

CITIZENS TRANSIT ADVISORY GROUP (CTAG)
Meeting Summary
April 20, 2010
DISCUSSION SUMMARY

Present: Tom Cox, CTAG Co-Chair
Mary Barker, Town of Cornelius
Craig Lewis, Town of Davidson
Henry Antshel, City of Charlotte
Samuel Spencer, CMS
Robert Bischoff, Mecklenburg County
Jonathan P. Goldberg, City of Charlotte
George Sottilo, Town of Matthews
Todd Steiss, Town of Huntersville

Staff: Wanda Braswell, Olaf Kinard, Larry Kopf, Eric Hershberger, John Trunk, John Muth,
John Trunk, Celia Gray and Dee Pereira

Meeting time 7:15 – 9:00 a.m.

I. Call to Order

Tom Cox, CTAG Co-Chair called the meeting to order at 7:15 a.m.

II. Approval of March 16, 2010 meeting summary

The meeting summary was approved as written.

III. Action Items

NONE

IV. Information Items

A. FY2011 – FY2015 Capital Investment Plan

Dee Pereira

Ms. Pereira presented the overview of the capital revenue and expenditures. The capital revenue is \$383,412,893 and is distributed as follows:

- The New Start Grants (\$134,920,590): primarily related to the Northeast corridor,
- The formula grants (\$114,504,918): yearly funding received from National Transit Database based on performance factors,
- Other grants (\$33,478,364): funding received from different types of grants, i.e. Homeland Security, FTA.
- The Operating Budget (\$101,509,021): funding transferred from the Operating program to the Capital program. Approximately \$41.6 million will be used to pay CATS' portion of the debt service cost.

Mr. Fox asked what the original capital revenue figure was in the 2006 2030 plan. Ms. Pereira said the five year period would be approximately half of the 10 year period \$350 million. Mr. Fox commented that the unfunded \$475 million is greater than the original projection and Ms. Pereira said yes and it includes items not listed in the plan.

The Capital expenditures are shown as follows;

- Corridor Development (\$179.4 million): relates to the development of the corridors with \$175.1 million designated for the Northeast Corridor build out.
- Revenue vehicles (\$64.5 million): replacement of STS buses and vanpool vans.
- Bus Amenities, and Facilities (\$34 million): building of five Park & Ride Lots, CTC outfit, completing Davidson STS facility.
- Bus/Rail Asset Maintenance (\$18.9 million): funding for preventative maintenance.
- Rail Facilities and Equipment (\$6.7 million): basic equipment due to being a new operation.
- Safety, Technology and Other (\$10.9 million): safety and technology programs.
- Additional expenditure not listed (\$68.9 million): \$16 million for final payments on buses; two buses are being retired, \$14 million for the capital financing of the South Tryon garage and \$38.9 million payment for the South Corridor.

Discussion

Mr. Cox referenced his e-mail of April 19, 2010,

- fare increase recommendation and service development
- special transportation area (STS).

Mr. Lewis asked how the capital revenue related to the overall revenue structure. Ms. Pereira responded that CATS' financial policy requires transference of a minimum of 20 percent of the sales tax revenue to the capital program. Mr. Lewis asked about the Northeast Corridor funding and stated that he did not remember endorsing the item. Ms. Pereira said in 2007 the FTA authorized the Northeast Corridor to be moved into preliminary engineering stage. Since that authorization the City of Charlotte has been applying for funding. Mr. Muth stated that the estimates do not represent the cost of the full build out, the figures represent the funding needed to progress the project for the specific budget time period. Mr. Lewis asked if there was construction dollars included in the figures. Ms. Pereira said yes.

Ms. Barker asked if it was CTAG original recommendation to go forward with both projects. Mr. Muth said that in the 2006 plan, the North Corridor and the Northeast Corridor had funding plans and projected completion dates. The Northeast corridor is the only project that is in the New Starts pipeline.

Mr. Cox asked what would happen if CTAG and MTC decided to pursue the North Corridor instead of the Northeast Corridor. Ms. Pereira said that the federal funding is in place; FTA would want any money contributed to be returned. Mr. Muth stated that the projects could not be swapped. Mr. Cox asked why the North Corridor was approved for federal funding.

Mr. Muth said due to cost effectiveness. Several years ago the North Corridor received some funding for planning.

The streetcar projects have received no federal funding. Ms. Flowers stated that there is a small pilot grant of \$130 million but the government has received 70 applications. Mr. Bischoff asked when CATS would get an answer concerning the application and Ms. Flowers said June 2010. Ms. Flowers said some of the rules may be changing which would allow some of the current ineligible projects to be considered for funding.

Mr. Spencer commented that the state shortage of another billion dollars could affect the chances of receiving any funding. Mr. Muth concurred that the money was not simply sitting in a bank and that any money received from the state, the state would have to find in its budgets.

Mr. Cox commented that from all the scenarios and conversations, the Northeast Corridor build out would occur through CATS receiving federal funding. To move forward with the North Corridor, the northern towns would have to contribute toward its construction.

Mr. Steiss had a concern that the focus on the Northeast Corridor may cause the request for funding for the North Corridor to be “dropped off the grid”. Ms. Flowers said that CATS is still pursuing state funding for the North Corridor.

Mr. Lewis stated the North Corridor was never an active item in the request for funding. Mr. Fox stated that the North Corridor was to be expanded with local community contributions of 25 percent along with capital revenue. Mr. Muth stated that at the beginning all corridors had a breakdown of 50 percent, 25 percent and 25 percent but over the years the breakdown has been adjusted to reflect the federal funding available at the time. CATS is constantly adjusting the funding to reflect the current economy at the local, state and federal levels. Over the last 10 years, CATS has spent close to \$10 million in local money on the North Corridor. Ms. Pereira stated that the money spent was in engineering design and that is the basis used when approaching the state for 25 percent match. Mr. Lewis asked what percentage of the finances was allocated for the Northeast Corridor. Ms. Pereira stated that the financial policy is scheduled for a three year review by MTC in December 2010. Mr. Cox wants the committee to continue discussing this issue throughout the summer. Mr. Lewis was concerned that the fare increase being discussed is not within the normal time period but Ms. Pereira stated that fare increases occur every two years making this fare increase a normal increase.

B. Fare Increase vs. Reducing Transportation Services

Olaf Kinard

For the previous, present and next year, CATS has experienced a \$20.3 million reduction in revenue and a reduction in operation expenses to compensate for the shortage. Mr. Bischoff asked if CATS was using 2008 as a base year. Mr. Kinard said that CATS is using a mid-year estimate.

Mr. Kinard said the sales tax revenue for 2010 was projected at the 2004 level and 2011 is projected to be at 2005 level. The operating expenses are projected to be at a 2008 level. The service hours mirror the operation expense, but the ridership (demand) is approximately at a 2009 level. CATS is operating on a 2005 level of expense with a 2008 level of service and a 2009 level of demand.

The \$23.5 million reduction in expenses over the last three years, 2009, 2010 and 2011 was obtained through inventory management, how money is replenished in the TVMs, energy costs savings, shifted security staff to contract and away from CMPD, eliminated printing the system maps, reduce some service and laid off 36 employees and unionized employees, terminating frozen positions, procurement creation of a two tier approach in the fuel purchasing, reduction in travel and training, reducing advertising and customer research, and a 20 percent reduction in printed schedules.

In comparison to other transit systems throughout the United States similar in size with light rail, CATS proposed fare increase still places CATS on the lower end of the average fare scale for local, i.e. bus and light rail and express bus service. The regional fare is also on the lower end and more comparable with other North Carolina principalities that have regional express.

The paratransit fares can be two times the local fare but CATS paratransit fares do not reflect this rule. CATS does not limit the route to ½ mile as other cities; CATS offers a door-to-door service.

The proposed fare increase is a \$.25 on local service. This is approximately 16.7 percent increase on **express, express plus** and rail. Without a fare increase, the \$2.4 million budget gap would be offset by reductions in service with 75 percent reduction in off-peak periods and 25 percent reduction in peak. It would eliminate 29 position and five buses and affect 277,000 transit customers in off-peak and 222,000 customers in peak periods. A reduction in service could cause a decrease in revenue because of the possible decrease in ridership. Another option is to delay the fare increase to October 2010 and have an elimination of services and positions and affecting 95,000 customers in the off-peak period. CATS could do a \$.10 fare increase with a \$1.4 million, cutting service hours and affecting 165,000 customers with the elimination of 17 positions and three buses. These were the options presented to MTC at the March meeting. The \$.25 fare increase is the proposed option put into the budget presented to MTC.

The April's public hearing had 16 citizens with a 50/50 for and against the increase. The citizens in favor of the fare increase requested that there be an improvement in customer service and/or expanded services.

Discussion

Mr. Spencer asked about the suggestion concerning higher fare increase for the express and express service. Mr. Kinard said the policies state specific percentages for local, express and rail fares, i.e. express fare is 40 percent higher than local. The current express fares are lower

than 40 percent. CATS is trying to bring the fares more in line with the policies. The discount structure for fares to local business is being reduced by five percent which comes approximately to a 22 percent increase.

Ms. Steiss said that he would like to see more effort toward providing financial assistance to the customers who live on a fixed income. Mr. Kinard said that CATS offers a large number of churches and non-profit organizations a 25 percent discount with no minimum volume.

Mr. Cox asked about the fare increase over the last five years. Mr. Kinard said that the five two year rate adjustments were eight percent, nine percent, eight percent, 15 percent and 16 percent.

Mr. Cox asked about the last five years of budget driven service reduction. Mr. Kopf said in March 2009 a drastic service reduction of approximately 45,000 annual hours of service was done.

Mr. Lewis asked if the number of services hours and services miles per day could be divided to produce a metric. Ms. Kopf said no because the service hours are an annual number and ridership is a daily number. Ridership numbers are dependent on the day of the week. Mr. Lewis said that the LaSalle route appeared to be a more efficient route. Mr. Lewis wanted an understanding of how CATS determines what services is cut and what services to extend. Mr. Kopf responded that through public meetings and the monitoring of the routes and ridership, CATS adjusts the routes according to the demand and not simply because of budget.

Mr. Spencer said he has been approached by school, children and parents, about CATS partnering with the school system to consolidate bus duties, reducing duplication of service. Mr. Kopf said that CATS met with Charlotte Mecklenburg Schools (CMS) to research schools that could offer an opportunity to students to ride CATS. Mr. Kinard commented that the parents would still be responsible for purchasing their children's passes.

Mr. Antshel asked if other budget reduction options have been researched. Ms. Flowers said that CATS has taken the highest level of reduction that can be taken. Mr. Antshel asked if CATS was still looking to eliminate the STS II route. Ms. Flowers said no because of the demand for that level of service and if STS II was cut, CATS would be out of compliance with ADA. Mr. Antshel asked if the STS II is outside the normal radius of the STS routes. Ms. Flowers said that with the reduction to DSS, some of the DSS customers will qualify for STS II. Currently, CATS operates with a ¾ mile radius and Charlotte does not have the infrastructure for people to have access to many locations. Mr. Antshel asked about outsourcing the drivers of STS. Mr. Kinard said that the current organized service of STS is significantly lower to operate compared with other transportation services of this type.

Mr. Steiss said that he was in favor of Option 1 \$.25 increase but would like to see CATS do more for the customers who are on a fixed income. The concerns mentioned at the public meeting should be addressed and service reductions should be avoided.

Mr. Bischoff agreed with Mr. Steiss in favor of Option 1 to avoid service reduction and to improve customer service.

Mr. Fox said that he would favor a combination of a smaller fare increase and reduction of service as discussed in the March 16 meeting, Options 1 and 3. Mr. Fox said it would balance the fare increase and would eliminate the poor performing routes. Mr. Antshel added that it is a good compromise.

Ms. Barker said in the past staff has made extreme budget cuts and knowing that the fare increase is across the board, her recommendation was Option 1.

Mr. Sottilo recommended Option 1 because cutting service would mean losing customers.

Mr. Goldberg agreed with the Option 1 recommendation and with Mr. Steiss to actively look for ways to assist the fixed income customers and help ease the financial strain of the fare increase. Mr. Goldberg has a concern of another future fare increase.

Mr. Spencer asked about an additional surcharge on the regional and express riders and having no reduction in service.

Mr. Lewis commented that in Davidson he noticed the Village Rider appears empty majority of the time and questioned if it was an efficient use of resources. Mr. Lewis continued that some of the routes CATS is currently building have the same appearance as the Village Rider but knows in 10 to 20 years the routes will become strong routes. Mr. Lewis expressed an interest in gaining more knowledge about the routes. Mr. Lewis says he is in favor of raising the fare.

Mr. Barker asked if the Village Rider had a monitoring system to provide the number of riders. Mr. Kopf said that the Rider has a counter in the door along with the fare box. Ms. Barker said that she has followed the Rider and noted that people riding the bus appears to be those getting off at Main Street and seems to rely on its service to get to the grocery store, doctors' offices, etc.

Mr. Cox commented that it was easier to find another \$1.50 than to find another ride to work and that service reductions should be based on poor route performance and not budgetary reasons. Service reduction due to budgetary reasons could mean eliminating the only form of transportation for some employed customers.

Mr. Cox asked the committee if there is any objection to presenting to MTC CTAG's preference for Option 1 but informing MTC of some members supported to reducing the fare increase to \$.20 and have service reduction of 95,000 service hours. Ms. Barker says she object because seven of the 10 voted for Option 1. Mr. Cox says that if he presents to MTC the vote of seven to three, someone on the MTC may ask how the remaining members voted and he wanted to be able to provide an answer. Mr. Cox requested the committee to vote on the options. Option 1 had seven votes and Option 1.3 had two votes with one abstention.

Mr. Antshel says that with the fare increase, is it possible to roll-out the mobile apps enhancement as added value? Mr. Cox agreed with Mr. Antshel's suggestion.

Mr. Cox turned the discussion to the CATS STS services and the \$1 million fiscal year taxi funding provided to the County. Mr. Cox expressed a concern that the County has no application process, no criteria, no monitoring system and no accountability for the \$1 million. The staff recommendation is not to include the \$1 million in this budget.

Mr. Flowers said County officials indicated that CATS would be in violation of the inter-local agreement if the funding was not provided but agreed that there should be operational efficiencies. The County requested funding to the end of the year, \$500,000, allowing time to inform and prepare their customers for the transition of no services. Ms. Flowers said that CATS has applied for 5310 grant that would assist the elderly with trips.

Mr. Fox asked if that means restoring a half million dollars to the budget by service reductions or fare increase. Ms. Flowers said part of it would come from the \$300,000 being received from the state.

Mr. Fox favored restoring the \$500,000 to the budget.

Mr. Spencer asked if the recommendation for the restoration of the \$500,000 contingent upon a more stringent application process and monitoring of the service. Ms. Flowers said yes and that the discussion of the elimination of program drove home the fact that the service needs to be organized in a more sufficient manner. It was discussed to implement an application process currently used by STS. Staff has spoken with the County about the Seniors in Motion program, a program designed to educate seniors citizens about the transit system and how to use it for travel.

Mr. Cox asked for a motion that \$500,000 be placed into the budget with accountability of the funds. The committee accepted.

V. Chief Executive Officer's Report

Carolyn Flowers

A. Advertising on Rail

Last week, CATS had an emergency MTC meeting concerning pilot advertising on the rail for the Bobcats playoff. It would provide up to \$30,000 revenue for a two week period. If the playoffs are longer it could be an addition of \$5,000 a week. More discussion at the June MTC meeting concerning advertising.

B. Raleigh Trip

CATS is continuing to advocate for the Northeast and North corridors funding. A presentation to the intra-structure and the transportation committees are planned for the week for April 26.

C. President Obama's Visit

The Mayor provided the President with a list of CATS projects; getting CATS into the hopper for the “big bang theory”.

Discussion

Mr. Bischoff asked about the pros and cons for the advertising. Ms. Flowers said people are in favor of advertising.

Mr. Fox asked about the replacement personnel for the government support position. Ms. Flowers said that it is still a vacant position but that Dana Fenton is assisting CATS until a candidate is chosen.

VI. Adjourn

The meeting was adjourned at 9:03 a.m.

NEXT CTAG MEETING: TUESDAY, MAY 18, 2010, 7:30 A.M.