

The Ames Transit Agency Board of Trustees met on February 28, 2017 at 8:00 a.m. in CyRide's Conference room. President Haila called the meeting to order at 8:05 a.m. with Trustees Gartin, Madden, Schainker, Staudt, Haila, and Valentino present. Iowa State University's Senior Vice President, Katherine Gregory, was also present.

APPROVAL OF MINUTES: Trustee Gartin made a motion to approve the January 19, 2017 minutes as presented. Trustee Madden seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

PUBLIC COMMENTS: No public comments.

AUTOMATIC PASSENGER COUNTER (APC) – Single Source Procurement: Director Kyras explained that a decision on the single source procurement of APC equipment was deferred from the January meeting so that staff could provide additional equipment and budget information.

Director Kyras explained that the first of three pieces information requested by the transit board was a cost clarification for one-time versus annual costs. She explained that to maintain the existing four demonstration units there would be a one-time cost of \$18,313 as opposed to expanding the project to eight vehicles at a cost of \$40,722, with the difference being the cost of the equipment/installation. The additional annual cost would be \$3,633 for the four existing units and \$7,326 for the expanded eight units. She indicated that there were federal dollars available for a portion of these costs, so the local cost would be \$18,414 for the four existing units and \$24,421 for the expanded eight units, for a difference of \$6,108.

She reminded board members that the recently completed demonstration project with four units allowed CyRide to originally test the equipment and that the expanded project could allow passengers to enter and exit the articulated buses through all doors, reducing boarding time. Director Kyras also reminded the board that a single source procurement was required as there was only one viable manufacturer that was able to accurately count passengers on CyRide's buses. She stated that the total federal and local cost for the purchase of four additional units, annual license fees and installation would be \$59,035.

Board members asked additional questions about the license fees associated with the APC equipment. Rich Leners, CyRide's Assistant Director of Fleet & Facilities, clarified that there was a one-time cost for reporting software of \$18,313 regardless of the number of units CyRide operated and then there were annual licensing fees on a per bus basis.

Trustee Gartin shared his thoughts that in twenty years there will be more options so was wondering if the DILAX equipment being recommended would limit possibilities for this technology or its ability to integrate with other bus technology, such as the vehicle location equipment in the future. Mr. Leners indicated that the DILAX system could integrate with other bus technology and that purchase of the DILAX equipment would not lock CyRide into their technology in the future.

Director Kyras indicated that the second piece of information the board requested concerned a Peer System Analysis regarding experiences by other transit systems using this equipment. She indicated that she was able to communicate with the University Of Michigan who is using the APC equipment to board passengers at all doors. She shared that they indicated it was benefiting their system, but that it had taken awhile to get the system operating accurately. She also indicated that she had found industry articles about other transit system's experiences with APC equipment and that it was favorable.

Trustee Schainker asked if CyRide had tested the equipment on the free Orange route circulator and wondered how it could work on other routes. Director Kyras indicated that the goal was to use it on all articulated buses on the Orange route, but that the System Redesign consultant had indicated that it could be of benefit to all three of CyRide's circulator routes.

Director Kyras indicated that the third piece of requested information was regarding the benefits and challenges of the equipment. She referred board members to a list of these characteristics included in the board's material.

Trustee Gartin made a motion to approve the single source procurement of automatic passenger counters, installation and associated annual software licenses with DILAX Systems, Inc. of Saint-Lambert, QC Canada in the amount of \$59,035. Trustee Valentino seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

DRUG AND ALCOHOL POLICY CHANGES: Director Kyras shared with board members that staff had submitted information to the federal reviewer in December 2016 and as a result, the reviewer had indicated that several more changes need to be reflected in CyRide's Drug & Alcohol policy. She briefly summarized each change:

- Several additional items and a clarification was added to the refusal section of the policy.
- Added word "amended" to clarify the specific federal language cited.
- Title change to clarify that a positive test is defined as exceeding 0.0.
- Added the name of the contact person.
- Added a new effective date to reflect the revisions.

Trustee Gartin asked if the policy was reviewed with an attorney at Iowa State University and City of Ames. Director Kyras indicated that it had not as it is a standard Federal Transit Administration document that reflected CyRide practices; however, she indicated that the Iowa DOT had reviewed the document and indicated it complied with

federal law. Trustee Gartin indicated that he would be more comfortable with a legal opinion.

Trustee Staudt made a motion to approve the five revisions to CyRide's Drug and Alcohol Testing Policy regarding refusal to test, regulation specified, title change and contact person/address and adoption/effective date. Trustee Gartin seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

CYRIDE 2015-2016 CLOSING BALANCE DISCUSSION: Director Kyras referenced the discussion from the March 2016 transit board meeting when board members approved a policy of maintaining a closing balance goal between 7.5% and 10% of expenses, to provide the transit board members with options to raise and lower expenses for balances outside this goal and to present information to the transit board if the balance exceeds 10%. In 2015-2016 the balance exceeded the maximum closing balance goal by 5.2%, with a balance of \$1,494,648. A balance of \$979,166 would be required to meet the maximum 10% goal, leaving \$515,166 to be considered for reallocation.

Director Kyras indicated that five (three capital, one operating and one "do nothing") options for the \$515,166 uncommitted funds were developed for board consideration as follows:

- **Facility** – This option prioritizes the facility as CyRide's top unmet need and would allocate the 2015-2016 uncommitted funds for this purpose. These funds would combine with a previously-allocated facility fund of \$200,000 and anticipated closing balance exceeding the 10% goal in the current year, for a total of approximately \$1.2 million that could be used as local match to a potential grant. This would allow a total project, at 80% federal share, of \$6 million dollars.
- **Bus** – This option could provide the required local match when CyRide become eligible for federal or state bus replacement grants. It could also upgrade standard buses to articulated buses to further CyRide's goal of all articulated buses on the Orange Route.
- **Uncommitted Capital** – This option would earmark these funds for either a facility or bus project to fund future opportunities that could benefit CyRide. A commitment of the funds would be made when an opportunity arose in either area.
- **Additional Services** - This option would allow the board members to fund additional service improvements that would not be part of the final "preferred" option.
- **Do Nothing** - This option would not take action on committing these funds at this time and would allow the closing balance to rise to address unforeseen budget challenges or to be committed in the future.

Trustee Gartin shared his unease about the budget process, indicating that he was concerned with the larger closing balances and was more comfortable with tighter budgets. He indicated that budgeting higher than necessary was not as transparent to

the public. Trustee Schainker and Senior Vice President Kate Gregory indicated that the reason for the larger closing balance was due to fuel prices. Further, they indicated that its overnight volatility and that it comprised a large amount of the budget were the reasons for a larger balance and that this could not be predicted more than a year in advance when the budget is prepared. Ms. Gregory indicated that she believed that next year's budgeted fuel expense was conservative. Director Kyras indicated that she believed that this was a two-year phenomenon due to significantly lower fuel prices and that she anticipated that this larger balance would not continue in future budgets.

Trustee Schainker shared with the board that using the one-time money to add new service would increase future budgets, but was supportive of committing these funds for capital purposes. Trustee Madden shared that he believes option 3 would be the best option as it gives the board flexibility to address needs/opportunities as they arise.

Trustee Schainker asked how CyRide would address a capital reserve in the budget. Director Kyras indicated that a capital fund would be created that would be used for only the board-approved capital purpose.

ISU Senior Vice President Kate Gregory shared her concern in indicating CyRide could not financially continue to increase services, but had a large capital reserve. She indicated that it needed to be clear that this was a "one-time windfall."

Trustee Schainker indicated he would be supportive of committing the funds for facility needs. Director Kyras shared that the facility was staff's top capital priority as CyRide's buses would stay at the top of the State's bus replacement list for funding when it was ready. This would allow for a larger bus purchase at one time, standardizing the fleet.

Trustee Staudt made a motion to reallocate \$515,482 of the 2015-2016 operating budget closing balance to the capital budget for facility expansion/second building purposes. Trustee Valentino seconded the motion. (Ayes: Six. Nays: None.) Motion carried unanimously.

TRANSIT DIRECTOR'S REPORT:

President Haila moved to the Transit Director's Report to allow for the consultant's presentation to be the last item on the agenda and asked the Director to comment on the Plum route service reduction item.

Director Kyras shared the public input process that staff had completed for this service change. She indicated that this process had resulted in eleven on-line comments and no one attending the public meeting. She indicated that the positive comments for the service reduction comprised almost half of the input received. She indicated that she would bring final public comments, as well as other considerations for the board to the March 30th meeting for the board's final consideration.

President Haila asked for clarification as to whether the proposed service change would impact the LaVerne apartment complex that houses low income and disabled residents. Director Kyras indicated that it would.

President Haila said when developers are building an apartment complex their expectation is for CyRide to provide service. Trustee Gartin shared his thoughts that the City of Ames could help address this issue through an updated land use policy, which sent developers a message about where CyRide could provide service.

Trustee Madden shared his thoughts regarding S. 16th Street, indicating that it is an arterial street and will become a busier corridor. Trustee Gartin agreed and indicated that it would become busier when the Grand Avenue extension was completed.

President Haila stated his opinion that he does not want to send the wrong message by reducing service from 20 to 40 minutes in a corridor that is experiencing more density, but indicated that it would be a difficult decision to make next month.

The transit board asked Director Kyras if she had had any further contact with Copper Beech and she said that she had not visited with them since early December.

Director Kyras briefly updated board members on the impact of the state's new collective bargaining law on CyRide's employees and the exemption that was being sought by the Iowa DOT to exempt transit employees throughout the State of Iowa, so that CyRide's over \$2 million per year in federal funds would not be lost.

Trustee Gartin asked if Iowa's congressional delegation was aware of this or had if conversations had taken place to let them know our funding was in jeopardy. She indicated that they were aware and that this was the reason for the amendment that could possibly allow transit employees to be exempt if formal communication is received that federal transit funding is in jeopardy.

SYSTEM REDESIGN FARE AND ORANGE ROUTE/COMMUTER LOT DISCUSSION: Director Kyras explained that the transit board had approved two smaller studies to assist with the development of a final service option on the System Redesign Study. These studies were to look at the student and city-wide fare free concepts, as well as whether the commuter lot to determine the benefits/challenges created by each. Director Kyras turned the meeting over to the Nelson/Nygaard consultants.

The consultants began with the Orange route/commuter lot study. Mr. Wittmann of the Nelson Nygaard firm indicated that data was used from the 2013 Orange Route Study, which indicated that approximately 80% of the commuter lot users lived in Ames. He used respondent's residences from this survey and assigned them to the nearest CyRide bus stop, which resulted in the impacts that not having this free lot/bus ride would have on CyRide's other routes. He indicated that the biggest impacts were along Mortenson Road, S. 16th, west Lincoln Way, S. 4th St. and on Grand. He indicated that he further refined this information to determine the impact on morning peak hour routes.

Board members asked clarifying questions to better understand the methodology used for this analysis.

Mr. Wittmann then explained the affect that moving rides from the Orange route to other routes in CyRide's System would have. He indicated that there would be up to 1,375 fewer rides on the Orange route if all individuals chose to ride services near their residence instead, which would reduce the number of bus trips on the Orange route by 19 trips per day, while only adding 14 more trips on other CyRide routes. However, he indicated that that cost of these 14 trips was more than the 19 trips on the shorter Orange route, estimating the additional cost to be approximately \$43,500 for morning trips and could be as much as twice that for services all day.

Trustee Schainker shared his thoughts that the Iowa State Center and Orange route is a very efficient way to provide service to campus; however, he indicated that he believes that having these additional rides on the other routes would strengthen the service within the whole community and allow these routes to perform better.

Trustee Madden said there was another consideration as well, which would be difficult to quantify regarding whether this change would require more parking structures to be built by Iowa State if students chose to not ride the bus near their homes.

Trustee Staudt shared his perspective that it is human nature for student's to drive to the Iowa State Center to board the Orange route buses.

ISU Vice President Kate Gregory said that as long as parking is free at the commuter lot, individuals will continue to drive to this location. Further, she shared her thoughts that the cost of car ownership is not factored into their decision to drive instead of taking the bus near their home. Further, she indicated that this is a concept that Iowa State is beginning discussions on and that it would require consideration by all parties impacted by the possible change.

Trustee Madden asked if parking at the Iowa State Center was increasing with the enrollment going up. Director Kyras indicated she could not address the parking impact, but that ridership on the Orange route had stabilized and had not been increasing as it had in the past.

Trustee Gartin shared his perspective on walking to the nearest bus stop versus driving to the commuter lot. He indicated that in areas of Ames that do not have sidewalks he could see how driving might be more attractive, but he struggled more with driving when sidewalk access was available. Further, he indicated that implementing a parking fee at the lot could have significant impacts and suggested moving slowly with the concept.

Cristina Barone with Nelson Nygaard then presented the results of the Fare Analysis. She explained that the study consisted of two parts – determine the impacts of the students fare free program and examining the impact of city-wide or other fare

structures within Ames. She began with the student fare free analysis and demographic data on ridership and fare revenue. This analysis found that 93.8% of the rides and that 94.1% of the revenue are generated by students. She indicated that the methodology used was based on student rides and fee dollars compared to non-student rides and farebox revenue. She further compared the student fare per boarding and found that students were paying \$0.70 versus \$0.67 for non-students. She stated that the two types of customers were paying relatively the same cost per ride.

Trustee Schainker requested further clarification of the calculations. Ms. Barone explained that for students the fare calculation used the total dollars generated by student fees divided by the number of student rides. For the non-student fares it was the farebox revenue divided by the non-student rides.

Trustee Madden shared his thoughts that he had anticipated that non-students would have been paying more per ride. Director Kyras indicated that the calculations were per ride not per person, and indicating that students tended to ride more often.

President Haila asked for clarification regarding the impact that ridership has on federal and state funding. Director Kyras indicated that federal Small Transit Intensive Cities (STIC) funding uses ridership to determine a transit system's funding eligibility for six performance criteria, where funding is received for each criteria met. She also indicated that state funding calculates funding based on ridership.

Ms. Barone indicated that the analysis included an examination of the ridership increase since the student fare free program was implemented and found that ridership had increased 45%. She indicated that State Operating Assistance had increased significantly due to this ridership increase; which had allowed the three funding partners percentage of revenue to remain relatively unchanged. Likewise student fee revenue has increased at an equal pace to ridership increases.

Ms. Barone indicated that farebox revenue had been declining and is currently approximately \$270,000 per year, which is close to 2007 revenue levels and represents approximately 3.5% of total revenue. She indicated this is a low farebox recovery percentage. She also indicated that non-student ridership had been declining since 2007 and was approximately 6.5% lower than 2007. She stated that this fact indicated that the city is paying more per trip to provide service to non-students. Trustee Schainker stated his concern with this trend.

President Haila asked if there were outside factors that contributed to the non-student ridership decline. Director Kyras indicated that lower fuel prices had made riding the bus less attractive, as other forms of transportation became more affordable.

Ms. Barone then discussed the study's examination of the cost to collect the approximately \$270,000 in farebox revenue per year. She began by explaining the simple dropboxes currently used for sorting and reconciliation of cash and tickets was a time consuming process requiring highly paid CyRide staff to complete this task with a

loss of productivity calculated at approximately \$15,000 per year. She also stated that to update its fare payment system with electronic fareboxes would cost CyRide more than \$1 million dollars to purchase, plus ongoing maintenance costs.

Ms. Barone then discussed experiences at other transit systems with fare free programs – Missoula, Montana, Chapel Hill, North Carolina. The benefits cited from these systems included: significant ridership increases, easier administration, accounting and operational systems, elimination of fare media distribution and reconciliation of pass sales outlets, increased community recognition and pride. She then discussed the drawbacks of free systems: perception that the system is not “paying its way”, customers riding for no purpose, more resources needed to off-set costs, ridership/cost of demand response will increase. She also discussed the numerous other benefits that are not quantifiable, such as 5,000 daily vehicles removed from roads, savings in fuel, carbon dioxide and parking lot expenses and the cost of road repairs.

Ms. Wittmann shared the history of the fare free program in Missoula, Montana, indicating it was implemented as a result of the Mayor asking how to increase the number of non-student riders in the community. Non-student ridership has increased 40% since the beginning of its citywide fare free program, but he indicated that there are pressures to return to a fare structure and there is a financial impact on demand response service as they must be free as well and are significantly more costly trips for the transit agency.

Director Kyras indicated CyRide’s demand response program is currently approximately \$120,000 to \$125,000 per year and this would increase due to the lost revenue, but also more trips that would be taken.

Ms. Barone then discussed three different fare variations on CyRide’s current fare structure to determine if other structures could increase non-student ridership and could be financial feasible.

- **Scenario #1: 25% Rollback** – Reduce all fare categories by 25% returning to 2011 fare levels
- **Scenario #2: Systemwide Fare Free** – No fares paid on any buses
- **Scenario #3: Tiered ISU Fare Zones** – Charging a higher student free for CyRide depending on whether a student resides in ISU housing or off-campus

Ms. Barone indicated that in:

- Scenario #1 cash fares would be \$1 and that this option would generate a 0.3% increase in total ridership, a 6% increase in community ridership and reduce fare revenue by 1%. This option would reduce total revenue by \$1.1 million due to the student fee reduction.
- Scenario #2 total ridership would increase by 2.3%, community ridership by 38% and would reduce revenue by 5.8%.
- Scenario #3 would decrease total ridership by 1.5%, community ridership would be stable, but revenues would increase 5.7%.

Senior Vice President Kate Gregory left the meeting at 9:45am.

Trustee Schainker questioned whether Scenario #2 – Systemwide fare free would actually increase ridership. Director Kyras indicated the CyRide’s summer fare free program generated a 26% ridership, which was mainly due to more community rides. Further, she indicated that systemwide fare free was one of the best tools to try to accomplish the System Redesign goal of increasing community, non-student ridership.

Trustee Madden asked whether, under Scenario #2, that the 30% increase in non-campus riders could be accommodated on CyRide’s existing route structure. Mr. Wittmann indicated that some routes, at certain times of the day, would need extra buses. He then explained the savings and costs contained on the PowerPoint slide, indicating that the average cost for CyRide to implement a systemwide fare free program would be approximately \$440,000, with the biggest impact on the Red route.

Trustee Schainker shared his concern with scenario #2, stating that this option only increased total ridership by 3%, and since students comprised 94% of the rides currently, he was struggling to understand why the City would need to increase its share by \$450,000. He indicated that he believes that the local partners together needed to fund this increase. He also cautioned that if systemwide fare free was implemented, that he believes this would set policy that could never be reversed.

Trustee Gartin shared his thoughts that a systemwide fare free program was not common within the industry and wondered what criteria made this a benefit to a city. He asked if Des Moines DART was fare free. Director Kyras said that they were not, but it was more common in strong university communities.

Mr. Wittmann indicated that it was more typical to see a systemwide fare free program when a transit system was collecting only 2-3% of its revenue from the farebox and CyRide was currently collecting 3%. He indicated this is the point where the transit system is spending as much on collecting the money and counting the fares, as it is gaining in revenue. He then summarized the costs - \$275,000 for lost fares, \$150,000 for extra service and a reduction for administrative costs. He indicated there are additional expenses not calculated as part of this methodology, such as armored car expenses, cost to complete federal revenue reporting forms and upgrading of fareboxes.

Mr. Wittmann shared his thoughts that to meet the board-directed System Redesign Guiding Principal to increase non-student rides – a systemwide fare free program would be his recommendation as it will increase non-student rides on CyRide by approximately 38%.

Transit board members discussed the issues that would need to be addressed to consider a tiered student free concept, such as the fairness when ISU housing is located in west Ames as well as on campus. Possible fee differentials were also discussed.

Trustee Staudt shared his thoughts regarding a tiered system. He indicated that the fee could be based on the address of the student if they live on campus, as the university knows where every on-campus student lives. The University could bill one way for on-campus students and one way for off-campus students.

Trustee Gartin shared his thoughts that off-campus students living across the street from campus could have to pay as much as off-campus student in west Ames and was concerned in how this could fairly be implemented.

Trustee Schainker shared his thoughts that with a systemwide fare free program there is no mechanism to control the individual behavior.

President Haila said another drawback for a fare free system was that individuals would be riding to get out of the weather. Director Kyras indicated that new policies to address these types of issues would need to be developed if a systemwide fare free program was adopted.

Trustee Schainker shared his thoughts that he appreciates offering a systemwide fare free concept for consideration to meet one of the board's goals, but was uncertain how to proceed in further discussing this as the funding was complicated.

Trustee Madden shared his thoughts that to try to cost-effectively increase non-student ridership through route changes alone was difficult, citing the 40-minute travel time it takes to go from north Ames to the south part of Ames.

President Haila asked the consultant what was the main factor in a person's decision to use transit – fares, time on a route, or need to transfer. Mr. Wittmann indicated that there are a couple of factors. First, market research shows 25% of the population will never use transit no matter what changes are made. Second, a combination of factors can play into this decision – parking rates, congestion, walking distance, # of transfers needed to arrive at destination, frequency of service, convenience. He indicated there is no one single factor and it varies by person. He also clarified that the industry standard on transfers is that if a transfer is required, choice riders will decline by 50% and that new markets open when more frequent service is operated – 15-30 minutes. Mr. Wittmann clarified that in his opinion if bus service was every 45-minutes, that it might as well be offered every 60-minutes as it will not gain more riders.

Trustee Schainker questions whether the cost to ride was a factor. Mr. Wittmann indicated the fares were one of those factors.

President Haila shared that in his research on what millennials are looking for, he had found that quality of life and quality of place were important factors and that public transit is a piece of both of these.

Mr. Wittmann asked if a systemwide fare free program should be considered as part of the System Redesign Study solutions to gain more non-student riders. Trustee Gartin

shared his thoughts that he was not comfortable in making a decision on a free system in isolation as it impacted so many other areas. The consensus was that the board was not comfortable with the concept at this point and believes it was too soon to publically be discussing this option.

MOVE TO ADJOURN: Trustee Gartin made a motion to adjourn the meeting at 10:35 a.m. and Trustee Gartin seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

SPRING SEMESTER MEETING DATES AND TIMES:

- March 28, 2017, 8:00 AM
- April 27, 2017, 8:00 AM

John Haila, President

Joanne Van Dyke, Recording Secretary