

AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

December 12, 2017

The Ames Transit Agency Board of Trustees met on December 12, 2017 at 8:00 A.M. in CyRide's Conference room. President Haila called the meeting to order at 8:02 A.M. with Trustees Valentino, Bibiloni, Cain, Haila and Schainker present. Absent: Trustee Nelson.

Mark Lambert, City of Ames Attorney, Kaila Boothroy, City of Ames Human Resources Director, Krista Hammer, City of Ames Human Resources Officer, and Brian Phillips, Asst. City Manager were also present for the meeting.

APPROVAL OF MINUTES: Trustee Valentino made a motion to approve the November 22, 2017 minutes as presented. Trustee Bibiloni seconded the motion. (Ayes: Five. Nays: None.) Motion carried.

ANTICIPATED CLOSED SESSION: Trustee Valentino 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 Valentino 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 Bibiloni. (Ayes: Five. Nays: None.)

Trustee Nelson arrived at 8:32 a.m.

Moved by Trustee Bibiloni and seconded by Trustee Valentino to return to regular session at 8:57 a.m.

Director Kyras gave a brief explanation of CyRide's driver's wage rates, past and present, and their impact on the Affordable Care Act requirements regardless affordability. She indicated that the driver's wage for working less than 20 hours per week at \$12.62 per hour was impacting the affordability calculation. She indicated that this rate is not contained in the union agreement; however, is included in the City of Ames Pay Plan. Trustee Cain shared that she believed that this wage should be deleted from the City's plan if the board approved its elimination, as opposed to just not using the rate. Ms. Boothroy, City of Ames Human Resources Director, indicated that the City Council would need to approve this action.

Trustee Schainker made a motion to recommend to the City Council to modify the City of Ames Pay Plan to remove the unclassified pay rate of Transit Driver at \$12.62 per hour effective January 1, 2018 to address the Affordable Care Act requirements.

RECOGNITION OF OUTGOING BOARD MEMBER: Vice President Valentino recognized President Haila for his guidance while on the Transit Board and being elected as Mayor for the City of Ames. Further, he shared that President Haila has been a transit board member since March of 2014, President since January 2015, had been involved in the Campustown Action Association and was a speaker at the opening of the Intermodal Facility. He then thanked President Haila for his guidance, input, and support for CyRide with the many challenges of a growing transit system, specifically mentioning its redesigned transit service, facility challenges and numerous other challenging issues. He acknowledged that President Haila would continue to support transit in his new duties as Mayor and indicated that he would be missed on the Transit Board.

FIVE YEAR CAPITAL IMPROVEMENT PLAN: Director Kyras provided background information for new board members regarding the capital plan. She indicated that the first year of the plan included projects that staff would purchase beginning July 1, 2018; whereas, the remaining four years would be brought back to the board for approval in future years before commitments were made for the projects. She also indicated that the interdepartmental governmental agreement creating CyRide required its Capital Improvement Plan to be approved by January 21, 2018. She then briefly explained each of the projects contained in the first year of the plan, which included: vehicles replacements, facility modernizations, bus stop improvements, as well as equipment and technology purchases.

She highlighted a new capital investment this year in light of ISU's Alliance for Disability Awareness' request for automatic annunciators to call out bus stops. She indicated that this was an expensive project that staff had included in the first year of the plan, as well as each of the four remaining years, for a total project cost estimate of \$850,000 to \$1 million. She indicated that other projects had been delayed as a result of this new project and requested board direction on whether this was a priority for the members. She then explained that this project would also assist drivers in meeting the new ADA regulations as the ADA requirement to call out bus stop locations had dramatically increased the number of locations requiring this assistance in the new regulations, making it difficult for drivers to successfully implement this regulation without technology assistance.

She then summarized the first year's capital projects - \$2.4 million total cost, \$680,000 and \$600,000 from federal and state sources and \$645,000 from the three local funding partners. She indicated that with an \$800,000 local share transfer from the operating to the capital budget, this would leave a \$174,000 balance to address future year purchases and a \$715,000 committed balance for local match on a future facility expansion grant application.

President Haila raised his concerns regarding the challenge of accumulating sufficient local dollars for expansion of the facility when operating and capital budgets were tight.

Director Kyras shared that the current facility commitment would provide for a \$3.6 million dollar expansion project. Further, she indicated that her desire was to try to accumulate \$1.2 million in local match, so that a \$6 million dollar expansion project would be possible.

Director Kyras pointed out that, as the capital plan was developed, it prioritized the automated annunciator project over adding to the facility expansion project. President Haila was concerned about not meeting ADA requirements. Director Kyras indicated that modifications would be made to CyRide's policies for drivers to announce more stops so that it was in compliance. However, she acknowledged that more announced stops would be difficult for drivers to make due to the multi-tasking nature of their jobs and that, due to human error, there would be some missed stop announcements.

Trustee Schainker asked if CyRide staff could complete all projects in one year. Director Kyras stated that the number of projects in the 2018-2019 year was approximately the same as previous years except for the technology projects, which was the reason for the request for a part-time information technology position in the 2018-2019 operating budget request.

President Haila said technology is a growing area for most businesses.

Trustee Schainker indicated that he desired to table action on the plan at this meeting so that he could see how the operating budget "fit" with the capital plan and to take action at the January 2018 board meeting.

Trustee Nelson made a motion to approve Alternative #1 to defer action on the Five Year Capital Plan until the January 2018 Transit Board meeting. Trustee Valentino seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

2018-2019 BUDGET: Director Kyras began by providing a summary, year-to-date, of current budget revenues, expenses and closing balances. She indicated that both revenues and expenses were slightly lower than anticipated year-to-date. She then explained two significant variances in the expenses – wages and fuel costs.

Trustee Schainker inquired about how the year-end estimations were made. Director Kyras indicated that staff modified line items based on known, significant changes from budget and trends that staff believed would continue for the year. Trustee Schainker expressed his concern that budget adjustments should be estimated for each line item. He specifically questioned fuel expenses, indicating that an estimate of the year-end total should be made. Director Kyras indicated that with the volatility of fuel that this line item historically was not adjusted and if there was saving in the line item, it contributed positively to the closing balance.

Director Kyras then explained the variances in revenues. She indicated that farebox (lower), advertising sales (higher) and state operating assistance (higher) created the overall lower revenues.

President Haila asked if staff was looking for new revenue sources that could generate additional revenues for projects like the facility expansion, specifically referencing wrapped buses as a potential revenue source the board might want to consider in the future. Director Kyras indicated that the digital signage project that the Transit Board recently approved could provide additional advertising revenues in the second half of the current year and that staff was always looking for ways to fund its operations.

Director Kyras then briefly recapped the closing balances of its three funds – operating, capital and Student Government Trust Fund. The operating balance is higher, capital balance lower due to the reduction in operating funds transferred to capital last year and the delivery of three buses in early 2018 and the Trust Fund balance is lower due to declining ISU enrollment. This is a new trend as past year's 10-yr. projections indicated slightly increasing enrollment. The result is a requirement to raise student fees more than anticipated to support CyRide's current service level.

Director Kyras then indicated that her overall summary of the "health" of CyRide's current finances to-date was "adequate," as opposed to a year ago where she would have indicated it was "healthy."

Trustee Cain provided her perspective on the enrollment projections. She indicated that she was concerned in using ISU's projections for budgeting purposes as it added in students that did not pay student fees. She indicated that more discussion on the appropriate number to use would be needed.

Trustee Schainker requested clarification on the change in the 2017-2018 operating closing balance. Rob Jennings, CyRide's Scheduler/Administrative Analyst explained that the balance did not include the fund committed to the facility expansion and the uncommitted funds above 10% from the previous budget year. Additionally, he explained the reason for the change in the fund balance percentage was due to estimating the balance a year ago as opposed to the audited balance after the close of the year.

Director Kyras then briefly explained the 2018-2019 budget assumptions:

- Health Insurance – 4% rate increase plus \$150,000 due to ACA insurance costs, increase of \$178,944.
- Payroll Expenses - +2.9% due to annual wage increases plus \$50,000 more in overtime

- Fuel - Budgeted at \$2.75 per gallon and currently is budgeted at \$2.50, but expect fuel to trend higher.
- Federal and state funding are expected to have no changes
- Capital Funds Transfer - \$800,000, which is the typical amount transferred each year
- Fares - unchanged

She then explained that the annual operating expenses, from adopted for 2017/18 to 2018/19 requested, is an increase of 3.3%, \$371,748. As a result, this will require a 2.5% increase in the three funding partner shares next year to fund a baseline level of service.

Director Kyras then explained the four budget options previously discussed with board members at the November board meeting and highlighted the “Budget Options” spreadsheet that included the baseline, as well as for the four option’s total cost, three party costs and percentage increases. She indicated that to fund the baseline level of service, plus the four options, would increase the three funding partner’s shares by 5.1%. Director Kyras also indicated that a 5-Year Pro Forma was included in the board information to determine a five-year outlook assuming 5% annual increases per year in the three-party funding shares.

President Haila summarized the information indicating that the bottom line was that it would be a 5.1% increase. He then asked Trustee Cain for her thoughts from ISU’s perspective. She shared that she anticipates budget cuts for the current fiscal year and that the next budget year was not anticipated to be healthy. President Haila shared that student fees would need to increase substantially to maintain existing levels of service and the four options. Trustee Cain shared that ISU’s budget process was delayed this year due to the Board of Regents direction and that the student fee requested last summer for the 2018-2019 budget year would not be reviewed by the Board of Regents until February 2018.

Trustee Valentino shared his thoughts that he was comfortable with the baseline budget and the capital purchases staff had recommended, but was apprehensive regarding additional options due to the student fee increases needed.

A lengthy discussion amongst the board members followed regarding the four budget options and priorities for the board and staff. Staff was asked if five additional hours of service next year would be adequate with the new CyRide 2.0 services. Director Kyras indicated that the five hours would be the minimum staff could comfortably state would be needed due to the new services. She indicated that the ten hours would be better to ensure customer needs could be addressed. Trustee Schainker confirmed the part-time information services position costs included wages and benefits.

President Haila asked for board members thoughts on the options and priorities. He indicated that additional expenses for the Affordable Care Act should also be included in

the budget. Director Kyras indicated that as these expenses are unknown at this time, not committing the remaining 2016-2017 closing balance above 10% (\$97,250) could be used to address this possible expense. Trustee Schainker indicated that, based on current fuel prices paid to-date, that the budget savings due to this line item was conservative and requested staff to calculate a \$2.50 per gallon option for the baseline budget. Director Kyras also reminded board members that the wages line item was significantly over budget due to CyRide's driver shortage and overtime being paid. Trustee Nelson said the increase in wages and decrease in fuel should keep the current budget on target.

Trustee Bibiloni shared his thoughts that ten additional hours of service per day provides an adequate cushion to address issues next year; whereas, the five hours per day is a concern to him as CyRide could be in a position to have to wait one year before it could address concerns with the new services. CyRide staff was asked its priorities of ten additional hours or five additional hours plus the information services position. Staff indicated the five hours and information services position would be preferable due to the need to move forward with several key technology projects.

Trustee Schainker discussed adding a new baseline option with fuel at \$2.50 a gallon.

Trustee Schainker made a motion to approve Alternative #1 to table action at the December meeting and take final action on the 2018-2019 operating budget at the January 2018 Transit Board meeting. Trustee Valentino seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

QUARTERLY OPERATION'S REPORT (July – September 2017): Director Kyras briefly explained that the quarterly operations report was for the July – September 2017 time period. She indicated that ridership was 1.6% lower and that performance measures that included this criterion were also lower for the quarter. She indicated that lower ridership was occurring in the fixed route, Dial-A-Ride and Moonlight Express services. She also indicated that she believed lower ridership would be the near future trend with lower enrollment, a shift in development patterns away from West Ames and to the Campustown area, which is walkable, and the downward trend for non-student rides. She said Police Chief Cychosz indicated rentals in West Ames apartments were at 75% occupancy.

She also highlighted that accidents were higher and that this was a trend that staff was working with the drivers on.

She indicated Dial-A-Ride ridership continue to trending downward. President Haila shared a concern that this is one of the most vulnerable groups in Ames. Director Kyras stated that the Dial-A-Ride program was just one of several transportation services for this target market in Ames.

TRANSIT DIRECTOR'S REPORT:

- **Rate-Setting (Fares)** – Each year the transit board sets the rate structure for fares at the December meeting. With the transit board considering a proposal to reduce fares, the rate-setting discussion will be held after the January board meeting.
- **City of Ames Complete Streets** – Director Kyras and Assistant Director, Barb Neal, will participate in the technical and advisory committees for this year-long project.
- **Purchase of Used Buses** – In November, CyRide purchased three used buses from Des Moines DART. Buses were purchased on a bidding process and were able to purchase three for \$10,577. CyRide had budgeted \$60,000 in the Capital Improvement Plan and will have funds to repaint the buses with plans to have them ready for service next school year.

Set Meeting Times and Place:

- January 16, 2018, 8:00 AM
- February 14, 2018, 8:00 AM
- March 20, 2018, 8:00 AM
- April 24, 2018, 8:00 AM
- May 24, 2018, 8:00 AM

ADJOURN: Trustee Valentino made a motion to adjourn the meeting at 10:12 a.m. Motion was approved through consensus. Meeting adjourned at 10:12 A.M.

John Haila, President

Joanne Van Dyke, Recording Secretary