.

Trustee Schainker asked for clarification as to what was included in the \$100,000 cost to update the GPS vehicle tracking technology. Director Kyras indicated that staff was in the beginning stages of determining what the best option was for this technology,

whether it was a replacement of the software and possibly some/all of the hardware or whether an upgrade with the current vendor would benefit CyRide, but the cost estimate was based on replacement of the system with a different vendor.

Trustee Madden shared his thoughts that technology is evolving continually, with costs decreasing. Further, he indicated that a vehicle tracking system was a priority of the students and would continue to be a priority in the future. Trustee Schainker further shared that students had originally paid for the system and the initial years of its annual maintenance cost.

Director Kyras then shared the difference between the two options regarding the dollars to be transferred from the operating budget to support the capital purchases – Option #1 - \$460,000 versus Option #2 - \$200,000. She also explained the impact that the capital costs would have on the local dollar increase required for the operating budget – Option #1 – 3.9% increase versus Option #2 – 1% increase. Trustee Schainker shared his concerns with the impact of these options on CyRide’s longer term financial health. Director Kyras indicated that Capital Plan Option #1 was included in a Five-Year Pro Forma that was included in the Operating Budget discussion.

Trustee Schainker asked for clarification on the reduced dollar amount for computers. Director Kyras indicated that three instead of six computers would be purchased next year. Further, she clarified that other projects, such as Shop Equipment, would require the Maintenance division to prioritize its purchases with reduced dollars to spend.

Director Kyras provided board members with CyRide’s five-year capital procurements philosophy, where the next three years would focus on major repairs to the current facility, while CyRide’s buses would rise closer to the top of the State’s bus replacement list. At that point, CyRide’s capital focus would turn to bus replacement. Further, she shared that with the 2015-2016 fuel savings, combined with the current budget savings on fuel and the board’s commitment of \$200,000 in the past, that these funds (approximately \$1.2 million) could be considered for local match in a grant application for a second facility/facility expansion.

Trustee Schainker asked for clarification regarding the Human Resources software, specifically about whether it could track employee hours for the Affordable Care Act (ACA). Director Kyras provided background information on why the software would be beneficial for CyRide’s 145 drivers and the employee information that would utilize the software. Director Kyras indicated that in preliminary vendor demonstrations, that ACA modules were generally available. Trustee Schainker wanted to confirm that the \$50,000 cost for this capital purchase included the ACA module. Director Kyras indicated that more investigation on including this module and its costs would need to be completed before the software and ACA module cost is known. She indicated that the budget for this project currently did not include the ACA module, but would investigate further to determine if it was possible within the budget.

President Haila asked for clarification on the local share percentage increases needed in the operating budget to consider each capital option. Director Kyras reiterated the increases – 3.9% to consider Capital Option #1, 1% to consider Option #2 and 12% for the original capital plan option. Director Kyras indicated that these increases included operating budget modifications as well, such as a reduction in the budgeted fuel price. She also indicated these operating modifications included the loss of revenue for one bus on S. 16th Street and its operating costs, indicated that the Gray route costs were lower than the revenue received - \$71,000 cost versus \$113,000 revenue. She indicated that this was due to the higher fuel prices when the contract was negotiated almost four years ago.

Trustee Gartin asked for clarification on the closing balance. Director Kyras said the budgeted balance would be 8%; however, fuel savings would most likely allow this balance to be higher by the end of the fiscal year. Trustee Schainker indicated that this savings would be reflected at the end of the year or during budget amendments.

Board members discussed not taking action on the Capital Plan until the operating budget was discussed at this meeting as the two items impacted each other. Therefore, board members moved to the next agenda item on the operating budget.

2017-2018 OPERATING BUDGET: Director Kyras explained that the Transit Board had directed staff to prepare two budget options for consideration as follows:

- **Option A** – reduce fuel price per gallon, eliminate the \$110,000 increase to achieve a 10% closing balance, reduce capital expenditures, eliminate the expenses of one bus on the Gray Route and contract revenues to support this service.
- **Option B** – Option A + additional service reduction(s) to achieve no higher than a 5% local share increase

She indicated that Option A achieved the board-directed local share increase of no higher than 5%; therefore, Option B was eliminated from consideration.

Director Kyras then detailed the new baseline budget, reflecting operating budget option A, the four service change options board members desired to consider in the operating budget and the five-year Pro Forma developed. The new baseline budget reflected an increase in federal funding anticipated, Capital Plan Option #1 requiring a \$460,000 operating budget transfer to capital, and the board-directed budget option A. The local funding share would require a 3.9% increase.

At the October board meeting, members directed staff to develop three potential service changes for consideration along with the budget as follows:

- 5 additional hours of service per weekday
- Two additional trips on the Brown route each weekday
- New State Street route

Additionally, staff developed a fare reduction option based on board member discussion and concerns with the downward trend of ridership and farebox revenue. A spreadsheet with each local funding partner's dollar and percentage increase for each of these options was discussed.

Finally, the Director explained the five-year Pro Forma explaining that it included the baseline budget (Option A), plus the staff-recommended service changes of five additional hours per day and two Brown Route trips, as well as annual revenue and expense modifications for anticipated financial changes/inflation. She indicated that this analysis indicated that the local funding shares would need to increase approximately 5% per year to maintain the 2017-2018 recommended budget.

Trustee Schainker pointed out that the 5% increase per year in the Pro Forma did not include any additional services in the future and was concerned that taking action in the 2017-2018 budget could preclude any additional service increases to stay within the 5% per year increase. Director Kyras cautioned the board that the future revenues and expenses were estimates and that the Pro Forma provided today's best estimate of CyRide's financial position in the future, as actual data was not available for future situations that would impact these budgets.

President Haila asked for clarification on specific revenue and expenses projections and whether the price of fuel was constant throughout the five year period at \$2.50 per gallon. Rob Jennings, CyRide's Scheduler/Administrative Analyst, indicated that the price of fuel was increased 5% each year in the Pro Forma.

President Haila shared his discomfort in not knowing the results of the System Redesign Study prior to making a decision on the 2017-2018 budget, as it committed a 5% increase for the services included in this budget and did not allow for changes that might be recommended in the study.

Director Kyras indicated that if the board desired to take action at the meeting as opposed to deferring action to the January 19, 2017 meeting, she would recommend Operating Budget alternative #4, for budget option A, two service increases and capital budget Option #1. She indicated that this would require a 4.9% increase in the local funding dollars, which was below the 5% cap established by the board.

Trustee Schainker clarified that with the two service change recommendations that the Director's recommendation would increase the local funding dollars by .9%, and for the City this would add approximately \$18,000 above the baseline budget. Director Kyras confirmed he was correct.

President Haila raised a concern regarding service to DMAcc if service was eliminated on the Gray Route. Director Kyras indicated that to eliminate one bus along S. 16th Street in light of the loss of private developer revenue, there were two options - eliminate the only bus operating the Gray Route or one of two buses on the Plum Route; thereby reducing bus frequency from 20 minutes to 40 minutes. She indicated that the

first option eliminates service to DMAAC and, during the midday, other businesses in the Southdale area. Further, she indicated that CyRide entered into a contract with DMAAC for additional trips in the evening and would need to terminate that contract if this option was chosen. The impact of the second option could lead to overcrowding and or possibly additional demand on the Orange Route. She also shared that CyRide had recently submitted an ICAAP grant application for the second bus on the Plum route and that there was a possibility that this application would not be approved if this option was chosen. Additionally, she stated that the Plum route is a popular route, providing 25,000 rides a month compared to the Gray route at 13,000 per month. The Plum Route has also had a positive impact on stabilizing the Orange Route ridership.

President Haila inquired about whether the ICAAP grant was included in the 2017-2018 budget revenue and could further reduce revenues. Director Kyras indicated it was not and if received would create a \$230,000 savings to the student government fund account.

Trustee Schainker confirmed that the \$113,000 revenue for the Copper Beech developer had been eliminated from the budget proposal as well as the expenses of one bus.

President Haila asked board members to comment on whether they believed that it was an unreasonable modification to eliminate the Gray route serving DMAAC. Trustee Madden indicated that DMAAC was not contributing to the finances of CyRide like Iowa State students and indicated that he believes that if DMAAC desires service, there may need to be a financial contribution from the community college or the students. Trustee Valentino added that ISU students are paying property taxes, as well as contributing directly to CyRide. Further, he shared his concern regarding eliminating the Plum route, stating that he believes that students would "push back" on this change.

Trustee Schainker stated that board members need to view the transit system as serving the entire community. Further, he indicated that it is a difficult decision to have to consider reducing service, but the board need to consider the value of the service to those that are affected the service reduction, as well as the quantity of rides on a route. He also indicated that CyRide needs to serve all areas of the city.

Trustee Madden shared is concerns with reducing service and indicated that the difference between student funding at 76% and the number of rides generated by students at 93% may need to be evaluated to allow the system to serve the entire community. Trustee Schainker concurred indicating that maybe the student's share should be closer to paying 93%. Trustee Madden clarified that including property taxes paid by students into the percentage could bring the students share closer to 93%.

Trustee Gartin asked when the service reduction would become effective. Director Kyras indicated that if the Gray route was reduced it would be July 1, 2017 and if the Plum route was reduced by one bus, it would not be added into the fall service modification prior to school starting.

Trustee Gartin shared his concern about students signing leases beginning in January 2017 and not being aware of a service reduction. He indicated that CyRide should be sensitive to this issue. Director Kyras shared the possible timeframe for a final decision on a service reduction, as it must follow a prescribed FTA public input process. She indicated that information could be developed in January, a public meeting in February and a final decision could be made by the Transit Board at their March board meeting. Trustee Gartin shared that most students will have their leases signed by March without the knowledge of a potential service change that might affect them.

Trustee Schainker offered a possible solution to not implementing a service reduction - eliminating the recommended service improvements (five additional hours and trips on the Brown route), and apply those funds to keep both routes operating as they are today. Director Kyras indicated that staff would need to reduce capital by \$60,000 more to replenish the \$113,000 revenue loss. Trustee Staudt shared his concern in eliminating the five additional hours of service to next year's budget in that there will be three apartment complexes opening in the fall at Lincoln Way and Franklin and service capacity is not included in the baseline budget. As a result, CyRide will not be able to meet this new, higher demand.

Trustee Madden offered the possibility of further reducing the fuel cost per gallon to balance the budget. Another solution was offered - to consider raising the local funding increases slightly more than 5% to eliminate a service reduction. Trustee Madden indicated that Ms. Gregory and Trustee Schainker would need to decide if more than a 5% increase was feasible.

Another solution was offered to reduce the cost impact of the Affordable Care Act from \$150,000 currently in the 2017-2018 budget to a lower amount based on recent experience in offering insurance to CyRide employees.

There was a lengthy discussion about the advantages and disadvantages of the new solutions offered.

Trustee Staudt was concerned about how to address private shuttles, inquiring about whether the university had a policy on where/how this could be done - allowing their buses on campus or dropping at the perimeter of campus. Director Kyras expressed her concerns regarding private shuttles, citing the need to coordinate transit services. Trustee Schainker shared his concern with Trustee Staudt's thoughts on private shuttles, indicating that student's may not be able to sustain their contribution if CyRide expands its service to avoid private shuttles and this financial burden will fall on the City.

President Haila shared his thoughts of keeping the Gray route and eliminating one bus on the Plum route. Trustee Staudt shared his opinion that the Plum route, unfortunately, was the only possible service reduction that was feasible. Ms. Gregory shared her thought that the transit board needs to be prepared to answer why they came up with their decision.

Trustee Gartin shared his thought of developing a housing-transit matrix, which would identify the level of CyRide access near each development.

Trustee Madden indicated he was in favor of the 3.9% budget alternative and to wait until the System Redesign consultant has finished their work to look at additional changes.

The board then decided to take action on the Capital Improvement Plan.

Trustee Staudt moved that Option #1 of the Capital Improvement Plan be approved, which transfers \$460,000 from the operating budget into the capital budget. Trustee Madden seconded the motion clarifying that instead of the \$800,000 operating-to-capital transfer, that \$460,000 would be transferred for the 2017-2018 budget year. Trustee Gartin clarified that the Ames Transit Board of Trustees was voting on the Capital Improvement Plan. Trustee Madden asked Ms. Gregory if she was comfortable with the motion and she indicated she was.

(Ayes: Six. Nays: None.) Motion carried unanimously.

Transit board members then discussed the possible operating budget alternatives. Director Kyras indicated that she recommended either alternative #1, to defer action until the January 19, 2017 board meeting, or Alternative #4, for budget Option A with the two service improvements of five additional weekday hours and two evening Brown route trips.. Trustee Schainker noted this would require a 4.9% local funding increase.

Trustee Staudt made a motion to move Alternative #4 to approve baseline budget Option A, Service Option #1 (additional hours of service) and #2 (additional night service on Brown Route) for a total increase of 4.9%. Further, he stated that it was the board's intent to reduce the Plum route from a 20-minute to a 40-minute service level and that the Gray route will remain in place. Trustee Gartin seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

Trustee Gartin pointed out that the service reduction plan is what the transit board intends at this time, but that staff will need to hold public meetings and provide the board with public input for final consideration in March 2017. He also conveyed that he believes that CyRide should let customers know as soon as possible about this potential change. Trustee Gartin and Trustee Staudt agreed that residents who chose to move to Copper Beech with the understanding they would have CyRide service should be made aware of this at this time and suggested placing a notice in the shelter. Trustee Madden indicated that there should also be a public meeting and that the Director Kyras should contact the Tribune and the Iowa State Daily to circulate the story. Trustee Staudt and Madden suggested using the Iowa State email system to communicate the story, as well signs on/near the bus. Trustee Staudt and Valentino suggested emailing students when they came back for spring semester, but not the first week as there is a great deal of information being relayed this first week and CyRide's message could get lost in the volume of information provided to students.

Trustee Madden urged Director Kyras to reach out to Copper Beech's management to inform them that if she had not received confirmation by January 6th that the developer wants CyRide to provide service to the Copper Beech complex under a new contract, that CyRide will be communicating with students on this potential service reduction.

Trustee Gartin also made a motion to direct staff to open communications with DMACC to determine their interest in a more formal relationship, to gain more information regarding their student body and to determine if new opportunities might exist to collaborate. Trustee Schainker seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

Trustee Madden shared his thoughts that possibly DMACC might consider a funding model similar to ISU regarding student fees. Director Kyras shared that this could result in a new governance model where DMACC became a local funding partner.

MOVE TO ADJOURN: Trustee Staudt made a motion to adjourn the meeting at 2:45 p.m. and Trustee Gartin seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

SPRING SEMESTER MEETING DATES AND TIMES:

- January 19, 2017, 8:00 AM
- February 28, 2017, 8:00 AM
- March 23, 2017, 8:00 AM
- April 27, 2017, 8:00 AM

John Hail, President

Joanne Van Dyke, Recording Secretary