

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

November 22, 2017

The Ames Transit Agency Board of Trustees met on November 22, 2017 at 7:30 A.M. in the CyRide Conference room. President Haila called the meeting to order at 7:31 A.M. with Trustees Valentino, Nelson, Bibiloni, Haila and Schainker present. Director Kyras introduced Trustee Cain, Interim Senior Vice President for University Services and Chief Financial Officer, who will be representing Iowa State University on the Transit Board. Cathy Brown, ISU Program Manager I was also present at the meeting.

APPROVAL OF MINUTES: Trustee Schainker made a motion to approve the October 25, 2017 minutes as presented. Trustee Nelson seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

BUS SHELTER PURCHASE: Director Kyras provided background information on CyRide's bus shelter program and shared the new challenges of implementing bus stop improvements under revised federal regulations. As a result of these challenges, she indicated that CyRide will combine its FY2017 and 2018 projects into next summer/fall construction and will need to purchase three, additional bus shelters to complete this work. She indicated that the three shelters would be located on campus as a result of ISU construction projects. She stated that the cost of each shelter is \$21,457, are custom made by Columbia Equipment Company and require a single source bid. The total cost for three locations is \$64,271, with 80% funding from federal sourced and 20% in local match. The single source procurement was previously approved by the Ames City Council for shelter procurements and this procurement type would be extended to this new purchase as well.

Trustee Bibiloni made a motion to approve Alternative #1 for the single source procurement to Columbia Equipment Company, Inc. of Freeport, NY in the amount of \$64,371 for the purchase of three bus shelters. Trustee Valentino seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

CALENDAR YEAR 2018 FUEL BIDS: Director Kyras explained the timing of, and process for, purchasing fuel on an annual basis, as its current contract with Keck Energy will expire on December 31, 2017. As a result, staff prepared a fuel bid in November 2017 for purchase of fuel in calendar year 2018. The results of the bid were explained. She also indicated that a maximum fuel cost for calendar year 2018 would need to be set to complete the purchase. Further, she indicated that staff based this expense on the budgeted cost of fuel during the calendar year and the estimated fuel usage for a total of \$1,102,500.

As background information, Director Kyras stated CyRide's current (FY18) budgeted price per gallon was \$2.50, that CyRide was averaging \$1.78 a gallon year-to-date and

was recommending a budget price per gallon for FY19 at \$2.75 per gallon. She also stated that CyRide's latest delivery price was \$1.92 a gallon.

Trustee Schainker asked for further information regarding the process used to purchase fuel, specifically how the "rack rate" worked. CyRide's Assistant Director of Fleet and Facilities, Rich Leners, said that it is based on the Iowa DOT's price on the day fuel it purchased. Further, he indicated that companies could deliver the fuel for less than the market rate, as they had purchased fuel contracts at a rate lower than current fuel costs, so were passing this savings on to CyRide.

Trustee Schainker made a motion to approve Alternative #1 to award to Keck Energy as the overall lowest bidder for CyRide fuel for calendar year 2018 and establish the maximum cost of its fuel purchases for the year of up to the budgeted amount of \$1,102,500. Trustee Cain seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

FARE CHANGE ANALYSIS/PROPOSAL: Director Kyras presented a Powerpoint presentation on CyRide's current and recent past fare structure, revenue generated and non-student ridership impact, as well as industry standards regarding the impact of fare increase and reductions on ridership and revenue. She indicated the purpose of the agenda item was to determine if the board would like to include a fare reduction budget option for consideration at the December board meeting.

Director Kyras began by recapping the six fare increases CyRide had implemented over its 41 years of service in the community. She also pointed out that there had been one fare decrease as a result of ridership declines, after a fare increase had been implemented. She then analyzed non-student ridership and compared ridership levels with changes in fuel prices. She indicated that there was a strong correlation between the two factors and that adding a fare increase magnified the negative impact that lower fuel prices had on CyRide's ridership.

Director Kyras then presented industry data on the impact of fare changes on ridership. She shared five nationwide trends and summarized the discussion by indicating that CyRide's impact mirrored these industry trends, such as a 1% ridership increase for each 3% increase in the fare and that smaller cities experienced more sensitivity to a fare increase through lower ridership after a fare increase. She then provided an explanation of the possible impact that a fare reduction, "rollback" to the previous equivalent \$1.00 fare structure, could have on CyRide's non-student ridership and farebox revenue. She stated that using industry trends, CyRide could anticipate a 2.9% ridership increase in non-student ridership and a reduction of \$45,000 in farebox revenue in 2018-2019 if a rollback of the fare structure was implemented. She indicated that the lost revenue could be included as a budget option for consideration at the December board meeting.

Further, she shared additional benefits that reducing the fare could provide, such as a positive impact on the System Redesign changes by allowing non-students to try the service as a cost savings; thereby, minimizing the negative impact of the service change, making a more convenient fare (dollar instead of a dollar plus a quarter), reduced staff time in managing the money received through CyRide's 95 fareboxes, and potentially more passes sold as the price is reduced and more affordable as a one-time purchase.

She shared that the baseline budget developed to-date for the 2018-2019 budget should require an estimated 2.5% increase in the three parties' local share, leaving room to consider options up to the board maximum established annual increase of 5% per year. Staff's recommendation is to include a fare reduction as a budget option.

Trustee Schainker asked staff if past surveys indicated whether the fare was a concern or decision in riding the bus. Trustee Nelson provided data on the City's most recent Resident Satisfaction Survey indicating that 5.3% of residents indicated a desire for lower fares and 11.1% desired a fare free system.

President Haila shared his thoughts for priorities indicating that CyRide needed to promote non-student ridership and communicate the upcoming service changes as part of the CyRide 2.0 project. Further, he indicated that it could be a marketing technique to increase non-student ridership and to assist residents who need to use CyRide services to move throughout the community. He then indicated that including it as an option did not commit the board to a specific direction at this time, but allowed it to be considered as part of its overall budget discussions.

Trustee Bibiloni shared his initial thoughts stating that he was in favor of a fare reduction and Trustee Valentino agreed to include it as a budget option and that this could be positive for CyRide and the community if it could be included in the budget.

Trustee Schainker made a motion to direct staff to include the revenue loss from the fare "rollback" option (\$1.00 fare structure) in the 2018-2019 budget options for discussion in December 2017. Trustee Bibiloni seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

2018-2019 BUDGET OPTIONS DISCUSSION: In addition to the fare analysis, Director Kyras shared two additional budget options for board consideration. First, she explained the "Additional Hours of Service" proposal, indicating that this option would allow CyRide to address unforeseen issues the new CyRide 2.0 route and schedule structure might create next year and to be responsive to customer concerns. She recommended increasing the additional hours per weekday to 10, an increase from 5 hours in the current budget. She indicated the estimated cost of this proposal was \$104,500. Further, she indicated that if the additional service is not needed during the year, that staff would not increase service and it would create a larger closing balance at the end of the year.

The second additional option proposal relates to CyRide's technology needs. She explained that CyRide's technology needs have grown, as more technology is being placed on its buses and facility. Further, she indicated that the City of Ames' Information Services Department supports hardware/software that is common across the city; however, department specific hardware/software is not supported and each department must provide its own expertise for these systems. She provided a list of the technology that was supported and not supported. As a result, Director Kyras indicated that CyRide was struggling to keep up with programs like its vehicle location technology, Google Transit applications, etc. and was utilizing a part-time Dispatcher with computer skills to address its needs. She indicated that it was staff's belief that this area had grown to the point where a part-time, dedicated staff person was needed to focus on this area to meet CyRide's needs. She indicated that the City's Information Services was supportive of this proposal. She indicated the estimate cost of this proposal was \$40,000.

President Haila inquired about the NextBus vehicle location technology and its funding, as the students initially purchased the software/hardware and supported 100% of its operational expense for the first three years. His concern was that CyRide might choose to abandon this technology for a different system. Director Kyras indicated that since CyRide was nearing the end of its initial contract for this system, she believed it was financially wise to determine if this system was still the best solution for CyRide and its customers. She indicated that within the contracts five-year period, vehicle location technology had changed significantly and that staff desired to look at the state of this technology before committing to another long-term contract with its current vendor. She indicated that this part-time staff position could assist CyRide in determining its future direction in this area.

President Haila asked for staff's thoughts on how to proceed in determining if different technology would be purchased for a vehicle location system. Director Kyras indicated that staff had discussed this, as the specific direction is unknown at this time, and stated that a line item in the Capital Plan was being discussed to allow for multiple directions for this project. She indicated this would be presented to the board at their December meeting.

Trustee Bibiloni asked for a clarification on the technology budget option, as to whether it would fund technology or a person. Director Kyras indicated it was for a person to manage the technology program for CyRide.

Trustee Cain asked whether it would be difficult to find a person to fill a part-time position in this field. Director Kyras shared her preliminary thoughts on how to fill this position, indicating that CyRide would need to work with the Human Resources Department, but that she would like to promote the Dispatcher currently providing this expertise to a ½-time Dispatcher and ½-time Information Technology position. Further,

she indicated that this person has CyRide's operational and computer knowledge to successfully implement technology projects for CyRide.

Trustee Schainker asked about CyRide's current vehicle location contract and how it was calculated – lump sum or per bus. Director Kyras said that its annual operating expenses are on a per bus basis so as CyRide's fleet increases, the cost increases. He then asked if CyRide's current contract could be extended. Director Kyras indicated that they would need to have conversations with the City's Purchasing Department about that possibility.

Several concerns were voiced about leaving CyRide's current technology. Director Kyras indicated that its current vendor's product is working for CyRide and the only reason to change would be if there was a financial or technology upgrade that could provide further benefit.

President Haila provided information on past board action regarding setting service priorities for service-related budget options.

Trustee Nelson made a motion to include both proposals (#1 and #2) as budget options for the 2018-2019 budget for consideration at the December 7, 2017 meeting. Trustee Schainker seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

TRANSIT DIRECTOR'S REPORT

Triennial Review Close Out

- Director Kyras updated the transit board on actions that had been taken to address its two findings - the agreement with the AAMPO and Drug and Alcohol process documentation were completed. Both were submitted to the Federal Transit Administration for review and approved in October 2017.

Facility Discussion Assumptions/Approach

- Director Kyras stated that the purpose of this item was a continuation from the October board discussion regarding the facility and information needed by the Transit Board to determine a direction for expansion. She indicated that staff had developed an outline of the options, information to be developed and the format for the comparison of options. She indicated that staff was planning to prepare this information for the February 2018 board meeting and requested comments on the approach and data to be provided to ensure that the information encompassed the materials needed to determine a direction.

President Haila shared his thoughts that a facility expansion would be a challenge with limited federal/state funding sources to assist in this project. A conversation regarding CyRide's land lease at its current site was discussed and the stipulation

that all buses be parked inside at night. ISU indicated that while this was in the lease, that they understood why this was not possible due to CyRide's growth mirroring the universities.

A general discussion ensued regarding future growth assumptions for both the city and university. Trustee Cain indicated that the assumption of a maximum 40,000 student enrollment may not be realistic as 10-yr. projections are for stable enrollment. Director Kyras indicated that CyRide needed to plan for possible growth and then build its facility for its needs. Further, she said that if CyRide does not plan for facility need possibilities, that it could be in a position like it is today of not having adequate land to support CyRide operations.

President Haila noted operating cost were included in the analysis and asked what this would include. Director Kyras indicated that it would include staff time to operate from one or two locations, depending on the option. For example, travel time between two locations to maintain the buses or supervisory staff in two locations.

There was a discussion regarding the need to add a new category to the analysis to determine the local match under each option. Director Kyras indicated that the grant would determine the local match, as any modifications would most likely be completed in phases. Trustee Schainker indicated that it might have an impact on the overall project cost as the board was considering options.

2018-2019 Budget Fuel Price Per Gallon

- Director Kyras shared with board members the year-to-date and most recent fuel prices paid by CyRide, as well as the current budget's price per gallon at \$2.50 per gallon. She then indicated that staff had prepared the 2018-2019 budget at a \$2.75 per gallon cost and asked board members if they were comfortable with this fuel cost for next budget year, as it would have a significant impact on the budget to be presented at the December meeting. Trustee Schainker indicated that it was an acceptable cost, but that he would like staff to determine the cost of each \$0.25 increment increase/decrease, so the board, at the December meeting, could gauge if it was the appropriate level.

System Redesign Public Meeting

- Director Kyras provided a summary of those attending the CyRide 2.0 public meeting. She indicated 12 individuals attended the meeting, representing groups or as individuals, and that very few comments were provided. She also indicated that the disabled community was well represented at the meeting. She provided specific comments, such as positive comments about the Yellow and Peach routes, a challenge in not providing service close to the high school in the evenings, and a desire to have the bus stops that will be closed on CyRide's website.

President Haila asked if the public in attendance had any comments. Story County Supervisor Lauris Olsen made a comment, as a user of the CyRide website, and asked CyRide staff to verify that board meeting information is posted on its website, as she could not access the board packet. Shari Atwood, CyRide's Transit Planner, indicated that CyRide had launched a new website the previous week and that they were still working on transition issues. She indicated she would look into this.

City of Ames Attorney, Mark Lambert joined the transit board meeting via conference call at 8:50 a.m.

ANTICIPATED CLOSED SESSION REGARDING LABOR NEGOTIATIONS: Trustee Nelson asked City of Ames Attorney, Mark Lambert, if the Ames Transit Agency had legal justification for going into closed session and Mr. Lambert indicated that they did.

Trustee Nelson moved approval for a closed session pursuant to Section 20.17, Subsection 3, Code of Iowa, to discuss matters relating to collective bargaining and the motion was seconded by Trustee Cain. (Ayes: Six. Nays: None.)

Moved by Trustee Bibiloni and seconded by Trustee Nelson to return to Regular Session at 9:10 a.m.

Trustee Cain made the motion to direct staff to include proposal #3 as part of the baseline budget in the 2018-2019 budget for consideration at the December 7, 2017 meeting. Motion was seconded by Trustee Nelson. (Ayes: Six. Nays: None.) Motion carried.

Set Meeting Times and Place:

- December 7, 2017 – 8:00 A.M.

Trustee Valentino made a motion to adjourn the meeting at 9:12 A.M. Members were all in favor.

ADJOURN: Meeting adjourned at 9:12 A.M.

John Haila, President

Joanne Van Dyke, Recording Secretary