

## AMES TRANSIT AGENCY BOARD OF TRUSTEES

AMES, IOWA

December 12, 2018

The Ames Transit Agency Board of Trustees met on December 12, 2018 at 7:30 a.m. in CyRide's Conference room. President Bibiloni called the meeting to order at 7:32 a.m. with Trustees Cain, Jeffrey, Nelson, Schainker, Bibiloni and Schrader present.

Public in Attendance: Cathy Brown and Sarah Lawrence, ISU Facilities Planning & Management.

**Approval of November 14, 2018 Minutes:** Trustee Nelson made a motion to adopt the November 14, 2018 transit board minutes as presented. Trustee Jeffrey seconded the motion. (Ayes: Six. Nays: None.) Motion carried.

**Public Comments:** No public comments.

President Bibiloni inquired about the results from the survey that was conducted regarding the system redesign. Director Kyras stated that there were approximately 500 responses. Of the responses, 85% had indicated that they were not satisfied with the current system. She further explained that of the 8 options proposed, the top four were #1- Peach route service all day, #2- Gold route service in the evenings #3- Peach route increased service for part of the day and #4- Lilac service increase. CyRide staff is currently analyzing the results and will provide a full update at the January board meeting.

**Five Year Capital Improvement Plan:** Director Kyras presented the five year capital improvement plan, stating that the first year in the plan was the most critical portion being approved at this time, as it begins on July 1, 2019 and that the remaining four years of the proposed plan display the anticipated needs, but can be reassessed in the future. Director Kyras pointed out that both the capital improvements and budget plan for the upcoming fiscal year need board approval by January 21, 2019, adding that the TAM plan issues have been incorporated into the budget proposals.

Director Kyras explained the details of the purchases and their funding sources, beginning with the first year. The plan for the first year includes purchasing 4 buses, (3) 40' buses and (1) 60' bus, which are currently approved in a grant, with \$225,000 being funded by the Ames Area MPO. She added that the goal is to have 10 articulated buses servicing the Orange Route, but that CyRide currently only has 6 articulated buses. She explained that the purchase of mini-buses were not in the plan for the first year, due to their low rating in the State's replacement system, even though 67% of the mini-bus fleet is past its useful life. Since it will be another 4 years before they can be replaced, the proposal includes repainting the mini-buses at an expense of \$30,000.

Director Kyras went on to explain the other items in the plan, including the purchase of a support vehicle, which are replaced every 4-6 years, building expansion items that includes replacing the bus wash that will be mostly funded via a state grant and concrete replacement at the Ames Middle School turnaround, A & E services that accompany construction projects, shop and office equipment, which is detailed in the board packet, \$25,000 in bus stop improvements with concrete pads and sidewalks and the redesign and replacement of roughly 430 bus stop signs in the system. Director Kyras also explained the technological improvements that includes the completion of the automated annunciator purchase for the current portion of the project, replacement of the radio systems to match the City and the County, transit specific maintenance software, bus video equipment replacement, additional WiFi access points in bus storage areas and passenger counters for the articulated buses to speed up boarding of passengers.

Director Kyras explained the funding breakdown, stating that the local share would be \$1,386,941, which would be comprised of \$102,520 from the Board's closing balance that is committed to buses, carryover from local match of \$536,737 and the reallocation of \$747,683 from operating to capital expenses. Director Kyras added that the 5 year capital plan worksheet details the first year and expenses for the next 4 years.

Trustee Schainker asked what the long range plan was for the new building, stating that \$715,166 in the reserve is not enough to cover the cost. Director Kyras acknowledged that the current amount is low, but the hope is in that in 2022, 2023 and 2024 there will be additional state grant opportunities for a maximum of \$750,000 through an infrastructure PTIG grant. Director Kyras stated that it is possible that this would not be funded each year, so other grants from the Federal level or the State would be needed to move forward.

Trustees Schainker and Cain also expressed concern that there were negative numbers being budgeted in the 2019-2020 capital plan expenditures. Director Kyras and Assistant Director of Fleet and Facilities, Rich Leners, responded that the negative dollars would be covered by the reallocation of savings on purchases or construction throughout the year, such as concrete.

Trustee Jeffrey inquired about the gas savings for this year. Director Kyras explained that from July to October, gas was budgeted at \$2.75 per gallon, with an actual expense of \$2.34 per gallon. If this trend continues, savings could amount to approximately \$120,000.

Trustee Schainker asked where the \$800,000 was reflected in the figures presented. Director Kyras explained that the capital transfer is listed the capital plan chart, which increased from \$800,000 by an additional \$102,520 in 2020 due to the board's commitment of funds from the closing balance for buses. Trustee Schainker inquired about whether the \$800,000 was included in the next agenda item regarding the

2019-2020 budget. Director Kyras indicated that it was included in next year's budget. Group consensus was that no action be taken at this point in the meeting. Director Kyras said that the topic could be revisited after the budget agenda item.

**State of Iowa Volkswagen Settlement - Application:** Director Kyras explained the temporary funding source that the State of Iowa had recently received, which is the result of a settlement that Volkswagen reached regarding emissions. Funds will be distributed in three cycles, with \$4.9 million released in the first cycle, of which \$3.15 million will be directed to school buses, shuttles and transit agencies, with a cap of \$500,000 per agency. She explained that in order to be eligible, the vehicle must be a model year 2009 or older bus and be scrapped/not sold. She further explained that different types of buses will be funded at different rates, depending on their energy efficiency, with efficient buses at the highest rate.

Director Kyras stated that the four buses that are currently approved for purchase with local dollars could be partially funded via this grant request that is due on January 18, 2019, which would save local dollars currently allocated to this purchase. She explained that approximately \$170,000 could be requested, with a local match of \$45,000. She added that overmatching would increase the possibility of grant funding being awarded. Trustee Schainker inquired if the amount was already approved for funding of these buses. Director Kyras replied that they were approved by the transit board when the federal money was requested approximately one year ago.

Cathy Brown asked if the \$500,000 cap would be available for each of the three cycles. Shari Atwood, Transit Planner, replied that she believed it would be \$500,000 per cycle. Cathy Brown asked if the purchase of electric buses would be considered. Director Kyras stated that electric buses could be a possibility for CyRide in the second cycle of fund distribution after the study was completed in February 2019.

Trustee Cain made a motion to approve the submission of a Volkswagen Settlement grant application by January 18, 2019 to the Iowa DOT in the amount of \$170,640 for the purchase of three 40' buses. Trustee Schrader seconded the motion. (Ayes: 6, Nays: None.) Motion carried.

**2019-2020 Budget:** Director Kyras stated that the information presented was divided into two sections, current status of expenses from July to October and assumptions for the 2019-2020 budget year. She shared that current expenses are up 3% from last year; however, a 3.3% increase was adopted last January, the increase is currently covered in the budget. She shared the following major contributors to the increase compared to last year:

- 53% increase in building costs for electrical issues and restroom supplies, which could lead to a \$48,000 overage, if continued
- 90% increase in maintenance costs for engine failures, which could lead to a \$17,500 overage, if continued

- 34% increase for fuel, with prices up to \$2.34 per gallon compared to \$1.84 per gallon last year; \$2.75 per gallon is currently budgeted, so an annualized savings of \$120,000 could be obtained, if the trend continues

While overall revenues were up by 4.2%, farebox and pass sale revenues were down by 7%, approximately \$16,000, due to the lower fare structure. She elaborated that the interest rate for pooled cash is up by \$26,000 and STA is up by 5.4% or \$42,000.

Trustee Cain asked what the STA (State Transit Assistance) increase was based on. Director Kyras said that it is attributable to a portion of the licensing fees for vehicles and that if more cars are being purchased or are registered in Iowa, the amount increases. She said additional federal and state funds are positively impacting the budget, with an increase of \$72,000 due to things like the ICAAP awards.

Director Kyras stated that there was a decline in the City's Operating Assistance by about 2.2%. She explained that this happened in previous years and believes that it is attributable to unpaid tax bills, but has not yet confirmed this with the City's Director of Finance. Trustee Schainker asked what amount the assistance has declined by. Director Kyras replied that it was approximately \$42,000 less. Trustee Schainker stated that an argument could be made that the amount is obligated to be paid. Director Kyras said that she would get more information from the Director of Finance, and inform the board.

Director Kyras reviewed the chart that explained the operating closing balances, stating that \$1,082,368 was left in the operating closing balance for the 2017/2018 budget year, \$2,586,474 had been committed by the board and that funds in excess of 10% amounted to \$647,880 for a total closing balance of \$4,316,722. Trustee Cain asked if the numbers presented were gross numbers. Transit Scheduler/Administrative Analyst, Rob Jennings, confirmed that they were. Trustee Schainker requested clarification on the three operating closing balance dollars. Director Kyras explained that the total ending balance was \$4,316,722 and that the board-required 10% of the operating expenses closing balance amount was \$1,082,368, encumbered amount was \$2,586,474 and \$647,880 had not been committed to any purpose to-date. President Bibiloni asked whether the committed amount will be taken out of the closing balance at some point. Kyras confirmed that it will over time. Trustee Cain asked if the \$2,586,474 was committed during the 17/18 fiscal year. Director Kyras stated that this amount is the cumulative amount previously committed to projects/expenses that board had approved, not necessarily in the last fiscal year, but funds are committed annually for cash flow purposes. Trustee Schainker inquired if the first line listed on the chart was the closing balance of 10%. Rob Jennings confirmed that it was and that the \$647,880 was the amount above that 10%.

Director Kyras explained the following balances in further detail:

**Capital Balance:** Closing balance is anticipated at \$536,737 for fiscal year 2019, plus the \$715,166 building reserve.

**Student Government Trust Fund Balance:** Closing balance is anticipated at \$365,124 for fiscal year 2019. She added that the amount is lower than what the fee committee desires, but that this is attributable to lower enrollment at ISU the last two years.

Trustee Schainker asked if the funds were moved from the capital reserve balance to build up the \$715,166 designated for the new building. Director Kyras stated that the funds were committed two years ago and that CyRide keeps track of this commitment separately. Trustee Schainker asked if the \$647,880 previously mentioned was completely uncommitted. Director Kyras confirmed that it was.

Director Kyras reviewed the following budget assumptions and major changes in the 2019-2020 budget:

- **Federal Funding:** STIC (Small Transit Intensive Cities) funds were included in the calculations, anticipating \$250,000 more; however, the exact amount is unknown until Congress votes on this later in the spring.
- **State Funding:** Remaining the same as the previous year at \$780,000.
- **Fares:** Underestimated in the current budget at approximately \$235,000, so this revenue is reflected as an increase of \$20,000, at approximately \$255,000. Next year's budget reflects the trending amount of \$255,000 and this year's budget has been amended to reflect this as well. She added that currently fares are continuing to decline.
- **Health Insurance:** Approximately \$100,000 was added to the budget. Rates will increase by 2%, approximately \$14,000 of this increase. She explained that the Affordable Care Act (ACA) has increased expenses of \$86,107, as more drivers are being offered and accepting insurance.
- **Payroll:** Expenses will increase by approximately 4.4% or \$270,332 in comparison to last fiscal year. She explained contributing factors are wage increases and the possible discontinuation of the CIT contract that expires in June, which would increase payroll expenses by \$225,000, but decrease outside professional services expense.

Trustee Cain asked if this amount was inclusive of benefits. Director Kyras stated that it was. She added that the amount requested was reduced by \$20,000, due to savings on anticipated overtime expenses. Trustee Schainker inquired if enough drivers would be hired to operate the service. Director Kyras stated that CyRide is in a much better staffing situation, with only 450 open hours in comparison to 850 at this time last year.

- **Federal and State Taxes:** Increase of \$82,0181 or 7.1%
- **Outside Professional Services:** Decrease of \$47,100 due to no longer needing the assistance of an outside attorney and consultant concerning the Affordable Care Act.

- **Internal Services:** Increase of 1.8% or \$10,682 in addition to funding an additional ¼ clerical person in past years within the Human Resources office to assist with insurance offers under ACA.
- **Maintenance Repairs:** Increase of \$31,500 due to engine failures and an aging fleet.
- **Fuel:** Budget to remain the same at \$2.75 per gallon
- **Funds Transferred to Capital:** \$800,000 transfer from operating budget to capital budget

Director Kyras reviewed the two options that were presented. Option #1 is a baseline option that includes a \$177,255 or 1.5% increase in expenses over the current year, which translates to a 2.5% increase to the three funding partner's increases and reflects a 9.1% closing balance. She explained Option #2 as the same baseline figures, but adds \$200,000 for service expenses, putting the operating expenses budget at 3.2% higher than last year, reflecting a 9% closing balance and creating a 4.95% increase to the funding partners. Director Kyras stated that if the board is uncomfortable with the 9% closing balance, part of the closing balance above 10% could be moved from the uncommitted balance to increase funds in the closing balance.

President Bibiloni asked what funding increase was assumed on the GSB Trust Fund graph. Director Kyras answered that the figures assume there is a 5% increase each year and that anything above 5% would negatively impact the trust fund graph. Trustee Schainker asked if \$200,000 would fund the desired service changes. Director Kyras stated that \$200,000 would cover the top issues for routes such as Peach, Gold and Lilac. Trustee Schainker asked if the goal was to remain at 5% increase or less for funds distributed from the GSB Trust Fund. Director Kyras responded that it is the maximum increase the transit board established several years ago.

Trustee Jeffrey asked if the uncommitted funds were still in interest bearing accounts. Director Kyras replied that the funds are still there unless funds are withdrawn from the reserve.

Director Kyras pointed out that Options #1 and #2 reflect baseline and more operating expenses for additional service only and that they do not include federal requirements or additional commitments that need to be addressed in the next year. She listed several items that need to be addressed, including: Federal requirements for a new Chief Safety Officer position for an additional \$85,000, Union Labor proposal that increases expenses by \$71,000 or net increase of \$35,000 when taking into account the overtime savings, additional 5 hours or service for adjustment to ridership patterns, and hiring a firm to come in and gather data per bus stop in the new system. Director Kyras stated that there is currently no data about ridership per bus stop that would help staff make informed decisions about ridership to determine appropriate service levels. She added that this could possibly wait for the next year, but would need to be done at some point. Trustee Cain asked if the APC's (Automated Passenger Counters) would help

with this. Director Kyras replied that once implemented, it would help on Orange route, but since it is not system wide, other data would still be needed.

Director Kyras summarized the costs for each of the items needing to be addressed and stated that staff's recommendation is Option #2, plus the Chief Safety Officer and Union proposals for a local funding partner increase of 5.4%. She added that staff could take another look at the budget to see if it was possible to reduce expense to achieve the 5% goal. President Bibiloni stated that he would be more comfortable if the increase was at or below 5%. Trustee Schrader added that he is concerned about how the increase translates to additional dollar amounts that the students have to pay. President Bibiloni stated that he was concerned about the timeline presented for returning to the \$500,000 balance and that a longer time line to increase the balance may be needed to control fee increases. Trustee Schrader stated that the fee increases that are projected over the next five years are substantial amounts for students, with \$150 per year for 2017/2018 and \$205 per year in 5 years. Trustee Schrader stated his support for baseline option #1 with the Chief Safety Office and Union proposal at an increase of 3%, due to concerns with how the fees breakdown per student with declining enrollment.

Director Kyras explained that if the additional STIC money is used, this may be a one-time opportunity to spend non-local money on services. She further explained that CyRide 2.0 could benefit from these changes, as there are some adjustments needed to optimize the service. Trustee Schainker asked if the STIC funds required local match. Director Kyras explained that local funding provided via the funding partners could be considered matching dollars, with STIC funding being based on a funding formula. Trustee Cain asked if the STIC money was a one-time funding opportunity. Director Kyras explained that it was an ongoing program. Cathy Brown asked if staff was marking these funds specifically for the service improvement. Director Kyras confirmed that they were as it provided a one-time opportunity to fund this level of service improvement without local funds needed. Trustee Schainker asked if the 2.5% baseline budget included the STIC money. Director Kyras confirmed that it was included in the baseline.

Trustee Schainker asked if last year's expenses for the 5 additional hours of service were also included in the baseline budget proposal. Rob Jennings, Transit Scheduler/Administrative Analyst, stated that they were in the current fiscal year, but left out for the next year's budget. Trustee Bibiloni asked if CyRide could do without the 5 additional hours or if it would jeopardize service. Director Kyras stated that the additional hours of service could be considered a luxury, whereas the Union labor proposals and Chief Safety Officer could be considered a necessity.

Trustee Schainker asked if STIC money was being considered in these budget proposals. Director Kyras confirmed that the baseline plus the option for \$200,000 more in expenses considers the STIC money being utilized. Trustee Jeffrey asked if the \$200,000 for additional services was not funded through the budget process this year, would other services need to be reduced in the future to accomplish service improvements. Director Kyras responded that, in future budgets if the \$200,000 was not allocated to

services next year, that this level of local funding dollars would not be able to be added, or other services would need to be reduced, to make the improvements being suggested. She indicated that by reducing other services, customer concerns would be shifted instead of addressed as proposed in budget option #2. President Bibiloni stated that he would like to see the November survey results in order to make a determination. Director Kyras said that staff could review expenditures and bring a new proposal to the next meeting that was closer to the 5% local funding level by reevaluating line items such as budgeted fuel costs. President Bibiloni stated that he would like to see the Chief Safety Officer position and Union proposals added, but at an increase of 5% or less and possibly less than \$200,000 for services.

Trustee Schrader asked if the \$75,000 savings from Gold route improvements would be available, even without approving option #2. Director Kyras replied that this service could be reduced by direction of the board, independent of the budget decisions for service improvements. She added that the further modifications to the proposals could be presented at the next board meeting.

Trustee Cain made a motion to table the discussion until the next meeting where staff would provide an updated proposal Option #2, including adding a Chief Safety Officer Position and including Union proposals with a 5% or less local funding partner increase. Trustee Nelson seconded the motion. (Ayes: 6, Nays: None.) Motion carried.

Cathy Brown, ISU Facilities & Planning Management, asked that the board follow up on a previous comment regarding stretching the timeline at which the Student Government Trust Fund was replenished to the \$500,000 balance. President Bibiloni stated that fees are trending up on the projections for future fiscal years, with \$7 per semester in the next fiscal year. He stated that he would like to see a policy implemented that capped the student fee increase at for example, \$5.50 per semester, and increase the timeline to replenish the trust fund to the \$500,000 minimum by 2025. Cathy Brown asked if the graph represented projected amounts. Director Kyras replied that the graph was based on projections.

**Five Year Capital Plan:** The transit board returned to the capital improvement plan discussion.

Trustee Schainker made a motion to approve Alternative #1 to defer action on the Five Year Capital Plan until the January 2019 Transit Board meeting. Trustee Schrader seconded the motion. (Ayes: 6, Nays: None.) Motion carried.

**Fuel Purchase Bids:** Director Kyras reviewed the current process that is used to purchase fuel. She explained that fuel is currently purchased under a contract on a calendar year basis from a single vendor, Keck Energy, which will expire on December 31, 2018. Director Kyras shared that the single vendor bid method is believed to be the most efficient method to purchase fuel. This past November, CyRide staff received three bids for the upcoming calendar year, with Diamond Oil providing the best rates/lowest cost.



Trustee Jeffrey asked if the single vendor has worked well in the past and if there would be any administration cost savings. Director Kyras answered that working with one vendor and not preparing a bid every 7-10 days for fuel purchases has worked well; no administrative cost savings would be reflected, but staff costs could be higher if there was no contract. Director Kyras added that a maximum purchase amount would be set by the single vendor contract. Trustee Cain asked if Diamond Oil was lower on all fuel types. Assistant Director Leners replied that they were not, but #1 diesel is only used in the winter and that Diamond Oil has a better price for CyRide much larger consumption of #2 diesel because it is offered at below market value, which led to the overall lower price.

Trustee Schainker motioned to approve an award to Diamond Oil as the overall lowest bidder for CyRide fuel for calendar year 2019 and establish the maximum cost of its fuel purchases for the year of up to the budgeted amount of \$1,127,000. Trustee Jeffrey seconded the motion. (Ayes: 6, Nays: None) Motion carried.

**Turnaround Payment:** Director Kyras stated that the original estimate for the turnaround project on the Gold Route was \$185,000 and that amount increased to \$300,000 during the construction process, which was previously approved by the transit board. Director Kyras received an update from Iowa State University, indicating the final amount was less than the \$300,000 previously determined. She asked how the board would like to apply the savings to the funding parties.

Trustee Schainker motioned to approve Alternative #1 to apply the savings based on the funding partner's revised percentages, which would lower each funding partner's bill and have the result be a direct savings to the funding partners and a smaller savings to CyRide's closing balance. Trustee Nelson seconded the motion. (Ayes: 6, Nays: None) Motion carried.

**Quarterly Operation's Report:** Director Kyras provided details on the system performance for the transit board for the first quarter of the 2018-2019 fiscal year, July to September.

- She indicated that total passengers had decreased by 3.0% or 41,850 rides in comparison to the first quarter of the last fiscal year, 2017-2018.
- She shared possible reasons for the decline, including: housing in walking distance to campus, utilization of Uber and Lyft and the ISU vs. Iowa game not being hosted in Ames this year for Moonlight Express passenger counts.
- She stated that Moonlight Express continues to trend lower and staff is looking to reduce expenses/service levels on this service.

Trustee Cain asked how much the Moonlight Express service had declined. Director Kyras explained that it had decreased by 20.8% and that the expense per passenger had increased approximately \$4 versus \$1.71 per passenger a year ago. Trustee Cain asked what the hours the service ran. Assistant Director, Barb Neal replied that it runs from 10:30pm-2:30am when ISU is in session. President Bibiloni added that he was surprised that Uber and Lyft

were so popular instead of Moonlight Express because they can be expensive during the times that Moonlight Express is available.

- She indicated that passengers per hour had not continued a downward trend and had stabilized under CyRide 2.0
- Director Kyras reviewed the following statistics from the quarter:
  - Expenses per passenger were up
  - Average number of drivers has increased
  - Preventable accidents were down
  - Customer comments had increased by 87% over last year and is expected to remain higher for the next year due to the new service
  - Farebox revenue is down by 14.1%
  - Operations expenses have increased
  - Major mechanical repairs have increased, but are not causing road calls that impact customers
  - Number of buses deep cleaned is higher

### **Transit Director's Report:**

**1) New Facility:** Director Kyras provided a brief update. She indicated that she had received several responses from private land owners. Director Kyras said that Trustee Cain and Cathy Brown of ISU Facilities and Planning & Management will be meeting with the ISU Foundation to discuss a parcel that they own. A property owner, Michael Alleman, has said that land on Y Ave is not available, but has offered an alternate site. She shared that CyRide staff would be touring the possible sites later this week and would provide an update to the board at the next meeting or via email if information is available sooner.

**2) CyRide Contract Expirations:** Director Kyras briefly detailed upcoming contract expiration dates:

**Intermodal Facility:** CyRide's 5 year contract for space at the Intermodal Facility with 2 private bus carriers, Jefferson Lines and Executive Express, will be expiring June 30, 2018. Director Kyras will be sending renewal letters to these carriers in January, so that the December release of the Producer Price Index can be used to assess increases to the contract rate.

**CIT Signature Transportation:** Director Kyras shared that the 3 year contract will be expiring June 30, 2018. She said that the board will need to decide if this contract will be continued. Trustee Schainker inquired if the termination of CIT operating portions of CyRide service would have a positive change to the budget. Transit Scheduler/Administrative Analyst, Rob Jennings, agreed to review and provide additional information.

**HIRTA:** Director Kyras shared that this contract requires an annual renewal for Dial-A-Ride services provided by HIRTA. HIRTA will have their prices calculated in May and will notify CyRide of the new rates. Extensions to the contract will need to be evaluated by the board after receipt of this information.

**Drug and Alcohol Program Policy:** Assistant Director of Operations, Barb Neal, shared with the board that there was an increase in the mandated random drug testing rate, which would require an update to the current drug and alcohol policy. She indicated that the revised policy would be presented at the January meeting for approval, but random testing at the new rate would begin on January 1, 2019 in order to follow the FTA's requirement.

**Next Meeting Dates/Times:**

- January 10, 2019 – 3:30 P.M.
- February 14, 2019 – 4:15 pm
- March 14, 2019 – 4:15 pm
- April 11, 2019 – 4:15 pm
- May 9, 2019 – 4:15 pm
- June 13, 2019 – 4:15 pm
- July 11, 2019 – 4:15 pm

**Adjourn:** President Bibiloni made a motion to adjourn the meeting and Trustee Nelson seconded the motion. The meeting was adjourned at 9:07 A.M. (Ayes: Six. Nays: None.) Motion carried.

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Juan Bibiloni, President

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Julie Brousard, Recording Secretary